

DUXTON FARMS LIMITED 2022 JUNE ANNUAL REPORT

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CORPORATE DIRECTORY

Executive Chairman
Edouard Peter

Non-Executive Director
Stephen Duerden

Independent Non-Executive Directors
Mark Harvey
Wade Dabinett
Dr Amanda Rischbieth

Company Secretary
Katelyn Adams

Principal and Registered Office
7 Pomona Road
Stirling SA 5152
Telephone: (08) 8130 9500
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Legal Advisors
Cowell Clarke
63 Pirie Street
Adelaide SA 5000

Share Registry
Computershare

Auditors
Grant Thornton Audit Pty Ltd
Level 3, 170 Frome Street
Adelaide SA 5000

Computershare Investor Services
Level 5, 115 Grenfell Street
Adelaide SA 5000

Stock Exchange Listing
Australian Securities Exchange
Share Code: DBF

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CHAIRMAN’S LETTER TO SHAREHOLDERS

30th August 2022

Dear Shareholder,

It gives me great pleasure to present the 2022 Annual Report for Duxton Farms Limited (“**Duxton Farms**” or “**Company**”).

Back in February when I wrote my address to shareholders, I described the year as having had an “interesting” start; we had started with decent growing conditions, a record amount of land under cultivation, and favourable market conditions. This was followed by arguably the wettest end to a winter cropping cycle in twenty years and some of the worst flooding in recent memory.

Unfortunately, in these conditions our winter harvest was heavily impacted both in terms of the quantity we produced and the quality our produce was graded at, with 96 percent of our grain coming in below our base grade. On the other hand, while unfortunately not enough to completely mitigate the damage caused to the winter crop, our livestock and summer cropping programmes have both performed well and have been important stabilising forces within the business.

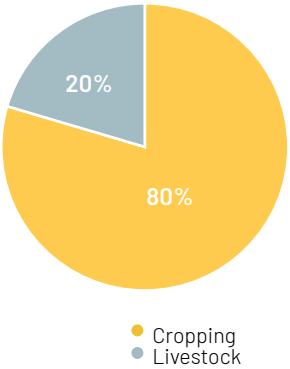
In spite of disappointing operating results, I have to commend our Operations Team led by Bryan Goldsmith. Fundamentally, they cannot control the weather, and the professionalism, care, and resolve with which they conduct their roles continues to impress both in good years and in challenging ones, and the efficiency and resilience of the business, which has developed not in spite of difficult conditions but because of them, is a direct result of their work.

Taking a step back from the current season, the exceptional uplift in land values we have experienced as our original thesis played out has resulted in a very robust balance sheet with a solid asset base and low gearing. This, along with our highly competent team provides an excellent platform upon which we can strategically expand and diversify our exposure to the Australian agricultural sector. My goal for the 2022 financial year was to prepare the Company for a strategic shift that is now well underway, and which I am confident will continue to benefit our stakeholders and create reliable economic returns for our investors that can be sustained over a long investment horizon.

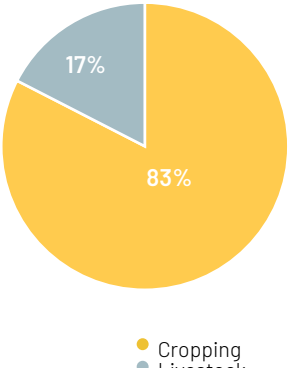
FINANCIAL PERFORMANCE

As mentioned above, the Company’s financial performance was severely impacted by difficulties around harvesting this year’s crop. As a result, for the Financial Year ended 30 June 2022 Duxton Farms reported a net loss after tax of \$3,167,198 (FY2021: net profit of \$1,405,884). Despite this, the underlying value created for the shareholder has been, in my view, exceptional, as after revaluations for gains on property the Company recorded total comprehensive income of \$22,397,064 for the period (FY2021: \$14,435,678).

FY2022 REVENUE CONTRIBUTION
BY SEGMENT



FY2021 REVENUE CONTRIBUTION
BY SEGMENT



Value creation since listing (\$'000)	2018	2019	2020	2021	2022
Appreciation of land value	7,084	2,193	5,096	17,796	34,561
Appreciation of water value	237	1,290	859	1,940	501
Net profit/(loss) after tax	(420)	(1,115)	(1,466)	1,406	(3,167)
Aggregate value creation	7,222	2,368	4,489	21,142	31,895
Cumulative value creation	7,222	9,590	14,079	35,221	67,116

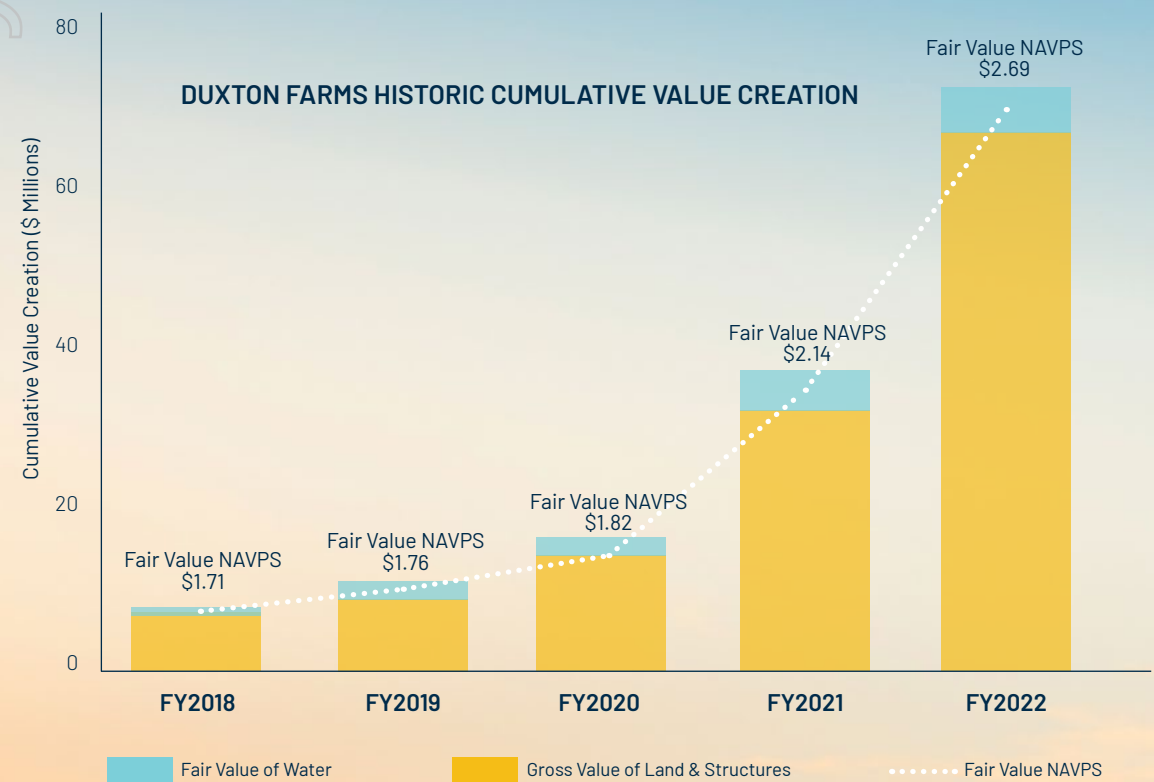
This uplift brings the Company’s statutory Net Asset Value per share (“NAVPS”) to \$2.58 (FY2021: \$2.03), while fair value NAVPS (that is, statutory NAV accounting for the fair value of water entitlements as determined by independent valuer LAWD) increased by 26 percent year-on-year to \$2.69. I am delighted with this result, as it marks the fifth consecutive year of growth in the Company’s net assets, over which period fair value NAVPS has increased by over 57 percent. I do, of course, recognise that there remains a gap between this figure and the current share price, and would like to assure you that we are working to implement several strategies which I believe will unlock significant value for our investors. While we did not pay out a dividend this year, we were able to organise for the Company to repurchase and cancel nearly 4 percent of shares on issue at an average price of \$1.73 per share.

OPERATIONS AND LAND STRATEGY

The cropping strategy was designed to emphasise exposure to canola, while keeping wheat and barley production generally stable. For our major winter crops, we increased the area planted to canola by over 600% relative to the previous year, while the areas planted to wheat and barley were reduced by a quarter and raised marginally by around 5 percent respectively.

In many ways, this year was the reverse of the 2020/21 season, in that we suffered poor operating conditions against an improving business environment. Our local Bureau of Meteorology station received more rain over the season than in 2017, 2018 and 2019 combined, landing the 12 months to June 30 in the 95th percentile for the Forbes region in terms of total rainfall. This not only caused crop losses due to inundation and waterlogging, but delayed our harvest by about six weeks, resulting in quality downgrades across our winter crop. With a smaller-than-expected crop graded at only feed quality, we were unable to capitalise on grain price movements to the fullest extent.

The Company did not make any acquisitions or disposals this year, with land and water assets remained broadly stable as our focus was centred squarely mitigating the impacts of flooding in the Lachlan Valley on our portfolio. As mentioned above, the Operations Team continues to do an excellent job in maintaining the Company’s assets to the highest possible standard, and putting the land to its highest and best use in a manner that balances the Company’s economic realities with its environmental objectives.



SUSTAINABILITY

Sustainability has a very specific, defined meaning for Duxton Farms: we need to be able to operate our business in a manner that does not sacrifice future performance in exchange for easy outcomes now. This extends to all corners of the business, and we seek to create positive outcomes for all of our stakeholders, including members of our workforce, our suppliers, our customers, and the members of the communities in which we operate.

As an agricultural producer, Duxton Farms' focus is on environmental sustainability. Fundamentally, we view ourselves as custodians of our assets, meaning that wherever possible, we take care to ensure that our cultivation of the land does not preclude future generations from doing the same. The Environmental, Social and Governance Subcommittee Chaired by Dr Amanda Rischbieth has been working to trial and implement methodologies and technologies which support improved environmental management in broadacre farming, and has already succeeded in benchmarking the Company's emissions profile for Scope 1 and 2 emissions, with data collection for Scope 3 emissions analysis currently underway.

OUTLOOK

The 2022/23 season has had a very wet start, and we are looking at another year operating with a reduced winter cropping programme. We have not been able to plant as many hectares to our traditional mix of cereal crops, although we are looking to supplement this with other crops such as safflower. On the flip side, we are hoping to plant significantly more cotton this year, which we expect to leverage full water storages on-farm and in-system, and full soil moisture (although I note that this is a bit of an understatement at the moment).

Those of you who have been with us a while, or who have experience in our sector, will be familiar with the volatility associated with dryland cropping. My core focus this last year has been to prepare the Company for change; my focus for the 2023 Financial Year will be to put our balance sheet to work in expanding and diversifying our business. We have already begun delivering investors exposure to new subsectors of Australian agriculture, as seen with our investment in Duxton Bees Pty Ltd, a growing apiary business which aims to become a driving force in developing and consolidating its industry. There are plenty of other opportunities which we hope to bring to investors in due course, and I believe that Duxton Farms is exceptionally well positioned to facilitate the kind of investment that can have a genuinely meaningful impact in Australian agriculture.

For now, I can confidently say that I believe the long-term outlook for Australian agriculture generally, and for Duxton Farms specifically, is exceptionally bright, and we look forward to bringing our vision for the future into reality.

As always, on behalf of my fellow Directors, I would like to thank you for investing with us.

Kind Regards,
Ed Peter

DIRECTORS REPORT FOR THE YEAR ENDED 30 JUNE 2022

The Directors of Duxton Farms Limited submit herewith their report, together with the financial report of Duxton Farms Limited (the Company) for the year ended 30 June 2022. In order to comply with the provisions of the Corporations Act 2001, the directors report is as follows:

DIRECTORS

The names of the Directors of the Company that held office during or since the end of the financial year are:

Mr Stephen Duerden

Mr Edouard Peter

Mr Mark Harvey

Mr Wade Dabinett

Dr Amanda Rischbieth

The above named directors held office during the whole of the financial year and since the end of the financial year.

The office of company secretary is held by Mrs Katelyn Adams.

REMUNERATION OF KEY MANAGEMENT PERSONNEL

Information about the remuneration of key management personnel is set out in the remuneration report section of this directors' report. The term 'key management personnel' refers to those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any director (whether executive or otherwise) of the Company.

PRINCIPAL ACTIVITIES

The principal activities of the Company during the financial year were the sowing and harvesting of dryland and irrigated crops, infrastructure maintenance and upgrades, trading and breeding of livestock and sale of grains, pulses and lucerne.

