



ANNUAL REPORT

FOR THE PERIOD ENDED 31 DECEMBER 2016

Duxton Water Limited

ACN 611 976 517 | ASX Code D20



DUXTON
WATER LTD

CORPORATE DIRECTORY

Non-Executive Chairman

Edouard Peter

Non-Executive Director

Stephen Duerden

Independent Non-Executive Directors

Dirk Wiedmann

Peter Michell

Dennis Mutton

Company Secretary

Donald Stephens

Principal and Registered Office

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Stirling SA 5152

Telephone: (08) 8130 9500

Facsimile: (08) 8130 9599

Legal Advisors

Cowell Clarke

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Adelaide SA 5000

Piper Alderman

Level 16, 70 Franklin Street

Adelaide SA 5000

Share Registry

Computershare

Auditors

KPMG

151 Pirie Street

ADELAIDE SA 5000

Bankers

ANZ

NAB

Computershare Investor Services

Level 5, 115 Grenfell Street

Adelaide SA 5000

Stock Exchange Listing

Australian Securities Exchange

Share Code: D20

Option Code: D200

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1 CHAIRMAN'S LETTER TO SHAREHOLDERS



1 CHAIRMAN'S LETTER TO SHAREHOLDERS

Monday 27th March 2017

Duxton Water Limited (Duxton Water or the Company) listed on the Australian Stock Exchange (ASX Code: D20) on 16 September 2016. The Company successfully raised \$41.7 million, significantly above the \$25.0 million minimum subscription, giving it a net asset book value of \$68.8 million as at 31 December 2016.

CAPITAL DEPLOYMENT

The Company's first objective was to efficiently deploy the newly raised capital within a six-month time frame. As at 31 December 2016, in combination with the purchase of water rights under option at listing (see note 17), Duxton Water has invested in approximately \$50.9 million of water entitlements, equating to 73.8% of the portfolio. The remainder of the portfolio is held in cash and net current assets. We expect to complete the deployment of the capital raised from the Initial Public Offering (IPO) by the end of Q1 2017.

Duxton Water's listing on the ASX in September 2016 was fortuitously timed as it meant the Company was able to deploy capital acquiring permanent water licenses at relatively low prices. This was due to temporary falls occurring in permanent water prices due to once in 70 year heavy rainfalls. Although permanent water prices fell we believe the underlying value of entitlements have been realized by groups such as higher value crop irrigators and prices have reverted to previous levels.

The target portfolio comprises a mix of water entitlements in Victoria, New South Wales and South Australia. This includes the Murray, Murrumbidgee, Goulburn, Loddon, and Mallee trading zones. As at 31 December 2016 the water security breakdown within the portfolio was 83% high security, 15% low/ general security and 2% ground water, in line with the Company's current strategy for the coming year.

We believe opportunities remain to deploy capital efficiently and the Company may consider raising additional capital in the near future to take advantage of market conditions.

REVENUE

The Company's investment strategy is to predominantly hold entitlements that have been leased out for between 3-10 year periods and for the minority of the portfolio, sell allocations on the spot market. As at 31 December, leased entitlements equated to 68% of the overall portfolio. The leases that had been negotiated and entered into pre-listing generate quarterly income at a weighted average yield of 5.9%pa. A fourth lease was executed in Q4 of 2016 at a yield of 9%, which increased the overall lease income weighted average yield (annualized) to 6%. As at 31 December 2016, we had recorded the sale of \$0.145 million of water allocations, with more sales anticipated in 2017 as rainfall is expected to ease and summer heat and water needs for cropping expected to rise.

A YEAR OF RAIN

14,500 gegalitres (GL) of water flowed into the Murray Darling river system in 2016, a significant increase compared to 3,100GL of inflows in 2015 and a long-term average of 9,100GL. A truly sizable amount of water, especially in the context that the Murray-Darling Basin Plan is trying to save 2,750GL across the basin. The year commenced with hot and dry conditions, conducive to relatively high water prices. Irrigators were preparing for ongoing dry conditions, which was stymied by widespread rainfall which occurred across the Murray Darling Basin in May and continued throughout winter and into September.

May 2016 to September 2016 was labelled by the Bureau of Meteorology as the wettest period on record in New South Wales and within the top quartile for other states. The Bureau's data was highlighted in the NSW Department of Primary Industries' (DPI) conditions report in October, reflecting above-average rainfall of more than 400 per cent of average for the state's western region. October 2016 and early November 2016 saw excessive rainfall, thunderstorms and damaging winds, prolonging inflows and tributary flooding. This rainfall then eased, offering reprieve from months of high rainfalls and inflows. Improved storage volumes allowed increased water availability for the lower half of the Basin. Early December 2016 saw isolated rainfall (below 10mm) recorded across the key southern irrigation areas. The drier and warmer weather by mid-December across the southern Murray Darling Basin has led to tributary inflows and soil moisture to decrease and summer irrigation demand increase.

2016 RAINFALL



LESS RAIN?

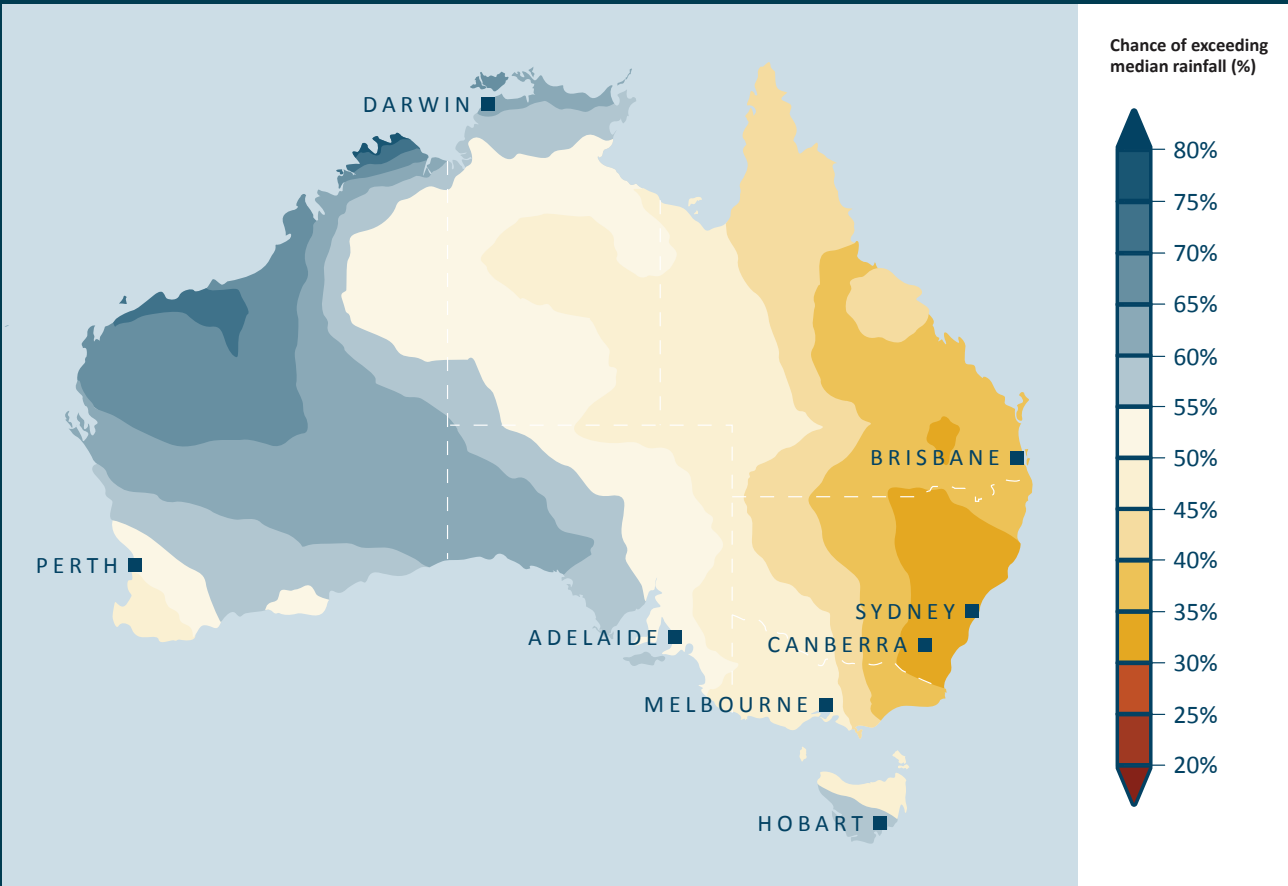
El Nino and La Nina weather events are contributing factors to Australia's climate. El Nino events are often associated with drier than normal conditions across eastern and northern Australia, while La Nina events are associated with wetter than normal conditions across eastern and northern Australia. The latest Bureau of Meteorology outlooks are suggesting further hot and dry conditions for the Murray Darling Basin over Q1 2017. Their models are forecasting a 50%-75% chance of below average rainfall across the Basin (see chart below). The current consensus suggests a La Nina is unlikely to develop during the beginning of 2017, although conditions are expected to remain on the La Nina-side of neutral until March 2017. In early January 2017, the Bureau's weather model- Predictive Ocean Atmospheric Model for Australia (POAMA) – suggested a 75% chance that the Indian Ocean Dipole (IOD) would achieve a positive reading by August 2017. A positive IOD often results in less rainfall than average over parts of Australia.

DEMAND FOR WATER

As is the case with most tradable markets, the price for water entitlements and allocations is impacted by both supply side and demand side factors. We have set out above the weather and supply side factors that have impacted the portfolio over the last 6 months. It has been interesting to observe the impact of this on

various agricultural industries that shrink, survive or thrive along the river systems Duxton Water owns water licenses in. Even though there has been relatively large water supplies in the region we do not believe that this has not been reflected in a commensurate drop in water license prices. We believe this is due to the significant agricultural infrastructure in permanent crops being invested up and down the food belt. This increased investment in higher value crops and significant permanent plantings are likely to underpin the price of water. We believe this will positively impact Duxton Water and its investors. It should also impact Duxton Water’s customers with increased efficiencies and revenues grown from the same unit of water used. We will be monitoring closely the impact of the change in agricultural water usage, which we feel will have a positive impact on Duxton Water’s performance.

