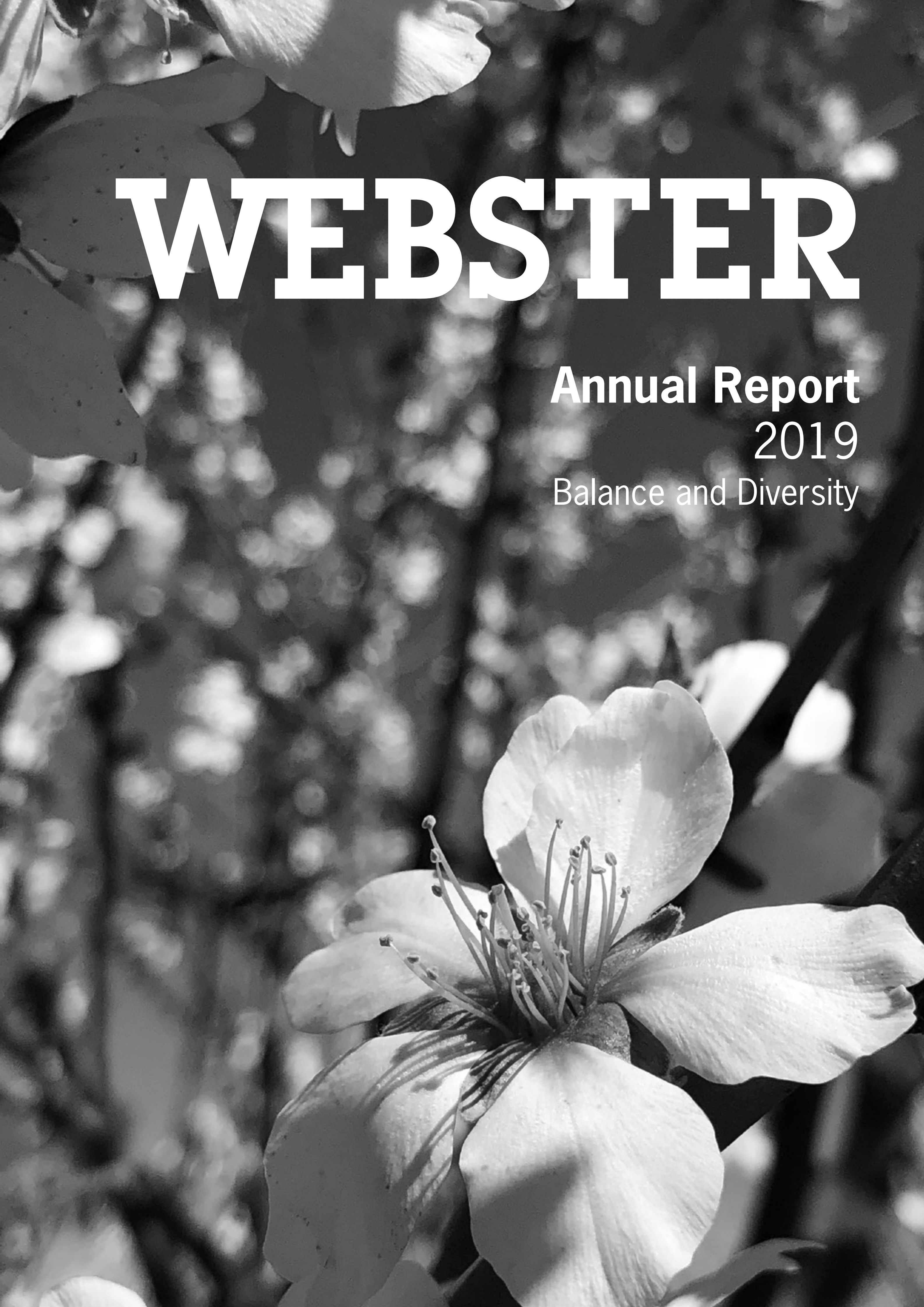
WEBSTER

Annual Report 2019

Balance and Diversity



Cover image:
Almond blossoms on Webster's Sandy Valley Orchard

WEBSTER

Chairman's review

As previously foreshadowed, Webster reported a statutory pre-tax profit for the twelve-month period to September 30, 2019 of $2.1 million compared to $38.9 million for the previous year.

Webster's core business continues to be the ownership of water entitlements and the application of the annual water allocations from those entitlements to both permanent and annual irrigated crops.

Our belief continues to be, that the conversion of the annual water allocations into horticultural and agricultural products, rather than selling the water allocations, will likely provide shareholders with a higher return on their funds in the medium to long term.

However, in very dry years, as we have experienced in 2018 and 2019, our water allocations have been insufficient for our permanent crops, requiring the company to acquire water from the temporary water market.

In 2018–19 we planted 4,143 hectares of cotton. This decision was a function of the relatively dry conditions and significantly lower than normal water allocations.

As we all know, current conditions have deteriorated further and hence our annual crop plantings in the 2019–2020 year will be quite limited.

Walnut flowering is in progress and whilst too early to forecast results, the early signs are promising. Walnut yields in 2018–19 were below budget and disappointing. During the year, the Company bought back the rights to the walnut crop from the holders of the legacy Managed Investment Schemes.

Company has continued to add value to our core assets with the planting of 464 hectares of Almonds, bringing the total almond orchard area to 724 hectares. We also completed all our planned agricultural development during the year.

During the year, Webster acquired a small apiary business, Australian Rainforest Honey, which we hope to develop further and which links into our almond business model.

As previously announced, Webster received an unsolicited offer from the Public Sector Pension Investment Board, a major shareholder in Webster. The independent Board Committee of Webster, that reviewed the offer, has recommended it to shareholders.

The offer involves a Court sanctioned Scheme of Arrangement and shareholders will have a range of documents, including a Scheme Booklet and an Independent Experts Report, to review prior to casting their vote in terms of the Scheme.

I would like to offer my thanks to the committed Webster staff, who have made this Company sufficiently attractive to interest a significant global investor to offer a price well in excess of the market levels and provide shareholders with an important choice.

I strongly recommend shareholders read the documents carefully, when available shortly and give due consideration to the options available to them from this offer.

Chris Corrigan
Chairman

Managing Director's report

It is my pleasure to provide you a report on the 2019 financial year.

The business delivered an underlying operating profit of $2.1 million for the 2019 financial year compared to last year's underlying operating profit of $38.9 million.

The trading climate has been impacted by the well documented climatic conditions and it is reassuring that the business managed to operate efficiently and our strategy of continuing to invest for sustainable long-term growth was rewarded.

The segment of our business that was materially impacted by the drought conditions was the cotton operations. A total of 4,143 hectares was planted in the southern cotton division comprising of Darlington Point and Hay in 2019, compared to a total planting of 17,162 hectares in 2018. It is worth noting that in 2018, cotton planted included Tandou operations (6,258 hectares), Bengerang operations (3,177 hectares) and Darlington Point/Hay (7,727 hectares). The Bengerang operations were sold in 2018 and the Tandou property was decommissioned in 2018 from any further cotton planting.

Of the 4,143 hectares cotton planted, 47,258 bales were produced at an average yield of 11.41 bales per hectare across all properties. Lint price achieved in 2019 was an average of $566 per bale.

The development works on the cotton properties is now complete with 20,068 hectares of irrigated land area available compared to the area available to the cotton division in 2018 inclusive of Lake Tandou and Bengerang properties of 29,323 hectares.

The walnut orchards produced their second largest yields in 2019, having produced 9,808 tonnes compared to 9,508 tonnes in 2018. Webster currently owns 2,071 hectares of mature producing orchards and 999 hectares of immature orchards.

Additional Walnut plantings in 2019 of 180 hectares at Avondale West and 125 hectares at Leeton has utilised all available land area for Walnut Orchards.

Prices per tonne achieved in 2018 (combined In-shell and Kernel sales) declined by 20% compared to 2018 due to an oversupply of product from California and Chile. Current indications are that walnut pricing for the 2019 crop will recover the decline from last year.

The harvest from the Almond orchard "Sandy Valley" is in line with expectations and slightly ahead. Development of additional Almond orchards since the acquisition of Sandy Valley in 2017 is now complete having added 464 hectares.

Our livestock business has been impacted by the drought gripping NSW and South Australia. Levels of livestock were further reduced in 2019 commensurate with available feed. Sheep levels were reduced by 14,709 during the year. The cost of feed has negatively impacted on the earnings of this division, the division however is managed to ensure a breakeven position whilst the drought continues.

During the year an investment of $1.5m was made in constructing containment lots at Lake Tandou for all sheep located in the Western division, allowing for hand feeding and ensuring the pastures across all the properties are preserved.

Capital investment during the year totalled $55.2 million of which $31.1 million represented additional development of our properties, both in the cotton and the horticulture divisions. A further $10 million was invested in acquiring the rights to the Walnut Orchards under the Managed Investment Scheme.

Webster also acquired the business Australian Rainforest Honey for $5.2 million, an apiary business with 5,200 hives.

Webster is continuing the development program to maximise its properties earning potential. Development works on the irrigated property program for annual cropping is now complete and a detailed expansion program has been established for our Almond orchard developments.

Water entitlements underpin our business and with the development and expansion program underway we continue to acquire appropriate water entitlements as required. During the 2019 financial year an additional $24.1 million of water entitlements were acquired.

As reported, the sale of Bengerang Limited and its associated land and water entitlements, settled on 7 November 2018 for $132.7 million. All sale proceeds were used to retire debt. The finance facilities remain unaltered and will be utilised to continue to grow our assets through development activity.

This year's performance could not have been achieved without the commitment and hard work of the management team, our colleagues and business partners. It has been an extremely busy year but certainly a rewarding one for all.

Maurice Felizzi
CEO and Managing Director

Directors' report

For the year ended 30 September 2019

The directors of Webster Limited (the "Company" or "Webster" or the "Group") (ACN 009 476 000) submit herewith the annual financial report of the Company and subsidiaries for the year ended 30 September 2019. The registered office of Webster is 148 Colinroobie Road, Leeton, New South Wales 2705. In order to comply with the provisions of the Corporations Act 2001, the Directors' report follows:

1. Directors

The directors of Webster at any time during or since the end of the year are:

Chris Corrigan – BEc (Chairman)

Mr Corrigan was appointed Non-Executive Director in November 2007 until July 2010 and again from 15 October 2012. Mr Corrigan was appointed Executive Chairman on 29 February 2016 and the Chairman on 19 December 2017.

Mr Corrigan was Managing Director of Patrick Corporation Limited, Australia's largest stevedore company with interests in rail transportation and aviation from March 1990 to May 2006. Prior to that, he had a career with Bankers Trust spanning 20 years, including periods as Managing Director of Bankers Trust in Australia and for the Asia-Pacific region.

Directorships of other listed companies held during the last 3 years:

- Qube Logistics Holdings Limited – from March 2011 to June 2017
- Hawthorn Resources Limited – from October 2017

David Cushing – BCom, ACA (Non-Executive Director)

Mr Cushing was appointed Non-Executive Director on 31 October 2012.

Mr Cushing is Executive Chairman of Rural Equities Limited, one of New Zealand's largest rural property companies, and is also a director of the private investment company H&G Limited. Mr Cushing was formerly an investment banker with National Australia Bank Limited subsidiary, Bank of New Zealand. Mr Cushing has considerable experience in the agricultural sector having previously been a director of horticultural company Fruitfed Supplies Limited, rural services company Williams & Kettle Limited and New Zealand Farming Systems Uruguay Limited. He has also acted as an alternate director of rural services and seed company PGG Wrightson Limited for the Chinese company Agria Corporation.

David Fitzsimons – BMS (Hons) (Non-Executive Director)

Mr David Fitzsimons was appointed Non-Executive Director on 30 April 2018.

Mr Fitzsimons has over 30 years investment and finance experience and has been a director of several companies in the United Kingdom and Australia in the media, publishing and retail sectors.

Ross Leslie Burling (Non-Executive Director)

Mr Ross Burling was appointed Non-Executive Director on 7 November 2018.

Mr Burling is an Executive Director, shareholder and CEO of Stahmann Farms, the largest vertically integrated Pecan and Macadamia Food business in the southern hemisphere. Mr Burling joined the board of Stahmann Farms in February 2010 and has led the company as its Chief Executive Officer since March 2013. Mr Burling has been in management leadership roles for over 25 years and is also a Director with Australian Certified Organic Limited and a member of the Gwydir Valley Irrigators Association.

Maurice Felizzi – BA Acc, CA AGIM (Executive Director)

Mr Maurice Felizzi was appointed Executive Director on 30 April 2018.

Mr Felizzi joined Webster as Chief Financial Officer and Company Secretary in April 2016 and was subsequently appointed as Chief Executive Officer in December 2017. Mr Felizzi is a member of Chartered Accountants Australia and New Zealand and the Institute of Chartered Secretaries and holds a Bachelor of Arts from the University of Canberra.

John Joseph Robinson – BFA (Non-Executive Director)

Mr J Robinson was appointed Non-Executive Director on 23 June 2016. Mr J Robinson retired from the Board on 7 November 2018.

Mr Robinson is the Managing Director of Australian Food and Fibre Limited and has over 20 years' experience in irrigated and dry land farming, prior to which he traded futures with Bankers Trust. He is currently the Chairman of the Gwydir Valley Irrigators Association, Chairman of the Gwydir Customer Advising Groups, the Presiding Member of the Cotton Research and Development Corporation Selection Committee and a member of The Primary Industries Ministerial Advisory Council.

Joseph Corrigan – BA MCA (alternate for Chris Corrigan)

Mr Corrigan was appointed alternate for Mr Chris Corrigan on 14 October 2013.

Mr Corrigan holds a bachelor and master's in creative arts and has interests and experience in the agricultural industry particularly wheat, canola and beef. Mr Corrigan is also Managing Director of an entertainment production company.

Director's shareholdings

Director's shareholdings are disclosed on page 15 of the Directors' Report.

2. Company Secretary

Mr John Tyndall joined the Group on 21 January 2019 and was appointed Company Secretary from 22 January 2019. He is a member of Chartered Accountants Australia and New Zealand and holds a Bachelor of Commerce degree from the Australian National University. Mr Felizzi – BA Acc, CA retired as Company Secretary on 22 January 2019.

3. Principal activities

The principal activities of the Group during the year was the production, processing and marketing of walnuts, cotton, honey and other annual crops and livestock.

4. Review of operations

The Group's financial performance resulted in a net profit before tax for the year ended on 30 September 2019 of \$2.1 million (30 September 2018 profit of \$38.9 million).

5. Directors' meetings

The following table sets out the number of directors' meetings (including meetings of committees of directors) held during the year and the number of meetings attended by each director (while they were a director or Committee Member). During the year ended 30 September 2019, 8 Board meetings, 2 Audit and Risk Committee meetings and 1 Remuneration Committee meeting were held.

2019	Board of Directors		Audit and Risk Committee		Remuneration Committee	
Directors	Held	Attended	Held	Attended	Held	Attended
C D Corrigan	8	8	–	–	1	1
B D Cushing	8	8	2	2	1	1
D Fitzsimons	8	8	2	2	1	1
M Felizzi	8	8	–	–	–	–
J J Robinson(ii)	1	–	–	–	–	–
R Burling(i)	7	7	2	2	1	1

(i) Mr R Burling appointed on 7 November 2018
(ii) Mr J J Robinson retired on 7 November 2018

2018	Board of Directors		Audit and Risk Committee		Remuneration Committee	
Directors	Held	Attended	Held	Attended	Held	Attended
C D Corrigan	9	9	3	3	1	1
C D Langdon(i)	4	3	2	2	–	–
B D Cushing	9	9	3	3	1	1
J J Robinson(ii)	9	5	3	2	–	–
D Fitzsimons(iii)	5	5	1	1	1	1
M Felizzi(iv)	5	5	–	–	–	–

(i) Mr C D Langdon retired on 30 April 2018
(ii) Mr J J Robinson retired on 7 November 2018
(iii) Mr D Fitzsimons appointed on 30 April 2018
(iv) Mr M Felizzi appointed on 30 April 2018

6. Corporate governance

In fulfilling its obligations and responsibilities to its various stakeholders, the Board of the Group recognises the need to implement and maintain a robust system of governance. The Board has established a program that aims to meet best practice in standards of accountability, disclosure, responsibility and transparency.

The Australian Securities Exchange ("ASX") Corporate Governance Council has released guidelines under which companies are now obliged to report on whether they comply with their published "Corporate Governance Principles and Recommendations", as outlined in those guidelines.

The Group complies with most of the principles outlined in the ASX guidelines and the Board remains committed to reviewing all practices to ensure that an appropriate and functional solution is in place for a company of Webster Limited's size and type of operation.

Set out below is a summary of the Group's current practices in each of the areas identified in the ASX guidelines.