REVIEW OF OPERATIONS

The yields and crop quality for the 2022 winter crop were impacted heavily by wet conditions, which has had a direct impact on the Company’s gross profit. Duxton Farms recorded total winter crop production of 37,241 tonnes, compared with 60,470 tonnes in 2021, although it should be noted that most of the Company’s grain was graded below our base grade expectation. The canola crop was the highlight of the winter cropping programme, as Duxton Farms produced a canola crop that was both larger than expected and entirely graded at or above expectations, which mitigated losses to some extent as the Company was able to capitalise on high canola prices, which peaked around May at nearly triple the pre-pandemic level.

As at June 30 2022, the season’s cotton crop was in reasonable condition despite some minor losses due to inundation. The portfolio’s high soil moisture content and replenished water supplies allowed the Company to increase the area planted to cotton to 242 hectares, up from 165 hectares last year. Wet weather delayed harvest into the 2023 financial year, meaning that while inputs for the crop were expensed this year, revenue will not be realised until the next reporting period. Pricing is currently strong, with bales being sold for just under \$675 on average.

Livestock numbers remained fairly stable throughout the season, as did revenues from cattle, sheep, and wool sales. Protein prices have been fairly volatile as the global market has eased generally, but pockets of dislocated supply and demand remain due to logistical issues. The prospect of a Foot and Mouth Disease outbreak also weighed on pricing, although the Directors note that Duxton Farms has robust biosecurity and disease control policies in place to mitigate an outbreak should one occur.

FINANCIAL OVERVIEW

The Company’s net loss after tax for the yer per the Financial Statements amounted to \$3.167 million (2021 profit: \$1.406 million). The net assets value (NAV) of the Company as at 30 June 2022 is \$107,698 million or \$2.58 per share (2021: \$87.254 million or \$2.03 per share), producing a 27% increase in statutory NAVPS after the Company’s stock repurchases.

Key metrics	2022	2021
Profit/(Loss) attributable to owners of the company	(\$3.167m)	\$1.406m
Basic earnings per share	(\$0.0758)	\$0.0328
Dividends paid	-	\$2.660m
Dividends per share	-	\$0.0620
Share price (at 30 June)	\$1.785	\$1.370
Return on capital employed	(\$0.0785)	\$0.0388

FINANCIAL OVERVIEW

TOTAL COMPREHENSIVE INCOME
 \$22,397,064

STATUTORY NAV
 \$2.57

FAIR VALUE NAV
 \$2.69

Value of land assets
 INCREASED BY
 39%

Fair value of water assets
 INCREASED BY 4%

ROBUST BALANCE SHEET
 90% OF TOTAL ASSETS comprised of land and water assets

30 June 2022	Per Company Statement of Financial Position \$'000	Per Fair Market Value ⁽¹⁾ \$'000	Variance \$'000
Assets			
Permanent water entitlements	8,221	13,368	5,147
Net other assets	99,372	99,372	-
Total net assets	107,593	112,740	5,147
Net asset value per share*	\$2.57	\$2.69	\$0.11

30 June 2021	Per Company Statement of Financial Position \$'000	Per Fair Market Value ⁽¹⁾ \$'000	Variance \$'000
Assets			
Permanent water entitlements	8,215	12,861	4,646
Net other assets	79,039	79,039	-
Total net assets	87,254	91,900	4,646
Net asset value per share	\$2.03	\$2.14	\$0.11

(1) The independent valuer employs a market valuation approach to determine a Fair Market Value which draws on publicly available water trade data from the relevant state water registers as well as analysis of trade data obtained from market intermediaries to calculate a dollar per ML volume weighted average price for each entitlement and allocation type. The Fair Market Value is not in accordance with the recognition and measurement requirements of the Australian Accounting Standards in relation to the Company’s water assets. Therefore, increases in the Fair Market Value of water assets are not reported in the statutory accounts.

The impairment incurred from the West Plains and Lenborough acquisitions last year were also reversed, producing a \$971,000 benefit for the Company.

* 1,749,992 shares bought back during the year which were cancelled.

MARKET OVERVIEW

Global grain and livestock markets have been very volatile over the past 12 months, with prices in agricultural markets having been impacted by a number of operational, political and economic issues. Generally speaking, global price levels remain elevated in nominal terms as the monetary response to the COVID-19 pandemic increased the amount of broad money in the market, contributing as an inflationary pressure in the market. Against this backdrop, production issues for grains and oilseeds in the Northern Hemisphere, coupled with global supply chain issues decreased the aggregate supply of many key agricultural staples in an already tight market, which underpinned significant price increases in the first half of the financial year.

This was exacerbated by the conflict in Ukraine from the end of February, as two of the world’s major grain producers and exporters were engaged in a major armed conflict, diverting and reducing labour and capital resources, and causing significant damage to transportation and storage infrastructure in Ukraine.

This caused substantial volatility in wheat, corn and barley markets. Volatility in the domestic market was partially mitigated by the large 2021 winter crop, and as such, Australian prices did not experience the same uplift as in other markets, causing a large dislocation between pricing, which at some points were as much as 30 percent higher in the USA than in Australia. Due to issues with global logistics, Australia remained dislocated from global pricing with the difference in prices for Port Kembla Zone wheat and CBOT-listed wheat futures contracts reaching nearly AU\$180/t in the aftermath of the Russian invasion of Ukraine. Pricing in New South Wales was further impacted by the huge strain on the state’s logistics systems after damage to key processing and transportation infrastructure, meaning that the Company was not able to participate in the prices obtained in, say, South Australia or Western Australia.

The Reserve Bank of Australia began raising interest rates rapidly in April 2022, with the cash rate target moving from 10 to 185 basis points in less than four months.

The Company's interest costs did increase in the 2022 financial year, partially as a result of rate increases, and partially as a result of having taken on slightly more debt overall. Given the Duxton Farms' gearing currently sits at 24 percent of total tangible assets, the Board is not concerned with the Company's level of debt or its interest expenses at this time.

FUTURE DEVELOPMENTS

There are no future developments to report on that aren't covered elsewhere in this report.

CHANGES IN STATE OF AFFAIRS

There were no significant changes in the state of affairs of the Company during the financial year.

SUBSEQUENT EVENTS

The Company harvested its 2022 cotton crop successfully after the end of the financial year, revenue for this will be reported on in the next financial year.

Since the end of the financial year banking facilities with CBA have been reviewed resulting in an increase in available facilities of \$6,000,000 and overdraft limit increasing by \$2,000,000 to \$10,000,000.

ENVIRONMENTAL REGULATION

The operations of the Company are not subject to any particular or significant environmental regulation under a law of the Commonwealth or of a State or Territory. Water usage for irrigation and domestic purposes are regulated by the Water Management Act 2000. There have been no known breaches of any environmental requirements applicable to the Company.

SUSTAINABILITY

Duxton Farms is an agricultural producer with long-dated investment horizons; as such, our ability to generate long economic returns in the long run is fundamentally underpinned by the health of the physical and social environments that we cultivate, and by our operational excellence. For businesses like ours, sustainable practices, particularly as they relate to the environment, are a necessity. Investors should know that the Company remains committed to ensuring that we maintain our assets to the highest standards in order to ensure that they are productive and optimised into perpetuity. Further, we will continue to efficiently invest resources into reducing our wider environmental footprint overall and with the intention that we do our part to contribute to the development of the Australian agricultural sector and in reducing our own carbon footprint over time.

Duxton Farms has employed many sustainability-related initiatives applicable to large-scale broadacre farming simply as a matter of best practice in order to optimise soil health and to balance productivity with environmental impact. The Company has, for some time, been rotating its crop schedule in a manner which achieves scale in production but supports soil health, using minimum-till farming, laser-levelled irrigation, planting perennial forage crops, and ensuring that crop waste and detritus is used on-farm for productive purposes.

As long-term investors will know, Duxton Farms has seen its fair share of difficult and extreme weather conditions, and the Board remains conscious of the potential long-term material impact that climate change may have on the Company's operations, on staff, suppliers, and the communities in which it operates, and its broader stakeholders. With that front of mind and with regard to climate physical risk specifically, while Duxton Farms is able to quickly adjust its cropping mix season-by-season to adapt to changing short-term climatic conditions, it is conscious of the risk long-term anthropogenic climate change poses to the agriculture sector in Australia. The ESG Subcommittee chaired by Dr Amanda Rischbieth regularly assesses climate risk (both physical and transition risk) and has a standing mandate to discuss, analyse and recommend actions to the Board.

To this end, over the past financial year, the Company has sought to improve its performance and reporting practices when it comes to environmental sustainability. Leveraging the size of our landholdings, the Company has partnered with several private Companies, universities, and public bodies to assist in trialling and developing new technologies and methods to both seek to improve the standard of agricultural production in Australia, and contribute to developing the country's carbon accounting and crediting system and soil carbon sequestration opportunities. The Board believes these pursuits will place Duxton Farms on the forefront of the broadacre cropping industry's attempts to integrate with the Clean Energy Regulator's carbon sequestration, avoidance, and abatement methodologies, and establish Duxton Farms as a leader in listed agriculture.

On the reporting front, the Duxton Farms Board has worked with an independent third-party consultant to baseline its emissions profile, which will inform business practices moving forward. The Company has also begun the process to conduct a full risk assessment

according to the standards outlined by the Task Force on Climate-Related Financial Disclosures ("TCFD") and aims to align its reporting to these guidelines and recommendations in the near future. Finally, Duxton Farms is in the process of outlining its objectives within the UN Sustainable Development Goal framework, which will feature specific metrics and timeframes to be evaluated openly and transparently. While the Board believes that Duxton Farms has a fairly comprehensive understanding of its environmental goals, participation in the UN Sustainable Development Goals framework helps identify key areas for improvement when it comes to the Company's social responsibilities.

Our experienced ESG Sub-committee with its international linkages has the capability to keep across the latest in sustainability best practice and the fast-moving changes in regulations and reporting.

DIVERSITY POLICY

Duxton Farms is committed to creating and maintaining a workplace that encourages a varied mix of people and skillsets. The Company's Diversity Policy states that diversity is a complex and multifaceted concept which goes beyond issues of gender, ethnicity, or race. The Company seeks to create a working environment that is free of any type of prejudice related to these factors, and to factors such as age, physicality, sexuality, marital or family status, or religious or cultural background. We also aim to align with the Diversity Council of Australia in working towards best practice in diversity and inclusion.

Increasing female participation in the Company is a focus for the Directors; female representation at the Board level is at 20 percent, not including Ms Katelyn Adams, who performs the role of Company secretary. In addition the ESG Subcommittee has been laying the groundwork for a programme that will aim to advance a sponsored cadet program for interested rural post graduate students with a variety of backgrounds, interests, and skillsets on-farm. The Board believes this programme will contribute to the Company address the challenge in increasing female representation on-farm, whilst also broadening and deepening the Company's core competencies and succession planning.



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DIVIDENDS

On the 30th of June 2021 the Company announced it would pay an unfranked dividend of 6.2 cents per share, which was distributed to shareholders on the 30th of July 2021. No dividend is being declared in relation to the 2022 Full Year result.

INDEMNITIES AND INSURANCE OF OFFICERS

The Company has agreed to indemnify all of the Directors of the Company against all liabilities to another person that may arise from their position as Directors of the Company except where the liability arises out of conduct involving lack of good faith.

The agreement stipulates that the Company will meet the future amount of any such liabilities, including costs and expenses.

The Company has insurance premiums relating to the following:

- Costs and expenses incurred by the relevant officers in defending proceedings, whether civil or criminal and whatever their outcome;
- Other liabilities that may arise from their position, with the exception of conduct involving a wilful breach of duty or improper use of information or position to gain a personal advantage.

The Investment Manager is responsible for effecting and maintaining professional indemnity insurance, fraud and other insurance as are reasonable having regard to the nature and extent of the Investment Manager's obligations under the Investment Management Agreement.

Provided that the Investment Manager has complied with the Investment Management Agreement, it will not be liable for any loss incurred by the Company in relation to the investment portfolio. The Investment Manager has agreed to indemnify the Company for all liabilities and losses incurred by the Company by reason of the Investment Manager's wilful default, bad faith, negligence, fraud in performance of its obligations under the Investment Management Agreement or a material breach of the Investment Management Agreement.

Provided that the Investment Manager has complied with the Investment Management Agreement in all material respects, it is entitled to be indemnified by the Company in carrying out its obligations and performing its services under the Investment Management Agreement.

DIRECTORS' MEETINGS

The following table sets out the number of Directors' meetings (including meetings of committees of Directors) held during the financial year and the number of meetings attended by each Director (while they were a Director or committee member). During the financial year, 6 Board meetings, 3 Audit and Risk Committee meetings and 1 Nomination and Remuneration Committee meeting were held.

