Duxton Broadacre Farms Limited

ACN 129 249 234

APPENDIX 4D
HALF-YEAR REPORT

1. Reporting period

Reporting period "Current period"	From 1 July 2018 to 31 December 2018
Previous corresponding period	From 1 July 2017 to 31 December 2017

2. Results for announcement to the market

				$,000
Revenue from ordinary activities	down	9%	to	4,071
Profit (loss) from ordinary activities after tax attributable to members	down	134%	to	(1,459)
Net profit (loss) for the period attributable to members	down	134%	to	(1,459)
		2018		**2017**
Dividends		Nil		Nil

Commentary on results for the period

The Company's net loss after tax for the half year amounted to $1.459 million (31 December 2017: $0.624 million loss).

The net asset value of the Company as at 31 December 2018 amounted to $71.755 million or $1.67 per share. The net asset value of the Company as at 31 December 2017 was $73.705 million or $1.62 per share.

31 December 2018	**Per Company Statement of Financial Position $'000**	**Per Fair Market Value* $'000**	**Variance $'000**
Permanent water entitlements	6,109	6,667	558
Net other assets	65,646	65,646	-
Total net assets	**71,755**	**72,313**	**558**
Net asset value per share	$1.67	$1.68	$0.013

* 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.

3. Net tangible assets per share

	31 December 2018	**31 December 2017**
Net tangible assets per ordinary share *	1.52	1.48
Net assets per ordinary share	1.67	1.62

*Water assets are classified as intangible assets

4. Control gained or lost during the period
Not applicable.

5. Dividends
There were no payments of dividends or distributions during the period.

6. Dividend reinvestment plan
There is no dividend/distribution reinvestment plan currently in operation.

7. Associates and joint ventures
There are no associates or joint venture entities.

8. Foreign entities
Not applicable

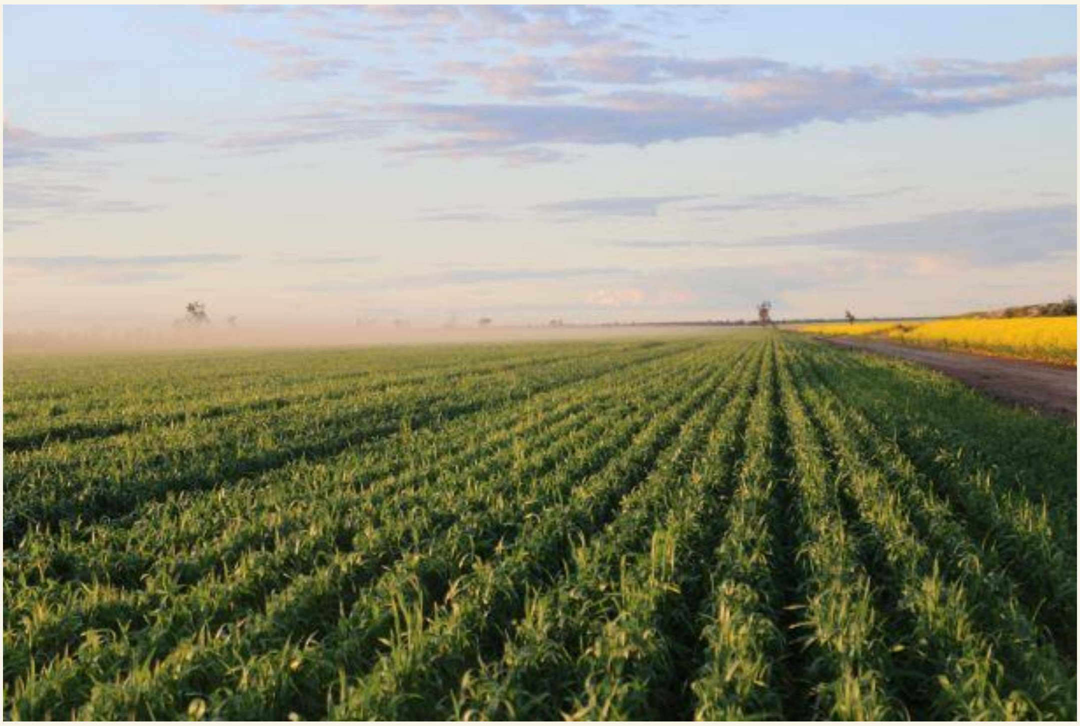
Other information
This report is based on the half-year financial statements which have been reviewed by Deloitte Touche Tomatsu.

