



**ANNUAL REPORT 2018
CONSOLIDATED PASTORAL COMPANY PTY LTD**



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“Our Team is Proud to Connect the Best Australian Beef to the World”

HEALTH & SAFETY | LEADERSHIP | TRUST | COMMUNITY | VALUE CREATION

CPC is an Australian managed company that is majority owned by an investment fund managed by Terra Firma, which is a leading European private equity firm.



ABOUT





OUR BUSINESS

Australia's largest privately-owned beef and cattle producer

16

Australian cattle stations



400,000

Cattle carrying capacity



5.5 million

Hectares of land



2

Indonesian feedlots



26.8 million

Kgs produced



361

Team members





OUR LOCATIONS



Argyle Downs
Area: 72,022 ha
Capacity: 8,900 head*



Newry
Area: 246,700 ha
Capacity: 21,200 head*



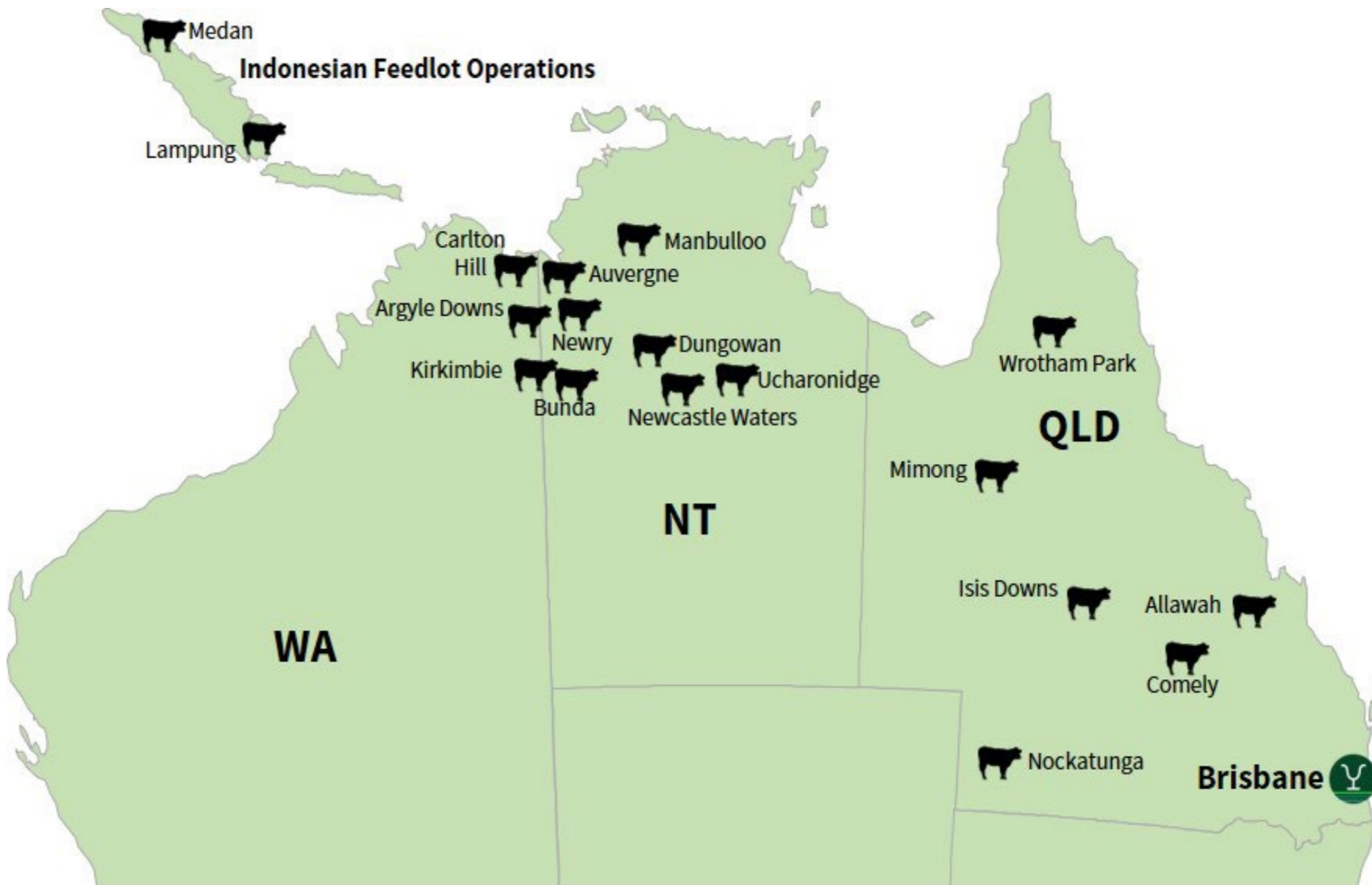
Kirkimbie
Area: 230,400 ha
Capacity: 16,500 head*



Bunda
Area: 178,800 ha
Capacity: 17,400 head*



Dungowan
Area: 445,400 ha
Capacity: 17,600 head*



JJAA
Area: ~200 ha
Capacity: 27,000 head*



Manbulloo
Area: 379,130 ha
Capacity: 18,900 head*



Carlton Hill
Area: 475,709 ha
Capacity: 49,100 head*



Auvergne
Area: 424,500 ha
Capacity: 34,700 head*



Wrotham Park
Area: 596,880 ha
Capacity: 48,200 head*



Mimong
Area: 79,970 ha
Capacity: 9,600 head*



Isis Downs
Area: 237,157 ha
Capacity: 26,800 head*



Allawah
Area: 7,010 ha
Capacity: 2,400 head*



Newcastle Waters
Area: 1,041,201 ha
Capacity: 65,700 head*



Ucharonidge
Area: 245,500 ha
Capacity: 15,900 head*



Nockatunga
Area: 852,305 ha
Capacity: 21,400 head*



Comely
Area: 23,159 ha
Capacity: 10,000 head*

head* = Carrying Capacity in Australia and standing capacity in Indonesia





OUR CORE VALUES

Health & Safety

At CPC, the welfare of our people, customers, animals and land is paramount

Leadership

At CPC, leadership is shown at every level because we are all proud to take ownership and responsibility for what we do

Trust

At CPC, we have the utmost confidence in the goodwill and reliability of our colleagues, customers and industry partners. We are honest and transparent in our exchange with others

Community

We value diversity, family and recognition. Contributing and making a difference in CPC and in the local communities where we operate is important to the CPC team

Value Creation

At CPC, we are always on the lookout for innovative ways to enhance the productivity of our land, the quality of our cattle, the talents of our people and the experience of our customers





OUR APPROACH

World's leading and largest private cattle producer

Exceptional platform of strategically located stations and feedlots

High quality land and water assets, supporting a herd underpinned by a comprehensive genetics program

Proven management team with deep industry knowledge

Best-in-class processes and systems providing a platform driving strong business performance

Highest standards of livestock welfare and commitment to corporate social responsibility



EXECUTIVE SUMMARY

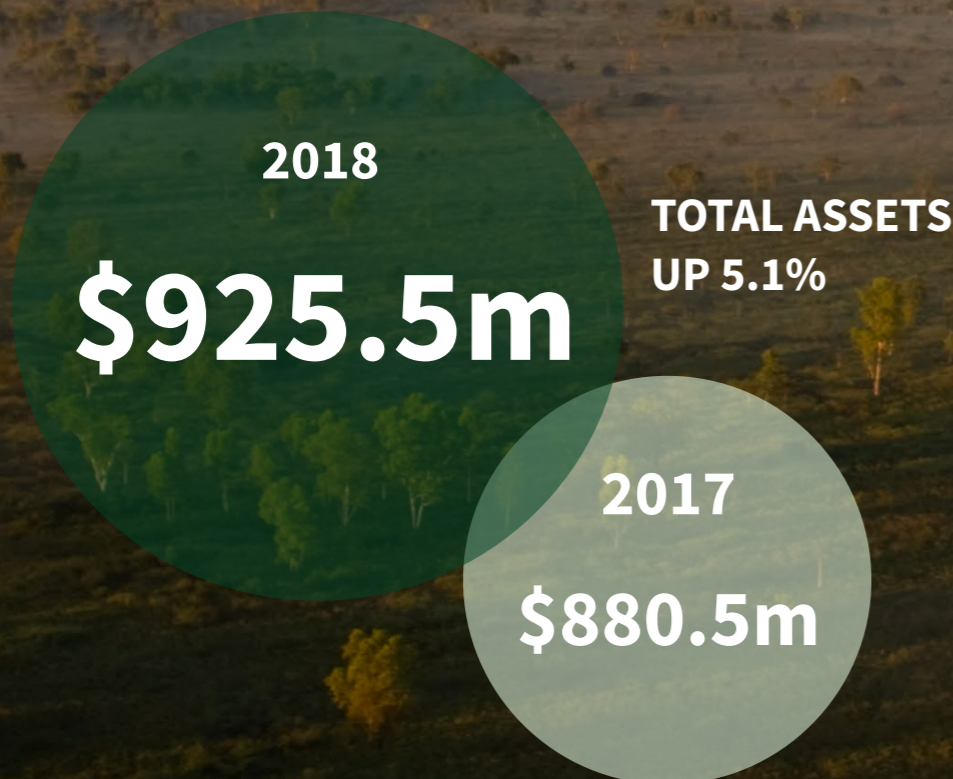




BUSINESS SNAPSHOT

PROFIT AFTER TAX OF
\$15.8m¹

EBITDA OF
\$34.3m¹



DOUBLED INVESTMENT IN TEAM DEVELOPMENT

UP
10%
CATTLE
BRANDINGS

77%
EMPLOYEE
ENGAGEMENT
SCORE

DOWN
68%
LOST TIME
INJURIES

House Roof Hill at Carlton Hill

¹ Before one off costs of \$5.5 million associated with corporate activity (FY17 Nil)



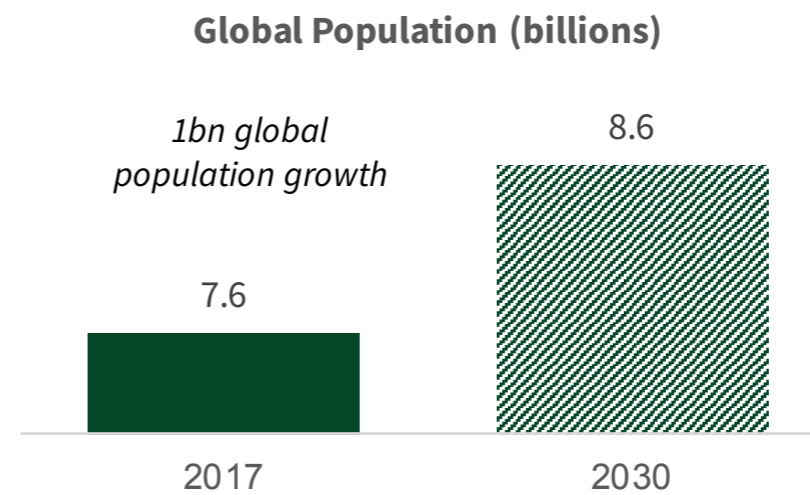
Calf at Allawah



MACRO SNAPSHOT

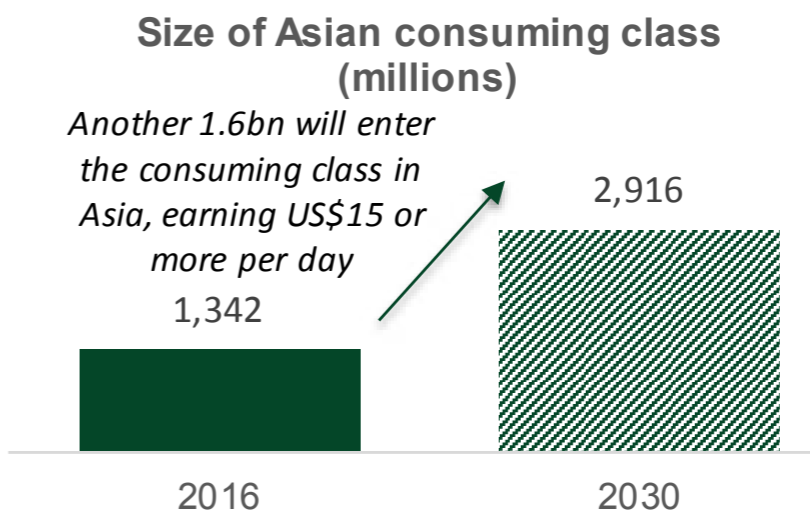
POPULATION GROWTH AND A BURGEONING “CONSUMING CLASS” PARTICULARLY IN ASIA, WILL DRIVE CONTINUED STRONG BEEF DEMAND

GLOBAL POPULATION IS GROWING IN NUMBER AND WEALTH



Source: United Nations Population Division

POPULATION GROWTH DRIVES INCREASED BEEF CONSUMPTION



- Assuming today's global beef consumption per capita from forecast population growth alone would drive a further 10Mt of beef consumption to 2030.

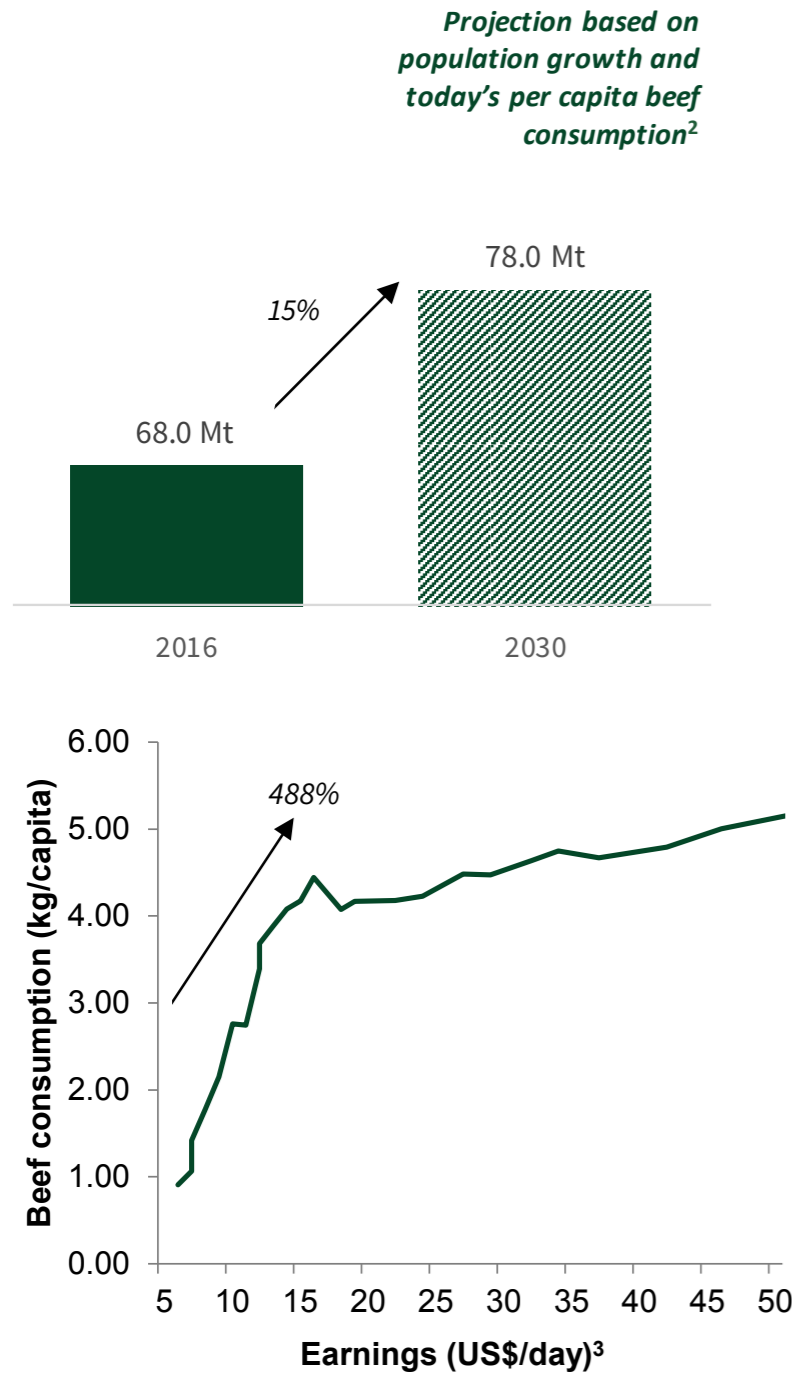
Source: EIU C-GIDD

MACRO SNAPSHOT

GREATER WEALTH TRANSLATES TO GREATER BEEF CONSUMPTION

- Rising incomes are powering an uplift in beef consumption in many Asian countries

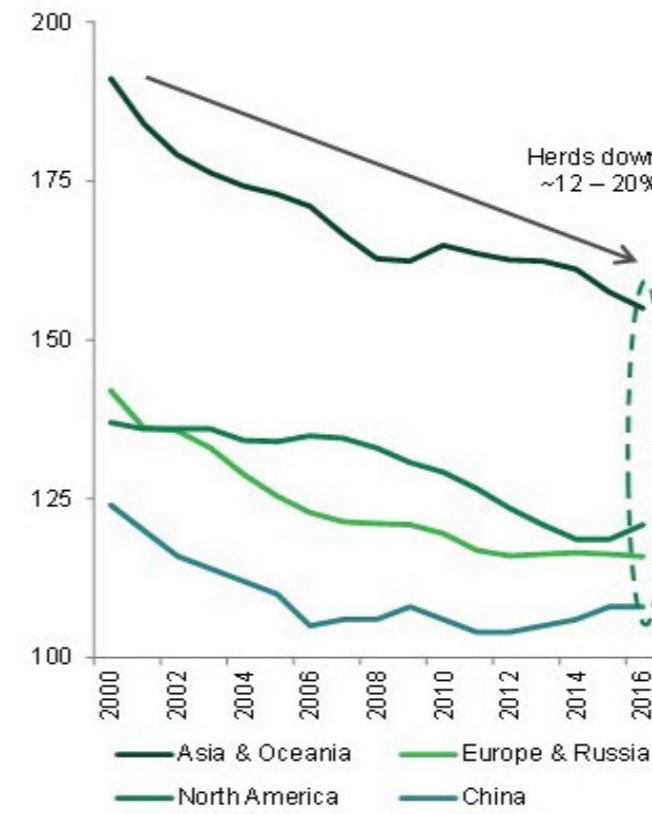
- As daily earnings increase from US\$7 to US\$15 (US\$15 per day being the threshold to be considered "consuming class"¹), beef consumption per capita rises almost 500%
- While the chart shows data for China, a similar trend is evident throughout Asia including, without limitation, Vietnam, Indonesia and the Philippines.