Director	Main Board Meeting		Audit and Risk Committee Meeting		Nomination and Remunerations Committee Meeting		Formal ESG Subcommittee Meeting	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended
Mr Edouard Peter	5	5	-	-	1	1	-	-
Mr Stephen Duerden	5	5	3	3	1	1	-	-
Mr Mark Harvey	5	5	3	3	1	1	2	2
Mr Wade Dabinett	5	5	3	3	1	1	-	-
Dr Amanda Rischbieth	5	5	3	3	1	1	2	2

COVID-19

While COVID-19 remains an ongoing consideration for the Company, the impact on staff has been minimal. Duxton Farms continues to implement stringent health, sanitation and social distancing requirements when needed and/or as dictated by the Commonwealth or State government. The Company's COVID-19 policy remains an active part of training, and Management is careful to ensure that all outside contractors and visitors are aware of and compliant with the Company's expectations around work health and safety.

The most significant impact of COVID-19 on Duxton Farms at this point is in creating supply-side pressures on key inputs.

NON-AUDIT SERVICES

There were no non-audit services provided by Grant Thornton Audit Pty Ltd this year.

CORPORATE GOVERNANCE

The Company's Corporate Governance Statement and Appendix 4G(Key to Disclosures – Corporate Governance Council Principles and Recommendations) is available in the Corporate Governance section of the Duxton Farms website at <https://www.duxtonfarms.com/>.

As at the date of the Corporate Governance Statement, the Company complies with the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations 4th Edition – February 2019 (unless otherwise states).

ROUNDING

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

INFORMATION ON
DIRECTORS & COMPANY SECRETARY



CHAIRMAN OF THE BOARD &
EXECUTIVE DIRECTOR
EDOUARD PETER

Edouard Peter, is the co-founder and Chairman of Duxton Asset Management Pte Ltd (“Duxton”). Prior to forming Duxton in 2009, Ed was Head of Deutsche Asset Management Asia Pacific (“DeAM Asia”), Middle East & North Africa. He was also a member of Deutsche Bank’s Group Equity Operating Committee and Asset Management Operating Committee. Ed joined Deutsche Bank in 1999 as Head of Equities and Branch Manager of DB Switzerland. In March 2001, Ed moved to Hong Kong with Deutsche Bank and was appointed Head of Global Equities for Asia and Australia, becoming responsible for all of Global Emerging Market Equities in the beginning of 2003. In November 2004, Ed became Head of Asian and Emerging Market Equities for the new Global Markets Division.

Ed holds a Bachelor’s Degree in English Literature from Carleton College in Northfield, Minnesota. Ed’s first foray into agricultural investing was in 1999 and he remains passionately interested in agriculture today.

Ed is appointed to the Board of the Company as a representative of the Investment Manager.

INTEREST IN SECURITIES

Fully paid ordinary shares 12,147,368

COMMITTEES

Member – Nomination and Remuneration Committee

QUALIFICATIONS

Bachelor English Literature

OTHER DIRECTORSHIPS

Duxton Water Ltd (ASX: D20)



NON-EXECUTIVE DIRECTOR
STEPHEN DUERDEN

Stephen Duerden is currently the CEO of Duxton Capital (Australia) Pty Ltd. Stephen has over 25 years of experience in investment management, the last 14 of which have been focused on agriculture operations and investments, and joined Duxton in May 2009, as the CEO of Duxton in Singapore. Before joining Duxton, Stephen was the COO and Director for both the Complex Assets Investments Team and the Singapore operation of Deutsche Bank Asset Management Asia. Prior to this Stephen worked with Deutsche in Australia where he was a member of the Australian Executive Committee responsible for the management of the Australian business, with assets under management of approximately AUD \$20 billion, and a member of the Private Equity Investment Committee overseeing the management of over AUD \$2.5 billion in Private Equity and Infrastructure assets. Stephen has had exposure to a broad range of financial products and services during his career. He has been involved in direct property development and management, the listing and administration of REITS, as well as the operation and investment of more traditional asset portfolios.

Stephen holds a Bachelor of Commerce in Accounting Finance and Systems with merit from the University of NSW Australia and a Graduate Diploma in Applied Finance and Investments from the Financial Services Institute of Australasia. Stephen is a Fellow of the Financial Services Institute of Australasia and a Certified Practising Accountant.

Stephen is appointed to the Board of the Company as a representative of the Investment Manager.

INTEREST IN SECURITIES

Fully paid ordinary shares 10,000

COMMITTEES

Member – Audit and Risk Committee

QUALIFICATIONS

Bachelor of Commerce Accounting (Finance and Systems)

Graduate Diploma of Applied Finance

Member of Certified Practising Accountants

Fellow of Financial Services Institute of Australia

OTHER DIRECTORSHIPS

Duxton Water Ltd (ASX: D20)



INDEPENDENT NON-EXECUTIVE DIRECTOR
& DEPUTY CHAIRMAN
MARK HARVEY

Mark Harvey has more than 40 years of experience in agriculture and agribusiness. He started his agribusiness journey managing a 10,000 acre family farm producing seed, grain crops, wool, lamb and beef, from 1976 until 1991.

He was one of the founders of Paramount Seeds which specialised in research, development and marketing of new field crops until sold to Elders Ltd in 1996. While with Elders, Mr Harvey was manager of their national and international seed business from 1996 until 2001. In 2002, he was one of the founding partners of Seed Genetics International which is currently a leading researcher, producer and marketer of genetics and seed worldwide from Australia.

In April 2013, Seed Genetics was sold to S&W Seed Co, a NASDAQ listed company based in Sacramento California which is a leading US genetics and specialty seed company. Mark was elected as a director at this time. On December 9, 2014 Mr Harvey was elected Chairman of the Board of Directors of S&W Seed Company, a position he still holds.

Mr Harvey is a director and shareholder of a company that holds seed and agricultural research production, milling and marketing assets in California, Idaho, Wisconsin and South Australia. He sits on the University of Adelaide, Waite Institute Advisory Board and is involved in various community activities. Mr Harvey has been married to Helen Harvey for 37 years and they have 3 daughters together. Mr Harvey was educated at Cunderdin Agricultural College in Western Australia.

INTEREST IN SECURITIES

Fully paid ordinary shares 147,890

COMMITTEES

Member – Audit and Risk Committee

Chairman – Nomination and Remuneration Committee

OTHER DIRECTORSHIPS

S&W Seed Company (NASDAQ: SANW)



INDEPENDENT NON-EXECUTIVE DIRECTOR
WADE DABINETT

Wade Dabinett has over 14 years of experience in the Australian grain industry, encompassing grain trading, storage, handling and production. Wade is a partner in Longtrail Farms, a 7,500 hectare irrigated and dryland broadacre generational farming business based at Parilla in the Southern Mallee of SA which produces a mix of grain, potatoes, sheep and cattle. Wade previously held the position of Chairman of Grain Producers SA, the state’s peak industry body representing the states 3,000 grain growers, for four years after previously serving as Vice Chair for a further two years.

He was also the Chair of GPSA’s sub-committees for Transport & Supply Chain, Agricultural Security & Priority and was also a member of the Audit & Finance Committee. Wade was previously a member on Primary Producers SA representing the grains industry and

a member of the National Policy Council for Grain Producers Australia. He was also appointed in 2015 to the ABC Advisory Committee representing Rural and Regional Australia and reporting to the board on programming and content until 2019.

INTEREST IN SECURITIES

Fully paid ordinary shares 83,672

COMMITTEES

Chairman – Audit and Risk Committee

Member – Nomination and Remuneration Committee

QUALIFICATIONS

Member of the Institute of Company Directors

OTHER DIRECTORSHIPS

Nil

INFORMATION ON DIRECTORS & COMPANY SECRETARY



INDEPENDENT NON-EXECUTIVE DIRECTOR
AMANDA RISCHBIETH

Amanda has over 35 years’ experience in health and academia including CEO and non-executive directorship roles across health care delivery, clinical (critical care), public health, research, ethics, and corporate governance advisory.

Amanda is current chairman of the National Blood Authority Australia and a non-executive director of Camp Quality. Following her twelve month Harvard Advanced Leadership Fellowship in 2017, she was invited back as a Visiting Scientist to join a partnership project between Harvard Chan School of Public Health and Harvard Business School (HBS). She is also an advisory council member of the HBS-led Impact-Weighted Accounts Initiative to which she brings her experience in business and academia to environmental, social, governance (ESG) measurement and long-term value creation.

Amanda is a Fellow of the Australian Institute of Company Directors, and Associate Professor at the University of

Adelaide, a Governor’s Leadership Foundation Fellow and a former Telstra Business Women Awards Finalist in two categories.

INTEREST IN SECURITIES
Fully paid ordinary shares 11,518

COMMITTEES
Member - Audit and Risk Committee

COMMITTEES
Member - Audit and Risk Committee
Chairman - Environmental, Social and Governance (ESG) Committee
Member - Nomination and Remuneration Committee

OTHER DIRECTORSHIPS
Nil



COMPANY SECRETARY
KATELYN ADAMS

Katelyn Adams has over 15 years of accounting and board experience, servicing predominantly ASX listed companies. Katelyn is a Chartered Accountant and Partner of the Corporate Advisory division of HLB Mann Judd in Adelaide, as well as the Company Secretary of various listed and private companies.

Katelyn has extensive knowledge in corporate governance, ASX Listing Rule requirements, IPO and capital raising processes, as well as a strong technical accounting background.

Katelyn is a Non-Executive Director of Clean Seas Seafood Limited, and Company Secretary of Duxton Water Limited, Highfield Resources Limited and Petratherm Limited.

QUALIFICATIONS

- Bachelor of Commerce
- Member of Chartered Accountants Australia and New Zealand

REMUNERATION REPORT (AUDITED)

The Nomination and Remuneration Committee is responsible for reviewing the compensation arrangements for all key management personnel and Directors. The review is conducted annually, having regard to management performance and comparative, external compensation levels. Independent advice may be sought on compensation packages and Director’s fees. The compensation of key management personnel includes salary/fees, movements in accrued annual and long service leave, benefits including the provision of motor vehicles and superannuation.

KEY MANAGEMENT PERSONNEL

The directors and other key management personnel of the company during or since the end of the financial year were:

Executive directors	Position
E Peter	Chairman, Executive director
Non-executive directors	
M Harvey	Non-executive director, Deputy Chairman
S Duerden	Non-executive director
W Dabinett	Non-executive director
A Rischbieth	Non-executive director
Other key management personnel	
B Goldsmith	General Manager

REMUNERATION OF NON-EXECUTIVE DIRECTORS

The Board policy is to remunerate Independent Non-Executive Directors at market rates for comparable companies for time, commitment and responsibilities. Fees for Non-Executive Directors are not linked to the performance of the Company.

In determining competitive remuneration rates, the Board review local and international trends among comparative companies and industry generally. Typically, the Company will compare Non-Executive Remuneration to companies with similar market capitalisations. These reviews are performed to confirm that non-executive remuneration is in line with market practice and is reasonable in the context of Australian executive reward practices.

Further to ongoing reviews, the maximum aggregate amount of fees that can be paid to Non-executive Directors is \$300,000 and any change is subject to approval by shareholders at a General Meeting.

REMUNERATION OF KEY MANAGEMENT PERSONNEL

Details of the remuneration of the key management personnel of the Company for the reported period, are set out in the following table. Independent Directors are remunerated in shares subject to shareholder approval.

	SHORT-TERM EMPLOYEE BENEFITS			POST EMPLOYMENT BENEFITS	LONG-TERM EMPLOYEE BENEFITS	SHARE- BASED PAYMENTS	
	\$ Salary and Fees	\$ Cash Bonus	\$ Non- Mon- etary	\$ Superannuation	\$ Long Service Leave	\$ Shares	\$ Total
2022							
Executive Directors							
Mr Edouard Peter ⁽¹⁾	-	-	-	-	-	-	-
Non-executive Directors							-
Mr Stephen Duerden ⁽¹⁾	-	-	-	-	-	-	-
Dr Amanda Rischbieth ⁽²⁾	31,818	-	-	3,182	-	-	35,000
Mr Mark Harvey ⁽²⁾	31,818	-	-	3,182	-	-	35,000
Mr Wade Dabinett ⁽²⁾	31,818	-	-	3,182	-	-	35,000
Other Key Mgt Personnel							
Mr Bryan Goldsmith ⁽³⁾	170,000	-	31,400	23,121	-	-	224,521
Total	265,454	-	31,400	32,667	-	-	329,521

(1) These Directors are employed by the Investment Manager (Duxton Capital (Australia) Pty Ltd)(refer note 27) and receive no Remuneration from Duxton Farms Limited, however Duxton Capital (Australia) Pty Ltd does receive management fees and performance fees.
(2) Directors fees are set at \$35,000 and will be satisfied either by the issue of shares or in cash. Shareholder approval at the AGM will be required for the issue of the shares. Apportionment will apply for directors appointed through the year.
(3) Shares were issued to Bryan Goldsmith in June 2022.