RAINFALL - THE CHANCE OF ABOVE-MEDIAN FOR JANUARY TO MARCH 2017



DIVIDEND AND DIVIDEND REINVESTMENT PROGRAM

The Company has a stated aim to deliver dividends to shareholders at levels as high as prudently possible, creating a “pass through” of water license revenues. Full deployment of IPO funds is expected to be completed in Q1 2017. Revenues to date have been growing in line with expectation. We believe these two factors are assisting in setting the environment for us to deliver positive cash flows. The Board expects to deliver “pass through” dividends, with dividend payouts timed to assist with dividends being fully franked where possible. The Board plans to commence a dividend reinvestment program as soon as practicable to give shareholders flexibility and choice between reinvestment and cash dividend income.

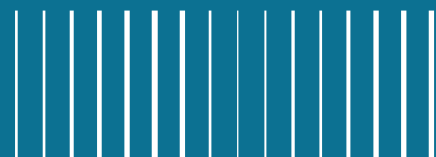
We are confident that Duxton Water is well positioned for the year ahead and on behalf of my fellow Directors I would like to thank you for investing with us.

Edouard Peter

Chairman

27th March 2017





2 DIRECTOR'S REPORT

2 DIRECTOR'S REPORT

The Directors present their report of Duxton Water Limited (the "Company") from the date of incorporation on 20 April 2016, to the end of the annual period 31 December 2016.

BOARD OF DIRECTORS

The names of the Directors in office at any time during or since the end of the Period are:

Mr Edouard Peter	Appointed: 20/04/2016
Mr Stephen Duerden	Appointed: 20/04/2016
Mr Dirk Wiedmann	Appointed: 20/04/2016
Mr Peter Michell	Appointed: 20/04/2016
Mr Dennis Mutton	Appointed: 20/12/2016

PRINCIPAL ACTIVITIES

The Company was incorporated on the 20th of April 2016 with the purpose of becoming an accessible investment vehicle while servicing the water requirements of various Australian primary production enterprises.

The Company seeks to capitalise on the increasing demand for scarce water resources as a vital input to agriculture, mining, urban consumption and water trading activity following the implementation of the Murray Darling Basin Plan. The Company intends to provide a new source of capital to assist in the development of Australia's water markets, further allowing water to be appropriately valued and traded to its highest economic use. The Company is currently the only Company listed on the ASX that only invests in Australian Water Entitlements. The Company presents the opportunities for water users to buy and lease water, as well as the opportunity for investors to gain exposure to the Australian water market.

The Company's objectives are to provide a return to investors in the form of regular dividends, with the potential for capital appreciation over the longer term, and to preserve invested capital.

The Company's business model is to generate revenue in the following ways:

- The majority of the Company's income is intended to be derived from purchasing Water Entitlements and entering into long term lease arrangements with primary producers who will pay the Company to access those Water Entitlements over the term of the lease;
- Supplementary income may be derived from the sale of annual Water Allocations; and
- Water Entitlements may ultimately be sold by the Company. However, the Board does not expect that Water Entitlements will be acquired with the intention of being held for re-sale.

Water Entitlement leases are one of the core products the Company will use to achieve its objectives. These leases between irrigators (as lessee) and the Company (as lessor) are structured in a similar manner to commercial leases, where the asset title is held by the lessor and rent is paid by the lessee.

FINANCIAL OVERVIEW

The Company's net loss after tax for the period amounted to (\$0.232) million, after taking into account \$0.185 million in listing costs. The net asset value of the Company as at 31 December 2016 amounted to \$68.801 million or \$1.076 per share.

Permanent water rights and entitlements are held at historical cost of \$51.125 million less accumulated impairment losses of \$0.771 million. The net asset book value of the water rights as at 31 December 2016 is \$50.354 million.

Duxton Water release a monthly NAV statement, expressed as a value per share. This is consistent with the manner in which the NAV of the Company is reported to the Board for internal reporting purposes. To determine the NAV on a fair market value approach, the Company's permanent water entitlements, and temporary water allocations related to those entitlements, are valued by taking the price per ML of the three most recent trades reflected on the relevant water register, exceeding 10 ML in volume, not differing by more than 10% in value per ML from each other, and weighted based on the quantity of ML transacted. This measure of reporting is not in accordance with the recognition and measurement requirements of the Australian Accounting Standards in relation to the Company's permanent water entitlements and temporary water allocations related to those entitlements.

For financial statement reporting purposes, in accordance with the basis of preparation described in Note 2 of the financial statements, the Company's permanent water entitlements are carried at its cost less any accumulated impairment losses, while the temporary water allocations related to those entitlements are not recognised in the Statement of Financial Position.

Presented below is a summary of the Company's NAV on the fair market value basis compared to the basis of preparation described in Note 2 of the financial statements.

	PER COMPANY STATEMENT OF FINANCIAL POSITION	PER FAIR MARKET VALUE*	VARIANCE BETWEEN STATUTORY VALUE AND FAIR MARKET VALUE
	\$'000	\$'000	\$'000
Assets			
Permanent water entitlements	50,354	50,496	142
Temporary water entitlements	0	438	438
Net current and deferred tax asset	669	0	(669)
Net current assets	17,778	17,778	0
Total net assets	68,801	68,712	(89)
Net asset value per share	\$1.076	\$1.074	\$(0.002)

Further details by reported segment is disclosed in Note 16 of the financial statements.

** 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.*

DIVIDENDS

No dividends were declared or distributed by the Company during the period.

The Company's dividend policy is to place a high importance on dividend yield. It is the Company's intent to pay dividends to Shareholders that are:

- As high as prudently possible; and
- Are franked to 100% or the maximum extent possible.

The amount of the dividend will be at the discretion of the Board and will depend on a number of factors, however the Company will aim to pay out the majority of its operating profit, after costs, to shareholders.

REVIEW OF BUSINESS ACTIVITIES

The principal activities of the Company during the course of the financial year were the acquisition of water entitlements.

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

OBJECTIVES

The Company's investment objectives are to:

- Generate an income stream for investors from the yield of the portfolio in the form of fully franked dividends;
- Provide capital growth over the medium to long term; and
- Preserve the invested capital in the portfolio.

The Company plans to invest its available funds by purchasing Australian Water Entitlements. The Company's assets and implementation of its investment strategy will be managed by the Investment Manager.

In order to meet these objectives, the following targets have been set for the 2017 financial year and beyond:

- Complete water entitlement acquisitions;
- Execute long-term lease contracts; and
- Execute allocation sales.

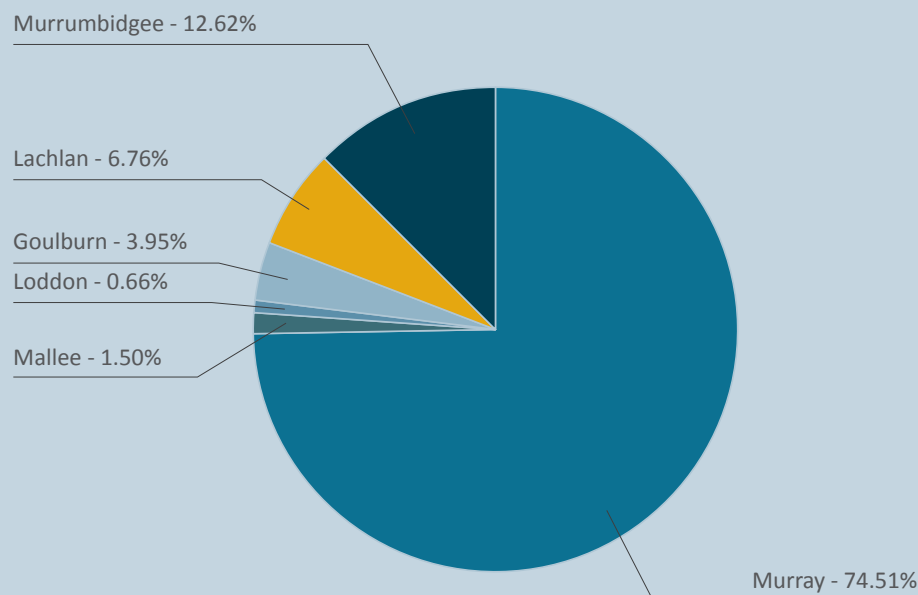
SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There have been no significant changes in the state of affairs of the Company.

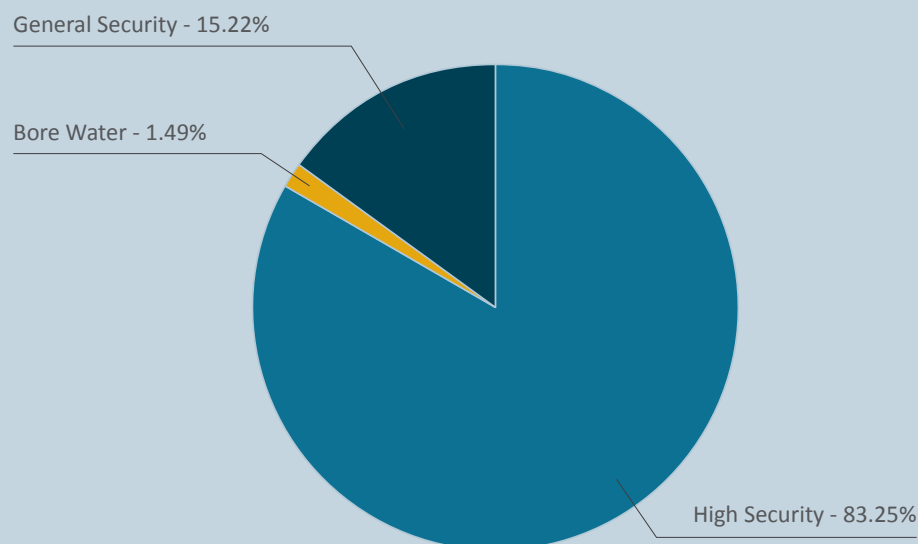
PORTFOLIO – CAPITAL DEPLOYMENT

As at 31 December 2016, Duxton Water is invested in approximately \$50.354 million of water entitlements, equating to 73.2% of the portfolio, with the remainder of the portfolio held in cash and net current assets.

Water Entitlement Portfolio value by region



Water Entitlement Portfolio value by type



REVIEW OF FUTURE DEVELOPMENTS

The Company will continue to invest in appropriate Australian Water Entitlements.

Further information on likely developments in the operations of the Company and the expected results of operations have not been included in the Annual Financial Accounts because the Directors believe it would be likely to result in unreasonable prejudice to the Company.

INFORMATION ON DIRECTORS AND COMPANY SECRETARY



EDOUARD PETER

Qualifications

Bachelor English Literature

Other Directorships*

- Duxton Capital (Australia) Pty Ltd,
- Duxton Vineyards Pty Ltd,
- Duxton Vineyards Water Pty Ltd,
- Hathor Dairies Pty Ltd,
- Duxton Asset Management Pte Ltd

CHAIRMAN OF THE BOARD

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.

