



Webster Limited

Appendix 4D: Half-Year Report

Half-Year Ended 31 March 2019



It is recommended that this Half-Year Report is read in conjunction with the Annual Report for Webster Limited for the Financial year ended 30 September 2018 together with any public announcements made by Webster Limited and its controlled entities during the half-year ended 31 March 2019 in accordance with the continuous disclosure obligations arising under the Australian Securities Exchange Listing Rules.

Appendix 4D: Half-Year Report

31 March 2019

Contents

	Page
Summary information.....	3
Directors' report.....	5
Auditors independence declaration.....	8
Independent auditor's review report.....	9
Directors' declaration.....	11
Condensed consolidated statement of profit and loss and other comprehensive income.....	12
Condensed consolidated statement of financial position.....	13
Condensed consolidated statement of changes in equity.....	14
Condensed consolidated statement of cash flows.....	15
Notes to the condensed consolidated financial statements.....	16

Appendix 4D Half Year Report

WEBSTER LIMITED
ACN 009 476 000

Reporting Period

Half-year ended 31 March 2019 ("current period").
Previous corresponding period, half-year ended 31 March 2018.

Results for Announcement to the Market

				Current Period \$'000
Sales Revenue from Ordinary Activities	Up	162.8%	to	53,387
Profit from Ordinary Activities After Tax Attributable to Members	Down	43.6%	to	2,123
Net Profit After Tax Attributable to Members	Down	43.6%	to	2,123

Brief Explanation of Figures Reported Above

The half year ended 31 March 2019 result is representative of the seasonality of earnings being skewed to the second half of the year. At 31 March 2019, harvesting of Cotton had not yet commenced and Walnut harvesting although commenced on all properties was only partially complete.

Dividends

			Amount per Security cents	Franked Amount per Security cents
Ordinary Shares	Final	(2017/18)	3.0	3.0
Cumulative Preference Shares	Final	(2017/18)	9.0	0.0
	Final*	(2018/19)	9.0	0.0

*The financial effect of the final dividend payment for preference shares will be recognised in the next reporting period as the dividends were declared subsequent to 31 March 2019.

Dividends paid by Webster Limited during the current reporting period			Date	Amount \$'000
Cumulative Preference Dividends			Nil	Nil
Ordinary Dividends			21-Dec-18	10,837

Appendix 4D (continued)

Net Tangible Assets per Security

	Current Period cents	Previous Period cents
Net Tangible Assets per Security	80.07	63.34
Net Tangible Assets (including water rights) per Security	128.62	124.69

Gain or Loss of Control Over Entities

Loss of control over	Bengerang Pty Limited	n/a
Date of loss of control	7 November 2018	n/a
Contribution to profit from ordinary activities in the current reporting period and whole of previous corresponding period	(\$'000) (219.0)	(182.9)
During the current reporting period the following entities were dissolved or liquidated. The liquidation or dissolution of these entities will have no impact on the future financial performance of the company.		
Liquidated		n/a
Dissolved		n/a

Details of Associates and Joint Venture Entities

	Current Reporting Period \$'000	Previous Reporting Period \$'000
Aggregate share of profits/(losses) of associates & joint venture entities		
Profit/(loss) from ordinary activities before tax	0	0
Income tax on ordinary activities	0	0
Profit/(loss) after tax	0	0
Adjustments	0	0
Share of net profit/(loss) of associates and joint venture entities	0	0

Name of Entity	Percentage ownership interest held at end of period or date of disposal		Contribution to net profit/(loss) \$'000	
	Current Reporting Period	Previous Reporting Period	Current Reporting Period	Previous Reporting Period
			0	0
			0	0

Webster Limited

Directors' report

For the half-year ended 31 March 2019

The directors of Webster Limited (the "Company" or the "Group") (ACN 009 476 000) submit the following report in respect of the half-year ended 31 March 2019. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

Directors

The names of the directors of the Company during or since the end of the half-year are:

C D Corrigan	Chairman
B D Cushing	Non-executive Director
D Fitzsimons	Non-executive Director
J J Robinson	Non-executive Director (retired 7 November 2018)
R Burling	Non-executive Director (appointed 7 November 2018)
M Felizzi	Executive Director

Rounding off of amounts

The Company is a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, dated 24 March 2016, and in accordance with that Corporations instrument, amounts in the Directors' report and the financial statements are rounded off to the nearest thousand dollars, unless otherwise indicated.

Review of operations

The Company recorded a statutory profit after tax of \$2.1 million for the half year ended 31 March 2019 (\$3.8 million for the half year ended 31 March 2018).

The half year period ended on 31 March 2019 includes Bengenang's one month's operation resulting in a loss of \$0.2 million.

Expansion and/or Divestment

In November 2018, the Group sold one of its subsidiaries, Bengenang Pty Limited, to AFF Water Pty Limited, a related party, as trustee for AFF Water Trust, for \$132.7 million. The shareholders voted in favour of the sale of the Bengenang at an Extraordinary General Meeting held on 31 October 2018. The transaction was completed on 7 November 2018.