HALF YEAR FINANCIAL REPORT

31 December 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
Cowell Clarke
63 Pirie 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

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CHAIRMAN'S LETTER TO SHAREHOLDERS

Friday 22nd February 2019

Dear Shareholder,

It gives me great pleasure to present the 2019 Half Year Report for Duxton Broadacre Farms Limited. "DBF" the "Company".

On behalf of the Board I would like to commend our employees for the exemplary performance and efforts demonstrated over the previous half year. This season we have witnessed the lowest Autumn rainfall across South Eastern Australia since the 1902 Federation drought which has resulted in below average winter cropping results which will impact short term performance.

In the face of these challenges, the fortitude demonstrated by our staff is truly a testament to their competence and character. The thorough preparation, ongoing diligence and swift response to challenges and opportunities exhibited over this period have allowed us to mitigate risks and have only strengthened my confidence in our ability to deliver long term shareholder value.

Our ability to respond dynamically to agronomic conditions and market movements has enabled us to capitalise on numerous opportunities. Early identification of poor performing crops and a firm understanding of cost structures has enabled us to cut crops for hay or graze livestock, providing higher returns than what would be obtained from harvesting these crops. We were also able to capitalise on the widening spread between the prices received for fat and skinny livestock by utilising stored feed to conduct lot-feeding and maximise returns.

Through the active management of our commodity marketing, we have been able to mitigate risk and capitalise on uncertain grain and cotton price environments. Anticipating the ongoing shortage of grain in Eastern Australia, we elected to reduce our forward sold percentage and employ a derivative strategy. This strategy successfully resulted in a minority of wheat production being sold at $353 per tonne, while current market price is approximately $420 per tonne. Subsequently we are well positioned to capitalise on elevated pricing as we sell down the majority of our grain position through the second half of the year.

In contrast we have balanced our grain marketing strategy with a more conservative approach to our summer cropping rotation. This has involved hedging production 12 months in advance, resulting in a weighted average forward sale price of $592 per bale on our 2020 cotton crop, while current forward sale prices are approximately $564.

Leveraging our extensive water expertise, we are in the fortunate position of being water secure for the following 18 months. Through selectively accumulating water over the previous 24 months we have a resulting weighted average position cost of $174 per Megalitre representing a 54% discount to the current water allocation spot price of $375.

CHAIRMAN'S LETTER TO SHAREHOLDERS

Consistent with our long-term risk mitigation strategy we have developed an additional 700 hectares of row crop irrigation, significantly reducing our susceptibility to weather risk and promoting operational flexibility. The extensive earthworks inherent in these projects would typically be conducted over summer due to the higher cost of moving wet soil during winter. The dry winter recently experienced enabled us to conduct the development over the winter months, which has facilitated the planting of DBF's largest cotton crop a year in advance. The development of additional bores and acquisition of groundwater has also been a key focus, we are pleased to report that the groundwater entitlement purchased have appreciated approximately 40% since they were acquired during the first half of 2018.

We are also pleased to announce the acquisition of the Boorala property in the South East region of South Australia. The property which we perceive as domestically mispriced from a mean production and volatility perspective, will provide geographic diversification to the portfolio. The property is pending settlement by the end of February 2019.

Ultimately drought is an unfortunate reality inherent in Australian agriculture, and we are enduring one of the most intense droughts on record. Once again, I wish to reassure investors of our resolve and the steps we have taken to promote shareholder value throughout this period.

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

Edouard Peter
Chairman

DIRECTORS' REPORT

FOR THE HALF YEAR ENDED 31 DECEMBER 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 half year ended 31 December 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 half-year are:

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

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 the annual 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 half year.

Review of operations
Duxton Broadacre Farms Limited has performed admirably for the half year ended 31 December 2018, despite enduring the driest autumn period experienced in Eastern Australia in over 100 years. The business has benefited significantly from its diversified model and dynamic approach to farming which has enabled losses to be mitigated and opportunities seized in this testing period.