6.1 Lay solid foundations for management and oversight

The Group's Board of Directors is responsible for the overall corporate governance of the Company including its strategic direction, establishing goals for management and monitoring the achievement of these goals.

The relationship between the Board and management is a partnership that is crucial to the Group's long-term success. The separation of responsibilities between the Board and management is clearly understood and respected.

6.2 Structure the Board to add value

The Group has recognised the importance of having a balanced Board comprised of directors with an appropriate range of backgrounds, skills and experience. As at the date of this report, the Board comprises of one executive director and four non-executive directors. It is the intention of the Board to maintain a majority of non-executive directors on the Board. The Board is of the view that directors possess an appropriate mix of skills, experience, expertise and diversity to enable the Board to discharge its responsibilities.

The Board considers the independence of directors to be assessed on their capacity to act in accordance with their duties and put the interests of the Company and its shareholders first, so that they are objectively capable of exercising independent judgement. The Board considers that each of the current directors has this capacity.

The directors as a group are responsible for reviewing membership of the Board and for selecting new directors. The constitution requires that any new non-executive director appointed by the Board must seek election at the next Annual General Meeting.

The Board is supported by the Audit and Risk Committee. This committee has its own charter and operating procedures and assists the Board in the discharge of its obligations by the review of financial reports, audit, risk and compliance. In addition, directors meet outside normal Board and committee meetings from time to time, in accordance with good corporate governance practice.

The Board is also supported by the Remuneration Committee. This committee has its own charter and operating procedures and assists the Board in the discharge of its obligations in relation to remuneration matters of the Company.

Audit and Risk Committee

The Audit and Risk Committee monitors internal control policies and procedures designed to safeguard Company assets and to ensure the integrity of financial reporting. It advises on the establishment and maintenance of a framework of internal controls and appropriate ethical standards for the management of the Group.

The Committee is also responsible for identifying areas of significant business risk and ensuring arrangements are in place to manage them. It reviews the annual and half-year financial statements before the Board considers them. It is also responsible for ensuring compliance with the *Corporations Act 2001*, ASX Listing Rules and any other matters with external governing or statutory bodies.

Among its specific responsibilities, the committee reviews and advises the Board on the nomination and remuneration of external auditors and the adequacy of existing external and internal audit arrangements including the scope and quality of audits. The Audit and Risk Committee Charter is available on the Company's website and contains information on procedures for the selection and appointment of the external auditor, and for the rotation of external audit engagement partners.

The committee met two times during the year ended 30 September 2019. Current members of the Audit and Risk Committee are Messrs D Fitzsimons (Chairman), B D Cushing and R Burling.

Details of the names and qualifications of those appointed to the Audit and Risk Committee are contained on page 4 of the Directors' report. The number of meetings of the Audit and Risk Committee and names of the attendees is contained on page 5.

The Chairman, other directors, Chief Financial Officer and the external audit partner in charge of the Group's audit attend meetings of this Committee by invitation.

The Committee also meets from time to time with the external auditors, independent of management.

Remuneration Committee

The Board has established a Remuneration Committee. The remuneration charter provides that the Committee must consist of a minimum of 3 members and must have a majority of independent directors.

Attendance at committee meetings by management is at the invitation of the committee. Directors who are non-committee members may attend any meeting of the committee.

The committee reports to the Board on its consideration and recommendations.

6.3 Promote ethical and responsible decision-making

As part of the Board's continuing commitment to promote ethical and responsible decision-making, the Group has a Code of Conduct which establishes a range of procedures and guidelines to ensure that the highest ethical standards, corporate behaviour and accountability are maintained.

The Code of Conduct was established in 1994 to guide executives, management and employees in carrying out their duties and responsibilities.

The Code of Conduct covers such matters as:

- responsibilities to shareholders;
- conflict of interest;
- confidentiality;
- protection of the Company assets;
- relations with customers and suppliers;
- employment practices; and
- responsibilities to the community.

The Group has developed and adopted a Securities Trading Policy that prohibits employees trading the Company's shares due to knowledge of undisclosed information. At other times, directors and employees are permitted to trade in the Company's securities subject to compliance with the Securities Trading Policy, statutory and other relevant regulatory restrictions. Directors refer all trading of Company shares by them to the Company Secretary for ASX lodgement requirements.

Directors may, after prior approval of the Chairman, obtain independent professional advice at the Group's expense for the purpose of the proper performance of their duties.

The Group is an equal opportunity employer and recruits' personnel from a diverse range of backgrounds. Workplace diversity includes, but is not limited to, gender, age, race, ethnicity, disability and cultural background. The Group is committed to further enhancing the diversity and recognises that embracing diversity in its workforce contributes to the achievement of the Group's objectives.

Although the Group has a rich diversity, amongst its employees, the Board recognises the need to improve the diversity at senior executive and Board level. The Group is an equal opportunity employer and the number of female employees comprise approximately 11% of senior executives, 20% of permanent employees and 55% of seasonal/casual employees.

To further enhance the commitment to gender diversity, the Group has developed the following objectives which will be monitored and evaluated by the Board:

- aim to increase the number of females in executive positions which become vacant, subject to identifying candidates with appropriate skills;
- review means by which the Company can identify and develop high-performing female employees to prepare them for senior/executive roles; and
- increase the focus on gender participation across the Company

6.4 Safeguard integrity in financial reporting

The Board is responsible for the integrity of financial data and has instigated an internal control framework to ensure accurate financial reporting of monthly actual results against budgets approved by directors and revised forecasts. In accordance with section 295A of the *Corporations Act 2001*, the Chairman and Chief Executive Officer stated in writing to the Board that the Group's financial reports present a true and fair view, in all material respects, of the Group's financial condition and operational results and are in accordance with relevant accounting standards.

The Audit and Risk Committee provides assistance to directors in fulfilling their responsibility to the Group's shareholders and potential investors in relation to the financial risk, audit, corporate accounting and reporting practices of the Company.

6.5 Make timely and balanced disclosures

The Group places considerable importance on accurate and effective communication with its existing and potential shareholders.

The Group is committed to complying with the continuous disclosure obligations of the *Corporations Act 2001* and the ASX Listing Rules. The Group has developed and adopted a continuous disclosure policy and procedure, which ensures all material matters concerning the Group are conveyed immediately and effectively. The Group understands and respects the fact that timely disclosure of relevant information is central to the efficient operation of the securities market.

Consistent with best practice disclosure and continuous disclosure requirements, all market-sensitive data, annual and half yearly reports and addresses by the Chairman are released to the stock exchange through ASX On-Line. The Group also posts reports, newsletters, ASX releases, Annual General Meeting and other major presentations on its website – www.websterltd.com.au.

The external audit partner in charge of the Group's audit is invited to attend the Annual General Meeting and is available to answer shareholder questions related to the conduct of the audit, and the preparation and content of the auditor's report.

6.6 Respect the rights of shareholders

The Group is committed in providing shareholders with comprehensive information about its activities, and in fulfilling its obligations to the broader market for continuous disclosure.

The Group publishes a comprehensive Annual Report incorporating financial and other information. This is sent to shareholders on request and is available to the public, as well as being posted on the Group's website. A Half-Year Report incorporating abbreviated financial data and market commentary is also made available on the Group's website.

The Group maintains a website (www.websterltd.com.au) that contains shareholder and stakeholder information in addition to information about the Company's products. Previous Annual and Half-Year Reports are available on the site.

The Company Secretary's office is responsible for the distribution of material and responding to requests for information from shareholders and the public. The Board, and in particular the Chairman, bears responsibility for communication with shareholders and members. This occurs formally through the Annual Report and the Annual General Meeting. At other times, senior management and the Chairman liaise between the Board and key shareholders and analysts.

Notice of the Group's Annual General Meeting is sent to shareholders, as well as being posted on the website and released to the ASX. The Group's auditor attends the Annual General Meeting and is invited to answer relevant questions and make statements to the meeting. The directors attend General Meetings and are available to shareholders and other stakeholders. The public and the media are welcome to attend General Meetings as observers.

6.7 Recognise and manage risk

The Audit and Risk Committee is responsible for the establishment of a Group-wide risk profile. The objective is to identify, evaluate, and monitor material risks that the Company is facing, and to ensure effective management or monitoring of those risks.

The Board is responsible for the Group's system of internal controls and monitors the operational and financial aspects of its activities through the Audit and Risk Committee. The Board and the Audit and Risk Committee are both involved in identifying key areas of risk such as insurance, interest rate and exchange exposure and ensuring that appropriate measures of protection are taken.

The Group has in place a number of risk management controls which include the following:

- risk management policy and practices;
- policies and procedures for the management of financial risk and treasury operations including exposures to foreign currencies, financial instruments, and movements in interest rates;
- guidelines and limits for the approval of capital expenditure and investments; and
- a comprehensive insurance program.

Management is required to provide regular reports on each of these matters.

6.8 Remunerate fairly and responsibly

The Company recognises that the process of enhancing shareholder value is dependent upon the performance of directors and management. Ensuring they each have the knowledge and information required to perform their duties, together with the regular review of performance, are important factors in meeting the Company's objectives.

The only benefits currently paid to non-executive directors are the base fee and superannuation, approved in aggregate by shareholders. There is no scheme for the payment of retirement benefits to executive and non-executive directors.

7. Remuneration report

The Remuneration Committee is responsible for reviewing the compensation arrangements for all senior executives and directors. The review is conducted annually, having regard to management performance and comparative, external compensation levels. Independent advice may be sought on compensation packages and directors' fees. The compensation of key management personnel includes salary/fees, movements in accrued annual and long service leave, benefits (including the provision of motor vehicles, superannuation, fringe benefits) and short-term and long-term incentive schemes (including performance-related bonuses).

7.1 Remuneration policy

The objective of the Group's executive remuneration policy is to set remuneration levels to attract and retain appropriately qualified and experienced directors and senior executives. The policy aligns executive rewards with achievement of specific business goals and key performance indicators, which include both financial and operational targets. Remuneration packages include a mix of fixed remuneration and performance-based remuneration. Senior executives may receive short-term incentives.

Remuneration packages are reviewed and determined by the Board, with due regards to current rates, and are benchmarked against comparable industry salaries. The Board may obtain independent advice with regard to the appropriateness of remuneration packages.

Non-executive directors receive fees but do not receive any performance-related remuneration. Non-executive directors' fees are reviewed by the Board annually to ensure that they are appropriate and in line with market expectations. The total amount of remuneration provided to non-executive directors must not exceed an aggregate maximum of $500,000 per annum.

7.2 Performance-based remuneration

Short-term incentives

A cash-based Short-Term Incentive (STI) Program continued to be adopted for the 2019 financial period. In the 2019 financial period, bonus payments of $357,130 are payable to key management personnel (30 September 2018: $635,488). The program is applicable to key personnel that influence earnings. The STI Program is linked to the budget which aims to align performance to the financial performance of the Company.

Executives are eligible for personal incentives up to a maximum of 50% of their total cost to company (TCC) package based on achieving specific goals and/or key performance indicators (KPIs). The Board is responsible for assessing whether the KPIs are met based on detailed reports on performance prepared by management. Financial targets ensure that reward is only available when value has been created for shareholders. Operational targets allow for the recognition of efficiencies that will provide for future shareholder value.

Short-term incentives are payable in two tranches, being 50% following approval with the remaining 50% payable after 12 months on the condition that the recipient is still employed by the Company, if the value of the short-term incentive represents more than 40% of the employees' total employment compensation ("TEC") package. If the value of the short-term incentive is less than 40% of the employees' TEC, 100% of the short-term incentive is payable immediately.

Long-term incentives

On 27 August 2013, the Board adopted an Executive Long-Term Incentive Plan (ELTIP) to give eligible executives the opportunity to acquire shares in the Company. Under the ELTIP, eligible executives are invited to apply for a set number of Webster Limited ordinary shares and a non-recourse interest-free loan will be made available to them by the Group for this purpose. The Board may from time to time determine which executives are entitled to participate in the ELTIP based on individual performance as assessed under the annual review process. Shares issued to eligible executives under the ELTIP are subject to a holding lock from their issue date until applicable vesting conditions (eligible executive must be employed by the Company) have been satisfied and the loans applicable to them repaid. The issue price of shares under the ELTIP is determined based on trading in Webster Limited ordinary shares over the five trading days prior to the date of issue. Shares issued under the ELTIP rank pari passu with existing ordinary shares and are entitled to participate in dividends as well as future rights and bonus issues. The ELTIP rewards participating executives against the extent of the Group's achievement against improvement in share price and hence shareholder value over the long term.

Details of ELTIP shares granted/vested as compensation to key management personnel:

30 September 2019								
Executive	**Share rights issued**	**Share rights vested**	**Share rights not vested**	**Issue/ exercise price**	**Issue date**	**Vesting/ expiry date**	**Current period expense**	**Total value granted[(i)]**
D C Goullet	387,500[(iii)]	387,500	–	$0.86	05/09/2013	05/09/2017	$0	$79,728
	193,750[(ii)]	193,750	–	$1.21	21/09/2016	21/09/2019	$18,838	$57,943
	193,750	–	193,750	$1.21	21/09/2016	21/09/2020	$16,261	$65,089
	200,000	–	200,000	$1.34	25/09/2017	25/09/2020	$17,921	$53,812
	200,000	–	200,000	$1.34	25/09/2017	25/09/2021	$15,164	$60,698
M Felizzi	250,000[(ii)]	250,000	–	$1.10	30/05/2016	30/05/2019	$16,658	$75,376
	250,000	–	250,000	$1.10	30/05/2016	30/05/2020	$21,114	$84,513
	250,000[(ii)]	250,000	–	$1.21	21/09/2016	21/09/2019	$24,307	$74,766
	250,000	–	250,000	$1.21	21/09/2016	21/09/2020	$20,982	$83,986
	100,000	–	100,000	$1.64	21/01/2019	21/01/2022	$8,817	$38,345
	100,000	–	100,000	$1.64	21/01/2019	21/01/2023	$7,414	$42,982
B Barry	250,000[(ii)]	250,000	–	$1.21	21/09/2016	21/09/2019	$24,307	$74,766
	250,000	–	250,000	$1.21	21/09/2016	21/09/2020	$20,982	$83,986
G J Lok	350,000	–	350,000	$1.34	25/09/2017	25/09/2020	$31,362	$94,171
	350,000	–	350,000	$1.34	25/09/2017	25/09/2021	$26,537	$106,222
	50,000	–	50,000	$1.64	21/01/2019	21/01/2022	$4,408	$19,173
	50,000	–	50,000	$1.64	21/01/2019	21/01/2023	$3,707	$21,491
W Andreatta	200,000	–	200,000	$1.34	25/09/2017	25/09/2020	$17,921	$53,812
	200,000	–	200,000	$1.34	25/09/2017	25/09/2021	$15,164	$60,698
	100,000	–	100,000	$1.64	21/01/2019	21/01/2022	$8,817	$38,345
	100,000	–	100,000	$1.64	21/01/2019	21/01/2023	$7,414	$42,982
J Tyndall	250,000	–	250,000	$1.64	21/01/2019	21/01/2022	$22,041	$95,863
	250,000	–	250,000	$1.64	21/01/2019	21/01/2023	$18,534	$107,454
	4,775,000	1,331,250	3,443,750				$368,670	$1,516,201

(i) The value of benefits granted under the ELTIP during the period is calculated at the issue date using the Black-Scholes pricing model. This value is allocated to the remuneration of key management personnel on a straight-line basis over the period from issue to vesting date.

(ii) In accordance with the ELTIP plan rules, Mr D C Goullet, Mr M Felizzi and Mr B Barry requested a further extension of 12 months to the loan relating to the ELTIP shares. The request was granted by the Company.

(iii) Mr D C Goullet ELTIP shares have vested on 5 September 2019. In accordance with the ELTIP plan rules Mr D C Goullet has 90 days to settle ELTIP shares.

