



WINTER CROP

Seeding for the coming winter crop season is ongoing but progressing slowly as wet conditions in the Central West of New South Wales have caused delays to planting across the portfolio. Smaller areas have been planted where possible, but further dry weather will be required before larger areas can be sown. Further delays caused by wet weather will almost certainly result in significant areas remaining unplanted this winter cropping season. Crops that have been planted are growing well, although some smaller areas of canola were lost to heavy rainfall and water inundation. Sales from the previous harvest (completed in February) quarter have now been completed, being sold in line with the Company's marketing strategy.

Grain prices continue to be volatile with markets responding to any news impacting potential supply. Australian prices are broadly following the trends of international markets however remain at a discount due to supply chain limitations preventing Australian exporters from matching demand from importers.

SUMMER CROP

Duxton Farms' cotton crop is ready for harvest and in good condition, although drier field conditions will be required before harvesters can physically get out into the fields. Flood damage earlier in the season has led to the abandonment of 23 hectares of cotton, with 242 hectares remaining. Continued wet weather has delayed land preparation for the upcoming cotton season.

International cotton prices began to show signs of weakness over the quarter, ending June at 138USc/lb or in Australian dollar terms, \$1,002/bale. Despite macroeconomic headwinds and concerns for future cotton demand, Australian prices remain approximately 61% higher than at the same time last year.

LIVESTOCK

Pasture growth continued to progress well over the quarter in the wet weather conditions. Plenty of high-biomass feed is available on farm and adequate reserves of fodder are maintained to be utilised as needed. Cattle and sheep continue to be moved between the Company's properties to make the best use of available feed and favourable field conditions. Livestock continue to be sold as they meet market specification with strong prices received. The Australian Eastern Young Cattle Indicator fell over the quarter, to finish June at \$10.32/kg representing an 11% increase on prior year. Lamb prices are now 6% lower than at the same time last year with the Eastern States Trade Lamb Indicator ending June at \$7.75/kg.

CASH FLOW FORECAST

The Company recorded an operating cashflow deficit for the quarter ending 30 June 2022 of \$2.907 million, which can primarily be attributed to timing; the cost of purchasing future crop inputs for the winter season was recorded before the quarter ended, while revenue was down due to the delayed harvest of the summer cotton crop due to persistent wet conditions.

Working capital facilities increased by \$2 million in May 2022 through an increase in overdraft facilities to \$10 million to help fund the Company's investment in Duxton Bees Pty Ltd and its repurchase of 1,451,426 shares during the quarter under the existing share repurchase programme. This was accomplished at an average price of \$1.75 per share.

The \$437,000 of related party payments in 6.1 of the quarterly cashflow report represent \$383,000 paid to Duxton Capital (Australia) Pty Ltd for financial services and management fees for acting as Investment Manager. Amounts totalling \$54,000 were paid to Duxton Water Ltd for water charges.



This announcement has been authorised for release by the Directors of Duxton Farms Limited

Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

Duxton Farms Ltd

ABN

45 129 249 243

Quarter ended ("current quarter")

30 June 2022

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	5,424	18,545
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(7,191)	(16,846)
(c) advertising and marketing	(1)	(5)
(d) leased assets	(4)	(151)
(e) staff costs	(389)	(1,534)
(f) administration and corporate costs	(625)	(3,059)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	(142)	(643)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	118	276
1.8 Other (provide details if material)		
(a) Crop insurance claim	-	232
(b) Other	(97)	(202)
1.9 Net cash from / (used in) operating activities	(2,907)	(3,387)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(462)	(2,522)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
	(d) investments	(1,750)	(1,750)
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	26
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(2,212)	(4,246)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	(2,557)	(3,031)
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	(1)-
3.5	Proceeds from borrowings	1,840	18,469
3.6	Repayment of borrowings	(14)	(14,821)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	(1,883)
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	(731)	(1,267)

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	541	3,591
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(2,907)	(3,386)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(2,212)	(4,246)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(731)	(1,267)
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	(5,308)	(5,308)

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	11	541
5.2	Call deposits	-	-
5.3	Bank overdrafts	(5,319)	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	(5,308)	541

6. Payments to related parties of the entity and their associates

- 6.1 Aggregate amount of payments to related parties and their associates included in item 1
- 6.2 Aggregate amount of payments to related parties and their associates included in item 2

**Current quarter
\$A'000**

437

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Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

7. Financing facilities

Note: the term "facility" includes all forms of financing arrangements available to the entity.

Add notes as necessary for an understanding of the sources of finance available to the entity.

	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1 Loan facilities	28,000	28,000
7.2 Credit standby arrangements	10,000	5,308
7.3 Other (please specify)	-	-
7.4 Total financing facilities	38,000	33,308

7.5 **Unused financing facilities available at quarter end** 4,692

7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

CBA Overdraft \$8,000,000: Rate 3.24% maturity at call temporarily increased to \$10,000,000 in May'22

CBA Term Debt Facility A \$16,000,000: Variable Rate 2.71% maturing 30/09/24

CBA Term Debt Facility B \$2,000,000: Variable Rate 2.71% maturing 30/09/24

Westpac Agri Finance (Facility 2) \$10,000,000: Fixed Rate 5.17% maturing 26/10/27

All facilities are secured by mortgages over property and water entitlements.

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(2,907)
8.2 Cash and cash equivalents at quarter end (item 4.6)	(5,308)
8.3 Unused finance facilities available at quarter end (item 7.5)	4,692
8.4 Total available funding (item 8.2 + item 8.3)	(616)
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	0.2

Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.

8.6 If item 8.5 is less than 2 quarters, please provide answers to the following questions:

8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer: No, calculating available funding based on a single quarter of operations in a broadacre farming business is going to give volatile results due to the timing of when revenue and expenses fall across the year.

Harvest of the Cotton crop scheduled to occur in the quarter ending June has been delayed due continuing wet conditions across all properties. This is now expected to occur during August.

8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer: Additional funding as indicated in 7.6 above was raised in May'22 to assist in working capital for ongoing operations.

8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: The entity expects to be able to operate without limitation on the basis of supporting cash flow with the sale of the summer harvest and continued sales of livestock at premium prices.

Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date:29/07/2022.....

Authorised by:By the Board of Directors.....
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.