



16 February 2023

AMENDMENT TO QUARTERLY CASH FLOW REPORT

Duxton Farms Limited (**Company**) advises that an immaterial calculation error has been identified in the Quarterly Cash Flow Report – Appendix 4C lodged on the 31 January 2023.

Item 7.4 (Total Financing Facilities – amount drawn at quarter end \$A'000) is 43,058.

An updated Appendix 4C is enclosed.

This announcement has been authorised for release by the Company Secretary of Duxton Farms Ltd.

For all enquiries, please call Duxton Farms on +61 8 8130 9500.



WINTER CROP

As stated in previous communications to the ASX, the December quarter was very challenging for Duxton Farms' NSW properties, which were severely impacted by wet conditions and flooding. While drier weather allowed harvest to commence in some areas in early December, the total winter crop tonnage will be significantly less than in previous years. While we are pleased to report that crop yields and quality are better than initially expected, the difference is not expected to offset areas lost to inundation.

Local wheat prices fell by 7% over the quarter, with Port Kembla APW1 prices ending December at \$380/tonne at port. Grain price volatility continues to be influenced by conflict between Russia and Ukraine, two of the world's major grain exporters. Domestically, grain prices may face downwards pressure due to the ongoing harvest, increasing supply in the market.

SUMMER CROP

Due to the flooding and challenging weather conditions, for the first time in its operating history Duxton Farms has been prevented from planting a cotton crop this season. Some areas have been planted with forage sorghum to bolster hay supplies and take advantage of the higher soil moisture levels.

International cotton prices fell by 9% over the quarter, with the Cotlook 'A' Index ending December at 99USc/lb. A softening outlook for cotton demand due to inflation, rising interest rates and slowing global economic growth is contributing to falling cotton prices. However, easing COVID-19 restrictions in China may provide some support for prices with announcements in late November contributing to signs of improved demand from mills.

LIVESTOCK

With floodwaters beginning to subside, sale of livestock has recommenced with roads reopening, allowing the movement of stock to saleyards. Wetter than normal conditions continues to support strong pasture growth across Duxton Farms' NSW aggregation properties. At Mountain Valley Station, once the Northern Territory dry season commences, additional livestock purchases are expected with stock also expected to arrive from the company's Forbes farms.

The Australian Eastern Young Cattle Indicator fell over the quarter by 17%, ending December at \$8.94/kg. Lamb prices also fell, with the Eastern States Trade Lamb Indicator finishing 9% lower at \$6.89/kg. This downwards pressure is coming from increases in supply, with yardings of cattle and lambs rising due to continued herd rebuilds.

CASH FLOW COMMENTARY

The company recorded an operating cashflow deficit for the quarter ending 31 December 2022 of \$532,000 which can be primarily attributed to continuing persistent wet weather conditions in New South Wales and resulting severely limited activity capable of being conducted.

Working capital facilities increased by \$3 million during the quarter via an increased overdraft facility to provide the company with sufficient funding to enable planting of the 2024 winter crop following the weather impacted 2023 season and resulting reduced income. Term Debt facilities were increased by \$21 million to fund ongoing and future development opportunities across NSW, Victoria and the NT.

Related party transactions of \$553,000 in 6.1 of the quarterly cashflow report represent \$445,000 paid to Duxton Capital (Australia) Pty Ltd for financial services and management fees for acting as Investment Manager. Amounts totalling \$108,000 were paid to Duxton Water Ltd for water charges.



View from Yarranlea Homestead (December 2022)

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")

31 December 2022

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	2,432	4,104
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(1,931)	(5,314)
(c) advertising and marketing	(2)	(2)
(d) leased assets	(53)	(124)
(e) staff costs	(439)	(901)
(f) administration and corporate costs	(702)	(3,661)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	415	415
1.5 Interest and other costs of finance paid	(281)	(467)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	13	38
1.8 Other (provide details if material)	16	819
1.9 Net cash from / (used in) operating activities	(532)	(5,093)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	(1,335)	(1,335)
(c) property, plant and equipment	(2,423)	(4,190)
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets		

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	33
	(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	(3,758)	(5,492)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	(61)	(131)
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	1,500	8,684
3.6	Repayment of borrowings	(132)	(217)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	1,307	8,335

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	(4,575)	(5,308)
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(532)	(5,093)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(3,758)	(5,492)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	1,307	8,335
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	(7,558)	(7,558)

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	1,175	338
5.2	Call deposits	-	-
5.3	Bank overdrafts	(8,733)	(4,913)
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	(7,558)	(4,575)

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	553
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<i>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.</i>		

7.	Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i> <i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1	Loan facilities	55,000	35,500
7.2	Credit standby arrangements	13,000	7,558
7.3	Other (please specify)	-	-
7.4	Total financing facilities	68,000	43,058
7.5	Unused financing facilities available at quarter end		24,942
7.6	<p>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.</p> <p>CBA Overdraft \$13,000,000: Rate 5.67% maturity at call CBA Term Debt Facility A \$16,000,000: Variable Rate 3.66% maturing 30/09/24 CBA Term Debt Facility B \$2,000,000: Variable Rate 3.93% maturing 30/09/24 CBA Term Debt Facility C \$6,000,000: Variable Rate 3.89% maturing 30/09/24 CBA Term Debt Facility D \$31,000,000: Variable Rate 4.14% maturing 30/09/24</p> <p>All facilities are secured by mortgages over property and water entitlements.</p>		

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(532)
8.2	Cash and cash equivalents at quarter end (item 4.6)	(7,558)
8.3	Unused finance facilities available at quarter end (item 7.5)	24,942
8.4	Total available funding (item 8.2 + item 8.3)	17,384
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	32.6
	<i>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.</i>	
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?	
	<p>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.</p>	
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?	
	<p>Answer: An additional \$24million in finance facilities was raised during the quarter to fund acquisitions and ongoing operations.</p>	

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, continued sales of livestock at premium prices and additional finance facilities raised during the quarter.

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:

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.