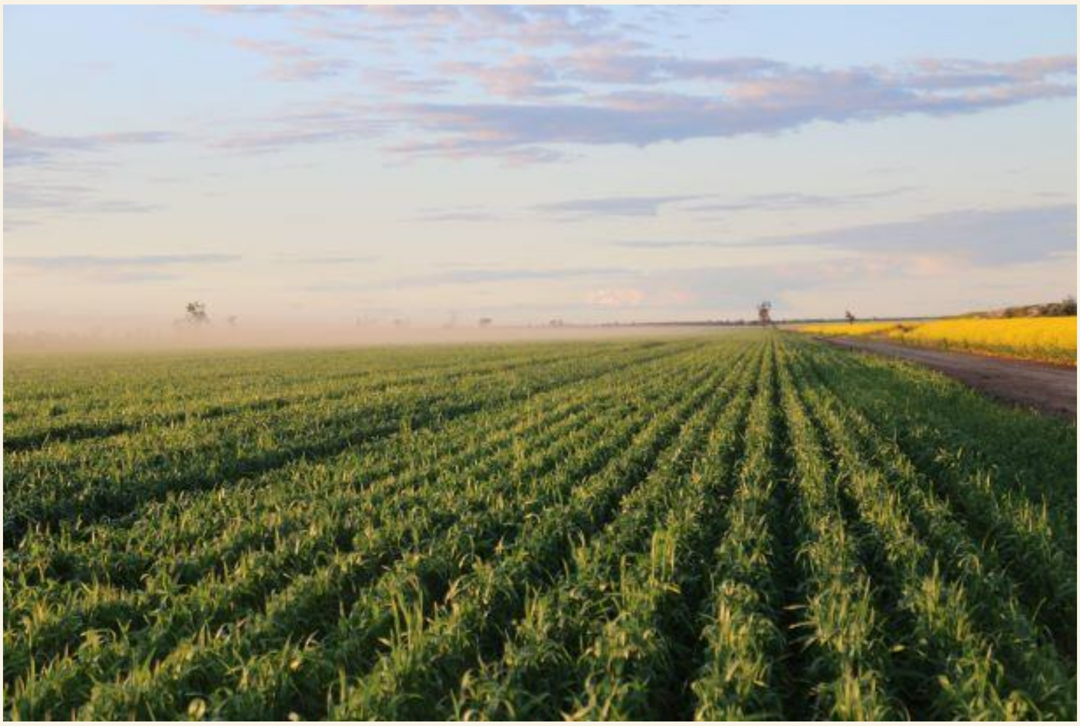
ANNUAL REPORT

June 30 2018

DUXTON BROADACRE FARMS LIMITED

ACN 129 249 243



CORPORATE DIRECTORY

Executive Chairman
Edouard Peter

Executive Director
Stephen Duerden

Executive Managing Director
Anthony Hamilton

Independent Non-Executive Directors
Mark Harvey
Wade Dabinett

Company Secretary
Donald Stephens

Principal and Registered Office
7 Pomona Road
Stirling SA 5152
Telephone: (08) 8130 9500
Facsimile: (08) 8130 9599

Legal Advisors
Piper Alderman
70 Franklin Street
Adelaide SA 5000

Share Registry
Computershare

Auditors
Deloitte
17 Waymouth Street
ADELAIDE SA 5000

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

Stock Exchange Listing
Australian Securities Exchange
Share Code: DBF

CONTENTS

CHAIRMAN'S LETTER TO SHAREHOLDERS

Wednesday 29th August 2018

Dear Shareholder,

It gives me great pleasure to present the inaugural Annual Report for Duxton Broadacre Farms Limited. "DBF" the "Company".

First and foremost I would like to extend my gratitude for placing your trust and confidence with us, and to assure you this is a responsibility we certainly do not take lightly. Of the many businesses I have been involved with throughout my career, I am particularly excited about what the future holds for DBF and the events of the prior year have further instilled my confidence moving forward.

The previous year has been truly eventful. The acquisition and integration of the Wyalong and Yarranlea aggregations along with admission to the Australian Securities Exchange saw DBF emerge as one of the nation's pre-eminent cropping ventures. Duxton Broadacre Farms proudly provides exposure to a highly efficient, large scale farming enterprise offering diversification across livestock, summer and winter crop varieties underpinned by dependable water security and infrastructure.

The year was not without its challenges, from frost to spray-drift to drought. Operating in the agricultural sector carries a number of inherent risks, however these risks can be mitigated and present opportunities for those able to make timely and intelligent decisions. The decision to salvage frost and rain damaged crops for feed in anticipation of dry conditions, along with profits from strategic commodity trading and the timely acquisition of water have positioned the Company well ahead of the coming season.

We are exceptionally pleased to report a Net Asset Value per share as at 30 June 2018 of $1.6989 (2017: $1.5957), particularly considering the February 2018 listing price of $1.50. Despite this strong short-term performance, we maintain that Australian farmland remains mispriced in the context of comparable farmland globally and that our portfolio is well positioned to capitalise on this opportunity as the arbitrage is eroded.

For the full year ended 30 June 2018 DBF reported a statutory loss before tax of $23,336 for the year (2017: $1,739,619). After adjusting for one off transaction costs and the treatment of acquired in ground crop, there was profit before tax of $1.689m (2017: $1,739,619) Details of these events and a reconciliation to the statutory reported results are included in the Director's report.

One of our key strategic objectives since listing has been to reduce income variability and mitigate weather risk. Subsequently we have commissioned and commenced implementation of a comprehensive irrigation development plan, which is proving timely given the current drought experienced across NSW. This encompasses the conversion of existing land to facilitate irrigated row cropping, the purchase of additional water entitlements and the exploration of groundwater capability across the portfolio.

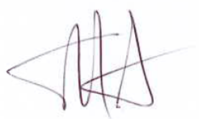
This plan, which will see the Company considerably increase irrigated cropping area over the next two years, is anticipated to bring enhanced profitability through the production of high-margin summer crops and increased operational flexibility to capitalise on favourable commodity movements. Furthermore, we anticipate that this

CHAIRMAN'S LETTER TO SHAREHOLDERS

plan will deliver material capital appreciation across DBF's land and water assets as they are revalued to reflect irrigation capability.

Moving forward we will strive to promote growth by continuing to refine our core operations, implementing new technology and techniques, exploring new revenue streams and identifying strategic acquisition targets. Despite short term weather challenges, we remain confident Duxton Broadacre Farms is well positioned moving forward, underpinned by sound management and strategy.

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



Edouard Peter
Chairman

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2018

The Directors of Duxton Broadacre Farms Limited submit herewith their report, together with the financial report of Duxton Broadacre Farms Limited (the Company) for the year ended 30 June 2018. In order to comply with the provisions of the Corporations Act 2001, the directors report is as follows:

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

Mr Stephen Duerden	
Dr Anthony Hamilton	
Mr Edouard Peter	Appointed 22 September 2017
Mr Mark Harvey	Appointed 22 September 2017
Mr Wade Dabinett	Appointed 22 September 2017
Mr William Brennan	Resigned 22 September 2017
Mr Rupert Clifton-Bligh	Resigned 31 July 2017

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

The office of company secretary is held by Mr Donald Stephens.

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

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

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

Review of operations
The company has performed well across its three major business segments for the year ended 30 June 2018 despite a range of unique agronomic challenges along with the cost of listing and integrating new assets into the portfolio.

The 2017 winter crop was impacted by both a severe early season frost event that led to the write-off of a portion of the canola crop and rainfall over harvest that caused some wheat to be downgraded. Despite these challenges, DBF achieved a strong harvest result that included an average dryland wheat yield of 2.9t per hectare and all barley achieving malt quality at an average yield of 3.2t per hectare. DBF was able to salvage value from weather affected canola by employing an alternative use strategy which saw the company harvest the affected area for conversion to silage. With the recent onset dry conditions, this silage is allowing DBF to feedlot livestock and capitalise on the strength of cattle prices.

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2018

2018 has also seen DBF manage its largest ever summer cropping program across the Yarranlea and Walla Wallah properties which has been largely successful. Early in the season, the Yarranlea property suffered from a herbicide spray-drift event that materially affected yield across 100ha of planted area that was subsequently removed to save soil moisture and reduce costs. From the remaining 400ha, the company achieved a strong average yield of 12.8 bales to the hectare, approximately 20% above the Australian average. The program has also benefited from the strength of cotton prices which remain above 90th percentile levels.

