DUXTON FARMS LIMITED
JUNE 2023
ANNUAL REPORT

DUXTON FARMS

ACN 129 249 243

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
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Share Registry
Computershare

Auditors
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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


OVERSIZE


OVERSIZE
ROAD
TRAIN

CONTENTS

CHAIRMAN'S LETTER TO SHAREHOLDERS

31st August 2023

Dear Shareholder,

Reflecting back on Duxton Farms Limited and the entity it controls ("**Duxton Farms**" / "**Group**") sixth year in operation as a listed entity, it is difficult for me to say, as I normally would, that it gives me great pleasure to present the Annual Report for FY2023.

In many ways this season has unfolded as a more extreme version of what happened in FY2022, and I am sure that it will come as no great surprise to any investors who have been following the Group's progress this season that FY2023 has been exceptionally challenging, defined as it was by the severe flooding which occurred in the Lachlan Valley in the final months of the last calendar year.

I have sought to remain as open and candid with our investors as possible with regards to the impact of last year's flood event on the Group's operating performance, as it had become evident early on that Duxton Farms' season would be heavily impacted: quite simply, with a winter crop nearly 80% smaller than the previous year, no substantial summer crop and a softening livestock market, we were simply not able to generate the revenues we would normally expect from our portfolio.

I would like to again thank our Operations Team led by General Manager Bryan Goldsmith, who have repeatedly responded to extraordinarily difficult operating conditions in a manner that continues to impress, and I know I speak for the Board when I say that they have shown an extraordinary level of skill, determination and resolve over the past six years. As highlighted in our Harvest Update earlier this year, the fact that the quality of the Group's crop was reliably high across the board for what was harvestable is a testament to this fact, and I look forward to being able to report on their performance after a season where they are provided with more favourable operating conditions.

Despite the poor operating results, Duxton Farms' portfolio continued to perform from a capital growth perspective, which we take as evidence that the Group's investment thesis continues to be relevant in the current macroeconomic environment. In saying that, we will be active in de-risking and realigning the portfolio in FY2024 as the Group diversifies away from traditional broadacre farming assets as it seeks to elevate and stabilise the Group's earnings profile and provide investors with exposure to new opportunities in the Australian agricultural sector. We are responding to the challenges that the Group has faced in a proactive but considered manner, and shareholders should expect to see Duxton Farms evolve in a slow but sure manner over the next few years.

FINANCIAL PERFORMANCE

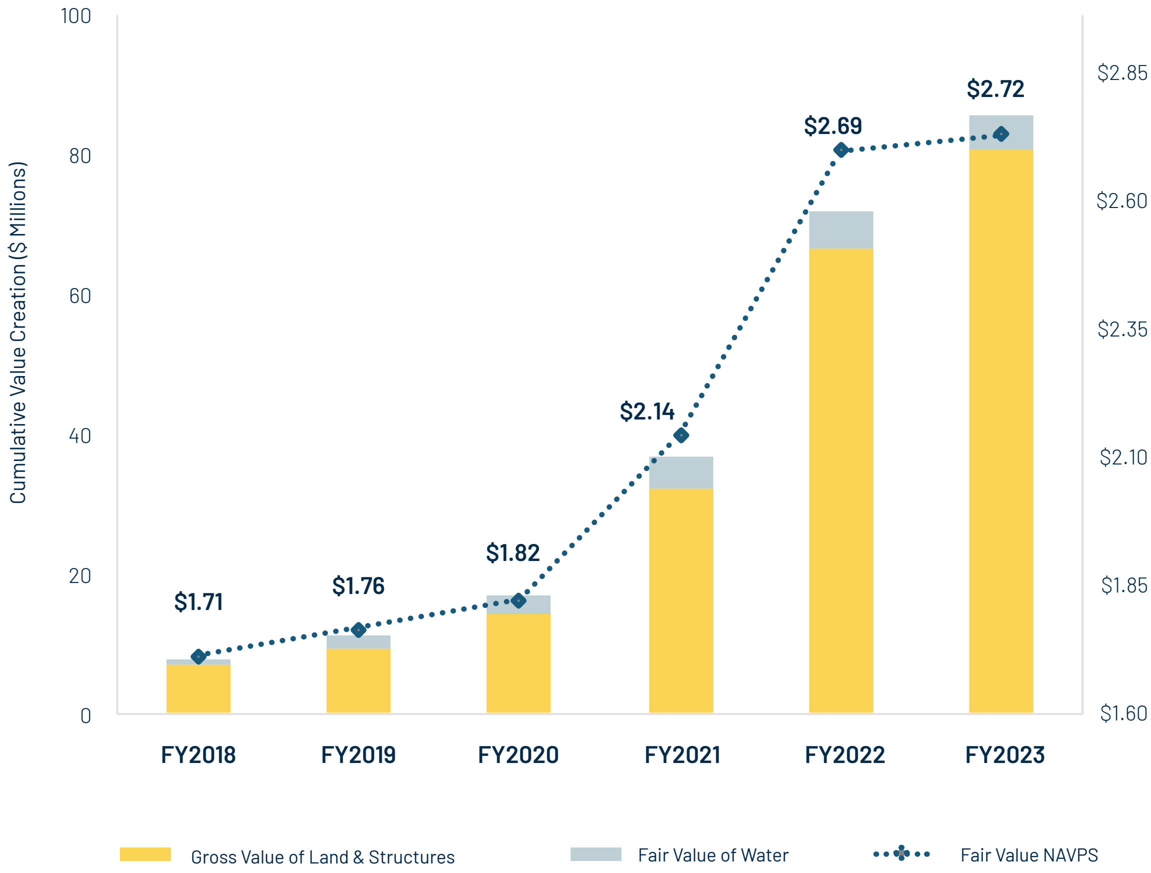
The Group suffered a net loss after taxes of $10,089,000 (FY2022: loss of $3,167,000) on revenues of $7,296,000 (FY2022: $16,644,000), which is broadly in line with the revised guidance issued earlier in the year and indicative of the extent to which the portfolio was impacted by poor operating conditions. Total comprehensive income for the period was $870,000 (FY2022: $22,400,000). While this means that loss per share increased significantly from 7.58 cents to 24.16 cents, the Board is still pleased with the growth of the Group's balance sheet; although not immediately accessible to shareholders, I am confident that this value creation will translate to positive returns for shareholders over time as conditions normalise and the Group continues to execute its diversification strategy.

Value creation since listing ($'000)	2018	2019	2020	2021	2022	2023
Appreciation of land value	7,084	2,193	5,096	17,796	34,561	14,085
Appreciation of water value	558	1,290	859	1,940	501	-
Net profit/(loss) after tax	(420)	(1,115)	(1,466)	1,406	(3,167)	(10,089)
Aggregate value creation	7,222	2,368	4,489	21,142	31,895	3,996
Cumulative value creation	7,222	9,590	14,079	35,221	67,116	71,112

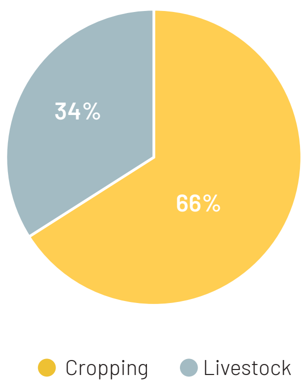
With regards to the statement of financial position, while the past year has put a fair amount of unforeseen pressure on the Group's borrowing capacity, I am pleased to report that the Group's net asset position has actually risen marginally, with statutory Net Assets per Share ("**NAVPS**") at $2.60 (FY2022: $2.57), and fair value NAVPS (that is, statutory NAV accounting for the fair value of water entitlements as determined by independent valuer LAWD) up to $2.72 (FY2022: $2.69).

This result brings the total uplift in the value of the Group's net assets to 59 percent, which I believe is a solid return on our thesis given the operating conditions experienced since listing.

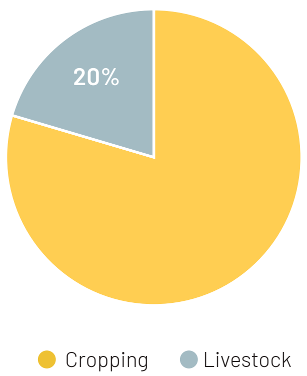
DUXTON FARMS HISTORIC CUMULATIVE VALUE CREATION



FY2023 REVENUE CONTRIBUTION



FY2022 REVENUE CONTRIBUTION



OPERATIONS AND LAND STRATEGY

Duxton Farms planted, cultivated, and harvested a historically low area of grains and oilseeds, and, for the first time in the Group's history, did not plant any legumes or cotton. As communicated in the FY2022 AGM and my letters prefacing the previous two sets of accounts, this was not for lack of trying: the Operations Team had an exceptionally difficult time with wet conditions, waterlogging and inundation, and ultimately were prevented from operating the portfolio.

With the winter crop reduced by nearly 80% and no summer crop to speak of, an unusually large portion of revenue this year is attributable to livestock, with over a third of income coming from cattle, sheep, and wool sales, as shown below. While in future we do expect livestock to make up a larger portion of the Group's revenue profile (largely due to the lease over Mountain Valley Station), at this juncture investors should expect the next season to be more similar to FY2021 than to either of the previous two years.