Divestment of Bengenang involves a rebalancing of the portfolio to the Southern region while strengthening the Group's financial position.

In May 2019 Webster acquired the cropping rights to 422 hectares of walnut orchard for approximately \$10 million. The cropping rights were previously owned, for a defined period, by investors in two AGW Managed Investment Schemes and were maintained and managed by Webster on behalf of the Managed Investment Schemes. The trees aligned to those rights were located amongst existing Webster owned orchards in Leeton and Tabbita.

This acquisition has allowed Webster to remove itself as an orchard manager on behalf of 3rd parties and to further realise synergies with the removal of the Responsible Entity, AGW Funds Management Ltd.

Expansion during the year was achieved in both the Agricultural and Horticultural divisions of the group.

In Agriculture, \$15.1 million of development works were undertaken in the six months to 31 March 2019.

The plan is to complete all the planned development works on the Kooba and Hay properties by July 2019, bringing the total investment in development to \$78.3 million since 2016. Since the commencement of the Capital works program, an additional 8,157 hectares of irrigable land has been developed, bringing total irrigable land to 19,961 hectares for cropping and a total of 27,410 ML's of storages as at 31 March 2019.

Webster Limited

Directors' report (continued)

For the half-year ended 31 March 2019

Expansion and/or Divestment (continued)

The Horticulture division currently has 250 hectares of Almond Orchards at Sandy Valley under development scheduled to be completed in the coming months. An additional 125 hectares of Walnut Orchards at Leeton and 181 hectares at Avondale West, are in the development phase and are also scheduled to be completed within the coming months. Total investment in the new developments for the six months to 31 March 2019 has been \$7.1 million.

In May 2019, Webster also acquired an Apiary business for \$5.23 million with an adjustment for working capital. Total consideration payable inclusive of the working capital adjustment is \$8.2 million. This acquisition included 5,500 beehives, property, manufacturing / processing plant and bee access permits to State forests in NSW and Victoria. The acquisition will complement our expanding Almond orchards during peak times of pollination.

Agriculture

Webster's Agricultural business is focused on annual row crops, primarily cotton, but also wheat and maize as well as livestock.

In the current year, the company has planted 4,129 hectares of irrigated cotton which will be harvested from April to June of 2019, compared to 17,223 planted hectares in the previous financial year. Forward sales have been made of 100% of the expected crop at an average price of A\$555 per bale, yields are expected to be in line with expectations. The price of cotton seed is forecast to achieve \$410 per tonne which is an improvement on last year and above our budget expectations. Webster will produce approximately 11,600 tonnes of cotton seed.

Webster had expected to divest excess water arising from its entitlements during the six-month period, however in response to the ongoing drought conditions, the Company has prudently decided to retain the water for its 2020 crops in the event the drought continues into next year.

The directors estimate the market value of the Group's water entitlement portfolio to be approximately \$360 million. The carrying value of the water in the financial statements at 31 March 2019 is \$175.9 million

Webster's livestock operations consist of Dorper sheep in the Western Division and cattle on its Southern properties. The Western Division which comprises of the Lake Tandou, Kalabity and Packsaddle properties currently have 20,000 breeding ewes. The properties have the capacity to carry 37,000 breeding ewes, however due to dry conditions currently being experienced, the breeding ewes have been contained to lower levels and are handfed in containment lots located at Lake Tandou.

The cattle operations currently have approximately 2,988 head of cattle on the properties based in the Riverina, including Breeding Cows, Bulls, Heifers and Calves.

Horticulture

The Horticulture business includes Webster's Walnut and Almond Orchards and related activities. The Walnuts business is the southern hemisphere's largest producer of premium in-shell and kernel walnuts that are sourced from company orchards in NSW and Tasmania totalling 2,764 developed hectares.

The Webster Almond orchard includes trees with a varying age profile being from 1 to 4 years with total plantings of 465 hectares. Maturity is not expected until the plants reach their 7th year.

The 2019 walnut harvest will total approximately 9,700t, which is a modest improvement on last year's production. The prices currently being achieved for the Walnuts are down from the prior year by approximately 17.7%. The cause for this decrease can be attributed to significant supply from Chile and the trade tariffs imposed by India, China and Turkey on the US, causing the US market to seek alternative channels of distribution. Both factors have caused a downward pressure on pricing impacting the business.

Domestic sales continue to improve with additional retailers secured for the kernel product. Domestic sales in 2019 will represent approximately 60% of total sales, compared to prior years where sales were reliant on international sales in the order of 80%. The added benefit of selling kernel product is the greater utilisation of the Leeton processing plant.

Webster Limited

Directors' report (Continued)

For the half-year ended 31 March 2019

Horticulture (Continued)

Almond pricing has been forecast to increase by approximately 6% compared to the prior year. The Webster Almond Orchards have not achieved maturity but has delivered 214 tonnes, in line with expectations.

Corporate

Webster's sales and earnings are heavily weighted to the second half of the financial year due to the timing of harvesting and sales of its crops.