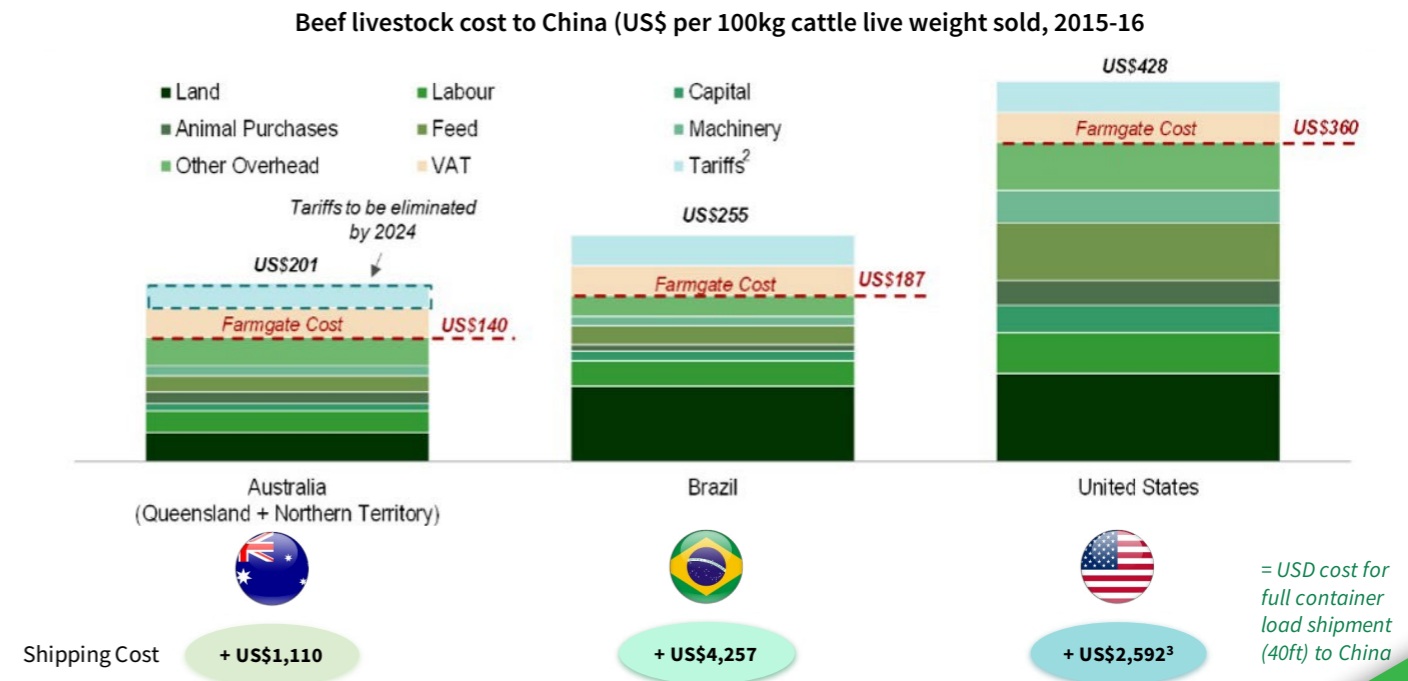
Source: OECD – FAO Agricultural Outlook 2015 – 2024, IMF World Economic Outlook, Ernst & Young, Euromonitor, FAOSTAT
 1 Consuming class defined as those individuals with an annual income of more than US\$4,500 or US\$12 per day at constant 2005 purchasing power parity (PPP) dollars (equates to US\$15 per day in 2016 terms).
 2 Projection based on current 9.2 kg/capita global bovine consumption.
 3 Based on 2016 PPP international \$ (hypothetical unit of currency having the same purchasing power parity that the US dollar had in the United States in 2016). Data based on Chinese beef consumption per capita at various earnings levels from 1990 to 2016.

HERD LEVELS ARE FLAT OR DECLINING IN KEY REGIONS

- Herd levels down 12-20% in key regions



AUSTRALIA'S NATURAL ADVANTAGES RESULT IN HAVING MARKET-LEADING LOW COSTS





CHAIRMAN'S REPORT

I am grateful for the opportunity to share my thoughts on CPC's most recent results, and indeed the state of the agricultural industry in general.

I congratulate the CPC team on once again delivering a strong result in FY18.

It is well known that the global population continues to expand and we are heading towards another billion-people joining the planet in the next 10-20 years. It is more and more likely that the global population will exceed 10 billion before the end of this century.

This of course increases the demand for food whilst reducing the resources the world has to produce it.

We have seen the consuming class across Asia continuing to expand. This group is urbanising quickly and demanding higher quality proteins like beef. Consumer concern about food safety continues to intensify as their access to more disposable income increases choice both in respect of food type and quality.

As a predominantly grass-fed production system, Australia produces some of the best and most sustainable beef in the world. A product that the best paying and most reliable markets find increasingly attractive.

Whilst the path towards global free trade and tariff reductions was challenged with the USA withdrawing from the Trans Pacific Partnership, it was pleasing to see that the general momentum was maintained – as more initiatives towards free trade and reduced tariffs emerged from other directions.

CPC's management team continues to execute on strategy through a well-coordinated approach to operations, sales and capital investment decisions, ensuring the best value-add outcome for the CPC group is achieved.

The proven leadership and deep knowledge of the management team, backed by professional and highly experienced head office, station and feedlot staff, has positioned CPC well for future growth. A team like CPC has today doesn't just happen, it takes years of dedication and persistent effort to consistently achieve results across the portfolio.

As the world's largest and leading privately-owned beef cattle producer, it is imperative we continue to be a voice in the sector regarding issues at home and abroad. It is encouraging that many CPC people have taken an active role in the industry through leadership roles in representative bodies, being active in highlighting the careers available to women in agriculture and being recognised for contributions to the industry through awards and scholarships.

On behalf of the Board, I'd like to thank all the dedicated and passionate CPC people for their hard work and commitment over the past year in achieving these results and for their continued efforts in the year ahead.

Mark Bahen
Chairman



Chairman, Mark Bahen



CEO'S REPORT

CPC has delivered another solid performance in FY18, exceeding our budget for the third year in a row and strengthening our balance sheet. This performance reflects the quality of our team, our collective ability to manage the business and our assets effectively, and the growing demand for beef and beef production assets.

Total assets increased 5.1% year on year. This reflects not only the quality of CPC's assets but also the investments made in developing land within the portfolio, increasing carrying capacity by 8,700 head in FY18. CPC also invested in the business through the acquisition of further shares in JJAA, as well as adding to the portfolio with the strategic acquisition of Emus Nest Station which more than doubles Allawah Station's stud capacity. This demonstrates the continued commitment of Terra Firma to allow CPC to reinvest in its business even during their exit from CPC.

The welfare of our people, customers, animals and environment is paramount and remains a key focus of CPC and all of our team. With the continued focus on safety, we have seen an increase in near miss reporting which has led to a reduction in time lost to injuries compared to FY17. Our people continue to be more conscious of the potential risks they work with and acting in a safer manner, resulting in a better outcome for all.

CPC continues to embrace diversity throughout our business and see real tangible benefits to our team, our communities and our business. In FY18 our Australian team had an almost equal share of female and male members with many leadership positions being held by females. We continue to support indigenous employment programs and work and cultural exchanges between our Australian and Indonesian team members.

We continue to see the benefits of our strategy, transforming CPC from a traditional cattle producer to a supplier of quality beef domestically and internationally. We continue to work with our customers and suppliers to develop an in-depth understanding of their requirements, reaping the benefits through customer loyalty and increased satisfaction in our cattle performance.

CPC has focused on identifying opportunities to deliver enhanced growth in the short and longer term, including spending more than \$4m on land development in FY18 to increase cattle carrying capacity. CPC continues to invest in technology through funding partnerships with academics and industry leaders to improve land management and animal welfare, as well as evaluating opportunities to diversify income streams through alternate land use initiatives such as further cropping development.

The continuing success of JJAA, operator of two feedlots in Indonesia and Indonesian cropping, has led CPC to increase its shareholding in the business to 90% (in May 2018) and increase its footprint through the purchase of proximate land. JJAA is a crucial link in our supply chain, not only providing direct access to Indonesia, but also opening further opportunities in South-East Asia. Investments in technology and the streamlining of the business in recent years is providing benefits in our ability to make insightful decisions more quickly. We are also investing in our properties and our people to ensure we have the best team running operations in the most effective way possible.

Through the acquisition of Emus Nest, CPC has effectively doubled the size of its elite genetics hub, allowing the acceleration of our

world class genetics program. This is important to ensure we continue to develop and breed from the best cattle possible, with increased fertility, growth, yield, meat quality and survivability to meet the current and future needs of our customers and consumers and ensure optimal returns for shareholders.

This investment is coupled with research backed initiatives to improve operational performance, like our early weaning program, which will lift cattle performance and shorten the time between calving in the breeding herd.

CPC relies on its more than 5.5 million hectares of land and waterways to drive the business and it is for this reason that we continue to manage our portfolio in a sustainable way to ensure its future viability. At CPC, we have significant land development opportunities and we continue to work in conjunction with traditional owners to sustainably ensure this land remains productive now and long into the future.

It is CPC's people that, no matter their location, are responsible for the impressive results we have seen over recent years. The development and investment in our people continues to ensure they reach their full potential in the industry.

I look forward to leading CPC through an exciting year of challenges and opportunities, to further grow this exceptional business and see our team continue to strengthen.

Troy Setter
CEO and Executive Director



CPC CEO, Troy Setter

BOARD OF DIRECTORS



MARK BAHEN
Chairman

Mark joined the Board in November 2008 and was subsequently appointed as Chairman in August 2012.

Mark is a former partner of Clayton Utz, one of Australia's leading commercial law firms, where he practiced corporate and commercial law and headed up the agribusiness practice. He has provided advice to some of Australia's leading agribusiness companies.

He is a former Director of St John of God Health Care, a leading Australian private hospital and health care operator.

Mark has retained a personal involvement in agriculture all his working life and currently farms in the Margaret River region.



TROY SETTER
CEO and Executive Director

Troy is one of the top cattlemen and agribusiness leaders in the country and well-renowned for his achievements across the industry.

Prior to being appointed Chief Executive Officer at CPC in July 2014, Troy held key leadership positions at a variety of agribusinesses including Australian Agricultural Company, Torrens Investments, North Australian Cattle Company, Killara Feedlot and Twynam Group.

Throughout his career Troy has been responsible for all aspects of the supply chain; from cereal and fibre cropping, grain and grass fed cattle operations, domestic and international logistics, trading and shipping through to genetic improvement, beef and cattle marketing, broad strategy development, investment and finance.

Troy is a director of ALEC and a Former Chairman of the Australian Beef Industry Foundation and the Northern Beef Roads Project.



JIM HUNTER
CFO and Executive Director

Jim joined CPC in July 2015, bringing over 20 years of financial leadership and governance experience across a range of industries. KPMG trained, Jim built a career in industries including energy, animal genetics, information technology and media, and several successful trade sale/IPO transactions.

Jim has applied his rich financial experience to CPC's operations and brought renewed focus and improved professionalism to CPC's internal and external financial management, infrastructure and processes.

Jim is a Chartered Accountant and Chartered Secretary.



MARGAUX BEAUCHAMP
Non-Executive Director

Margaux is an experienced corporate finance executive having spent 20 years plus advising the private sector and government on the sale, purchase and financing of businesses; strategy; feasibility; due diligence; Independent Expert Reports and valuations.

Specific agribusiness experience includes advising on a number of major transactions.

Margaux is a Non-Executive Director of Mulgowie Fresh Pty Ltd, a large horticultural company and an Executive Director with BDO Corporate Finance. Before joining BDO she worked with a specialist agribusiness advisory firm, Schrodgers Investment Bank and a private equity fund.

Margaux has a life long association with the agricultural industry from having been raised on a cattle station in Far Western Queensland. She maintains a private investment in the beef industry.



ANDREW MILLER
Non-Executive Director

Andrew joined Terra Firma in September 2016 to focus on the operational improvement of the firm's portfolio businesses. He has served as Chairman of Terra Firma Portfolio Company AWAS.

Andrew has extensive experience of successful digital transformation in businesses facing fundamental disruption through technology.

As Chief Executive of the Guardian Media Group from 2010 to 2015, Andrew reshaped the Guardian's portfolio of businesses to support its transformation into one of the world's leading digital organisations. From 2002 to 2014 he carried out a similar transformation as Chief Financial Officer and Non-Executive Director of Trader Media Group.

Andrew has previously held senior finance roles at Pepsico Europe, Procter and Gamble, Bass and a start-up company.

He also is a non executive director and chair of audit at the AA PLC, is a trustee of the Benjamin Franklin House Museum and on the advisory board of TheirWorld charity.



RUHUL AMIN
Non-Executive Director

Ruhul joined Terra Firma in 2011 and has been involved with a number of Terra Firma's portfolio businesses, including Odeon & UCI, CPC and Four Seasons Health Care. Ruhul is responsible for Terra Firma's investment CPC, Australia's largest privately owned beef producer, and serves on its board of directors.

In 2014, Ruhul was seconded to Odeon & UCI, the largest European cinema operator, where he led a strategic review of the business with the new management team. Ruhul previously led a successful bolt-on acquisition to Four Seasons Health Care, the UK's leading elderly care provider.

Prior to joining Terra Firma, Ruhul worked in M&A at Credit Suisse. He was previously at UBS in its media and telecoms group, advising corporates and financial sponsors, including Rio Tinto, BBC Worldwide and Vodafone.

Ruhul holds a BSc in Mathematics from Imperial College London.