I am very pleased to say that in beginning to execute its diversification strategy, as outlined in the FY2022 Annual General Meeting presentation, the Group executed contracts on two very exciting land transactions in FY2023. The first was the five-year lease on Mountain Valley Station, which will provide exposure to a new geography in the Northern Territory, increase the size of the Group's exposure to livestock, and which may introduce an entirely new production system into the portfolio. I believe this latter point is one of the most intriguing opportunities available in all of Australian agriculture; if done in a way that is economically, agronomically, and environmentally responsible, rainfed cropping has the potential to completely change the nature of the Northern Territory's agricultural sector. To be sure, there is a lot of work ahead of us when it comes to proving up this concept and honing our own inhouse skills and expertise, but it remains one of our key strategic focuses for the next few years.

The second transaction was the purchase of Piambie Farms, which was finalised in early FY2024. Piambie is an interesting property because while it was traditionally used to grow irrigated cereals and oilseeds, it also has very strong horticultural potential. We are currently putting the finishing touches on a development plan at Piambie which is intended to create a substantial new long-term growth opportunity for the Group, again providing exposure to a geographic region and production system which I believe will serve to de-risk the wider portfolio in a meaningful way.

SUSTAINABILITY

I would like to take this opportunity to reiterate Duxton Farms' statement of intent when it comes to sustainability: our objective when it comes to sustainability is to operate our portfolio in a manner that successfully generates long-term sustainable returns. That is to say, that we seek to create positive outcomes for all parties involved with Duxton Farms over a long time-horizon, including shareholders, employees, contractors, suppliers, and the members of the communities in which we operate.

Although a number of physical environmental initiatives were stalled by the recent flooding, Duxton Farms has continued to make strides towards improving its sustainability performance and reporting. The Group's Environmental, Social and Governance Subcommittee, chaired by Dr Amanda Rischbieth, has benchmarked its Scope 1 and 2 greenhouse gas emissions, begun reporting against the guidelines established by the Task Force on Climate-related Financial Disclosures (which is included later in this report), and is currently in the process of establishing ownership of its first carbon project.

OUTLOOK

I am quite pleased to report that the 2023/24 season has gotten off to a strong start. Well-timed rain and generally clear conditions over the winter created some of the most favourable planting and growing conditions we have seen in recent years, and if the season continues to progress as it has so far, I am sure by this time next year I will be writing a letter that is significantly more positive than the one you have just read. There are always risks to a dryland cropping business, and at the moment we are closely watching the Bureau of Meteorology's updates on the development of dry El Niño conditions, although I note that with full water storages both on farm and across the wider Murray Darling Basin, Duxton Farms is currently in a strong position when it comes to water security.

With regards to the portfolio, we will be very active in pursuing the development opportunities in the Northern Territory and Victoria mentioned above in order to mitigate the risks associated with a large, geographically concentrated aggregation. Agricultural investment is a long game, and we are working hard to build a business that can survive downturns like the one we have just experienced and that will perform through the cycle. Australian agriculture continues to be one of my favourite investments, and I believe our work here, although sometimes more challenging than we would like, is well worth the effort; as such, I believe that work is just getting started.

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

Kind Regards,
Ed Peter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DIRECTORS **REPORT** FOR THE YEAR ENDED **30 JUNE 2023**

The Directors of Duxton Farms Limited submit herewith their report, together with the financial report of Duxton Farms Limited and the entity it controls (the Group) for the year ended 30 June 2023. 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 Group 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 Group, directly or indirectly, including any director (whether executive or otherwise) of the Group.

PRINCIPAL ACTIVITIES

The principal activities of the Group 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

Duxton Farms' 2023 Financial Year was heavily impacted by an extreme flooding event which unfolded throughout the Murray Darling Basin late in the final months of 2022, and which was particularly severe in the Lachlan Valley. The Group recorded total winter crop production of 8,262 tonnes, compared with 37,241 tonnes in the previous season and 60,470 tonnes in FY2021. Quality was largely at or above the Group's internal base grades for all winter crops, which was an encouraging demonstration of the Operation Team's agricultural expertise, but which ultimately did not have a meaningful impact on Duxton Farms financial results. The Directors regard this result as an illustration of the magnitude of the adverse operating conditions experienced in FY2023, the risks associated with geographic concentration, and the need to accelerate plans to add breadth and scale to the portfolio.

Duxton Farms was also prevented from planting a substantial summer crop for the 2023 season, meaning that, for the first time in its history as a listed entity, the Group was not able to harvest any cotton, despite recognising some cotton income from the previous season due to timing. The Group was successful in growing pasture and lucerne to support its livestock programme and these activities are directly apparent as revenue items in the financial accounts.

Livestock numbers increased substantially as a part of the commencement of the five-year lease over Mountain Valley Station, whereby Duxton Farms within its lease contractual arrangements, purchased the cattle on the Station at a substantial discount to their market value at the time. Although livestock prices have since fallen across Australia, which is recognised both in the Profit and Loss Statement and on the Balance Sheet, Duxton Farms is currently in the process of restocking Mountain Valley Station, meaning that in the long-term this is not necessary a net negative for the Group's operations. With regard to the NSW aggregation, there were no substantial losses to livestock numbers nor any significant deterioration of livestock health as a result of the flooding in the Lachlan Valley, an achievement for which the Operations Team are to be commended. As it builds its exposure to cattle, the Group also continues to monitor the development of external biosecurity concerns.

FINANCIAL OVERVIEW

TOTAL COMPREHENSIVE INCOME
$870,000

STATUTORY NAV
$2.60

FAIR VALUE NAV
$2.72

Value of land & water assets
INCREASED BY 10.1%

ROBUST BALANCE SHEET
89% OF TOTAL ASSETS comprised of land and water assets

Duxton Farms recorded a net loss of $10,089,000 for the year, as per the 2023 Full year Financial Statements (FY2022: loss of $3,167,000). The Group's statutory net asset value ("**NAV**") stayed relatively stable, increasing by 0.7 percent in absolute terms and 0.8 percent on a per share basis. While gross assets increased by 14.4 percent, liabilities also rose as Duxton Farms took on more bank debt to fund preparations for the next cropping season and to facilitate its expansion and diversification strategy. Balance sheet management remains a critical area of focus for the Board, who are actively considering a number of routes towards normalising the Group's gearing over the next few seasons after funding two consecutive years of losses.

30 June 2023	Per Group 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	100,087	100,087	-
Total Net Assets	**108,308**	**113,455**	**5,147**
Total Net Asset Value Per Share	**$2.60**	**$2.72**	**$0.13**

30 June 2022	Per Group 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**
Total Net Asset Value Per Share	**$2.57**	**$2.69**	**$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 Group's water assets. Therefore, increases in the Fair Market Value of water assets are not reported in the statutory accounts.

** 197,159 shares bought back during the year which were cancelled.*

MARKET OVERVIEW

Many agricultural commodities experienced substantial and rapid price appreciation in 2021 and 2022 on a global scale as a result of supply chain and logistics issues caused by the COVID-19 pandemic, and market uncertainty brought on by the escalation of the Russian invasion of Ukraine.

Global prices for many food and fibre products, including those to which Duxton Farms is most exposed, reached or came close to reaching their all-time inflation-adjusted highs, which saw the UN World Food Price Index peak in early 2022. Since then, prices for these goods have experienced a gradual, although somewhat volatile, decline to more normalised levels. Despite the ongoing war in Ukraine and the uncertain future of the Black Sea Grain Initiative, significant agricultural exports have continued to flow out of the region from both Ukraine and Russia, which provided the market with a degree of stability until additional fluctuations in July 2023.

The prospect of a large (if not record) winter harvest in the Northern Hemisphere has further served to bring global prices back down from their all-time highs, as the overall supply and demand situation has fundamentally not changed in a significant manner over the past few years; while balance sheets for agricultural commodities remain tight globally (making them vulnerable to any future shocks), most major remain well-supplied with harvest ongoing.

As a major agricultural producer that is somewhat geographically isolated, Australia experiences its own set of idiosyncratic supply and demand drivers which can cause significant dislocation from global markets. This was seen in FY2022, when a record domestic crop and issues with the country's export infrastructure depressed prices domestic below the global market, making Australian agricultural exports amongst the cheapest in the world. This trend generally reversed over FY2023 for many grains, not necessarily because Australian prices increased above international prices (although expectations that drier El Niño conditions may reduce domestic supply in FY2024 did have an impact late in the season), but because international prices fell from relative highs that domestic markets never reached. Australia's own domestic production dynamics and export considerations, in addition to the specifics of Australian trade relations and market access, meant that grain prices fell over the season in absolute terms, but that the premium to international prices was restored. Unfortunately, due to previously highlighted issues surrounding production, Duxton Farms was prevented from capitalising on these dynamics.

In relation to Australian livestock prices over FY2023 prices for both cattle and sheep have roughly halved since late 2022, with both the national herd and flock having recovered after the 2017-19 Murray Darling Basin drought caused largescale destocking on a national level. There are other considerations to account for, including uncertain market access for live export and concerns over Foot and Mouth Disease, but generally speaking FY2023 bore witness to a broad price correction resulting from fundamental supply and demand dynamics largely localised within the domestic market. In contrast to this, global prices for sheep and cattle have remained relatively stable in most major markets, which is further reflected in the FAO Meat Price Index. Global demand for livestock products remains strong overall, Duxton Farms' concern will principally be navigating the domestic market.