The Company has continued its practice of previous years of not paying an ordinary dividend for the first half period.

The Company expects to record a near breakeven position for the full year to September 30, 2019 due to drought conditions affecting all areas of production and on this basis a final dividend is unlikely in 2019.

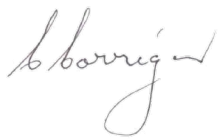
Directors have declared an unfranked dividend of 9 cents per share for the preference shares on issue with scheduled payment for 25 June 2019.

Independence Declaration by Auditor

The auditor's independence declaration is included on page 8 of the half-year financial report.

Signed in accordance with a resolution of directors made pursuant to section 306 (3) of the Corporations Act 2001.

On behalf of the Directors



C D Corrigan
Chairman
22 May 2019

Auditor's Independence Declaration to the Directors of Webster Limited

As lead auditor for the review of the half-year financial report of Webster Limited for the half-year ended 31 March 2019, I declare to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Webster Limited and the entities it controlled during the financial period.



Ernst & Young



Gregory J Logue
Partner
22 May 2019

Independent Auditor's Review Report to the Members of Webster Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of Webster Limited (the Company) and its subsidiaries (collectively the Group), which comprises the condensed consolidated statement of financial position as at 31 March 2019, the condensed consolidated statement of profit and loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half-year financial report of the Group is not in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the consolidated financial position of the Group as at 31 March 2019 and of its consolidated financial performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Directors' Responsibility for the Half-Year Financial Report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us to believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's consolidated financial position as at 31 March 2019 and its consolidated financial performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.



Ernst & Young



Gregory J Logue
Partner
Sydney
22 May 2019

Webster Limited

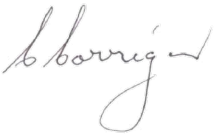
Directors' declaration

The directors declare that:

- (a) in the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
- (b) in the directors' opinion, the attached condensed consolidated financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the consolidated entity.

Signed in accordance with a resolution of the directors made pursuant to section 306(3) of the Corporations Act 2001.

On behalf of the Directors



C D Corrigan
Chairman
22 May 2019

Webster Limited

Condensed consolidated statement of profit or loss and other comprehensive income

For the half-year ended 31 March 2019

	Notes	31-Mar-19 \$'000	31-Mar-18 \$'000
Continuing Operations			
Revenue	2	53,387	20,315
Cost of sales	2	(49,098)	(16,230)
Gross profit		4,289	4,085
Other income	2	15,721	27,619
Distribution expenses		(979)	(1,087)
Marketing expenses		(110)	(152)
Operational expenses		(13,037)	(20,377)
Administration expenses		(1,805)	(1,743)
Finance costs	2	(2,756)	(3,077)
Other expenses		(31)	(153)
Profit before tax from continuing operations		1,292	5,115
Income tax benefit/(expense)	3	831	(1,351)
Profit for the period from continuing operations		2,123	3,764
Profit attributable to:			
Equity holders of the parent		2,123	3,764
Total comprehensive income attributable to:			
Equity holders of the parent		2,123	3,764
Earnings per share	14		
Basic (Cents per share)		0.59	1.04
Diluted (Cents per share)		0.59	1.04

The above Condensed consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

Webster Limited

Condensed consolidated statement of financial position

As at 31 March 2019

	Notes	31-Mar-2019 (\$'000)	30-Sep-2018 (\$'000)
Current Assets			
Cash and cash equivalents	11	7,503	11,008
Trade and other receivables		11,837	17,735
Inventories	4	21,659	51,772
Biological assets	5	42,216	28,589
Other assets		622	218
		<u>83,837</u>	<u>109,322</u>
Assets classified as held for sale		-	133,772
Total current assets		<u>83,837</u>	<u>243,094</u>
Non-Current Assets			
Property, plant and equipment	6	348,500	327,773
Investments		106	91
Intangibles - water	7	175,853	161,952
Intangibles - goodwill	7	25,896	25,896
Intangibles - other	7	1,576	1,638
Total non-current assets		<u>551,931</u>	<u>517,350</u>
Total assets		<u>635,768</u>	<u>760,444</u>
Current Liabilities			
Trade and other payables		9,191	19,555
Borrowings	8	28,306	163,844
Current tax liability		-	3,120
Provisions		1,849	2,237
Other liability		16,023	7,090
		<u>55,369</u>	<u>195,846</u>
Liabilities directly associated with assets classified as held for sale		-	2,905
Total current liabilities		<u>55,369</u>	<u>198,751</u>
Non-Current Liabilities			
Borrowings	8	75,509	46,743
Net deferred tax liability		11,393	13,333
Provisions		115	133
Total non-current liabilities		<u>87,017</u>	<u>60,209</u>
Total liabilities		<u>142,386</u>	<u>258,960</u>
Net assets		<u>493,382</u>	<u>501,484</u>
Equity			
Issued capital	9	479,505	477,865
Reserves		(1,949)	(921)
Retained earnings		15,826	24,540
Total equity		<u>493,382</u>	<u>501,484</u>

The above Condensed consolidated statement of financial position should be read in conjunction with the accompanying notes.