Dryland winter crop yields were significantly below long-term average across the portfolio as a result of rainfall over the growing season being approximately 55% down on the 100-year average. DBF was able to salvage value from crops that did not properly germinate by harvesting some areas for hay and grazing livestock. DBF has also been able to capitalise on the unique season through the active management of its grain marketing program. Anticipating low supply due to the poor season, the decision was made to reduce the portion of grain forward sold and instead decide to store more on farm. This grain will be sold progressively over the next 6 months and has already seen appreciation of approximately 15% from harvest pricing in November.

DIRECTORS' REPORT

FOR THE HALF YEAR ENDED 31 DECEMBER 2018

DBF's livestock operation has performed well over the period, benefiting from the business' active management and prudent feed storage strategy. Due to increasing feed and water costs as a result of the drought, many graziers were forced to market undersized cattle. This resulted in the price for heavier, market-ready animals to increase significantly. DBF was able to capitalize on this opportunity by utilizing feed stored from the previous winter crop and engage in lot-feeding to fatten stock and sell into this market.

Over the period, DBF continued to advance its irrigation development program, with the conversion of 700ha of previously dryland and border-check irrigation land to row-crop capable paddocks. This development was only able to be completed over winter due to the dry conditions and represents a unique opportunity seized by the team, which has facilitated DBF's largest ever cotton crop this summer. Along with this land development, the business also invested significantly in permanent groundwater and the development of additional bores, which will increase operational flexibility and reduce exposure to volatile temporary water prices.

In November 2018, DBF contracted to purchase the property known as 'Boorala' in the South-East of South Australia for $15m. This property represents an opportunity for the business to diversify its operations, which has been highlighted as critical with the ongoing east coast drought. The 2,000ha property is a mixed dryland cropping, livestock farm in a highly consistent rainfall area. The property is expected to settle by the end of February 2019.

Market Overview
DBF is well positioned to benefit from both domestic and international market trends in the short term. Internationally, the Australian grain industry is forecast to benefit from a rising imbalance between grain consumption and production. Domestically, prolonged dry conditions have continued to impact the industry and present both challenges and opportunities for DBF. The Investment Manager expects prices to remain strong in the short-term due to forecast dry conditions across all of Australia's major grain growing regions. 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
Other than noted above there were no significant change in the state of affairs of the Company during the half-year.

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

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 half-year financial report are rounded off to the nearest thousand dollars, unless otherwise indicated.

DIRECTORS' REPORT

FOR THE HALF YEAR ENDED 31 DECEMBER 2018

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 22.

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
22 February 2019

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Australia

Phone: +61 8 8407 7000
www.deloitte.com.au

22 February 2019

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

Dear Directors

Auditor's Independence Declaration to 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 review of the half year financial statements of Duxton Broadacre Farms Limited for the half year ended 31 December 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 review; and

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

Yours sincerely

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Darren Hall
Partner
Chartered Accountants

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE HALF YEAR ENDED 31 DECEMBER 2018

	Note	31 December 2018 $'000	31 December 2017 Restated $'000
Revenue	4	4,071	4,465
Cost of sales		(6,805)	(9,742)
Biological transformation	8	3,266	6,876
Gross Profit		**532**	**1,599**
Other income	5	247	194
Operational expenses		(1,560)	(1,195)
Administration expenses		(930)	(531)
Listing expenses		(33)	(286)
Impairment reversal/(charge)		-	(439)
Finance expenses	6	(340)	(243)
(Loss)/profit before tax		**(2,084)**	**(901)**
Income tax benefit/(expense)		625	277
(Loss)/profit for the year		**(1,459)**	**(624)**
Other comprehensive income, net of income tax			
Items that will not be reclassified subsequently to profit or loss:		-	-
Total comprehensive (loss)/income for the year		**(1,459)**	**(624)**

Earnings per share	**31 December 2018**	**31 December 2017**
From continuing and discontinued operations		
Basic (cents per share)	(3.38)	(3.81)
Diluted (cents per share)	(3.38)	(3.81)

The condensed notes on page 12 to 20 are an integral part of these half year financial statements.