The Reserve Bank of Australia continued raising the prevailing cash rate throughout the course of the Financial Year, from 85 basis points as at 1 July 2022 to 4.1 percent as at 30 June 2023. While it appears as though monetary tightening may be decelerating, the Directors do not expect to see any meaningful reversal of this policy any time soon and have been considering the composition of the portfolio in this light. The Group's gearing stood at 34 percent as at 30 June 2023, although investors should note that this figure is likely to rise further in early FY2024; while Directors are not concerned with this level of gearing currently, the Board are mindful of balancing debt levels with the execution of the diversification strategy, and are considering a range of options to manage debt levels while de-risking the portfolio.

FUTURE DEVELOPMENTS

There are no future developments to report on that are not covered elsewhere in this report.

CHANGES IN STATE OF AFFAIRS

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

SUBSEQUENT EVENTS

Since the end of the financial year banking facilities with Commonwealth Bank of Australia have been renewed resulting in an increase in available facilities of $13,000,000 with overdraft limit decreasing by $3,000,000 to $10,000,000, term facilities increasing by $15,000,000 to $68,000,000 and equipment financing increasing by $1,000,000 to $3,000,000. A condition of this funding is that the Group have in place a plan to substatially reduce borrowings by 31 March 2024.

The Group has exercised its option to purchase the 944 hectare property known and Piambie Farm, Natya, Victoria and settled on 31st July 2023 for $6,473,205. This represents the final stage of a two stage process that began with the acquisition of the 241 hectare "Glenn Innes" portion in December 2022. Piambie Farm will be used to build a horticulutral development, starting with 130 hecatres of greenfield planting in August 2023.

On 25th July 2023 the Group entered into a contract to purchase the property known as "Greenlanes", Grenfell, NSW for $3,466,994. Greenlanes is a 523 hectare property located in the Central West of NSW thats is surrounded on three sides by the Group's Kentucky property.

No other matter or circumstance has arisen since the end of the reporting period ended 30 June 2023, that has significantly affected or could significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in future financial years.

ENVIRONMENTAL REGULATION

The operations of the Group 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 Group.

SUSTAINABILITY OVERVIEW

As an agricultural producer with long-dated investment horizons, our ability to generate sustainable long-term economic returns is underpinned by the health of the physical environments that we cultivate, by our operational excellence and through pursuit of sustainability improvements. Duxton Farms remains committed to maintaining our assets at the highest standards in order to ensure that they are optimised for sustainable production. We continue to efficiently invest resources into understanding and reducing our environmental footprint to both contribute to the development of the Australian agricultural sector and to reduce our own carbon footprint.

Understanding the physical, transitional, and regulatory risks of climate change is important to the Group. The directors understand that to discharge their duties, they must integrate climate risks and opportunities into their governance roles. To that goal, and informed by their ESG Subcommittee, they actively work to keep abreast of the rapidly evolving regulatory measures.

For example, in June 2023, the Australian Treasury issued a second consultation on climate-related disclosures which set out the Government's proposed design for a climate disclosure framework.

It is our understanding through the Climate Governance Initiative that it is proposed that the content of the mandatory climate disclosures in Australia is based on the IFRS S2, as adapted to the Australian market by the AASB, with organisations required to disclose initially on governance, identification and management of climate risks and opportunities, transition plans, qualitative scenario analysis and scope 1 and 2 emissions. Directors also remain aligned with the recommended steps by the Climate Governance Initiative in Australia and have undertaken a substantial body of work to facilitate future reporting against the guidelines by the Task Force on Climate-related Financial Disclosures ("TCFD"). The Board of Duxton Farms is committed to identifying and mitigating climate change risks and is in the process of developing a comprehensive roadmap to achieve this goal.

At an operational level Duxton Farms has employed a range of 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 Group 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.

The Directors have previously stated that they have sought to open Duxton Farms portfolio for partnership with innovative third parties, including exploring several initiatives with private companies, universities, and government bodies. That said, some of these activities were put on hold as the Operation Team were focused on mitigating the major flood event in NSW.

On the portfolio management and reporting side, Duxton Farms baselined its Scope 1 and 2 greenhouse gas emissions for the 2021 calendar year and is currently working on a plan to calculate its Scope 3 emissions. The work that has been completed in this space has been externally reviewed, marking an important step towards achieving the ESG Subcommittee's key objectives for the Group, which have now been aligned with the United Nations Sustainability Goal ("**UN SDG**") framework.

The UN SDG framework is a part of the 2023 Agenda for Sustainability Development, and essentially provides a common structure and toolkit to assist entities across the global private and public sectors identify what they can and should be doing to promote progress in 17 key areas of focus, classify these actions into standardised goals which can be grouped and compared between entities, and establish a shared set of targets and indicators which can be used to measure and track progress towards these goals. Duxton Farms engaged with the framework as part of the NSW Sustainability Advantage Program, and has adopted the following sustainability vision:

Duxton Farms' vision is sustainable large-scale farming that is at the forefront of cutting-edge sustainability technology and products.

In the near term the Group's initiatives will focus on the following three strategic pillars:

1. Climate resilience
2. Caring culture
3. Collaborative partnerships

Each pillar has its own focus areas which align with the following six UN SDGs as our focus SDGs:

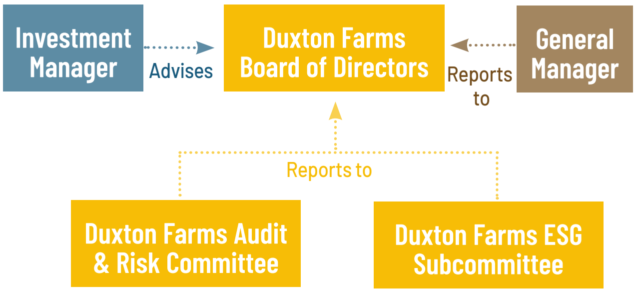
- Number Six: Clean Water and Sanitation
- Number Eight: Decent Work and Economic Growth
- Number Twelve: Responsible Consumption and Production
- Number Thirteen: Climate Action
- Number Fifteen: Life on Land
- Number Seventeen: Partnerships for the Goals

The ESG Subcommittee through its recommendations to the board, aims to gradually build out its level of reporting against these goals, which will require an initial focus on internal systems building. These goals will contribute to shaping how the Group invests and operates and provide shareholders with a degree of transparency into the nature of their investment, its impact on the environment, and its priorities when it comes interaction with other stakeholders.

The Directors note that this level of mandated disclosure is not yet set in Australia with the Treasury consultations underway as to how future mandatory disclosures will flow through in timing and phasing. In the meantime, the ESG Subcommittee leverages its international and national networks to ensure it remains at the forefront of ESG and broader sustainability matters. It will continue to strive to find ways of ensuring that Duxton Farms is a leader in Australian listed agriculture and that the Group is on the front foot in navigating changes to the regulatory landscape by ensuring it remains current on global and national evidence and reporting trends.

Currently, the ESG Subcommittee is focused on increasing the level of knowledge and understanding of climate change (and other ESG issues as per above), implementing small-scale initiatives in the Group's Sustainability Action Plan, and trialling new methods and technologies related to soil carbon.

At an operational level, General Manager Bryan Goldsmith is responsible for managing climate-related risks and opportunities as they arise on farm, although given that climate risk is not the primary focus of the General Manager or his team, the Investment Manager does take an active role in reporting climate risks to the Board and various Committee groups. The Group is in the process of better understanding its carbon footprint and reduction opportunities before setting targets for actively reducing its emissions. The work around specific targets within the Sustainability Action Plan is currently underway.



DIVERSITY POLICY

Duxton Farms is committed to creating and maintaining a workplace that encourages a varied mix of people and skillsets. The Group's Diversity Policy states that diversity is a complex and multifaceted concept which goes beyond issues of gender, ethnicity, or race. The Group 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 Group is a focus for the Directors; female representation at the Board level is at 20 percent. 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 Group addressing the challenge in increasing female representation on-farm, whilst also broadening and deepening the Group's core competencies and succession planning.

DIVIDENDS

The Group did not pay a dividend in FY2023, and no dividend is being declared in relation to FY2023.

INDEMNITIES AND INSURANCE OF OFFICERS

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

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

The Group 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 Group in relation to the investment portfolio. The Investment Manager has agreed to indemnify the Group for all liabilities and losses incurred by the Group 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 Group 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 there were five Board meetings, four Audit and Risk Committee meetings, two Nomination and Remunerations Committee meeting, and three formal ESG Subcommittee meetings (although the latter also functions as an informal working group).

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 Ed Peter	5	5	-	-	2	-	-	-
Mr Stephen Duerden	5	5	4	4	-	-	-	-
Mr Mark Harvey	5	4	4	4	2	2	3	1
Mr Wade Dabinett	5	5	4	4	2	2	-	-
Dr Amanda Rischbieth	5	4	4	4	2	2	3	3

COVID-19

While COVID-19 remains an ongoing consideration for the Group, 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 Group'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 Group's expectations around work health and safety.

NON-AUDIT SERVICES

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

CORPORATE GOVERNANCE

The Group'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 Group complies with the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations 4th Edition – February 2019 (unless otherwise stated).

ROUNDING

The Group is a Group 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 14,194,178

COMMITTEES
Member – Nomination and Remuneration Committee

QUALIFICATIONS
Bachelor English Literature

OTHER DIRECTORSHIPS
Duxton Water Ltd (ASX: D2O)

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 Practicing Accountant.

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

INTEREST IN SECURITIES
Fully paid ordinary shares 15,084

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: D2O)

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 unitl 2019.