Mr Peter 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	50,000
\$1.10 options expiring on 31/05/2018	50,000

Committees

None



STEPHEN DUERDEN

Qualifications

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

Other Directorships*

- Duxton Asset Management Pte Ltd,
- Merriment Rural Investments Pty Ltd

NON-EXECUTIVE DIRECTOR

Stephen Duerden is currently the CEO of Duxton Asset Management Pte Ltd. Stephen has over 25 years of experience in investment management and joined Duxton in May 2009. Prior to this, 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 Practising 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
\$1.10 options expiring on 31/05/2018	10,000

Committees

Member- Audit and Risk Management Committee.

* Other Directorships refers to ASX listed and related party entities only.



DIRK WIEDMANN

Qualifications

- Diplom Kaufmann from Johann Wolfgang Goethe University/ Frankfurt, Germany
- Advanced Management Program at The Wharton School, University of Pennsylvania

Other Directorships*

None

INDEPENDENT NON-EXECUTIVE DIRECTOR

Dirk Wiedmann has 25 years of experience in the finance industry. Over his career, Dirk has held senior global positions with several Banks, including UBS AG, Bank Julius Baer & Co Ltd and Rothschild Bank AG. Throughout his time in the industry, Mr Wiedmann has gained a vast range of experience covering international equities and derivatives, business sector market development, executive education and strategic marketing. Dirk has been invested in Australian agriculture business, including wine and dairy operations, since 1999.

Until August 2015, Dirk was the Global Head of Investments & Chief Investment Officer at Rothschild Wealth Management and Trust, a Member of the Divisional Board and a member of the Executive Committee of Rothschild Bank AG. Within his role as Global Head of Investments and CIO, Dirk was also responsible for all trading and execution activities and strategic marketing in the Bank.

Mr Wiedmann is an Independent Non-Executive Director of the Company.

Interest in Securities

None

Committees

Member- Audit and Risk Management Committee (Retired 10/02/2017).



PETER MICHELL

Qualifications

- Bachelor of Management
- FAICD
- FGLF2000

Other Directorships*

None

INDEPENDENT NON-EXECUTIVE DIRECTOR

Peter Michell is a Director at Michell Wool Pty Ltd and was its Managing Director for the decade following 2004. Peter also currently sits on the Board of Mutual Trust Pty Ltd and the University of Adelaide's Agribusiness Advisory Board.

In 2004 Peter and his brother consolidated shareholding in their 140-year-old family agribusiness from 40 shareholders to 2. He then oversaw the reengineering and growth of the business; a greenfield wool textile investment in China, R&D and incubation of a number of start-ups within the wool group, and purchased, developed and then sold two significant wool textile processing business in Malaysia (500fte).

His 30 years in the wool, wool textile and leather industry has seen Peter responsible for commodity trading, global B2B industrial sales and marketing, production management, trade finance, and water and waste water management.

Interest in Securities

Fully paid ordinary shares	10,000
\$1.10 options expiring on 31/05/2018	10,000

Committees

Chairman- Audit and Risk Management Committee.

* Other Directorships refers to ASX listed and related party entities only.



DENNIS MUTTON

Qualifications

- BSc (Hons 1)
- Grad Dip Mgt
- FAICD
- FAIM

Other Directorships*

WPG Resources Ltd

INDEPENDENT NON-EXECUTIVE DIRECTOR

Dennis Mutton is an independent consultant in the fields of natural resource management, primary industries, regional growth initiatives, leadership development and government-business relationships. He also holds a range of board directorships in government, business and not for profit organisations at State and National levels. His full time work career included executive management roles in both the private and public sectors culminating in 15 years as CEO of a number of South Australian State Government agencies including the Department of Environment, Water and Natural Resources and the Department of Primary Industries and Regions. Dennis also held roles as Commissioner and Deputy President of the Murray Darling Basin Commission and Chair of the SA Natural Resources Management Council.

Interest in Securities

None

Committees

Member- Audit and Risk Management Committee (Appointed 10/02/2017).



DONALD STEPHENS

Qualifications

- B Acc
- FCA

COMPANY SECRETARY

Donald Stephens is a Chartered Accountant and corporate adviser with over 20 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.

BOARD MEETINGS AND AUDIT COMMITTEE MEETINGS

DIRECTOR	BOARD MEETINGS		AUDIT COMMITTEE MEETINGS	
	A	B	A	B
Mr Edouard Peter	1	1	1	1
Mr Stephen Duerden	1	1	1	1
Mr Dirk Wiedmann	1	1	1	1
Mr Peter Michell	1	1	1	1
Mr Dennis Mutton*	—	—	—	—

A – Number of meetings attended

B – Number of meetings held during the time the Non-Executive Director held office during the year

Mr Dennis Mutton was appointed to the Board on 20 December 2016, and appointed to the Audit and Risk Committee on 10 February 2017, as such he did not attend any meetings for the period ended 31 December 2016.

* Other Directorships refers to ASX listed and related party entities only.

RESEARCH AND DEVELOPMENT

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

EVENTS SUBSEQUENT TO THE END OF THE REPORTING PERIOD

No matters or circumstances have arisen since the end of the financial period which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial Periods.

CORPORATE GOVERNANCE

The Company's 2016 Corporate Governance Statement and ASX Appendix 4G (Key to Disclosures – Corporate Governance Council Principles and Recommendations) was lodged with the ASX on 15 September 2016 and is available in the Corporate Governance section of the Duxton Water website at www.duxtonwater.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).

It was adopted by the Board on 15 September 2016.

REMUNERATION REPORT (AUDITED)

The Company has appointed Duxton Capital (Australia) Pty Ltd as its Investment Manager to manage its assets and implement its investment strategy. The Company does not have any employees and therefore does not see the need for a remuneration committee. The full board have appointed the Investment Manager in line with the terms of the Investment Management Agreement.

The Investment Management Agreement 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 an annual Management Fee equal to 0.85% (plus GST) of the Portfolio Net Asset Value.

The Management Fee for the first calendar month from the Closing Date and 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.

"Closing Date" means the Listing Date of the Company on the ASX.

"Portfolio Net Asset Value (PNAV)" means the total assets of the Company including water assets (which for the purpose of determining the Management Fee, will be valued at fair market value based upon independent valuation, or the weighted average price of the last three applicable trades on or prior to the relevant Valuation Day, received from at least one broker, excluding outliers). Outliers are defined as a trade with greater than 10% variance from the last transacted price and transactions that are less than 10ML. (unless there are no applicable transactions greater than 10ML) less; the total liabilities of the Company excluding provisions for tax payable and Performance Fee.

"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 Portfolio Net Asset Value 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 Portfolio value increases, and decrease if the Portfolio value decreases, over the period. The Management Fee payable to the Investment Manager is calculated on the basis of the total value of the Company's assets at the applicable valuation date, including any unrealised capital gains of the Company.

The management fee paid or payable to the Investment manager for the period ended 31 December 2016 amounted to \$0.169 million.

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") adjusted to reflect the value of water assets as determined by independent valuation, and the Company will pay the Performance Fee to the Investment Manager in arrears within 30 days from the completion 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:

$$5\% \times ((\text{Adjusted Ending PNAV} - \text{Opening PNAV} - \text{Capital Raisings}) - \text{First Benchmark Return Hurdle})$$
- (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 = $5\% \times (\text{Second Benchmark Return Hurdle} - \text{First Benchmark Return Hurdle})$

Plus

Component B = $10\% \times ((\text{Adjusted Ending PNAV} - \text{Opening PNAV} - \text{Capital Raisings}) - \text{Second Benchmark Return Hurdle})$

Where:

"Investment Return" means the percentage by which the Adjusted 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 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.

"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 1st of January 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 31st December 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 Company has not paid any performance fee to the Investment Manager during the current financial period.

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.

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 \$0.250 million and is subject to approval by shareholders at the Annual General Meeting.

Details of the remuneration of the Non-Executive Directors of the Company, paid for the reported period, are set out in the following table.

NON-EXECUTIVE DIRECTORS	FEES	TOTAL REMUNERATION
	\$	\$
Mr Edouard Peter ⁽¹⁾	—	—
Mr Stephen Duerden ⁽¹⁾	—	—
Mr Dirk Wiedmann	10,260	10,260
Mr Peter Michell	10,260	10,260
Mr Dennis Mutton ⁽²⁾	—	—
TOTAL	20,520	20,520

(1) These Non-Executive Directors are employed by the Investment Manager (Duxton Capital Australia Pty Ltd) and receive no remuneration from Duxton Water Ltd.

(2) Mr Dennis Mutton was appointed to the Board on 20 December 2016, and appointed to the Audit and Risk Committee on 10 February 2017, as such he had nil remuneration recorded for the period ended 31 December 2016.

Options

Details of the option holdings of the Non-Executive Directors of the Company, issued for the reported period, are set out in the following table.

NON-EXECUTIVE DIRECTORS	OPTIONS	EXPIRE DATE	EXERCISE PRICE
Mr Edouard Peter	50,000	31/05/2018	\$1.10
Mr Stephen Duerden	10,000	31/05/2018	\$1.10
Mr Peter Michell	10,000	31/05/2018	\$1.10

The Directors have not received any options as remuneration by the Company during the reported period.

— End of Remuneration Report —

SHARES UNDER OPTION

Unissued ordinary shares of Duxton Water Limited under option at the date of this report are as follows:

DATE OPTIONS GRANTED	EXPIRY DATE	EXERCISE PRICE	NUMBER UNDER OPTION
19/09/2016	31/05/2018	\$1.10	63,965,406

No option holder has any right under the options to participate in any other share issue of the Company or any other entity.

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 paid premiums amounting to \$0.040 million to insure against such liabilities. The insurance premiums relate to:

- 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 willful 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 willful 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.

ENVIRONMENTAL REGULATION

The Company's operations are subject to significant environmental regulation under both Commonwealth and State legislation in relation to its acquisition of water entitlement activities.

Based on the results of enquiries made, the board is not aware of any significant breaches during the period covered by this report.

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.

ROUNDING

The Company is of a kind referred to in ASIC Corporations Instrument 2016/191 dated 24 March 2016 and therefore 'round off' any amounts to the nearest thousand dollars.

LEAD AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration for the year ended 31 December 2016 has been received and can be found on page 21. No fees were paid or payable to the auditors for non-assurance services performed during the period ended 31 December 2016.