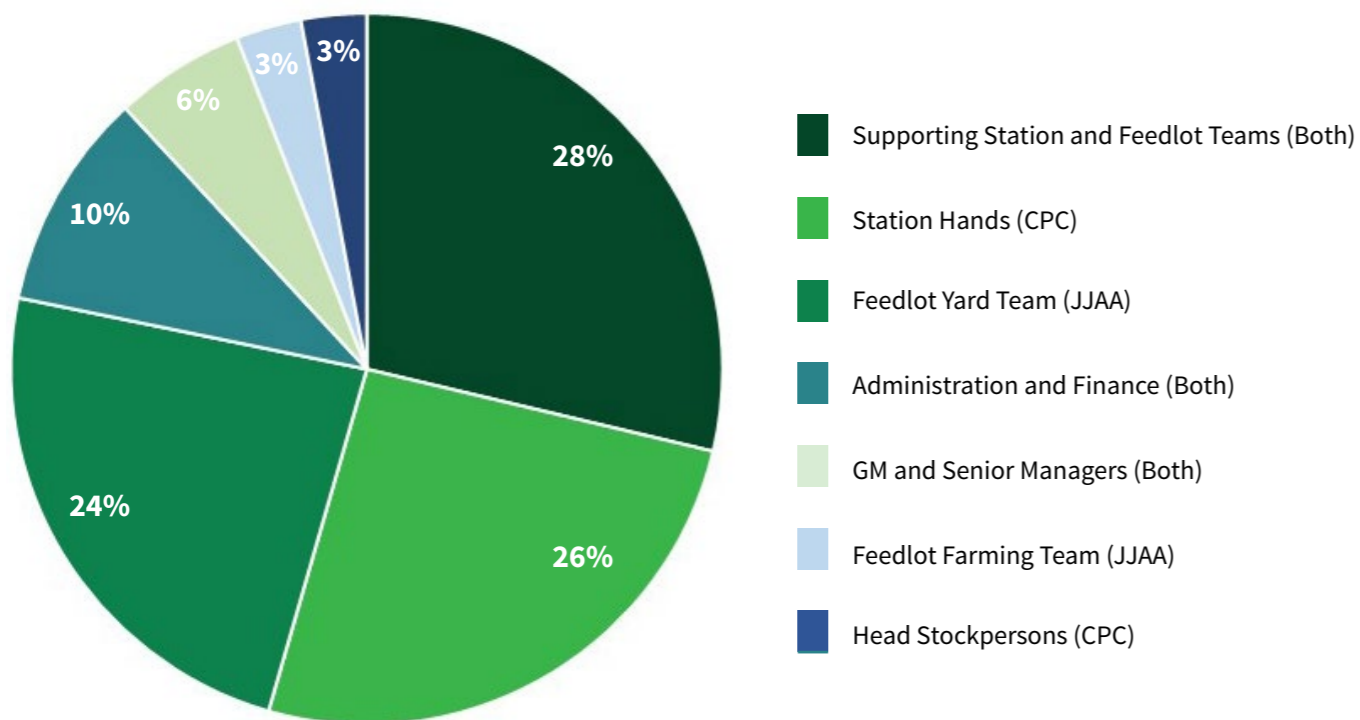
SAFETY AND OUR PEOPLE



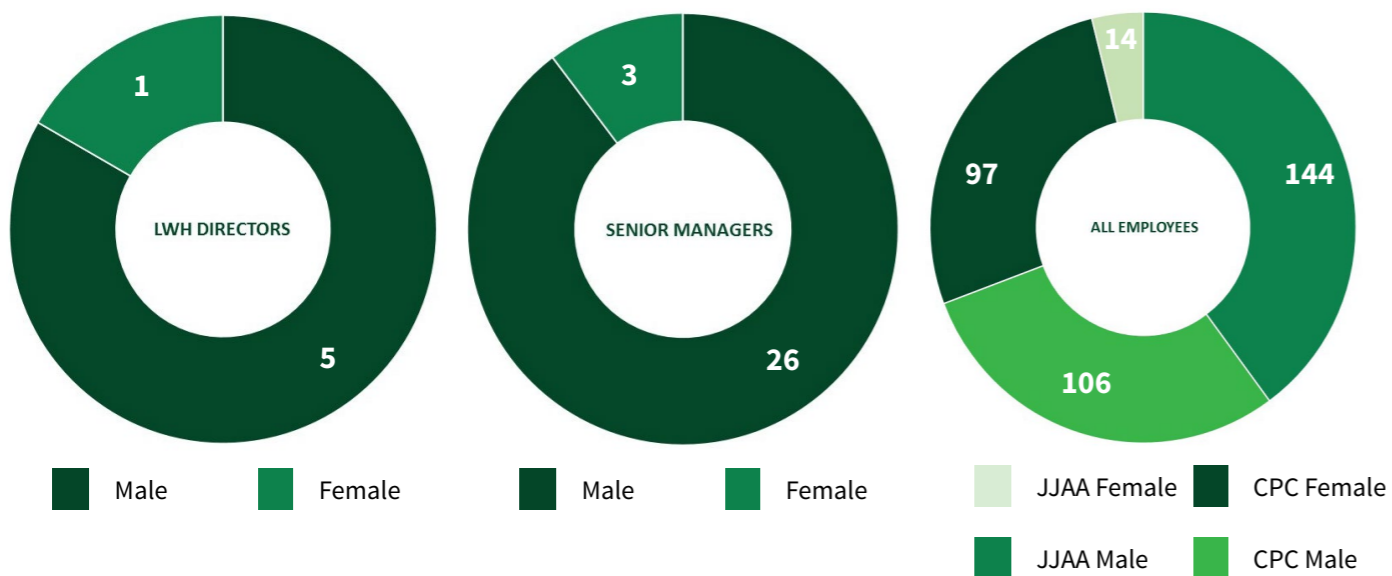


OUR PEOPLE

CPC TEAM BREAKDOWN



MALE AND FEMALE EMPLOYMENT BREAKDOWN



OUR PEOPLE



68% decrease in lost time injuries

SAFETY IMPROVEMENTS

CPC is committed to being an industry leader in Workplace Health and Safety across all business units.

CPC's commitment to the Injury Prevention and Management Program (IPAM) has seen a transition from active case management into a supported self-management phase. The relationship with Queensland Worksafe will continue over the next twelve months to strengthen and continue to improve CPC's safety and injury management systems.

In conjunction with State and Territory Workplace Health and Safety regulators, CPC's Contractor Management processes have been reviewed resulting in a streamlined process. All contractors working on CPC properties, are required to complete a contractor pack and be inducted to each station.

CPC introduced a dedicated Workplace Health and Safety software platform. This platform will capture all risk related activities from all locations which includes;



77% employee engagement

Near Miss, Hazards, First Aid, Medical Treatment, Workers Compensation and Property/Equipment damage.

A review of audit best practice, has resulted in an internal self audit program which requires 100% compliance by all stations. These audits relate to individual cattle yards, chemical storage, tractors and homestead areas. Audits help identify any hazards which can be rectified. Additional external audits will continue to occur on an annual basis, to ensure hazards are identified and recorded in risk registers to action.

As part of the WHS program, 100% of external station audits were completed for FY18.

During FY18, the focus was for all employees to increase their near miss and hazard reporting. Lost time injuries (LTI) decreased by 68% in FY18 compared to FY17. The median time lost per LTI was 28% less in FY18 compared to FY17; an average of 16.5 days down from 23 days.

Health and Safety Representatives



Doubled investment in team development

have been appointed to assist workers with any Workplace Health and Safety concerns. They will continue to act in good faith to assist with monitoring compliance, investigate health and safety complaints and undertake workplace inspections.

CPC is future focussed on Workplace Health and Safety and will continue to look at ways to strengthen current and future Workplace Health and Safety systems. Increased communication and dedicated workshops for Junior Managers with a focus on self and team development will continue to occur.

The Workplace Health and Safety team continues to encourage employees to report all incidents or hazards, remain vigilant at all times whilst working on stations and continues to be open and share any safety communications with all teams.



OUR PEOPLE

HR TRANSFORMATION

The CPC team work together to foster an environment that attracts, develops and inspires excellence in people and we take pride in the development of our team and our leaders. The CPC HR transformation which aligns with the HR strategy 2016-2020, continued in FY18, addressing the four key areas of Building Competency and Capability, HR and Business Alignment, Employee Experience and HR Fundamentals.

In FY18 the expenditure on training for our team was doubled in comparison to FY17. The 2018 season kicked off with the Junior Managers Conference (JMC) held at Manbulloo Station in February 2018. The purpose of the JMC was to induct station employees in leadership roles on the necessary skills to manage their teams appropriately. Jill Rigney from The Right Mind facilitated a two-day workshop focused on leadership skills. Topics included; effective communication, planning and setting the culture, building self-awareness, understand the importance of safety whilst performing roles and dealing with conflict.

CPC Induction Training was facilitated at Charles Darwin University Campus in Katherine NT during March 2018 for 42 new station employees. The training included topics such as safety at CPC, basic horsemanship skills, horse shoeing, water maintenance overview, techniques for handling cattle, basic motorbike skills, fencing skills, bushfire equipment and awareness, operating and maintaining 4WD vehicles and workshop skills for maintenance. Various Station Managers, Head Stockpersons, Brisbane office staff and external trainers were involved to ensure our

new starters had a positive start to CPC.

CPC hosted its first Women's Leadership Conference (WLC) in Darwin, where 21 employees from all locations attended. Jill Rigney from The Right Mind facilitated the WLC; exploring different and new leadership styles to support a greater percentage of talented women to step up into leadership roles. The workshop focused on personal growth, how to respond to challenges faced by women at different stages of their leadership journey and develop new skills to encourage a positive shift in the workforce. CPC encourages gender diversity and inclusion, equal opportunity and hopes to build new foundations of leadership in the workplace.

The JJAA and CPC exchange program continues to grow year after year with two JJAA employees visiting our CPC stations from Indonesia in April 2017. The JJAA exchange program employees visited Newcastle Waters, Manbulloo and Carlton Hill stations over for a period of six weeks. In return, a CPC employee visited JJAA in October 2017 for a period of ten days and was given the opportunity to see the start and finish one of the many JJAA cattle processes.

Dedicated HR software, enableHR, is in the final stage of implementation. This platform will enable CPC to improve the management and efficiency of its HR and contractor data and associated administrative functions plus provide an improved employee experience.

The HR team initiated a development meeting at the Brisbane office with a group of CPC station employees from various locations, to help assist with

reviewing all the station operational learning and development documentation. The goal of this strategy meeting was not only to develop a greater understanding of station operational roles, but also focus on cohesion and collaboration between different staff members within the CPC team in the Brisbane office and on station.

The HR team has a strong focus on strategies to improve communication within the team. The introduction of the first CPC WHS/HR newsletter "One Team" was presented at the CPC Annual Conference and distributed in the first quarter to all employees. The newsletter will be distributed in each quarter; highlighting key events and focus on sharing important information related to HR and WHS topics.

The HR team continues to improve and streamline its processes. All CPC forms, procedures, work flows, policies and processes continue to be reviewed for best practice.



Rosie Waren and Jordan Heidrich at Carlton Hill

OUR PEOPLE - ANNUAL AWARDS



TEAM SAFETY Isis Downs Station

In less than a year Andrew and Anna Cochrane have transformed Isis Downs and made safety the station's number one priority.

Communication is key at the 237,157-hectare central Queensland property which is home to 10 staff and has capacity for more than 25,000 head of cattle.

The team, particularly Andrew and Anna, have a great working relationship with the Brisbane based Workplace Health and Safety team and have implemented a range of practical solutions to safety problems and championed a safety-first culture.

They have empowered their staff to conduct risk assessments prior to completing jobs at the station, whether it's putting up a new fence, working in the yards, cleaning a trough or using a sharp knife in the kitchen.

Andrew and Anna have also established monthly toolbox meetings which prioritise safety, including the importance of drinking water at work, safe cattle handling procedures, heat and stress management and road safety.

The station is also big on consistency and understand small measures can make a massive difference. The workshop must be clean and tidy, the bikes and vehicles must be maintained and the cattle yards free of debris and rubbish.

In addition to safety, health and wellbeing at the station is also a focus. Since January Isis Downs has hosted a range of guest speakers including representatives from the Royal Flying Doctor Service and North West Remote Health to talk to team members about the importance of mental health and resilience in times of drought.



OPERATIONAL PERFORMANCE Comely Station

Outstanding operational performance is nothing new to Lester Bolton.

The Comely Station Manager has spent the past 13 years helping transform the 23,159-hectare property and has won two of the past three CPC awards for operational performance.

"It definitely came as a bit of a surprise, but it's fantastic to be recognised," Lester said.

"It was great recognition for the team too, who do a lot of long hours and hard work. We try and keep things pretty simple at Comely from an operational perspective, but it's clearly working.

Lester said the entire Comely Station team focuses on the one percenters to improve operational performance.

"We work hard, but we also work smart. We constantly look at ways of reducing costs including weighing and moving cattle in a single day, so they're not stuck in the yards overnight," Lester said.

"But we're always looking for ways we can do things more cost effectively and efficiently, while maintaining the health and wellbeing of the staff and the condition of the cattle."

The judges also took into account herd management, execution of capital development, quality of drought mitigation management and cash flow when awarding Lester's CPC's operational performance award.

Lester also said the company is in a fantastic place, with quality staff and excellent leadership creating great working culture.



BUSINESS OF THE YEAR Auvergne Station

Station Manager Emily Bryant is convinced team work is the main reason why Auvergne was named CPC Business of the Year. The 424,500-hectare station situated near Katherine in the Northern Territory is home to 13 full time staff and has capacity for more than 30,000 head of cattle.

Emily and Auvergne's Head Stockman Will Shannon created a positive team culture that prioritised safety and people development.

"It makes it so much easier to lead a team when the senior staff are standing next to you," Emily said. "As a senior team we set an example and that culture washed through the entire station, generating outstanding results.

"Our sense of team also included CPC's Brisbane headquarters and nearby station managers who supported Auvergne day-in, day-out."

Above average rainfall and favourable growing conditions allowed the team to showcase their farming ability, with Auvergne recording exceptional financial results in the past year.

The judges also took into account herd quality, people development and operational performance when awarding Auvergne the title of Business of the Year, but were particularly impressed with the team's safety-first focus.

"Safety is paramount at Auvergne," Emily said. "Staff wellbeing always come first, then the safety of the livestock. This approach creates a happy and productive workforce and cattle which produce more kilos."

This is the second time Auvergne has been named CPC Business of the Year.



TEAMWORK Wrotham Park Station

Station Manager Simon Cobb was convinced Wrotham Park had no chance of winning CPC's teamwork title because he was seated down the back at the awards event.

"I was shocked and a bit lost for words when they announced Wrotham Park had won," Simon said.

"No one seated at the back ever wins, I even mentioned it to the person I was sitting next to."

Simon has spent the past four years at Wrotham Park and said the award recognises everyone at the 596,880-hectare station, north west of Cairns, from the cook to the boreman.

"You can't run a property by yourself and teamwork is essential," Simon said.

"Positivity is the key and I'm fortunate Wrotham Park's 15-fulltime staff are optimistic and love the challenge of working at a remote station.

"We work hard, but we have each other's backs and that's essential."

The judges took into account practice sharing, helping other station managers, pride in CPC and a positive attitude towards workplace health and safety when awarding Wrotham Park the teamwork title.

Simon also said he gets great joy teaching Wrotham Park's younger team members the skills of the bush and ways to become better and more efficient farmers.

OUR PEOPLE - ANNUAL AWARDS



PEOPLE DEVELOPER William Bulu, JJAA

For the judges, it was an easy decision to award William Bulu CPC's People Developer award.

In the past year the JJAA General Manager has boosted workforce morale and transformed CPC's Indonesian operations at Lampung and Medan into a sophisticated, disciplined and productive business.

A dedicated and loyal leader, William inherited a disorganised workforce when he took over in early 2017.

"The first thing I did was speak to everyone. That allowed me to understand how the workforce felt, what they wanted and their expectations," William said.

"In partnership with my management team, I created a step by step plan which outlined performance benchmarks and a vision for the Indonesian operation."

William's team building tactics empowered the workforce and gave the operation's 160 employees a voice.

"I created a monthly forum so everyone can be heard," William said. "As a team we listen to issues and devise solutions together, so everyone is happy. It's definitely boosted morale."

"I've also created monthly staff awards which celebrate teamwork and workforce engagement."

The judges also took into consideration staff retention, employee development, skills training, constructive conversations and leading by example when awarding William CPC's People Developer award.



PEOPLE'S CHOICE Jasmine Boxsell, Brisbane office

In less than a year Jasmine Boxsell has had a massive influence on CPC. Since joining the company in May last year, the Brisbane based Commercial Projects Officer has earned the respect and approval of the entire CPC workforce and taken out the People's Choice award as voted by her colleagues.

"It's a tremendous honour and definitely something I wasn't expecting," Jasmine said. "I'm extremely proud to represent the values of CPC, do what I can for the company and offer a fresh perspective."

Jasmine was singled out for spearheading two early weaning programs at Newcastle Waters and Carlton Hill.

"I'm extremely fortunate I get to assist with the implementation of CPC's strategies and project ideas and I'm not stuck behind a desk."

"In an office it's easy to forget what you're trying to achieve with the cattle and the people that call the stations home. In the past year I was able to spend three months on station (predominately at Newcastle Waters and with some time at Carlton Hill) turning two of the company's major projects into reality. It's been fundamental to my development as a CPC employee and kept me grounded."

"It's also allowed me to witness the amazing work my colleagues do on a daily basis, despite the remote locations and the sometimes-challenging conditions."

Jasmine will continue to split her time between the office and the outback and is aiming to roll-out another early weaning program at Wrotham Park by the end of the year.



AMBASSADOR OF THE YEAR Jason Purcell, Allawah Station

Jason Purcell epitomises what it is to be a CPC employee.

The Allawah Station Manager was named Ambassador of the Year, arguably the company's highest accolade and voted on by the entire CPC workforce.

"I've spent more than 18 years with the company and the fact I've been recognised by my peers means a lot," Jason said. "I'm extremely proud to work for CPC. It's a progressive company that blends tradition and innovation to great effect."

The 52-year-old said he takes great pride representing the company.

"In addition to being Allawah Station Manager, I'm also responsible for purchasing most of the bulls for CPC. In the past year I've purchased approximately 500 bulls, and I'm always telling people what a wonderful company CPC is, and without doubt the best large scale pastoral company in Australia."

"I don't chase recognition but it was pleasing to get the Ambassador award. I try to treat everyone the same from junior station hands to the CEO and Board of Directors, we all have a role to play to keep CPC going full steam ahead."

"I started with CPC back in 1999 and I've worked for the company under five different CEOs who have all brought something different to the table. Culturally CPC has never been better, it's a great place to work with exceptional staff on each of the 16 properties and a great team at head office."

As CPC ambassador, Jason will continue to set an example for other team members and actively encourage the next generation of farmers to consider a career with CPC.





OUR OPERATIONAL IMPROVEMENTS





LAND DEVELOPMENT

Land development is critical part of CPC's strategy to add value to its portfolio. In FY18, CPC has continued its focus on land development, including adding new water points, fencing and other activities that increase cattle capacity and efficiency.

CPC's approach to land development considers the existing infrastructure and knowledge of the various types of country to determine where the most value can be gained from new development.

NEWCASTLE WATERS STATION

Newcastle Waters station is the largest property within the CPC portfolio comprising 1,041,201 hectares. It is where our logo (the wineglass brand) originated and is one of the most historic stations in Australia with its origins stretching back to the 1880s.

In terms of opportunity, there is approximately 790,000 ha of land within Newcastle Waters station that is more than 3km from the nearest watering point during the dry season. Some of this is taken up by the Lake Woods system (which can cover almost 100,000ha when in flood), where it would not be practical to install infrastructure that would be under water for a few months each year.

In FY18, CPC's planned investment of ~\$4m in opening up grazing area through the construction of well-positioned water points and ancillary infrastructure is estimated to increase cattle carrying capacity by ~9,500 head to Newcastle Waters station's existing 62,000+ carrying capacity in FY19.

AUVERGNE STATION

As a crucial part of CPC's supply chain, Auvergne's role as a breeding property involves the turn off cattle that will eventually, after finishing at another station, move through to export markets.

Exposed to the northern Australia wet season, Auvergne has access to both natural and seasonal waters. To ensure cattle have access to year-round water, CPC has over time, added further water points to maximise its operational efficiency and capabilities.

Providing water for cattle may take shape as a trough connected to an existing water source like tanks or bores or might include the creation of a small dam, to be filled during the wet season. Water points are monitored throughout the year to ensure water remains available to cattle and is of a quality to maintain good health and cattle growth.

In FY18, a number of new water points were constructed, further increasing the capacity of the property by ~3,700 head. As new area is opened up to grazing, station staff monitor the pasture to ensure it is grazed sustainably.