30 September 2018								
Executive	**Share rights issued**	**Share rights vested**	**Share rights not vested**	**Issue/ exercise price**	**Issue date**	**Vesting/ expiry date**	**Current period expense**	**Total value granted(i)**
D C Goullet	387,500(ii) (iii)	387,500	–	$0.86	05/09/2013	05/09/2017	$0	$79,728
	193,750	–	193,750	$1.21	21/09/2016	21/09/2019	$19,314	$57,943
	193,750	–	193,750	$1.21	21/09/2016	21/09/2020	$16,261	$65,089
	200,000	–	200,000	$1.34	25/09/2017	25/09/2020	$17,921	$53,812
	200,000	–	200,000	$1.34	25/09/2017	25/09/2021	$15,164	$60,698
M Felizzi	250,000	–	250,000	$1.10	30/05/2016	30/05/2019	$25,125	$75,376
	250,000	–	250,000	$1.10	30/05/2016	30/05/2020	$21,114	$84,513
	250,000	–	250,000	$1.21	21/09/2016	21/09/2019	$24,922	$74,766
	250,000	–	250,000	$1.21	21/09/2016	21/09/2020	$20,982	$83,986
B Barry	250,000	–	250,000	$1.21	21/09/2016	21/09/2019	$24,922	$74,766
	250,000	–	250,000	$1.21	21/09/2016	21/09/2020	$20,982	$83,986
G J Lok	350,000	–	350,000	$1.34	25/09/2017	25/09/2020	$31,362	$94,171
	350,000	–	350,000	$1.34	25/09/2017	25/09/2021	$26,537	$106,222
W Andreatta	200,000	–	200,000	$1.34	25/09/2017	25/09/2020	$17,921	$53,812
	200,000	–	200,000	$1.34	25/09/2017	25/09/2021	$15,164	$60,698
	3,775,000	387,500	3,387,500				$297,691	$1,109,566

(i) The value of benefits granted under the ELTIP during the period is calculated at the issue date using the Black-Scholes pricing model. This value is allocated to the remuneration of key management personnel on a straight-line basis over the period from issue to vesting date.

(ii) In accordance with the ELTIP plan rules, Mr D C Goullet requested a further extension of 12 months to the loan relating to the ELTIP shares. The request was granted by the Company.

(iii) The vesting date incremental value of the shares extended amounts to $14,484.

7.3 Relationship between Company performance and shareholder wealth

The following tables set out summary information about the Group's earnings and movements in shareholder wealth for the five financial periods to 30 September 2019. Analysis of the figures shows that 2017 was affected by the sale of the water entitlements at Lake Tandou and 2016 year was affected by the impairment of goodwill. The 2015 year was affected by acquisition costs from the purchase of Bengerang Limited and takeover of Tandou Limited.

	30 September 2019 ($'000)	30 September 2018 ($'000)	15-month period to 30 September 2017 ($'000)	30 June 2016 ($'000)	30 June 2015 ($'000)
Revenue and other income	153,996	207,262	275,761	175,964	77,503
Net profit/(loss) before tax	2,118	38,902	49,059	(81,554)	8,568
Net profit/(loss) after tax	(9,110)	27,085	58,284	(80,669)	5,759

	30 September 2019 ($'000)	30 September 2018 ($'000)	15-month period to 30 September 2017 ($'000)	30 June 2016 ($'000)	30 June 2015 ($'000)
Share price at start of year	$1.73	$1.30	$1.12	$1.57	$0.86
Share price at end of year	$1.25	$1.73	$1.30	$1.12	$1.57
Interim dividend	–	–	–	–	–
Final dividend	–	3.00 cps	3.00 cps	1.00 cps	1.00 cps
Basic earnings/(loss) per share	(2.55) cps	7.60cps	16.66 cps	(23.28) cps	3.70 cps

7.4 Key management personnel details

The directors and other key management personnel of Webster Limited during or since the end of the year are as follows:

Directors

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

Executives

- M Felizzi (Chief Executive Officer) resigned as Company Secretary 22 January 2019
- D C Goullet (General Manager Operations, Walnuts Australia)
- B Barry (General Manager, Water Operations)
- G J Lok (General Manager, Webster Southern Ag)
- W Andreatta (Development Manager)
- J Tyndall (Chief Financial Officer and Company Secretary) appointed as Company Secretary 22 January 2019

Except as noted, the named persons held their current position for the whole of the financial period and since the end of the financial period.

7.5 Remuneration details of key management personnel

The following tables disclose compensation of key management personnel of the Group. The term "key management personnel" refers to those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including any director (whether executive or otherwise) of the Group.

2019	Short-term				Post-employment	Termination	Share-based amounts	Total	Fixed remuneration	Remuneration linked to performance
Key management personnel	Salary and fees	Bonus	Bonus deferred	Non-monetary	Super		ELTIP(i)			
Non-executive directors										
C D Corrigan	127,800	–	–	24,083	9,976	–	–	161,859	100%	–
R Burling(ii)	64,167	–	–	21,679	6,097	–	–	91,943	100%	–
B D Cushing	70,000	–	–	24,083	6,652	–	–	100,735	100%	–
D Fitzsimons	99,800	–	–	24,083	7,316	–	–	131,199	100%	–
J J Robinson(iii)	–	–	–	–	–	–	–	–	–	–
Executive director and executive key management personnel										
M Felizzi	379,712	100,093	–	24,083	20,658	–	99,292	623,838	68%	32%
B Barry	187,985	40,625	–	43,583	19,998	–	45,289	337,480	75%	25%
D C Goullet	235,786	54,574	–	43,583	20,658	–	68,184	422,785	71%	29%
G J Lok	240,431	65,700	–	24,083	20,658	–	66,014	416,886	68%	32%
W Andreatta	285,417	62,500	–	24,083	–	–	49,316	421,316	73%	27%
J Tyndall(iv)	187,977	33,638	–	16,657	13,946	–	40,575	292,793	75%	25%
Total	1,879,075	357,130	–	270,000	125,959	–	368,670	3,000,834		

(i) The value of the ELTIP benefits granted to key management personnel as part of their remuneration is calculated as at the grant date using the Black-Scholes pricing model. The amounts disclosed as part of the remuneration for part of the financial year have been determined by allocating the grant date value on a straight-line basis over the period from grant date to vesting date.

(ii) Mr R Burling was appointed on 7 November 2018.

(iii) Mr J J Robinson retired on 7 November 2018.

(iv) Mr J Tyndall was appointed on 22 January 2019.

2018	Short-term				Post-employment	Termination	Share-based amounts	Total	Fixed remuneration	Remuneration linked to performance
Key management personnel	Salary and fees	Bonus	Bonus deferred	Non-monetary	Super		ELTIP(i)			
Non-executive directors										
C D Corrigan	105,010	–	–	8,960	7,601	–	–	121,571	100%	–
B D Cushing	70,000	–	–	8,960	6,652	–	–	85,612	100%	–
C D Langdon(ii)	49,184	–	–	5,227	–	–	–	54,411	100%	–
J J Robinson	70,000	–	–	8,960	6,652	–	–	85,612	100%	–
D Fitzsimons(iii)	32,083	–	–	3,733	3,049	–	–	38,865	100%	–
Executive director and executive key management personnel										
M Felizzi(iv)	378,971	105,097	105,097	8,960	20,179	–	92,143	710,447	57%	43%
B Barry	210,502	53,438	53,438	28,460	19,375	–	45,904	411,117	63%	37%
D C Goullet	240,509	74,518	–	28,460	20,179	–	68,660	432,326	67%	33%
G J Lok	262,068	65,700	65,700	8,960	21,055	–	57,899	481,382	61%	39%
W Andreatta	226,217	56,250	56,250	8,960	–	–	33,085	380,762	62%	38%
Total	1,644,544	355,003	280,485	119,640	104,742	–	297,691	2,802,105		

(i) The value of the ELTIP benefits granted to key management personnel as part of their remuneration is calculated as at the grant date using the Black-Scholes pricing model. The amounts disclosed as part of the remuneration for part of the financial year have been determined by allocating the grant date value on a straight-line basis over the period from grant date to vesting date.

(ii) Mr C D Langdon retired on 30 April 2018.

(iii) Mr D Fitzsimons appointed on 30 April 2018.

(iv) Mr M Felizzi appointed on 30 April 2018.

Service agreements

Remuneration and other terms of employment for the Executive Directors and other Key Management Personnel are formalised in a Service Agreement. The major provisions of the agreements relating to remuneration are set out below:

Name	Base salary	Term of agreement	Notice period
M Felizzi	379,367	Unspecified	Three months
B Barry	210,502	Unspecified	Four weeks
D C Goullet	239,948	Unspecified	Two months
G J Lok	244,086	Unspecified	Four weeks
W Andreatta	N/A	Unspecified	N/A
J Tyndall	278,997	Unspecified	Four weeks

How the Group's performance was assessed for the 2019 financial year

The individual KPI's and financial year 2019 achievements as determined by the Remuneration Committee for the executive key management personnel (KMP) are provided in the following table:

Strategic objective	Description of measure	Weighting	Actual performance achievement	Commentary on performance
Financial	Underlying earnings before interest and taxes (EBIT) target for the Group and division	50%	0%	The full-year underlying EBIT result of $7.4 million which did not meet budget expectation.
Operational	Achievement of established operational strategies	50%	Varied: Dependant on individual performance. 33% to 100% of applicable weighting was achieved.	Each KMP were assigned strategies pertinent to their business line. Assessment was made based on measurable outcomes.

The STI measures selected (financial and operational) are designed to align individual performance to the achievement of the Company's strategy and the increase in shareholder value.

7.6 Transactions with key management personnel and related parties

During the financial year, where directors, their director-related entities, and executives purchased goods, the purchases were domestic or trivial in nature, from the Group on the same terms and conditions available to other employees and customers.

During the year the Group sold one of its subsidiaries, Bengerang Pty Limited ("Bengerang") to AFF Water Pty Limited, a related party, as trustee for the AFF Water Trust, and entity for a joint venture between Australian Food & Fibre Limited and the Public Sector Pension Investment Board of Canada, for $132.7 million. The sale was completed on 7 November 2018.

The Group had related party transactions with Australian Food and Fibre Limited ("AFF"), a company in which Mr John Joseph Robinson is an associate. During the year an amount of $1,874,155 was paid to AFF. This comprised of a bonus of $2,000,000 (excluding GST) less $125,845 for reimbursement of operating costs. The payment formed part of the working capital adjustment on the Bengerang disposal. All existing management arrangements with AFF were terminated with effect from the date of disposal of Bengerang.

The Group entered into an agreement with Air Corrigan, a company in which Mr Christopher Corrigan and Mr Joseph Corrigan are associates. The current agreement is for the provision of the use of light aircraft to transport management to its properties. The arrangement is charged at cost which amounted to $172,754 for the year ended 30 September 2019 (30 September 2018: $507,371).

The Group supplied walnuts to Stahmann Farms a company in which Mr Ross Burling is a director. The goods were supplied at arm's length on normal commercial terms. The value of goods supplied was $296,000 for the year ended 30 September 2019.

On 3 October 2019, the Group entered into a binding Scheme Implementation Agreement ("SIA") with PSP Bidco and Sooke Investments Inc, each indirectly wholly owned subsidiaries of PSP Investments, a related entity which currently owns 19.1% of the Webster's ordinary shares, one of Canada's largest pension investment managers.

Under the SIA it is proposed that PSP Bidco will acquire all of the ordinary shares in Webster that PSP Investments does not already own for a cash price of $2.00 per Webster share (scheme consideration) by way of a court approved scheme of arrangement ("Scheme").

PSP Bidco also intends to acquire all of the Webster preference shares on issue for $2.00 in cash per preference share via a separate, contemporaneous scheme of arrangement ("Preference Share Scheme").

Subject to shareholder approval and all other conditions of the schemes being satisfied, the schemes are expected to be implemented in the first quarter of 2020.

Other than the above, and contracts of employment, no other key management personnel have entered into a contract with the Company during the financial period.

7.7 Equity holdings of key management personnel

The following tables disclosed details and movements in equity holdings of key management personnel of the Group.

2019

Number of ordinary shares (ORD) held directly, indirectly or beneficially	Type	Balance at 1/10/2018	Received on exercise of options	Share rights ELTIP	Net other change	Balance at 30/9/2019
Directors						
C D Corrigan	ORD	45,774,378	–	–	–	45,774,378
B D Cushing	ORD	20,244,413	–	–	–	20,244,413
D Fitzsimons	ORD	38,561,181	–	–	–	38,561,181
J J Robinson	ORD	65,319,154	–	–	(65,319,154)	–
		169,899,126	–	–	(65,319,154)	104,579,972
Executives						
M Felizzi	ORD	1,000,000	–	200,000	–	1,200,000
D C Goullet	ORD	1,563,732	–	–	(70,000)	1,493,732
B Barry	ORD	500,000	–	–	–	500,000
G J Lok	ORD	700,000	–	100,000	–	800,000
W Andreatta	ORD	400,000	–	200,000	–	600,000
J Tyndall	ORD	–	–	500,000	–	500,000
		4,163,732	–	1,000,000	(70,000)	5,093,732

2018

Number of ordinary shares (ORD) held directly, indirectly or beneficially	Type	Balance at 1/10/2017	Received on exercise of options	Share rights ELTIP	Net other change	Balance at 30/9/2018
Directors						
C D Corrigan	ORD	45,774,378	–	–	–	45,774,378
B D Cushing	ORD	20,244,413	–	–	–	20,244,413
C D Langdon(i)	ORD	1,444	–	–	–	1,444
J J Robinson	ORD	52,702,351	–	–	12,616,803	65,319,154
D Fitzsimons(ii)	ORD	38,561,181	–	–	–	38,561,181
		157,283,767	–	–	12,616,803	169,900,570
Executives						
M Felizzi	ORD	1,000,000	–	–	–	1,000,000
D C Goullet	ORD	1,563,732	–	–	–	1,563,732
B Barry	ORD	500,000	–	–	–	500,000
G J Lok	ORD	700,000	–	–	–	700,000
W Andreatta	ORD	400,000	–	–	–	400,000
		4,163,732	–	–	–	4,163,732

(i) Closing balance for C Langdon is at the respective retirement date (30 April 2018).

(ii) Opening balance for D Fitzsimons is at the date of appointment (30 April 2018).

8. Issue of shares

In January 2019, 1,000,000 ordinary shares were issued for the purposes of the Executive Long-Term Incentive Plan.

9. Share options

No shares of any controlled entity were issued during the year ended on 30 September 2019 by the exercise of any options.

10. Dividends

During the year, directors declared and/or paid the following dividends.

- Dividends of 9.0 cents per share on the cumulative non-redeeming preference shares were paid on 27 June 2019.
- No dividend was declared for the year ended 30 September 2019 (30 September 2018: 3.0 cents per ordinary share).

11. Changes in state of affairs

Other than as disclosed in this report or in the accompanying financial statements and notes thereto, there has been no significant change in the state of affairs of the Group during the period.

12. Subsequent events

On 3 October 2019, the Group entered into a binding Scheme Implementation Agreement ("SIA") with PSP Bidco and Sooke Investments Inc, each indirectly wholly owned subsidiaries of PSP Investments, a related entity which currently owns 19.1% of the Webster's ordinary shares, one of Canada's largest pension investment managers. Under the SIA it is proposed that PSP Bidco will acquire all of the ordinary shares in Webster that PSP Investments does not already own for a cash price of $2.00 per Webster share (scheme consideration) by way of a court approved scheme of arrangement ("Scheme").

Should the Scheme be implemented Belfort Investment Advisors Limited ("Belfort") and Verolot Limited ("Verolot") will be offered an opportunity to acquire a 50.1% interest in KoobaCo. KoobaCo is a company to be established by PSP Bidco to hold the Kooba property aggregation, Hay properties, Apiary business, certain water entitlements and other assets. Belfort and Verolot own 12.6% and 8.9% of the ordinary shares of Webster Limited respectively, and are entities associated with Chris Corrigan and David Fitzsimons, respectively, both of whom are directors of Webster Limited.

PSP Bidco also intends to acquire all of the Webster preference shares on issue for $2.00 in cash per preference share via a separate, contemporaneous scheme of arrangement ("Preference Share Scheme").

Subject to shareholder approval and all other conditions of the schemes being satisfied, the schemes are expected to be implemented in the first quarter of 2020.

The directors are not aware of any other matter or circumstance that has arisen, other than that which has been described above, that has significantly or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent financial years.

13. Likely developments

Likely developments in the Group's operations known at the date of this report have been covered elsewhere within this report.

14. Indemnification and insurance of officers and auditor

During the year, the Company paid a premium in respect of a contract insuring the directors of the Company (as named above), the Company Secretary, and all executive officers of the Company and of any related body corporate against a liability incurred as such a director, secretary or executive officer to the extent permitted by the *Corporations Act 2001*. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

To the extent permitted by law, Webster Limited, has agreed to indemnify its auditors, Ernst & Young, as part of the terms of its audit engagement agreement against claims made by third parties from the audit. The indemnity does not extend to any liability resulting from negligent, wrongful or wilful acts or omissions by Ernst & Young. No payment has been made to indemnify Ernst & Young during or since the end of the financial year.

15. Environmental regulations

The Group operates various processing facilities that are subject to environmental controls. There are no known issues that are outstanding with regulatory authorities and the Group is operating within accepted guidelines.

16. Non-audit services

The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company and/or the Group are important.