Livestock operations have performed well over the past 12 months generating $1.6m in revenue up 18% on the prior year, benefiting from strong livestock and wool markets. With the onset dry conditions, the spread between store and fat animal prices has increased which DBF has been able to benefit from by employing feed that was stored from the previous winter crop and beginning to use in a feedlot.

Financial overview
The Company's net loss after tax for the year amounted to $0.420 million (2017: loss after tax of $1.532 million). After adjusting for one-off transaction costs and treatment of acquired in ground crop there was a profit after tax of $0.779m (2017: loss after tax of $0.1532 million). The net asset value (NAV) of the Company as at 30 June 2018 is $73.705 million or $1.6989 per share (2017: $14.601 million or $1.5957 per share).

During May 2017 DBF entered into a contract with Wyalong Rural Investments Pty Ltd ("WRI") to purchase the majority of its' assets including land, structures, water, PPE and winter crops in ground. This contract was expected to be completed in June 2017. At the time the contract was signed, the fair value of the WRI crops in ground was $4,697,895. Due to various factors beyond the control of both DBF and Wyalong, completion was delayed until 27 October 2017 at which point the fair value of the crop net of costs had increased by approximately $1.3m. The increment in fair value was required to be recognised as part of the business combination and is not included in the result for the period. The Company has obtained the cash benefit through the crops subsequent sale.

In addition, DBF also incurred $375,684 of one-off expenses in relation to the initial public offering of the company that occurred in February 2018.

Set out below is a comparison of the statutory earnings and adjusted earnings which reflect the result had the acquisition occurred at the beginning of the half year period as anticipated along with the exclusion of listing costs:

	Adjusted Earnings* 30 June 2018	**Statutory Earnings 30 June 2018**
Gross profit plus cropping costs	11,403,052	11,403,052
Cropping Cost	(6,452,928)	(7,790,082)
Listing Costs	-	(375,684)
Other items	(3,260,622)	(3,260,622)
Profit before income tax	**1,689,502**	**(23,336)**

*Note this result has not been audited or reviewed

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2018

Key metrics	2018	2017
Profit (loss) attributable to owners of the company	($0.420m)	($1.532)
Basic earnings per share	($0.0144)	($0.1674)
Dividends paid	-	-
Dividends per share	-	-
Share price (at 30 June)	$1.55	NA
Return on capital employed	$0.0061	($0.1144)

Net Asset Value

30 June 2018	Per Company Statement of Financial Position $'000	Per Fair Market Value* $'000	Variance $'000
.			
Permanent water entitlements	4,534	5,092	558
Net other assets	69,171	69,171	-
Total net assets	**73,705**	**74,263**	**558**
Net asset value per share	$1.6989	$1.7112	$0.0123

* Fair market value is a non-IFRS measure which has not been audited or reviewed by the Company's auditor. The fair market value is provided because it is consistent with the way the assets are measured and reviewed internally.

Further detail is disclosed in Note 17 of the financial statements.

As detailed in the IPO please find below a reconciliation of the IPO forecast to Statutory earnings

30 June 2018	Pro forma forecast results $'000	Statutory earnings $'000	Adjusted Earnings $'000
Revenue	13,674	14,555	14,555
EBITDA	1,840	518	2 ,231
EBIT	1,656	528	2,241
NPAT	821	(420)	779
Earnings per share	0.022	(0.0144)	0.0267

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2018

Market Overview
DBF is well positioned to benefit from both domestic and international market trends in the short term. Internationally, the Australian industry is expected to benefit from declining global stock to use ratios and tension between the US and china. Domestically, prevailing dry conditions across most of Australia present both challenges and opportunities for DBF. While these conditions are expected to reduce dryland crop production, the Investment Manager also expects favourable price movements. In anticipation of unfavourable conditions DBF has already invested heavily in the acquisition of both water entitlement and allocation, along with commissioning substantial irrigation developments including expanding irrigated cropping acreage, water storages, related infrastructure and additional bores. This allows DBF to reduce the volatility of the portfolio, while also promoting increased diversification and operational flexibility. Long term capital growth is expected to continue as mispricing in global farmland values is eroded from the market.

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

Changes in state of affairs
During the year, the Company undertook an Initial Public Offering (IPO) where it raised $21.105 million. Initial quotation on the Australian Securities Exchange (ASX) commenced on 8 February 2018.

The Company expanded its operations significantly during the year. Prior to listing a combination of cash and issued shares were used to acquire the Wyalong aggregation that was owned by a related entity Wyalong Rural Investments Pty Limited. This transaction was executed with the intent of providing a foundation from which the Company could successfully engage in an IPO. Debt funding was used to purchase a second aggregation referred to as Yarranlea.

Whilst the focus of the business activities remains the same, the scale on which these activities is being conducted has expanded significantly.

Other than the above, there were no significant change in the state of affairs of the Company during the financial year.

Subsequent events
There are significant tax losses from prior years that are under review with the ATO for which a decision is still pending. No tax adjustment has been made in the accounts.

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

Dividends
No dividends were paid or declared by the Company during the year.

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2018

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

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

The Company has insurance premiums relating to the following:

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

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

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

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

Directors' meetings
The following table sets out the number of Directors' meetings (including meetings of committees of Directors) held during the financial year and the number of meetings attended by each Director (while they were a Director or committee member). During the financial year, 8 board meetings, 2 audit and risk committee meetings and 1 Nomination and Renumeration Committee meeting were held.

Director	Board Meetings		Audit and Risk Committee Meetings		Nomination and Renumeration Committee	
	Meetings attended	Meetings held	Meetings attended	Meetings held	Meetings attended	Meetings held
Mr Edouard Peter	8	8	-	-	1	1
Mr Stephen Duerden	8	8	2	2	-	-
Dr Anthony Hamilton	7	8	2	2	1	1
Mr Mark Harvey	8	8	2	2	1	1
Mr Wade Dabinett	7	8	2	2	1	1
Mr William Brennan(1)	1	1	-	-	-	-
Mr Rupert Clifton-Bligh (2)	-	-	-	-	-	-

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2018

(1) Mr William Brennan resigned 22nd September 2017
(2) Mr Rupert Clifton-Bligh resigned 31st July 2017
Mr Wade Dabinett, Mr Stephen Duerden, Dr Anthony Hamilton and Mr Mark Harvey were appointed to the Audit and Risk Committee on 22nd September 2017.
Mr Wade Dabinett, Mr Edouard Peter, Dr Anthony Hamilton and Mr Mark Harvey were appointed to the Nomination and Renumeration Committee on 22nd September 2017.

Diversity Policy
DBF is committed to a workplace that encourages a varied mix of people and skillsets. As such, a Diversity Policy was implemented in 2017 demonstrating diversity at DBF goes beyond gender and also includes (but not limited to) issues of age, marital or family status, religious or cultural background.

As at 1 August 2018, DBF does not currently have female representation at Board or Senior Executive level and female representation across the organisation is 8.33%. To assist in offsetting the male dominated Senior team, DBF's Asset Manager, Duxton Capital (Australia) appointed two female senior finance professionals who undertake financial recommendations for DBF at Board level and are responsible for the overall finance company reporting.

The following initiatives support DBF's Commitment to Diversity:

- A DBF Recruitment Policy has been implemented outlining the requirement for equal opportunity for employment throughout attraction and selection processes;
- Where available, a culture of flexible work is fostered to support employee families and their family commitments, demonstrated by flexible working arrangements implemented.
- Community engagement is actively encouraged by Senior Management demonstrated by approved corporate donations to local school groups and fundraisers in addition to informal paid leave provided to staff for community service E.g. the local Bushfire Brigade; and
- A Board Member skills matrix is being developed to identify any potential skill gaps that exist on the Board in anticipation for future company growth, which hopes to present opportunity for greater female representation at Board level.

Research and development
The Company did not undertake any research or development during the Period.

Non-Audit Services
There were no non-audit services provided by Deloitte during the year.

Corporate Governance
The Company's Corporate Governance Statement and ASX Appendix 4G (Key to Disclosures – Corporate Governance Council Principles and Recommendations) is available in the Corporate Governance section of the Duxton Broadacre Farms website at www.duxtonbroadacrefarms.com.au.

As at the date of the Corporate Governance Statement, the Company complies with the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations 3rd Edition – March 2014 (unless otherwise stated).