Signed in accordance with a resolution of the Board of Directors.



Edouard Peter
Chairman



Stephen Duerden
Non-Executive Director

Stirling, South Australia
10 March 2017

GOVERNANCE STATEMENT

The Directors of Duxton Water Ltd (the Company) are committed to achieving and demonstrating the highest standards of corporate governance. The Board regularly reviews the corporate governance framework and practices of the Company to ensure they deliver best practice outcomes to employees, consultants, contractors, shareholders and all other stakeholders involved or benefitting from the operations of the Company.

A description of the Company's main corporate governance practices is set out below. All these practices, unless otherwise stated, were in place from since incorporation and remain in place.

On 27 March 2014, the ASX Corporate Governance Council released the 3rd Edition of its Corporate Governance Principles and Recommendations (3rd Edition Recommendations). The Company reviewed its corporate governance and reporting practices under these principles and the disclosures in this Corporate Governance Statement reflect this. As at the date of this statement, the Company complies with the 3rd Edition Recommendations (unless otherwise stated).

PRINCIPLE 1: LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

The relationship between the Board and senior management is critical to the Company's long-term success. The Directors are responsible to the shareholders for the performance of the Company in both the short and the longer term and seek to balance objectives in the best interests of the Company as a whole. Their focus is to enhance the interests of shareholders and other key stakeholders and to ensure the Company is properly managed.

The responsibilities of the Board include:

- Providing strategic guidance to the Company including contributing to the development of and approving the corporate strategy;
- Reviewing and approving business plans, the annual budget and financial plans including available resources and major capital expenditure initiatives;
- Overseeing and monitoring the organisational performance and the achievement of the Company's strategic goals and objectives;
- Monitoring financial performance including approval of the annual and half-year financial reports and liaison with the Company's auditors;
- Appointment and performance assessment of the Investment Manager (IM);
- Ratifying the appointment and/or removal and contributing to the performance assessment for the members of the senior management team, including the Company Secretary;
- Ensuring there are effective management processes in place and approving major corporate initiatives;

- Enhancing and protecting the reputation of the organisation;
- Overseeing the operation of the Company's system for compliance and risk management reporting to shareholders; and
- Ensuring appropriate resources are available to senior management.

The roles and responsibilities of the Board are set out within the Board Charter. The Board Charter also sets out those matters that are expressly reserved to the board and those delegated to management.

Day to day management of the Company's affairs and the implementation of the corporate strategy and policy initiatives are formally delegated by the Board to the Investment Manager. This delegation is reviewed in accordance with the Investment Management Agreement. The Board Charter is available online at: www.duxtonwater.com.au.

The Board is presently responsible for evaluating Board candidates and recommending individuals for appointment to the Board. The Board evaluates prospective candidates against a range of criteria including the skills, experience, expertise and diversity. It also considers the strengths and weaknesses of the Board composition at time and how potential candidates will enhance Board effectiveness. The Board undertakes appropriate background and screening checks prior to nominating a director for election by shareholders, and provides to shareholders all material information in its possession concerning the director standing for election or re-election in the explanatory notes accompanying the notice of meeting.

A written agreement is executed with each director setting out the terms of their appointment, including the basis upon which they will be indemnified. The letter of appointment clearly defines the role of directors, including the expectations in terms of independence, participation, and time commitment. The letter of appointment also makes it clear that directors are required to disclose circumstances that may affect, or be perceived to affect, their ability to exercise independent judgement so that the Board can assess independence on a regular basis.

A written agreement will be executed with the Investment Manager detailing the terms of appointment, including roles and responsibilities, key performance indicators and remuneration. The Company currently has no employees.

The Company Secretary is accountable directly to the Board, through the Chairman, on all matters to do with the proper functioning of the Board. The Company Secretary is responsible for maintaining the information systems and processes that are appropriate for the Board to fulfil its role and to achieve the objective of the Company. The Company Secretary is also responsible for ensuring that the Board procedures are complied with and advising the Board on governance matters. All directors and Committees of the Company have access to the Company Secretary for advice and services. Independent advisory services are retained by the Company Secretary at the request of the Board or Committees.

The Company does not have diversity policy, which documents the principles and commitment in relation to maintaining a diverse group of employees within the Company. There are currently no women on the board or in senior positions (being Key Management Personal and decision makers of the Company). The Company has not disclosed in this Corporate Governance Statement its measureable objectives for achieving gender diversity and therefore has not complied with recommendation 1.5(a) of the Corporate Governance Principles and Recommendations. Due to the current size of the Company, and it having no employees, the Board does not consider it appropriate, at this time, to formally set measurable objectives for gender diversity.

The Board will at least annually evaluate its performance and the performance of its committees and individual directors to determine whether or not it is functioning effectively by reference to the current best practices. The Board continually evaluates the composition of the Board, however a formal evaluation of its performance and the performance of its committees and individual directors is yet to be conducted.

Due to the size of the Company, the Board has determined that this is appropriate at Company's stage to date, however it does recognise that ongoing performance evaluation is important to ensure that the Board, committees and individual director's remain relevant and committed to the Company's business operations and changing business requirements. At the date of this report, the Company has therefore not complied with recommendation 1.6(b) of the Corporate Governance Principles and Recommendations.

The Company will review the performance of the Investment Manager in line with the Investment Management Agreement.

The performance of the Investment Manager is reviewed by comparing performance against agreed measures, examining the effectiveness and results of its contribution and identifying areas of potential improvements.

PRINCIPLE 2: STRUCTURE THE BOARD TO ADD VALUE

The Board has not established a nomination committee, and therefore not complied with recommendation 2.1(a) of the Corporate Governance Principles and Recommendations. The Directors takes ultimate responsibility in addressing board succession issues and to ensure the Board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively. The Board closely assesses diversity criteria when considering Board candidates.

The Company's desired mix of skills and competence is listed below. The Board considers its current composition adequately meets these required competencies.

AREA	COMPETENCE
Leadership	Business Leadership, Public Listed Company Experience
Business and Finance	Accounting, Audit, Business Strategy, Competitive Business Analysis, Corporate Financing, Financial Literacy, Mergers and Acquisitions, Risk Management, Tax – International, Commodity Trading, Investment Management, Agricultural Investing
Sustainability and Stakeholder Management	Community Relations, Corporate Governance, Health & Safety, Human Resources, Remuneration

At the date of this statement the Board consists of the following members:

- Mr Edouard Peter
- Mr Stephen Duerden
- Mr Dirk Wiedmann
- Mr Peter Michell
- Mr Dennis Mutton
- Mr Donald Stephens (Company Secretary).

The Board considers this to be an appropriate composition given the size and development of the Company at the present time and continually assesses the composition of the Board to ensure its membership maintains a combination of skills and experience that ensure the Board has the expertise to meet both its responsibilities to stakeholders and its strategic objectives.

The names of directors including details of their qualifications and experience are set out in the Annual Report also available on the Company's website: www.duxtonwater.com.au.

Independence

The Board is conscious of the need for independence and ensures that where a conflict of interest may arise, the relevant Director(s) leave the meeting to ensure a full and frank discussion of the matter(s) under consideration by the rest of the Board. Those Directors who have interests in specific transactions or potential transactions do not receive Board papers related to those transactions or potential transactions, do not participate in any part of a Directors' meeting which considers those transactions or potential transactions, are not involved in the decision making process in respect of those transactions or potential transactions, and are asked not to discuss those transactions or potential transactions with other Directors.

Directors of the Company are considered to be independent when they are independent of management and free from any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the exercise of their unfettered and independent judgement.

The Board has accepted the following definition of an independent Director:

"An independent director is a director who is not a member of management, is a Non-Executive Director and who:

- Is not, or has not been, employed in an executive capacity by the Company and there has been a period of at least three years between ceasing such employment and serving on the Board;
- Is not, or has not within the last three years been, a partner, director or senior employee of a provider of material professional services to the Company;
- Is not, or has not within the last three years been, in a material business relationship (e.g. as a supplier or customer) with the Company, or an officer or, or otherwise associated with, someone with such a relationship;
- Is not a substantial security holder of the entity or an officer of, or otherwise associated with, a substantial security holder of the entity;
- Does not have a material contractual relationship with the Company other than as a director; or
- Has not been a director of the entity for such a period that his or her independence may have been compromised.

In accordance with the definition above, Messrs Dirk Weidmann, Peter Mitchell and Dennis Mutton are considered independent.

The Board Charter requires that where practical the majority of the Board will be independent.

The Board has determined that two of the four Directors are independent as defined under Recommendation 2.4. The Company therefore has complied with Recommendation 2.4 of the Corporate Governance Principles and Recommendations.

The Board Charter provides that where practical, the Chairman of the Board will be a non-executive, independent director.

The Company's Chairman, Mr Ed Peter is not an independent director, as he controls the Investment Manager, although he does not fulfil the role of CEO. The Company therefore has not complied with recommendation 2.5 of the Corporate Governance Principles and Recommendations. However the Board considers that, having regard to his wealth of experience and industry knowledge, Mr Peter is the most suitable person to occupy the position of Chairman of the Company.

The Board also considers, having regard to the relationship between the Company and the Investment Manager, it is in the best interests of the Company to be guided by the leadership of Mr Peter as this will enable the Company to effectively develop and implement its strategic objectives, particularly in the critical short to medium phase of the Company. The Board considers that the presence of Mr Peter on the Board will assist in facilitating these objectives.

The Company maintains a program for inducting new directors, for which the Company Secretary is responsible for. The Company also ensures that appropriate professional development opportunities are provided to directors to ensure they develop and maintain the skills and knowledge needed to perform their role as directors effectively.

PRINCIPLE 3: ACT ETHICALLY AND RESPONSIBLY

The Company has developed a Code of conduct (the Code) which has been fully endorsed by the Board and applies to all directors and employees. The Code is regularly reviewed and updated as necessary to ensure it reflects the highest standards of behaviour and professionalism and the practices necessary to maintain confidence in the Company's integrity and to take into account legal obligations and reasonable expectations of the Company's stakeholders.

In summary, the Code requires that at all times all Company personnel act with the utmost integrity, objectivity and in compliance with the letter and the spirit of the law and company policies.

A copy of the Code of Conduct can be found online at: www.duxtonwater.com.au.

PRINCIPLE 4: SAFEGUARD INTEGRITY IN CORPORATE REPORTING

Audit and Risk Management Committee (the Committee)

The Committee consists of the following Non-Executive Directors:

Mr Peter Michell (Committee Chairman)

Mr Stephen Duerden

Mr Dennis Mutton

Messrs Mutton and Michell are independent and the chairman of the Committee is not the chairman of the Board; therefore the Company has complied with recommendation 4.1(a)(1) & (2) of the Corporate Governance Principles and Recommendations.