Amounts paid or payable by the Group to the auditor, Ernst & Young, for non-audit services during the year were $57,000 (30 September 2018: $98,421). The Board of Directors has considered this position and in accordance with the advice received from the Audit and Risk Committee, is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The directors are satisfied that the provision of non-audit services by the auditor did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services were subject to the corporate governance procedures adopted by the Group and have been reviewed by the Audit and Risk Committee to ensure they do not impact the integrity and objectivity of the auditor;
- the non-audit services provided do not undermine the general principles relating to auditor's independence as set out in APES 110 Code of Ethics for Professional Accountants, as they did not involve reviewing or auditing the auditor's own work, acting in a management decision-making capacity for the group, acting as an advocate of the group or jointly sharing the risks and rewards.

The lead auditor's independence declaration is set out on page 19 of the Directors' report for the financial year ended 30 September 2019.

17. Rounding off of amounts

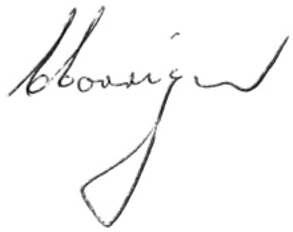
The Group is of a kind referred to in ASIC Corporations (Rounding in Financials/ Directors' reports) Instrument 2016/191, dated 24 March 2016, and in accordance with that Corporations instrument, amounts in the Directors' report and the financial statements are rounded off to the nearest thousand dollars,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

18. Independence declaration by auditor

The auditor's independence declaration is included on page 19.

Signed in accordance with a resolution of the directors made pursuant to s.298(2) of the *Corporations Act 2001*.

On behalf of the directors



C D Corrigan
Chairman

Sydney, 13 November 2019

Directors' declaration

The directors declare that:

(a) in the directors' opinion, there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable;

(b) in the directors' opinion, the attached consolidated financial statements are in compliance with International Financial Reporting Standards, as stated in note 1 to the financial statements;

(c) in the directors' opinion, the attached 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 Group; and

(d) the directors have been given the declarations required by section 295A of the *Corporations Act 2001*.

At the date of this declaration, the Company is within the class of companies affected by legislative instrument 2016/191. The Company is within the class of company as affected by Australian Securities and Investments Commission (ASIC) Class Order 98/1418. The nature of the deed of cross guarantee is such that each company which is party to the deed guarantees to each creditor payment in full of any debt in accordance with the deed of cross guarantee.

In the directors' opinion, there are reasonable grounds to believe that the Company and the companies to which the ASIC Class Order 2016/785 applies, as detailed in note 19 to the financial statements will, as a group, be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee.

Signed in accordance with a resolution of the directors made pursuant to s.295(5) of the *Corporations Act 2001*.

On behalf of the directors

C D Corrigan
Chairman

Sydney, 13 November 2019

Auditor’s independence declaration

Building a better working world

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Auditor’s Independence Declaration to the Directors of Webster Limited

As lead auditor for the audit of the financial report of Webster Limited for the financial year ended 30 September 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 audit; and

b) no contraventions of any applicable code of professional conduct in relation to the audit.

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

Ernst & Young

Gregory J Logue
Partner
Sydney,
13 November 2019

Financial statements

Consolidated statement of profit or loss and other comprehensive income

For the year ended 30 September 2019

	Note	2019 ($'000)	2018 ($'000)
Continuing operations			
Revenue	2(a)	116,995	145,263
Cost of sales	2(c)	(120,025)	(123,883)
Gross profit		**(3,030)**	**21,380**
Other income	2(b)	37,001	61,999
Distribution expenses		(3,538)	(3,380)
Marketing expenses		(321)	(395)
Operational expenses		(19,146)	(29,784)
Administration expenses		(3,517)	(3,225)
Finance costs	2(c)	(5,273)	(7,457)
Other expenses		(58)	(236)
Profit before income tax expense		**2,118**	**38,902**
Income tax expense	3	(11,228)	(11,817)
Net (loss)/profit for the year from continuing operations		**(9,110)**	**27,085**
Total comprehensive (loss)/income for the year		**(9,110)**	**27,085**
(Loss)/profit attributable to:			
Owners of the parent		(9,110)	27,085
		(9,110)	**27,085**
Total comprehensive (loss)/income attributable to:			
Owners of the parent		(9,110)	27,085
		(9,110)	**27,085**
(Loss)/earnings per share			
Basic (cents per share)	17	(2.55)	7.60
Diluted (cents per share)	17	(2.55)	7.57

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

Consolidated statement of financial position

As at 30 September 2019

	Note	2019 ($'000)	2018 ($'000)
Current assets			
Cash and cash equivalents	22(a)	6,619	11,008
Trade and other receivables	5	11,947	17,735
Current tax receivable		1,093	–
Inventories	6	26,284	51,772
Biological assets	7	23,250	28,589
Other assets	8	444	218
		69,637	109,322
Assets classified as held for sale	15	–	133,772
Total current assets		**69,637**	**243,094**
Non-current assets			
Property, plant and equipment	9	370,796	327,773
Investments		112	91
Intangibles – water	10	186,031	161,952
Intangibles – goodwill	10	25,896	25,896
Intangibles – other	10	2,311	1,638
Total non-current assets		**585,146**	**517,350**
Total assets		**654,783**	**760,444**
Current liabilities			
Trade and other payables	11	11,126	19,555
Borrowings	12(a)	194	163,844
Current tax liability		–	3,120
Provisions	13	1,810	2,237
Other liability	14	–	7,090
		13,130	195,846
Liabilities directly associated with assets classified as held for sale	15	–	2,905
Total current liabilities		**13,130**	**198,751**
Non-current liabilities			
Borrowings	12(b)	135,683	46,743
Net deferred tax liability	3	23,451	13,333
Provisions	13	171	133
Total non-current liabilities		**159,305**	**60,209**
Total liabilities		**172,435**	**258,960**
Net assets		**482,348**	**501,484**
Equity			
Issued capital	16	477,865	477,865
Reserves		(110)	(921)
Retained earnings		4,593	24,540
Total equity		**482,348**	**501,484**

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

Consolidated statement of changes in equity

For the year ended 30 September 2019

	Share capital $'000	Equity settled employee benefits reserve[i] $'000	(Accumulated losses)/ retained earnings $'000	Attributable to the owners of the parent $'000	Total $'000
Balance at 1 October 2017	**477,865**	**(1,380)**	**8,292**	**484,777**	**484,777**
Profit or loss for the year ended 30 September 2018	–	–	27,085	27,085	27,085
Total comprehensive income for the period	–	–	27,085	27,085	27,085
Payment of dividends	–	–	(10,676)	(10,676)	(10,676)
Recognition of share-based payments[ii]	–	459	(161)	298	298
Balance at 30 September 2018	**477,865**	**(921)**	**24,540**	**501,484**	**501,484**
Profit or loss for the year ended 30 September 2019	–	–	(9,110)	(9,110)	(9,110)
Total comprehensive loss for the year	–	–	(9,110)	(9,110)	(9,110)
Payment of dividends	–	–	(10,688)	(10,688)	(10,688)
Recognition of share-based payments[ii]	–	811	(149)	662	662
Balance at 30 September 2019	**477,865**	**(110)**	**4,593**	**482,348**	**482,348**

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

(ii) The recognition of share-based payments represents year 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 Consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Consolidated statement of cash flows

For the year ended 30 September 2019

	Note	2019 $'000	2018 $'000
Cash flows from operating activities			
Receipts from customers (including GST)		135,925	171,638
Payments to suppliers and employees (including GST)		(93,092)	(133,586)
Interest paid		(6,326)	(7,407)
Interest received		93	155
Income tax payment		(3,871)	(5,632)
Net cash provided by operating activities	22(d)	32,729	25,168
Cash flows from investing activities			
Payment for acquisition of subsidiary (net of cash)		(5,757)	–
Payment for property, plant and equipment		(67,492)	(94,202)
Payment for water entitlements		(24,079)	(25,210)
Proceeds from disposal of a subsidiary	15	132,744	–
Payment for purchase of financial instrument		(5)	–
Proceeds from sale of property, plant and equipment		1,083	2,565
Proceeds from government grants – development works		11,327	7,327
Net cash provided by/(used in) investing activities		47,821	(109,520)
Cash flows from financing activities			
Proceeds from borrowings		116,500	128,000
Repayment of borrowings		(191,044)	(37,405)
Proceeds from exercising of share options		293	–
Dividends paid		(10,688)	(10,676)
Net cash (used in)/provided by financing activities		(84,939)	79,919
Net decrease in cash and cash equivalents		(4,389)	(4,433)
Cash and cash equivalents at the beginning of the period		11,008	15,442
Cash and cash equivalents at end of the period		**6,619**	**11,009**
Less: Cash balance classified as held for sale		–	(1)
	22(a)	6,619	11,008

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

1. Basis of preparation

This section sets out the basis upon which the Webster Group's financial statements are prepared as a whole. Significant and other accounting policies that summarises the measurement basis used and are relevant to an understanding of the financial statements are provided throughout the notes to the financial statements. All other accounting policies are outlined throughout the relevant notes.

Statement of compliance:
Webster Limited is a limited company incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange.

The General-purpose financial report is prepared in accordance with the *Corporations Act 2001* and Applicable Accounting Standards and Interpretation, and complied with other requirements of the law. Webster Limited is a "for profit entity". The financial report includes the consolidated financial statements of Webster Limited ("Webster" or the "Company") and its controlled entities ("Webster Group" or the "Group").

Accounting Standards include Australian Accounting Standards. Compliance with Australian Accounting Standards ensures the financial statements and notes of the Company and the Webster Group comply with International Financial Reporting Standards as issued by IASB.

The financial report has been prepared on the basis of historical cost, except for horticulture and cropping inventories that are measured at net realisable value after harvest. Any costs incurred for horticulture and cropping inventories prior to harvest are recorded at cost. Livestock is accounted for in accordance with AASB 141, fair value less costs to sell. Cost is based on the fair values of the consideration given in exchange for assets.

All amounts are presented in Australian dollars, unless otherwise noted.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of AASB 2, leasing transactions that are within the scope of AASB 117, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in AASB 102 or value in use in AASB 136.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

Webster Limited is a company of the kind referred to in Legislative Instrument 2016/191, dated 24 March 2016.

The accounting policies adopted are consistent with those of the previous year, unless otherwise stated.

Basis of consolidation: The consolidated financial statements incorporate the financial statements of Webster Limited and entities controlled by the Company (referred to as "Webster Limited" in these financial statements). Control is achieved when Webster Limited:

- has power over the investee;
- is exposed, or has rights, to variable returns from involvement with the investee; and
- has the ability to use power to affect its returns – the company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, the Group makes adjustments to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of Webster.

The Group eliminates all intra-Group transactions, balances, income and expenses in full on consolidation. In the separate financial statements of Webster Limited, intra-group transactions ("common control transactions") are generally accounted for by reference to the existing (consolidated) book value of the items.

Where the transaction value of common control transactions differs from their consolidated book value, the Group recognise the difference as a contribution by or distribution to equity participants by the transacting entities.

Comparative information: Where applicable, comparative information has been reclassified in order to comply with current period disclosure requirements, the impact of which is not material to the financial report.

Rounding: Unless otherwise shown in the financial statements, amounts have been rounded to the nearest tenth of a thousand dollars and are shown by $'000. Webster Limited is a company of the kind referred to in the ASIC Class Order 2016/191.

Currency: Unless otherwise shown in the financial statements, amounts are in Australian dollars, which is Webster's functional currency.

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. We recognise 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.

Significant events: On 3 October 2019, the Group entered into a binding Scheme Implementation Agreement ("SIA") with PSP Bidco and Sooke Investments Inc, each indirectly wholly owned subsidiaries of PSP Investments ("PSP") which currently owns 19.1% of the Webster's ordinary shares, one of Canada's largest pension investment managers. Under the SIA it is proposed that PSP Bidco will acquire all of the ordinary shares in Webster that PSP Investments does not already own for a cash price of $2.00 per Webster share (scheme consideration) by way of a court approved scheme of arrangement ("Scheme").

PSP Bidco also intends to acquire all of the Webster preference shares on issue for $2.00 in cash per preference share via a separate, contemporaneous scheme of arrangement ("Preference Share Scheme").

Subject to shareholder approval and all other conditions of the schemes being satisfied, the schemes are expected to be implemented in the first quarter of 2020.

2. Profit/(loss) from operations

Profit from operations before income tax includes the following items of revenue and expense:

	2019 $'000	2018 $'000
(a) Revenue		
Revenue from the sale of goods	116,995	145,263
Total revenue	**116,995**	**145,263**
(b) Other income		
Gain on disposal of permanent water rights and property, plant and equipment	1,986	2,243
Gain on disposal of subsidiary	4,080	–
Increment in net market value of agricultural assets	24,196	49,829
Net foreign exchange gains	532	831
Net Income from sales of unused water allocation	2,654	518
Revenue from the rendering of services	–	5,545
Interest revenue	93	155
Rental revenue	33	89
Other	3,427	2,789
Total other income	**37,001**	**61,999**
(c) Expenses		
Cost of sales	**120,025**	**123,883**
Finance costs		
Interest on loans	3,470	6,164
Dividends on instruments classified as financial liabilities	35	36
Other finance costs	1,768	1,257
Total finance costs	**5,273**	**7,457**
Depreciation and amortisation expense		
Depreciation of non-current assets	13,537	14,322
Amortisation of non-current assets	72	125
Total depreciation and amortisation	**13,609**	**14,447**
Employee benefits expense		
Equity settled share-based payments	369	298
Post-employment benefits	1,416	1,520
Other employee benefits	18,749	27,985
Total employee benefits expense	**20,534**	**29,803**

Recognition and measurement

Revenue

Following are the revenue accounting policies that apply to Webster Limited in accordance with AASB 15 Revenue from Contracts with Customers, which came into effect from 1 October 2018.

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 over time 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 contractual rates as labour hours are delivered and direct expenses are incurred. This is in relation to walnut lot supervision and management for the Managed Investment Schemes.

Dividend and interest revenue – Dividend revenue from investments is recognised when the Group's right to receive the payment has been established. Interest revenue is recognised on a time-proportionate basis that takes into account the effective yield on the financial asset.

Capitalised borrowing costs – Finance costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

Operational expenses – The Group categorises direct costs in relation to operational activities as operational expenses. These costs include growing input costs, salary and wages, depreciation expense for plant and equipment, diesel, harvesting costs, processing and selling costs, repair and maintenance of machinery and costs associated with field earthworks.

Employee benefits – The Group recognises for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave when it is probable that settlement will be required, and they are capable of being measured reliably.

The Group measures liabilities in respect of employee benefits expected to be settled wholly within 12 months at their nominal values using the remuneration rate expected to apply at the time of settlement.

Liabilities recognised in respect of employee benefits which are not expected to be settled within 12 months, are measured as the present value of the estimated future cash outflows to be made by Webster Limited in respect of services provided by employees up to reporting date.

Defined contribution plans – Contributions to defined contribution superannuation plans are expensed when incurred.

Interest income and finance costs – These are accrued on a time basis, by reference to the principal outstanding and at the applicable effective interest rates. Fees paid on the establishment of loan facilities are deferred and expensed over the term of the respective agreement while all other finance costs are expensed.

Depreciation of non-current assets – This includes the depreciation of bearer plants (walnut trees) resulting from the adoption of accounting standard AASB 2014–6 as from 1 July 2016.

3. Income taxes

	2019 $'000	2018 $'000
Income tax recognised in profit or loss		
Tax expense comprises:		
Current tax expense	(7,119)	(4,809)
Adjustments recognised in the current year in relation to the current tax of prior years	–	(148)
Deferred tax expense	(4,109)	(6,860)
Total tax expense (relating to continuing operations)	(11,228)	(11,817)
Numerical reconciliation of income tax to prima facie tax payable		
Profit from continuing operations before income tax	2,118	38,902
Total profit from operations before income tax	2,118	38,902
Income tax expense calculated at the Australian tax rate of 30% (2018: 30%)	(635)	(11,671)
Non-deductible expenses	(109)	(214)
Non-assessable gain	1,710	–
(Reversal)/utilisation of previously unrecognised losses	(4,830)	14
Recognition of temporary differences	(7,537)	–
Change in recognition of deferred tax asset	(44)	(317)
Over provision of income tax in previous year	175	370
Other	42	1
	(11,228)	(11,817)

The tax rate used in the above reconciliation is the corporate tax rate of 30% payable by Australian corporate entities on taxable profits under Australian tax law. There has been no change in the corporate tax rate when compared with the previous reporting period.