	SHORT-TERM EMPLOYEE BENEFITS			POST EMPLOYMENT BENEFITS	LONG-TERM EMPLOYEE BENEFITS	SHARE- BASED PAYMENTS	
	\$ Salary and Fees	\$ Cash Bonus	\$ Non- Mon- etary	\$ Superannuation	\$ Long Service Leave	\$ Shares	\$ Total
2021							
Executive Directors							
Mr Edouard Peter ⁽¹⁾	-	-	-	-	-	-	-
Non-executive Directors							-
Mr Stephen Duerden ⁽¹⁾	-	-	-	-	-	-	-
Mr Mark Harvey ⁽²⁾	31,963	-	-	3,037	-	-	35,000
Mr Wade Dabinett ⁽²⁾	31,963	-	-	3,037	-	-	35,000
Dr Amanda Rischbieth ⁽²⁾⁽³⁾	19,083	-	-	1,813	-	-	20,896
Other Key Mgt Personnel							
Mr Bryan Goldsmith ⁽⁴⁾	160,000	85,000	31,400	27,165	-	-	303,565
Total	243,009	85,000	31,400	35,052	-	-	394,461

(1) These Directors are employed by the Investment Manager (Duxton Capital (Australia) Pty Ltd) and receive no Remuneration from Duxton Farms Limited, however Duxton Capital (Australia) Pty Ltd does receive management fees and performance fees.
(2) Directors fees are set at \$35,000 and will be satisfied either by the issue of shares or in cash. Shareholder approval at the AGM will be required for the issue of the shares. Apportionment will apply for directors appointed through the year.
(3) Dr Amanda Rischbieth was appointed as Non-executive director effective 26 November 2020.
(4) Shares were issued to Bryan Goldsmith in May 2021. A cash bonus of \$85,000 was approved by the Remuneration & Nominations Committee for performance in the year ending 30 June 2021 and paid in June 2021.

SHARE BASED COMPENSATION

Issue of shares

Details of shares issued to directors and other key management personnel as satisfaction of unpaid remuneration from previous years are set out below:

Name	Date	Shares	Issue Price	\$
Dr Amanda Rischbieth	18-01-2022	19,374	\$1.71	33,130
Mr Mark Harvey	18-01-2022	19,374	\$1.71	33,130
Mr Wade Dabinett	18-01-2022	11,518	\$1.71	19,686
Mr Bryan Goldsmith	12-06-2022	40,404	\$1.52	61,212

Other key management personnel performance based incentives are satisfied by the issue of shares based on the market price at date of entitlement and vest in the employee upon completion of 18 months continuous service post that date.

COMPANY EARNINGS & MOVEMENT IN SHAREHOLDER WEALTH

	30 Jun 22 \$'000	30 Jun 21 \$'000	30 Jun 20 \$'000	30 Jun 19 \$'000
Revenue	16,644	21,272*	12,640	13,629
Net profit /(loss) before tax	(4,185)	1,882*	(2,258)	(2,565)
Net profit /(loss) after tax	(3,167)	1,406	(1,466)	(1,115)
	30 Jun 22	30 Jun 21	30 Jun 20	30 Jun 19
Share price at start of year	\$1.37	\$1.05	\$1.18	\$1.55
Share price at end of year	\$1.78	\$1.37	\$1.05	\$1.18
Interim dividend	0.00cps	6.20cps	0.00cps	0.00cps
Final dividend	0.00cps	0.00cps	0.00cps	0.00cps
Basic earnings per share	(7.58)cps	3.28cps	(3.42)cps	(2.59)cps

In addition, during the financial year Duxton Farms Ltd repurchased 1,749,992 shares for \$3,031k. The shares were repurchased at the prevailing market price on the date of the buy-back. Of the 1,749,992 shares purchased, all were cancelled during the financial year.

* includes discontinued operations

	Fixed Remuneration		Remuneration linked to performance	
	2022	2021	2022	2021
Executive Directors				
Mr Edouard Peter (1)	-	-	-	-
Non-executive Directors				
Mr Stephen Duerden (1)	-	-	-	-
Mr Mark Harvey	100%	100%	-	-
Mr Wade Dabinett	100%	100%	-	-
Dr Amanda Rischbieth	100%	100%	-	-
Other key mgt personnel				
Bryan Goldsmith	76%	58%	24%	42%

No key management personnel appointed during the period received a payment as part of his or her consideration for agreeing to hold the position.

EQUITY HOLDINGS OF KEY MANAGEMENT PERSONNEL

2021	Type	Balance at 1/7/20	Granted in lieu of cash	Purchases/ (Disposals) on market	Balance at 30/6/21
Executive Directors					
Mr Edouard Peter ⁽¹⁾	ORD	10,985,875	-	164,935	11,150,810
Non-executive Directors					
Mr Stephen Duerden ⁽¹⁾	ORD	45,296	-	104,342	149,638
Mr Mark Harvey	ORD	108,018	15,145	-	123,163
Mr Wade Dabinett	ORD	56,672	5,087	-	61,759
Dr Amanda Rischbieth	ORD	-	-	-	-
Other key mgt personnel					
Bryan Goldsmith	ORD	20,000	30,000	-	50,000
Total		11,215,861	50,232	269,277	11,535,370

(1) Equity holdings above include both direct and indirect holdings. For further details see note 27.

2022	Type	Balance at 1/7/21	Granted in lieu of cash	DRP/Purchases/ (Disposals) on market	Balance at 30/6/22
Executive Directors					
Mr Edouard Peter ⁽¹⁾	ORD	11,150,810	-	636,558	12,147,368
Non-executive Directors					
Mr Stephen Duerden ⁽¹⁾	ORD	149,638	-	(139,638)	10,000
Dr Amanda Rischbieth	ORD	-	11,518	-	11,518
Mr Mark Harvey	ORD	123,163	19,373	5,353	147,890
Mr Wade Dabinett	ORD	61,759	19,373	2,539	83,672
Other key mgt personnel	ORD				
Bryan Goldsmith	ORD	50,000	42,577	-	92,577
Total		11,535,370	92,843	504,812	12,493,025

(1) Equity holdings above include both direct and indirect holdings. For further details see note 27.

TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL

The Company has a management agreement with Duxton Capital (Australia) Pty Ltd, a company which Edouard Peter and Stephen Duerden are Directors. The current agreement is for the provision of investment management services. It amounted to \$932,686 (ex gst) for the 12 month period ending 30 June 2022. As at 30 June 2022 an amount of \$110,440 is payable to Duxton Capital(Australia)relating to these items. Duxton Capital (Australia) Pty Ltd is entitled to a performance fee of \$2,387,478 (ex gst) for the period ending 30 June 2022 for investment management services provided during the year. The calculation methodology of this fee is set out inpages 32 to 34 of this report and the fee is payable within 14 days of the issue of this report.

As part of the management agreement with Duxton Capital (Australia) Pty Ltd, a company which Edouard Peter and Stephen Duerden are Directors, the Company pays for the provision of accounting, bookkeeping and human resource services. It amounted to \$214,892 (ex gst) for the 12 month period ending 30 June 2022. The Company has a lease agreement with Duxton Water Ltd, a company which Edouard Peter and Stephen Duerden are Directors. The current agreement is for the provision of a water lease. It amounted to \$208,378 (ex gst) for the 12 month period ending 30 June 2022. At 30 June 2022 \$3,499 remains payable to Duxton Water Ltd.

The Company has an agreement for water charges with Jemalong Irrigation Ltd of which Bryan Goldsmith is a director. It amounted to \$192,966 (ex gst) for the 12 month period ending 30 June 2022.

All agreements are approved by either Independent Directors or shareholders.

INVESTMENT MANAGER

The Company has appointed Duxton Capital (Australia) Pty Ltd as its Investment Manager to manage its assets and implement its investment strategy. The Board have appointed the Investment Manager in line with the terms of the Investment Management Agreement.

The Investment Management Agreement signed on 7th November 2017 is for an initial term of ten (10) years. After this initial term, the Investment Management Agreement will be renewed for further new terms of five (5) years, unless terminated by the Company or the Investment Manager.

Under the Investment Management Agreement, the Investment Manager will be responsible for the day-to-day management of the Company and management of the investment portfolio. Services provided by the Investment Manager include, but are not limited to, the selection, determination, structuring, investment, reinvestment, leasing and management of the Company's assets.

In return for the performance of its duties, the Investment Manager is entitled to be paid a monthly Management Fee equal to 0.85% per annum (plus GST) of the Portfolio Net Asset Value at the end of each month (calculated prior to any deduction of performance fees payable to the Investment Manager). The Management Fee commenced 1 July 2018 and is to be calculated and accrued on the last day of each month and paid monthly in arrears.

The Management Fee for the for the final calendar month in which the Company is wound up or the Investment Management Agreement is terminated will be calculated using the following formula:

Monthly Management Fee

=

(Days in Operation)

x 0.85%

365

x

Portfolio Net Asset Value on the relevant Valuation Day

“Days in Operation” means the number of days in that calendar month in which the Company incurs liabilities or debts and/ or generates revenue or owns assets.

“Portfolio Net Asset Value (PNAV)” means the total assets of the Company less the total liabilities of the Company excluding tax balances and Performance Fee, as based on the Company's management accounts.

“Valuation Day” means the last day in each month, unless the Directors resolve otherwise, on which the PNAV is calculated.

The Management Fee is to be paid to the Investment Manager regardless of the performance of the Company.

Management Fees would increase if the Company's portfolio value increases, and decrease if the Company's portfolio value decreases, over the period. The Management Fee payable to the Investment Manager is calculated on the basis of the Portfolio Net Asset Value of the Company, at the relevant valuation date.

The management fee paid to the Investment manager for the year ended 30 June 2022 was \$932,686 (2021: \$720,289).

In addition to the monthly Management Fee, the Investment Manager is entitled to be paid a Performance Fee at the end of each financial year from the Company. The Performance Fee is split over two hurdles and is calculated as:

- 5% of the outperformance of the Investment Return of the Company above a hurdle return of 8% per annum up to 12% per annum; plus
- If the Investment Return is above 12% for the year then the Performance Fee will include 10% of the remaining outperformance of the Investment Return over the hurdle of 12% per annum.

The Performance Fee will be subject to a High Water Mark and will be accrued monthly and paid annually. The terms of the Performance Fee are outlined below:

The Performance Fee will be calculated by reference to the audited accounts of the Company (“Audited Accounts”) and the Company is required to pay the Performance Fee to the Investment Manager in arrears within 14 days from the issue of the Audited Accounts.

The Performance Fee will be payable if the Company outperforms either of the First Benchmark Hurdle or the Second Benchmark Hurdle (as defined below) during any Calculation Period. The formula for calculating the Performance Fee payable to the Investment Manager for any Calculation Period is as follows:

- (a) If the Investment Return of the Company between the Start Date and the Calculation Date is less than the First Benchmark Return Hurdle (8%) then no Performance Fee is payable.
- (b) If the Investment Return of the Company between the Start Date and the Calculation Date is greater than the First Benchmark Hurdle (8%) but less than the Second Benchmark Hurdle (12%) then the Performance Fee will be: 5% x ((Adjusted Ending PNAV – Opening PNAV – Capital Raisings) – First Benchmark Return Hurdle)

(c) If the Investment Return of the Company between the Start Date and the Calculation Date is greater than the Second Benchmark Hurdle (12%) then the Performance Fee will consist of two components as follows:

Component A = 5% x (Second Benchmark Return Hurdle - First Benchmark Return Hurdle)

Plus

Component B = 10% x ((Adjusted Ending PNAV - Opening PNAV - Capital Raisings) - Second Benchmark Return Hurdle)

Where:

“Portfolio Net Asset Value (PNAV)” means the total assets of the Company less the total liabilities of the Company excluding provisions for tax payable and Performance Fee, as based on the Company’s Audited Accounts or latest management accounts (as the case may be).

“Investment Return” means the percentage by which the Ending Portfolio Net Asset Value exceeds the Opening Portfolio Net Asset Value at the Calculation Date; excluding any additions or reductions in the equity of the Company including distributions paid or provided for, dividend reinvestments, new issues, the exercise of share options, share buy-backs and the provision or payment of tax made since the previous Calculation Date.

“Adjusted Ending PNAV” means the PNAV at the Calculation Date, adjusted by adding back to the Ending PNAV:

- Any Distributions or reductions in capital paid or provided for during such Calculation Period; and
- Any relevant taxes paid or provided for during such Calculation Period.

“First Benchmark Return Hurdle” means an amount equal to: 8% per annum of the Opening PNAV;

- Plus 8% per annum on Capital Raisings during the Calculation Period, calculated on a time weighted basis;
- Minus 8% per annum on the amount of any Distributions paid during the Calculation Period, calculated on a time weights basis.

“Second Benchmark Return Hurdle” means an amount equal to: 12% per annum of the Opening PNAV;

- Plus 12% per annum on Capital Raisings during the Calculation Period, calculated on a time weighted basis;
- Minus 12% per annum on the amount of any Distributions paid during the Calculation Period, calculated on a time weights basis.