BUNDA/KIRKIMBIE AGGREGATION

Bunda and Kirkimbie were aggregated in 2015 following the purchase of the former. This was an important acquisition for CPC as it enabled the creation of a property that could not only fulfil breeding operations but also finish cattle without the need for trucking to another station. Bunda station also encapsulates a stud herd, further increasing its importance.

As a breeding and growing property, the ability to grow all of its own stock to sale weights helps balance the ratio of growing to breeding country within CPC's Northern Operations.

Improvements at Bunda and Kirkimbie have been across the entire aggregation, incorporating water and infrastructure developments. Fencing has been improved, the stud areas revamped and further water points added to increase the overall carrying capacity of the station by ~2,000 head.

The stud is now used as a second genetics multiplier in the Northern Territory, providing bulls to other CPC properties in the northern operations. Genetics are sourced both from CPC's Allawah stud and through external bull purchases which ensures continued improvements in cattle performance.



Watering point at Auvergne by Glen Byrnes



IVF process at Allawah



GENETICS PROGRAM

CPC has focussed on improving the performance of its cattle herd for a number of years through its genetics program. This investment has continued during FY18 evidenced by the doubling of the size of the elite Allawah stud through the acquisition of neighbouring property Emus Nest, which is being integrated with current operations. In addition, more than 500 bulls were selectively purchased to accelerate genetic infusion across the cattle herd. These bulls comprised a number of different breeds including Angus, Ultrablack, Belmont Reds and Wagyu and were distributed throughout the commercial and stud portfolio.

Multiplier stud herds are located at Newcastle Waters, Bunda/Kirkimbie and Comely stations. These studs assist the flow of quality genetics from the elite Allawah stud through to the breeding and commercial herds.

At the Allawah stud, CPC uses artificial insemination on heifers to help accelerate improved genetics throughout the herd using semen from premium bulls available in Australia, in addition to sourcing the best of the best from overseas. Embryo transfers have also been used on the top Allawah breeding females using quality sire bulls. Almost two decades of data has been collected at the Allawah stud and is used to identify the elite breeders within the stud which will be targeted for an embryo program. In addition to data collection for both the cows and bulls produced at Allawah, DNA samples and gene markers for fertility are used to identify desirable traits for the breeding program.

As with all CPC genetics, much focus is based on confirmation and performance, this coupled with strong record keeping and careful selection of new genetics proves to be a good formula.

With more than 30 years of genetic strength and development, CPC cattle are in demand by our customers, several of which we have been selling to over many years, with excellent feedback on quality, consistency and suitability for markets.



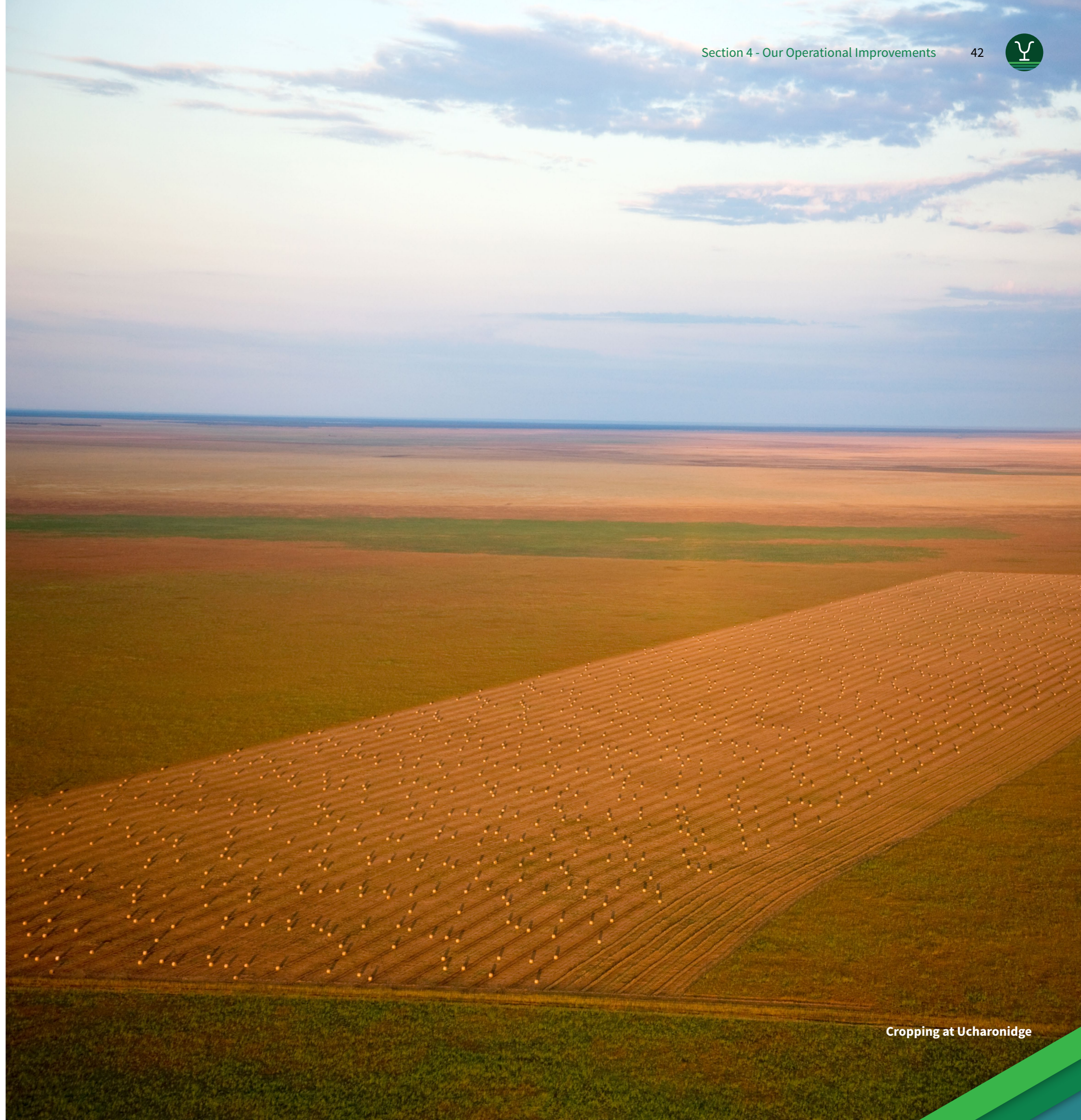
CROPPING OPPORTUNITIES

The CPC portfolio is spread across the northern part of Australia taking in a diverse range of climatic and growing conditions. Add to this the significant land base and CPC has the capacity to pursue cropping alongside its existing beef operations to maximise land utilisation. With demand for food growing and arable land reducing, it makes sense for CPC to pursue cropping opportunities.

CPC and third parties already undertake cropping operations on a number of CPC properties, including sandalwood, mango, corn, sorghum and chia. Management has worked with agronomists to identify near-term cropping opportunities that could be implemented in the next one to five years, reaching run-rate production within the next ten years. Initial reviews have identified a number of areas that are highly suitable for cropping.

Plans are in place to commence commercial cropping operations at Manbulloo in 2018. Manbulloo is situated on the edge of the Northern Territory town of Katherine which has a number of thriving horticultural ventures, including mango farms, one of which is located within the Manbulloo boundary. Parts of the property could readily be used for dryland cropping or irrigated horticulture. Crops being considered include mangoes, melons, sorghum and grain legumes.

Through this process, CPC will be developing robust plans based on sound agronomist advice and input to ensure we set ourselves up to achieve best outcomes.





EARLY WEANING PROGRAM

FY18 saw the launch of the Early Weaning Program at both Carlton Hill and Newcastle Waters stations. The two extensive projects were the first of their kind in the Northern Territory and Western Australia in applying a blanket wean across the breeding herd to assist with herd management and increase rates and speed of re-conception.

The Early Weaning Program followed the approach of weaning calves below the traditional 150kg and surrogating the weaned cattle on a fully nutritionally balanced ration to support frame and rumen growth. Whilst surrogating the calves, breeding cows and heifers returned to oestrus for re-conception.

Across the two stations, 18,000 animals were weaned and processed through the Early Weaning Program. Weaners were received in from all northern breeding stations, with Carlton Hill receiving animals from Carlton Hill, Auvergne, Newry, Manbulloo and Bunda, while Newcastle Waters received animals from Newcastle Waters (Commercial and Stud), Dungowan, Ucharonidge and Bunda. The success of the programs in their first year is a credit to the dedicated and passionate CPC staff.

As we enter FY19 we look forward to further refining the processes surrounding the Early Weaning Program to enhance cattle performance. This year will also see the Early Weaning Program implemented at a third station, Wrotham Park. The Wrotham Park Early Weaning Program will again be the first of its kind for Northern Queensland and as a business we again look forward to implementing such a ground-breaking project in Northern Australia beef cattle production.





CORPORATE AND SOCIAL RESPONSIBILITY



ENVIRONMENT

LAKE WOODS ENVIRONMENTAL MANAGEMENT

Lake Woods on CPC's Newcastle Waters Station is one of the largest inland freshwater lakes in the Northern Territory and is nationally and internationally significant. For most of a typical year it covers an area of approximately 35,000ha, however during the wet season it can reach up to 100,000ha.

The lake and its wetlands are recognised as internationally important for waterbird migration and breeding. The lake supports approximately 35,000 birds and up to 110,000 during the wet season. More than 60 different bird species have been recorded. It is considered to be an important conservation area for birdlife. It also plays an integral part in the Newcastle Waters production system, providing water and grazing land throughout the year.

Over a number of years, in partnership with the Northern Territory Government and the Australian Government Biodiversity Fund, CPC has been making serious headway in protecting the value of Lake Woods. A key threat to the value of the Lake is the noxious weed *Parkinsonia aculeate*. *Parkinsonia* is very invasive, has a high potential to spread and can cause severe economic and environmental impacts by displacing native vegetation, lowering water quality, habitat for animals and providing refuge for feral animals.

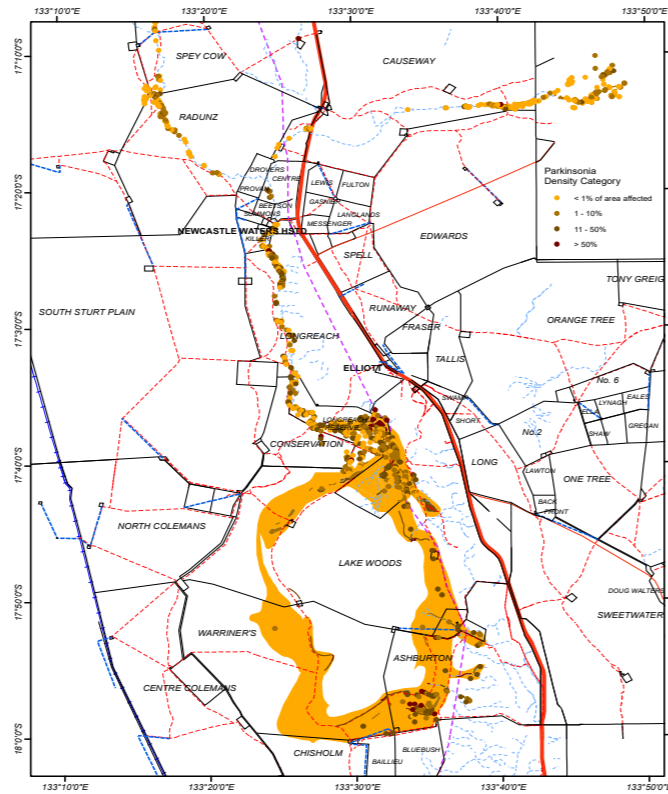
CPC staff working with indigenous and non-indigenous weed management contractors have dramatically reduced the distribution and density of this weed throughout the catchment and around the Lake. The area impacted by the weed has reduced from 3,363ha to 341ha over six years of continued focus.

Through this work, CPC has also supported the establishment of a local indigenous contracting business providing meaningful work opportunities for local people.

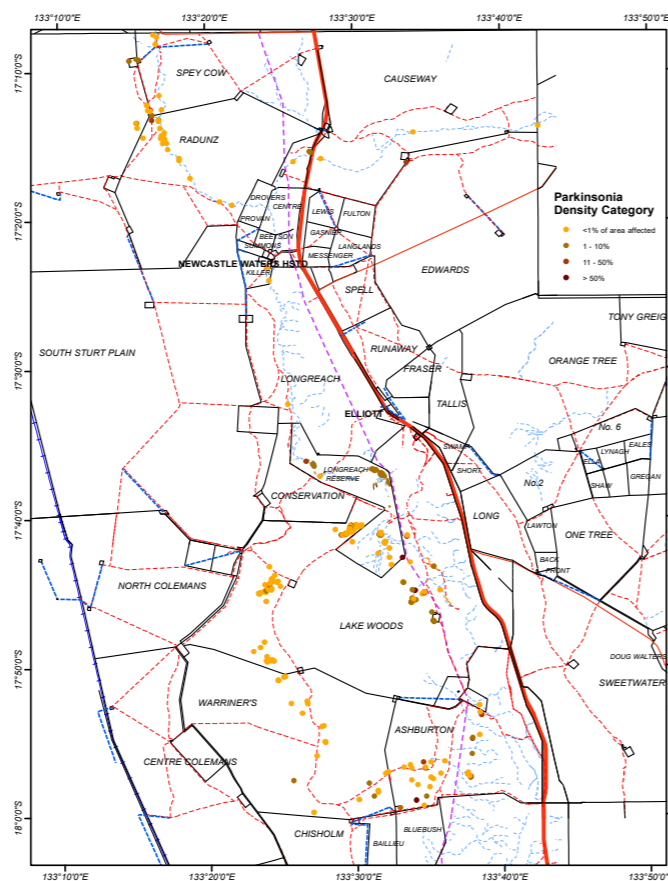
The environmental plan for Lake Woods also includes maintaining the natural flows of water through the catchment to the Lake, monitoring waterbird populations and recording details of the flora and fauna of this special area.

CPC is proud of the achievements in protecting Lake Woods and ensuring that this important wetland is managed for future generations and is committed to continuing the reduction of weeds at Lake Woods.

| Survey Year | Weed Recordings | Impacted Area (ha) | NT Weeds density category (average) |
|-------------|-----------------|--------------------|-------------------------------------|
| 2010 | 1,182 | 3,363 | 2.84 |
| 2016 | 269 | 341 | 2.37 |



LAKE WOODS AERIAL SURVEY 2010



LAKE WOODS AERIAL SURVEY 2016



Newcastle Creek feeding into Lake Woods by Bec Benjamin



ENVIRONMENT

EMISSION REDUCTION FUND - CARBON REDUCTION THROUGH HERD METHODOLOGY

CPC completed a Herd Methodology Feasibility study in 2017 and has subsequently signed a Herd Methodology Project Services Agreement, with a view to gaining carbon credits through the reduction in methane emissions that pasture-fed cattle produce. The study closely aligns with CPC's strategy of operational optimisation, including:

- reducing age profile of the herd.
- introducing segregation and sustainable stocking levels.
- reducing mortalities.
- increasing brandings and cattle turn off.

A defined correlation exists between the level/rate of methane emissions and overall herd productivity – a more productive herd produces fewer methane emissions. By aligning our pre-existing operational optimisation strategies with the requirements of the project, CPC will be able to manage operations in a more environmentally sustainable manner.

With FY19 being its first year participating in the Project, CPC is looking forward to reviewing its overall carbon mitigation in 2020 and establishing procedures to continue reducing its emissions year on year.

LAND AND PASTURE MANAGEMENT - AGRICULTURAL TECHNOLOGY TRIALS

With the advancement of agricultural technology, the capacity to integrate these advancements into CPC is becoming increasingly achievable. Current trials that CPC is pursuing include:

- Utilising the capacity and reliability of satellite imagery for the assessment of pasture biomass. CPC will look at how these assessments can be utilised in our operations, particularly in the creation of dynamic pasture forecasting. This will allow for the pairing of available pasture in the paddock, now and in the short-term future, to manage stocking rates. Sustainably managing stocking rates will ensure the land is managed in the best possible manner to reduce pasture and land degradation. This is critical in our role as land custodians and also maintains operational productivity.
- Utilising autonomous farm vehicles to assist with land management practices. These are small, drone like vehicles that could be used for things like precision weed control in paddocks and along fence lines or delivering cattle nutrient blocks to hard to reach places.

CPC continues to further investigate technology advancements and how they could be integrated into the business to enhance our land management practices.





COMMUNITY ENGAGEMENT

CPC has always strived to be a responsible member of the community in all locations where it operates. As part of that commitment, it has forged close links with some of Australia's most remote indigenous communities, whether providing skills training, protecting property rights or working together to safeguard local biodiversity.

CPC has been involved in the Real Jobs Program since 2010 and has helped 31 indigenous people to develop the skills they need to open-up career opportunities. This Northern Territory-focused program targets employment in the pastoral industry through on-property experience and accredited training, delivering benefits not just to the participants but also to their wider communities.

CPC leases land from the Twin Hills Aboriginal Corporation, with up to 11,500 cattle running on the property. As part of the agreement, the Corporation manages the cattle and the land.

The Lake Woods Wetlands Biodiversity Asset Protection project concluded during 2017. Through this project CPC worked with traditional owners from the Lake Woods area to document their knowledge of plants and animals handed down through the generations, developing educational materials to assist in ensuring that this precious indigenous ecological knowledge (IEK) is passed on.

JJAA also operates a number of programs and initiatives to support local stakeholders and the local environment including a cattle breeding school to support the local community. The program includes a cow and calf operation where local farmers take responsibility for the animal's health and welfare, a project to integrate cattle feedlots and palm oil operations plus education programs.

Other programs operated by JJAA in the community include: training to local farmers in relation to cattle feed processing, chemical awareness, natural disaster assistance, public facilities such as clean water and sanitation, infrastructure repairs to local villages plus food

and healthcare aid.