The relevant qualifications and experience of each of the members of the Committee can be found in the director profiles contained within the Annual Report and on the Company's website at: www.duxtonwater.com.au.

All members of the Audit and Risk Management committee are financially literate and have an appropriate understanding of the industries in which the Company operates.

The Committee has not conducted any meetings during the current period as the Company was recently incorporated.

The Audit and Risk Management committee operates in accordance with a charter which is available on the Company website at: www.duxtonwater.com.au.

The Audit and Risk Management Committee has authority, within the scope of its responsibilities, to seek any information it requires from any employee or external party.

The Board reviews the membership and charter of the Committee annually.

An Independent Director and Company Secretary have certified to the Board that the financial statements are founded on a sound system of risk management and internal control and that the system is operating efficiently and effectively in all material respects. This declaration is provided to the Board before it approves the Company's financial statements for a financial period, and declares that in their opinion, the financial records of the Company have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity.

External auditors

The Company, and the Committee Policy, is to appoint external auditors who clearly demonstrate quality and independence. The performance of the external auditor is reviewed annually and applications for tender of external audit services are requested as deemed appropriate, taking into consideration assessment of performance, existing value and tender costs. KPMG was appointed as the external auditor in 2016. It is KPMG's policy to rotate audit engagement partners on listed companies in accordance with the requirements of the Corporations Act 2001, which is generally after five years, subject to certain exceptions.

The amount of fees paid to the external auditors is provided in a note to the financial statements. It is the policy of the external auditors to provide an annual declaration of their independence to the Audit and Risk Management committee.

The external auditor will attend the Annual General Meeting and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the audit report.

PRINCIPLE 5: MAKE TIMELY AND BALANCED DISCLOSURE

Continuous disclosure

The Company has a Continuous Disclosure Policy that outlines the processes followed by the Company to ensure compliance with its continuous disclosure obligations and the corporate governance standards applied by the Company in its communications to the market. A summary of this policy is available on the Company's website at: www.duxtonwater.com.au.

The Company Secretary has been nominated as the person responsible for communications with the Australian Securities Exchange (ASX). This role includes responsibility in assisting the Board to ensure compliance with the continuous disclosure requirements in the ASX Listing Rules and overseeing and co-ordinating information disclosure to the ASX, shareholders, the media and the public.

All information disclosed to the ASX is posted on the Company's website as soon as it is disclosed to the ASX. The Company's website also enables users to provide feedback on Company matters and includes a "Corporate Governance" landing page that discloses all relevant corporate governance information, including policies and procedures.

PRINCIPLE 6: RESPECT THE RIGHTS OF SECURITY HOLDERS

The Board strives to ensure that security holders are provided with sufficient information to assess the performance of the Company and its Directors and to make well-informed investment decisions. The Company provides all information about itself and its corporate governance via its website at: www.duxtonwater.com.au.

Investor relations and member participation

The Company has a shareholder communication policy which outlines the various medium through which the Company communicates with security holders. A copy of this policy can be viewed online at: www.duxtonwater.com.au.

Shareholders are encouraged to participate at all Annual General Meetings and other General Meetings of the Company. Upon the despatch of any notice of meeting to Shareholders, the Company Secretary shall send out material with that notice of meeting stating that all Shareholders are encouraged to participate at the meeting. The meetings shall also be conducted to allow questions and feedback to the Board and management of the Company.

The Company aims to promote effective communication to and from shareholders. At this time Members of the Company cannot register to receive email notifications when an announcement is made by the Company to the ASX, which is a departure from recommendation 6.4 of the Corporate Governance Principles and Recommendations; however Members are encouraged to contact the company via their website or directly to the registered office. Members are also encouraged to register with the Company's share register to communicate electronically.

PRINCIPLE 7: RECOGNISE AND MANAGE RISK

Audit and Risk Management Committee (the Committee)

The Committee consists of the following Non-Executive Directors:

Mr Peter Michell (Committee Chairman)

Mr Stephen Duerden

Mr Dennis Mutton

Messrs Mutton and Michell are independent and the chairman of the Committee is not the chairman of the Board.

The Audit and Risk Management Committee operates in accordance with a charter which is available on the Company website at: www.duxtonwater.com.au.

The Board is responsible for satisfying itself annually, or more frequently as required, that management has developed and implemented a sound system of risk management and internal control. Detailed work on this task is delegated to the Audit and Risk Management Committee and reviewed by the full board. A review took place during the reporting period.

The Company does not have an internal audit function due to the size and nature of the Company, however the Audit and Risk Management Committee is responsible for ensuring there are adequate policies in relation to risk management, compliance and internal control systems. The Committee monitors the Company's risk management by overseeing management's actions in the evaluation, management, monitoring and reporting of material operational, financial, compliance and strategic risks. In providing this oversight, the Committee:

- Reviews the framework and methodology for risk identification, the degree of risk the Company is willing to accept, the management of risk and the processes for auditing and evaluating the Company's risk management system;
- Reviews group-wide objectives in the context of the abovementioned categories of corporate risk;
- Reviews and, where necessary, approves guidelines and policies governing the identification, assessment and management of the Company's exposure to risk;
- Reviews and approves the delegations of financial authorities and addresses any need to update these authorities on an annual basis, and
- Reviews compliance with agreed policies.

The Committee recommends any actions it deems appropriate to the Board for its consideration.

Management is responsible for designing, implementing and reporting on the adequacy of the Company's risk management and internal control system and has to report to the Audit and Risk Management Committee on the effectiveness of:

- The risk management and internal control system during the year, and

- The Company's management of its material business risks.

The Company's Risk Management Policy can be viewed online at: www.duxtonwater.com.au.

Exposure to material economic, environmental and social sustainability risk

The Company's policy is to identify and manage potential or apparent business, economic, environmental and social sustainability risks (if appropriate). The Company at present has not identified specific material risk exposure in these categories. Review of the Company's risk management policy is conducted at least annually and reports are continually created by management on the efficiency and effectiveness of the Company's risk management framework and associated internal compliance and control procedures.

PRINCIPLE 8: REMUNERATE FAIRLY AND RESPONSIBLY

The Company has appointed Duxton Capital (Australia) as its Investment Manager to manage its assets and implement its investment strategy. The Company does not have any employees and therefore does not see the need for a remuneration committee. The full board will appoint and assess the performance of the Investment Manager in line with the terms of the Investment Management Agreement.

The Company's policies and practices regarding the remuneration of the Investment Manager and the non-executive Directors are (or will be in the future) set out in the Remuneration Report in the Company's Annual Report which is (or will be) available on the Company's website.





3 LEAD AUDITOR'S INDEPENDENCE DECLARATION



Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of Duxton Water Ltd

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial period ended 31 December 2016 there have been:

- (i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.


KPMG



Paul Cenko
Partner

Adelaide

10 March 2017





4 FINANCIAL STATEMENTS



4 FINANCIAL STATEMENTS

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Through the use of the internet, we have ensured that our corporate reporting is timely, complete, and available globally at minimum cost to the Company.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE PERIOD ENDED 31 DECEMBER 2016	NOTE	2016
		\$'000
Revenue	4	843
		843
Management fees		(169)
Listing costs		(185)
Legal and professional fees		(90)
Other Expenses	5	(217)
Impairment of water entitlements	6	(771)
		(1,432)
Loss before net finance income		(589)
Finance income		113
Finance expenses		(5)
Net finance income		108
Loss before taxation		(481)
Taxation benefit	7	249
Loss for the Period		(232)
Other comprehensive income		(232)
Total comprehensive loss for the Period		(232)
Basic (loss) per share (cents per share)	14	(0.801)
Diluted (loss) per share (cents per share)	14	(0.801)

The notes on page 28 to 39 are an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2016	NOTE	2016
ASSETS		\$'000
Current assets		
Cash and cash equivalents	8	13,996
Term deposits	8	3,333
Trade and other receivables	9	1,042
Other current assets		43
Total current assets		18,414
Non-current assets		
Water entitlements	10	50,354
Deferred taxation	7	711
Total non-current assets		51,065
Total assets		69,479
LIABILITIES		
Current liabilities		
Trade and other payables	11	165
Unearned Revenue		471
Tax liability		42
Total current liabilities		678
Total liabilities		678
Net Assets		68,801
EQUITY		
Current liabilities		
Issued capital	12	69,033
Accumulated loss		(232)
Total Equity		68,801

The notes on pages 28 to 39 are an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD ENDED 31 DECEMBER 2016	NOTE	ISSUED CAPITAL	ACCUMULATED LOSS	TOTAL EQUITY
		\$'000	\$'000	\$'000
At incorporation		—	—	—
Shares issued	12	70,362	—	70,362
Share issue costs	12	(1,329)	—	(1,329)
Comprehensive income				
Loss for the period		—	(232)	(232)
Other comprehensive income		—	—	—
Total comprehensive loss for the period		—	(232)	(232)
Total assets		69,033	(232)	68,801

The notes on pages 28 to 39 are an integral part of these financial statements.

STATEMENT OF CASH FLOWS

FOR THE PERIOD ENDED 31 DECEMBER 2016	NOTE	2016
		\$'000
Cash flows from operating activities		
Receipts from customers		841
Payments to suppliers		(595)
Interest received		113
Interest paid		(5)
Net cash generated from operating activities	15	354
Cash flows from investing activities		
Purchase of water entitlements		(22,463)
Deposits paid for the purchase of water entitlements		(513)
Investment in term deposits		(3,333)
Net cash used in investing activities		(26,309)
Cash flows from financing activities		
Proceeds from issue of shares	12	41,700
Transaction costs related to issues of shares	12	(1,749)
Net cash generated from financing activities		39,951
Net increase in cash and cash equivalents		13,996
Cash and cash equivalents at incorporation		—
Cash and cash equivalents at end of period		13,996

The notes on page 28 to 39 are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. REPORTING ENTITY

Duxton Water Limited is a Company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is located at 7 Pomona Road Stirling SA 5008.

The Company is a for-profit entity.

The financial statements were authorised for issue by the Directors on 10 March 2017.

2. BASIS OF PREPARATION

2.1 Financial period and comparatives

The Company was incorporated on 20 April 2016. These are the first financial statements prepared by the Company since its incorporation, and covers the period from incorporation on 20 April 2016 to 31 December 2016. As such, no comparative financial information is presented.