INTEREST IN SECURITIES

Fully paid ordinary shares 87,904

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

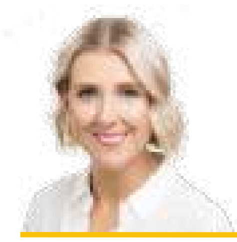
Dr Rischbieth was a Visiting Scientist at Harvard Chan School of Public Health from 2017-2022 after being competitively selected as one of 40 global leaders, and the only Australian, as a Harvard Advanced Leadership Fellow in 2017. In 2023 she received a Member of the Order of Australia award (an AM) for her services to public health and governance. She has over twenty-four years of directorship experience and was CEO of a leading health organisation for six years. During her 5 year Visiting Scientist role at Harvard, she focused on business, sustainability and health. Her key board competencies are corporate governance, health, cyber resilience, ESG, and impact measurement.

In addition to her Duxton Farms Non-Executive Director role (including Chair ESG Sub-Committee), Dr Rischbieth is an Advisory Board member for Circular Energy Group, a Non-Executive Director of the International Women's Forum Australia (IWFA), and member of the International Foundation for Valuing Impacts Technical and Research Committee. She is also an Associate Clinical Professor at the University of Adelaide, a Fellow of the Australian Institute of Company Directors, a member of Chief Executive Women (CEW), and former Telstra Business Women's Award Finalist.

INTEREST IN SECURITIES
Fully paid ordinary shares 11,518

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 Group 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 Group.

In determining competitive remuneration rates, the Board review local and international trends among comparative companies and industry generally. Typically, the Group 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 Group 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	
2023	$ Salary and Fees	$ Cash Bonus	$ Non- Mon-etary	$ Superannuation	$ Long Service Leave	$ Shares	$ Total
Executive Directors							
Mr Edouard Peter [(1)]	-	-	-	-	-	-	-
Non-executive Directors							**-**
Mr Stephen Duerden [(1)]	-	-	-	-	-	-	-
Dr Amanda Rischbieth [(2)]	35,000	-	-	3,675	-	-	38,675
Mr Mark Harvey [(2)]	35,000	-	-	3,675	-	-	38,675
Mr Wade Dabinett [(2)]	35,000	-	-	3,675	-	-	38,675
Other Key Mgt Personnel							
Mr Bryan Goldsmith [(3)]	185,000	-	31,400	19,425	-	81,500	317,325
Total	**290,000**	**-**	**31,400**	**30,450**	**-**	**81,500**	**433,350**

(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 $35,00 plus superannuation and will be satisfied in cash. Appointment will apply for directors appointed through the year.
(3) Shares were issued to Bryan Goldsmith in March 2023 in lieu of a discretionary performance based bonus.

	SHORT-TERM EMPLOYEE BENEFITS			POST EMPLOYMENT BENEFITS	LONG-TERM EMPLOYEE BENEFITS	SHARE-BASED PAYMENTS	
2022	$ Salary and Fees	$ Cash Bonus	$ Non- Mon-etary	$ Superannuation	$ Long Service Leave	$ Shares	$ Total
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) 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 satisified 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.

SHARE BASED COMPENSATION

Issue of shares

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

Name	Date	Shares	Issue Price	$
Mr Bryan Goldsmith	12-06-2022	40,404	$1.52	61,212
Mr Bryan Goldsmith	05-03-2023	50,000	$1.63	81,500

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.

GROUP EARNINGS & MOVEMENT IN SHAREHOLDER WEALTH

	30 Jun 23 $'000	30 Jun 22 $'000	30 Jun 21 $'000	30 Jun 20 $'000	30 Jun 19 $'000
Revenue	7,296	16,644	21,272*	12,640	13,629
Net profit /(loss) before tax	(13,477)	(4,185)	1,882*	(2,258)	(2,565)
Net profit /(loss) after tax	(10,089)	(3,167)	1,406	(1,466)	(1,115)
	30 Jun 23	30 Jun 22	30 Jun 21	30 Jun 20	30 Jun 19
Share price at start of year	$1.78	$1.37	$1.05	$1.18	$1.55
Share price at end of year	$1.35	$1.78	$1.37	$1.05	$1.18
Interim dividend	0.00cps	0.00cps	6.20cps	0.00cps	0.00cps
Final dividend	0.00cps	0.00cps	0.00cps	0.00cps	0.00cps
Basic earnings per share	(24.16)cps	(7.58)cps	3.28cps	(3.42)cps	(2.59)cps

In addition, during the financial year Duxton Farms Ltd repurchased 197,159 shares for $302k. The shares were repurchased at the prevailing market price on the date of the buy-back. Of the 197,159 shares purchased, all were cancelled during the financial year.

** includes discontinued operations*

	Fixed Remuneration		Remuneration linked to performance	
	2023	2022	2023	2022
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	74%	76%	26%	24%

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

2023	Type	Balance at 1/7/22	Granted in lieu of cash	Purchases/ (Disposals) on market	Balance at 30/6/23
Executive Directors					
Mr Edouard Peter [(1)]	ORD	13,917,761	-	276,417	14,194,178
Non-executive Directors					
Mr Stephen Duerden [(1)]	ORD	155,202	-	(1,118)	154,084
Mr Mark Harvey	ORD	147,890	-	-	147,890
Mr Wade Dabinett	ORD	83,672	4,232	-	87,904
Dr Amanda Rischbieth	ORD	11,518	-	-	11,518
Other key mgt personnel					
Bryan Goldsmith	ORD	92,577	50,000	-	142,577
Total		**14,408,620**	**54,232**	**275,299**	**14,738,151**

(1) Equity holdings above include both direct and indirect holdings. For further details see note 29.

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	-	2,766,951	13,917,761
Non-executive Directors					
Mr Stephen Duerden [(1)]	ORD	149,638	-	5,564	155,202
Dr Amanda Rischbieth	ORD	-	11,518	-	11,518
Mr Mark Harvey	ORD	123,163	19,374	5,353	147,890
Mr Wade Dabinett	ORD	61,759	19,374	2,539	83,672
Other key mgt personnel	ORD				
Bryan Goldsmith	ORD	50,000	42,577	-	92,577
Total		**11,535,370**	**92,843**	**2,780,407**	**14,408,620**

(1) Equity holdings above include both direct and indirect holdings. For further details see note 29.

TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL

The Group 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. Total fees payable amounted to $1,090,434 (ex gst) for the 12 month period ending 30 June 2023. As at 30 June 2023 an amount of $128,497 is payable to Duxton Capital (Australia) relating to these items.

As part of the management agreement with Duxton Capital (Australia) Pty Ltd, a company which Edouard Peter and Stephen Duerden are Directors, the Group pays for the provision of accounting, bookkeeping and human resource services. Total fees payable amounted to $265,652 (ex gst) for the 12 month period ending 30 June 2023.

The Group 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 $324,475 (ex gst) for the 12 month period ending 30 June 2023. At 30 June 2023 $155,239 remains payable to Duxton Water Ltd.

The Group purchases seed from S&W Seed Company, a company which Mark Harvey is a director. Purchases amounted to $85,307 for the 12 month period ended 30 June 2023.

During the year the Group acquired the business of Mountain Valley for a total consideration of $1.335 million. Full details are included in Note 8 to the financial statements. Lease payments of $329,000 were made for the 12 month period ended 30 June 2023.

The Group has an agreement for water charges with Jemalong Irrigation Ltd of which Bryan Goldsmith is a director. Total fees payable amounted to $167,800 (ex gst) for the 12 month period ending 30 June 2023.

All agreements are approved by either Independent Directors or shareholders.

INVESTMENT MANAGER

The Group 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 Group or the Investment Manager.

Under the Investment Management Agreement, the Investment Manager will be responsible for the day-to-day management of the Group 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 Group'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 Group is wound up or the Investment Management Agreement is terminated will be calculated using the following formula:

$$\text{Monthly Management Fee} = \frac{\text{(Days in Operation)} \times 0.85\%}{365} \times \text{Portfolio Net Asset Value on the relevant Valuation Day}$$

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

"Portfolio Net Asset Value (PNAV)" means the total assets of the Group less the total liabilities of the Group excluding tax balances and Performance Fee, as based on the Group'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 Group.

Management Fees would increase if the Group's portfolio value increases, and decrease if the Group'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 Group, at the relevant valuation date.

The management fee paid to the Investment manager for the year ended 30 June 2023 was $1,090,434 (2022: $932,686).

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 Group. The Performance Fee is split over two hurdles and is calculated as:

- 5% of the outperformance of the Investment Return of the Group 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 Group ("Audited Accounts") and the Group 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 Group 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 Group 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 Group 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 Group 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 Group less the total liabilities of the Group excluding provisions for tax payable and Performance Fee, as based on the Group'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 Group 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 Group at the end of the relevant Calculation Period.

"Opening PNAV" means the higher of Portfolio Net Asset Value of the Group at the relevant Start Date for the Calculation Period or the highest Ending PNAV since inception of the Group 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 Group 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 Group 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.

No performance fee was payable to the investment manager for the year ended 30 June 2023 (2022: $2,387,478).