JJAA's veterinarian Dr Neny Santy leads the animal health programs at JJAA along with managing farmer education and training programs.

JJAA is also actively engaged in environmental projects including: provision of organic fertilizer for the local region, supply of 6,000 trees for villages near to JJAA and pest extermination programs.



Dr Neny Santy (sixth from right) with local farmers at JJAA





NATIVE TITLE

CPC is proud of our engagement with and commitment to Indigenous Australians. A centrepiece of this commitment is Native Title, a property right which recognises that some Indigenous Australians have a traditional right and interest in the land.

Native Title also guarantees traditional laws and customs are passed down to future generations of Indigenous Australians. Native Title can also co-exist with non-indigenous property rights.

The following CPC properties have native title determinations – Argyle Downs, Auvergne, Carlton Hill, Comely, Dungowan, Newcastle Waters, Newry, Nockatunga and Ucharonidge.

CPC is proud to work alongside the traditional owners of the land and hopes to galvanise already strong relationships with present and emerging indigenous leaders.

ANTI-CORRUPTION

CPC is committed to conducting its business in an ethical, honest and transparent manner.

Bribery and corruption are not consistent with the company's values and present significant risks to its business. Therefore, CPC is committed to the prevention, deterrence and detection of bribery and corruption.

Under CPC's Anti-Bribery Policy, it is prohibited to offer, give, solicit or accept a bribe, whether cash or other inducement to or from any person or company.



Boab tree at Auvergne by Georgia Glasson



ANIMAL WELFARE

CPC IS COMMITTED TO THE HEALTH AND WELFARE OF ITS LIVESTOCK HERD

- CPC strives to promote the standards of animal welfare whilst animals are on CPC properties and when they are in the care and ownership of others up to the point of slaughter.
- CPC believes there is an ethical imperative of care extending beyond the change in legal title of its animals and reserves the right to inspect customer facilities where its cattle are transported, managed and slaughtered and withhold supply if, in the company's absolute discretion, it is not satisfied with the standards under which animals are cared for.
- CPC supports all steps designed to prevent the inhumane and cruel treatment of animals.

ON STATION PRACTICES

- CPC applies the principles of low stress stock handling and regularly provides instruction and training in these methods to its employees.
- Expert veterinarians are engaged to reduce stress, diseases and illness in CPC's cattle.
- CPC Cattle have access to sufficient food, supplements and water and every effort is taken to protect animals from disease and predators.
- CPC meets at least the minimum requirements of the Codes of Practice and Regulations for the Management and Transport of Animals for both land and sea. Cattle are selected, prepared and cared for in compliance with these legislated animal welfare standards which includes the provision of electrolytes and hay, appropriate loading densities and rest periods.

- Care is taken to reduce stress by finishing the mustering season in the north before the hot summer months to reduce stress on breeders and their young calves at foot.
- Improvements in technology, yard design and mustering efficiencies have reduced stress on cattle and people.
- CPC properties are independently audited to a national standard each year under the Livestock Production Assurance On-Farm Quality Assurance (LPAQA) program, which ensures best practice cattle management.
- CPC continues to seek out and implement new technology to assist with favourable animal welfare outcomes and is currently actively involved in the research and development of pain relief products for cattle through trials being conducted at Allawah Station.

PRACTICES IN INDONESIA

- CPC works closely with the Australian and Indonesian Governments, customers and its Indonesian JV partner, JJAA to ensure the highest standards of animal welfare.
- The entire livestock export process is regulated by the Australian Government through the Australian Standards for the Export of Livestock (ASEL) and the Exporter Supply Chain Assurance Scheme (ESCAS).
- Through JJAA, CPC maintains full traceability of cattle from port of discharge to point of slaughter and provides training to operators at slaughter facilities.



Cattle at Boab Yards (Newry) by Ellie Young



FINANCIAL STATEMENTS





CORPORATE GOVERNANCE STATEMENT

Lake Woods Holdings Pty Ltd's Board believes that effective corporate governance is a fundamental aspect of a well-run company and is committed to achieving the highest standards of corporate governance, corporate responsibility and risk

management in directing and controlling the business.

To provide a better understanding we describe the key governance structures and internal controls operating within the company as

at 31 March 2018. Through these mechanisms, the company aims to apply the highest standards of corporate governance.

BOARD AND COMMITTEE COMPOSITION (as at 31 March 2018)

| Director's Name | Lake Woods Holdings Pty Ltd | Finance Committee | Audit Committee | Nomination and Remuneration Committee | Consolidated Pastoral Company Pty Ltd |
|-------------------|-----------------------------|-------------------|-----------------|---------------------------------------|---------------------------------------|
| Mark Bahen | ✓ (C) | ✓ | ✓ | ✓ | |
| Margaux Beauchamp | ✓ | | ✓ (C) | ✓ | |
| Andrew Miller | ✓ | ✓ | ✓ | ✓ (C) | |
| Ruhul Amin | ✓ | ✓ (C) | | | |
| Troy Setter | ✓ | | | | ✓ (C) |
| Jim Hunter | ✓ | | | | ✓ |

LAKE WOODS HOLDINGS BOARD CONSTITUTION AND PROCEDURES

There were two executive directors and four non-executive directors on the Board as at 31 March 2018, with Mark Bahen as Chairman. The Chairman is responsible for the effective running of the Board and for communications with all directors. He ensures that the Board receives sufficient information on financial trading and corporate issues prior to the board meetings. The executive directors are responsible for reporting to the Board on operations and the development of strategic plans for consideration by the Board as a whole.

The Board meets regularly during the year. During the twelve months to 31 March 2018, seven scheduled meetings were held, all in Australia. All members of the Board receive detailed financial and operational information and regular presentations from executives on the business performance, in addition to items for decision and minutes of Board committees in advance of each board meeting, whether they are able to attend or not. This enables the directors to make informed decisions on corporate and business issues under consideration.

The Board has adopted a Corporate Governance Charter and a formal schedule of delegated authorities to facilitate decision making. Key policy and strategic decisions

are made by the full board. Such matters include, but are not limited to, the final approval of the annual accounts and budget, major acquisitions and disposals, any new or changes to existing policies and any changes to the group's financing arrangements and financial policies. Regular updates on legal and risk management, health and safety, and other key company policies are given to the Board.

Where urgent decisions are required on matters specifically reserved for the Board in between meetings, there is a process in place to facilitate discussion and decision-making. The directors also have access to the advice and services of the Company Secretary and external advisers, as appropriate.

BOARD COMMITTEES

The Board has established three committees, each with clearly defined terms of reference, procedures, responsibilities and powers.

FINANCE COMMITTEE

As at 31 March 2018 the Finance Committee was chaired by Ruhul Amin. This Committee is responsible for making recommendations to the Board on funding strategy, capital structure and management of financial risks as well as the policies and control procedures, approval of investments and divestments, raising of external financing and the granting of securities, guarantees and indemnities as set out within the delegated authorities. In certain specific circumstances the Board has delegated authorities to the Committee to make decisions in these areas.

AUDIT COMMITTEE

As at 31 March 2018, the Audit Committee was chaired by Margaux Beauchamp. There were three members of the Audit Committee; all non-executive directors. The Chief Executive Officer, Chief Financial Officer and external auditors are normally invited to attend Audit Committee meetings. The Committee meets at least twice annually at appropriate times in the reporting and audit cycle.

The Committee oversees the relationship with the external auditors. It reviews their audit plan and discusses audit findings with them. In addition, the Committee reviews the effectiveness of the group's internal controls and risk management systems and also ensures that there is proportionate and independent investigation of any matter brought to their attention. The Committee is required to assist the Board to fulfil its responsibilities related to external financial reporting

and associated announcements. During the year the Committee reviewed either as a Committee or as part of the Board:

- the annual financial statements, including the requirements for financial reporting;
- changes proposed to the Company's accounting policies and practices;
- significant accounting issues; and
- the audit plan and processes.

The Committee is also responsible for the development, implementation and monitoring of the company's policy on external audit. The Committee has oversight responsibility for monitoring independence, objectivity and compliance with ethical and regulatory requirements. The Committee recommends the appointment and reappointment of the company's external auditors and annually reviews a formal letter confirming their independence and objectivity within the context of applicable regulatory requirements and professional standards.

The Committee also reviews the terms of responsibility and scope of the audit (including schedules of unadjusted errors and representation letters) as set out in the external auditors' engagement letter; the overall work plan for the forthcoming year, together with the cost effectiveness of the audit as well as the auditors' remuneration and performance; any major issues which arise during the course of the audit and their resolution; key accounting and audit judgements; the level of errors identified during the audit; and the recommendations made to management by the auditors and management's response.

NOMINATIONS AND REMUNERATION COMMITTEE

As at 31 March 2018, the Nomination and Remuneration Committee was chaired by Andrew Miller and comprised three non-executive directors. The Committee meets at least twice a year and at such other times as the Board requires.

The Committee's specific duties and responsibilities are as follows:

- to establish criteria to be used in selecting Directors and ensure the remuneration packages are designed to attract, motivate and retain staff of the highest calibre;
- to approve the remuneration of the executive directors and management, to provide independent and objective assessment of any benefits granted to directors and management, and
- to ensure that the pension arrangements throughout the Group are appropriate, well supervised and conform to applicable law.

The Committee will also review the design of incentive and performance related pay plans for approval by the Board and will review the company's remuneration policies as a whole and remuneration trends across the group.

CPC OPERATING BOARD

A meeting of the Consolidated Pastoral Company Pty Ltd Board is held quarterly as a minimum. During the twelve months to 31 March 2018, six scheduled meetings were held. As at 31 March 2018, the Board was chaired by Troy Setter and comprises two executive directors. The Operating Board oversees the day to day management of the group's on property operations and





reports to the Lake Woods Holdings Pty Ltd Board in accordance with the Corporate Governance Charter and Board Delegated Authorities.

CASH POSITION AND FINANCE FACILITIES

CPC entered the 2018 financial year with substantial debt headroom, as a result of station divestments in the previous financial year. From 1 April 2017, some of the available debt headroom was used to fund the costs of progressing towards a shareholder exit, a large number of property development and productivity improvement capital expenditure projects, and the acquisition of Emus Nest station, including its integration into our neighbouring Allawah Stud in Central Queensland. These investments and other movements increased the drawn balance of debt finance facilities by \$16.6m from 31 March 2017 to 31 March 2018.

Borrowings as at 31 March 2018 comprise two facilities as follows:

- a bilateral loan to Consolidated Pastoral Company Pty Ltd of \$250.0m that is jointly funded by Rabobank (\$146.3m) and ANZ (\$103.7m). This facility was renegotiated in March 2018, reducing the facility limit from \$315.0m to \$250.0m, incorporating an accordion facility to enable future expansion, reducing the interest costs and eliminating several restrictive terms. As at 31 March 2018, the drawn balance of this facility was \$227.0m (including the redundant \$15m DSRA which was redeemed from deposit and repaid against the drawn balance in April 2018), leaving \$23.0m undrawn. Interest rates payable are hedged until December 2018 by a swap agreement that covered approximately 75% of the drawn balance at 31 March 2018. As at 31 March 2018, the outstanding loan to security

value ratio was 25% compared to 24% at 31 March 2017. This loan facility matures in March 2023; and

- a loan to subsidiary PT. Juang Jaya Abdi Alam of IDR97,000,000,000 (\$9.2m) funded by PT Bank CIMB Niaga Tbk. This loan was drawn to IDR92,000,000,000 (\$8.7m) as at 31 March 2018, and expires in October 2018.

Cash on hand at 31 March 2018 was \$18.9m including a \$15.0m term deposit (linked to the DSRA) which was due to mature in June 2018, but was redeemed from deposit and repaid against the drawn debt balance in April 2018.

RISK MANAGEMENT AND INTERNAL CONTROLS

The company's aim is to manage risk and to control its business and financial activities cost-effectively and in a manner, that enables it to explore profitable business opportunities in a disciplined way. The company has a Risk Management Framework in place which includes a risk management policy and plan, plus strategic and operational risk registers. The risk management plan defines the procedures, monitoring and reporting requirements for the management of risks with the company.

The Board has overall responsibility for the systems of internal controls, which are designed to manage risk of failure to achieve the objectives of the business where such risk cannot be eliminated. The Board has considered the systems of internal control for the accounting year under review and is satisfied that they are appropriate.

KEY BUSINESS RISKS

The company and its subsidiaries in carrying out their principal business

activities are affected by business risks arising from their trading environment and from an uncertain global economic environment. The key business risks are highlighted below:

Seasonal risks

Whilst CPC's geographic spread of properties provides a natural hedge against seasonal variations, extreme occurrences (e.g. flood, droughts, fires) will have an impact on operations.

Competition risk

CPC operates in a competitive global protein market with varied competitors from other beef producers and other protein sources (e.g. pork, chicken).

Risk of market fluctuation

Any material decrease in global beef prices will impact the sales and profitability of the company.

Risk of change in government policy

Any change in the Governments of Australia, Indonesia or China with regard to the sale and transport of cattle can affect the sales and profitability of the company.

Risk on currency movements

CPC's major markets are overseas (particularly Indonesia) and any material movements in the Australian dollar will impact profits.

Disease risk

The Australian cattle industry is relatively disease free and has an exceptional reputation worldwide for provision of high quality beef. As we have seen recently in other countries with foot and mouth disease, if these standards are compromised the reputational risk to Australian beef producers would be significant.

Workplace injury

The nature of CPC's business means employees are working with animals

and machinery in remote locations. CPC employs a designated WHS Manager who develops and monitors group safety policies and formal operating procedures. A workplace injury could have an impact on business operations.

Key person risk

CPC's key management positions require considerable knowledge and expertise. The loss of people in key positions would impact the operation of the group.

At CPC, we see risk management as an important part of the business operations. We are constantly reviewing and analysing potential risks to minimise disruption to our operations should any arise.





DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2018

The directors present their report together with the consolidated financial report of the Group,

comprising Lake Woods Holdings Pty Limited ("the Company") and its subsidiaries, for the year ended 31

March 2017 and the auditor's report thereon.

1. DIRECTORS

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

| | |
|-------------|------------------|
| Mark Bahen | Andrew Miller |
| Troy Setter | Ruhul Amin |
| Jim Hunter | Margaux Beachamp |

2. PRINCIPAL ACTIVITIES

The principal activity of the Group during the course of the financial year was ownership and operation of pastoral properties producing beef cattle.

There were no significant changes in the nature of the activities of the Group during the year.

3. OPERATING AND FINANCIAL REVIEW

The profit for the Group after income tax amounted to \$10,330,000 for the year ended 31 March 2018 (31 March 2017: Profit of \$37,066,000).

The profit from continuing operations before finance costs, income tax, depreciation, amortisation, revaluation and impairment amounted to profit of \$28,783,000 for the year ended 31 March 2018 (31 March 2017: Profit of \$49,685,000).

The Group's livestock assets increased in value to \$342,754,000 as at 31 March 2018 versus \$325,474,000 as at 31 March 2017. Livestock assets together with property, plant and equipment comprise 93.3% of the Group's total assets as at year end.

4. DIVIDENDS

There were no dividends paid or declared by the Company to members during the year ended 31 March 2018 (2017: Nil).

5. EVENTS SUBSEQUENT TO REPORTING DATE

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Group, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group, in future financial years.

6. LIKELY DEVELOPMENTS

The Group will continue to pursue its policy of increasing profitability and market share in the beef industry during the next financial year. Further information about likely developments in the operations of the Group and the expected results of those operations in future financial years has not been included in this report because disclosure of the information would be likely to result in unreasonable prejudice to the Group.

7. WHS, ENVIRONMENTAL AND ANIMAL WELFARE REGULATIONS

The Group's operations are subject to various workplace health and safety, environmental and animal welfare regulations under both Commonwealth and State

legislation. The Board believes that the Group has adequate systems in place for the management of its workplace health and safety, environmental and animal welfare requirements and is not aware of any breaches of those requirements as they apply to the Group.

8. INDEMNIFICATION AND INSURANCE OF OFFICERS

During the financial period a related company paid a premium in respect of a contract insuring the directors of the Company, and all executive officers of the Group and of any related body corporate against a liability incurred as a director, secretary, 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.

9. ROUNDING OFF

The Company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Report) 2016/191 dated 24 March 2016 and in accordance with that instrument, amounts in the financial report and directors' report have been rounded off to the nearest thousand dollars, unless otherwise stated.

10. LEAD AUDITOR'S INDEPENDENCE DECLARATION

The Lead auditor's independence declaration is set out on page 63 and forms part of the directors' report for the financial year ended 31 March 2018.