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2018

Rounding

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

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2018

Information on Directors and Company Secretary

EDOUARD PETER

Qualifications

- Bachelor English Literature

Other Directorships

- Duxton Water Ltd
- Duxton Capital Pte Ltd

CHAIRMAN OF THE BOARD AND EXECUTIVE DIRECTOR

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 the 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 Markets 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	32,200

Committees

Member – Nomination and Renumeration Committee (Appointed 22/9/2017)

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2018

STEPHEN DUERDEN

Qualifications

- B Com Accounting Finance and Systems)
- GradDipAppFin at FINSIA
- CPA
- F FIN

Other Directorships

- Duxton Water Ltd
- Duxton Capital Pte Ltd

EXECUTIVE DIRECTOR

Stephen Duerden is currently the CEO of Duxton Capital (Australia) Pty Ltd. Stephen has over 25 years of experience in investment management 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	10,000

Committees

Member - Audit and Risk Committee (Appointed 22/9/2017).

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2018

Dr ANTHONY HAMILTON

Qualifications

- PhD in Agronomy and Plant physiology
- B Sc Agr (Hons)
- Grad Dip of S.I.A.
- G.A.I.C.D.

MANAGING DIRECTOR

Dr Hamilton is an Executive Director of the Company. Dr Anthony Hamilton has been engaged in grain farming since 1982. He started in family broadacre farming before working in rural financial and agricultural management as a consultant. In 1990 he became Managing Director of Warili Farming Pty Ltd and has been Managing Director of Merriment Rural Investments Pty Ltd since 2011.

Tony is a graduate of the Australian Institute of Company Directors, was a Nuffield Scholar in 2003 and holds a PhD in Agronomy and Plant physiology and a B. Sc Agr (Hons) from the University of Sydney. Tony is also a Non-executive Director of AgriFutures Australia (formally Rural Industries Research and Development Corporation) and a Northern Panel Committee Member of the Grains Research and Development Corporation.

Interest in Securities

Fully paid ordinary shares	6,667

Committees

Member - Audit and Risk Committee (Appointed 22/9/2017)
Member – Nomination and Renumeration Committee (Appointed 22/9/2017)

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2018

MARK HARVEY

Other Directorships
S&W Seed Company

INDEPENDENT NON-EXECUTIVE DIRECTOR and DEPUTY CHAIRMAN

Mark Harvey has more than 35 years of experience in agriculture an 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 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, he was elected a director of S&W Seed Co, a NASDAQ listed company based in Sacramento California which is a leading US genetics and specialty seed company. 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 35 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	66,666

Committees
Member - Audit and Risk Committee (Appointed 22/9/2017)
Chairman – Nomination and Renumeration Committee (Appointed 22/9/2017)

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2018

WADE DABINETT

GAICD

INDEPENDENT NON-EXECUTIVE DIRECTOR

Wade Dabinett has over 13 years of experience in the Australian grain industry, encompasses grain trading, storage, handling and production. Part of a farming business at Parilla in the Southern Mallee of SA owned by his family which is a mix of grain, potatoes, sheep and cattle on both dryland and irrigated farming land. Wade is also the current Chairman of Grain Producers SA elected at the 2016 AGM which is the state's peak industry body representing the states 3,000 grain growers.

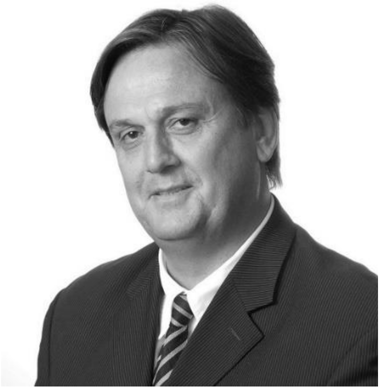
He is also the Chair of GPSA's sub-committees for Transport & Supply Chain, Agricultural Security & Priority and also a member of the Audit & Finance Committee. Wade is also a councillor representing Grains on Primary Producers SA and a member of the National Policy Council for Grain Producers Australia. 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.

Interest in Securities
None

Committees
Chairman - Audit and Risk Committee (Appointed 22/9/2017).
Member – Nomination and Renumeration Committee (Appointed 22/9/2017)

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2018



DONALD STEPHENS

Qualifications

- B Acc
- FCA

COMPANY SECRETARY

Donald Stephens is a Chartered Accountant and corporate adviser with over 25 years of experience in the accounting industry, including 14 years as a partner of HLB Mann Judd, a firm of Chartered Accountants. Mr Stephens holds a number of positions as a public Company Director and Company secretary. Mr Stephens also provides corporate advisory services to a wide range of organisations.

Mr Stephens is a Non-excecutive director of Petratherm Limited, Mithril Resources Limited and Gooroo Ventures Limited. He is also the Company Secretary of Duxton Water Limited, Highfield Resources Limted and is a director of a number of private companies.

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2018

Renumeration report (audited)
The Board established a Renumeration Committee, ("the Committee") on 22nd September 2017. The Committee is responsible for reviewing the compensation arrangements for all key management personnel and Directors. The review is conducted annually, having regard to management performance and comparative, external compensation levels. Independent advice may be sought on compensation packages and Director's fees. The compensation of key management personnel includes salary/fees, movements in accrued annual and long service leave, benefits including the provision of motor vehicles and superannuation.

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

Executive directors	**Position**
E Peter (appointed 22 September 2017)	Chairman, Executive director
S Duerden	Executive director
A Hamilton	Managing director
Non-executive directors	
M Harvey (appointed 22 September 2017)	Non-executive director, Deputy Chairman
W Dabinett (appointed 22 September 2017)	Non-executive director
W Brennan (resigned 22 September 2017)	Non-executive director
R Clifton-Bligh (resigned 31 July 2017)	Non-executive director

Remuneration of Non-Executive Directors
The Board policy is to remunerate Independent Non-Executive Directors at market rates for comparable companies for time, commitment and responsibilities. Fees for Non-Executive Directors are not linked to the performance of the Company.
In determining competitive remuneration rates, the Board review local and international trends among comparative companies and industry generally. Typically, the Company will compare Non-Executive Remuneration to companies with similar market capitalisations. These reviews are performed to confirm that non-executive remuneration is in line with market practice and is reasonable in the context of Australian executive reward practices.

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

Remuneration of Managing Director
The Managing Director of the Company, Mr Anthony Hamilton, is employed by the Company. The Board has agreed a fixed annual remuneration package, plus an incentive bonus payable at the end of each financial year. A Bonus has been earnt for this financial year. The term of this agreement ends on 30 June 2020 unless terminated earlier or extended by agreement with the Company.

As the company is a newly listed company, it does not have the previous 4 years of financials to be able to disclose the relationship between key management personnel and the performance of the company.

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2018

Renumeration of key management personnel

Details of the remuneration of the key management personnel of the Company, paid for the reported period, are set out in the following table.

	Short-term employee benefits			Post employment benefits	Long -term employee benefits	Share-based payments	
2018	**Salary and fees**	**Cash Bonus**	**Non-monetary**	**Superannuation**	**Long service leave**	**Shares and units**	**Total**
	$	**$**	**$**	**$**	**$**	**$**	**$**
Executive directors							
Mr Edouard Peter[(1)]	-	-	-	-	-		-
Mr Stephen Duerden[(1)]	-	-	-	-	-		-
Mr Anthony Hamilton	237,567	29,657	-	20,900	-		288,124
Non-executive directors							
Mr Mark Harvey[(2)]	-	-	-	-	-	27,928	27,928
Mr Wade Dabinett[(2)]	-	-	-	-	-	27,928	27,928
Mr William Brennan[(1)(3)]	-	-	-	-	-		-
Mr Rupert Clifton-Bligh[(1)(3)]	-	-	-	-	-		-
Total	**237,567**	**29,657**	**-**	**20,900**	**-**	**55,856**	**343,980**

(1) These Executive Directors are employed by the Investment Manager (Duxton Capital (Australia) Pty Ltd) and receive no remuneration from Duxton Broadacre Farms Limited, however Duxton Capital (Australia) Pty Ltd does receive management fees and performance fees.
(2) Directors fees of $35,000 are to be paid to each Non-executive director. Non-executive directors will be paid in shares for each of the first three years of their term, to be issued one day after the Company's AGM. Shares (23,333 pro-rata to 18,018) will be issued at a listing price of $1.50. Shareholder approval at the AGM will be required for the issue of the shares. Apportionment will apply for directors appointed through the year. The share price at June 30 2018 was $1.55
(3) Mr W Brennan resigned 22nd September 2017. Mr R Clifton-Bligh resigned on 31 July 2017.