Deferred tax assets and liabilities

2019	Opening balance $'000	Charged to income $'000	Classified as held for sale $'000	Closing balance $'000
Deferred tax assets:				
Provisions	2,611	(844)	–	1,767
Other assets	204	(181)	–	23
Unused tax losses	4,830	(4,830)	–	–
	7,645	(5,855)	–	1,790
Deferred tax liabilities:				
Property, plant and equipment	(22,889)	(2,169)	–	(25,058)
Financial assets – non receivables	37	(220)	–	(183)
Inventory and biological assets	(108)	108	–	–
	(22,960)	(2,281)	–	(25,241)
	(15,315)	(8,136)	–	(23,451)
Less: classified as held for sale	1,982	–	(1,982)	–
	(13,333)	(8,136)	(1,982)	(23,451)

The Group has unrecognised revenue and capital tax losses to the extent of $41.2m (2018: $17.5m) and $56.6m (2018: $44.7m) respectively that are available indefinitely for offsetting against future taxable profits of the Group. Deferred tax assets have not been recognised in respect of these losses as sufficient testing has not been performed to give the Directors confidence that these losses would pass the relevant tests to transfer and be available to be utilised should these losses transfer to a new shareholder. If the Group were able to recognise all unrecognised deferred tax assets of $97.8m, the profit would increase by $15.5m (2018: $5.9m).

2018	Opening balance $'000	Charged to income $'000	Classified as held for sale $'000	Closing balance $'000
Deferred tax assets:				
Provisions	2,231	380	–	2,611
Other assets	413	(209)	–	204
Unused tax losses	9,000	(4,170)	–	4,830
	11,644	(3,999)	–	7,645
Deferred tax liabilities:				
Property, plant and equipment	(17,735)	(5,154)	–	(22,889)
Financial assets – non receivables	(101)	138	–	37
Inventory and biological assets	(2,263)	2,155	–	(108)
	(20,099)	(2,861)	–	(22,960)
	(8,455)	(6,860)	–	(15,315)
Less: classified as held for sale	–	–	1,982	1,982
	(8,455)	(6,860)	1,982	(13,333)

Recognition and measurement

Webster Limited and its wholly owned Australian resident entities became a tax-consolidated group with effect from 1 December 2010 and are therefore taxed as a single entity from that date. The head entity within the tax-consolidated group is Webster Limited. Tax expense/income, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax-consolidated group are recognised in the separate financial statements of the members of the tax-consolidated group using the "separate taxpayer within group" approach by reference to the carrying amounts in the separate financial statements of each entity and the tax values applying under tax consolidation. Any current tax liabilities, current assets and deferred tax assets arising from unused tax losses and relevant tax credits of the members of the tax-consolidated group are recognised by the Company (as head entity in the tax-consolidated group).

The directors have implemented a tax sharing agreement and tax funding agreement between members of the consolidated group. On the existence of a tax funding arrangement between the entities in the tax-consolidated group, amounts are recognised as payable to or receivable by the Company and each member of the Group in relation to the tax contribution amounts paid or payable between the parent entity and the other members of the tax-consolidated group in accordance with the arrangement. Under the terms of the tax funding arrangement, Webster Limited and each of the entities in the tax-consolidated group will agree to pay a tax equivalent payment to or from the head entity, based on the current tax liability or current tax asset of the entity. The tax sharing agreement will provide for the determination of the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations or if an entity should leave the tax-consolidated group. The effect of the tax sharing agreement is that each member's liability for tax payable by the tax-consolidated Group is limited to the amount payable to the head entity under the tax funding arrangement.

Current tax – Current tax is calculated by reference to the amount of income tax payable or recoverable in respect of the taxable profit or tax loss for the period. The Group calculates using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

Deferred tax – The Group accounts for deferred tax using the balance sheet liability method. Temporary differences are differences between the tax base of an asset or liability and it's carrying amount in the balance sheet. The tax base of an asset or liability is the amount attributed to that asset or liability to tax purposes.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) that affects neither taxable income nor accounting profit. Furthermore, a deferred tax liability is not recognised in relation to taxable temporary differences arising from goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries except where the Group is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with these investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the periods when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which Webster Limited expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and Webster intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the period – The Group recognises current and deferred tax as an expense or income in the income statement, except when it relates to items credited or debited directly to equity, in which case the deferred tax is also recognised directly in equity, or where it arises from the initial accounting for a business combination, in which case the Group take into account in the determination of goodwill or excess.

4. Remuneration of auditors

	2019 $	2018 $
Amounts received or due and receivable by Ernst & Young for;		
An Audit or review of the financial report of the parent entity[(i)]	255,500	220,000
Amounts received or due and receivable by Ernst & Young for;		
An Audit of the financial report of AGW Funds Management Ltd	23,920	47,500
Other audit service in relation to the entity and any other entity in the consolidated Group		
Tax Services	57,000	98,421
	336,420	365,921
Amounts received or due and receivable by non-Ernst & Young audit firms		
Review of financial report	15,139	152,302
Taxation services	–	4,390
Other non-audit services	–	6,500
	15,139	163,192
	351,559	529,113

The auditor of the Group is Ernst & Young. Other services include services relating to general advice.

(i) Fees for audit services in respect of the year ended 30 September 2019 are fees incurred in respect of the half-year review and fees incurred to date in respect of the audit for the year ended 30 September 2019.

5. Trade and other receivables

	2019 $'000	2018 $'000
Current		
Trade receivables	11,244	17,735
Goods and services tax (GST) recoverable	703	–
	11,947	17,735
Ageing of past due but not impaired		
61–90 days	72	227
91–120 days	15	–
121+ days	1,221	938
Total	1,308	1,165
Movement in expected credit loss		
Balance at the beginning of the year	(32)	(3,809)
(Provided for)/written off	(943)	3,777
Balance at the end of the year	(975)	(32)
Ageing of impaired		
61–90 days	–	–
91–120 days	–	32
121+ days	975	-
Total	975	32

The Group has adopted as of 1 October 2018 new Standard AASB 9 which prescribes changes to the previous guidance on the classification and measurement of financial assets and "expected credit loss" model for the impairment of financial assets. 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.

Recognition and measurement

Trade receivables – These are recognised initially at fair value and subsequently measured at amortised cost. An allowance for expected credit loss is raised at inception based on a forward-looking estimate that reflects current and forecast credit conditions and considered every reporting period. Bad debts are written off against the allowance account and any other change in the allowance account is recognised in the statement of profit or loss and other comprehensive income.

6. Inventories

	2019 $'000	2018 $'000
Raw materials	2,008	2,081
Cropping inventories	1,699	36,052
Walnut inventories	16,383	12,439
Walnut nursery trees	1,800	1,200
Honey	1,175	–
Water allocation	3,219	–
	26,284	51,772

Recognition and measurement

Inventories are valued at the lower of cost and net realisable value except for honey, walnut and cropping inventories which are measured at fair value less estimated cost to sell at the point of harvest, and subsequently net realisable value under AASB 102 Inventories.

The Group accounts for costs incurred in bringing each product to its present location and condition as follows:

- The Group values walnut inventories in accordance with AASB 141 Agriculture whereby the cost of the non-living (harvested) produce is deemed to be its fair value less cost to sell immediately after it becomes non-living. This valuation takes into account current walnut selling prices and current processing and selling costs.
- The Group values cropping inventories in accordance with AASB 141 Agriculture whereby the cost of the non-living (harvested) produce is deemed to be its fair value less cost to sell immediately after it becomes non-living. This valuation takes into account current crop selling prices and current processing and selling costs.
- The Group values honey inventories in accordance with AASB 141 Agriculture whereby the cost of the non-living (harvested) produce is deemed to be its fair value less cost to sell immediately after it becomes non-living. This valuation takes into account current honey selling prices and current selling costs.

7. Biological assets

	Fair value input level	2019 $'000	2018 $'000
Cropping	3	7,518	13,583
Walnuts	3	7,959	7,168
Apiary	2	115	–
Livestock	2	7,658	7,838
		23,250	28,589

	30 September 2019		30 September 2018	
	Cotton $'000	Walnuts $'000	Cotton $'000	Walnuts $'000
Opening	13,583	7,168	14,834	2,483
Preparation costs	16,462	25,919	66,158	33,022
Transfer to finished goods	(22,278)	(25,128)	(67,409)	(28,337)
Transfer to raw materials	(249)	–	–	–
Closing	7,518	7,959	13,583	7,168

	30 September 2019				30 September 2018			
	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 increase	–	(9,156)	–	1,450	–	20,671	–	4,307
Purchases	1,192	4,424	160	197	1,162	5,518	366	295
Sales	(990)	(9,977)	(1,817)	(1,723)	(3,143)	(31,525)	(7,739)	(7,089)
Net market value increase	(327)	–	1,602	–	711	–	2,819	–
Closing	4,103	21,022	3,555	3,361	4,228	35,731	3,610	3,437

Recognition and measurement

The Group accounts for costs incurred in bringing each product to its present location and condition as follows:

- The Group values livestock in accordance with AASB 141 Agriculture whereby its fair value less cost to sell. The value of sheep and cattle is determined by an independent valuation at each reporting date. The value for Apiary is based on current market rates.
- 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.

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 except for queen bees which are measured at current market rates. In performing the valuation for sheep and cattle, 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.

8. Other assets

	2019 $'000	2018 $'000
Current		
Prepayments	444	218
	444	218

9. Property, plant and equipment

	Freehold land $'000	Land improve-ments $'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 2017	122,763	19,321	29,742	80,980	30,801	1,577	53,053	338,237
Additions	18,572	3,371	4,426	30,557	23,926	–	13,350	94,202
Disposals	(273)	–	(515)	(3,709)	–	(101)	–	(4,598)
	141,062	22,692	33,653	107,828	54,727	1,476	66,403	427,841
Less: Classified as assets held for sale	(38,199)	(8,212)	(3,399)	(11,090)	–	–	–	(60,900)
Balance at 30 September 2018	102,863	14,480	30,254	96,738	54,727	1,476	66,403	366,941
Accumulated depreciation/amortisation								
Balance at 1 October 2017	–	(1,827)	(2,731)	(24,792)	–	(775)	(2,525)	(32,650)
Disposals	–	–	39	2,282	–	59	–	2,380
Depreciation expense	–	(1,195)	(782)	(9,668)	–	(235)	(2,442)	(14,322)
	–	(3,022)	(3,474)	(32,178)	–	(951)	(4,967)	(44,592)
Less: Classified as assets held for sale	–	927	482	4,015	–	–	–	5,424
Balance at 30 September 2018	–	(2,095)	(2,992)	(28,163)	–	(951)	(4,967)	(39,168)
Net book value								
As at 30 September 2017	122,763	17,494	27,011	56,188	30,801	802	50,528	305,587
As at 30 September 2018	102,863	12,385	27,262	68,575	54,727	525	61,436	327,773
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	918	317	3,813	9,018	21,103	–	20,047	55,216
Acquisition of subsidiary	2,130	–	–	801	–	–	–	2,931
Disposals	–	(1,528)	(757)	(9,130)	–	(327)	–	(11,742)
Transfers in/(Out)	1,266	2,734	-	3,049	(7,049)	–	–	–
Balance at 30 September 2019	107,177	16,003	33,310	100,476	68,781	1,149	86,450	413,346
Accumulated depreciation/amortisation								
Balance at 1 October 2018	–	(2,095)	(2,992)	(28,163)	–	(951)	(4,967)	(39,168)
Disposals	–	1,526	312	8,042	–	275	–	10,155
Depreciation expense	–	(299)	(770)	(9,543)	–	(219)	(2,706)	(13,537)
Balance at 30 September 2019	–	(868)	(3,450)	(29,664)	–	(895)	(7,673)	(42,550)
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 30 September 2019	107,177	15,135	29,860	70,812	68,781	254	78,777	370,796

Recognition and measurement

Land improvements and buildings – After initial recognition the asset is carried at cost less accumulated depreciation and any accumulated impairment losses. Depreciation on buildings is charged to profit or loss.

Plant and equipment, leasehold improvements and equipment under finance lease – These are stated at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the item. In the event that settlement of all or part of the purchase consideration is deferred, the Group determine cost by discounting the amounts payable in the future to their present value as at the date of acquisition.

Orchard – The asset is carried at cost less accumulated depreciation and any accumulated impairment losses. Depreciation on orchards is charged to profit or loss.

Depreciation – This is provided on property, plant and equipment, including freehold buildings but excluding land. The Group calculates depreciation on a straight-line basis so as to write off the net cost or other revalued amount of each asset over its expected useful life to its estimated residual value. Leasehold improvements are depreciated over the period of the lease or estimated useful life, whichever is the shorter, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period.

The Group uses the following estimated useful lives in the calculation of depreciation:

Land improvements (years)	1–20
Buildings (years)	5–40
Leasehold improvements (years)	2–20
Plant and equipment (years)	2–40
Orchards (years)	7–27

Capital works in progress – Capital works in progress are valued at cost and relate to costs incurred for owned orchards and other assets under development.

Leased assets – Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. The Group classify all other leases as operating leases.

Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Webster's general policy on borrowing costs.

Webster Limited as lessee – Assets held under finance leases are initially recognised at their fair value or, if lower, at amounts equal to the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation.

Webster Limited as lessor – Purchased assets where the Group is a lessor under operating leases, are carried at cost and depreciated over their useful lives, which vary depending on the class of assets. Operating lease income is recognised on a straight-line basis over the period of the lease unless another systematic basis is more appropriate. Assets leased out under operating leases are included in property, plant and equipment.

Finance lease assets are amortised on a straight-line basis over the estimated useful life of the asset.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Lease incentives – In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefits of incentives are recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

10. Intangibles

	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 held for sale	–	–	(76,129)	(76,129)
Balance at 30 September 2018	25,896	1,638	161,952	189,486
Amortisation expense	–	(72)	–	(72)
Additions	–	–	24,079	24,079
Acquisition of subsidiary (refer note 25)	–	2,211	–	2,211
Disposals	–	(1,466)	–	(1,466)
Balance at 30 September 2019	25,896	2,311	186,031	214,238

Impairment test for goodwill

Goodwill amounts 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 at each reporting date).

The recoverable amount of the CGU has been determined based on fair value less costs of disposal. This assessment comprises the valuation of assets using the direct comparison method of valuation where applicable with external valuations being obtained. These are based on Level 2 fair value inputs.

Management has corroborated the value of each asset of the CGU through reference to external market prices.

No reasonably possible change in a key assumption on which management has based its determination of the unit's recoverable amount would cause the unit's carrying amount to exceed its recoverable amount.

Other

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

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

Other Intangible assets

The other intangibles amount recognised arose from the purchase of Australian Rainforest Honey Pty Ltd ("ARH"). The other intangibles have been allocated to the Apiary cash-generating unit. The acquisition accounting for ARH is provisional as at 30 September 2019.

Other intangible assets have an indefinite useful life are not subject to amortisation and are tested annually for impairment or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

The recoverable amount of the intangibles is determined based on value in use calculations which requires use of assumptions. These calculations use cash flow forecasts based on financial projections by management covering a five-year period based on yield rates taking into account past performance and its expectation of the future. Cash flow projections beyond five-year period are not extrapolated, but a terminal value with 2.5% growth rate is included in the calculations. A post tax weighted average cost of capital of 9.1% (2018: nil) has been used to discount the cash flow projections. These are based on Level 3 fair value inputs.

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.

The recoverable amount of the permanent water rights has been determined based on the fair value less costs of disposal. This assessment comprises the valuation of assets using the direct comparison method of valuation where applicable with external valuations being obtained. These are based on Level 2 inputs.

Management has corroborated the value of each asset of the CGU through reference to external market prices.

No reasonably possible change in a key assumption on which management has based its determination of the unit's recoverable amount would cause the unit's carrying amount to exceed its recoverable amount.

11. Trade and other payables

	2019 $'000	2018 $'000
Current		
Trade payables	11,126	19,555
	11,126	19,555

The average credit period on purchases is 30 days. Interest is charged on a creditor-by-creditor basis. The Group has financial risk management policies in place to ensure that all payables are paid within the credit timeframe.

Recognition and measurement

Trade and other payables – These are recognised when the Group becomes obliged to make future payments resulting from the purchase of goods and services. Payables are stated at their amortised cost.

12. Borrowings

	Note	2019 $'000	2018 $'000
(a) Current			
At amortised cost			
Secured			
Bank loans	(i)	–	163,653
Finance lease liabilities	(ii)	194	191
		194	163,844
(b) Non-current			
At amortised cost			
Secured			
Bank loans	(i)	135,289	46,075
Finance lease liabilities	(ii)	–	274
Unsecured			
Non-redeemable cumulative preference shares	(iii)	394	394
		135,683	46,743

(i) Secured by mortgage over property and floating charge over assets, the value of which exceeds the loan. The bank loan amount of $132.5 million was repaid on the settlement of the sale of Bengerang Pty Limited on 7 November 2018.

(ii) Secured by assets leased, the value of which exceeds the lease liability.

(iii) $394,000 9% non-redeemable cumulative preference shares at a par value of $1.00 per share.