This report is made with a resolution of the directors:

Mark Bahen
Director

Brisbane
Dated this 21st day of May 2018





LEAD AUDITORS DECLARATION

FOR THE YEAR ENDED 31 MARCH 2018



Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of Lake Woods Holdings Pty Limited

I declare that, to the best of my knowledge and belief, in relation to the audit of Lake Woods Holdings Pty Limited for the financial year ended 31 March 2018 there have been:

- (i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

Stephen Board
Partner

Brisbane
21 May 2018



FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL POSITION

As at 31 March 2018

| | Note | Consolidated | |
|--------------------------------------|-------|-----------------------|-----------------------|
| | | 31 Mar 2018 \$'000 | 31 Mar 2017 \$'000 |
| Assets | | | |
| Cash and cash equivalents | 6 | 3,853 | 5,381 |
| Trade and other receivables | 7 | 1,556 | 2,526 |
| Livestock assets | 8 | 141,803 | 133,410 |
| Inventories | 9 | 2,965 | 2,639 |
| Other assets | 10 | 19,189 | 3,078 |
| Total current assets | | 169,366 | 147,034 |
| Other assets | 10 | 21,568 | 42,459 |
| Livestock assets | 8 | 200,951 | 192,064 |
| Property, plant and equipment | 13 | 520,911 | 485,826 |
| Goodwill | 11,12 | 12,699 | 13,153 |
| Total non-current assets | | 756,129 | 733,502 |
| Total assets | | 925,495 | 880,536 |
| Liabilities | | | |
| Trade and other payables | 15 | 17,319 | 12,863 |
| Loans and borrowings | 16 | 8,721 | 8,144 |
| Employee benefits | 17 | 620 | 476 |
| Provisions | 18 | 3,000 | 3,000 |
| Total current liabilities | | 29,660 | 24,483 |
| Trade and other payables | 15 | - | 2,216 |
| Loans and borrowings | 16 | 227,000 | 211,000 |
| Employee benefits | 17 | 923 | 847 |
| Deferred tax liabilities | 14 | 70,290 | 66,618 |
| Total non-current liabilities | | 298,213 | 280,681 |
| Total liabilities | | 327,873 | 305,164 |
| Net assets | | 597,622 | 575,372 |
| Equity | | | |
| Share capital | 19 | 368,934 | 368,934 |
| Reserves | 20 | 81,331 | 69,411 |
| Accumulated profit/(losses) | | 147,357 | 137,027 |
| Total equity | | 597,622 | 575,372 |

The notes on pages 71 to 97 are an integral part of these financial statements.



STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2018

| | Note | Consolidated | |
|---|-----------|-----------------------|-----------------------|
| | | 31 Mar 2018 \$'000 | 31 Mar 2017 \$'000 |
| Revenue | 21 | 140,450 | 153,305 |
| Other income | 22 | 471 | 1,302 |
| Personnel expenses | | (16,674) | (15,180) |
| Livestock expenses | | (67,930) | (61,602) |
| Property repairs and maintenance | | (5,478) | (4,785) |
| Other expenses | 23 | (16,548) | (23,355) |
| Significant project expenses - due diligence expenses | | (5,508) | - |
| Profit from continuing operations before finance costs, income tax, depreciation, amortisation, revaluation and impairment | | 28,783 | 49,685 |
| Depreciation and amortisation | | (7,069) | (6,604) |
| Revaluation of properties and investments | | 2,570 | 30,840 |
| Profit before finance costs and income tax expense | | 24,284 | 73,921 |
| Finance income | | 74 | 209 |
| Finance costs | 24 | (14,574) | (15,538) |
| Net finance costs | 24 | (14,500) | (15,329) |
| Profit before income tax | | 9,784 | 58,592 |
| Income tax (expense) / benefit | | 547 | (21,526) |
| Profit for the year | 25 | 10,330 | 37,066 |
| Other comprehensive income | | | |
| Items that will never be reclassified to profit or loss | | | |
| Fair value revaluation of properties | | 11,017 | 98,321 |
| Items that are or may be reclassified to profit or loss | | | |
| Foreign currency translation reserve - share of other comprehensive income | | (1,355) | 324 |
| Employee benefits - share of other comprehensive income | 20 | - | - |
| Changes in fair value of cash flow hedges | 20 | 2,257 | 1,032 |
| | | 902 | 1,356 |
| Other comprehensive income/(loss) for the year, net of tax | | 11,919 | 99,677 |
| Total comprehensive income/(loss) for the year | | 22,250 | 136,743 |

The notes on pages 71 to 97 are an integral part of these financial statements.

**STATEMENT OF CHANGES IN EQUITY**

For the year ended 31 March 2018

| | Consolidated | | | | | | |
|--|----------------|---------------------------|-----------------|--------------------------------------|---------------------------------|--------------------|----------------|
| | Issued Capital | Asset Revaluation Reserve | Hedging Reserve | Foreign Currency Translation Reserve | Employee Equity Benefit Reserve | Accumulated Profit | Total Equity |
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Balance at 1 April 2017 | 368,934 | 73,159 | (3,885) | (17) | 154 | 137,027 | 575,372 |
| Total comprehensive income for the year | | | | | | | |
| Profit/(Loss) for the year | - | - | - | - | - | 10,330 | 10,330 |
| Other comprehensive income | | | | | | | |
| Net change in fair value of property | - | 11,017 | - | - | - | - | 11,017 |
| Net changes to reserves for asset disposals | - | - | - | - | - | - | - |
| Net change in fair value of foreign currency translation reserve | - | - | - | (1,355) | - | - | (1,355) |
| Changes in fair value of cash flow hedges | - | - | 2,257 | - | - | - | 2,257 |
| Total other comprehensive income for the year | - | 11,017 | 2,257 | (1,355) | - | - | 11,919 |
| Contributions by owners to the Company | | | | | | | |
| Issue of options | - | - | - | - | - | - | - |
| Balance at 31 March 2018 | 368,934 | 84,177 | (1,628) | (1,372) | 154 | 147,357 | 597,622 |
| Balance at 1 April 2016 | 368,934 | 2,108 | (4,917) | (341) | 70 | 72,691 | 438,545 |
| Total comprehensive income for the year | | | | | | | |
| Profit for the year | - | - | - | - | - | 37,066 | 37,066 |
| Other comprehensive income | | | | | | | |
| Net change in fair value of property | - | 98,321 | - | - | - | - | 98,321 |
| Net changes to reserves for asset disposals | - | (27,270) | - | - | - | 27,270 | - |
| Net change in fair value of foreign currency translation reserve | - | - | - | 324 | - | - | 324 |
| Changes in fair value of cash flow hedges | - | - | 1,032 | - | - | - | 1,032 |
| Total other comprehensive income for the year | - | 71,051 | 1,032 | 324 | - | 27,270 | 99,677 |
| Contributions by owners to the Company | | | | | | | |
| Issue of options | - | - | - | - | 84 | - | 84 |
| Balance at 31 March 2017 | 368,934 | 73,159 | (3,885) | (17) | 154 | 137,027 | 575,372 |

The amounts recognised directly in equity are disclosed net of tax.
The notes on pages 71 to 97 are an integral part of these financial statements.

**STATEMENT OF CASH FLOWS**

For the year ended 31 March 2018

| | Note | Consolidated | |
|---|------|-----------------|-----------------|
| | | 31 Mar 2018 | 31 Mar 2017 |
| | | \$'000 | \$'000 |
| Cash flows from operating activities | | | |
| Cash receipts from customers | | 127,957 | 118,781 |
| Cash paid to suppliers and employees | | (114,734) | (99,640) |
| Cash generated/(utilised) in operations | | 13,223 | 19,141 |
| Interest and bill discounts received | | 74 | 209 |
| Interest paid | | (13,157) | (16,857) |
| Net cash received from/(used in) operating activities | 27 | 139 | 2,493 |
| Cash flows from investing activities | | | |
| Proceeds from sale of property, plant and equipment | | 36 | 91,647 |
| Acquisition of additional interest equity-accounted investee (now consolidated) | 12 | - | (1,734) |
| Acquisition of property, plant and equipment | 13 | (18,406) | (3,343) |
| Net cash used in investing activities | | (18,369) | 86,570 |
| Cash flows from financing activities | | | |
| Repayment of borrowings | | (14,000) | (91,500) |
| Drawdown of borrowings | | 30,702 | 6,543 |
| Net cash from financing activities | | 16,702 | (84,957) |
| Net (decrease)/increase in cash and cash equivalents | | (1,528) | 4,105 |
| Cash and cash equivalents opening balance | | 5,381 | 1,276 |
| Cash and cash equivalents at balance date | 6 | 3,853 | 5,381 |

The notes on pages 71 to 97 are an integral part of these financial statements.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

1. REPORTING ENTITY

Lake Woods Holdings Pty Limited (the “Company”) is domiciled in Australia. The Company’s registered office is at Newcastle Waters Station, Drovers Drive, Newcastle Waters, Northern Territory, Australia. The consolidated financial statements as at and for the year ended 31 March 2018 comprise the Company and its subsidiaries (together referred to as the “Group” and individually as “Group entities”).

The Group is a for-profit entity and primarily owns and operates pastoral properties for the purposes of producing beef cattle.

2. BASIS OF PREPARATION

(a) Statement of compliance

In the opinion of the directors, the Group is not publicly accountable. The financial statements are Tier 2 general purpose financial statements which have been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements adopted by the Australian Accounting Standards Board and the Corporations Act 2001. These financial statements comply with Australian Accounting Standards – Reduced Disclosure Requirements.

They were authorised for issue by the Board of Directors on 21st May 2018.

(b) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for the following material items in the statement of financial position:

- Derivative financial instruments are measured at fair value.
- Livestock assets are measured at fair value less costs to sell.
- Land, buildings and improvements are included within property, plant and equipment and are measured at fair value.

(c) Functional and presentation currency

These consolidated financial statements are presented in Australian dollars, which is the Company’s functional currency.

The Company is of a kind referred to in ASIC Class Order 2016/191 dated 24 March 2016 and in accordance with that Class Order, amounts in the financial report and directors’ report have been rounded off to the nearest thousand dollars, unless otherwise stated.

(d) Use of estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, and have been applied consistently by the Group entities. Certain comparative amounts have been reclassified to conform with the current year’s presentation.

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that currently are exercisable are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group.

(ii) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from Intra-group transactions are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group’s interest in the investee. Unrealised losses are eliminated in

the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(iii) Business combinations and goodwill

Business combinations are accounted for using the acquisitions method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interest in the acquiree at fair value or at the proportionate share of the acquiree’s identifiable net assets. Acquisition related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

If the business combination is achieved in stages, the previously held equity interest is remeasured as its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any

accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group’s cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquire are assigned to those units.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

(b) Foreign currency

(i) Translation of subsidiaries

On consolidation, the assets and liabilities of foreign operations are translated into Australian dollars at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation purposes are recognised in other comprehensive income. On disposal of a foreign operation the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amount of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the

reporting date.

(ii) Transactions

Transactions in foreign currencies are translated to the respective functional currency of the Group at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the year. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognised in profit or loss. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction.

(c) Financial instruments

(i) Non-derivative financial assets

The Group initially recognises loans and receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire,





or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group has the following non-derivative financial assets: held-to-maturity financial assets and loans and receivables.

Held-to-maturity financial assets
If the Group has the positive intent and ability to hold debt securities to maturity, then such financial assets are classified as held to maturity. Held to maturity financial assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition held-to-maturity financial assets are measured at amortised cost using the effective interest method, less any impairment losses. Any sale or reclassification of a more than insignificant amount of held-to-maturity investments not close to their maturity would result in the reclassification of all held-to-maturity investments as available-for-sale, and prevent the Group from classifying investment securities as held-to-maturity for the current and the following two financial years.

Loans and receivables
Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an

active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprise cash and cash equivalents and, trade and other receivables.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

(ii) Non-derivative financial liabilities

The Group initially recognises debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities (including liabilities designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has

a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group has the following non-derivative financial liabilities: loans and borrowings, bank overdrafts, and trade and other payables.

Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest rate method.

(iii) Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

(iv) Derivative financial instruments, including hedge accounting

The Group holds derivative financial instruments to hedge its interest rate risk exposures.

On initial designation of the derivative as the hedging instrument, the Group formally documents the relationship between the hedging instrument and hedged item, including the risk management objectives and strategy in undertaking the hedge transaction and the hedged risk, together with the methods that will be used to assess the effectiveness of the hedging relationship.

The Group makes an assessment, both at the inception of the hedge relationship as well as on an ongoing basis, whether the hedging instruments are expected to be

highly effective in offsetting the changes in the fair value or cash flows of the respective hedged items during the period for which the hedge is designated, and whether the actual results of each hedge are within a range of 80-125 percent. For a cash flow hedge of a forecast transaction, the transaction should be highly probable to occur and should present an exposure to variations in cash flows that could ultimately affect reported net income.

Derivatives are recognised initially at fair value; attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value and changes therein are accounted for as described below.

Cash flow hedges

When a derivative is designated as the hedging instrument in a hedge of the variability in cash flows attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction that could affect profit or loss, the effective portion of changes in the fair value of the derivative is recognised in other comprehensive income and presented in the hedging reserve in equity. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss.

When the hedged item is a non-financial asset, the amount recognised in equity is included in the carrying amount of the asset when the asset is recognised. In other cases the amount accumulated in equity is reclassified to profit or loss in the same period that the hedged item affects profit or loss. If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, or the designation is

revoked, then hedge accounting is discontinued prospectively. If the forecast transaction is no longer expected to occur, then the balance in equity is reclassified to profit or loss.

Other non-trading derivatives

When a derivative financial instrument is not designated in a hedge relationship that qualifies for hedge accounting, all changes in its fair value are recognised immediately in profit or loss.

(d) Property, plant and equipment (i) Recognition and measurement

Fair value – land, buildings and improvements

Land, buildings and improvements are initially measured at cost. Following initial recognition at cost, land, buildings and improvements are measured on a fair value basis as determined by a director's valuation.

An external, independent valuation company, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued, values properties within the Group's portfolio on a rotational basis to ensure that the carrying amount does not differ materially from the asset's fair value at the balance sheet date. Fair value is determined by reference to market values, being the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. At each reporting date, the value of each asset in these classes is reviewed to ensure that it does not materially differ from the asset's fair

value at that date. Where necessary, the asset is revalued to reflect its fair value.

A revaluation increment is credited to the asset revaluation reserve in equity unless it reverses a revaluation decrement of the same asset previously recognised in profit or loss.

A revaluation decrement is recognised in profit or loss unless it directly offsets a previous increment of the same asset in the asset revaluation reserve. In addition, any accumulated depreciation as at revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings.

Cost – plant and equipment

Items of plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalised borrowing costs.

Cost also may include transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment. Purchased software that is integral to the functionality of the related equipment is capitalised as part of





that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gains and losses on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) are recognised in profit or loss.

(ii) Subsequent costs

The cost of replacing a part of an item of plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Items of property, plant and equipment are depreciated on a straight-line basis in profit or loss over the estimated useful lives of each component since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term.

The estimated useful lives for the

current and comparative years of significant items of property, plant and equipment are as follows:

| | 2018 | 2017 |
|---------------------|---------------|--------------|
| Buildings | 10 - 40 years | 10- 40 years |
| Improvements | 3 - 25 years | 3 - 25 years |
| Plant and equipment | 3 - 13 years | 3 - 13 years |

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(iv) Pastoral leases

The Group has pastoral leases in the Northern Territory and Queensland. The Northern Territory leases are either pastoral lease for term with right to apply for extension or perpetual pastoral lease. The Queensland leases are fixed term with the right to apply for a new lease at the expiration of the term of the existing lease.

(v) Right to use

Where the Group enters a commercial arrangement with a third party which contains a lease of a pastoral property where the present value of future lease payments is below fair value, the Group recognises a right-of-use asset. The initial recognition of the right-of-use asset is equal to the difference between the fair value and the present value of the future lease payments. The right-of-use asset is amortised over the term of the lease (including options to extend held by the Group) on a straight line basis.

(e) Intangible assets

(i) Goodwill

Goodwill arises on the acquisition of subsidiaries, associates and jointly controlled entities.

Goodwill represents the excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree.

Goodwill is measured at cost less accumulated impairment losses. In respect of equity accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment.

(f) Livestock assets

Livestock assets are comprised of livestock (cattle and horses) and are measured at fair value less estimated point-of-sale costs, with any change therein recognised in profit or loss. Point-of-sale costs include all costs that would be necessary to sell the assets (eg. road transport costs, agent commissions).

For cattle in feedlots, where the product is homogenous and the market price is transparent, an internal valuation utilising the recent selling price and an estimate of weight represents fair value for the reporting date.

For cattle on stations, an external independent valuation company, having appropriate recognised professional qualifications and recent experience in the location and nature of cattle held by the Group performs a valuation for the reporting date. Fair value is determined by reference to market values for cattle of similar age, weight, breed and genetic make-up. The fair value represents the estimated amount for which cattle could be sold on the date of valuation between a willing buyer and willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. Where market-determined prices or values

may not be available for a livestock asset in its present condition, the Group use the present value of expected net cash flows from the asset discounted at a current market-determined rate in determining fair value.

(g) Leased assets

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. On initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Other leases are operating leases and are not recognised in the Group's statement of financial position.

(h) Impairment

(i) Non-derivative financial assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets (including equity securities) are impaired includes default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, the disappearance of an active

market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

The Group considers evidence of impairment for receivables and held-to-maturity investment securities at both a specific asset and collective level. All individually significant assets are assessed for specific impairment. Those found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified.

In assessing collective impairment the Group uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When an event occurring after the impairment was recognised causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

(ii) Non-financial assets

The carrying amounts of the Group's non financial assets, other than livestock assets and deferred tax assets, are reviewed at

each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash generating units ("CGU") is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

The Group's corporate assets do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated to reduce the carrying amount of assets in the CGU (group of CGUs) on a pro rata basis.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying





amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(i) Employee benefits
(i) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short term cash bonus or profit sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

(ii) Long-term employee benefits

The Group's net obligation in respect of long term employee benefits other than defined benefit plans is the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any related assets is deducted.

(iii) Termination benefits

Termination benefits are recognised as an expense when the Group is committed demonstrably, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the Group has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after

the reporting date, then they are discounted to their present value.

(iv) Long service leave

The Group accrues and measures the liability for long service leave as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. The Group gives consideration to the expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity that match, as closely as possible, the estimated future cash outflows.

(j) Revenue
(i) Livestock

Revenue from the sale of livestock is measured at the fair value of the consideration received or receivable. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably.

The timing of the transfers of risks and rewards varies depending on the individual terms of the contract of sale. For export sales of cattle, usually transfer occurs when the product is received at the customer's port.