Webster Limited

Condensed consolidated statement of changes in equity

For the half-year ended 31 March 2019

	Share capital	Equity settled employee benefits reserve ⁽ⁱ⁾	Retained earnings	Attributable to the owners of the parent	Total
	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)
Balance at 1 October 2017	477,865	(1,380)	8,292	484,777	484,777
Profit for the period	-	-	3,764	3,764	3,764
Total comprehensive income for the period	-	-	3,764	3,764	3,764
Payment of dividends (Note 10)	-	-	(10,837)	(10,837)	(10,837)
Recognition of share-based payments ⁽ⁱⁱ⁾	-	344	-	344	344
Balance at 31 March 2018	477,865	(1,036)	1,219	478,048	478,048
Balance at 1 October 2018	477,865	(921)	24,540	501,484	501,484
Profit for the period	-	-	2,123	2,123	2,123
Total comprehensive income for the year	-	-	2,123	2,123	2,123
Payment of dividends	-	-	(10,688)	(10,688)	(10,688)
Issue of share capital	1,640	(1,640)	-	-	-
Recognition of share-based payments ⁽ⁱⁱⁱ⁾	-	612	(149)	463	463
Balance at 31 March 2019	479,505	(1,949)	15,826	493,382	493,382

(i) Equity settled employee benefits reserve relates to the ELTIP.

(ii) The recognition of share-based payments represents the 6-month period expense for all members of the ELTIP for the period while they were a participant. It also recognises the cost associated with the shares being allocated. The balance includes treasury shares.

The above Condensed consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Webster Limited

Condensed consolidated statement of cash flows

For the half-year ended 31 March 2019

	Notes	31-Mar-19 \$'000	31-Mar-18 \$'000
Cash Flows from Operating Activities			
Receipts from customers		70,496	32,527
Payments to suppliers and employees		(51,729)	(63,324)
Interest and other finance costs paid		(3,434)	(1,996)
Interest received		71	48
Income tax paid		(3,739)	(3,796)
Net cash provided by/(used in) operating activities		11,665	(36,541)
Cash Flows from Investing Activities			
Payment for property, plant and equipment		(27,364)	(59,068)
Proceeds from disposal of a subsidiary		132,744	-
Payment for water entitlements		(13,901)	(8,775)
Payment for purchase of financial instrument		(7)	-
Proceeds from sale of property, plant and equipment		32	1,484
Proceeds from sale of water entitlements		10,566	557
Net cash provided by/(used in) investing activities		102,070	(65,802)
Cash Flows from Financing Activities			
Repayment of borrowings		(147,844)	-
Proceeds from borrowing		41,000	102,800
Proceeds from exercising of share options		292	-
Dividends paid		(10,688)	(10,677)
Net cash (used in)/ provided by financing activities		(117,240)	92,123
Net decrease in cash and cash equivalents		(3,505)	(10,220)
Cash and cash equivalents at the beginning of the half year		11,008	15,442
Cash and cash equivalents at the end of the half year	11	7,503	5,222

The above Condensed consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Webster Limited

Notes to the condensed financial statements

31 March 2019

1. Summary of significant accounting policies

Statement of compliance

The half-year financial report is a general purpose financial report prepared in accordance with the Corporations Act 2001 and AASB 134 'Interim Financial Reporting'. Compliance with AASB 134 ensures compliance with International Financial Reporting IAS 34, as issued by IASB, 'Interim Financial Reporting'. The half-year financial report does not include notes of the type normally included in an annual report and should be read in conjunction with the 30 September 2018 Annual Financial Report.

The accounting policies adopted in the preparation of the interim financial report is consistent with those followed in the preparation of the Group's annual financial report for the year ended 30 September 2018, except for the adoption of new standards effective as of 1 October 2018.

Basis of preparation

The condensed consolidated financial statements have been prepared on the basis of historical cost, except for horticulture inventories and cropping inventories that are measured at net realisable value after harvest. Any costs incurred for walnut and cropping inventories prior to harvest are recorded at cost. Livestock is accounted for in accordance with AASB 141, fair value less cost to sell. Cost is based on the fair values of the consideration given in exchange for the assets. All amounts are presented in Australian dollars unless otherwise noted.

Webster Limited is a company of the kind referred to in Legislative Instrument 2016/191, dated 24 March 2016, and in accordance with that Corporations Instrument amounts in the financial report are rounded off to the nearest thousand dollars, unless otherwise indicated.

Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, management is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The Group reviews the estimates and underlying assumptions on an ongoing basis. The Group recognises revisions to accounting estimates in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Recoverable amounts of intangible assets and investments

The Group tests the recoverable amount of the goodwill and intangibles with indefinite useful lives at least annually or where there is an indication that the asset may be impaired. The recoverable amounts of cash-generating units have been determined based on fair value less cost of disposal.