“Ending PNAV” means the Portfolio Net Asset Value of the Company at the end of the relevant Calculation Period.

“Opening PNAV” means the higher of Portfolio Net Asset Value of the Company at the relevant Start Date for the Calculation Period or the highest Ending PNAV since inception of the Company on which a performance fee has been paid to the Investment Manager.

“High Water Mark” means the highest Adjusted Portfolio Net Asset Value at which a Performance Fee has been paid to the Investment Manager.

“Commencement Date” means the first Business Day immediately following the Listing Date (including such extended period(s) where applicable).

“Calculation Period” commences from a “Start Date” and ends on a “Calculation Date”.

“Start Date” means 1 July of each year except for the first Calculation Period which will start on the first Business Day immediately following the Listing Date (i.e. Commencement Date)..

“Calculation Date” means the 30 June of each year, except for the year in which the Company is wound up or the Investment Management Agreement is terminated, in which case the Calculation Date will be the last Business Day before the termination of the Company or the Investment Management Agreement (as applicable).

“Business Day” means a day on which banks are open in South Australia, excluding weekends and public holidays in South Australia.

A performance fee of \$2,387,478 (ex gst) was payable to the investment manager for the year ended 30 June 2022 based on a PNAV movement from \$93,792,650 to \$126,994,357 (2021: \$1,286,827).

A termination fee is payable by the Company to the Investment Manager if the Investment Management Agreement is terminated within the first ten years of the Agreement, unless the Company has terminated the Investment Management Agreement for default by the Investment Manager. The termination fee is equal to 5% of the PNAV of the Company, reduced by 1/60th for each calendar month elapsed after the first five years since commencement of the Investment Management Agreement up to the date of termination.

- END OF REMUNERATION REPORT -

SHARE OPTIONS

No shares of any controlled entity were issued during or since the end of the period by virtue of the exercise of any options.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of these proceedings. The Company was not a party to any such proceedings during the year.

AUDITOR'S INDEPENDENCE DECLARATION

Section 307C of the Corporations Act 2001 requires our auditors, Grant Thornton Audit Pty Ltd, to provide the Directors of the Company with an Independence Declaration. This Lead Auditor’s Independence Declaration is included on page 36.

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

Edouard Peter
Chairman

Mark Harvey
Independent Non-Executive Director

Stirling, South Australia
30th August 2022



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Auditor's Independence Declaration

To the Directors of Duxton Farms Limited

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the audit of Duxton Farms Limited for the year ended 30 June 2022, I declare that, to the best of my knowledge and belief, there have been:

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



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



J L Humphrey
Partner – Audit & Assurance

Adelaide, 30 August 2022

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STATEMENT OF **PROFIT OR LOSS**
AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2022

	Note	30 June 22 \$'000	30 June 21 \$'000
Revenue	5	16,644	17,841
Cost of sales		(15,969)	(18,968)
Biological transformation (crops & livestock)	13	3,404	9,700
Gross profit		4,079	8,573
Other Income	7	664	1,613
Operational expenses		(3,557)	(3,217)
Administration expenses		(1,894)	(1,715)
Management, Performance and Accounting Services	28	(3,535)	(2,240)
Reversal of impairment / (Impairment)	16, 17	971	(592)
Finance costs	8	(913)	(1,120)
Profit / (loss) before tax		(4,185)	1,302
Income tax (expense) / benefit	18	1,018	(330)
Profit / (loss) for the year from continuing operations		(3,167)	972
Profit / (loss) for the year from discontinued operations	19	-	434
Profit / (loss) for the year		(3,167)	1,406
Other comprehensive income net of income tax			
Items that will not be reclassified subsequently to profit or loss:			
Valuation uplift during the year on disposal of Boorala		-	4,440
Valuation uplift on revaluation of other properties		25,564	8,590
Total comprehensive income for the year		22,397	14,436
Earnings per share		c	c
From continuing operations			
Basic (cents per share)	25	(7.58)	2.27
Diluted (cents per share)	25	(7.58)	2.27
Earnings per share		c	c
From discontinued operations			
Basic (cents per share)		-	1.09
Diluted (cents per share)		-	1.09

The notes on page 39 to 69 are an integral part of these financial statements

STATEMENT OF **FINANCIAL POSITION**
AS AT 30 JUNE 2022

	Note	30 June 2022 \$'000	30 June 2021 \$'000
ASSETS			
Current assets			
Cash and cash equivalents	10	12	3,591
Trade & other receivables	11	470	115
Inventories	12	4,718	4,007
Biological assets	13	8,303	9,154
Financial assets	14	627	446
Other current assets	15	273	1,005
Total Current Assets		14,403	18,318
Non-current assets			
Land	16	122,802	88,241
Buildings, plant & equipment	16	13,261	11,119
Intangible assets	17	8,221	8,215
Financial assets	14	1,756	6
Total Non-current Assets		146,040	107,581
Total assets		160,443	125,899
LIABILITIES			
Current Liabilities			
Trade & other payables	20	3,560	6,203
Bank Overdraft	21	5,320	-
Borrowings	21	390	414
Employee Benefits	22	335	301
Total Current Liabilities		9,605	6,918
Non-current Liabilities			
Borrowings	21	29,180	25,172
Employee Benefits	22	23	17
Deferred Tax Liability	18	14,042	6,538
Total Non-current Liabilities		43,245	31,727
Total liabilities		52,850	38,645
Net assets		107,593	87,254
EQUITY			
Issued capital	23	71,886	73,983
Accumulated profits/(losses)		(9,240)	(6,073)
Reserves	24	44,947	19,344
Total equity		107,593	87,254

The notes on page 39 to 69 are an integral part of these financial statements

STATEMENT OF **CHANGES IN EQUITY**
AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2022

	Note	Issued Capital \$'000	Accumulated Losses \$'000	Asset Revaluation Reserve \$'000	Share Based Payment Reserve \$'000	Total equity \$'000
Balance at 1 July 2020		73,964	(10,216)	11,460	173	75,381
Profit/(loss) for the year		-	1,406	-	-	1,406
Other comprehensive income for the year, net of income tax		-	-	13,030	-	13,030
Total comprehensive income for the year		-	1,406	13,030	-	14,436
Transactions with owners in their capacity as owners						
Issue of shares	23	131	-	-	-	131
Transfers to accumulated losses on sale of Boorala		-	5,397	(5,397)	-	-
Dividend Declared / Paid		-	(2,660)	-	-	(2,660)
Share buy-back		(111)	-	-	-	(111)
Share issue costs - net of taxes	23	(1)	-	-	-	(1)
Share based payments		-	-	-	78	78
Balance at 30 June 2021		73,983	(6,073)	19,093	251	87,254
Balance at 1 July 2021		73,983	(6,073)	19,093	251	87,254
Profit/(loss) for the year		-	(3,167)	-	-	(3,167)
Other comprehensive income for the year, net of income tax		-	-	25,567	-	25,567
Total comprehensive income for the year		-	(3,167)	25,567		22,400
Transactions with owners in their capacity as owners						
Issue of shares	23	935	-	-	-	935
Share buy-back	23	(3,031)	-	-	-	(3,031)
Share issue costs - net of taxes	23	(1)	-	-	-	(1)
Share based payments		-	-	-	141	141
Balance at 30 June 2022		71,886	(9,241)	44,660	392	107,698

The notes on page 39 to 69 are an integral part of these financial statements

STATEMENT OF **CASH FLOWS**
FOR THE YEAR ENDED 30 JUNE 2022

	Note	30 June 2022 \$'000	30 June 2021 \$'000
Cash flows from operating activities			
Receipts from customers		17,965	23,346
Payments to suppliers		(24,146)	(18,574)
Interest paid		(871)	(1,055)
Government rebates received		237	268
Other		413	(389)
Net cash (used in) generated by operating activities	26	(6,402)	3,596
Cash flows from investing activities			
Payments for property, plant and equipment		(2,387)	(1,454)
Payments for acquisition of West Plains & Lenborough		-	(14,601)
Proceeds from disposal of property, plant and equipment		156	1,687
Proceeds from disposal of Boorala	19	-	22,087
Payments for water entitlements		(6)	(14)
Payments for financial assets	14	(1,750)	-
Net cash (used in) generated by investing activities		(3,987)	7,705
Cash flows from financing activities			
Payment for share buy back	23	(3,031)	(111)
Payment for share issue costs		(1)	(2)
Proceeds from borrowings	21	18,999	1,006
Repayment of borrowings	21	(15,412)	(8,630)
Proceeds from shares issued	23	935	-
Net cash (used in)/generated by financing activities		1,490	(7,737)
Net increase in cash and cash equivalents		(8,899)	3,564
Cash and cash equivalents at beginning of the year		3,591	27
Cash and cash equivalents at end of year	10	(5,308)	3,591

The notes on page 39 to 69 are an integral part of these financial statements



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

1. CORPORATE INFORMATION

Duxton Farms Limited is a limited company, incorporated and domiciled in Australia whose shares are publicly traded on the Australian Securities Exchange under the symbol DBF. Its registered office and principal place of business is located at 7 Pomona Road Stirling SA 5152.

2. BASIS OF PREPARATION

BASIS OF ACCOUNTING

The financial statements have been prepared under the historical cost basis except for land, buildings, biological assets and derivatives that are measured at revalued amounts or fair value at the end of each reporting period, as explained in the accounting policies below. All amounts are presented in Australian dollars.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of AASB 2, leasing transactions that are within the scope of AASB 16, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in AASB 102 or value in use in AASB 136.

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

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

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

GOING CONCERN

The annual financial statements have been prepared on the going concern basis, which assumes that the Company will be able to realise its assets and extinguish its liabilities as and when they fall due in the normal course of business and maintain compliance with its financing arrangement.

For the year ended 30 June 2022 the company generated a net loss before income tax of \$4,186,160 (2021: net profit before income tax \$1,882,362), net cash used in operating activities of \$6,627,854 (2021: net cash generated in operating activities \$3,595,928) and had a net current asset deficit of \$5,273,300 (2021: \$11,000,939 surplus).

Since the end of the financial year banking facilities with CBA have been reviewed resulting in an increase in available facilities of \$6,000,000 and overdraft limit increasing by \$2,000,000 to \$10,000,000.

STATEMENT OF COMPLIANCE

The financial report is a general purpose financial report prepared in accordance with the Corporations Act 2001, and Australian Accounting Standards. Compliance with Australian Accounting Standards ensures that the financial statements comply with International Financial Reporting Standards ('IFRS') as issued by the International Accounting Standards Board (IASB).

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of financial statements in conformity with Australian Accounting Standards Board (AASBs) 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.

The 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 if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are:

BIOLOGICAL ASSETS – CROPS

Crops are valued based on whether biological transformation has occurred, at which point the crops are measured at fair value less cost to sell, unless the crop is immature and little transformation has taken place at which point cost is used as a proxy for fair value. For crops nearing maturity the fair value is determined in consideration of the stage of growth and deducting all required costs to harvest and transport to market.

FAIR VALUE OF LAND & BUILDINGS

Land and buildings are stated in the statement of financial position at their revalued amounts, being the fair value at the date of revaluation, less any accumulated depreciation and accumulated impairment losses. Revaluations are performed by third party qualified valuers with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair values at the reporting date.

INVESTMENT

In April 2022 the Company purchased \$1,750,000 preference shares in Duxton Bees Pty Ltd. This is seen as an opportunity to diversify the Company's commodity exposure in a limited and measured manner. In accordance with AASB9, as the Company's intention is to hold this asset for the longer term it will be carried at fair value with changes in value recognised in other comprehensive income. Fair value will be reviewed at each balance date based on the estimated price at which the investment could be sold.

STANDARDS ISSUED AND EFFECTIVE

The Company has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ("AASB") that are mandatory for the current reporting period. Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted. The company has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 REVENUE RECOGNITION

Sale of livestock and produce

Revenue is recognised at an amount that reflects the consideration to which the Company is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Company: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability

Interest revenue

Interest revenue comprises income earned on financial assets and is recognised when it is probable that the economic benefit will flow to the company and that the amount of revenue can be reliably measured. Interest revenue is recognised in the Statement of Profit or Loss, using the effective interest method.

4.2 BORROWING COSTS

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

4.3 EMPLOYEE BENEFITS

Short-term and other long-term employee benefits

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Company in respect of services provided by employees up to the reporting date.

Share-based payments

Equity-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares that are provided to employees in exchange for the rendering of services.

The cost of equity-based transactions are measured at fair value on grant date.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

If the non-vesting condition is within the control of the consolidated entity or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the consolidated entity or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

4.4 TAXATION

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from ‘profit before tax’ as reported in the statement of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company’s current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

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

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based

on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

4.5 PROPERTY, PLANT AND EQUIPMENT

Land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the statement of financial position at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are performed with sufficient regularity such that the carrying amounts do not differ materially from those that would be determined using fair values at the end of each reporting period.