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2018

2017	Short-term employee benefits			Post employment benefits	Long -term employee benefits	Share-based payments	
	Salary and fees	Cash Bonus	Non-monetary	Superannuation	Long service leave	Shares and units	Total
	$	$	$	$	$	$	$
Mr Anthony Hamilton	156,018	-	-	22,707	-	-	178,725
Mr Stephen Duerden[(1)]	-	-	-	-	-	-	-
Mr William Brennan	-	-	-	-	-	-	-
Mr Rupert Clifton-Bligh	-	-	-	-	-	-	-
Total	**156,018**	**-**	**-**	**22,707**	**-**	**-**	**178,725**

Transactions with Key Management Personnel

During the financial period where, Directors, their Director-related entities and executives purchased goods that were domestic or trivial in nature from the Company, they did so on the same terms and conditions available to other employees and customers.

The Company had an agreement with Warili Farming Pty Ltd which Anthony Hamilton is a director. The arrangement allowed for the lease of machinery $24,855 (which ceased in December 2017), livestock agistment $23,585, and livestock purchase $13,000 (ex gst).

The Company had an agreement with AJ & KA Hamilton Pty Ltd which Anthony Hamilton is a director. The arrangement allowed for the lease of land $117,158 (ex gst) which ceased in December 2017.

The Company entered into 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 accounting and human resource services. It amounted to $27,163 (ex gst) for the 12 month period ending 30 June 2018

The Company entered into Management agreements 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 $235,101 (ex gst) for the 12 month period ending 30 June 2018

Equity Holdings of Key Management Personnel

2018	Type	Balance at 1/7/17	Balance at 30/6/18
Executive directors			
Mr Edouard Peter[(1)]	ORD	-	32,200
Mr Stephen Duerden[(1)]	ORD	-	10,000
Mr Anthony Hamilton	ORD	-	6,667
Non-executive directors			
Mr Mark Harvey	ORD	-	66,666
Mr Wade Dabinett	ORD	-	-
Mr William Brennan	ORD	-	3,600
Mr Rupert Clifton-Bligh	ORD	-	-
Total		-	**119,133**

(1) These Executive Directors are employed by the Investment Manager (Duxton Capital (Australia) Pty Ltd) and receive no remuneration from Duxton Broadacre Farms Limited, however Duxton Capital (Australia) Pty Ltd does receive management fees and performance fees.

2017	Type	Balance at 1/7/16	Balance at 30/6/17
Executive director			
Mr Anthony Hamilton	-	-	-
Non-executive directors			
Mr William Brennan	-	-	-
Mr Rupert Clifton-Bligh	-	-	-
Total	-	-	-

Investment Manager

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

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

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

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

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

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

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

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

"Valuation Day" means the last day in each month, unless the Directors resolve otherwise, and such other days as the Directors may determine, each being a day on which the PNAV is calculated.

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

No management fee was paid or payable to the Investment manager for the year ended 30 June 2018 (2017: nil).

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

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

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

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

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

(a) If the Investment Return of the Company between the Start Date and the Calculation Date is less than the First Benchmark Return Hurdle (8%) then no Performance Fee is payable.

(b) If the Investment Return of the Company between the Start Date and the Calculation Date is greater than the First Benchmark Hurdle (8%) but less than the Second Benchmark Hurdle (12%) then the Performance Fee will be:
5% x ((Adjusted Ending PNAV - Opening PNAV – Capital Raisings) – First Benchmark Return Hurdle)

(c) If the Investment Return of the Company between the Start Date and the Calculation Date is greater than the Second Benchmark Hurdle (12%) then the Performance Fee will consist of two components as follows:
Component A = 5% x (Second Benchmark Return Hurdle - First Benchmark Return Hurdle)
Plus
Component B = 10% x ((Adjusted Ending PNAV – Opening PNAV – Capital Raisings) – Second Benchmark Return Hurdle)

Where:

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

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

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

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

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

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

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

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

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

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

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

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

"Calculation Period" commences from a "Start Date" and ends on a "Calculation Date".

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

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

"Business Day" means a day on which banks are open in South Australia, excluding weekends and public holidays in South Australia.
The performance fee paid or payable to the Investment manager for the year ended 30 June 2018 amounted to $0.297m (Year ended 30 June 2017: nil).

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

End of Renumeration Report

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2018

Issue of Shares
In October 2017, 20,313,420 shares were issued for the acquisition of the related entity Wyalong Rural Investments Pty Limited. In January 2018 14,070,018 shares were issued as part of the initial IPO.

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

Dividends
No dividends were declared or paid during the period.

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

Auditor's independence declaration
Section 307C of the Corporations Act 2001 requires our auditors, Deloitte, to provide the Directors of the Company with an Independence Declaration. This Lead Auditor's Independence Declaration is included on page 19.

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
29th August 2018

Deloitte.

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28 August 2018

Board of Directors
Duxton Broadacre Farms Limited
7 Pomona Road
STIRLING SA 5152

Dear Directors

Duxton Broadacre Farms Limited

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Duxton Broadacre Farms Limited.

As lead audit partner for the audit of the financial statements of Duxton Broadacre Farms Limited for the year ended 30 June 2018, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

Yours faithfully

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Darren Hall
Partner
Chartered Accountants

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2018

	Note	30 June 2018 $'000	30 June 2017 $'000
Revenue	5	14,555	3,985
Cost of sales		(13,328)	(2,116)
Biological transformation	13	2,386	934
Gross Profit		**3,613**	**2,803**
Other income	7	541	107
Distribution expenses		-	(138)
Operational expenses		(2,430)	(3,947)
Administration expenses		(1,371)	(288)
Listing expenses		(376)	-
Impairment reversal/(charge)		552	(236)
Finance expenses	8	(552)	(41)
Profit/(loss) before tax		**(23)**	**(1,740)**
Income tax benefit/(expense)	18	(397)	208
Profit/(loss) for the year		**(420)**	**(1,532)**
Other comprehensive income, net of income tax			
Items that will not be reclassified subsequently to profit or loss:			
Gain on revaluation of property	23	5,789	609
Total comprehensive income/(loss) for the year		**5,369**	**(923)**

Earnings per share		**2018** $	**2017** $
From continuing and discontinued operations			
Basic (cents per share)	24	(0.0144)	(0.1674)
Diluted (cents per share)	24	(0.0144)	(0.1674)
From continuing operations			
Basic (cents per share)		(0.0144)	(0.1674)
Diluted (cents per share)		(0.0144)	(0.1674)

The notes on page 30 to 58 are an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2018

	Note	30 June 2018 $'000	30 June 2017 $'000
ASSETS			
Current assets			
Cash and cash equivalents	10	4,735	-
Trade and other receivables	11	2,878	568
Inventories	12	2,712	625
Biological assets	13	6,183	2,196
Other financial assets	14	3,036	-
Other current assets	15	470	33
Total current assets		**20,014**	**3,422**
Non-current assets			
Property, plant and equipment	16	67,324	10,055
Intangible water assets	17	4,534	3,224
Deferred tax assets	18	-	300
Total non-current assets		**71,858**	**13,579**
Total assets		**91,872**	**17,001**
LIABILITIES			
Current liabilities			
Trade and other payables	19	4,645	606
Borrowings	20	292	1,401
Provisions	21	297	138
Total current liabilities		**5,234**	**2,145**
Non-current liabilities			
Borrowings	20	10,741	239
Provisions	21	1	16
Deferred tax liability	18	2,191	-
Total non-current liabilities		**12,933**	**255**
Total liabilities		**18,167**	**2,400**
Net assets		**73,705**	**14,601**
EQUITY			
Issued capital	22	74,675	20,940
Reserves	23	6,665	876
Accumulated losses		(7,635)	(7,215)
Total equity		**73,705**	**14,601**

The notes on page 30 to 58 are an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2018