(ii) Change in fair value of livestock assets

Any increase or decrease in the fair value of livestock assets is recognised as revenue in the Statement of Comprehensive Income. The

movement is determined as the difference between the net market value at the beginning and the end of the period adjusted for purchases and sales during the period.

(k) Leases

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

(l) Finance income and finance costs

Finance income comprises interest income. Interest income is recognised as it accrues in profit or loss, using the effective interest method. Finance costs comprise interest expense on borrowings, impairment losses recognised on financial assets, and losses on hedging instruments that are recognised in profit or loss. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Foreign currency gains and losses are reported on a net basis.

(m) Tax

Tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in other comprehensive income.

Current tax

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

In determining the amount of current tax the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Company believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting

nor taxable profit or loss; and

- temporary differences related to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

In determining the amount of deferred tax the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Company believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable

that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Additional income tax expenses that arise from the distribution of cash dividends are recognised at the same time that the liability to pay the related dividend is recognised. The Company does not distribute non-cash assets as dividends to its shareholders.

(i) Tax consolidation

The Company and its wholly-owned Australia resident entities are part of a tax-consolidated group. As a consequence, all members of the tax-consolidated group are taxed as a single entity. The head entity within the tax-consolidated group is Lake Woods Holdings Pty Limited.

Current 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 of the assets and liabilities in the separate financial statements of each entity and their tax values applying under tax consolidation.

Any current tax liabilities (or assets) and deferred tax assets arising from unused tax losses of the subsidiaries are assumed by the head entity of the tax-consolidated group and are recognised as amounts payable (receivable) to other entities in the tax-consolidated group in conjunction with any tax funding arrangement amounts (refer below). Any difference between these amounts is recognised by the





Company as an equity contribution from or distribution to the head entity.

The Company recognises deferred tax assets arising from unused tax losses of the tax-consolidated group to the extent that it is probable that future taxable profits of the tax-consolidated group will be available against which the assets can be utilised. The Company assesses the recovery of its unused tax losses and tax credits only in the period in which they arise, and before assumption by the head entity, in accordance with AASB 112 applied in the context of the tax-consolidated group. Any subsequent period adjustments to deferred tax assets arising from unused tax losses as a result of revised assessments of the probability of recoverability are recognised by the head entity only.

(ii) Nature of tax funding arrangement and tax sharing agreements

The head entity, in conjunction with other members of the tax-consolidated group, has entered into a tax funding arrangement which sets out the funding obligations of members of the tax-consolidated group in respect of tax amounts. The tax funding arrangements require payments to/from the head entity equal to the current tax liability (asset) assumed by the head entity and any tax-loss deferred tax asset assumed by the head entity, resulting in the head entity recognising an inter-entity receivable/(payable) equal in amount to the tax liability/(asset) assumed. The inter-entity receivables/(payables) is at call.

Contributions to fund the current tax liabilities are payable as per the tax funding arrangement and reflect the timing of the head entity's obligation to make payments for tax liabilities to the relevant tax authorities.

The head entity, in conjunction with other members of the tax-consolidated group, has also entered into a tax sharing agreement. The tax sharing agreement provides for the determination of the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations. No amounts have been recognised in the financial statements in respect of this agreement as payment of any amounts under the tax sharing agreement is considered remote.

(n) Goods and services tax

Revenue, 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. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statement of financial position. Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

(o) New standards and interpretations not yet adopted

The following standards, amendments to standards and interpretations have been identified as those which may impact the Group in the period of initial application. They are available for early adoption at 31 December 2015, but have not been applied in preparing this financial report:

- **AASB 15 Revenue from Contracts with Customers**
The Group is assessing the impact on its consolidated financial statements resulting from the application of AASB 15.
- **AASB 9 Financial Instruments**
The Group is assessing the impact on its consolidated financial statements resulting from the application of AASB 9.
- **AASB 16 Leases**
The Group is assessing the impact on its consolidated financial statements resulting from the application of AASB 16.

4. DETERMINATION OF FAIR VALUES

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non financial assets and liabilities. Fair values have been determined for measurement and / or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

(i) Property, plant and equipment

The fair value property, plant and equipment recognised as a result of a business combination is based on market values. The market value of property is the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, and willingly. The market value of items of plant, equipment, fixtures and fittings is based on the market approach and cost approaches using quoted market prices for similar items when available and

replacement cost when appropriate. As disclosed in note 3, land, buildings and improvements are measured at fair value. An external independent valuation company, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued, values properties held by the Group on a rotational basis.

(ii) Livestock assets

As disclosed in note 3, the fair value of livestock held for sale is based on the market price of livestock of similar age, breed, condition and genetic make-up. An external, independent valuation company, having appropriate recognised professional qualifications and recent experience in the location and nature of cattle held by the Group performs a valuation for the reporting date. Where market determined prices or values may not be available for a livestock asset in its present condition, the Group use the present value of expected net cash flows from the asset discounted at a current market-determined rate in determining fair value.

(iii) Derivatives

The fair value of forward exchange contracts is based on their listed market price, if available. If a listed market price is not available, then fair value is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a credit adjusted risk-free interest rate (based on government bonds).

The fair value of interest rate swaps is based on broker quotes. Those quotes are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar

instrument at the measurement date. Fair values reflect the credit risk of the instrument and include adjustments to take account of the credit risk of the Company and counterparty when appropriate.

5. USE OF JUDGEMENTS AND ESTIMATES

In preparing these financial statements in conformity with Australian Accounting Standards – Reduced Disclosure Requirements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses (refer to notes 8, 12 and 13). Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.



**6. CASH AND CASH EQUIVALENTS**

| | Consolidated | |
|---------------|--------------|--------------|
| | 2018 | 2017 |
| | \$'000 | \$'000 |
| Bank balances | 3,608 | 5,377 |
| Petty cash | 245 | 4 |
| | 3,853 | 5,381 |

7. TRADE AND OTHER RECEIVABLES

| Current | | |
|-------------------|--------------|--------------|
| Trade receivables | 1,556 | 2,526 |
| | 1,556 | 2,526 |

8. LIVESTOCK ASSETS

| Current | | |
|----------------|----------------|----------------|
| Cattle | 141,803 | 133,410 |
| | 141,803 | 133,410 |

| Non - Current | | |
|----------------------|----------------|----------------|
| Cattle | 199,347 | 190,496 |
| Horses | 1,604 | 1,568 |
| | 200,951 | 192,064 |

| Total | | |
|--------------|----------------|----------------|
| Cattle | 341,150 | 323,906 |
| Horses | 1,604 | 1,568 |
| | 342,754 | 325,474 |

As at 31 March 2018, livestock assets with a carrying amount of \$342,754,000 (31 March 2017: \$325,474,000) were pledged to secure bank loans.

| Reconciliation of carrying amount | | |
|--|----------------|----------------|
| Balance at 1 April | 325,474 | 299,155 |
| Purchases | 33,745 | 14,245 |
| Net increase due to births | 50,261 | 29,207 |
| Attrition | (18,215) | (17,078) |
| Change in fair value less costs to sell | 12,223 | 42,333 |
| Change in value due to physical changes | 63,050 | 54,063 |
| Cost of goods sold | (123,784) | (96,451) |
| Balance at 31 March | 342,754 | 325,474 |

**9. INVENTORIES**

| | Consolidated | |
|-------------------------------|--------------|--------------|
| | 2018 | 2017 |
| | \$'000 | \$'000 |
| Feedstocks | 2,086 | 2,029 |
| Raw materials and consumables | 879 | 610 |
| | 2,965 | 2,639 |

10. OTHER ASSETS

| Current | | |
|------------------|---------------|--------------|
| Prepayments | 4,189 | 3,078 |
| Security deposit | 15,000 | - |
| | 19,189 | 3,078 |

| Non - Current | | |
|--------------------------------|---------------|---------------|
| Lease - right to use | 25,650 | 28,809 |
| Lease accumulated amortisation | (4,082) | (1,350) |
| | 21,568 | 27,459 |
| Security deposit | - | 15,000 |
| | 21,568 | 42,459 |

The maturity date on the deposit is 18 June 2018 and attracts an interest rate of 2.045% on that date (2017: 23 June 2017 at 1.92%). The deposit has been classified as a current asset for 31 March 2018 as there is no longer a requirement of the loan facility to have a Debt Service Reserve account. In April 2018, the deposit has been terminated and offset in full to the facility.

11. GOODWILL

For the purposes of impairment testing, goodwill has been allocated to the group's cash generating units (CGU) as follows:

| | | |
|-------------------------|---------------|---------------|
| PT Juang Jaya Abdi Alam | 12,699 | 13,153 |
| | 12,699 | 13,153 |

The value change in Goodwill relates to the change in foreign exchange rate between year end dates.

The recoverable amount of the this CGU was based on a fair value estimate using discounted cash flows. No impairment loss was provided, as the estimate of the recoverable amount (including sensitivity ranges) provided sufficient headroom over the carrying value.



12. BUSINESS COMBINATIONS PT JUANG JAYA ABDI ALAM (“JJAA”)

On 28 December 2015, Consolidated Pastoral Company Pty Limited (“CPC”), a wholly owned subsidiary of Lake Woods Holdings Pty Limited, acquired 30% of the shares of PT Juang Jaya Abdi Alam (“JJAA”), increasing its ownership to 80%. The remaining 20% interest is subject to call and put options under the JJAA share purchase agreement. CPC has taken a controlling interest in JJAA (a company based in Indonesia which provides lot feeding services of cattle), to allow it to control the Indonesian import permits and operations of JJAA, to which CPC (and other external parties) can now export cattle from Australia.

Goodwill as at 31 March 2018: \$12,699,000 (31 March 2017: \$13,153,000). The value change from that recognised at date of acquisition relates to the change in foreign exchange rate between acquisition and year end dates.

The goodwill on acquisition of \$13,362,000 comprises the value of expected synergies arising from the acquisition. None of the goodwill is expected to be deductible for income tax purposes.

The Group considers there to be no non-controlling interest in JJAA as the call and put options give CPC present access to returns associated with the investment, and thus CPC has accounted for the business combination as though it acquired a 100% interest.

CPC has exercised the first of two call options to increase its ownership in JJAA to 90% subsequent to year end. The remaining 10% continues to remain subject to put and call options.



13. PROPERTY, PLANT AND EQUIPMENT

Reconciliation of carrying amounts

| | Consolidated 2018 | | | | |
|--|-------------------------|---|-----------------------------------|----------------------------------|-----------------|
| | Freehold land \$'000 | Freehold buildings and improvements \$'000 | Leasehold properties \$'000 | Plant and equipment \$'000 | Total \$'000 |
| Cost and fair value | | | | | |
| Opening balance - 01 April 2017 | 72,655 | 54,306 | 382,903 | 18,726 | 528,590 |
| Additions | 8,854 | 79 | 7,766 | 4,276 | 20,975 |
| Disposals | - | (9) | - | (81) | (90) |
| Revaluation recognised in income statement | - | - | 2,570 | - | 2,570 |
| Revaluation recognised in asset revaluation reserve | 626 | 3,242 | 10,560 | - | 14,428 |
| Reversal of accumulated depreciation on revaluation | - | (4,503) | - | - | (4,503) |
| FX adjustment | (263) | (125) | - | 27 | (361) |
| Closing Balance - 31 March 2018 | 81,872 | 52,990 | 403,799 | 22,948 | 561,610 |
| Accumulated depreciation and impairment | | | | | |
| Opening balance - 01 April 2017 | - | (8,288) | (24,501) | (11,346) | (44,135) |
| Depreciation for the year | - | (971) | (2,177) | (1,651) | (4,799) |
| Disposals | - | 9 | - | 71 | 80 |
| Reversal of accumulated depreciation on revaluation | - | 4,503 | - | - | 4,503 |
| FX adjustment | - | - | - | 69 | 69 |
| Closing Balance - 31 March 2018 | - | (4,747) | (26,678) | (12,857) | (44,282) |
| Net carrying amount - 31 March 2018 | 81,872 | 48,243 | 377,122 | 10,091 | 517,328 |
| Fixed assets in progress (WIP) | | | | | 3,583 |
| Net carrying amount including WIP - 31 March 2018 | | | | | 520,911 |

**15. TRADE AND OTHER PAYABLES**

| | Consolidated | |
|---|---------------|---------------|
| | 2018 | 2017 |
| | \$'000 | \$'000 |
| Current | | |
| Trade payables | 9,903 | 5,653 |
| Current income tax | 53 | - |
| Other payables | 5,037 | 3,875 |
| Derivatives used for hedging – interest rate swap | 2,326 | 3,334 |
| | 17,319 | 12,863 |
| Non-current | | |
| Derivatives used for hedging – interest rate swap | - | 2,216 |
| | - | 2,216 |

The interest rate swap held has a notional amount of \$171,000,000 and consists of one tranche of \$171,000,000 at a fixed rate of 3.645% per annum and a termination date of 3 December 2018.

DERIVATIVE ASSETS AND LIABILITIES DESIGNATED AS CASH FLOW HEDGES

The following table indicates the periods in which cash flows associated with cash flow hedges are expected to occur and the carrying amounts of the related hedging instruments.

| | Carrying amount | Expected cash flows | | Total |
|----------------------------|-----------------|---------------------|---------------|--------------|
| | | 12 Months | More than one | |
| | | or less | year | |
| | 2018 | 2018 | 2018 | 2018 |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Interest rate swaps | | | | |
| Liabilities | 2,326 | 2,326 | - | 2,326 |
| | 2,326 | 2,326 | - | 2,326 |

| | Carrying amount | Expected cash flows | | Total |
|----------------------------|-----------------|---------------------|---------------|--------------|
| | | 12 Months | More than one | |
| | | or less | year | |
| | 2017 | 2017 | 2017 | 2017 |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Interest rate swaps | | | | |
| Liabilities | 5,550 | 3,334 | 2,216 | 5,550 |
| | 5,550 | 3,334 | 2,216 | 5,550 |

The Group has hedged its exposure to interest rate risk by fixing its interest to a fixed rate. The hedge relationship is considered to be effective by management.

**16. LOANS AND BORROWINGS**

| | Consolidated | |
|--------------------|----------------|----------------|
| | 2018 | 2017 |
| | \$'000 | \$'000 |
| Current | | |
| Motor vehicles | - | 124 |
| Secured bank loans | 8,721 | 8,020 |
| | 8,721 | 8,144 |
| Non-current | | |
| Secured bank loans | 227,000 | 211,000 |
| | 227,000 | 211,000 |

Secured bank loans are secured by a first ranking security over the assets and undertakings of Consolidated Pastoral Company Pty Limited and its subsidiaries via fixed and floating charges and guarantees by that company and its subsidiaries as well as limited third party charges from other subsidiaries from within the group.

The principal amount of the facility outstanding at 31 March 2018 is \$227,000,000 (31 March 2017: \$211,000,000). There is no further requirement for a debt service reserve account being a deposit of \$15,000,000 (31 March 2017: \$15,000,000). In April 2018, the deposit has been terminated and offset in full to the facility.

| | Maturity Date | 2018 | 2018 | 2018 |
|---------------------------------------|---------------|----------------|---------------|----------------|
| | | \$'000 | \$'000 | \$'000 |
| | | Rabobank | ANZ | Principal |
| Secured bank loans consist of: | | | | |
| CPC Loan facility | 05 March 2023 | 132,840 | 94,160 | 227,000 |
| | | 132,840 | 94,160 | 227,000 |

JJAA has a loan facility from PT Bank CIMB Niaga for IDR 97 billion (\$9,195,000) with a maturity date of 19 October 2018.

17. EMPLOYEE BENEFITS

| | Consolidated | |
|--------------------------|--------------|------------|
| | 2018 | 2017 |
| | \$'000 | \$'000 |
| Current | | |
| Annual leave | 620 | 476 |
| | 620 | 476 |
| Non-current | | |
| Long service leave | 420 | 408 |
| Post employment benefits | 503 | 440 |
| | 923 | 847 |



18. PROVISIONS

| | Consolidated | |
|----------------------------|--------------|--------------|
| | 2018 | 2017 |
| Current | \$'000 | \$'000 |
| Call Option | 3,000 | 3,000 |
| Balance at 31 March | 3,000 | 3,000 |

19. SHARE CAPITAL

| | Number of shares | |
|---------------------------------------|--------------------|--------------------|
| | 2018 | 2017 |
| On issue at the end of financial year | 361,630,006 | 361,630,006 |
| Balance at 31 March | 361,630,006 | 361,630,006 |

ORDINARY SHARES

The Company does not have authorised capital or par value in respect of its issued shares. All issued shares are fully paid. The holders of these shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at general meetings of the Company. All rights attached to the Company's shares that are held by the Company are suspended until those shares are reissued. All shares rank equally with regard to the Company's residual assets.

DIVIDENDS

No dividends were declared or paid during the year (2017: Nil).