A termination fee is payable by the Group to the Investment Manager if the Investment Management Agreement is terminated within the first ten years of the Agreement, unless the Group has terminated the Investment Management Agreement for default by the Investment Manager. The termination fee is equal to 5% of the PNAV of the Group, 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 Group or intervene in any proceedings to which the Group is a party for the purpose of taking responsibility on behalf of the Group for all or any part of these proceedings. The Group 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 Thorton Audit Pty Ltd, to provide the Directors of the Group 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
31st August 2023

Grant Thornton Audit Pty Ltd
Grant Thornton House
Level 3
170 Frome Street
Adelaide SA 5000
GPO Box 1270
Adelaide SA 5001

T +61 8 8372 6666

Auditor's Independence Declaration

To the Directors of Duxton Farm 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 2023, 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

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

J L Humphrey
Partner – Audit & Assurance

Adelaide, 31 August 2023

www.grantthornton.com.au
ACN-130 913 594

CONSOLIDATED STATEMENT OF **PROFIT OR LOSS** AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2023

	Note	30 June 23 $'000	30 June 22 $'000
Revenue	5	7,296	16,644
Cost of sales		(5,240)	(15,969)
Biological transformation (crops & livestock)	14	(7,911)	3,404
Gross profit / (loss)		**(5,855)**	**4,079**
Other Income	7	1,532	664
Gain on bargain purchase	8	1,227	-
Operational expenses		(5,164)	(3,557)
Administration expenses		(1,767)	(1,894)
Management, Performance and Accounting Services	30	(1,356)	(3,535)
Reversal of impairment	17	5	971
Finance costs	9	(2,099)	(913)
Profit / (loss) before tax		**(13,477)**	**(4,185)**
Income tax (expense) / benefit	20	3,388	1,018
Profit / (loss) for the year		**(10,089)**	**(3,167)**
Other comprehensive income net of income tax			
Items that will not be reclassified subsequently to profit or loss:			
Valuation uplift on revaluation of other properties		10,959	25,567
Total comprehensive income for the year		**870**	**22,400**
Earnings per share		**c**	**c**
Basic (cents per share)	27	(24.16)	(7.58)
Diluted (cents per share)	27	(24.16)	(7.58)

The notes on page 43 to 73 are an integral part of these financial statements

CONSOLIDATED STATEMENT OF **FINANCIAL POSITION**
AS AT 30 JUNE 2023

	Note	30 June 2023 $'000	30 June 2022 $'000
ASSETS			
Current assets			
Cash and cash equivalents	11	13	12
Trade & other receivables	12	462	470
Inventories	13	2,043	4,718
Biological assets	14	12,695	8,303
Other financial assets	15	1	627
Other current assets	16	329	273
Total Current Assets		**15,543**	**14,403**
Non-current assets			
Land	17	138,642	122,802
Buildings, plant & equipment	17	17,211	13,261
Right-of-use asset	18	2,206	-
Intangible assets	19	8,221	8,221
Financial assets	15	1,756	1,756
Total Non-current Assets		**168,036**	**146,040**
Total assets		**183,579**	**160,443**
LIABILITIES			
Current Liabilities			
Trade & other payables	21	2,259	3,560
Bank Overdraft	22	11,489	5,320
Borrowings (Current)	22	736	390
Lease liability	23	465	-
Employee Benefits (Current)	24	530	335
Total Current Liabilities		**15,479**	**9,605**
Non-current Liabilities			
Borrowings (Non-Current)	22	43,706	29,180
Lease Liability	23	1,771	-
Employee Benefits (Non-Current)	24	7	23
Deferred Tax Liability	20	14,308	14,042
Total Non-current Liabilities		**59,792**	**43,245**
Total liabilities		**75,271**	**52,850**
Net assets		**108,308**	**107,593**
EQUITY			
Issued capital	25	71,702	71,886
Accumulated profits/(losses)		(19,329)	(9,240)
Reserves	26	55,935	44,947
Total equity		**108,308**	**107,593**

The notes on page 43 to 73 are an integral part of these financial statements

CONSOLIDATED STATEMENT OF **CHANGES IN EQUITY** AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2023

	Note	Issued Capital $'000	Accumulated Losses $'000	Asset Revaluation Reserve $'000	Share Based Payment Reserve $'000	Total equity $'000
Balance at 1 July 2022		**71,886**	**(9,240)**	**44,660**	**287**	**107,593**
Profit/(loss) for the year		-	(10,089)	-	-	(10,089)
Other comprehensive incomefor the year, net of income tax		-	-	10,959	-	10,959
Total comprehensive income for the year		-	(10,089)	10,959	-	870
Issue of shares	25	119	-	-	-	119
Share buy-back	25	(303)	-	-	-	(303)
Share based payments approved		-	-	-	29	29
Balance at 30 June 2023		**71,702**	**(19,329)**	**55,619**	**316**	**108,308**
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
Issue of shares	25	935	-	-	-	935
Share buy-back	25	(3,031)	-	-	-	(3,031)
Share issue costs - net of taxes	25	(1)	-	-	-	(1)
Share based payments approved		-	-	-	36	36
Balance at 30 June 2022		**71,886**	**(9,240)**	**44,660**	**287**	**107,593**

The notes on page 43 to 73 are an integral part of these financial statements

CONSOLIDATED STATEMENT OF **CASH FLOWS**
FOR THE YEAR ENDED 30 JUNE 2023

	Note	30 June 2023 $'000	30 June 2022 $'000
Cash flows from operating activities			
Receipts from customers		8,692	17,965
Payments to suppliers		(21,289)	(24,146)
Interest received		415	-
Interest paid		(1,359)	(871)
Government rebates received		186	237
Wheat options closed out		747	-
Other		161	413
Net cash (used in) operating activities	28	**(12,447)**	**(6,402)**
Cash flows from investing activities			
Payments for property, plant and equipment		(6,735)	(2,387)
Payments for businesses	8	(1,335)	-
Proceeds from disposal of property, plant and equipment		109	156
Payments for water entitlements		-	(6)
Other		-	(1,750)
Net cash (used in) investing activities		**(7,961)**	**(3,987)**
Cash flows from financing activities			
Share buy back	25	(303)	(3,031)
Payment for share issue costs		-	(1)
Proceeds from borrowings	22	15,544	18,999
Repayment of borrowings	22	(672)	(15,412)
Payment of lease liability		(329)	-
Proceeds from shares issued	25	-	935
Net cash generated by financing activities		**14,240**	**1,490**
Net decrease in cash and cash equivalents		**(6,168)**	**(8,899)**
Cash and cash equivalents at beginning of the year		(5,308)	3,591
Cash and cash equivalents at end of year	11,22	**(11,476)**	**(5,308)**

The notes on page 43 to 73 are an integral part of these financial statements

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 Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/ or disclosure purposes in these 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 Group is a group 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. The functional and presentation currency of the Group is Australian Dollars.

GOING CONCERN

The annual financial statements have been prepared on the going concern basis, which assumes that the Group 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 arrrangement. For the year ended 30 June 2023 the Group generated a net loss before income tax of $13,477k (2022: $4,185k, net cash used in operating activities of $12,672k (2022: $6,402k) and had a net current asset surplus of $963k (2022: $4,799k).

Since the end of the financial year banking facilities with CBA have been renewed resulting in an increase in available facilities of$13,000,000.

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).

PRINCIPLES OF CONSOLIDATION

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Duxton Farms Limited ('company' or 'parent entity') as at 30 June 2023 and the results of all subsidiaries for the period then ended. Duxton Farms Limited and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Non-controlling interest in the results and equity of subsidiaries are shown separately in the statement of profit or loss and other comprehensive income, statement of financial position and statement of changes in equity of the consolidated entity. Losses incurred by the consolidated entity are attributed to the non-controlling interest in full, even if that results in a deficit balance.

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 Group purchased $1,750,000 preference shares in Duxton Bees Pty Ltd. This is seen as an opportunity to diversify the Group's commodity exposure in a limited and measured manner. In accordance with AASB9, as the Group'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 Group 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 Group 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

All revenues are recognised at a point in time at an amount that reflects the consideration to which the Group is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Group: identifies the contract with a customer; identifies the performance obligations in the contract (typically delivery); 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.

For Duxton Farms the performance obligation is satisfied through delivery of livestock or produce to the customer. 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 Group 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 Group 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 Group'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 Group 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 Group 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.

Tax consolidation

Duxton Farms is the head entity in the tax consolidated group comprising the Group and the Australian wholly owned subsidiary. The Group recognises the current and deferred tax liability of the tax consolidated group.

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 the shorter of their useful life or the life of the lease. 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 2023
Buildings	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 Group 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 Group 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 Group 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 Group values cropping inventories in accordance with AASB 141 Agriculture whereby the cost of the non-living (harvested) produce is deemed to be its fair value less cost to sell immediately after it becomes non-living. This valuation takes into account current crop selling prices and current processing and selling costs.

4.9 PROVISIONS

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

Repurchase of the Group'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 Group'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 Group 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 Group 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 Group'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 Group values livestock at its fair value less cost to sell, which is determined by an independent valuation at each reporting date.

4.14 BUSINESS COMBINATIONS

The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the consolidated entity assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the consolidated entity's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

Where the business combination is achieved in stages, the consolidated entity remeasures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of the contingent consideration classified as an asset or liability is recognised in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

4.15 RIGHT-OF-USE ASSETS

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the consolidated entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The consolidated entity has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

4.16 LEASE LIABILITIES

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the consolidated entity's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

5. REVENUE

The following is an analysis of Group revenue for the year from continuing operations.