Credit facilities – At 30 September 2019 the Group had a total of $250.0 million (30 September 2018: $250 million) committed credit facilities with external financial institutions. These facilities have fixed maturity dates as follows: $70.0 million in July 2020, $180.0 million in January 2022. As at 30 September 2019 $114.3 million (30 September 2018: $39.7 million) of the facilities available to Webster were undrawn.

Recognition and measurement

Borrowings – These are recorded initially at fair value, net of transactions costs. Subsequent to initial recognition, borrowings are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in profit and loss over the period of the borrowing using the effective interest rate method.

13. Provisions

	2019 $'000	2018 $'000
Current		
Employee benefits	1,810	1,623
Quality claims	–	250
Other	–	364
	1,810	2,237
Non-current		
Employee benefits	171	133
	171	133
	1,981	2,370
Movements in provisions		
Balance at 1 October 2018	2,370	1,668
Less: transfer to liabilities directly associated with assets classified as held for sale	–	(106)
Add: acquisition of subsidiary	43	–
(Reduction)/Increase arising from payments	(432)	808
Balance at 30 September 2019	1,981	2,370

Recognition and measurement

Provisions are recognised when the Group has a present obligation (legal or constructive) and, as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, it's carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that recovery will be received, and the amount of the receivable can be measured reliably.

Employee benefits provisions are made for benefits accruing to employees in respect of wages and salaries, annual leave, long service leave and other employee obligations when it is probable that settlement will be required, and they are capable of being reliably measured. Provisions made in respect of employee benefits expected to be settled within 12 months are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

14. Other liabilities

	2019 $'000	2018 $'000
Current		
Commonwealth grants received	–	7,090
	–	7,090

Commonwealth grants received relate to capital work in progress and will be offset against property, plant and equipment at the completion of the development projects.

15. Assets and liabilities of disposal entity classified as held for sale

	2018 $'000
Assets classified as held for sale	
Cash and cash equivalents	1
Trade and other receivables	253
Inventories	1,763
Other assets	83
Property, plant and equipment	55,476
Investments	67
Intangibles – water	76,129
Total assets of disposal entity held for sale	133,772
Liabilities directly associated with assets classified as held for sale	
Trade and other payables	817
Provisions	106
Net deferred tax liability	1,982
Total liabilities of disposal entity held for sale	2,905
Net assets of the disposal entity as at 30 September 2018	130,867
Net assets of the entity at disposal date of 7 November 2018	128,072
Total consideration	132,744
Working capital adjustment	(592)
Total profit on the disposal of the entity held for sale (note 2)	4,080

In August 2018, the Group entered into an agreement subject to certain conditions precedent, to sell one of its subsidiaries, Bengerang Pty Limited ("Bengerang") to AFF Water Pty Limited a related entity for $132.7 million less a working capital adjustment. This is a related party transaction as described in Note 23 (b) and hence was subject to an Independent Experts Report dated 28 September 2018. The associated assets and liabilities were classified as held for sale as at 30 September 2018. No goodwill has been allocated to the disposal group on the basis that there was no relative current value of notional goodwill under AASB 136.

On 31 October 2018, at an Extraordinary General Meeting, the shareholders voted in favour of the sale of Bengerang Pty Limited and this transaction was completed on 7 November 2018. The disposal of Bengerang resulted in a gain of $4.1 million.

There were no held for sale assets or liabilities as at 30 September 2019.

Recognition and measurement

Assets (or disposal entity) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and investment property that are carried at fair value and contractual rights under insurance contracts, which are specifically exempt from this requirement.

An impairment loss is recognised for any initial or subsequent write down of the asset (or disposal entity) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal entity), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal entity) is recognised at the date of derecognition.

Non-current assets (including those that are part of a disposal entity) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of a disposal entity classified as held for sale are presented separately from the other assets in the Consolidated statement of financial position. The liabilities of a disposal entity classified as held for sale are presented separately from other liabilities in the Consolidated statement of financial position.

16. Issued capital

	Note	2019 $'000	2018 $'000
362,245,163 fully paid ordinary shares	(i)	477,865	477,865
		477,865	477,865

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

		2019		2018	
	Note	Number	$'000	Number	$'000
(i) Fully paid ordinary share capital					
Balance at 1 October 2018		361,245,163	477,865	361,245,163	477,865
Shares issued	(ii)	1,000,000	–	–	–
Balance at 30 September 2019		362,245,163	477,865	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 year ended 30 September 2019

1,000,000 shares were issued during the year ended 30 September 2019 for the Executive Long-Term Incentive Plan (30 September 2018 – Nil shares were issued).

17. Earnings per share

		Cents per share	
	Note	2019	2018
Basic earnings per share	(a)	(2.55)	7.60
Diluted earnings per share	(b)	(2.55)	7.57

(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.

	2019 $'000	2018 $'000	2019	2018
(Losses)/earnings used in the calculation of basic earnings per share	(9,110)	27,085		
Weighted average number of ordinary shares for the purposes of basic earnings per share			356,935,163	356,515,163

(b) Diluted earnings per share

The earnings and weighted average number of ordinary and potential ordinary shares used in the calculation of diluted earnings per share are as follows.

	2019 $'000	2018 $'000	2019	2018
(Losses)/earnings used in the calculation of diluted earnings per share	(9,110)	27,085		
Weighted average number of ordinary and potential ordinary shares for the purpose of diluted earnings per share			357,115,562	357,763,620

18. Dividends

(a) Dividends paid during the year

	2019		2018	
	Cents per share	Total $'000	Cents per share	Total $'000
Fully paid ordinary shares				
Final Dividend – FY 2018: paid December 2018, (FY 2017 paid December 2017)	3.0	10,688	3.0	10,676
		10,688		10,676

(b) Dividends proposed

No dividend has been declared on ordinary shares for the year ended 30 September 2019. The directors declared an unfranked 9.0 cent per share dividend on cumulative preference shares paid on 27 June 2019.

(c) Franking credits balance

	2019 $'000	2018 $'000
Franking account balance at 1 October 2018	1,719	747
Tax paid/(refunded)	3,871	5,632
Dividends paid	(4,581)	(4,660)
Acquisition of subsidiary	3,070	–
Net Franking credits available at 30 September 2019	4,079	1,719
Impact on franking account balance of dividends not recognised	–	–

19. Subsidiaries

	Country of incorporation	Ownership interest 2019 (%)	2018 (%)
Parent entity			
Webster Limited	Australia		
Controlled entities			
AGW Finance Pty Ltd	Australia	100	100
AGW Funds Management Ltd	Australia	100	100
AGW Walnuts Pty Ltd	Australia	100	100
Bengerang Ltd	Australia	–	100
Clements and Marshall Pty Ltd	Australia	100	100
Clements Marshall Consolidated Limited	Australia	100	100
Cygnet Canning Company Pty Ltd	Australia	100	100
Motspur Park Pty Limited	Australia	100	100
Tandou Ltd	Australia	100	100
Walnuts Australia Pty Ltd	Australia	100	100
PrimeAg Fund Operations Pty Ltd	Australia	–	100
Webster Southern Ag Pty Ltd	Australia	100	100
Australian Rainforest Honey Pty Ltd	Australia	100	–
Webster Water Pty Ltd	Australia	100	–
Webster Almonds Pty Ltd	Australia	100	–

All entities carry on business in Australia.

These wholly owned controlled entities other than AGW Funds Management Ltd have obtained approval under the ASIC Class Order 2016/785 granting relief from the requirement to produce audited financial reports and are party to a cross guarantee.

The parent entity has entered into a range of cross guarantees and registered mortgage debentures over assets and capital of Webster Limited, which include the above entities other than AGW Funds Management Ltd under its banking arrangements with ANZ and Rabobank.

(a) Financial performance

The following statement of financial performance represents the consolidated position of profit or loss and other comprehensive income of members of the closed group of Webster Limited (Parent entity) that are party to the deed of cross guarantee. AGW Funds Management Ltd is not a party to the cross guarantee.

	2019 $'000	2018 $'000
Revenue	116,995	91,461
Cost of sales	(120,025)	(77,466)
Gross profit	(3,030)	13,995
Other income	36,990	33,103
Distribution expenses	(3,538)	(3,298)
Marketing expenses	(321)	(395)
Operational expenses	(19,392)	(15,261)
Administration expenses	(3,274)	(2,481)
Finance costs	(5,271)	(7,431)
Other expenses	(57)	(233)
Profit before income tax expense	2,107	17,999
Income tax expense	(11,228)	(11,817)
Total comprehensive (loss)/income for the period	(9,121)	6,182

(b) Financial position

The following statement of financial position represents the consolidated financial position of member's of the closed group of Webster Ltd (parent entity) that are party to the deed of cross guarantee. AGW Funds Management Ltd is not a party to the cross guarantee.

	2019 $'000	2018 $'000
Current assets		
Cash and cash equivalents	6,616	10,176
Trade and other receivables	11,947	12,466
Current tax receivable	1,093	–
Inventories	26,284	38,447
Biological assets	23,250	11,397
Other assets	444	139
	69,634	72,625
Assets classified as held for sale	–	133,772
Total current assets	**69,634**	**206,397**
Non-current assets		
Property, plant and equipment	370,796	294,990
Investments	162	23,100
Intangibles – water	186,031	161,952
Intangibles – goodwill	25,896	24,283
Intangibles – other	2,311	1,638
Total non-current assets	**585,196**	**505,963**
Total assets	**654,830**	**712,360**
Current liabilities		
Trade and other payables	11,126	18,327
Borrowings	194	163,653
Current tax liability	–	3,120
Provisions	1,810	1,500
	13,130	186,600
Liabilities directly associated with assets classified as held for sale	–	2,905
Total current liabilities	**13,130**	**189,505**
Non-current liabilities		
Borrowings	137,922	90,001
Net deferred tax liability	23,451	8,961
Provisions	171	90
Total non-current liabilities	**161,544**	**99,052**
Total liabilities	**174,674**	**288,557**
Net assets	**480,156**	**423,803**
Equity		
Issued capital	477,865	477,865
Reserves	(110)	(9,454)
Retained earnings/(losses)	2,401	(44,608)
Total equity	**480,156**	**423,803**

20. Commitments for expenditure

(a) Lease commitments

	Note	2019 $'000	2018 $'000
Non-cancellable operating leases	(i)		
Not longer than one year		46	88
Longer than one year and not longer than five years		–	9
		46	97
Finance lease liabilities	(ii)		
Not longer than one year		200	208
Longer than one year and not longer than five years		–	282
Minimum lease payments		200	490
Less: Future finance charges		(6)	(24)
Finance lease liabilities		194	466
Present value of minimum future lease payments:			
Not longer than one year		200	208
Longer than one year and not longer than five years		–	263
		200	471

(i) Operating lease commitments relate to properties and equipment with lease terms of up to 10 years.
(ii) Finance lease liabilities relate to various plant and equipment with lease terms of up to 5 years.

(b) Capital expenditure commitments

Not longer than one year	4,932	29,786
	4,932	29,786

21. Segment information

(a) Segments

Following the purchase of the Kooba Ag assets and the acquisition of Tandou Ltd and Australian Rainforest Honey Pty Ltd, the Group manages and reports its business operations under two main reportable segments, Agriculture and Horticulture. The Agriculture segment products are honey, 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.

(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	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Agriculture	93,756	153,726	3,753	43,124
Horticulture	56,074	53,354	6,583	10,727
Total for continuing operations	149,830	207,080	10,336	53,851
Unallocated income			4,166	182
Corporate and director's costs			(7,135)	(7,711)
Finance costs			(5,249)	(7,420)
Profit before tax (continuing operations)			2,118	38,902

Segment revenue reported above represents revenue generated from external customers. There are $230,400 of inter-segment sales in the current year (2018: nil). The accounting policies of the reportable segments are the same as the Group's accounting policies.

(c) Segments assets and liabilities

	2019 $'000	2018 $'000
Assets		
Agriculture	363,575	505,721
Horticulture	216,573	184,400
Total segment assets	580,148	690,121
Unallocated	74,635	70,323
Consolidated total assets	654,783	760,444
Liabilities		
Agriculture	9,209	25,821
Horticulture	11,164	12,257
Total segment liabilities	20,373	38,078
Unallocated	152,062	220,882
Consolidated total liabilities	172,435	258,960

(d) Information on geographical areas

The consolidated entity's goods are sold in both domestic and international markets. The following table details the consolidated entities' revenues from continuing operations and non-current assets by geographical location.

	Revenue from customers		Non-current assets	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Australia	100,045	123,010	597,435	517,350
Europe	10,189	18,843	–	–
Other	6,761	3,410	–	–
	116,995	145,263	597,435	517,350

Revenue of $55.8 million (30 September 2018: $48.0 million) was derived from four of the Group's major external customers. No other customer contributed to more than 10% of the Group's revenue.

22. Notes to the Cash flow statement

(a) Cash and cash equivalents

	2019 $'000	2018 $'000
Cash and cash equivalents	6,619	11,008
	6,619	11,008

(b) Non-cash financing and investing activities

During the year ended 30 September 2019, the consolidated entity did not acquire equipment via finance leases.

(c) Financing facilities

Secured bank loan rolling facilities		
– Amount used[(i)]	135,714	210,259
– Amount unused	114,286	39,741
	250,000	250,000

(i) Amount used is gross of bank establishment fees.

(d) Reconciliation of profit/(loss) for the period to net cash flows from operating activities

	2019 $'000	2018 $'000
(Loss)/profit for the year	(9,110)	27,085
Depreciation of non-current assets	13,537	14,322
Amortisation of non-current assets	72	125
Finance costs in relation to borrowings	(166)	50
Fair value of investments	(16)	(80)
Net profit relating to non-current assets	(366)	(348)
Profit on the sale of water rights	(1,620)	(1,670)
Share based payments expenses	369	298
Profit on sale of subsidiary	(4,080)	–
Movements in working capital		
– Decrease in trade and other receivables	4,590	6,605
– Decrease/(increase) in inventories	27,567	(34,865)
– Decrease in biological assets	5,447	–
– (Increase)/decrease in other assets	(143)	510
– (Decrease)/increase in trade and other payables	(10,171)	6,143
– (Decrease)/increase in provisions	(537)	808
– Decrease in tax balances	7,356	6,185
Net cash flows from operating activities	32,729	25,168

(e) Changes in liabilities arising from financing activities

	1 October 2018	Cash flows	Other	30 September 2019
Current borrowings	163,653	(163,735)	82	–
Current obligation under finance leases	191	–	3	194
Non-current borrowings	46,074	89,191	24	135,289
Non-current obligations under finance leases	275	–	(275)	–
Cumulative non-redeemable preference shares	394	–	–	394
	210,587	(74,544)	(166)	135,877

23. Related party disclosures

(a) Key management personnel compensation

	2019 $'000	2018 $'000
Short-term employee benefits	2,236	2,280
Long-term employee benefits	369	298
Post-employment benefits	396	224
	3,001	2,802

(b) Transactions with key management personnel and related parties

During the financial year, where directors, their director-related entities, and executives purchased goods, the purchases were domestic or trivial in nature, from the Group on the same terms and conditions available to other employees and customers.

During the year the Group sold one of its subsidiaries, Bengerang Pty Limited ("Bengerang") to AFF Water Pty Limited, a related party, as trustee for the AFF Water Trust, and entity for a joint venture between Australian Food & Fibre Limited and the Public Sector Pension Investment Board of Canada for $132.7 million. The sale was completed on 7 November 2018.

The Group had related party transactions with Australian Food and Fibre Limited ("AFF"), a company in which Mr John Joseph Robinson is an associate. During the year an amount of $1,874,155 was paid to AFF. This comprised of a bonus of $2,000,000 (excluding GST) less $125,845 for reimbursement of operating costs. The payment formed part of the working capital adjustment on the Bengerang disposal. All existing management arrangements with AFF were terminated with effect from the date of disposal of Bengerang.

The Group entered into an agreement with Air Corrigan, a company in which Mr Christopher Corrigan and Mr Joseph Corrigan are associates. The current agreement is for the provision of the use of light aircraft to transport management to its properties. The arrangement is charged at cost which amounted to $172,754 for the year ended 30 September 2019 (30 September 2018: $507,371).

The Group supplied walnuts to Stahmann Farms a company in which Mr Ross Burling is a director. The goods were supplied at arm's length on normal commercial terms. The value of goods supplied was $296,000 for the year ended 30 September 2019.

On 3 October 2019, the Group entered into a binding Scheme Implementation Agreement ("SIA") with PSP Bidco and Sooke Investments Inc, each indirectly wholly owned subsidiaries of PSP Investments, a related entity which currently owns 19.1% of the Webster's ordinary shares, one of Canada's largest pension investment managers. Under the SIA it is proposed that PSP Bidco will acquire all of the ordinary shares in Webster that PSP Investments does not already own for a cash price of $2.00 per Webster share (scheme consideration) by way of a court approved scheme of arrangement ("Scheme").