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2018

	Note	31 December 2018 $'000	30 June 2018 $'000
ASSETS			
Current assets			
Cash and cash equivalents	7	11	4,735
Trade and other receivables		1,201	2,878
Inventories		6,635	2,712
Biological assets	8	2,332	6,183
Other financial assets	9	6,164	3,036
Other current assets		3,399	470
Total current assets		**19,742**	**20,014**
Non-current assets			
Property, plant and equipment		68,476	67,324
Intangible water assets		6,109	4,534
Total non-current assets		**74,585**	**71,858**
Total assets		**94,327**	**91,872**
LIABILITIES			
Current liabilities			
Trade and other payables	9	3,715	4,645
Borrowings	10	2,988	292
Provisions		227	297
Total current liabilities		**6,930**	**5,234**
Non-current liabilities			
Borrowings	10	14,074	10,741
Provisions		3	1
Deferred tax liability		1,565	2,191
Total non-current liabilities		**15,642**	**12,933**
Total liabilities		**22,572**	**18,167**
Net assets		**71,755**	**73,705**
EQUITY			
Issued capital	11	74,174	74,675
Reserves	12	6,675	6,665
Accumulated losses		(9,094)	(7,635)
Total equity		**71,755**	**73,705**

The condensed notes on page 12 to 20 are an integral part of these half year financial statements.

STATEMENT OF CHANGES IN EQUITY

FOR THE HALF YEAR ENDED 31 DECEMBER 2018

	Note	Issued capital $'000	Accumulated Losses $'000	Other Reserves $'000	Asset revaluation reserve $'000	Total equity $'000
Balance at 1 July 2017		**20,940**	**(7,215)**	**-**	**876**	**14,601**
Profit/(loss) for the year		-	(624)	-	-	(624)
Other comprehensive income for the year, net of income tax		-	-	-	-	-
Total comprehensive income for the year			(624)	-	-	(624)
Issue of shares for the acquisition of Wyalong Rural Investments Pty Limited		33,724	-	-	-	33,724
Share issue costs – net of taxes		(46)	-	-	-	(46)
Balance at 31 December 2017		**54,618**	**(7,839)**	**-**	**876**	**47,655**
Balance at 1 July 2018		**74,675**	**(7,635)**	**-**	**6,665**	**73,705**
Profit/(loss) for the year		-	(1,459)	-	-	(1,459)
Other comprehensive income for the year, net of income tax		-	-	-	-	-
Total comprehensive income for the year			(1,459)	-	-	(1,459)
Shares issued	11,12	54	-	10	-	64
Share buy back	11	(554)		-		(554)
Share issue costs – net of taxes	11	(1)	-	-	-	(1)
Balance at 31 December 2018		**74,174**	**(9,094)**	**10**	**6,665**	**71,155**

The condensed notes on page 12 to 20 are an integral part of these half year financial statements.

STATEMENT OF CASH FLOWS

FOR THE HALF YEAR ENDED 31 DECEMBER 2018

	Note	31 December 2018 $'000	31 December 2017 $'000
Cash flows from operating activities			
Receipts from customers		6,305	4,915
Payments to suppliers		(12,495)	(5,024)
Interest paid		(298)	(239)
Government rebates received		208	-
Other		1	-
Net cash (used in)/generated by operating activities		**(6,279)**	**(348)**
Cash flows from investing activities			
Payments for property, plant and equipment		(1,957)	(7,449)
Acquisition of a business		-	(1000)
Proceeds from disposal of property, plant and equipment		61	-
Payments for water entitlements		(1,901)	-
Other		(50)	-
Net cash (used in)/generated by investing activities		**(3,847)**	**(8,449)**
Cash flows from financing activities			
Share buy back	11	(554)	-
Proceeds from borrowings	10	6,029	8,797
Repayment of borrowings		(73)	
Net cash (used in)/generated by financing activities		**5,402**	**8,797**
Net (decrease)/increase in cash and cash equivalents		**(4,724)**	**-**
Cash and cash equivalents at beginning of the period		4,735	-
Cash and cash equivalents at end of period		11	-

The condensed notes on page 12 to 21 are an integral part of these half year financial statements.

CONDENSED NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 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.

2. Basis of preparation

Basis of accounting

The half year financial statements have been prepared under the historical cost convention 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.