	2023 $'000	2022 $'000
Sales - Cropping, Livestock & Wool	7,296	16,644

REVENUE FROM MAJOR PRODUCTS

	$'000	$'000
Hay	66	12
Cotton	716	650
Wheat	1,760	8,729
Barley	389	1,584
Canola	1,754	2,160
Field Peas	-	111
Cattle	1,513	2,105
Sheep	969	1,200
Wool	129	93
	7,296	**16,644**

All revenue is recognised at a point in time which corresonds to the time the goods are delivered to customers. Revenues are managed on a product by product basis. Costs are managed in total.

6 SEGMENT INFORMATION

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 Group operates solely in the agriculture sector in Australia.

	$'000	$'000
Agriculture	7,296	16,644
Agriculture Profit - Segment results	(5,855)	4,078
Other income	1,532	412
Gain on bargain purchase	1,227	-
Operational expenses	(5,164)	(3,557)
Administration Expenses	(1,767)	(1,894)
Management, Performance and Accounting services	(1,356)	(3,535)
Reversal of impairment / (Impairment)	5	971
Finance Costs	(2,099)	(913)
Net profit before tax	**(13,477)**	**(4,185)**

7. OTHER INCOME

	2023 $'000	2022 $'000
Government Rebates	265	237
Cartage Income	711	171
Gain/(Loss) on sale of assets	26	30
Gain/(Loss) on hedging instruments	214	-
Insurance revenue	211	181
Interest received	1	-
Other revenue	104	45
	1,532	**664**

8. BUSINESS COMBINATION

On the 8th December 2022 the Group completed a transaction to purchase the business of Mountain Valley Station in the Northern Territory comprising cattle, related plant and equipment and assumed related employee entitlements for a total consideration of $1.335 million.

Contemporaneous with the acquisition of the business the Group entered into an agreement to lease land at Mountain Valley from the owner of the land for five years with an annual lease fee of $563,994 plus GST. Pursuant to the lease the landowner was required to undertake certain repairs to the property's solar power system and undertake fencing upgrades.

Mountain Valley is a 141,000-hectare Station located 540 kilometres south-east of Darwin. The transaction resulted in the acquisition of 2,700 head of cattle and the Group has plans to trial dryland cotton on the property.

As announced on 9th November 2022, Mountain Valley Station is owned by two of the Groups largest shareholders, one of whom is Chairman Ed Peter. As a consequence this is a related party transaction.

The independent directors (excluding Ed Peter, Stephen Duerden and their associated entities including Duxton Capital Australia) with the assistance of management negotiated with the owners for acquisition of the business and the associated lease. The transaction has resulted in a gain on bargain purchase largely because of the difference between the purchase price and fair value of livestock acquired with the business.

The acquired business contributed $21,037 in buffalo sales to the consolidated entity for the 7 month period to 30 June 2023.

Details of the acquisition, which are considered final as at 30 June 2023 are as follows:

	$'000	$'000
Acquisition date fair value of the total consideration transferred	**1,335**	**-**
Livestock at independent valuation	2,509	-
Employee entitlements	(102)	-
Plant and equipment	155	-
Total fair value of assets acquired	2,562	-
Gain on bargain purchase	1,227	-

Cash used to acquire the business was $1.335 million and was paid at settlement

9. FINANCE COSTS

	$'000	$'000
Interest on bank overdrafts and loans	1,411	699
Interest on obligations for leases	102	42
Other finance costs	586	172
	2,099	**913**

10. AUDITORS REMUNERATION

	2023 $'000	2022 $'000
Audit or review of financial report	146	109
No non-audit services were provided by the appointed auditors		
	146	**109**

11. CASH AND CASH EQUIVALENTS

	$'000	$'000
Cash at Bank	-	-
Short term Deposits	13	12
Total Cash and cash equivalents	**13**	**12**

12. TRADE AND OTHER RECEIVABLES

	$'000	$'000
Trade Receivables	358	440
Allowance for expected credit losses	-	-
	358	**440**
Fuel Rebate Receivable	104	25
Other Receivables	-	5
	104	**30**

All trade receivables are within 30 days at 30 June 2023 and 30 June 2022.

13. INVENTORIES

	$'000	$'000
Consumables - cost	1,848	4,479
Produce on hand:		-
- Crops - at cost	171	238
- Wool - at NRV	24	1
Total Inventories	**2,043**	**4,718**

14. BIOLOGICAL ASSETS

	Crops in Ground $'000	Livestock $'000	Total $'000
Balance as at 1 July 2022	3,394	4,909	8,303
Preparation costs	9,367	3,281	12,648
Transfers to inventory/sales	(3,821)	(3,710)	(7,531)
Decrease in fair value due to Bio-transformation	(1,870)	1,145	(725)
Balance at 30 June 2023	**7,070**	**5,625**	**12,695**
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**

15. FINANCIAL ASSETS

	2023 $'000	2022 $'000
Current		
Futures Contracts[1]	1	627
Total Current Financial Assets	**1**	**627**

[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 reporting date with the resulting gain or loss recognised in profit.

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

The investment in Duxton Bees Pty Ltd represents a minority equity investment. The shares are recognised at fair value - Level 2.

16. OTHER ASSETS

	$'000	$'000
Prepayments	328	269
Other	1	4
	329	**273**

17. 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 2022	122,802	9,398	8,867	388	141,455
Additions	1,752	-	155	4,750	6,657
Disposals	-	-	(282)	-	(282)
Reclassifications	-	710	3,000	(3,710)	-
Revaluation Increase	14,088	527	-	-	14,615
Balance at 30 June 2023	**138,642**	**10,635**	**11,740**	**1,428**	**162,445**
Balance at 1 July 2022	-	(2,066)	(3,326)	-	(5,392)
Eliminated on disposal of asset	-	-	170	-	170
Impairment losses recognised in the P&L	-	(17)	-	-	(17)
Reversals of impairment losses recognised in the P&L	-	22	-	-	22
Depreciation expense	-	(349)	(1,026)	-	(1,375)
Balance at 30 June 2023	**-**	**(2,410)**	**(4,182)**	**-**	**(6,592)**
Net Book Value					
As at 1 July 2022	**122,802**	**7,332**	**5,541**	**388**	**136,063**
As at 30 June 2023	**138,642**	**8,225**	**7,558**	**1,428**	**155,853**
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	427	-	-	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
Impairment losess recognised in the P&L	-	-	-	-	-
Reversals of impairment losses recognised in the P&L	900	71	-	-	971
Depreciation expense	-	(299)	(674)	-	(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 Group'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 Group's freehold land and buildings as at 30 June 2023 were performed by LAWD, independent valuers not related to the Group.

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 30.

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.

18. RIGHT-OF-USE ASSET

	2023 $'000	2022 $'000
Land and building – right-of-use	2,497	-
Less accumulated depreciation	(291)	-
	2,206	**-**

Additions to right-of-use assets during the year were $2,497k.
On 8 December 2022 the Group entered into a 5 year lease for the property known as Mountain Valley on which the business known as Mountain Valley Station operates in the Northern Territory. At lease expiry the terms of the lease will be renegotiated.

19. INTANGIBLE WATER ASSETS

	$'000
Gross carrying amount	
Balance at 1 July 2022	8,221
Additions	-
Disposals	-
Balance at 30 June 2023	**8,221**
Accumulated impairment	
Balance at 1 July 2022	-
Disposals	-
Impairment reversal	-
Balance at 30 June 2023	-
Net book value	
As at 1 July 2022	8,221
As at 30 June 2023	8,221

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 2022	8,221
As at 30 June 2023	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.

20. TAXATION

INCOME TAX RECOGNISED IN PROFIT OR LOSS

	2023 $'000	2022 $'000
Current tax		
Current tax expense/(benefit) in respect of current year	(4,094)	(2,095)
(Over)/under provision of income tax in previous year	(26)	28
	(4,120)	**(2,067)**
Deferred Tax		
Deferred tax expense/(benefit) recognised in current year	732	1,049
Total income tax recognised in the current year relating to continuing operations	**(3,388)**	**(1,018)**
The income tax expense for the year can be reconciled to the accounting profit as follows:		
Profit / (loss) before tax	(13,477)	(4,185)
Income tax expense calculated at 25%	(3,369)	(1,047)
Effect of expenses that are non-deductible in determining taxable profit	7	29
Other	(26)	-
Income tax expense (benefit) recognised in profit and loss	**(3,388)**	**(1,018)**

INCOME TAX RECOGNISED DIRECTLY IN EQUITY

	$'000	$'000
Deferred tax		
Revaluation of land – revaluation reserve	(3,654)	(8,522)
Revaluation of land – retained earnings	-	-
Income tax recognised directly in equity	**(3,654)**	**(8,522)**

CURRENT TAX ASSETS AND LIABILITIES

2023	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	(56)	(20)	-	-	(76)
Inventories	(2,901)	24	-	-	(2,877)
Property Plant & Equipment	(16,193)	(715)	-	(3,654)	(20,562)
Right-of-use asset	-	(551)	-	-	(551)
Intangibles	(130)	-	-	-	(130)
	(19,280)	(1,262)	-	(3,654)	(24,196)
Gross deferred tax assets:					
Payables	20	8	-	-	28
Provisions	90	44	-	-	134
Lease liability	-	559	-	-	559
Other	40	(81)	-	-	(41)
	150	530	-	-	680
	(19,130)	**(732)**	**-**	**(3,654)**	**(23,516)**
Tax Losses	5,088	4,120	-	-	9,208
	(14,042)	**3,388**	**-**	**(3,654)**	**(14,308)**

2022	Opening balance	Recognised in profit or loss	Recognised in other comprehensive income	Recognised directly in Equity	Closing balance
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	2,067	-	-	5,088
	(6,538)	**1,018**	**-**	**(8,522)**	**(14,042)**

21. TRADE AND OTHER PAYABLES

	2023 $'000	2022 $'000
Trade Payables	1,248	918
Accrued Expenses	1,011	2,642
	2,259	**3,560**

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 Group has financial risk management policies in place to ensure that all payables are paid within the pre-agreed terms.