Any revaluation increase arising on the revaluation of such land and buildings is recognised in other comprehensive income and accumulated in equity, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously expensed. A decrease in the carrying amount arising on the revaluation of such land and buildings is recognised in profit or loss to the extent that it exceeds the balance, if any, held in the properties revaluation reserve relating to a previous revaluation of that asset.

Depreciation on revalued buildings is recognised in profit or loss. On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the properties revaluation reserve is transferred directly to retained earnings.

Freehold land is not depreciated.

Plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets (other than freehold land and properties under construction) less their residual values over their useful lives based on expected usage patterns. The estimated useful lives, residual values and depreciation method are reviewed at the end of

each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Right-of-use assets held under leases in accordance with AASB 16 are depreciated over their expected useful lives on the same basis as owned assets. Under AASB 16, right-of-use assets are tested for impairment in accordance with AASB 136.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Depreciation rates used for each class of depreciable assets are:

Asset	Depreciation rate 2022
Building	2-4%
Plant, equipment and motor vehicles	10-40%
Office furniture & equipment	40-50%
Property improvements	5%

4.6 INTANGIBLE ASSETS

Intangible assets acquired separately

(a) Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

(b) Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses. As the asset has an indefinite useful life, the asset is not subject to depreciation. These assets are tested annually for impairment, and the carrying value of the asset is adjusted accordingly.

Permanent water rights recognised by the company have an indefinite useful lives and are not depreciated. Each period the useful life of these assets are reviewed to determine whether events and circumstances continue to support an indefinite useful life assessment for each asset. Such assets are tested for impairment in accordance with the policy stated in 4.7.

4.7 IMPAIRMENT OF TANGIBLE AND INTANGIBLE ASSETS OTHER THAN GOODWILL

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. 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 for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

4.8 INVENTORIES

Consumables

Consumables are recorded at the lower of cost and net realisable value. Costs of consumables are determined on a first-in-first-out basis. Net realisable value represents the estimated selling price for consumables less all estimated costs of completion and costs necessary to make the sale.

Produce

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

4.9 PROVISIONS

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

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present

value of those cash flows (when the effect of the time value of money is material).

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

4.10 FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised when a Company entity becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities except for trade receivables are initially measured at fair value. Trade receivables do not have a significant financing component so are measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

4.11 FINANCIAL ASSETS

All financial assets are measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

The Company enters into a variety of derivative financial instruments to manage its exposure to commodity price and foreign exchange rate risks, including foreign exchange forward contracts, options and commodity swaps. Further details of derivative financial instruments are disclosed in note 14.

Derivatives are recognised initially at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. Derivatives are not offset in the financial statements unless the Company has both a legally enforceable right and intention to offset. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and

it is not due to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

4.12 FINANCIAL LIABILITIES AND EQUITY INSTRUMENTS

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company entity are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities

Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities'.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is (i) contingent consideration that may be paid by an acquirer as part of a business combination, (ii) held for trading, or (iii) it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of repurchasing it in the near term; or on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading or contingent consideration that may be paid by an acquirer as part of a business combination may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a Company of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Company's

documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or

- it forms part of a contract containing one or more embedded derivatives, and AASB 9 permits the entire combined contract to be designated as at FVTPL.

Other financial liabilities

Other financial liabilities (including borrowings and trade and other payables) are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

4.13 BIOLOGICAL ASSETS

(a) Crops in ground

Crops in ground are measured at fair value less costs to sell, unless little biological transformation of the crop has taken place, in which case cost is used as a proxy for fair value less costs to sell. The fair value is determined in consideration of the stage of growth less all required costs to harvest and transport to market.

(b) Livestock

The Company values livestock at its fair value less cost to sell, which is determined by an independent valuation at each reporting date.



5. REVENUE

The following is an analysis of the Company’s revenue for the year from continuing operations.

	2022 \$'000	2021 \$'000
Sales - Cropping, Livestock & Wool	16,644	17,841
REVENUE FROM MAJOR PRODUCTS		
	\$'000	\$'000
Hay	12	53
Cotton	650	1,433
Chickpeas	-	3,640
Wheat	8,729	8,837
Barley	1,584	2,440
Canola	2,160	-
Field Peas	111	22
Cattle	2,105	1,231
Sheep	1,200	157
Wool	93	28
	16,644	17,841

Revenues are managed on a product by product basis. Costs are managed in total.

6 SEGMENT INFORMATION

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker to make strategic decisions. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors. The Company operates solely in the agriculture sector in New South Wales.

7. OTHER INCOME

	2022 \$'000	2021 \$'000
Government Rebates	237	315
Cartage Income	171	259
Gain/(Loss) on sale of assets	30	633
Insurance revenue	181	51
Interest received	-	-
Other revenue	45	355
	664	1,613

8. FINANCE COSTS

	\$'000	\$'000
Interest on bank overdrafts and loans	699	1,053
Interest on obligations for leases	42	51
Other finance costs	172	16
	913	1,120

9. AUDITORS REMUNERATION

	\$'000	\$'000
Audit or review of financial report		
- Grant Thornton Audit Pty Ltd	109	-
- Deloitte Touche Tohmatsu	-	120
No non-audit services were provided by the appointed auditors		
	109	120

10. CASH AND CASH EQUIVALENTS

	\$'000	\$'000
Cash at Bank	-	3,579
Short term Deposits	12	12
Total Cash and cash equivalents	12	3,591

11. TRADE AND OTHER RECEIVABLES

	2022 \$'000	2021 \$'000
Trade Receivables	440	45
Allowance for doubtful debts	-	-
	440	45
Fuel Rebate Receivable	25	65
Other Receivables	5	5
	30	70

All trade receivables are within 30 days at 30 June 2022 and 30 June 2021.

12. INVENTORIES

	\$'000	\$'000
Consumables - cost	4,479	2,359
Produce on hand:		
- Crops - at cost	238	1,647
- Wool - at NRV	1	2
Total Inventories	4,718	4,007

13. BIOLOGICAL ASSETS

Gross carrying amount	Crops in Ground \$'000	Livestock \$'000	Total \$'000
Balance as at 1 July 2021	4,548	4,606	9,154
Preparation costs	5,181	909	6,090
Transfers to inventory/sales	(10,338)	(3,398)	(13,736)
Increase in fair value due to Bio-transformation	4,003	2,792	6,795
Balance at 30 June 2022	3,394	4,909	8,303
Balance as at 1 July 2020	4,696	4,403	9,099
Preparation costs	9,965	1,426	11,391
Transfers to inventory/sales	(18,201)	(3,699)	(21,900)
Increase in fair value due to Bio-transformation	8,088	2,476	10,564
Balance at 30 June 2021	4,548	4,606	9,154

14. FINANCIAL ASSETS

	2022 \$'000	2021 \$'000
Current		
Futures Contracts ⁽¹⁾	627	287
Forward Sales	-	159
Total Current Financial Assets	627	446

⁽¹⁾ Derivative financial instruments have been used to hedge against declining wheat prices. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each re-reporting date with the resulting gain or loss recognised in profit.

Commitment for forward sales are disclosed in note 30.

Non-current		
Investment in Duxton Bees Pty Ltd ⁽¹⁾	1,750	-
Other	6	6
Total non-Current Financial Assets	1,756	6

⁽¹⁾ In April 2022 the Company purchased \$1,750,000 preference shares in Duxton Bees Pty Ltd. Mr Edouard Peter and Mr Mark Harvey are also Directors of Duxton Bees Pty Ltd

15. OTHER ASSETS

	\$'000	\$'000
Prepayments	269	431
Other	4	574
	273	1,005

16. LAND, BUILDINGS, PLANT AND EQUIPMENT

	Land \$'000	Buildings \$'000	Plant and equipment at cost \$'000	Work in Progress \$'000	Total \$'000
Gross Carrying Amount					
Balance at 1 July 2020	80,944	7,886	6,091	90	95,011
Additions	12,556	991	4	1,892	15,443
Disposals	(21,380)	(871)	(995)	-	(23,246)
Reclassifications	-	113	1,770	(1,883)	-
Revaluation Increase	17,021	539	24	-	17,584
Balance at 30 June 2021	89,141	8,658	6,894	99	104,792
Accumulated depreciation/amortisation and impairment					
Balance at 1 July 2020	(179)	(1,719)	(2,398)	-	(4,296)
Eliminated on disposal of asset	-	96	446	-	542
Impairment losses recognised in P&L	(900)	(98)	-	-	(998)
Reversals of impairment losses recognised in P&L	179	204	-	-	382
Depreciation expense	-	(321)	(741)	-	(1,062)
Balance at 30 June 2021	(900)	(1,838)	(2,694)	-	(5,432)
Net Book Value					
As at 1 July 2020	80,765	6,167	3,693	90	90,715
As at 30 June 2021	88,241	6,820	4,200	99	99,360
Gross Carrying Amount					
Balance at 1 July 2021	89,141	8,658	6,894	99	104,792
Additions	-	-	365	2,378	2,743
Disposals	-	-	(168)	-	(168)
Reclassifications	-	313	1,776	(2,089)	-
Revaluation Increase	33,661	426	-	-	34,088
Balance at 30 June 2022	122,802	9,398	8,867	388	141,455
Accumulated depreciation/ amortisation and impairment					
Balance at 1 July 2021	(900)	(1,838)	(2,694)	-	(5,432)
Eliminated on disposal of asset	-	-	42	-	42
Reversals of impairment losses recognised in P&L	900	71	-	-	971
Depreciation expense	-	(299)	(675)	-	(973)
Balance at 30 June 2022	-	(2,066)	(3,326)	-	(5,392)
Net Book Value					
As at 1 July 2021	88,241	6,820	4,200	99	99,360
As at 30 June 2022	122,802	7,332	5,541	388	136,063

The Company's freehold land and buildings are stated at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. The fair value measurements of the Company's freehold land and buildings as at 30 June 2022 were performed by LAWD, independent valuers not related to the Company.

LAWD has appropriate qualifications and recent experience in the fair value measurement of properties in the relevant locations. The valuation conforms to International Valuation Standards and was based on recent market transactions on arm's length terms for similar properties.

AASB 13 Fair Value Measurement requires disclosure of fair value measurements by level of the fair value hierarchy. Details of the hierarchy are disclosed in Note 29.

Land, buildings and water licenses are all Level 2 and have been determined as follows.

The fair value of the freehold land was determined based on the market comparable approach that reflects recent transaction prices for similar properties.

The fair value of the buildings was determined using the cost approach that reflects the cost to a market participant to construct assets of comparable utility and age, adjusted for obsolescence.

The fair value of water licenses was determined using a fair market valuation approach which draws on publicly available water trade data from the relevant state water registers.

Right-of-use assets accounted for under AASB 16 are included in the asset grouping plant and equipment.



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17. INTANGIBLE WATER ASSETS

	2022 \$'000
Gross carrying amount	
Balance at 1 July 2020	7,113
Additions	1,102
Disposals	-
Balance at 30 June 2021	8,215
Accumulated impairment	
Balance at 1 July 2020	23
Disposals	-
Impairment reversal	(23)
Balance at 30 June 2021	-
Net book value	
As at 1 July 2020	7,090
As at 30 June 2021	8,215
Gross carrying amount	\$'000
Balance at 1 July 2021	8,215
Additions	6
Disposals	-
Balance at 30 June 2022	8,221
Accumulated impairment	
Balance at 1 July 2021	-
Disposals	-
Impairment reversal	-
Balance at 30 June 2022	-
Net book value	
As at 1 July 2021	8,215
As at 30 June 2022	8,221

Water licenses are valued at the lower of cost and their fair value, less cost to sell. Refer to note 16 for the valuation methodology in establishing fair value.