Other assets

The Group also tests other assets for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

Comparatives

Comparative information is reclassified where appropriate to enhance comparability and to be consistent with the current year disclosure.

Webster Limited

Notes to the condensed financial statements

31 March 2019

1. Summary of significant accounting policies (continued)

New and amended standards adopted

Except as described below, the accounting policies applied by the Group in this half-year financial report are the same as those principles applied by the Group for the year ended 30 September 2018.

The changes in accounting policies are also expected to be reflected in the Group's financial statements as at and for the year ending 30 September 2019.

The Group has adopted as of 1 October 2018 all of the new and revised Standards and Interpretations issued by the AASB with mandatory effective dates impacting the current period. The Group has adopted the standards by using the modified retrospective method, and therefore the comparatives have not been adjusted. The adoption of the new and revised Standards and Interpretations had no material impact on the financial position or performance of the Group.

AASB 9 Financial instruments

AASB 9 replaces AASB 139 Financial Instruments: Recognition and Measurement and prescribes changes to the previous guidance on the classification and measurement of financial assets and introduces and 'expected credit loss' model for impairment of financial assets.

The Group's receivables are held to collect contractual cashflows and the cash flows represent solely payments of principal and interest. As a result, consistent with its comparatives, receivables are measured at amortised cost using the effective interest method.

Under the new standard, the Group does not raise a provision solely for past due debtor balances, and instead, a forward looking estimate that reflects current and forecast credit conditions is raised at inception and considered every reporting period. The Group assessed its expected credit loss related to each category of receivables. There is no material change to the carrying value of the Group's receivables resulting from adoption of the new accounting standard.

AASB 15 Revenue from contracts with customers

AASB 15 Revenue from Contracts with Customers is effective from 1 October 2018 and replaces all the previous guidance on revenue recognition from contracts with customers. It requires the identification of discrete performance obligations within a customer contract and an associated transaction price that is allocated to these obligations. Revenue is recognised upon satisfaction of these performance obligations, which occur when control of the goods or services is transferred to the customer. The Group has assessed the impact of the application of AASB 15 and there has been no material change to the Group's revenue recognition.

Revenue

Following are the revenue accounting policies that apply to Webster Limited in accordance with AASB 15.

Sale of goods – Revenue from the sale of goods and disposal of other assets is recognised when control of the goods has transferred. Transfer occurs, when the goods are delivered to the customer and there are no unfulfilled obligation that could affect the customer's acceptance of the goods. Delivery occurs when the goods have been shipped as specified and accepted by the customer.

The arrangements between the customer and Webster are documented and set out the terms and conditions that apply between the parties at the time the order is placed. The terms and conditions captured in the arrangements include pricing, payment terms, return policies and any other negotiated performance obligations.

No element of financing is present in the pricing arrangement. Where a sale arises on credit terms, a receivable is recognised when the goods are delivered. It is considered that the delivery of the goods is the stage that the consideration is unconditional because only the passage of time is required before the payment is due.

Rendering of services – Revenue from a contract to provide services is recognised by reference to the stage of completion of the contract. The stage of completion of the contract is determined as revenue from a time and material basis and is recognised at the agreed contractual rates as labour hours are delivered and direct expenses are incurred.

Webster Limited

Notes to the condensed financial statements

31 March 2019

1. Summary of significant accounting policies (continued)

Standards in issue not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for the 31 March 2019 reporting periods and have not been early adopted by the Group. The Group's assessment of the impact of the new standard is described below.

AASB 16 Leases

AASB 16 provides a comprehensive model for identification of lease arrangements and their treatment in the financial statements of both lessees and lessors. The accounting model for lessees to recognise all leases on balance sheet, except for short term leases of low value assets. AASB 16 applies to annual periods beginning on or after 1 January 2019. The Group will first apply AASB 16 in the financial year beginning 1 October 2019. The Group is in the process of assessing the impact of this standard and has not yet concluded on the impact of the standard.

Webster Limited

Notes to the condensed financial statements

31 March 2019

2. Revenue and expenses

	31-Mar-19 \$'000	31-Mar-18 \$'000
Profit from Operations		
Profit from operations before income tax includes the following items of revenue and expense:		
Revenue		
Revenue from the sale of goods	53,387	20,315
Total revenue	53,387	20,315
Other Income		
Gain on disposal of permanent water rights	-	557
Gain on disposal of property, plant and equipment	11	326
Gain on disposal of subsidiary	4,080	-
Increment in net market value of agricultural assets	3,797	21,648
Net foreign exchange gains	52	494
Net Income from sales of unused water allocations	2,130	518
Revenue from the rendering of services	2,761	2,451
Interest revenue	71	48
Rental revenue	22	40
Other	2,797	1,537
Total other income	15,721	27,619
Expenses		
Cost of sales	49,098	16,230
Finance costs		
Interest on loans	1,864	2,483
Dividends on preference shares	18	-
Other finance costs	874	594
Total finance costs	2,756	3,077
Depreciation and amortisation		
Depreciation of non-current assets	6,281	6,807
Amortisation of non-current assets	173	183
Total depreciation and amortisation	6,454	6,990
Employee benefit expenses		
Equity settled share-based payments	171	183
Post-employment benefits	764	768
Other employee benefits	8,978	12,030
Total employee benefits expense	9,913	12,981
Operating lease rental expense	252	735