PSP Bidco also intends to acquire all of the Webster preference shares on issue for $2.00 in cash per preference share via a separate, contemporaneous scheme of arrangement ("Preference Share Scheme").

Subject to shareholder approval and all other conditions of the schemes being satisfied, the schemes are expected to be implemented in the first quarter of 2020.

Other than the above, and contracts of employment, no other key management personnel have entered into a contract with the Company during the financial period.

(c) Equity interests in related parties

Details of percentage of ordinary shares held in controlled entities are disclosed in note 19 to the financial statements.

(d) Parent entity

The parent entity of the Group is Webster Limited. The ultimate Australian parent entity is Webster Limited. There are no contingent liabilities.

24. Parent entity disclosures

	2019 $'000	2018 $'000
(a) Financial position		
Assets		
Current assets	8,054	5,464
Non-current assets	294,809	397,472
Total assets	302,863	402,936
Liabilities		
Current liabilities	4,018	173,155
Non-current liabilities	141,661	29,446
Total liabilities	145,679	202,601
Equity		
Issued capital	477,865	477,865
Reserves	(98)	(910)
Retained losses	(320,583)	(276,620)
Total equity	157,184	200,335

	2019 $'000	2018 $'000
(b) Financial performance		
Loss for the period	33,126	15,526
Total comprehensive loss	33,126	15,526

25. Business combinations

Acquisition of Australian Rainforest Honey Pty Limited

On 15 May 2019, the Group acquired 100% of the voting shares of Australian Rainforest Honey Pty Limited ("ARH"), an unlisted company based in New South Wales, a producer of Honey for an all cash consideration of $8.5 million.

(a) Purchase consideration (refer to (b) below):

	2019 $'000
Cash paid	8,514
Total purchase consideration	8,514

(b) Assets acquired and liabilities assumed

The fair values of the identifiable assets and liabilities of Australian Rainforest Honey Pty Limited as at the date of acquisition were:

	Note	2019 $'000
Cash and cash equivalents		2,757
Trade and other receivables		266
Inventories		316
Biological assets		108
Property, plant and equipment	9	2,931
Trade payables		(32)
Provisions		(43)
Net identifiable assets acquired		6,303
Add: other intangibles	10	2,211
Net assets acquired		8,514

The other intangibles are attributable to the permits of the acquired business with indefinite life and are subject to impairment testing. There were no acquisitions in the year ending 30 September 2018.

(c) Purchase consideration – cash outflow

	2019 $'000
Outflow of cash to acquire subsidiary, net of cash acquired	
Cash consideration	8,514
Less: Balances acquired	
Cash	(2,757)
	(2,757)
Net outflow of cash – investing activities	5,757

The net assets recognised in the 30 September 2019 financial statements were based on kerbside valuation for the land and buildings and an assessment of the fair value for the hives owned by ARH.

The acquisition accounting in relation to ARH is provisional as at 30 September 2019.

Recognition and measurement

Business combinations – The Group accounts for acquisitions of subsidiaries and businesses using the acquisition method. The Group measure the consideration for each acquisition at the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by Webster Limited in exchange for control of the acquiree.

The Group recognises acquisition-related costs in profit or loss as incurred.

Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition date fair value. The Group adjusts subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments (see below). All other subsequent changes in the fair value of contingent consideration classified as an asset or liability are accounted for in accordance with relevant standards. Changes in the fair value of contingent consideration classified as equity are not recognised.

Where a business combination is achieved in stages, the Group measures its previously held interests in the acquired entity to fair value at the acquisition date (that is, the date Webster attains control) and recognise the resulting gain or loss, if any. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

The acquiree' s identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under AASB 3 are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with AASB 112 Income Taxes and AASB 119 Employee Benefits respectively;
- liabilities or equity instruments related to the replacement by the Group of an acquiree's share-based payment awards are measured in accordance with AASB 2 Share-based Payment; and
- assets (or disposal groups) that are classified as held for sale in accordance with AASB 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that standard.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, Webster Limited reports provisional amounts for the items for which the accounting is incomplete. The Group adjust those provisional amounts during the measurement period (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as of the acquisition date – and is subject to a maximum of 1 year.

26. Financial instruments

(a) Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The Group's overall strategy remains unchanged from 30 September 2018.

The capital structure of the Group consists of debt, which includes the borrowings disclosed in note 12, cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital as disclosed in note 16, reserves and retained profits.

The Group operates globally, primarily through subsidiary companies established in the markets in which the Group trades. None of the Group's entities are subject to externally imposed capital requirements.

Gearing ratio

The Group's Board of Directors reviews the capital structure on an annual basis. As a part of this review the committee considers the cost of capital and the risk associated with each class of capital. The Board of Directors of the Group in considering its overall capital structure takes into account the payment of dividends, new share issues as well as the issue of new debt or the redemption of existing debt.

The gearing ratio at year end was as follows.

	Note	2019 $'000	2018 $'000
Financial assets			
Debt	(i)	135,877	210,587
Cash and cash equivalents		(6,619)	(11,008)
Net debt		129,258	199,579
Equity	(ii)	482,348	501,484
Net debt to equity ratio		21.1%	28.5%

(i) Debt is defined as long- and short-term borrowings, as detailed in note 12.

(ii) Equity includes all capital and reserves.

(b) Categories of financial instruments

	2019 $'000	2018 $'000
Financial assets		
Cash and cash equivalents	6,619	11,008
Trade and other receivables	11,947	17,735
Financial liabilities		
Trade and other payables	11,126	19,555
Borrowings	135,877	210,587

(c) Financial risk management objectives

The Group's key management personnel co-ordinate access to domestic and international financial markets and manage the financial risks relating to the operations of the consolidated entity.

The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The Group enters into forward foreign exchange contracts to hedge the exchange rate risks arising on the export of produce to Europe and Asia.

(d) Market risk

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates. The Group enters into derivative financial instruments to manage its exposure to foreign currency risk, including forward foreign exchange contracts to hedge the exchange rate risk arising on foreign sales or exports.

There has been no change to the Group's exposure to market risks or the manner in which these risks are managed and measured.

(e) Foreign currency risk management

The Group undertakes certain transactions denominated in foreign currencies, hence exposure to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters utilising forward foreign exchange contracts and currency swap agreements. The Group's exposure to foreign currency risk at balance date was as follows, based on notional amounts.

	2019			
	USD $'000	EUR $'000	GBP $'000	JPY $'000
Trade and other receivables	2,392	1,785	–	–
Cash at bank	20	14	–	–
Trade and other payables	(12)	(11)	–	–
Net exposure	2,400	1,788	–	–

	2018			
	USD $'000	EUR $'000	GBP $'000	JPY $'000
Trade and other receivables	1,048	2,927	–	–
Cash at bank	486	49	–	55
Trade and other payables	(453)	–	–	–
Net exposure	1,081	2,976	–	55

Forward foreign exchange contracts

It is the policy of all entities in the Group to enter into forward foreign exchange contracts to cover up to 100% of the exposure generated by specific foreign currency payments and receipts. The Group also enters into forward foreign exchange contracts and to manage the risk associated with anticipated horticultural export transactions. A progressive cover strategy is adopted from the time of budgeting through to harvest when up to 90% of exposure is hedged.

As at 30 September 2019, there were USD $1,350,000 (30 September 2018: USD$500,000) and EUR € Nil (30 September 2018: EUR€1,700,000) forward foreign exchange contracts outstanding.

Foreign exchange sensitivity analysis

The following table details the Group's sensitivity to a 10% increase and decrease in the Australian dollar against the relative currency. The sensitivity rate used is 10% as it represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis includes outstanding foreign currency derivatives and adjusts their fair value at the year-end for a 10% change in foreign currency rates. A positive number indicates an increase in other equity where the Australian Dollar strengthens against the respective currency. For a weakening of the Australian dollar against the respective currency.

	2019		2018	
	10% $'000	–10% $'000	10% $'000	–10% $'000
Other comprehensive income				
– Euro	–	–	–	–
– United States dollar	–	–	–	–
	–	–	–	–

	2019		2018	
	10% $'000	–10% $'000	10% $'000	–10% $'000
Profit and loss				
– Euro	–	–	(306)	250
– United States dollar	(179)	219	(76)	62
	(179)	219	(382)	312

(f) Interest rate risk management

The Company and the Group are exposed to interest rate risk as it borrows funds at both fixed and floating interest rates. This risk is managed by maintaining an appropriate mix between fixed and floating rate borrowings. The Company and Group's exposures to interest rates on financial assets and financial liabilities are detailed in the maturity profile of the financial instruments section of this note.

Interest rate sensitivity analysis

The sensitivity analysis below have been determined based on the exposure to interest rates for both derivative and non-derivative instruments at the reporting date and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period. A 100 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the possible change in interest rates.

At reporting date, if interest rates had been 100 basis points higher or lower and all other variables were held constant, the impact on the Group is as follows.

	Effect on profit and loss			
	2019		2018	
	1%	–1%	1%	–1%
Financial assets				
Cash and cash equivalents	66	(66)	110	(110)
Financial liabilities				
Borrowings	(1,244)	1,101	(1,967)	2,028

The following tables detail the Group's contracted maturity for its non-derivative financial assets and contractual maturity for non-derivative financial liabilities.

2019	Weighted average effective rate %	Less than 1 year $'000	1 to 5 years $'000	More than 5 years $'000	Total $'000
Financial assets					
Non-interest bearing					
Trade and other receivables	–	11,947	–	–	11,947
Variable interest rate					
Cash and cash equivalents	0.99	6,619	–	–	6,619
		18,566	–	–	18,566
Financial liabilities					
Non-interest bearing					
Trade and other payables	–	11,126	–	–	11,126
Other financial liabilities	–	–	–	–	–
Variable interest rate					
Bank loans	3.28	–	135,714	–	135,714
Fixed interest rate maturity					
Finance lease liabilities	3.51	194	–	–	194
Cumulative non-redeemable preference shares*	9.00	35	142	394	571
		11,355	135,856	394	147,605

2018	Weighted average effective rate %	Less than 1 year $'000	1 to 5 years $'000	More than 5 years $'000	Total $'000
Financial assets					
Non-interest bearing					
Trade and other receivables	–	17,735	–	–	17,735
Assets classified as held for sale	–	321	–	–	321
Variable interest rate					
Cash and cash equivalents	1.17	11,008	–	–	11,008
		29,064	–	–	29,064
Financial liabilities					
Non-interest bearing					
Trade and other payables	–	19,555	–	–	19,555
Liabilities directly associated with assets classified as held for sale	–	817	–	–	817
Variable interest rate					
Bank loans	3.24	163,653	46,075	–	209,728
Fixed interest rate maturity					
Finance lease liabilities	3.51	191	274	–	465
Cumulative non-redeemable preference shares*	9.00	35	142	394	571
		184,251	46,491	394	231,136

*Amounts disclosed in more than 5 years represent principal amounts. There is no expiration term.

(g) Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group undertakes credit check prior to dealing with any new counterparty and obtains sufficient collateral or other security, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group's exposure and the credit ratings of its counterparties are continuously monitored, and the aggregate value of transactions concluded are spread amongst approved counterparties.

Trade accounts receivable consist of a large number of customers, spread across diverse industries and geographical locations. Ongoing credit evaluation is performed on the financial condition of accounts receivable and, where appropriate, credit guarantee insurance cover is purchased.

The Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit rating agencies.

The carrying amount of financial instruments recorded in the financial statements, net of any allowances for losses, represent the Group's maximum exposure to credit risk.

(h) 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.

The fair values of financial assets and financial liabilities are determined as follows:

- The fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices.
- The fair value of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.
- The fair value of derivative instruments, included in hedging assets and liabilities, are calculated using quoted prices. Where such prices are not available, use is made of discounted cash flow analysis using the applicable forward rates and yield curves for the duration of the instruments.

The following tables detail the fair value of financial assets and financial liabilities.

	Carrying amount 2019 $'000	Fair value 2019 $'000	Carrying amount 2018 $'000	Fair value 2018 $'000
Financial assets				
Trade and other receivables	11,947	11,947	17,735	17,735
	11,947	11,947	17,735	17,735
Financial liabilities				
Cumulative non-redeemable preference shares	394	394	394	394
Trade and other payables	11,126	11,126	19,555	19,555
Bank loans	135,714	135,714	209,728	209,728
Finance lease liabilities	194	194	465	465
	147,428	147,428	230,142	230,142

Some of the Group's financial assets and financial liabilities are measured at fair value and are grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

(i) Liquidity risk management

The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continually monitoring forecasts and actual cash flows and matching the maturity profiles of financial assets and liabilities. The following tables detail the contractual maturity (including future interest) for non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of liabilities based on the earliest date on which the Group earned or was required to pay.

The following table details the Group's liquidity analysis for its derivative financial instruments. The table has been drawn up based on the undiscounted contractual net cash inflows and outflows on derivative instruments that settle on a net basis, and the undiscounted gross inflows and outflows on those derivatives that require gross settlement.

The following tables detail the Group's contracted maturity for its non-derivative financial assets and contractual maturity for non-derivative financial liabilities.

2019	Weighted average effective rate %	Less than 1 year $'000	1 to 5 years $'000	More than 5 years $'000	Total $'000
Financial liabilities					
Non-interest bearing					
Trade and other payables	–	11,126	–	–	11,126
Variable interest rate					
Bank loans	3.28	4,458	140,942	–	145,400
Fixed interest rate maturity					
Finance lease liabilities	3.51	200	–	–	200
Cumulative non-redeemable preference shares*	9.00	35	142	394	571
		15,819	141,084	394	157,297

2018	Weighted average effective rate %	Less than 1 year $'000	1 to 5 years $'000	More than 5 years $'000	Total $'000
Financial liabilities					
Non-interest bearing					
Trade and other payables	–	19,555	–	–	19,555
Liabilities directly associated with assets classified as held for sale	–	817	–	–	817
Variable interest rate					
Bank loans	3.24	167,806	52,983	–	220,789
Fixed interest rate maturity					
Finance lease liabilities	3.51	208	282	–	490
Cumulative non-redeemable preference shares*	9.00	35	142	394	571
		188,421	53,407	394	242,222

*Amounts disclosed in more than 5 years represent principal amounts. There is no expiration term.

Projection is based on the likely outcome of the facilities given the interest rates and margins at the reporting date up until the contractual maturity of the facilities. The projection is based on the undiscounted cash flows.

Recognition and measurement

Webster enters into a variety of derivative financial instruments to manage its exposure to foreign exchange rate risks and interest rate risk, including forward foreign exchange contracts and interest rate swaps.

27. Events after the reporting period

On 3 October 2019, the Group entered into a binding Scheme Implementation Agreement ("SIA") with PSP Bidco and Sooke Investments Inc, each indirectly wholly owned subsidiaries of PSP Investments a related entity, which currently owns 19.1% of the Webster's ordinary shares, one of Canada's largest pension investment managers. Under the SIA it is proposed that PSP Bidco will acquire all of the ordinary shares in Webster that PSP Investments does not already own for a cash price of $2.00 per Webster share (scheme consideration) by way of a court approved scheme of arrangement ("Scheme").

PSP Bidco also intends to acquire all of the Webster preference shares on issue for $2.00 in cash per preference share via a separate, contemporaneous scheme of arrangement ("Preference Share Scheme").

Subject to shareholder approval and all other conditions of the schemes being satisfied, the schemes are expected to be implemented in the first quarter of 2020.

There have been no other matters or circumstances, other than that referred to in the financial statements or notes thereto, that have arisen since 30 September 2019 that have significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

28. Other accounting policies

Cash and cash equivalents – Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value and have a maturity of 3 months or less at the date of acquisition. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

Orchards – Orchards are classified as Property, plant and equipment. Additions to the Orchards are valued at cost and are depreciated from the year they reach maturity.

Growing crop – The Group values the growing walnut crop in accordance with AASB 141 Agriculture. This valuation takes into account current selling prices and current growing, processing and selling costs. The calculated crop value is then discounted to take into account that it is only partly developed, and then further discounted by a suitable factor to take into account the agricultural risk until crop maturity. Where little biological transformation has occurred in the growing crop, cost is used as an estimate of fair value.

The fair value of walnuts and cotton harvested during the period and recognised in revenue is determined as the fair value of walnuts and cotton after harvest and picking less estimated point of sale costs. The fair value of livestock at the reporting date has been determined by using an external valuation.

Financial assets – Investments are recognised and derecognised on trade date where purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned and are initially measured at fair value. Subsequent to initial recognition, investments in subsidiaries are measured at cost in the company financial statements.