	Note	Issued capital $'000	Accumulated Losses $'000	Asset revaluation reserve $'000	Total equity $'000
Balance at 1 July 2016		**21,063**	**(5,683)**	**267**	**15,647**
Profit/(loss) for the year		-	(1,532)	-	(1,532)
Other comprehensive income for the year, net of income tax		-	-	609	609
Total comprehensive loss for the year		-	(1,532)	609	(923)
Share issue costs – net of taxes	22	(123)	-	-	(123)
Balance at 30 June 2017		**20,940**	**(7,215)**	**876**	**14,601**
Balance at 1 July 2017		**20,940**	**(7,215)**	**876**	**14,601**
Profit/(loss) for the year		-	(420)	-	(420)
Other comprehensive income for the year, net of income tax		-	-	5,789	5,789
Total comprehensive income for the year			(420)	5,789	5,369
Issue of shares for the acquisition of Wyalong Rural Investments Pty Limited	22	33,642	-	-	33,642
Issue of shares upon initial public offering	22	21,105	-	-	21,105
Share buy back		(247)			(247)
Share issue costs – net of taxes	22	(765)	-	-	(765)
Balance at 30 June 2018		**74,675**	**(7,635)**	**6,665**	**73,705**

The notes on page 30 to 58 are an integral part of these financial statements.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2018

	Note	30 June 2018 $'000	30 June 2017 $'000
Cash flows from operating activities			
Receipts from customers		13,995	3,828
Payments to suppliers		(15,500)	(5,049)
Interest received		32	-
Interest paid		(552)	(41)
Income tax paid		-	-
Government rebates received		269	-
Other		(273)	-
Net cash (used in)/generated by operating activities	25	**(2,029)**	**(1,262)**
Cash flows from investing activities			
Payments for property, plant and equipment		(8,870)	(416)
Deposit for supplies		(3,000)	-
Acquisition of a business		(1,000)	-
Proceeds from disposal of property, plant and equipment		161	15
Payments for water entitlements	17	(1,183)	(522)
Proceeds from disposal of water entitlements		-	3,394
Net cash (used in)/generated by investing activities		**(13,892)**	**2,471**
Cash flows from financing activities			
Proceeds from issue of shares	22	21,105	-
Share buy back	22	(247)	-
Payment for share issue costs		(910)	(112)
Net proceeds from borrowings	20.2	698	(1,097)
Net cash (used in)/generated by financing activities		**20,656**	**(1,209)**
Net increase in cash and cash equivalents		**4,735**	-
Cash and cash equivalents at beginning of the period		-	-
Cash and cash equivalents at end of period	10	**4,735**	**-**

The notes on page 30 to 58 are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

1. Corporate information

Duxton Broadacre 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. The company changed its name from Merriment Rural Investments Pty Ltd on the 24th July 2017.

2. Basis of preparation

Basis of accounting

The financial statements have been prepared under the historical cost basis except for land, buildings and biological assets 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 consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of AASB 2, leasing transactions that are within the scope of AASB 117, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in AASB 112 or value in use in AASB 136.

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

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

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

Statement of compliance

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

3. Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements in conformity with Australian Accounting Standards Board (AASBs) requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

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 their net market value, unless the crop is immature and little transformation has taken place. 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.

Standards issued and effective

At the date of authorisation of the financial statements, the Standards and Interpretations that were issued and are now effective per below.

Standard/Interpretation	Effective for annual reporting periods on or after	Applied in the financial year ending
AASB 107 'Disclosure Initiative'	1 January 2017	30 June 2018
AASB 112 'Recognition of deferred tax assets for unrealised losses'	1 January 2017	30 June 2018
AASB 12 ' Disclosure of interest in other entities – Clarification of the scope of the disclosure requirements'	1 January 2017	30 June 2018

Standards issued and not yet effective

At the date of authorisation of the financial statements, the Standards and Interpretations that were issued but not yet effective are listed below.

Standard/Interpretation	Effective for annual reporting periods on or after	Expected to be initially applied in the financial year ending
AASB 9 'Financial Instruments'	1 January 2018	30 June 2019
AASB 15 'Revenue from Contracts with Customers'	1 January 2018	30 June 2019
AASB 16 'Leases'	1 January 2019	30 June 2019

AASB 9 Financial Instruments
AASB 9 Financial Instruments is a new standard published in July 2014, which replaces AASB 139 Financial Instruments: Recognition and Measurement. This standard introduces a new impairment model for financial assets, a new measurement category 'fair value through other comprehensive income' for certain debt instruments and new general hedge accounting requirements.

AASB 9 is effective for the company for the annual reporting period beginning on 1 July 2018. The adoption of AASB 9 is not expected to have a material impact on the Company's financial assets and liabilities.

Revenue from Contracts with Customers
AASB 15 Revenue from Contracts with Customers establishes a single comprehensive framework to assist with accounting for revenue arising from contracts with customers. AASB 15 will supersede the current revenue recognition guidance including AASB 118 Revenue.

AASB 15 is effective for the Company for the annual reporting period beginning on 1 July 2018. The adoption of AASB 15 is not expected to have a material impact on the Company's financial assets and liabilities.

Leases
AASB 16 Leases will replace existing accounting requirements for leases under AASB 117 Leases. AASB 16 removes the lease classification test and requires all lessees to record both finance and operating leases on the balance sheet.

AASB 16 is effective for the Company for the annual reporting period beginning on 1 July 2019. We are still assessing the impact of AASB 16.

4. Significant accounting policies

4.1 Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with AASB 112 Income Taxes and AASB 119 respectively;

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another IFRS.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Other contingent consideration is remeasured to fair value at subsequent reporting dates with changes in fair value recognised in profit or loss.

4.2 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated rebates and other similar allowances.

4.2.1 Sale of livestock and produce

Revenue from the sale of goods is recognised when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

4.2.2 Interest revenue

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

4.3 Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

4.3.1 The Group as lessee

Assets held under finance leases are initially recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs (see note 4.4 below). Contingent rentals are recognised as expenses in the periods in which they are incurred.

4.4 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.

4.5 Employee benefits

4.5.1 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.

4.6 Taxation

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

4.6.1 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 consolidated 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.

4.6.2 Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated 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. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

4.7 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 consolidated 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.

Fixtures 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, using the straightline method. 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.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

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.

FOR THE YEAR ENDED 30 JUNE 2018

Depreciation rates used for each class of depreciable assets are:

Asset	Depreciation rate 2018
Building	2-4%
Plant, equipment and motor vehicles	8-40%
Office furniture & equipment	10-50%
Property improvements	2.5-8%

4.8 Intangible assets

4.8.1 Intangible assets acquired separately

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

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

Permanent water rights recognised by the company have an indefinite useful life 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 the asset. Such assets are tested for impairment in accordance with the policy stated in 4.8.1(b).

4.8.2 Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

IAS 38.118(b) Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

4.9 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 (see note 4.7 above).

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 (see note 4.7 above).

4.10 Inventories

(a) 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.

(b) Produce
Produce is recorded at the lower of cost and net realisable value. Cost of produce is determined on a first-in-first-out basis. Net realisable value represents the estimated selling price for produce less all estimated costs of completion and costs necessary to make the sale.

4.11 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

4.12 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 are initially measured at fair value. 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.

4.13 Financial assets

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL), 'held-to-maturity' investments, 'available-for-sale' (AFS) financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

4.13.1 Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including trade and other receivables, bank balances and cash are measured at amortised cost using the effective interest method, less any impairment.

Interest income is recognised by applying the effective interest rate, except for short-term receivables when the effect of discounting is immaterial.

4.14 Financial liabilities and equity instruments

4.14.1 Classification as debt or equity

Debt and equity instruments issued by a group entity 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.

4.14.2 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 a group entity are recognised at the proceeds received, net of direct issue costs.

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

4.14.3 Financial liabilities

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

4.14.4 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 139 permits the entire combined contract to be designated as at FVTPL.

4.14.5 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

4.14.6 Biological assets

In accordance with AASB 141 Agriculture, crops are valued based on whether biological transformation has occurred, at which point the crops are measured at their net market value, unless little biological transformation of the crop has taken place. 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.

4.15 Comparative information

The presentation of the Statement of Profit or Loss has been changed from nature to function to better represent how the business is managed.

5 Revenue

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

	2018	**2017**
	$'000	**$'000**
Sales – Cropping, Livestock & Wool	14,555	3,985

6 Segment information

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker to make strategic decisions. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors. A single reporting segment has been identified being agriculture as discrete financial information is only available on an entire business basis.