20. RESERVES

NATURE AND PURPOSE OF RESERVES

Hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedges related to hedged transactions that have not yet affected profit or loss.

| | Consolidated | |
|---|----------------|----------------|
| | 2018 | 2017 |
| | \$'000 | \$'000 |
| Balance at 1 April | (3,885) | (4,917) |
| Changes in fair value of cash flow hedges | 2,257 | 1,032 |
| Balance at 31 March | (1,628) | (3,885) |

Asset revaluation reserve

The revaluation reserve relates to the revaluation of property, plant and equipment.

| | | |
|--|---------------|---------------|
| Balance at 1 April | 73,159 | 2,108 |
| Net change in fair value of properties | 11,018 | 71,051 |
| Balance at 31 March | 84,177 | 73,159 |



20. RESERVES (CONTINUED)

Foreign currency translation reserve

The foreign currency translation reserve relates to the translation of subsidiary's accounts.

| | Consolidated | |
|--|----------------|-------------|
| | 2018 | 2017 |
| | \$'000 | \$'000 |
| Balance at 1 April | (17) | (341) |
| Net change in fair value of foreign currency translation reserve | (1,355) | 324 |
| Balance at 31 March | (1,372) | (17) |

Employee equity benefit reserve

The employee equity benefit reserve relates to option fees payable for executive options granted pursuant to the Company's long term incentive plan.

| | | |
|---|------------|------------|
| Balance at 1 April | 154 | 154 |
| Net change in fair value of employee equity benefit reserve | - | - |
| Balance at 31 March | 154 | 154 |

21. REVENUE

| | | |
|--------------------------------|----------------|----------------|
| Cattle sales | 127,982 | 109,988 |
| Change in livestock fair value | 12,223 | 42,333 |
| Other revenue | 245 | 984 |
| Balance at 31 March | 140,450 | 153,305 |

22. OTHER INCOME

| | | |
|---|------------|--------------|
| Sundry income | 439 | 931 |
| Rental income from property subleases | - | 371 |
| Gain on disposal of plant and equipment | 32 | - |
| Balance at 31 March | 471 | 1,302 |

23. OTHER EXPENSES

| | | |
|---|---------------|---------------|
| Corporate and administrative expenses | 7,401 | 7,275 |
| Fuel | 1,096 | 1,216 |
| Loss on disposal of plant and equipment | - | 479 |
| Operating lease | 970 | 934 |
| Transport expenses | 7,081 | 13,451 |
| Balance at 31 March | 16,548 | 23,355 |



24. FINANCE INCOME AND FINANCE COSTS

| | Consolidated | |
|--|-----------------|-----------------|
| | 2018 | 2017 |
| | \$'000 | \$'000 |
| Interest income on bank deposits | 74 | 209 |
| Finance income | 74 | 209 |
| Interest expense on financial liabilities measured at amortised cost | (11,968) | (14,093) |
| Bank charges | (1,791) | (1,149) |
| Net foreign exchange loss | (815) | (296) |
| Finance costs | (14,574) | (15,538) |
| Net finance costs recognised in profit or loss | (14,500) | (15,329) |

25. INCOME TAXES

(a) Amounts recognised in profit or loss

| | | |
|--|------------|--------------|
| Current year | 958 | 5,136 |
| Total current tax expense / benefit | 958 | 5,136 |

Deferred tax expense/(benefit)

| | | |
|--|----------------|---------------|
| Origination and reversal of temporary differences | 4,583 | 16,354 |
| Under/(over) provision for income tax in prior year | (6,087) | 36 |
| Change in recognised deductible temporary differences | (1,504) | 16,390 |
| Total income tax expense/(benefit) on continuing operations | (547) | 21,526 |

(b) Amounts recognised in other comprehensive income

| | | |
|--|-------|--------|
| Tax expense/(benefit) recognised in other comprehensive income | 5,093 | 31,429 |
|--|-------|--------|

(c) Numerical reconciliation between tax expense and prima facia tax payable:

| | | |
|---|--------------|---------------|
| Profit/(loss) for the year | 10,330 | 37,066 |
| Total income tax expense/(benefit) | (547) | 21,526 |
| Profit/(loss) for the year before income tax | 9,784 | 58,592 |

Prima facie tax payable - tax at the Australian tax rate - on profit/(loss) before income tax at 30% (2017: 30%):

| | | |
|--|--------------|---------------|
| | 2,935 | 17,578 |
| <i>Add Tax effect of:</i> | | |
| Non-deductible expenses | 2,924 | 26 |
| Tax exempt income | - | 3,886 |
| Tax rate differential | (319) | - |
| Under/(over) provision for income tax in prior years | (6,087) | 36 |
| Total income tax expense/(benefit) | (547) | 21,526 |



(d) Tax consolidation

Lake Woods Holdings Pty Limited and its 100% owned subsidiaries are a tax consolidated group. Members of the tax consolidated group have entered into a tax sharing arrangement in order to allocate income tax expense to the wholly-owned subsidiaries based on individual tax obligations. In addition, the agreement provides for the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations. At the reporting date, the possibility of default is remote. The head entity of the tax consolidated group is Lake Woods Holdings Pty Limited.

26. AUDITOR'S REMUNERATION

| | Consolidated | |
|---|--------------|------------|
| | 2018 | 2017 |
| | \$'000 | \$'000 |
| Audit services | | |
| <i>Auditors of the company - KPMG Australia</i> | | |
| Audit of financial statements | 112 | 116 |
| 112 | 112 | 116 |
| <i>Other Auditors</i> | | |
| Audit of subsidiaries financial statements | 26 | 26 |
| 26 | 26 | 26 |
| Total Auditors' remuneration | 138 | 142 |
| Other non-audit services | | |
| KPMG Australia | 34 | - |
| Other KPMG firms | 1,176 | - |
| 1,210 | 1,210 | - |

27. RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES

| | | |
|--|--------------|--------------|
| Cash flows from operating activities | | |
| Profit/(loss) for the period | 10,330 | 37,066 |
| <i>Adjustments for:</i> | | |
| Depreciation | 7,069 | 6,604 |
| (Gain)/loss on sale of property, plant and equipment | (32) | 479 |
| (Revaluation)/write down of properties and investments | (2,570) | (30,840) |
| (Increment)/decrement in net market value of livestock | (12,223) | (28,076) |
| Tax expense/(benefit) | (547) | 21,526 |
| 2,028 | 2,028 | 6,759 |
| Change in trade and other receivables | 590 | 5,318 |
| Change in inventories and livestock assets | (4,568) | 2,046 |
| Change in other assets | (1,671) | 2,771 |
| Change in trade and other payables | 9,296 | (14,270) |
| Change in employee benefits | (428) | (54) |
| Change in deferred income | (5,109) | (78) |
| Net cash from operating activities | 139 | 2,493 |



28. COMMITMENTS

(a) Future minimum lease payments under non-cancellable operating leases are as follows:

Leased plant and equipment:

| | Consolidated | |
|---|--------------|------------|
| | 2018 | 2017 |
| | \$'000 | \$'000 |
| Not later than one year | 190 | 124 |
| Later than one year but not later than five years | 198 | - |
| Later than five years | - | - |
| Total leased land and buildings | 388 | 124 |

Property, plant and equipment lease rental payments are generally fixed.

(b) Capital commitments

The Group did not have any capital commitments at year end. (2017: Nil)

29. CONTINGENCIES

During the normal course of business, the Group is involved in legal claims and litigations. There is significant uncertainty as to whether a future liability will arise in respect of these items. The amount of liability, if any, which may arise cannot be measured reliably at this time. The Directors are of the opinion that all known liabilities have been brought to account and that adequate provision has been made for any anticipated losses.

30. RELATED PARTIES

| | Country of incorporation | Ownership interest (%) |
|--|--------------------------|------------------------|
| Parent entity | | |
| Lake Woods Holdings Pty Limited | Australia | 100 |
| Significant subsidiaries | | |
| Lake Woods Group Pty Limited | Australia | 100 |
| Lake Woods Acquisitions Pty Limited | Australia | 100 |
| Consolidated Pastoral Company Pty Limited | Australia | 100 |
| Consolidated Pastoral Property Pty Limited | Australia | 100 |
| Baines River Cattle Company Pty Limited | Australia | 100 |
| Laverton Nominees Pty Limited | Australia | 100 |
| Crosswalk Pty Limited | Australia | 100 |
| CPC (China) Holdings Pty Limited | Australia | 100 |
| CPC (SE Asia) Pty Limited | Australia | 100 |
| PT Juang Jaya Abdi Alam | Indonesia | 80 |



30. RELATED PARTIES (CONTINUED)

| Balances with related parties: | Company | |
|--|-----------------|-----------------|
| | 2018 | 2017 |
| | \$'000 | \$'000 |
| Investments | | |
| Lake Woods Group Pty Limited | 95,846 | 95,846 |
| | 95,846 | 95,846 |
| Loans to/(from) related parties | | |
| Lake Woods Group Pty Limited | 428,970 | 390,919 |
| Lake Woods Acquisitions Pty Limited | (16,650) | (16,652) |
| Baines River Cattle Company Pty Limited | (1,414) | (1,409) |
| Consolidated Pastoral Company Pty Limited | (90,106) | (85,476) |
| Consolidated Pastoral Property Pty Limited | (239) | (239) |
| CPC (SE Asia Pty Ltd | (23) | (23) |
| Crosswalk Pty Limited | (23) | (23) |
| Laverton Nominees Pty Limited | - | (26) |
| | 320,515 | 287,071 |
| Transactions with related parties: | | |
| Interest income - Lake Woods Group Pty Limited | (19,025) | (19,025) |
| | (19,025) | (19,025) |

Loans are made by the parent entity to wholly owned subsidiaries. The loans are repayable on demand. The parent entity does not expect to call these loans within the next 12 months.

Loans between Lake Woods Holdings Pty Limited, Lake Woods Group Pty Limited, Lake Woods Acquisitions Pty Limited and Consolidated Pastoral Company Pty Limited are interest bearing at 7% per annum on the principal amount outstanding at year end. The principal sum may be repaid in whole or in part by the Borrower at any time. The Borrower will repay the Principal Sum to the Lender on the date that is 9 years and 11 months from the date of the agreement or on receipt of a written demand from the Lender (which ever is earliest to occur) together with all interest accrued on the Principal Sum as at the date of repayment.

RECLASSIFICATION OF PRIOR YEAR PRESENTATION

Certain prior year amounts have been reclassified for consistency with the current year presentation. These reclassifications had no effect of the reported results of operations. Adjustments have been made to the 31 March 2017 balance of Interest income - Lake Wood Groups Pty Ltd of (\$19,018,214).

ULTIMATE CONTROLLING PARTY

Lake Woods Holdings Pty Limited considers Terra Firma Holdings Limited, a Guernsey registered company, to be the ultimate parent company.

KEY MANAGEMENT PERSONNEL COMPENSATION

Key management personnel compensation was \$ 1,456,000 for the year ended 31 March 2018 (31 March 2017: \$1,309,000).



31. DEED OF CROSS GUARANTEE

Pursuant to ASIC Corporations (Wholly owned Companies) Instrument 2016/785 the wholly-owned subsidiaries listed below are relieved from the Corporations Act 2001 requirements for preparation, audit and lodgement of financial reports, and Directors' reports.

It is a condition of the Instrument that the Company and each of the subsidiaries enter into a Deed of Cross Guarantee. The effect of the Deed is that the Company guarantees to each creditor payment in full of any debt in the event of winding up of any of the subsidiaries under certain provisions of the Corporations Act 2001. If a winding up occurs under other provisions of the Act, the Company will only be liable in the event that after six months any creditor has not been paid in full. The subsidiaries have also given similar guarantees in the event that the Company is wound up.

The subsidiaries subject to the Deed are:

- Lake Woods Group Pty Limited
- Lake Woods Acquisitions Pty Limited
- Consolidated Pastoral Company Pty Limited

Lake Woods Group Pty Limited became a party to the Deed on 21 February 2017, by virtue of a Deed of Assumption.

Lake Woods Acquisitions Pty Limited became a party to the Deed on 21 February 2017, by virtue of a Deed of Assumption.

Consolidated Pastoral Company Pty Limited became a party to the Deed on 21 February 2017, by virtue of a Deed of Assumption.

A consolidated statement of comprehensive income and consolidated statement of financial position, comprising the Company and controlled entities which are a party to the Deed, after eliminating all transactions between parties to the Deed of Cross Guarantee, for the year ended 31 March 2018 is set out as follows:

| | 31 Mar 2018 | 31 Mar 2017 |
|---|----------------|----------------|
| | \$'000 | \$'000 |
| Revenue | 79,541 | 121,611 |
| Cost of Sales | (70,882) | (79,213) |
| Operating Expenses | 7,605 | (261) |
| Revaluation of properties | 2,570 | 30,840 |
| Finance income | 60 | 196 |
| Finance costs | (12,810) | (14,721) |
| Profit before tax | 6,084 | 58,452 |
| Tax Expense | 1,505 | (21,357) |
| Profit after tax | 7,589 | 37,095 |
| Items that will never be reclassified to profit or loss | | |
| Fair value revaluation of properties | 6,917 | 98,321 |
| Items that are or may be reclassified to profit or loss | | |
| Changes in fair value of cash flow hedges | 2,257 | 1,032 |
| Other comprehensive income/(loss) for the year, net of tax | 9,175 | 99,353 |
| Total comprehensive income/(loss) for the year | 16,764 | 136,448 |
| Retained earnings at beginning of year | 137,947 | 73,148 |
| Transfers to and from reserves | 2 | 27,704 |
| Retained earnings at end of year | 145,539 | 137,947 |



31. DEED OF CROSS GUARANTEE(CONTINUED)

| | 31 Mar 2018 | 31 Mar 2017 |
|--------------------------------------|----------------|----------------|
| | \$'000 | \$'000 |
| Assets | | |
| Cash and cash equivalents | 3,370 | 4,818 |
| Trade and other receivables | 6,420 | 17,603 |
| Livestock assets | 122,718 | 115,236 |
| Inventories | 879 | 610 |
| Prepayments | 17,479 | 17,278 |
| Total current assets | 150,866 | 155,545 |
| Other assets | 21,568 | - |
| Livestock assets | 200,952 | 192,064 |
| Property, plant and equipment | 503,456 | 496,260 |
| Other investments | 27,000 | 27,000 |
| Total non-current assets | 752,976 | 715,324 |
| Total assets | 903,842 | 870,869 |
| Liabilities | | |
| Trade and other payables | 14,224 | 16,971 |
| Loans and borrowings | - | 125 |
| Employee benefits | 620 | 476 |
| Total current liabilities | 14,844 | 17,572 |
| Loans and borrowings | 227,000 | 211,000 |
| Employee benefits | 420 | 408 |
| Deferred tax liabilities | 68,502 | 65,579 |
| Total non-current liabilities | 295,922 | 276,987 |
| Total liabilities | 310,766 | 294,559 |
| Net assets | 593,076 | 576,310 |
| Equity | | |
| Share capital | 368,935 | 368,935 |
| Reserves | 78,602 | 69,428 |
| Retained earnings | 145,539 | 137,947 |
| Total equity | 593,076 | 576,310 |



32. PARENT ENTITY DISCLOSURES

As at, and throughout the financial year ending, 31 March 2018, the parent entity of the Group was Lake Woods Holdings Pty Limited.

| | Company | |
|--|----------------|-----------------|
| | 31 Mar 2018 | 31 Mar 2017 |
| Results of the parent entity | \$'000 | \$'000 |
| Profit for the year | 32,551 | (17,465) |
| Other comprehensive income | - | - |
| Total comprehensive income for the year | 32,551 | (17,465) |
| Financial position of parent entity at year end | | |
| Total current assets | 175 | 166 |
| Total assets | 545,248 | 507,189 |
| Total current liabilities | (900) | - |
| Total liabilities | (109,339) | (103,831) |
| Net assets | 435,909 | 403,358 |
| Equity | | |
| Share capital | 368,935 | 368,935 |
| Reserves | (31,345) | (31,345) |
| Retained earnings | 98,319 | 65,768 |
| Total equity | 435,909 | 403,358 |

RECLASSIFICATION OF THE PRIOR YEAR PRESENTATION

Certain prior year amounts have been reclassified for consistency with the current year presentation. These reclassifications had no effect of the reported results of operations.

33. SUBSEQUENT EVENT

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Group, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group, in future financial years.



DIRECTORS' DECLARATION

In the opinion of the directors of Lake Woods Holdings Pty Limited ("the Company"):

- (a) the Company is not publicly accountable;
- (b) the consolidated financial statements and notes, set out on pages 67 to 97, are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the Group's financial position as at 31 March 2018 and of its performance, for the financial year ended on that date;
 - (ii) complying with Australian Accounting Standards - Reduced Disclosure Regime and the Corporations Regulations 2001; and
- (c) There are reasonable grounds to believe that the Company and the group entities identified in Note 31 will be able to meet any obligations or liabilities to which they are or may become subject to by virtue of the Deed of Cross Guarantee between the Company and those group entities pursuant to ASIC Corporations (Wholly owned Companies) Instrument 2016/785.

Signed in accordance with a resolution of directors.

MARK BAHEN

Director

Brisbane

Dated this 21st day of May 2018

INDEPENDENT AUDIT REPORT



Independent Auditor's Report

To the members of Lake Woods Holdings Pty Limited

Opinion

We have audited the **Financial Report** of Lake Woods Holdings Pty Limited (the "Company").

In our opinion, the accompanying Financial Report of the Company is in accordance with the Corporations Act 2001, including:

- giving a true and fair view of the **Group's** financial position as at 31 March 2018 and of its financial performance for the year ended on that date; and
- complying with Australian Accounting Standards-Reduced Disclosure Requirements and the Corporations Regulations 2001.

The **Financial Report** comprises:

- Consolidated statement of financial position as at 31 March 2018;
- Consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity, and consolidated statement of cash flows for the year then ended;
- Notes including a summary of significant accounting policies; and
- Directors' Declaration.

The **Group** consists of the Company and the entities it controlled at the year-end or from time to time during the financial year.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 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 fulfilled our other ethical responsibilities in accordance with the Code.

Other Information

Other Information is financial and non-financial information in the Group's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

The Other Information we obtained prior to the date of this Auditor's Report was the Director's Report for the year ended 31 March 2018.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we 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.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- preparing the Financial Report that gives a true and fair view in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and the Corporations Act 2001;
- implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and
- assessing the Group's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they 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 objective is:

- 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 Australian Auditing Standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They 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.

A further description of our responsibilities for the audit of the Financial Report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar3.pdf This description forms part of our Auditor's Report.

KPMG

Stephen Board
Partner

Brisbane
21 May 2018



CONTACT INFORMATION

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The report complies with the Guidelines for Enhanced Disclosure by
Portfolio Companies, issued by the Private Equity Reporting Group.