Webster Limited

Notes to the condensed financial statements

31 March 2019

3. Income tax

	31-Mar-19 \$'000	31-Mar-18 \$'000
Reconciliation of tax expense to prima facie tax payable:		
Profit before tax from continuing operations	1,292	5,115
Tax at the Australian tax rate of 30%	(388)	(1,535)
Non-deductible expenses	(63)	(39)
Restatement of tax costs of assets	-	(98)
Non-assessable gain	1,224	-
Other	-	(49)
Over provision of income tax in previous year	58	370
Income tax benefit/(expense)	831	(1,351)

4. Inventories

	31-Mar-19 \$'000	30-Sep-18 \$'000
Raw materials	2,305	2,081
Cropping inventories	2,960	36,052
Walnut inventory	13,174	12,439
Walnut nursery trees	3,220	1,200
	21,659	51,772

5. Biological assets

	31-Mar-19 \$'000	30-Sep-18 \$'000
Cropping	25,353	13,583
Walnuts	9,479	7,168
Livestock	7,384	7,838
	42,216	28,589

Webster Limited

Notes to the condensed financial statements

31 March 2019

5. Biological assets (continued)

Biological assets

	31-Mar-19		30-Sep-18	
	Cropping	Walnuts	Cropping	Walnuts
	\$'000	\$'000	\$'000	\$'000
Opening	13,583	7,168	14,834	2,483
Preparation costs	10,084	10,515	66,158	33,022
Transfer to finished good inventory	-	(8,204)	(67,409)	(28,337)
Transfer to raw materials	(568)	-	-	-
Fair value increase	2,254	-	-	-
Closing	25,353	9,479	13,583	7,168

Livestock

	31-Mar-19				30-Sep-18			
	Sheep		Cattle		Sheep		Cattle	
	\$'000	Head	\$'000	Head	\$'000	Head	\$'000	Head
Opening	4,228	35,731	3,610	3,437	5,498	41,067	8,164	5,924
Net natural (decrease)/increase	-	(2,156)	-	(12)	-	20,671	-	4,307
Purchases	120	60	-	-	1,162	5,518	366	295
Sales	(536)	(5,214)	(638)	(437)	(3,143)	(31,525)	(7,739)	(7,089)
Net market value increase	334	-	266	-	711	-	2,819	-
Closing	4,146	28,421	3,238	2,988	4,228	35,731	3,610	3,437

Biological asset at fair value

At the end of each reporting period, the Group measures unharvested produce of walnuts and crop at fair value less cost to sell. The Group also measures livestock at fair value less cost to sell.

The net increments or decrements in the market value of biological assets are recognised as either revenue or expense in the income statement.

Fair value inputs are summarised as follows.

Level 1 price inputs – These are quoted prices (unadjusted in active markets for identical assets or liabilities) that can be accessed at the measurement date.

Level 2 price inputs – These are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices). The value of the livestock is determined by independent valuation with reference to prices received from representative sales of breeding cattle similar to the Company's herd. Independent valuations were undertaken. In performing the valuation, consideration is given to the class, age, quality and location of the herd.

Level 3 price inputs – These are inputs for the asset or liability that are not based on observable market data (unobservable inputs). Costs associated with the preparation for future crop, pre-biological transformation are held at cost, as the best indication of fair value less cost to sell.

Webster Limited

Notes to the condensed financial statements

31 March 2019

6. Property, plant and equipment

	Freehold land (\$'000)	Land improvements (\$'000)	Buildings (\$'000)	Plant and equipment at cost (\$'000)	Capital work in progress (\$'000)	Equipment under finance lease at cost (\$'000)	Orchards (\$'000)	Total (\$'000)
Gross carrying amount								
Balance at 1 October 2018	102,863	14,480	30,254	96,738	54,727	1,476	66,403	366,941
Additions	236	143	29	1,288	23,262	-	2,177	27,135
Disposals	-	-	-	(142)	-	-	-	(142)
Balance at 31 March 2019	103,099	14,623	30,283	97,884	77,989	1,476	68,580	393,934
Accumulated depreciation and amortisation								
Balance at 1 October 2018	-	(2,095)	(2,992)	(28,163)	-	(951)	(4,967)	(39,168)
Disposals	-	-	-	126	-	-	-	126
Depreciation expense	-	(149)	(373)	(4,533)	-	(111)	(1,226)	(6,392)
Balance at 31 March 2019	-	(2,244)	(3,365)	(32,570)	-	(1,062)	(6,193)	(45,434)
Net book value								
As at 30 September 2018	102,863	12,385	27,262	68,575	54,727	525	61,436	327,773
As at 31 March 2019	103,099	12,379	26,918	65,314	77,989	414	62,387	348,500