2.2 Statement of compliance

The financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards (AASBs) adopted by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. The financial statements comply with International Financial Reporting Standards (IFRS) adopted by the International Accounting Standards Board (IASB).

2.3 Basis of Measurement

The financial statements are presented in Australian dollars and have been prepared on the historical cost basis.

2.4 Functional and presentation currency

These financial statements are presented in Australian dollars, which is the Company's functional currency. Amounts disclosed in the financial statements are rounded to the nearest thousand dollars.

2.5 Standards issued but not yet effective

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2016 and earlier adoption is permitted; however, the Company has not applied the following new or amended standards in preparing these financial statements.

- AASB 9 Financial Instruments

AASB 9, published in July 2014, replaces the existing guidance in AASB 139 *Financial Instruments: Recognition and Measurement*. AASB 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from AASB 139.

AASB 9 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted. The adoption of AASB 9 is not expected to have an impact on the Company's financial assets and liabilities.

AASB 15 Revenue from Contracts with Customers

AASB 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including AASB 118 *Revenue*, AASB 111 *Construction Contracts* and AASB Interpretation 13 *Customer Loyalty Programmes*.

AASB 15 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted. The Company does not expect the application of AASB 15 to have a significant impact on its financial statements

AASB 16 Leases

AASB 16 *Leases* removes the lease classification test and requires all leases including operating leases to be brought onto the balance sheet for lessees. The definition of lease is also amended and is now the new on/off balance sheet test for lessees.

AASB 16 is effective for annual reporting periods on or after 1 January 2019. Early adoption will be permitted for entities that also adopt AASB 15 *Revenue from contracts with customers*.

The Company is assessing the potential impact on its financial statements resulting from the application of AASB 16. The Company does not expect the application of AASB 15 to have a significant impact on its financial statements.

2.4 Use of Estimates and Judgements

The preparation of financial statements in conformity with 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.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

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 described in note 3 (i) Water entitlements.

3. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(a) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. 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.

(b) Revenue Recognition and other income

Revenue is measured at the fair value of the consideration received or receivable, net of the amount of goods and services tax (GST) payable to the taxation authority.

Sale of Temporary Water Allocations

Revenue from the sale of temporary water allocations is recognised (net of discounts and allowances) when the risks and rewards of ownership have passed to the customer, recovery of the consideration is probable, the associated costs can be estimated reliably, there is no continuing management involvement with the water allocations, and the amount of revenue can be measured reliably.

Lease of water entitlements

Revenue from water entitlement lease agreements are recognised as revenue on a straight-line basis over the term of the lease.

Finance Income

Finance income comprises interest income on funds invested and interest charged on overdue accounts in accordance with the customer contract. Interest income is recognised as it accrues in the Statement of Profit or Loss, using the effective interest method.

Sale of Non-Current Assets

The gain or loss on non-current asset sales is recognised as other income or expense the date in which control of the asset passes to the buyer, usually when an unconditional contract of sale is achieved.

The gain or loss on disposal is calculated as the difference between the carrying amount of the asset at the time of disposal and the net proceeds on disposal (including incidental costs).

(c) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the balance sheet.

Cash flows are included in the Statement of Cash Flows on a net basis.

(d) Finance Expenses

Finance expenses comprise interest expense on borrowings and amortisation of ancillary costs incurred in connection with arrangement of borrowings.

Interest payments in respect of financial instruments classified as liabilities are included in finance expenses. Finance costs are expensed as incurred.

(e) Income Tax

Income tax expense comprises current and deferred tax. Current and deferred tax is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustments to tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or receivable that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

(f) Financial Instruments

i. Non-derivative financial assets and financial liabilities – recognition and derecognition

The Company initially recognises loans and receivables and debt securities issued on the date when they are originated. All other financial assets and financial liabilities are initially recognised on the trade date.

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of

ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognised financial assets that is created or retained by the Company is recognised as a separate asset or liability.

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Company's non-derivative financial asset comprise of loans and receivables

ii. Non-derivative financial assets - measurement

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. These assets are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method.

Loans and receivables comprise of trade and other receivables.

iii. Non-derivative financial liabilities - measurement

Non-derivative financial liabilities are initially recognised at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortised cost using the effective interest rate method.

(g) Cash and cash equivalents

In the Statement of Cash Flows, cash and cash equivalents includes bank overdrafts that are repayable on demand and form an integral part of the Company's cash management.

(h) Share capital

Ordinary shares

Incremental costs directly attributable to the issue of ordinary shares, net of any tax effects, are recognised as a deduction from equity. Income tax relating to transaction costs of an equity transaction are accounted for in accordance with AASB 112.

(i) Water entitlements and allocations

Permanent water entitlements

Permanent water entitlements purchased are treated as an intangible asset on the Statement of Financial Position at cost (in accordance with AASB 138 Intangible Assets). It has been determined that there is no foreseeable future limit to the period over which the asset is expected to generate net cash inflows for the entity, therefore the entitlements will not be subject to amortisation, as the permanent water entitlements have an indefinite life. Permanent water entitlements will be tested annually for impairment.

Temporary water allocations

Temporary water allocations purchased are treated as items of inventory available for resale in accordance with AASB 102 Inventories. Temporary water allocations are measured at the lower of its individual cost and net realisable value.

(j) Impairment

i. Non-derivative financial assets

Financial assets not classified at fair value through profit or loss are assessed at each reporting date to determine whether there is objective evidence of impairment.

Objective evidence that financial assets are impaired includes:

- default or delinquency by a debtor;
- restructuring of an amount due to the Company on terms that the Company would not consider otherwise;
- indications that a debtor or issuer will enter bankruptcy;
- adverse changes in the payment status of borrowers or issuers;
- the disappearance of an active market for a security because of financial difficulties; or
- observable data indicating that there is measurable decrease in expected cash flows from a group of financial assets.

ii. Financial assets measured at amortised cost

The Company considers evidence of impairment for these assets at both an individual asset and a collective level. All individually significant assets are individually assessed for impairment. Those found not to be impaired are then collectively assessed for any impairment that has been incurred but not yet individually identified. Assets that are not individually significant are collectively assessed for impairment. Collective assessment is carried out by grouping together assets with similar risk characteristics.

In assessing collective impairment, the Company uses historical information on the timing of recoveries and the amount of loss incurred, and makes an adjustment if current economic and credit conditions are such that the actual losses are likely to be greater or lesser than suggested by historical trends.

An impairment loss is calculated as the difference between an asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account. When the Company considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through profit or loss.

iii. Non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets, other than deferred tax assets, to determine whether there is any indication of impairment. If such indication exists, then the asset's recoverable amount is estimated.

Permanent water entitlements are tested for impairment at the CGU level by comparing the CGU's recoverable amount with its carrying amount annually. Whenever there is an indication that an impairment exists, any excess of the carrying amount over the recoverable amount is recognised as an impairment loss in the Profit or Loss.

The carrying amounts of the Company's non-financial assets, other than deferred tax assets and temporary water allocations, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For permanent water entitlements that have indefinite lives the recoverable amount is estimated at each reporting date.

An impairment loss is recognised if the carrying amount of an asset exceeds its estimated recoverable amount. The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell.

The Company determines the fair value of its permanent water entitlements based upon independent valuation, or recent observable comparable trades on or prior to the reporting date, published on the public water register relevant to the water entitlement.

Impairment losses are recognised in profit or loss. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(l) Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as a finance cost.

(m) Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of comprehensive income on a straight-line basis over the period of the lease.

(n) Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after tax effect of interest and other financing costs associated with the dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

4. REVENUE

	2016 \$'000
Lease income from permanent water entitlement	698
Sale of temporary water allocation	145
	843

5. EXPENSES

	2016 \$'000
Administration and marketing expenses	62
Non-Executive Directors fees	21
Company secretary	21
Share registry costs	26
Director and officers' insurance	23
Auditors remuneration – KPMG – Audit of financial statements	40
Auditors remuneration – KPMG – Other assurance services	4
Brokerage, bank fees and other expenses	20
	217

6. IMPAIRMENT OF WATER ENTITLEMENTS

	2016 \$'000
Impairment of water entitlements	771
	771

The recoverable amount of each water entitlement (classified as Level 2 fair value hierarchy assets) was determined at the reporting date using a market approach, based on the pricing information of recent comparable trades on or prior to the reporting date recorded on the relevant water register to which each water entitlement relate. The calculation when determining the recoverable amount of the water entitlement was based on the price per ML of the three most recent trades reflected on the relevant water register, exceeding 10 ML in volume, not differing by more than 10% in value per ML from each other, and weighted based on the quantity of ML transacted.

Details of information to which reportable segment the impairment relates is disclosed in Note 16.

7. TAXATION

(a) Recognised in the statement of comprehensive income

	2016 \$'000
Current tax expense	42
Deferred tax expense	(291)
	(249)

(b) Recognised in the statement of changes in equity

	2016 \$'000
Deferred taxation – share issue expenses	(419)
Total income tax benefit	(419)

(c) Numerical reconciliation between tax expense through Profit or Loss and pre-tax accounting profit

	2016 \$'000
Loss before tax	(481)
Income tax using Company tax rate of 30%	(144)
Increase/(Decrease) in income tax expense due to:	
Capitalised share issue costs deducted	(105)
Income tax benefit on pre-tax net profit	(249)

(d) Deferred Tax Asset

The deferred tax balance consists of:

	2016 \$'000
Share issue and listing costs	475
Permanent water entitlements	231
Accrued expenses	5
	711

(e) Dividend Franking Account

The Company has no franking credits available.

8. CASH AND CASH EQUIVALENT

	2016 \$'000
Cash at Bank	10,641
Term deposits	6,688
	17,329
Less: Term deposit having maturity over 3 months	(3,333)
	13,996

9. TRADE AND OTHER RECEIVABLES

	2016 \$'000
Trade debtors	488
Deposit paid	513
Other receivables	41
	1,042

10. WATER ENTITLEMENTS

	2016 \$'000
Permanent water entitlements – at cost	
At Beginning of Period	–
Acquisitions	51,125
At End of Period	51,125
Accumulated Impairment	
At Beginning of Period	–
Impairment charge (Note 6)	771
At End of Period	771
Carrying value at the end of period	50,354

11. TRADE AND OTHER PAYABLES

	2016 \$'000
Trade Creditors	15
Other creditors and accruals	150
	165

12. EQUITY

ORDINARY SHARES	NO. SHARES	2016 \$'000
Shares issued as compensation for the water rights acquired	26,056,680	28,662
Shares issued during the period	27,908,726	41,700
Share issue costs – net of taxes	–	(1,329)
Closing balance at 31 December 2016	63,965,406	69,033

Ordinary shares participate in dividends and the proceeds on winding up of the Company in proportion to the number of shares held and in proportion to the amount paid up on the shares held.