18. TAXATION

INCOME TAX RECOGNISED IN PROFIT OR LOSS

	2022 \$'000	2021 \$'000
Current tax		
Current tax expense/(benefit) in respect of current year	(2,095)	-
(Over)/under provision of income tax in previous year	28	(34)
	(2,067)	(34)
Deferred Tax		
Deferred tax expense/(benefit) recognised in current year	1,049	510
Total income tax recognised in the current year relating to continuing operations	(1,018)	476
The income tax expense for the year can be reconciled to the accounting profit as follows:		
Profit / (loss) before tax	(4,185)	1,882
Income tax expense calculated at 25%	(1,047)	478
Effect of expenses that are non-deductible in determining taxable profit	29	7
Other	-	(9)
Income tax expense (benefit) recognised in profit and loss (relating to continuing operations)	(1,018)	476

INCOME TAX RECOGNISED DIRECTLY IN EQUITY

	\$'000	\$'000
Deferred tax		
Revaluation of land – revaluation reserve	(8,522)	(2,271)
Revaluation of land – retained earnings	-	(2,047)
Income tax recognised directly in equity	(8,522)	(4,318)

CURRENT TAX ASSETS AND LIABILITIES

2022	Opening balance \$'000	Recognised in profit or loss \$'000	Recognised in other comprehensive income \$'000	Recognised directly in Equity \$'000	Closing balance \$'000
Gross deferred tax liabilities:					
Debtors	(66)	10	-	-	(56)
Inventories	(2,546)	(355)	-	-	(2,901)
Property Plant & Equipment	(6,986)	(685)	-	(8,522)	(16,193)
Intangibles	(130)	-	-	-	(130)
	(9,728)	(1,030)	-	(8,522)	(19,280)
Gross deferred tax assets:					
Payables	36	(16)	-	-	20
Provisions	76	14	-	-	90
Other	57	(17)	-	-	40
	169	(19)	-	-	150
	(9,559)	(1,049)	-	(8,522)	(19,130)
Tax Losses	3,021	2,068	-	-	5,089
	(6,538)	1,019	-	(8,522)	(14,041)
					-
2021	Opening balance	Recognised in profit or loss	Recognised in other comprehensive income	Recognised directly in Equity	Closing balance
Gross deferred tax liabilities:					
Debtors	(66)	-	-	-	(66)
Inventories	(2,111)	(434)	-	-	(2,545)
Property Plant & Equipment	(4,335)	1,667	-	(4,318)	(6,986)
Intangibles	(125)	(6)	-	-	(131)
	(6,637)	1,227	-	(4,318)	(9,728)
Gross deferred tax assets:					
Payables	29	7	-	-	36
Provisions	86	(10)	-	-	76
Other	84	(27)	-	-	57
	199	(30)	-	-	169
	(6,438)	1,197	-	(4,318)	(9,559)
Tax Losses	4,728	(1,707)	-	-	3,021
	(1,710)	(510)	-	(4,318)	(6,538)

19. DISCONTINUED OPERATIONS

On 9 December 2020, the Company notified the ASX of the acceptance of a non-binding offer for the Boorala property, the sole farm in the South Australian aggregation, for \$22.087 million. The contract was executed successfully on 23 December 2020 and settled on 9 April 2021 after receiving FIRB approval. The sale excluded plant and equipment which was sold at a clearing sale, the winter harvest which has since been sold and live-stock of which all has been sold with the exception of 2,620 ewes transferred to the New South Wales aggregation. The disposal was effected in order to generate cash flows for the expansion of the Company's New South Wales aggregation which will provide a better operational yield on the value of land whilst consolidating operations around our General Manager. The results of the discontinued operations, which have been included in the profit for the year were as follows.

	30 June 2022 \$'000	30 June 2021 \$'000
Revenue	-	3,431
Cost of sales	-	(3,629)
Biological transformation	-	864
Gross profit	-	666
Other income	-	626
Operational expenses	-	(324)
Administration expenses	-	(385)
(Impairment)/Reversal of impairment	-	-
Finance costs	-	(3)
Profit/(loss) before tax	-	580
Income tax (expense)/benefit	-	(146)
Profit/(loss) for the year	-	434

During the year, Boorala contributed \$0 million (2021: \$2.1 million) to the Company's net operating cash flows, generated \$0 million (2021: \$22.5 million) in respect of investing activities and paid \$0 million (2021: \$7.2 million) in respect of financing activities. In addition to the above, the part of the revaluation reserve relating to Boorala was reclassified to accumulated losses reflecting the realisation (net of tax) of the revaluation uplifts.

20. TRADE AND OTHER PAYABLES

	2022 \$'000	2021 \$'000
Trade Payables	918	2,018
Dividend Payable	-	2,660
Accrued Expenses	2,642	1,525
	3,560	6,203

Trade payables principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases is 30 days. For most suppliers no interest is charged on the trade payables for the first 30 days from the date of the invoice. Thereafter, interest is charged on the outstanding balances at various interest rates. The company has financial risk management policies in place to ensure that all payables are paid within the pre-agreed terms.

Accrued expenses include an amount of \$2,382,244 (2021: \$1,286,826) in relation to the performance fee payable to Duxton Capital (Australia) Pty Ltd.

21. BORROWINGS

Secured – at amortised cost	\$'000	\$'000
Bank Overdrafts (i)	5,320	-
Bank Loans (i)	28,000	24,350
Lease Liability (ii)	1,570	1,236
	34,890	25,586
Current	5,710	414
Non-Current	29,180	25,172
	34,890	25,586

SUMMARY OF BORROWING ARRANGEMENTS

(i) The following facilities are secured by mortgages on the company's assets:

- \$10,000,000 at call overdraft with a variable interest rate currently 1.93%. The facility was drawn to \$5.32 million at the end of the year.
- \$16,000,000 loan expiring on 30/09/2024 with a variable interest rate currently 2.71% and line fee of 0.75% which is fully drawn.
- \$2,000,000 loan expiring 30/09/2024 with a variable interest rate currently 2.71% and a line fee of 0.8% which is fully drawn.
- \$10,000,000 loan expiring on 26/10/2027 with a fixed interest rate of 5.17% which is fully drawn.

(ii) Secured by the assets leased. The borrowings are on fixed interest rate terms, ranging from 1.25%-5.37%, with repayment periods not exceeding 5 years.

	1/07/2021 \$'000	Financing cashflows \$'000	NON CASH CHANGES	
			New Leases \$'000	30/06/2022 \$'000
Lease Liabilities	1,236	(665)	999	1,570
Bank Loans	24,350	3,650	-	28,000
Overdraft	-	5,320	-	5,320
	25,586	8,305	999	34,890

22. PROVISIONS

	\$'000	\$'000
Employee benefits	358	318
	358	318
Current	335	301
Non-Current	23	17
	358	318

23. EQUITY

	2022 \$'000	2021 \$'000
Share Capital	71,886	73,983
	71,886	73,983
Issued Capital Comprises:		
41,824,077 fully paid ordinary shares (30 June 2021: 42,938,649)	71,886	73,983
	71,886	73,983

FULLY PAID ORDINARY SHARES

	No. Shares '000	2022 \$'000
Balance at 1 July 2020	42,906	73,964
Shares issued	102	131
Share buy-back	(69)	(111)
Share issue costs	-	(1)
Balance at 30 June 2021	42,939	73,983
Balance at 1 July 2021	42,939	73,983
Shares issued	649	935
Share buy-back	(1,764)	(3,031)
Share issue costs	-	(1)
Balance at 30 June 2022	41,824	71,886

24. RESERVES

	Asset Valuation Reserve \$'000	Other Reserve \$'000	Total \$'000
Balance at 1 July 2020	11,460	173	11,633
Revaluation of Boorala prior to sale	6,000	-	6,000
Transfer valuation uplift on Boorala sale to accumulated losses	(5,397)	-	(5,397)
Other property valuations	11,383	-	11,383
Share based payments	-	78	78
Tax Effect	(4,353)	-	(4,353)
Balance at 30 June 2021	19,093	251	19,344
Balance at 1 July 2021	19,093	251	19,344
Other property valuations	34,089	-	34,089
Share based payments	-	36	36
Tax Effect	(8,522)	-	(8,522)
Balance at 30 June 2022	44,660	287	44,947

25. EARNINGS PER SHARE

	2022	2021
Earnings/(loss) \$'000	(3,167)	1,406
Earnings/(loss) used in the calculation of basic EPS \$'000	(3,167)	1,406
Weighted average number of ordinary shares (basic)	41,819,242	42,938,650
Weighted average number of ordinary shares (diluted)	40,329,392	42,911,800
Basic earnings per share from continuing operations (cents)	(7.58)	2.27
Diluted earnings per share from continuing operations (cents)	(7.58)	2.27
Basic earnings per share from discontinuing operations (cents)	-	1.01
Diluted earnings per share from discontinuing operations (cents)	-	1.01

There are deemed to be no dilutive securities on issue at 30 June 2022 pursuant to AASB 133 as a consequence of the Company generating a loss for the financial year.

26. RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES

	2022 \$'000	2021 \$'000
Profit/(loss) for the year	(3,167)	1,406
Adjustments for non-cash items in profit / (loss)		
Depreciation	973	1,062
Increase in biological transformation	(6,796)	(10,481)
Share based payments	36	-
Impairment/impairment reversals - Land & Buildings	(971)	615
Movement in financial instruments	(181)	
Impairment/impairment reversals - Water	-	(23)
(Gain)/Loss on sale of PPE	(30)	(1,226)

Changes in other items:

(Increase)/decrease in Trade receivables	(355)	432
(Increase)/decrease in other assets	551	(604)
(Increase)/decrease in bio assets	7,870	3,621
(Increase)/decrease in inventories	(711)	(1,028)
Increase/(decrease) in DTL	(1,018)	4,828
Increase/(decrease) in trade payables	(2,643)	5,039
Increase/(decrease) in provisions	40	(45)
Net cash generated / (used in) by operating activities	(6,402)	3,596

27. KEY MANAGEMENT PERSONNEL

The Company has appointed Duxton Capital (Australia) Pty Ltd as its Investment Manager to manage its assets and implement its investment strategy. Details of the basis of remuneration paid or payable to the Investment Manager is fully disclosed in the Remuneration Report of the Directors’ Report.

Key management personnel of the Company are:

- Mr Edouard Peter
- Mr Stephen Duerden
- Mr Mark Harvey
- Mr Wade Dabinett
- Dr Amanda Rischbieth
- Mr Bryan Goldsmith

Mr Edouard Peter, Chairman of the Company, controls the Investment Manager and is a shareholder and Director of the Investment Manager’s parent Company Duxton Capital Pty Ltd and as such, may receive remuneration from the Investment Manager for services provided to the Investment Manager.

Company Director, Mr Stephen Duerden, is also a shareholder and Director of the Investment Manager’s parent Company and as such, may receive remuneration from the Investment Manager for Services provided to the Investment Manager.

As shareholders of the Investment Manager, Mr Peter and Mr Duerden may receive a financial benefit from the Company as a result of payment of fees by the Company to the Investment Manager.

The Investment Management Agreement is on arms-length commercial terms and was approved by the Non-Executive Directors of the Company.

Neither Mr Edouard Peter nor Mr Stephen Duerden have received directors’ fees from the Company.

	2022 \$’000	2021 \$’000
Short-term benefits	297	359
Post-employment benefits	33	35
Other long-term benefits	-	-
Share-based payments	-	-
Termination benefits	-	-
Total	330	394

28. RELATED PARTY TRANSACTIONS

The following transactions occurred with related parties during the year ended 30 June 2022 (and the year ended 30 June 2021) and are all ex gst.

	\$’000	\$’000
Accounting and Consulting Services - Duxton Capital (Australia) Pty Ltd	215	233
Management Fee - Duxton Capital (Australia) Pty Ltd*	933	720
Performance Fee - Duxton Capital (Australia) Pty Ltd (Accrued)*	2,387	1,287
Water charges - Jemalong Irrigation Ltd	193	41
Water Lease - Duxton Water Ltd	208	210
Total	3,936	2,491

Transactions between related parties are on commercial terms and conditions.
*Refer pages 26 and 27

The following balances are outstanding at the end of the reporting period between the Company and its related parties (ex gst):

	\$’000	\$’000
Amount due to - Duxton Capital (Australia) Pty Ltd	2,492	1,358
Amount due to - Duxton Capital (Services) Pty Ltd	-	22
Amount due to - Jemalong Irrigation Ltd	30	-
Amount due to - Duxton Water Ltd	3	2
Total financial liabilities	2,525	1,382
Investment - Duxton Bees Pty Ltd	1,750	-

29. FINANCIAL INSTRUMENTS

FAIR VALUE HIERARCHY

AASB 13 requires disclosure of fair value measurements by level of the fair value hierarchy, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices)
- Level 3: inputs for the asset or liability that is not based on observable market data (unobservable inputs)

Total financial assets		1,750	-
	Note	\$'000	\$'000
Financial Assets			
Cash and cash equivalents	10	12	3,591
Trade & other receivables	11	470	115
Other financial assets	14	2,383	452
Total financial assets		2,865	4,158
Financial Liabilities			
Trade & other payables	20	3,455	6,203
Borrowings	21	34,890	25,586
Total financial liabilities		38,345	31,789

The carrying amounts of financial asset and financial liabilities approximate their fair value. Commodity sales contracts are forward dated and deliverable contracts with customers. The fair value of commodity contracts is determined by reference to market prices.

CLASSIFICATION OF FINANCIAL ASSETS

Classification of trade receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 30 days and are therefore all classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing components, when they are recognised at fair value. The Company holds the trade receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

OTHER FINANCIAL ASSETS AT AMORTISED COST

Due to the short-term nature of other financial assets, the carrying amount of other financial assets is considered to be the same as their fair value.