(a) Segment revenue and results

2018	**Segment revenue $'000**	**Segment results $'000**
Reportable segment revenue		
Agriculture	14,555	3,613
Total from continuing operations	**14,555**	**3,613**
Other income		541
Operational costs		(2,430)
Administration Expenses		(1,366)
Marketing Costs		(381)
Reversal of impairments		552
Finance Costs		(552)
Net profit/(loss) before tax		**(23)**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

2017	**Segment revenue $'000**	**Segment results $'000**
Reportable segment revenue		
Agriculture	3,985	2,803
Total from continuing operations	**3,985**	**2,803**
Other income		107
Operational costs		(4,085)
Administration Expenses		(288)
Marketing Costs		-
Reversal of impairments		(236)
Finance Costs		(41)
Net profit/(loss) before tax		**(1,740)**

(b) Revenue from major products

	2018 $'000	**2017 $'000**
Hay	898	1,731
Oils	77	-
Cotton	2,184	-
Mungbean	49	-
Chickpea	372	-
Wheat	5,510	-
Barley	1,266	-
Canola	2,336	-
Cattle	569	995
Sheep	1,031	1,124
Wool	263	135
	14,555	**3,985**

The chief operating decision makers are the Board members. Revenues are managed on a product by product basis. Costs are managed in total.

7 **Other Income**

	2018 $'000	**2017 $'000**
Government rebates	370	82
Other revenue	33	18
Insurance revenue	53	7
Interest received	68	-
Lease revenue	17	-
	541	**107**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

8 Finance costs

	2018 $'000	2017 $'000
Interest on bank overdrafts and loans	486	41
Interest on obligations under finance leases	18	-
Borrowing costs	41	-
Other finance costs	7	-
	552	**41**

9 Auditors remuneration

	2018 $	2017 $
Audit or review of financial report - Deloitte Touche Tohmatsu (FY2018)	80,000	19,000
Audit or review of financial report – Boyce Chartered Accountants (FY2017)	11,023	-
	91,023	**19,000**

10 Cash and cash equivalents

	2018 $'000	2017 $'000
Cash at bank	1,715	-
Term deposits	3,020	-
	4,735	**-**

11 Trade and other receivables

	2018 $'000	2017 $'000
Trade receivables	1,753	422
Allowance for doubtful debts	-	-
	1,753	422
Wheat and barley pools	226	83
Fuel Rebate Receivable	125	24
Other receivables	774	39
	2,878	**568**

	2018 $'000	2017 $'000
Ageing of past due but not impaired		
61-90 days	49	-
90-120 days	-	-
120+ days	-	-
	49	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

12 Inventories

	2018 $'000	2017 $'000
Consumables - cost	1,054	-
Produce on hand - cost		
- Crops	1,620	625
- Wool	38	-
	2,712	625

13 Biological assets

	Crops in ground $'000	Livestock $'000	Total $'000
Gross carrying amount			
Balance at 1 July 2016	485	2,029	2,514
Additions	480	869	1,349
Decrease due to sales	(485)	(2,116)	(2,601)
Increase in fair value of biological assets	-	934	934
Balance at 30 June 2017	480	1,716	2,196
Gross carrying amount			
Balance at 1 July 2017	480	1,716	2,196
Additions through business combination	6,035	-	6,035
Additions	7,343	1,260	8,603
Decrease due to sales	(11,437)	(1,600)	(13,037)
Increase in fair value of biological assets	1,399	987	2,386
Balance at 30 June 2018	3,820	2,363	6,183

14 Other financial assets

	2018 $'000	2017 $'000
Landmark - Deposit fixed interest rate (2.4%)	3,036	-
	3,036	**-**

15 Other assets

	2018 $'000	2017 $'000
Prepayments	470	33
	470	**33**
Current	470	33
	470	**33**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

16 Land, Property, plant and equipment

	Land	Buildings	Plant and equipment at cost	Total
	$'000	$'000	$'000	$'000
Gross carrying amount				
Balance at 1 July 2016	7,123	2,681	2,329	12,133
Additions	-	106	273	379
Disposals	-	(313)	(55)	(368)
Revaluation increase	1,183	-	-	1183
Balance at 30 June 2017	8,306	2,474	2,547	13,327
Accumulated depreciation/amortisation and impairment				
Balance at 1 July 2016	(639)	(845)	(1,152)	(2,636)
Disposals	-	-	46	46
Depreciation expense	-	(101)	(259)	(360)
Impairment losses recognised in the P&L	(171)	(150)	-	(321)
Balance at 30 June 2017	(810)	(1,096)	(1,365)	(3,271)
Net book value				
As at 1 July 2016	6,484	1,835	1,176	9,495
As at 30 June 2017	7,496	1,378	1,181	10,055
Gross carrying amount				
Balance at 1 July 2017	8,306	2,474	2,547	13,327
Additions	6,684	726	1,461	8,871
Disposals	-	(177)	(371)	(548)
Acquisitions through business combination	37,947	1333	1,166	40,446
Revaluation increase	8,270	-	-	8,270
Balance at 30 June 2018	61,207	4,356	4,803	70,366
Accumulated depreciation/amortisation and impairment				
Balance at 1 July 2017	(810)	(1,096)	(1,365)	(3,271)
Disposals	-	109	237	346
Impairment losses recognised in the P&L	(338)	-	-	(338)
Impairment reversal	649	114	-	762
Depreciation expense	-	(103)	(438)	(541)
Balance at 30 June 2018	(499)	(976)	(1,573)	(3,042)
Net book value				
As at 1 July 2017	7,496	1,378	1,181	10,055
As at 30 June 2018	60,708	3,380	3,236	67,324

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 2018 and 30 June 2017 were performed by CBRE, independent valuers not related to the Group. CBRE have appropriate qualifications and recent experience in the fair value measurement of properties in the relevant locations. The valuation basis was based on the Direct Comparison Approach.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

17 Other intangible water assets

	2018 $'000	2017 $'000
Water Licenses	4,534	3,224
	4,534	**3,224**

	Water licences $'000
Net book value	
Balance at 1 July 2016	2,618
Impairment reversal	84
Additions (1)	522
Balance at 30 June 2017	3,224
Impairment reversal	127
Additions	1,183
Balance at 30 June 2018	4,534

(1) See Note 26. For the water purchase as part of the business combination

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

18 Taxation

a) Income tax recognised in profit or loss

	2018 $'000	2017 $'000
Current tax		
Current tax expense/(income) recognised in current year	(1,583)	(433)
Derecognition of prior year tax losses	204	314
Other	60	-
	(1,319)	**(119)**
Deferred tax		
Deferred tax expense / (income) recognised in current year	1,716	(89)
Total income tax/(benefit) recognised in the current year relating to continuing operations	**397**	**(208)**

The income tax expense for the year can be reconciled to the accounting profit as follows:

	2018	2017
Profit (loss) before tax	**(23)**	**(1,740)**
Income tax (benefit)/expense at 30%	(7)	(522)
Effect of expense that are non-deductible in determining taxable profit	6	-
Derecognition of prior year Tax Losses	204	314
Other	194	-
Income tax expense recognised in profit and loss (relating to continuing operations)	**397**	**(208)**

b) Income tax recognised directly in equity

	2018	2017
Deferred tax		
Equity raising costs	381	52
Revaluation of land	(2,481)	(260)
Income tax recognised directly in equity	**(2,100)**	**(208)**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

c) Current tax assets and liabilities

2018	Opening balance	Recognised in profit or loss	Recognised in other comprehensive income	Recognised directly in equity	Acquisitions / disposals	Other	Closing balance
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Gross deferred tax liabilities:							
Debtors	(37)	(68)	-	-	-	-	(105)
Inventories	(124)	(1,588)	-	-	-	-	(1,712)
Property, plant and equipment	90	(162)	(2,481)	-	-	-	(2,553)
Intangibles		75	-	-	(156)	-	(81)
	(71)	(1,743)	(2,481)	-	(156)	-	(4,451)
Gross deferred tax assets:							
Payables	61	155	-	-	-	-	216
Provisions	46	21	-	-	22	-	89
Other	60	(149)	-	381	-	6	298
	167	27	-	381	22	-	603
	96	(1,716)	(2,481)	381	(134)	6	(3,848)
Tax Losses	204	1,453	-	-	-	-	1,657
	300	(263)	(2,481)	381	(134)	6	(2,191)