Information relating to options including details of options issued, exercised and lapsed during the financial year and options outstanding at the end of the financial year, is set out in Note 13.

13. SHARE OPTIONS

Details of issued share options are as follows:

EXPIRE DATE	EXERCISE PRICE	BALANCE – START OF PERIOD	GRANTED DURING THE PERIOD	ISSUED/ (EXERCISED) DURING THE PERIOD	CANCELLED/ LAPSED DURING THE PERIOD	BALANCE END OF PERIOD
31/05/2018	\$1.10	–	63,965,406	–	–	63,965,406
		–	63,965,406	–	–	63,965,406

14. EARNINGS PER SHARE

	2016
Earnings/(Loss) \$'000	(232)
Earnings/(Loss) used in the calculation of basic EPS \$'000	(232)
Weighted average number of ordinary shares (basic)	28,952,166
Weighted average number of ordinary shares (diluted)*	28,952,166
Basic earnings per share from continuing operations (cents)	(0.801)
Diluted earnings per share from continuing operations (cents)	(0.801)

15. RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES

	2016 \$'000
Loss after tax	(232)
Adjustments for:	
Finance costs	5
Impairment of water license	771
Cash from operations before changes in working capital	544
Changes in working capital:	
Increase in trade receivables	(530)
Net GST paid	(42)
Increase in creditors	165
Unearned revenue	471
Income taxes	(249)
Interest paid	(5)
Net cash generated from operating activities	354

Non-cash transaction

An independent valuation from CBRE Valuations Pty Ltd (CBRE) was obtained by the Company, to acquire permanent water entitlements from its related parties, as disclosed in Note 17, amounting to \$28.662 million. This was settled through the issue of 26.056 million ordinary shares fully paid (see Note 12) and the issue of 26.056 million quoted options with an exercise price of \$1.10 per share on or before 31 May 2018 (see Note 13).

CBRE used a Direct Comparison valuation methodology. The market evidence has been compared with the subject property in order to assess a market based valuation. Sales sourced from various brokerage firms (namely, Rural Co Water and Waterfind) as well as various water brokers trading within the Southern Connected Murray Darling Basin to determine current prevailing market conditions.

Given that the comparability of each of the analysed sales is likely to vary, a high degree of value judgement is required by the valuer. The valuer has considered a range of variables which may include; the depth of the market, the number of potential users, the delivery risk and cost, the various land uses to which the water source can be applied, the market maturity, the circumstances of the vendor or purchaser, and types of water sources (such as high risk or high reliability, or general security).

16. SEGMENT REPORTING

Management has determined the operating segments based on the reports reviewed by the chief operating decision maker that are used to make strategic decisions. For the purposes of segment reporting the chief operating decision maker has been determined as the board of Directors. The amounts provided to the board of Directors with respect to profit or loss, liabilities and assets other than water entitlement assets is measured in a manner consistent with that of the financial statements, while permanent water entitlement assets and temporary water allocations are allocated to a segment based on the geographical region of the water entitlement assets and measured on a “fair market value” basis.

“Fair market value” for purposes of valuing the Company’s water entitlement and allocation portfolio that is reported to the Board of Directors, is based on the pricing information of recent comparable trades on or prior to the reporting date recorded on the relevant water register to which each water entitlement relate. The calculation when determining the fair market value of the water entitlement was based on the price per ML of the three most recent trades reflected on the relevant water register, exceeding 10 ML in volume, not differing by more than 10% in value per ML from each other, and weighted based on the quantity of ML transacted.

No inter-segment sales occurred during the current financial period. No revenue was derived from external customers in countries other than the country of domicile. Revenues of \$0.613million were derived from one Australian customer during the period. These revenues are attributable to the Murray segment.

	MURRAY \$'000	MURRUMBIDGEE \$'000	OTHER ¹ \$'000	UNALLOCATED \$'000	TOTAL \$'000
Total segment revenue	787	–	56	–	843
Total segment profit before interest, income tax and impairment of permanent water entitlements	787	–	56	(661)	182
Impairment of permanent water entitlements	(374)	(153)	(244)	–	(771)
Net interest income	–	–	–	108	108
Taxes	–	–	–	249	249
Total comprehensive loss for the period as per the financial statements	413	(153)	(188)	(304)	(232)
Total segment liabilities	(471)	–	–	(207)	(678)
Total segment assets excluding permanent water entitlements	431	–	–	18,694	19,125
Permanent water entitlements at cost	37,684	6,485	6,956	–	51,125
- Less accumulated impairment	(374)	(153)	(244)	–	(771)
- Add fair market value increments ²	37	–	105	–	142
Permanent water entitlements at fair market value	37,347	6,332	6,815	–	50,496
Temporary water allocations at fair market value ³	346	1	91	–	438
Total segment assets⁴	38,124	6,333	6,908	18,694	70,059
Adjustments in accordance with Australian Accounting Standards ^(2,3)	(383)	(1)	(196)	–	(580)
Total segment assets as disclosed in the Segment Report	37,741	6,332	6,712	18,694	69,479

1. "Other" comprise the Lachlan, Goulburn, Loddon and Mallee regions, which individually account for less than 10% of the Company's revenue, loss before taxation, total liabilities and total assets.
2. In accordance with the Australian Accounting Standards requirements on measuring permanent water entitlements subsequent to initial recognition, fair market value increments are not included in the amounts recognised in the financial statements.
3. In accordance with the requirements of the Australian Accounting Standards, temporary water allocations obtained through owned permanent water entitlements are not recognised as assets in the Statement of Financial Position
4. "Total segment assets" is a measure used by the Company for internal reporting purposes. For purposes of determining this measure, all assets excluding water entitlements are measured consistent with the financial statements and water entitlements is measured at fair value. The measure of water entitlements does not comply with the recognition and measurement requirements of the Australian Accounting Standards.

17. RELATED PARTY DISCLOSURES

Key management personnel

The Company has appointed Duxton Capital (Australia) 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. During the year the Company recognised management fees paid or payable to its Investment Manager amounting to \$0.169 million.

Key management personnel of the Company are:

- Mr Edouard Peter
- Mr Stephen Duerden
- Mr Dirk Wiedmann
- Mr Peter Michell
- Mr Dennis Mutton.

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 Pty Ltd and as such, may receive remuneration from the Investment Manager for services provided to the Investment Manager.

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

As shareholders of the Investment Manager, Mr Peter and Mr Duerden may receive a financial benefit from the 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.

Transactions with other related parties

The following transactions occurred with related parties:

	2016 \$'000
Management fee – Duxton Capital (Australia) Pty Ltd	169
Purchase of water rights – Duxton Vineyards Pty Ltd	3,702
Purchase of water rights – Duxton Vineyards Water Pty Ltd	24,960
Purchase of water rights – Merriment Rural Investments Pty Ltd	3,399
Purchase of water rights – Hathor Dairies Pty Ltd	2,718
Revenue – Duxton Viticulture Pty Ltd	613
Revenue – Merriment Rural Investments Pty Ltd	56
Revenue – Hathor Dairies Pty Ltd	28

Balances owing by/(owed to) related parties

The following balances are outstanding between the Company and its related parties:

	2016 \$'000
Amount due by Duxton Viticulture Pty Ltd	431
Amount due by Hathor Dairies Pty Ltd	1
Amount due by Merriment Rural Investments Pty Ltd	52

18. 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	2016 \$'000
Cash and cash equivalents	8	13,996
Term deposits	8	3,333
Trade and other receivables	9	529
Total financial assets		17,858

FINANCIAL LIABILITIES	NOTE	2016 \$'000
Trade and other payables	11	165
Total financial liabilities		165

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 are 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.

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 consolidated statements 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 31 December 2016.

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 analyses 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 payable	11	165	165	165	–
		165	165	165	–

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.

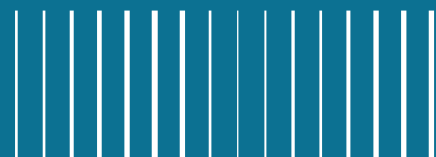
The Company is not currently exposed in any material way to interest rate risk. The risk is limited to the re-pricing of short term deposits utilised for surplus funds. Such deposits generally re-price approximately every 30 days. Movements in interest rates will not have a material impact on the Company's profit or equity.

At 31 December 2016 the Company entered into contracts to acquire permanent water entitlements to the value of \$4.680 million, and settled deposits relating to these contracts amounting to \$0.513 million.

19. EVENTS AFTER THE REPORTING PERIOD

No matter or circumstance has arisen since the end of the reporting period 31 December 2016, 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 Group in future financial years.





5 DIRECTOR'S DECLARATION

5 DIRECTOR'S DECLARATION

In the Directors' opinion:

- (a) the financial statements and notes set out on pages 23 to 39 are in accordance with the Corporations Act 2001, including:
 - (i) complying with Australian Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - (ii) giving a true and fair view of the Company's financial position as at 31 December 2016 and of its performance for the financial period ended on that date; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
- (c) the audited remuneration disclosures set out on pages 11 to 13 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.

The Directors have been given the declarations by an Independent Director and Company Secretary as required by section 295A of the Corporations Act 2001.

This declaration is made in accordance with a resolution of the Board of Directors.



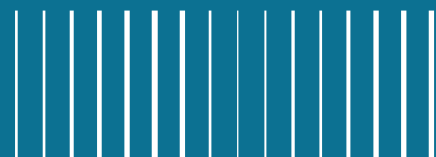
Edouard Peter
Chairman



Stephen Duerden
Non-Executive

Stirling, South Australia
10 March 2017





6 INDEPENDENT AUDITOR'S REPORT



6 INDEPENDENT AUDITOR'S REPORT

A copy of the Independent Auditors Report is provided on the following pages.



Independent Auditor's Report

To the shareholders of Duxton Water Limited

Report on the audit of the Financial Report

Opinion

We have audited the *Financial Report* of Duxton Water Limited (the Company).

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

- giving a true and fair view of the Company's financial position as at 31 December 2016 and of its financial performance for the *Period* ended on that date; and
- complying with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The *Financial Report* comprises:

- statement of financial position as at 31 December 2016;
- statement of profit or loss and other comprehensive income, statement of changes in equity, and statement of cash flows for the period from 20 April 2016 to 31 December 2016;
- Notes including summary of significant accounting policies; and
- Directors' Declaration.