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.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the company's 2018 annual financial report for the financial year ended 30 June 2018, except for the impact of the Standards and Interpretations described below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

Statement of compliance

The half-year financial report is a general purpose financial report prepared in accordance with the Corporations Act 2001 and AASB 134 Interim Financial Reporting. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 Interim Financial Reporting. The half-year report does not include notes of the type normally included in an annual financial report and shall be read in conjunction with the most recent annual financial report.

3. Critical accounting judgements and key sources of estimation uncertainty

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

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

CONDENSED NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2018

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 at which point cost is used as a proxy for fair value. For crops nearing maturity the fair value is determined in consideration of the stage of growth and deducting all required costs to harvest and transport to market.

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.

Duxton Broadacre Farms has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for the current half-year.

Standard/Interpretation	Effective for annual reporting periods on or after	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

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 16 'Leases'	1 January 2020	30 June 2020

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 did not 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.

CONDENSED NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2018

AASB 15 is effective for the Company for the annual reporting period beginning on 1 July 2018. The adoption of AASB 15 did not 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.

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.

4 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

For the half year to 31 December 2018	**Segment revenue $'000**	**Segment results $'000**
Reportable segment revenue		
Agriculture	4,071	532
Total from continuing operations	**4,071**	**532**
Other income		247
Operational costs		(1,560)
Administration Expenses		(930)
Listing Costs		(33)
Finance Costs		(340)
Net (loss)/profit before tax		**(2,084)**

CONDENSED NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2018

For the half year to 31 December 2017	**Segment revenue $'000**	**Segment results $'000**
Reportable segment revenue		
Agriculture	4,465	1,599
Total from continuing operations	**4,465**	**1,599**
Other income		231
Operational costs		(588)
Administration Expenses		(1,176)
Listing Costs		(286)
Reversal of impairments		(439)
Finance Costs		(243)
Net (loss)/profit before tax		**(901)**

(b) Revenue from major products

	31 December 2018 $'000	**31 December 2017 $'000**
Hay	145	347
Oils	-	72
Cotton	623	-
Chickpea	148	291
Wheat	1,581	1861
Barley	242	49
Canola	97	1,023
Cattle	602	185
Sheep	554	481
Wool	79	156
	4,071	**4,465**

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

5 Other Income

	31 December 2018 $'000	**31 December 2017 $'000**
Government rebates	188	152
Other revenue	-	34
Insurance revenue	23	28
Interest received	36	-
Lease revenue	-	17
	247	**231**

CONDENSED NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2018

6 Finance costs

	31 December 2018 $'000	31 December 2017 $'000
Interest on bank overdrafts and loans	297	189
Interest on obligations under finance leases	32	10
Borrowing costs	-	40
Other finance costs	11	4
	340	**243**

7 Cash and cash equivalents

	31 December 2018 $'000	30 June 2018 $'000
Cash at Bank	-	1,715
Term deposits	11	3,020
Total cash and cash equivalents	**11**	**4,735**

8 Biological assets

	Crops in ground $'000	Livestock $'000	Total $'000
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 transfer of inventory	(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
Gross carrying amount			
Balance at 1 July 2018	3,820	2,363	6,183
Additions	-	381	381
Decrease due to transfer of inventory	(6,342)	(1,156)	(7,498)
Increase/(decrease) in fair value of biological assets	3,342	(76)	3,266
Balance at 31 December 2018	820	1,512	2,332

9 Fair value of financial instruments

9.1 Fair value hierarchy

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

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

9.2 Measurement of fair value of financial instruments

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

a) Level 1
Fair values have been determined by reference to their quoted bid prices at the reporting date

b) Forward contracts

Fair value of the Group's forward contracts are determined with reference to contract price.

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 IFRS 9 as detailed in the accounting policies to these financial statements, are as follows:

Financial Assets	**31 December 2018 $'000**	**30 June 2018 $'000**
Cash and cash equivalents	11	4,735
Trade and other receivables	1,201	2,878
Other financial assets	6,164	3,036
Total financial assets	**7,376**	**10,649**

Financial Liabilities	**31 December 2018 $'000**	**30 June 2018 $'000**
Trade and other payables	3,715	4,645
Interest-bearing liabilities	17,062	11,033
Total financial liabilities	**20,777**	**15,678**

CONDENSED NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2018

The carrying amounts of cash and cash equivalents, trade and other receivables, trade and other payables and current and non current interest-bearing liabilities approximate their fair value.