2017	Opening balance	Recognised in profit or loss	Recognised in other comprehensive income	Recognised directly in equity	Acquisitions / disposals	Other	Closing balance
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Gross deferred tax liabilities:							
Debtors	-	(37)	-	-	-	-	(37)
Inventories	(125)	1	-	-	-	-	(124)
Property, plant and equipment	499	(149)	(260)	-	-	-	90
	374	(185)	(260)	-	-	-	(71)
Gross deferred tax assets:							
Payables	19	42	-	-	-	-	61
Provisions	43	3	-	-	-	-	46
Other	174	(285)	-	52	-	119	60
	236	(240)	-	52	-	119	167
	610	(425)	(260)	52	-	119	96
Tax Losses	(310)	514	-	-	-	-	204
	300	89	(260)	52	-	119	300

19 Trade and other payables

	2018 $'000	2017 $'000
Trade payables	3,955	426
Accrued expenses	689	180
	4,645	**606**

20 Borrowings

	2018 $'000	2017 $'000
Unsecured – at amortised cost		
Loan from related party (i)	-	522
	-	**522**
Secured – at amortised cost		
Bank overdrafts		-
Loans - Other entities (ii)	10,000	744
Finance lease liability (iii)	1,033	374
	11,033	**1,118**
Current	292	1,401
Non-current	10,741	239
	11,033	**1,640**

20.1 Summary of borrowing arrangements

(i) Loan from Wyalong Rural Investments Pty Ltd for water entitlements subsequently included as part of the business combination. No interest was charged.

(ii) This facility is secured by mortgages on the companies properties, and its water rights and licenses on a fixed 10 year term. Interest is to be charged at a rate of 5.07%

(iii) Secured by the assets leased. The borrowings are a mixture of fixed interest rate debt with repayment periods not exceeding 5 years. Interest charged ranges from 4.91%-6.23%.

20.2 Non- cash financing activities

	1/7/2017 $000	Financing cashflows $000	Non cash changes Acquisition $000	Non cash changes Fair Value adjustments $000	Other changes $000	30/6/18 $000
Short term borrowings						
- Equipment purchases	374	659	-	-	-	1,033
Loans from related parties	522	-	(522)	-	-	-
Long term borrowings	-	783	9,217	-	-	10,000
Overdraft	744	(744)	-	-	-	-
	1,640	**698**	**8,695**	**-**	**-**	**11,033**

21 Provisions

	2018 $'000	2017 $'000
Employee benefits	298	154
	298	**154**
Current	297	138
Non-current	1	16
	298	**154**

22 Equity

	2018 $'000	2017 $'000
Share capital	74,675	20,940
	74,675	**20,940**

Issued capital comprises:

43,383,065 fully paid ordinary shares (30 June 2017: 9,150,261)	75,440	21,063
Equity raising costs	(765)	(123)
	74,675	**20,940**

22.1 Fully paid ordinary shares

	No. Shares '000	Share capital $'000
Balance at 1 July 2016	9,150	21,063
Share issue costs	-	(123)
Closing balance at 30 June 2017	**9,150**	**20,940**
Issue of shares upon initial public offering	14,070	21,105
Shares issued for the purchase of the Business WRI	20,313	33,642
Share buy-back	(150)	(247)
Share Issue costs	-	(765)
Closing balance at 30 June 2018	**43,383**	**74,675**

23 Reserves

	2018 $'000	2017 $'000
Asset revaluation reserve	6,665	876
	6,665	**876**

	2018 $'000	2017 $'000
Balance at beginning of year	876	267
Movements	5,789	609
Balance at end of year	**6,665**	**876**

24 Earnings per share

	2018	2017
Earnings/(loss) $'000	(420)	(1,532)
Earnings/(loss) used in the calculation of basic EPS $,000	(420)	(1,532)
Weighted average number of ordinary shares (basic)	29,174,553	9,150,260
Weighted average number of ordinary shares (diluted)	29,174,553	9,150,260
Basic earnings per share from continuing operations (cents)	(0.0144)	(0.1674)
Diluted earnings per share from continuing operations (cents)	(0.0144)	(0.1674)

25 Reconciliation of cash flows from operating activities

	2018 $'000	2017 $'000
Profit (loss) for the year	(420)	(1,532)
Adjustments for non-cash items included in profit/(loss):		
Depreciation	541	361
Increase in biological transformation	(2,386)	(934)
Impairment / (impairment reversal) of property, plant and equipment	(310)	171
Impairments / (impairment reversals) of water licenses	(127)	(84)
Impairment of buildings/(reversal)	(114)	149
(Gain)/Loss on sale of property, plant and equipment	41	1
Payments of other assets classified as investing	-	37
Profit on hedging products	(49)	-
Trade creditor amounts related to financing activities	-	(64)
Changes in other items:		
(Increase) / decrease in Trade receivables	(2,261)	(302)
(Increase) / decrease in other assets	(437)	5
(Increase) / decrease in biological assets	2,325	530
(Increase) / decrease in inventories	(2,087)	(290)
(Increase) / decrease in deferred tax assets	361	514
Increase / (decrease) in Trade payables	2,796	168
Increase / (decrease) in provisions	98	8
Net cash used in operating activities	**(2,029)**	**(1,262)**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

26 Business Combinations

During May 2017 DBF entered into a contract with Wyalong Rural Investments Pty Ltd ("WRI") to purchase a number of assets including land, structures, water, PPE and winter crops in ground. This contract was expected to complete in June 2017. At the time the contract was signed, the fair value of the WRI crops in ground was $4,697,895. Due to various factors beyond the control of both DBF and Wyalong, completion was delayed until 27 October 2017 at which point the fair value of the crop net of costs had increased by approximately $1.3m. The increment in fair value was required to be recognised as part of the business combination and is not included in the result for the period. The Company has obtained the cash benefit through its subsequent sale.
Details of the acquisition are as follows:

	Fair Value $'000
Land and structures	39,280
Plant and equipment	1,167
Growing crops	6,035
Water license (1)	522
Liabilities assumed	
-Deferred Tax Liability	(157)
-Other liabilities	(2,987)
-Borrowings	(9,218)
Net assets acquired	34,642
Cash used to acquire business	1,000
Fair value of the shares transferred	33,642
Fair value of total consideration	34,642

(1) As noted above, the contract was expected to complete in June 2017 and the water licenses were transferred to the Company at this time ahead of formal completion in October 2017. See note 17.

Impact on results

Had the business combination of the Wyalong assets occurred at the beginning of the year the profit of the combined entity for the year ended 30 June 2018 would have been $1,689,502 before income tax.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

27 Key management personnel

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

Key management personnel of the Company are:

- Mr Edouard Peter
- Mr Stephen Duerden
- Mr Anthony Hamilton
- Mr Mark Harvey
- Mr Wade Dabinett

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

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

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

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

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

Mr Edouard Peter has a direct interest of 32,200 shares in the Company and an indirect interest in 9,732,322 shares in the Company.

Mr Stephen Duerden has a direct interest in 10,000 shares in the Company and an indirect interest in 30,197 shares in the Company.

	2018 $'000	2017 $'000
Short-term benefits	267	156
Post-employment benefits	21	23
Other long-term benefits	-	-
Share-based payments	54	-
Terminations benefits	-	-
Total	**342**	**179**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

28 Related party transactions

The following transactions occurred with related parties during the year ended 30 June 2018 (and the year ended 30 June 2017) and are all ex gst.

	2018 $'000	2017 $'000
Land Lease payable – AJ & KA Hamilton	117	142
Purchases – AJ & KA Hamilton	-	14
Machinery Lease expense – Warili Farming	25	36
Reimbursement of costs – Warili Farming	153	160
Livestock purchase – Warili Farming	13	-
Livestock agistment revenue – Warili Farming	23	
Wages – Henry Hamilton	-	6
Reimbursement of costs – Duxton Asset Management	3	-
Reimbursement of costs – Duxton Capital (Australia) Pty Ltd	77	-
Accounting and HR Services - Duxton Capital (Australia) Pty Ltd	27	
Performance Fee Revenue – Duxton Capital (Australia) Pty Ltd	297	-
Water lease – Duxton Water Ltd	235	-
Total	**1,001**	**358**

Transactions between related parties are on commercial terms and conditions.