Accured expenses include an amount of $nil (2022: $2,382,244) in relation to the performance fee payable to Duxton Captial (Australia) Pty Ltd.

22. BORROWINGS

Secured – at amortised cost	$'000	$'000
Bank Overdrafts (i)	11,489	5,320
Bank Loans (i)	41,800	28,000
Equipment Loans (ii)	2,642	1,570
	55,931	**34,890**
Current	12,225	5,710
Non-Current	43,706	29,180
	55,931	**34,890**

SUMMARY OF BORROWING ARRANGEMENTS

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

- $13,000,000 at call overdraft with a variable interest rate currently 6.87%. The facility was drawn to $11.49 million at the end of the year.
- $16,000,000 loan expiring on 30/09/2024 with a variable interest rate currently 3.68% and line fee of 0.75% which is fully drawn.
- $2,000,000 loan expiring 30/09/2024 with a variable interest rate currenlty 3.91% and a line fee of 0.8% which is fully drawn.
- $6,000,000 loan expiring 30/09/2024 with a variable rate currently 3.69% and a line fee of 0.98% which is fuly drawn.
- $31,000,000 loan expriing 30/09/2024 with varaible rates between 3.78% and 4.68% and a line fee of 0.98% which is drawn to $17.8 million at the end of the year.

(ii) Secured by the underlying assets. The borrowings are on fixed interest rate terms, ranging from 2.55%-6.86%, with repayment periods not exceeding 5 years.

			NON CASH CHANGES	
	1/07/2022 $'000	Financing cashflows $'000	New Loans $'000	30/06/2023 $'000
Equipment Loans	1,570	(672)	1,744	2,642
Bank Loans	28,000	-	13,800	41,800
Overdraft	5,320	6,169	-	11,489
	34,890	**5,497**	**15,544**	**55,931**

23. LEASE LIABILITY

	2023 $'000	2022 $'000
Current	465	-
Non-current	1,771	-
	2,236	**-**
Future lease payments are due as follows:		
Within one year	564	-
One to five years	1,927	-
More than five years	-	-
	2,491	**-**

24. PROVISIONS

	$'000	$'000
Employee benefits	537	358
	537	**358**
Current	530	335
Non-Current	7	23
	537	**358**

25. EQUITY

	$'000	$'000
Share Capital	71,702	71,886
	71,702	**71,886**
Issued Capital Comprises: 41,722,375 fully paid ordinary shares (30 June 2022: 41,824,077)	71,702	71,886
	71,702	**71,886**

FULLY PAID ORDINARY SHARES

	No. Shares '000	$'000
Balance at 1 July 2021	42,939	73,983
Shares issued	645	935
Share buy-back	(1,764)	(3,031)
Share issue costs	-	(1)
Balance at 30 June 2022	**41,820**	**71,886**
Balance at 1 July 2022	41,820	71,886
Shares issued	73	119
Share buy-back	(171)	(303)
Share issue costs	-	-
Balance at 30 June 2023	**41,722**	**71,702**

26. RESERVES

	Asset Valuation Reserve $'000	Other Reserve $'000	Total $'000
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**
Balance at 1 July 2022	44,660	287	44,947
Other property valuations	14,613	-	14,613
Share based payments	-	29	29
Tax Effect	(3,654)	-	(3,654)
Balance at 30 June 2023	**55,619**	**316**	**55,935**

27. EARNINGS PER SHARE

	2023 $'0003	2022 $'000
Earnings/(loss)$'000	(10,089)	(3,167)
Earnings/(loss) used in the calculation of basic EPS $'000	(10,089)	(3,167)
Weighted average number of ordinary shares	41,768,431	40,329,392
Basic earnings per share from operations (cents)	(24.16)	(7.58)

There are deemed to be no dilutive securities on issue at 30 June 2023 pursuant to AASB 133 as a consequene of the Group generating a loss for the finanical year.

28. RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES

	2023 $'000	2022 $'000
Profit/(loss) for the year	(10,089)	(3,167)
Adjustments for non-cash items in profit / (loss)		
Depreciation	1,667	973
Increase in biological transformation	726	(6,796)
Share based payments	133	36
Impairment/impairment reversals – Land & Buildings	(5)	(971)
Movement in financial instruments	626	(181)
(Gain)/Loss on sale of PPE	(26)	(30)
Changes in other items:		
(Increase)/decrease in Trade receivables	9	(355)
(Increase)/decrease in other assets	570	551
(Increase)/decrease in bio assets	(4,223)	7,870
(Increase)/decrease in inventories	2,675	(711)
Increase/(decrease) in DTL	(3,388)	(1,018)
Increase/(decrease) in trade payables	(1,301)	(2,643)
Increase/(decrease) in provisions	179	40
Net cash generated / (used in) by operating activities	**(12,447)**	**(6,402)**

29. KEY MANAGEMENT PERSONNEL

	$'000	$'000
Short-term benefits	321	297
Post-employment benefits	30	33
Other long-term benefits	-	-
Share-based payments	82	-
Termination benefits	-	-
Total	**433**	**330**

The Group 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 and Note 30.

Key management personnel of the Group 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 Group, 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 Group as a result of payment of fees by the Group to the Investment Manager.

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

Neither Mr Edouard Peter nor Mr Stephen Duerden have received directors' fees from the Group.

30. RELATED PARTY TRANSACTIONS

The following transactions occurred with related parties during the year ended 30 June 2023 (and the year ended 30 June 2022).

	2023 $'000	2022 $'000
Accounting and Consulting Services - Duxton Capital (Australia) Pty Ltd	266	215
Consulting Services – Duxton Dairies (Cobram) Pty Ltd	9	-
Consulting Services – Duxton Dried Fruits Pty Ltd	2	-
Management Fee - Duxton Capital (Australia) Pty Ltd*	1,090	933
Performance Fee - Duxton Capital (Australia) Pty Ltd (Accrued)*	-	2,387
Water charges – Jemalong Irrigation Ltd	168	193
Water Lease - Duxton Water Ltd	324	208
Business acquisition - Mountain Valley Station Trust	1,335	-
Lease payment - Mountain Valley Station Trust	329	-
Forage Sorghum Seed - S&W Seed Company	94	-
Total	**3,617**	**3,936**

As disclosed in Note 8 to the financial statements, on 8 December 2022 the Group entered into a lease for Mountain Valley Station. The annual lease fee is $564k. In addition to the lease, $1.335 million was paid to a company associated with Edouard Peter for aquistion of the business associated with Mountain Valley.

*Refer pages 30 and 31.

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

	2023 $'000	2022 $'000
Amount due to - Duxton Capital (Australia) Pty Ltd	128	2,492
Amount due to Jemalong Irrigation Ltd	-	30
Amount due to - Duxton Water Ltd	155	3
Total financial liabilities	**283**	**2,525**

31. 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)

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 Group'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:

	Note	$'000	$'000
Financial Assets			
Cash and cash equivalents	11	13	12
Trade & other receivables	12	462	470
Other financial assets	15	1,757	2,383
Total financial assets		**2,232**	**2,865**
Financial Liabilities			
Trade & other payables	21	2,259	3,455
Interest-bearing liabilities	22	55,931	34,890
Lease liability	23	2,236	-
Total financial liabilities		**60,426**	**38,345**
Investment – Duxton Bees Pty Ltd		1,750	1,750
Total financial assets		**1,750**	**1,750**

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 Group 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.

FINANCIAL RISK MANAGEMENT FRAMEWORK

The Group's board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. Risk management policies are established to identify and analyse the risks faced by the Group, 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 Group's activities. The Group, 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 Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

SPECIFIC FINANCIAL RISK EXPOSURES AND MANAGEMENT

The main risks the Group 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 Group's exposure to each of the above risks, the Group's objective, policies and processes for measuring and managing risk, and the Group'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 Group.

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.

IMPAIRMENT OF FINANCIAL ASSETS

The Group 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 Group 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 2021 to 30 June 2023, 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 Group 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 2023 & 30 June 2022 for trade receivables was determined as follows:

30 June 23	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	358	-	-	-	358
Loss allowance	-	-	-	-	-

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	-	-	-	-	-

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 repayment plan with the Group, 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 Group 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 Group 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	21	2,259	2,259	2,259	-	-	-	-
Financial liabilities	22	55,931	53,154	266	557	2,817	49,514	-
Interest-bearing liabilities		**58,190**	**55,413**	**2,525**	**557**	**2,817**	**49,514**	**-**

MARKET RISK

Market risk is the risk that changes in market prices and interest rates will affect the Group'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.

With soil moisture profiles at levels not seen for several years there are positive expectations for the winter 2024. As a result the Group has entered into a combination of futures contracts and swaps to hedge against any future declines in price.