Effective interest method – The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or, where appropriate, a shorter period.

The Group recognises income on an effective interest rate basis for debt instruments other than those financial assets "at fair value through profit or loss".

Financial assets at fair value through profit or loss – Financial assets at fair value through profit or loss are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset. The Group determines fair value in the manner described in note 26.

Impairment of financial assets – The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Financial instruments: debt and equity instruments – The Group classifies debt and equity instruments as either liabilities or as equity in accordance with the substance of the contractual arrangement. An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. The Group records equity instruments issued by Webster as the proceeds received, net of direct issue costs.

Foreign currency – In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the balance date.

Non-monetary items – Non-monetary items carried at fair value, that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences – These are recognised in profit or loss in the period in which they arise except for:

- exchange differences which relate to assets under construction for future productive use are included in the cost of those assets where they are regarded as an adjustment to interest costs on foreign currency borrowings;
- exchange differences on transactions entered into in order to hedge certain foreign currency risks (refer to note 26(e)); and
- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur, which form part of the net investment in a foreign operation, are recognised in the foreign currency translation reserve and recognised in profit or loss on disposal of the net investment.

Goods and Services Tax – Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

- where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
- for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

The Group includes cash flows in the cash flow statement on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

Government grants – These are assistance by the government in the form of transfers of resources to Webster Limited in return for past or future compliance with certain conditions relating to the operating activities.

Government grants include government assistance where there are no conditions specifically relating to the operating activities of the consolidated entity other than the requirement to operate in certain regions or industry sectors.

The Group recognises government grants relating to income as income over the periods necessary to match them with related costs. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to Webster with no future related costs are recognised as income of the period in which they become receivable.

Government grants whose primary condition is that Webster Limited should purchase, construct or otherwise acquire non-current assets are recognised as a reduction in the cost of non-current assets in the Consolidated statement of financial position upon completion of the project.

Share-based payments – The Group measures equity-settled share-based payments to employees at the fair value of the equity instruments at the grant date. Fair value is measured by use of a Black-Scholes pricing model taking into account the terms and conditions upon which the equity-settled share-based payments were granted. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, with a corresponding increase in equity. At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The Group recognises the impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

Material prior period errors shall be retrospectively corrected in the first financial statements authorised for issue after their discovery by:

(a) restating the comparative amounts for the prior period(s) presented in which the error occurred; or

(b) if the error occurred before the earliest prior period presented, restating the opening balances of assets, liabilities and equity for the earliest prior period presented.

However, to the extent that it is impracticable to determine either:

(a) the period-specific effects of an error on comparative information for one or more prior periods presented, the entity shall restate the opening balances of assets, liabilities and equity for the earliest period for which retrospective restatement is practicable (which may be the current period); or

(b) the cumulative effect, at the beginning of the current period, of an error on all prior periods, the entity shall restate the comparative information to correct the error prospectively from the earliest date practicable. The correction of a prior period error is excluded from profit or loss for the period in which the error is discovered. Any information presented about prior periods, including any historical summaries of financial data, is restated as far back as is practicable.

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 the 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.

The critical judgements and key assumptions that management has made that have the most significant effect on the amounts recognised in the financial statements are impairment of goodwill (Note 10), Carrying value of permanent water rights (note 10) and inventories (note 6) and biological assets (note 7).

29. New accounting standards

New and amended standards and interpretations

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 an '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.

Certain new accounting standards and interpretations have been published that are not mandatory for the reporting year ended 30 September 2019. These have not been adopted early by Webster. The assessment of the impact of these new standards is set out below.

Standards and interpretations in issue not yet adopted

Standard/interpretation	Nature of change	Impact on financial statements
AASB 16 'Leases' (effective for Webster for the accounting period starting on 1 October 2019)	AASB 16 'Leases' (effective for Webster for the accounting period starting on 1 October 2019) AASB 16 requires recognition of a right-of use asset along with the associated lease liability where the entity is a lessee. An interest expense will be recognised in the profit or loss using the effective interest rate method, and the right-of-use asset will be depreciated. Lessor accounting will largely remain unchanged.	The Group will first apply AASB 16 in the financial year beginning 1 October 2019. The Group is in the process of finalising its assessment of the requirements of the new standard and its impact on the Group's financial statements for the year ended 30 September 2020.
AASB Interpretation 23 Uncertainty over Income Tax Treatment (effective for annual reporting periods beginning on or after 1 January 2019)	The interpretation is effective for annual reporting periods beginning on or after 1 January 2019 addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of AASB 112 and does not apply to taxes or levies outside the scope of AASB 112, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The interpretation specifically addresses the following: • Whether an entity considers certain tax treatments separately • The assumptions an entity makes about the examination of tax treatments by taxation authorities • How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates • How an entity considers changes in facts and circumstances An entity has to determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty should be followed.	The Group will apply the interpretation from its effective date. In addition, the Group may need to establish processes and procedures to obtain information that is necessary to apply the interpretation on a timely basis.

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Independent Auditor's Report to the Members of Webster Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Webster Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 30 September 2019, the consolidated statement of profit or loss and comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is 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 30 September 2019 and of its consolidated financial performance for the year ended on that date; and

b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial report. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial report.

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1. Disposal of assets and liabilities previously classified as held for sale

Why significant	How our audit addressed the key audit matter
In August 2018, the Group entered into a share purchase agreement to divest its wholly owned subsidiary, Bengerang Limited ('Bengerang'). Bengerang holds both agricultural and water assets in northern NSW. At 30 September 2018, Bengerang was treated as held for sale in accordance with Australian Accounting Standards. Accordingly, all assets and liabilities of Bengerang were classified as current at 30 September 2018. Bank loans of \$132.5m, secured against the Bengerang assets, were classified as current on the basis this debt has been repaid on the sale of Bengerang. The sale was conditional upon a number of factors including the approval of Shareholders, which occurred on 31 October 2018. Settlement occurred on 7 November 2018. The sale of Bengerang was a key audit matter due to the value of the proceeds from the sale, together with the reduction of assets and liabilities relating to the Bengerang sale. Note 15 of the financial report sets out the nature of the amounts comprising the held for sale assets and liabilities as at 30 September 2018 and also sets out the gain on disposal of \$4.1m.	Our audit procedures included the following: ▶ We evidenced that the sale was approved at the Extraordinary General Meeting of Shareholders on 31 October 2018. ▶ We assessed whether all assets and liabilities related to the disposal of Bengerang were identified and de-recognised at the disposal date of 7 November 2018. ▶ We agreed the Purchase Price to the contract, including working capital adjustments. ▶ We considered whether any goodwill should be allocated to the disposal and de-recognised in accordance with Australian Accounting Standards. ▶ We evidenced the repayment of the loans secured against the Bengerang assets. ▶ We considered the adequacy of the disclosures included in Note 15 of the financial report.

2. Recoverability of Goodwill – Agricultural - Cropping

Why significant	How our audit addressed the key audit matter
At 30 September 2019, goodwill of $25.9m was recorded in the Group's consolidated statement of financial position. All of the goodwill is attributable to the Agricultural – Cropping cash generating unit ('CGU') of the Group. In accordance with *Australian Accounting Standards*, goodwill should be tested for impairment annually to ensure it is not recorded at an amount in excess of its recoverable amount. The recoverable amount is the higher of the fair value less costs to dispose (FVLCD) and value in use (VIU). The Group has relied on the FVLCD in their assessment of the impairment of goodwill. The assessment of impairment of goodwill was considered a key audit manner as the assessment involves assumptions used to determine the market value of the property assets and Water Right assets used in the FVLCD calculation.	Our audit procedures included the following: ▶ We assessed the determination of the Group's cash generating units (CGUs) used in the impairment assessment. ▶ We considered the appropriateness of the assets and liabilities included in the carrying value of the Agricultural Cropping CGU, to which the goodwill is attributed. ▶ We tested the mathematical accuracy of the FVLCD determination. ▶ We assessed whether the FVLCD of the underlying properties and Water Right assets exceeded the carrying value of the Agriculture Cropping CGU. ▶ We reviewed a sample of property and Water Right asset valuations applied in deriving the FVLCD of the CGU, as determined by the Directors using an independent valuation expert. This review included the involvement of our real estate and valuation specialists in its execution. ▶ We considered the competence, capabilities and objectivity of the Group's independent valuation expert. ▶ We considered the adequacy of the disclosures included in Note 10 of the financial report.

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3. Carrying Value of Water Rights

Why significant	How our audit addressed the key audit matter
At 30 September 2019, Water Right assets of \$186.0m were recorded on the Group's consolidated statement of financial position. This represents 28.4% of the Group's total assets. The carrying value of the Water Right assets are significant given the size of those assets relative to total assets. These assets are considered to have an indefinite useful life and are assessed for impairment by the Group at least annually. The impairment assessment involves ensuring the Fair Value of these Water Right assets meets or exceeds their carrying value. Fair Value has been assessed by the Group with respect to the current market prices of water licenses. The Group has disclosed the basis for determining the recoverable amount of Water Rights within Note 10 of the financial report.	Our audit procedures included the following: ▶ We assessed the Group's accounting policies with respect to Water Right assets for compliance Australian Accounting Standards. ▶ We considered the competence, capabilities and objectivity of those responsible for determining the market value of the Water Right assets. ▶ We assessed the market value assessment by selecting a sample of the water right asset valuations and compared these to recent sales evidence. This work included the involvement of our valuation specialists in its execution. ▶ We considered the adequacy of the disclosures included in Note 10 of the financial report.

Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the Company's 2019 Annual Report, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated to the directors, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Audit of the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 8 to 15 of the directors' report for the year ended 30 September 2019.

In our opinion, the Remuneration Report of Webster Limited for the year ended 30 September 2019, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Ernst & Young

Gregory J Logue
Partner
Sydney, 13 November 2019

ASX additional information

Additional information required by the Australian Securities Exchange Limited and not shown elsewhere in this report is as follows:

Number and distribution of shareholders

Number and distribution of shareholders	Ordinary	Cumulative preference
1–1,000	596	163
1,001–5,000	1,173	13
5,001–10,000	611	5
10,001–100,000	1,071	10
100,001 and over	157	0
Total number of shareholders	3,608	191
Total number of issued shares listed	362,245,163	394,000
Number of shareholders holding less than a marketable parcel	189	131

Voting rights

Section 44 of the Company's Constitution govern the voting rights of members. In summary, but without prejudice to the provisions of the Constitution, at any meeting of the Company every member present in person or by proxy or by power of attorney or by duly authorised representative shall on a show of hands be entitled to vote and, on a poll be entitled to one vote for each share held. Preference shareholders' voting rights are limited to matters affecting rights of such shareholders.

Substantial shareholders

The substantial shareholders of Webster as at 13 November 2019, based on substantial shareholder notices lodged with Webster and ASX by that date are:

Substantial shareholders	Number of shares	%	Class of shares
AIHOP Investments Inc	69,179,683	19.10	Ordinary
Belfort Investment Advisors Limited	45,774,378	12.64	Ordinary
Kaplan Funds Management Pty Limited	32,474,953	8.96	Ordinary
Verolot Limited	32,215,862	8.89	Ordinary
Mr Bevan David Cushing as trustee of the KD Cushing Family Trust	20,244,413	5.59	Ordinary
Mr Peter Robin Joy	20,140,116	5.56	Ordinary

On 7 November 2019, PSP Investments and on 8 November 2019 Chris Corrigan/Belfort Investment Advisors Limited ("Belfort") and David Fitzsimons/Verolot Limited ("Verolot") each lodged with Webster notices of change of interests of substantial holder which are expressed to be lodged at the request of ASIC. These notices stated, among other thing, that based solely on ASIC's review of association issues, ASIC had formed the view that the PSP Investments Entities (being PSP and the PSP Guarantor) are associated with each of Belfort and Verolot by virtue of certain arrangements which were described in Webster's ASX announcement of 3 October 2019. As a consequence, ASIC considered that the PSP Investments Entities, Belfort and Verolot each had voting power representing the aggregate of the relevant interests held by the PSP Investments Entities and each of Belfort and Verolot. ASIC therefore required these parties to file a change of substantial holder notice in relation to these arrangements.

The notice provided by the PSP Investments Entities recorded an aggregate voting power of 40.45% while the notices lodged by Chris Corrigan/Belfort and David Fitzsimons/Verolot recorded an aggregate voting power of 40.63%.

The notice filed by PSP Investments Entities stated that they are of the view that they are not associated with Belfort or Verolot, but have agreed to assist ASIC by filing a substantial holder notice. The notice does not constitute an acknowledgement by the PSP Investments Entities as to the creation of an association with Belfort or Verolot. The PSP Investments Entities further stated that they had also agreed with ASIC that they will not make further acquisitions of relevant interests in Webster shares other than in accordance with the *Corporations Act*, on the basis of ASIC's view that they are associated with Belfort and Verolot and therefore have voting power of 40.45% in Webster.

Each of the notices filed by Corrigan/Belfort and Fitzsimons/Verolot stated that they are of the view that no association exists between the PSP Investment Entities, Belfort and Verolot, but have agreed to assist ASIC by filing a substantial holder notice. Each notice does not constitute an acknowledgement of (and does not otherwise result in) any form of association between Belfort, Verolot and the PSP Investments Entities. Corrigan/Belfort and Fitzsimons/Verolot further stated that they had also agreed with ASIC that they will not make further acquisitions of relevant interests in Webster shares other than in accordance with the *Corporations Act*, on the basis of ASIC's view that they are associated and therefore have voting power of 40.63% in Webster.

Twenty largest shareholders	Number of shares	%
Listed ordinary shares		
AIHOP Investments Inc	66,867,847	18.46
Bell Potter Nominees Ltd <BB Nominees A/C>	38,601,914	10.66
Verolot Limited	32,215,862	8.89
National Nominees Limited	31,599,395	8.72
Belfort Investment Advisors Limited	21,272,722	5.87
Mr Peter Joy	20,140,116	5.56
Sir Selwyn John Cushing and Mr Bevan David Cushing <K D Cushing Family A/C>	11,431,136	3.16
HSBC Custody Nominees (Australia) Limited	8,058,418	2.22
Rel-Trust Management Limited	5,559,529	1.53
Eagle Securities Limited	4,933,469	1.36
Rathvale Pty Limited	4,460,236	1.23
Sandhurst Trustees Ltd <JMFG Consol A/C>	3,910,505	1.08
Xetrov Pty Limited	3,910,000	1.08
BNP Paribas Nominees Pty Ltd <IB AU NOMS RETAILCLIENT DRP>	3,517,982	0.97
Ashfield Farm Limited	3,253,748	0.90
Citicorp Nominees Pty Limited	3,196,340	0.88
Mr Andrew Roy Newbery Sisson	3,018,769	0.83
Ossa Pty Ltd <Ossa Superannuation Fund A/C>	2,899,999	0.80
J P Morgan Nominees Australia Pty Limited	2,118,562	0.58
AIHOP Investments Inc	2,111,836	0.58

Twenty largest shareholders	Number of shares	%
Listed 9% cumulative preference shares		
Mr David Calvert and Mrs Lorne Calvert and <Southpork Super FD A/C>	73,155	18.57
Winpar Holdings Limited	55,278	14.03
Mr Brian David Faulkner and Mrs Wendy Jean Faulkner	50,000	12.69
Mr Brian David Faulkner	35,019	8.89
Common Sense Investments Pty Ltd	15,908	4.04
Mr Leonard Wallace Boyd	15,556	3.95
Meggsies Pty Ltd	14,334	3.64
Mrs Frances Lorne Calvert	14,156	3.59
Mrs June Lorimer Tutty	14,062	3.57
Anchorfield Nominees Pty Ltd <Peter Martin Super Fund A/C>	12,724	3.23
Mrs Lesley Patricia Colman	11,800	2.99
Wilcorp No 41 Pty Limited	7,800	1.98
Dr Gordon Bradley Elkington	7,340	1.86
Mary Graham Neild	6,800	1.73
Mr David John Doberer and Mrs Joyce Lynette Carrey <DJ Doberer Super Fund A/C>	5,800	1.47
Mrs Gwendoline Mabel Shelton	4,062	1.03
Seven Bob Investments Pty Ltd <R F Cameron Super Fund A/C>	3,500	0.89
Dr David Megirian	2,666	0.68
J P Morgan Nominees Australia Pty Limited	2,664	0.68
Ms Annabel Peta Sophie Catto	2,232	0.57

Board of Directors

Chris Corrigan, Chairman

Maurice Felizzi, Executive Director

David Cushing, Non- Executive Director

David Fitzsimons, Non-Executive Director

Ross Burling, Non-Executive Director

Joseph Corrigan, Alternate Director for Chris Corrigan

Company Secretary

John Tyndall
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Webster Limited shares are listed on
the Australian Securities Exchange (ASX)