MEASUREMENT OF FAIR VALUE OF FINANCIAL INSTRUMENTS

The methods and valuation techniques used for the purpose of measuring fair value are unchanged compared to the previous reporting period.

The Company's financial instruments consist mainly of deposits with banks, accounts receivable and payable and borrowings. The totals for each category of financial instruments, measured in accordance with AASB 9 as detailed in the accounting policies to these financial statements, are as follows:

FINANCIAL RISK MANAGEMENT FRAMEWORK

The Company's board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. Risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations. The Board oversees how management monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

SPECIFIC FINANCIAL RISK EXPOSURES AND MANAGEMENT

The main risks the Company is exposed to through its financial instruments are credit risk, liquidity risk and market risk relating to interest rate risk and other price risk. This note presents information about the Company's exposure to each of the above risks, the Company's objective, policies and processes for measuring and managing risk, and the Company's management of capital.

CREDIT RISK

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the Company.

Credit risk is managed through maintaining procedures ensuring, to the extent possible, that customers and counterparties to transactions are of sound credit worthiness and the regular monitoring of exposures and the financial stability of significant customers and counterparties.

Risk is also minimised through investing surplus funds with financial institutions that maintain a high credit rating or in entities that the board of Directors have otherwise assessed as being financially sound.

CREDIT RISK EXPOSURES

The maximum exposure to credit risk by class of recognised financial assets at the end of the reporting period is equivalent to the carrying amount and classification of those financial assets (net of any provisions) as presented in the Statement of Financial Position.

30 June 22	Current	Over 30 days	Over 60 days	Over 90 days	Total \$'000
Expected loss rate	0%	0%	0%	0%	0%
Gross carrying amount - trade receivables	440	-	-	-	440
Loss allowance	-	-	-	-	-

30 June 21	Current	Over 30 days	Over 60 days	Over 90 days	Total \$'000
Expected loss rate	0%	0%	0%	0%	0%
Gross carrying amount - trade receivables	1	44	-	-	45
Loss allowance	-	-	-	-	-

Trade receivables are written off where there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a

IMPAIRMENT OF FINANCIAL ASSETS

The Company has two types of financial assets that are subject to the expected credit loss model:

- trade receivables for sales of inventory and
- other assets at amortised cost.

TRADE RECEIVABLES

The Company applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on the payment profiles of sales over a period of 24 months from 1 July 2020 to 30 June 2022, and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Company did not sell internationally in the financial year and as a result has identified Australian economic conditions to be the most relevant factor, and accordingly adjusts the historical loss rates based on expected changes in these conditions. On that basis the loss allowance as at 30 June 2022 & 30 June 2021 for trade receivables was determined as follows:

repayment plan with the Company, and a failure to make contractual payments for a period of greater than 120 days past due.

LIQUIDITY RISK

Liquidity risk arises from the possibility that the Company might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities that are settled by delivering cash or another financial asset. The Company manages this risk through the following mechanisms:

- preparing forward-looking cash flow analysis in relation to its operational, investing and financing activities
- monitoring undrawn credit facilities
- obtaining funding from a variety of sources

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements.

	Note	Carrying Value \$'000	Contractual Cash Flow \$'000	Less than 1 month \$'000	1-3 months \$'000	3 months to 1 year \$'000	1-5 years \$'000	5+years \$'000
Trade and other payables	20	3,455	3,406	1,019	2,388	-	-	-
Financial liabilities	21	34,890	34,431	141	196	1,318	32,777	-
Interest-bearing liabilities		38,345	37,837	1,160	2,584	1,318	32,777	-

MARKET RISK

Market risk is the risk that changes in market prices and interest rates will affect the Company's income or its value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimising returns.

Due to increased levels of rain at the start of the winter season harvested in November and December 2020 the Company expected increased yields would lead to a decline in grain prices that were at elevated levels due to the drought. As a result the Company entered into futures contracts and swaps to hedge against declines in the price of wheat.

With soil moisture profiles at levels not seen for several years there are positive expectations for the winter 2022 crop following the bumper harvests seen around Australia this year. Despite increased supply hitting the market the existence of strong export demand due to a combination of drought and floods across the globe in addition to the recovery of China's hog herd from African swine fever is holding prices at elevated levels. As a result the Company has entered into a combination of futures contracts and swaps to hedge against any future declines in price. The unrealised gain on these instruments at 30 June 2022 was \$8k.

SENSITIVITY ANALYSIS

If the interest rate changed by +/- 0.05% the effect on the borrowing costs would be in the range of +/- \$174,500 per annum.

30. OBLIGATIONS AND COMMITMENTS

The Company leases harvesting equipment. The average lease term is 5 years. The Company's obligations under leases are secured by the lessor's titles to the leased assets.

Interest rates underlying all obligations under leases are fixed at respective contract dates ranging from 1.25% to 5.37% per annum.

	2022 \$'000	2021 \$'000
Lease Liabilities		
Not later than 1 year	435	447
Later than 1 year and not later than 5 years	1,245	852
Less: Future finance charges	(110)	(63)
	1,570	1,236
Current	390	414
Non-Current	1,180	822
Total financial liabilities	1,570	1,236

OTHER LEASE ARRANGEMENTS

At the reporting date, the Company had outstanding commitments for future minimum lease payments under a non-cancellable lease, negotiated for a fixed term until June 2023, which fall due as follows:

	2022 \$'000	2021 \$'000
Water Lease	187	374
Within one year	187	187
In the second to fifth years inclusive	-	187
After five years	-	-
	187	374

OTHER COMMITMENTS

	2022 \$'000	2021 \$'000
Commitments for expenditure	110	63

FORWARD SALE CONTRACTS

As at 30 June 2022 Duxton Farms Limited has entered into forward sales contracts for the following commodities. The forward sales are expected to settle from planned production within 12 months.

	2022 average price	2022 tonnes/bales
Wheat	\$400 / tonne	2,000
Canola	\$1,023 / tonne	1,500
Cotton	\$565 / bale	2,000

31. SUBSEQUENT EVENTS

Since the end of the financial year banking facilities with CBA have been reviewed resulting in an increase in available facilities of \$6,000,000 and overdraft limit increasing by \$2,000,000 to \$10,000,000.

No other matter or circumstance has arisen since the end of the reporting period ended 30 June 2022, that has significantly affected or could significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in future financial years.

DIRECTOR'S **DECLARATION**
FOR THE YEAR ENDED 30 JUNE 2022

THE DIRECTORS DECLARE THAT:

- a) in the directors' opinion, there are reasonable grounds to believe that Duxton Farms Limited will be able to pay its debts as and when they become due and payable; and
- b) in the directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including that:
 - i. the financial report complies with Australian Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - ii. the financial statements and notes give a true and fair view of Duxton Farms Limited's financial position and performance for the year ended 30 June 2022.
- c) the audited remuneration disclosures set out on pages 23 to 28 of the Directors' report comply with section 300A of the Corporations Act 2001; and
- d) the financial statements and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board.

Signed in accordance with a resolution of the directors made pursuant to s.295A of the Corporations Act 2001.



Edouard Peter
Chairman



Mark Harvey
Independent Non-Executive Director

Stirling, South Australia
30th August 2022



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Independent Auditor's Report

To the Members of Duxton Farms Limited

Report on the audit of the financial report

Opinion

We have audited the financial report of Duxton Farms Limited (the Company), which comprises the statement of financial position as at 30 June 2022, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the Directors' declaration.

In our opinion, the accompanying financial report of the Company is in accordance with the *Corporations Act 2001*, including:

- Giving a true and fair view of the Company's financial position as at 30 June 2022 and of its performance for the year ended on that date; and
- Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

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

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

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Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Freehold land and buildings (note 16)	
Freehold land and buildings are stated at their revalued amounts, being the fair value at the date of the revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.	Our procedures included, amongst others: - Evaluating the competence, capability, and objectivity of the valuer; - Obtaining an understanding of the valuation process and techniques adopted by the valuer to assess if they are consistent with industry norms and AASB 13; - Comparing the data used by valuers in their report to management records and other external evidence where possible; - Reviewing the estimates and assumptions used by the valuer for consistency with market evidence and prior year; and - Reviewing the relevant disclosures in the financial statements for completeness and accuracy.
Management has engaged a qualified independent external valuer to value the land and buildings in accordance with the requirements of AASB 13 <i>Fair Value Measurement</i> . The valuation of land and buildings is a key audit matter due to the judgements and estimates involved in determining the value.	

Information other than the financial report and auditor's report thereon

The Directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 30 June 2022, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

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

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

Responsibilities of the Directors' for the financial report

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

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

Auditor's responsibilities for the audit of the financial report

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: https://www.auasb.gov.au/admin/file/content102/c3/ar2_2020.pdf. This description forms part of our auditor's report.

Report on the remuneration report

Opinion on the remuneration report

We have audited the Remuneration Report included in pages 23 to 28 of the Directors' report for the year ended 30 June 2022.

In our opinion, the Remuneration Report of Duxton Farms Limited, for the year ended 30 June 2022 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

J L Humphrey

Partner – Audit & Assurance

Adelaide, 30 August 2022



Additional information required by the ASX Limited Listing Rules and not disclosed elsewhere in this report is set out below. The information is effective as at 31 July 2022 (unless otherwise stated).

TWENTY LARGEST EQUITY SECURITY HOLDERS

The names of the twenty largest holders of quoted equity securities as at 31 July 2022 are listed below:

Name	ORDINARY SHARES	
	Number held	Percentage
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	17,731,161	42.39
BNP PARIBAS NOMS PTY LTD <DRP>	12,018,868	28.74
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED-GSCO ECA	1,606,807	3.84
DAVID HANDLEY NOMINEES PTY LTD <DAVID HANDLEY FAMILY A/C>	610,000	1.46
BNP PARIBAS NOMINEES PTY LTD HUB24 CUSTODIAL SERV LTD <DRP A/C>	588,559	1.41
NAVIGATOR AUSTRALIA LTD <MLC INVESTMENT SETT A/C>	503,044	1.20
CHAR PTY LTD <HANDLEY RETIREMENT A/C>	384,730	0.92
DUXTON CAPITAL INVESTMENTS PTY LTD	350,392	0.84
BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	290,205	0.69
CITICORP NOMINEES PTY LIMITED	253,903	0.61
BOND STREET CUSTODIANS LIMITED <STODAV - D72799 A/C>	203,346	0.49
JOTT INVESTMENTS PTY LTD <SMITH PENSION FUND A/C>	200,000	0.48
MR RONALD LANGLEY + MRS RHONDA ELIZABETH LANGLEY	198,721	0.48
MR GRANT DAVID JOPLING	194,000	0.46
TEMPLE ROCK PTY LTD <TEMPLE ROCK S/F A/C>	185,000	0.44
MR WILLIAM BLOMFIELD	180,000	0.43
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	179,585	0.43
AV&RV PTY LTD <VEDIG SUPER A/C>	175,000	0.42
MRS FRANCESCA MCCULLOCH	166,667	0.40
BEAUVAIS PTY LTD <JOHN BISHOP FAMILY A/C>	150,000	0.36
Total	36,169,988	86.48

HOLDERS OF LESS THAN A MARKETABLE PARCEL OF SECURITIES

Number of holders as at 31 July 2022 holding less than a marketable value of securities being \$500 at the share price of \$1.89 per share are listed below:

Holding	No. of Holders
1-264 (Less than a marketable parcel)	21

DISTRIBUTION OF EQUITY SECURITIES

Analysis of numbers of equity security holders by size of holding as at 31 July 2022 are listed below:

Holding	ORDINARY SHARES	
	Shares	No. of Holders
1 - 1,000	61,337	99
1,001 - 5,000	424,760	187
5,001 - 10,000	486,548	64
10,001 - 100,000	3,991,730	127
100,001 and over	36,859,702	25
	41,824,077	502

SUBSTANTIAL HOLDERS

Substantial holders of ordinary shares in the Company as at 31 July 2022 are listed below:

Holding	ORDINARY SHARES	
	Number Held	Percentage
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	17,731,161	42.39
BNP PARIBAS NOMS PTY LTD <DRP>	12,018,868	28.74

HOLDERS OF EACH CLASS OF EQUITY SECURITIES

Number of holders in each class of equity securities as at 31 July 2022 are listed below:

Holding	Number
Ordinary shares	41,824,077

USE OF PROCEEDS

In accordance with listing rule 4.10.19, the Company confirms that it has used cash and assets in a form readily convertible to cash in a way consistent with its business objectives during the year ended 30 June 2022

VOTING RIGHTS

Ordinary shares: On a show of hands, every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote

VOLUNTARY ESCROW

The table below shows a breakdown of the vendor shares subject to voluntary escrow as at 31 July 2022:

Escrow period	Total
No escrow	-

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