SENSITIVITY ANALYSIS

If the interest rate changed by +/- 0.05% the effect on the borrowing costs would be in the range of +/- $279,700 per annum.

CAPITAL MANAGEMENT RISK

For the purpose of the Group's capital management profile, capital includes issued capital and all other equity reserves attributable to the equity holders of the Group. The primary objective of the Group's capital management assessment is to maximise shareholder value.

The Group's policy is to uphold a strong capital base to maintain investor interest, creditor and market confidence and to sustain future development of the business. Management monitors the return on capital, as well as the level of dividends paid to ordinary shareholders.

The Board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowing and the advantages and security afforded by a sound capital position. The weighted average interest expense on interest-bearing borrowings (excluding liabilities with imputed interest) for 2023 was 4.74% (2022: 3.51%). From time to time, the Group purchases its own shares on the market; the timing of these purchases depends on market prices. The objective of the Group's share buyback program is to provide value to existing shareholders by taking advantage of the gap between the Group's share price and the NAV per share all while providing market liquidity to existing shareholders.

32. OBLIGATIONS AND COMMITMENTS

The Group has equipment finance loans for agricultural equipment. The average loan term is 5 years.

Interest rates underlying all obligations under leases are fixed at respective contract dates ranging from 2.55% to 6.86% per annum.

	2023 $'000	2022 $'000
Finance Liabilities		
Not later than 1 year	1,411	435
Later than 1 year and not later than 5 years	3,350	1,245
Less: Future finance charges	(251)	(110)
	4,510	**1,570**
Current	1,300	390
Non-Current	3,210	1,180
Total financial liabilities	**4,510**	**1,570**

33. COMMITMENTS FOR EXPENDITURE

OTHER LEASE ARRANGEMENTS

At the reporting date, the Group 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:

	$'000	$'000
Water Lease	-	187
Within one year	-	187
In the second to fifth years inclusive		-
After five years		-
	-	**187**

OTHER COMMITMENTS

	$'000	$'000
Commitments for expenditure - pistachio trees	203	-

FORWARD SALE CONTRACTS

As at 30 June 2023 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. These contracts have not been designated as a hedge pursuant to AASB9.

	2023 average price	2023 tonnes/bales
Wheat	$383/tonne	6,000
Cotton	$630/bale	1,000

34. INTERESTS IN SUBSIDIARIES

The consolidated financial statements incorporate the assets, liabilities and results of the following wholly-owned subsidiaries in accordance with the accounting policy described in note 2:

		Ownership interest	
Name	Principal place of business / Country of incorporation	2023 %	2022 %
Duxton Farms Growth Co Pty Ltd	Australia	100%	0%

35. PARENT ENTITY DISCLOSURES

As at, and throughout, the financial year ending 30 June 2023, the parent company of the group was Duxton Farms Limited.

	2023 $'000	2022 $'000
Result of the parent entity		
Loss after tax for the period	(9,833)	(3,167)
Other comprehensive income / (loss)	10,959	25,567
Total comprehensive loss for the period	**1,126**	**22,400**
Financial position of the parent entity at year end		
Current assets	18,957	14,403
Total assets	183,813	160,443
Current liabilities	15,457	9,605
Total liabilities	75,249	52,850
Total equity of the parent entity comprising:		
Issued capital	71,702	71,886
Reserves	55,935	44,947
Accumulated losses	(19,073)	(9,240)
Total equity	**108,564**	**107,593**

The accounting policies of the parent entity are consistent with those of the Group.

36. SUBSEQUENT EVENTS

Since the end of the financial year banking facilities with Commonwealth Bank of Australia have been renewed resulting in an increase in available facilities of $13,000,000 with overdraft limit decreasing by $3,000,000 to $10,000,000, term facilities increasing by $15,000,000 to $68,000,000 and equipment financing increasing by $1,000,000 to $3,000,000. A condition of this funding is that the Group have in place a plan to substatially reduce borrowings by 31 March 2024.

The Group has exercised its option to purchase the 944 hectare property known and Piambie Farm, Natya, Victoria and settled on 31st July 2023 for $6,473,205. This represents the final stage of a two stage process that began with the acquisition of the 241 hectare "Glenn Innes" portion in December 2022. Piambie Farm will be used to build a horticulutral development, starting with 130 hecatres of greenfield planting in August 2023.

On 25th July 2023 the Group entered into a contract to purchase the property known as "Greenlanes", Grenfell, NSW for $3,466,994. Greenlanes is a 523 hectare property located in the Central West of NSW thats is surrounded on three sides by the Group's Kentucky property.

No other matter or circumstance has arisen since the end of the reporting period ended 30 June 2023, that has significantly affected or could significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in future financial years.

DIRECTOR'S **DECLARATION**
FOR THE YEAR ENDED 30 JUNE 2023

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 2023.

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
31st August 2023

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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) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2023, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and the Directors' declaration.

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

a giving a true and fair view of the Group's financial position as at 30 June 2023 and of its performance for the year ended on that date; and

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

Basis for opinion

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

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 17)	
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. Management has engaged a qualified independent external expert to value the land and buildings in accordance with the requirements of AASB 13 *Fair Value Measurement*. The valuation of land and buildings is a key audit matter due to the judgements and estimates involved in determining the value.	Our procedures included, amongst others: • Evaluating the competence, capability, and objectivity of managements external expert; • Obtaining an understanding of the valuation process and techniques adopted by managements expert to assess if they are consistent with industry norms and AASB 13; • Comparing the data used by managements expert in their report to management records and other external evidence where possible; • Reviewing the estimates and assumptions used by managements expert for consistency with market evidence and prior year; and • Reviewing the relevant disclosures in the financial statements for completeness and accuracy.

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 Group's annual report for the year ended 30 June 2023, 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 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 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: http://www.auasb.gov.au/auditors_responsibilities/ar1_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 the Directors' report for the year ended 30 June 2023.

In our opinion, the Remuneration Report of Duxton Farms Limited, for the year ended 30 June 2023 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, 31 August 2023


OVERSIZE

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 2023 (unless otherwise stated).

TWENTY LARGEST EQUITY SECURITY HOLDERS

The names of the twenty largest holders of quoted equity securities as at 31 July 2023 are listed below:

	ORDINARY SHARES	
Name	**Number held**	**Percentage**
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	17,776,195	**42.63**
BNP PARIBAS NOMS PTY LTD <DRP>	12,353,949	**29.63**
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED-GSCO ECA	1,585,000	**3.80**
DAVID HANDLEY NOMINEES PTY LTD <DAVID HANDLEY FAMILY A/C>	630,000	**1.51**
BNP PARIBAS NOMINEES PTY LTD HUB24 CUSTODIAL SERV LTD <DRP A/C>	588,559	**1.41**
CHAR PTY LTD <HANDLEY RETIREMENT A/C>	431,380	**1.03**
DUXTON CAPITAL INVESTMENTS PTY LTD	335,645	**0.80**
BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	239,986	**0.58**
MR GRANT DAVID JOPLING	230,000	**0.55**
PERPETUAL CORPORATE TRUST LTD <AIF>	205,820	**0.49**
BOND STREET CUSTODIANS LIMITED <STODAV - D72799 A/C>	203,346	**0.49**
CITICORP NOMINEES PTY LIMITED	194,705	**0.47**
TEMPLE ROCK PTY LTD <TEMPLE ROCK S/F A/C>	185,000	**0.44**
MR WILLIAM BLOMFIELD	180,000	**0.43**
AV&RV PTY LTD <VEDIG SUPER A/C>	175,000	**0.42**
MRS FRANCESCA MCCULLOCH	166,667	**0.40**
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	164,585	**0.39**
BEAUVAIS PTY LTD <JOHN BISHOP FAMILY A/C>	150,000	**0.36**
CHURCHILL PTY LTD <THE ELLIS FAMILY NO 2 A/C>	150,000	**0.36**
MR RONALD & MRS RHONDA ELIZABETH LANGLEY	148,721	**0.36**
	36,094,558	**86.55**

HOLDERS OF LESS THAN A MARKETABLE PARCEL OF SECURITIES

Number of holders as at 31 July 2023 holding less than a marketable value of securities being $500 at the share price of $1.35 per share are listed below:

Holding	**No. of Holders**
1-371 (Less than a marketable parcel)	58

DISTRIBUTION OF EQUITY SECURITIES

Analysis of numbers of equity security holders by size of holding as at 31 July 2023 are listed below:

	ORDINARY SHARES	
Holding	Shares	No. of Holders
1 - 1,000	68,131	138
1,001 - 5,000	394,276	164
5,001 - 10,000	457,388	61
10,001 - 100,000	3,714,039	120
100,001 and over	37,061,108	27
	41,694,942	**510**

SUBSTANTIAL HOLDERS

Substantial holders of ordinary shares in the Group as at 31 July 2023 are listed below:

	ORDINARY SHARES	
Holding	Number Held	Percentage
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	17,776,195	42,63
BNP PARIBAS NOMS PTY LTD <DRP>	12,353,949	29,63

HOLDERS OF EACH CLASS OF EQUITY SECURITIES

Number of holders in each class of equity securities as at 31 July 2023 are listed below:

Holding	Number
Ordinary shares	41,694,942

USE OF PROCEEDS

In accordance with listing rule 4.10.19, the Group 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 2023

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 2023:

Escrow period	Total
No escrow	-

DUXTON
FARMS