Commodity sales contracts are forward dated and deliverable contracts with customers. The fair value of commodity contracts is determined by reference to market prices.

10 Borrowings

	31 December 2018 $'000	30 June 2018 $'000
Unsecured – at amortised cost		
Bank Overdraft (i)	2,763	-
	2,763	**-**
Secured – at amortised cost		
Loans - Other entities (ii)	13,000	10,000
Finance lease liability (iii)	1,299	1,033
	14,299	**11,033**
Current	2,988	292
Non-current	14,074	10,741
	17,062	**11,033**

10.1 Summary of borrowing arrangements

(i) Secured overdraft facility. Interest is to be charge at a rate ranging from 3.34% - 3.66%

(ii) These facilities are 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 rates of 5.17% (fixed rate loan) and 3.52% (variable rate loan)

(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%.

10.2 Non- cash financing activities

			Non cash changes			
	1/7/2018 $000	Financing cashflows $000	Acquisition $000	Fair Value adjustments $000	Other changes $000	31/12/18 $000
Short term borrowings						
- Equipment purchases	1,033	235	-	-	31	1,299
Loans from related parties	-	-	-	-	-	-
Long term borrowings	10,000	3,000	-	-	-	13,000
Overdraft	-	2,763	-	-	-	2,763
	11,033	**5,998**	**-**	**-**	**31**	**17,062**

CONDENSED NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2018

11 Equity

	31 December 2018 $'000	30 June 2018 $'000
Share capital	74,174	74,675
	74,174	**74,675**

Issued capital comprises:

43,055,219 fully paid ordinary shares (30 June 2018: 43,383,065)	74,940	75,440
Equity raising costs	(766)	(765)
	74,174	**74,675**

11.1 Fully paid ordinary shares

	No. Shares '000	Share capital $'000
Balance at 1 July 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**
Shares issued	36	54
Share buy-back	(364)	(554)
Share Issue costs	-	(1)
Closing balance at 31 December 2018	**43,055**	**74,174**

12 Reserves

	31 December 2018 $'000	30 June 2018 $'000
Asset revaluation reserve	6,665	6,665
Share based payments reserve	10	-
	6,675	**6,665**
Balance at beginning of year	6,665	876
Movements	10	5,789
Balance at end of year	**6,675**	**6,665**

CONDENSED NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2018

13 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 Annual Directors' Report

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 38,700 shares in the Company and an indirect interest in 12,540,996 shares in the Company.

Mr Stephen Duerden has a direct interest in 10,000 shares in the Company and an indirect interest in 37,828 shares in the Company.

14 Subsequent events

On 12 November 2018 Duxton Broadacre Farms announced it has contracted to acquire a property in Boorala, South Australia for $15 million. The acquisition is expected to settle prior to 28 February, and will be funded by cash and $10 million debt.

Other than the above, there has been no matter or circumstance that has arisen since the end of the half year reporting period ended 31 December 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 HALF YEAR ENDED 31 DECMEBER 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 compliance with accounting standards and giving a true and fair view of the financial position and performance of the consolidated entity.

Signed in accordance with a resolution of the directors made pursuant to s.303(5) of the Corporations Act 2001.

Edouard Peter
Chairman

Mark Harvey
Independent Non-Executive Director

Stirling, South Australia
22th February 2019

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

We have reviewed the accompanying half-year financial report of Duxton Broadacre Farms Limited, which comprises the condensed statement of financial position as at 31 December 2018, the condensed statement of profit or loss and other comprehensive income, the condensed statement of cash flows and the condensed statement of changes in equity for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration as set out on pages 8 to 21.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year 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 half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the company's financial position as at 31 December 2018 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of Duxton Broadacre Farms Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Auditor's Independence Declaration

In conducting our review, we have complied with the independence requirements of the Corporations Act 2001. We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of Duxton Broadacre Farms Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

Deloitte.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Duxton Broadacre Farms Limited is not in accordance with the Corporations Act 2001, including:

a) giving a true and fair view of the company's financial position as at 31 December 2018 and of its performance for the half-year ended on that date; and

b) complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Darren Hall
Partner
Chartered Accountants
Adelaide, 22 February 2019