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

	2018 $'000	2017 $'000
Amount due to (from) Warili Farming Pty Ltd	-	16
Amount due to (from) Wyalong Rural Investments	-	552
Amount due to (from) Warili Farming Pty Ltd	-	(274)
Amount due to (from) - Duxton Capital (Australia) Pty Ltd	10	-
Total	**10**	**294**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

29 Financial instruments – risk management and fair value

The Company's financial instruments consist mainly of deposits with banks, accounts receivable and payable. The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

Financial Assets	**Note**	**2018 $'000**	**2017 $'000**
Cash and cash equivalents	10	4,735	-
Trade and other receivables	11	2,878	568
Other financial assets	14	3,036	-
Total financial assets		**10,649**	**568**

Financial Liabilities	**Note**	**2018 $'000**	**2017 $'000**
Trade and other payables	19	4,644	606
Interest-bearing liabilities	20	11,033	1,640
Total financial liabilities		**15,677**	**2,246**

Financial risk management framework

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

The Board oversees how management monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

Specific financial risk exposures and management

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

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

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

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

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

The fair values of financial assets and liabilities held by the Company at the reporting date are considered to be approximate to their carrying amounts.

Past due and impaired assets
No financial assets carried at amortised cost were past due or impaired at 30 June 2018

Liquidity risk
Liquidity risk arises from the possibility that the Company might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities that are settled by delivering cash or another financial asset. The Company manages this risk through the following mechanisms:
- preparing forward-looking cash flow analysis in relation to its operational, investing and financing activities;
- monitoring undrawn credit facilities; and
- 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.

Financial Liabilities	**Note**	**Carrying Value $,000**	**Contractual Cash Flows $'000**	**6 Months or Less $'000**	**Over 6 Months $'000**
Trade and other payables	19	4,645	4,645	4,645	-
Interest-bearing liabilities	20	11,033	11,145	145	11,000
		15,677	**15,790**	**4,790**	**11,000**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

Market risk

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

30 Obligations under finance leases

The Company leases certain harvesting equipment under finance lease. The average lease term is 5 years. The Company has the options to purchase the equipment for a nominal amount at the end of the lease terms. The Companies obligations under finance leases are secured by the lessor's titles to the leased assets.

Interest rates underlying all obligations under finance leases are fixed at respective contract dates ranging from 4.91% to 6.23% per annum.

	2018 $'000	2017 $'000
Finance lease liabilities		
Not later than 1 year	326	280
Later than 1 year and not later than 5 years	820	129
Less: future finance charges	(113)	(35)
	1,033	374
Current	292	255
Non-current	741	119
	1,033	374

31 Commitments for expenditure

	2018 $'000	2017 $'000
Commitments for expenditure	18	21

32 Subsequent events

No matter or circumstance has arisen since the end of the reporting period ended 30 June 2018, that has significantly affected or could significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in future financial years.

DIRECTOR'S DECLARATION

FOR THE YEAR ENDED 30 JUNE 2018

The directors declare that:

a) in the directors' opinion, there are reasonable grounds to believe that Duxton Broadacre 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 Broadacre Farms Limited's financial position and performance for the year ended 30 June 2018.

c) the audited remuneration disclosures set out on pages 16 to 17 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
29th August 2018

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Independent Auditor's Report to the Members of Duxton Broadacre Farms Limited

Report on the Audit of the Financial Report

We have audited the financial report of Duxton Broadacre Farms Limited (the "Company") which comprises the statement of financial position as at 30 June 2018, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and the directors' declaration.

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

(i) giving a true and fair view of the Company's financial position as at 30 June 2018 and of its financial performance for the year then ended; and

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

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (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 confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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 for 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.

Deloitte.

<table>
<tr><th>Key Audit Matter</th><th>How the scope of our audit responded to the Key Audit Matter</th></tr>
<tr><td>

<u>Accounting for Acquisitions</u>

On 27 October 2017, the Company acquired certain assets and assumed certain liabilities from Wyalong Rural Investments Pty Ltd ("WRI") as disclosed in Note 26. At the time of the acquisition, WRI was subject to common control.

Accounting for common control transactions requires an accounting policy choice in the absence of an accounting standard that deals specifically with such transactions.

Further, accounting for acquisitions is a complex and judgemental exercise, requiring management to determine:

The fair value of the total purchase consideration including the fair value of the shares transferred;
The fair value of the identifiable net assets acquired, including the fair value of the crops.

</td><td>
Our procedures in relation to the acquisition included, but were not limited to:

Assessing the accounting policy choice which was to apply AASB 3 Business Combinations.
Obtaining and reading the Asset Sale Agreement.
Assessing who the acquirer in the transaction was, which required careful consideration given the relative sizes of the two businesses prior to the transaction.
Assessing the fair value of the shares issued as consideration.
Assessing the identification of acquired assets and liabilities and the fair values assigned thereto
Reviewing the valuations for the land, buildings, plant, equipment and water licenses.
Assessing the treatment of deferred tax on the acquisition, with a particular focus on the water licenses.

We also assessed the appropriateness of the disclosures in Note 26 to the financial statements.
</td></tr>
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Other Information

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 30 June 2018, 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 ability of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

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

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

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

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

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

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

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

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

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

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

Deloitte.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 17 to 23 of the Directors' Report for the year ended 30 June 2018.

In our opinion, the Remuneration Report of Duxton Broadacre Farms Limited, for the year ended 30 June 2018, 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.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Darren Hall
Partner
Chartered Accountants
Adelaide, 28 August 2018

ASX ADDITIONAL INFORMATION

FOR THE YEAR ENDED 30 JUNE 2018

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 2 August 2018 (unless otherwise stated).

Twenty largest equity security holders

The names of the twenty largest holders of quoted equity securities as at 2 August 2018 are listed below:

	Ordinary shares	
Name	**Number held**	**Percentage of issued shares**
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	15,588,076	36.03
CLARAVILLE STATION PTY LTD <CLARAVILLE STATION A/C>	6,733,333	15.56
2 KING WILLIAM ST PTY LTD <2 KING WILLIAM ST A/C>	3,373,333	7.80
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED <EUROCLEAR BANK SA NV A/C>	3,336,054	7.71
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	2,566,019	5.93
FIRST NAMES(SINGAPORE)PTE LTD <THE ANGLETERRE A/C>	1,666,667	3.85
HSBC CUSTODY NOMINEE (AUSTRALIA) LIMITED	1,269,141	2.93
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	1,156,770	2.67
J P MORGAN NOMINEES AUSTRALIA LIMITED	791,106	1.83
BNP PARIBAS NOMINEES PTY LTD HUB24 CUSTODIAL SERV LTD DRP	658,800	1.52
CITICORP NOMINEES PTY LIMITED	468,907	1.08
MR RONALD LANGLEY + MRS RHONDA EL IZABETH LANGLEY	333,333	0.77
W F O INVESTMENTS PTY LTD	333,333	0.77
KERNWOOD INVESTMENTS PTY LTD	333,300	0.77
DAVID HANDLEY NOMINEES PTY LTD <DAVID HANDLEY FAMILY A/C>	300,000	0.69
DUXTON OFFICES PTY LTD	246,201	0.57
MR WILLIAM BLOMFIELD	200,000	0.46
JOTT INVESTMENTS PTY LTD <SMITH PENSION FUND A/C>	200,000	0.46
TEMPLE ROCK PTY LTD <TEMPLE ROCK SUPER FUND A/C>	170,000	0.39
MRS FRANCESCA MCCULLOCH	166,667	0.39
Total	39,891,040	92.19

ASX ADDITIONAL INFORMATION

FOR THE YEAR ENDED 30 JUNE 2018

Distribution of equity securities

Analysis of numbers of equity security holders by size of holding as at 2 August 2018 are listed below:

Holding	Shares
1-1,000	10,482
1,001-5,000	343,003
5,001-10,000	445,704
10,001-100,000	2,441,916
100,001 and over	40,027,706
Total	**43,268,811**

Substantial holders

Substantial holders of ordinary shares in the Company as at 2 August 2018 are listed below:

	Ordinary shares	
Holding	Number held	Percentage
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	15,588,076	36.03
CLARAVILLE STATION PTY LTD <CLARAVILLE STATION A/C>	6,733,333	15.56

Holders of each class of equity securities

Number of holders in each class of equity securities as at 2 August 2018 are listed below:

Holding	Number
Ordinary shares	43,268,811

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 2 August 2018:

Escrow period	Total
No escrow	-