Webster Limited

Notes to the condensed financial statements

31 March 2019

7. Intangible assets

	Goodwill \$'000	Other \$'000	Permanent Water Rights \$'000	Total \$'000
Net book value				
Balance at 1 October 2017	25,896	1,763	212,871	240,530
Amortisation expense	-	(125)	-	(125)
Additions	-	-	25,210	25,210
Classified as assets held for sale	-	-	(76,129)	(76,129)
Balance at 30 September 2018	25,896	1,638	161,952	189,486
Amortisation expense	-	(62)	-	(62)
Additions	-	-	13,901	13,901
Disposals	-	-	-	-
Transfers	-	-	-	-
Balance at 31 March 2019	25,896	1,576	175,853	203,325

Goodwill – Goodwill amounts are recognised arose from the purchase of portfolios of agricultural assets. The goodwill has been allocated to the cropping cash generating unit (CGU). The Group tests the recoverable amount of the goodwill at least annually or where there is an indication that the asset may be impaired (which is assessed at least each reporting date).

The recoverable amount of the CGU has been determined based on fair value less costs of disposal.

Licenses – Licenses are measured at cost and tested for impairment on an annual basis.

Contracts – Contracts are measured at cost and amortised on a straight-line basis over the term of the contract

Permanent water rights – The value of permanent water rights is an integral part of land and irrigation infrastructure required to grow both walnuts and annual crops. The value of permanent water rights is attributable to both the Horticulture and Agriculture cropping CGUs. The fair value of permanent water rights used for impairment testing is supported by the tradeable market value, which at current market prices is higher than the carrying value.

In accordance with the Group's accounting policies, the group performs its impairment testing at least annually at September for intangible assets with indefinite useful lives. At each reporting date, reviews are performed for indications of impairment for Group assets with indefinite lives. Where an indication of impairment is identified, a formal impairment assessment is performed.

The Group has not identified circumstances that would require an impairment of its Intangible assets.

Webster Limited

Notes to the condensed financial statements

31 March 2019

8. Borrowings

During the period, the Group drew \$41.0 million (31 March 2018: \$102.8 million) against its banking and finance facilities. The Group repaid bank loans to the amount of \$147.8 million (31 March 2018: Nil).

At 31 March 2019 the Webster Group had a total of \$250.0 million (31 March 2018: \$250 million) committed credit facilities with external financial institutions. These facilities have fixed maturity dates as follows: \$70 million in July 2019 (\$28.1 million drawn down at 31 March 2019), \$180 million in January 2022 (\$74.8 million drawn down at 31 March 2019). As at 31 March 2019, \$146.6 million of the facilities available to Webster was undrawn.

	31-Mar-19 \$'000	30-Sep-18 \$'000
Current		
<i>Secured</i>		
Bank loans	28,115	163,653
Finance lease liabilities	191	191
	28,306	163,844
	31-Mar-19 \$'000	30-Sep-18 \$'000
Non-current		
<i>Secured</i>		
Bank loans	74,832	46,075
Finance lease liabilities	283	274
<i>Unsecured</i>		
Non-redeemable cumulative preference shares	394	394
	75,509	46,743

9. Issued capital

	Note	31-Mar-19 \$'000	30-Sep-18 \$'000
362,245,163 (30 September 2018: 361,245,163) fully paid ordinary shares	(i)	479,505	477,865
		479,505	477,865

Changes to the then Corporations Law abolished the authorised capital and par value concept in relation to share capital from July 1, 1998. Therefore, the company does not have a limited amount of authorised capital and issued shares do not have a par value.

	Note	31-Mar-19		30-Sep-18	
		Number	\$'000	Number	\$'000
(i) <u>Fully paid ordinary share capital</u>					
Balance at beginning of financial year		361,245,163	477,865	361,245,163	477,865
Shares issued	(ii)	1,000,000	1,640	-	-
Balance at end of financial year		362,245,163	479,505	361,245,163	477,865

Fully paid ordinary shares carry one vote per share and carry the right to dividends.

(ii) Share capital issued during the financial year

1,000,000 ordinary shares were issued during the half-year ended 31 March 2019 for the Executive Long-Term Incentive Plan (ELTIP).

Webster Limited

Notes to the condensed financial statements

31 March 2019

10. Dividends

	31-Mar-19		31-Mar-18	
	Cents per share	Total \$'000	Cents per share	Total \$'000
Recognised Amounts				
<u>Ordinary Share</u>				
Final dividend 2017/18	3.0	10,837		
Final dividend 2016/17			3.0	10,837
<u>Cumulative Preference Shares</u>				
Final dividend 2018/19	9.0	36		
Final dividend 2017/18			9.0	36

11. Cash and cash equivalents

	31-Mar-19 \$'000	30-Sep-18 \$'000
(a) Cash and cash equivalents	7,503	11,008
	7,503	11,008
(b) Reconciliation of profit for the period to net cash flows from operating activities		
Profit for the period	2,123	3,764
Depreciation of non-current assets	6,281	6,807
Amortisation of non-current assets	173	183
Borrowing and financing costs	73	-
Fair value of investments	(8)	(84)
Net profit relating to non-current assets	(11)	(326)
Profit on the sale of water rights	-	(557)
Profit on sale of investment	(4,080)	-
Share-based payments expenses	171	185
Movements in working capital		
- Decrease in trade and other receivables	5,279	3,841
- Decrease/(increase) in inventories	18,248	(53,163)
- Increase in other assets	(321)	(619)
- (Decrease)/increase in trade and other payables	(11,182)	5,616
- (Decrease)/increase in provisions	(511)	405
- Decrease in tax balances	(4,570)	(2,593)
Net cash flows from operating activities	11,665	(36,541)

Webster Limited

Notes to the condensed financial statements

31 March 2019

12. Segment information

(a) Segments

The Group manages and reports its business operations under two main reportable segments, Agriculture and Horticulture. The Agriculture segment products are primarily annual row crops including cotton, wheat and maize as well as livestock, whereas the Horticulture segment pertains to tree crops which are currently walnuts and almonds. The corporate and finance costs not directly attributable to the segments are not allocated to any of the segments and are disclosed separately.

- Agriculture (operation of annual cropping and livestock activities)
- Horticulture (operation of permanent cropping activities)
- Unallocated (includes finance and corporate costs)

(b) Segment revenue and results

The following is an analysis of the Group's revenue and results from continuing operations by reportable segment.

	Segment Revenue and other income		Segment Results	
	31-Mar-19 \$'000	31-Mar-18 \$'000	31-Mar-19 \$'000	31-Mar-18 \$'000
Agriculture	45,122	24,251	99	7,585
Horticulture	19,695	23,597	2,880	5,227
Total from continuing operations	64,817	47,848	2,979	12,812
Unallocated income			4,291	86
Corporate costs			(3,233)	(4,706)
Finance costs			(2,745)	(3,077)
Profit before tax from continuing operations			1,292	5,115

All revenue from the rendering of services is generated through the horticulture segment.

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales during the half year ended 31 March 2019 (half year ended 31 March 2018: nil).

The accounting policies of the reportable segments are the same as the Group's accounting policies.

(c) Segment assets and liabilities

	31-Mar-19 \$'000	30-Sep-18 \$'000
Assets		
Agriculture	371,755	505,721
Horticulture	191,021	184,400
Total segment assets	562,776	690,121
Unallocated	72,992	70,323
Consolidated total assets	635,768	760,444
Liabilities		
Agriculture	27,194	25,821
Horticulture	8,316	12,257
Total segment liabilities	35,510	38,078
Unallocated	106,876	220,882
Consolidated total liabilities	142,386	258,960

Webster Limited

Notes to the condensed financial statements

31 March 2019

13. Contingent liabilities

The directors have considered possible claims against group companies that have arisen in the course of business and are of the opinion there are no material contingent liabilities that require disclosure.

14. Earnings per share

	31-Mar-19 Cents per share	31-Mar-18 Cents per share
Basic earnings per share (Note a)	0.59	1.04
Diluted earnings per share (Note b)	0.59	1.04

(a) Basic earnings per share

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

	31-Mar-19 \$'000	31-Mar-18 \$'000	31-Mar-19	31-Mar-18
Earnings used in the calculation of basic earnings per share	2,123	3,764		
Weighted average number of ordinary shares for the purposes of basic earnings per share			356,935,163	361,245,163

(b) Diluted earnings per share

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

	31-Mar-19 \$'000	31-Mar-18 \$'000	31-Mar-19	31-Mar-18
Earnings used in the calculation of diluted earnings per share	2,123	3,764		
Weighted average number of ordinary and potential ordinary shares for the purpose of diluted earnings per share			357,795,609	361,245,163

Webster Limited

Notes to the condensed financial statements

31 March 2019

15. Fair value of financial instruments

The directors consider that the carrying amount of financial assets and financial liabilities recorded in the financial statements approximate their fair value.

There were no financial assets and liabilities measured at fair value that were outstanding at the end of the reporting period.

16. Events after the reporting period

Subsequent to 31 March 2019, a meeting of Growers was convened by AGW Funds Management Ltd a subsidiary of Webster Limited on 3 May 2019 to vote on the proposal to wind up the schemes. The Growers voted in favour of winding up the scheme. Consequently, the Group has paid and is in the process of paying the growers a cash settlement to purchase their orchard rights and all associated rights in connection with the *Orchard Rights Agreement*.

In May 2019, Webster also acquired an Apiary business for \$5.23 million with an adjustment for working capital. Total consideration payable inclusive of the working capital adjustment is \$8.2 million. This acquisition included 5,500 beehives, property, manufacturing / processing plant and bee access permits to State forests in NSW and Victoria. The acquisition will complement our expanding Almond orchards during peak times of pollination.

Other than this the directors are not aware of any matters or circumstances, that have arisen since the end of the half-year which have significantly affected or may significantly affect the operations of the company, the results of the operations, or the state of affairs of the Group in future financial periods.