The *Period* is the 8 months ended on 31 December 2016.

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 *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 fulfilled our other ethical responsibilities in accordance with the Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Financial Report of the current period.

This matter was 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 this matter.

Carrying value of Permanent Water Entitlements (\$50.354m)

Refer to Notes 6 and 10 to the Financial Report

The key audit matter	How the matter was addressed in our audit
Permanent water entitlements are recorded by the Company as indefinite useful life intangible assets, measured at acquisition cost less any impairment in value since acquisition. The carrying value of permanent water entitlements is a key audit matter as: • They are the most significant value assets on the Company's balance sheet and form the basis of the Company's future revenue and cash-flow. • Assessing whether the Company has sufficient rights and obligations under the terms of the purchase contracts to allow accounting of the permanent water entitlements as assets required us to interpret a range of facts against the accounting standard criteria for capitalisation. We involved senior team members with industry experience in applying these standards and interpretations. • The Company's impairment assessment of permanent water entitlements applied a market approach fair value valuation technique. To achieve this, management used certain prices observed in the market for transactions deemed comparable and determined an adjusted observable selling price. We considered this to create a risk of a biased selection and focused our efforts on the consistency and transparency of transactions deemed comparable.	Our procedures included, amongst others: • We inspected the contractual terms and conditions of permanent water entitlement purchase contracts and evaluated those of relevance to the transfer of legal rights and obligations to the Company, in accordance with the accounting standard requirements for recognition as assets; • We assessed the Company's application of a market approach as a fair value valuation technique against the criteria in the accounting standards. • We involved senior members of the audit team to assess the valuation technique of using adjusted observable selling prices of recent comparable transactions, against the accounting standards. • We analysed the completeness of the portfolios of transactions from which management selected transactions deemed comparable by obtaining a list of recent permanent water entitlement transfers from government water trades register websites. We looked for evidence of bias, through the inappropriate exclusion of transactions with insufficient basis for their exclusion. • We challenged management's determination of transactions deemed comparable by evaluating the attributes of the transactions selected against the Company's. Specific attributes we evaluated for consistency, in a sample of significant value permanent water entitlements, included:

An impairment of \$0.771 million was recorded in the financial period ended 31 December 2016, increasing the attention we applied.	- Age – current transactions, considering the 31 December 2016 year end - Geography – same water zone, considering the Company's ownership profile. ● We assessed the nature and quantum of management's adjustments to the observable selling prices, against criteria contained in accounting standards. We looked for consistency of adjustments across the entitlements. We independently developed alternate impairment assessments, to challenge the reasonableness of management's estimates of recoverable amount from within the range of comparable transaction values. We used additional comparable transaction activity and neutralized impacts of volumes of water transacted. We compared the outcome to that of the Company and investigated differences. ● For significant value permanent water entitlements, we checked the authenticity of comparable transaction data used in management's calculations to government water trades register websites, such as NSW Department of Primary Industries Water <i>NSW Water Register</i>.
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Other Information

Other Information is financial and non-financial information in Duxton Water Limited's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

The Other Information we obtained prior to the date of this Auditor's Report was the following:

1. Chairman's letter to the shareholders
2. Directors' report; and
3. Remuneration report included within the Directors' report.

The remaining Other information is expected to be made available to us after the date of the Auditor's Report.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not and will not express an audit opinion or any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we 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.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- preparing the Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*;
- implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and
- assessing the Company's ability to continue as a going concern. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- 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 Australian Auditing Standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this Financial Report.

A further description of our responsibilities for the Audit of the Financial Report is located at the Auditing and Assurance Standards Board website at:

http://www.auasb.gov.au/auditors_files/ar1.pdf. This description forms part of our Auditor's Report.

Report on the Remuneration Report

Opinion

In our opinion, the Remuneration Report of Duxton Water Limited for the period ended 31 December 2016, complies with *Section 300A* of the *Corporations Act 2001*.

Directors' 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 responsibilities

We have audited the Remuneration Report included in pages 13 to 16 of the Director's report for the period ended 31 December 2016.

Our responsibility is to express an opinion on the Remuneration Report, based on our Audit conducted in accordance with *Australian Auditing Standards*.



KPMG



Paul Cenko
Partner

Adelaide

10 March 2017



7 ASX ADDITIONAL INFORMATION

7 ASX ADDITIONAL INFORMATION

Additional information required by the ASX Limited Listing Rules and not disclosed elsewhere in this report is set out below. This information is effective as at 28 February 2017 (unless otherwise stated).

TWENTY LARGEST EQUITY SECURITY HOLDERS

The names of the twenty largest holders of quoted equity securities as at 28 February 2017 are listed below:

Name	ORDINARY SHARES	
	Number held	Percentage of issued shares
Duxton Vineyards Water Pty Ltd <Duxton Water A/C>	22,691,119	35.47
Duxton Vineyards Pty Ltd <Duxton Vineyards A/C>	3,365,561	5.26
Friday Investments Pty Ltd <Golburg Family A/C>	1,364,000	2.13
National Nominees Limited	1,271,730	1.99
HSBC Custody Nominees (Australia) Limited	1,194,926	1.87
Geat Incorporated <Geat-Preseveration Fund A/C>	1,000,000	1.56
Mr Stephen Maurice Lake	1,000,000	1.56
Mr David Wayne Rasheed <The Lake Family Super Fund A/C>	500,000	0.78
Sandhurst Trustees Limited <DMP Asset Management A/C>	455,000	0.71
Ironica Pty Ltd <Ferro Family Holdings A/C>	300,000	0.47
W K M Holdings Pty Ltd	250,000	0.39
BNP Paribas Nominees Pty Ltd HUB24 Custodial Services Limited DRP	230,535	0.36
Mrs Jean Thyne Hedges	227,272	0.36
Mrs Lynette Joy Herriot + Mrs Tracey Joy Moulds <The LJ Herriot Super Fund A/C>	200,000	0.31
KS OOI Nominees Pty Ltd <OOI Super Fund A/C>	200,000	0.31
Mr Ronald Langley + Mrs Rhonda Elizabeth Langley	200,000	0.31
Mr Alnis Ernst Vedig + Mrs Rasma Vedig <Vedig Super Fund A/C>	200,000	0.31
R & D Fielke Pty Ltd <R & D Fielke Super Fund A/C>	181,860	0.28
Ms Qianjun Yang	181,840	0.28
Ms Weichao Zhang	181,840	0.28
Total	35,195,683	55.02

Name	OPTIONS	
	Number held	Percentage of issued shares
Duxton Vineyards Water Pty Ltd <Duxton Water A/C>	22,691,119	35.47
Duxton Vineyards Pty Ltd <Duxton Vineyards A/C>	3,365,561	5.26
Friday Investments Pty Ltd <Golburg Family A/C>	1,364,000	2.13
National Nominees Limited	1,271,730	1.99
HSBC Custody Nominees (Australia) Limited	1,050,000	1.64
Geat Incorporated <Geat-Presevation Fund A/C>	1,000,000	1.56
Mr Stephen Maurice Lake	1,000,000	1.56
Mr David Wayne Rasheed <The Lake Family Super Fund A/C>	500,000	0.78
Mr Michael David Row	455,644	0.71
Sandhurst Trustees Limited <DMP Asset Management A/C>	455,000	0.71
Ironica Pty Ltd <Ferro Family Holdings A/C>	300,000	0.47
W K M Holdings Pty Ltd	250,000	0.39
Mrs Jean Thyne Hedges	227,272	0.36
Mrs Lynette Joy Herriot + Mrs Tracey Joy Moulds <The LJ Herriot Super Fund A/C>	200,000	0.31
KS OOI Nominees Pty Ltd <OOI Super Fund A/C>	200,000	0.31
Mr Ronald Langley + Mrs Rhonda Elizabeth Langley	200,000	0.31
Ironside Pty Ltd <Ironside Super Fund A/C>	196,941	0.31
R & D Fielke Pty Ltd <R & D Fielke Super Fund A/C>	181,860	0.28
Ms Qianjun Yang	181,840	0.28
Ms Weichao Zhang	181,840	0.28
Total	35,257,807	55.14

DISTRIBUTION OF EQUITY SECURITIES

Analysis of numbers of equity security holders by size of holding as at 28 February 2017:

Holding	ORDINARY SHARES	
	Shares	Options
1 – 1,000	12,359	1,000
1,001 – 5,000	539,533	518,335
5,001 – 10,000	2,373,669	2,138,132
10,001 – 100,000	24,803,363	23,790,069
100,001 – and over	36,236,482	37,517,870
Total	63,965,406	63,965,406

There was 1 holder of less than marketable parcel of ordinary shares.

SUBSTANTIAL HOLDERS

Substantial holders of ordinary shares in the Company as at 28 February 2017 are set out below:

Holding	ORDINARY SHARES	
	Number held	Percentage
Duxton Vineyards Water Pty Ltd <Duxton Water A/C>	22,691,119	35.47
Duxton Vineyards Pty Ltd <Duxton Vineyards A/C>	3,365,561	5.26

Substantial holders of options in the Company as at 28 February 2017 are set out below:

Holding	OPTIONS	
	Number held	Percentage
Duxton Vineyards Water Pty Ltd <Duxton Water A/C>	22,691,119	35.47
Duxton Vineyards Pty Ltd <Duxton Vineyards A/C>	3,365,561	5.26

HOLDERS OF EACH CLASS OF EQUITY SECURITIES

Number of holders in each class of equity securities as at 28 February 2017:

SECURITY CLASS	NUMBER
Ordinary shares	63,965,406
Options	63,965,406

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

OPTIONS

No voting rights

VOLUNTARY ESCROW

The table below shows a breakdown of the vendor shares subject to voluntary escrow by the escrow as at 28 February 2017:

ESCROW PERIOD/ VENDOR ENTITY	DUXTON VINEYARDS	DUXTON VINEYARDS WATER	TOTAL
12 months from the date of quotation on the ASX	1,682,780	11,345,559	13,028,339
8 months from the date of quotation on the ASX	1,177,946	7,941,891	9,119,837
No escrow	504,835	3,403,666	3,908,501
Total	3,365,561	22,691,116	26,056,677

During the period from admission to the ASX to 31 December 2016, the Company has used all cash and cash equivalents for the purposes of carrying out stated business objectives.

The table below shows the list of all investments held by the Company as at 31 December 2016:

LIST OF INVESTMENTS	NUMBER OF TRANSACTIONS	AMOUNT \$'000	BROKERAGE \$'000
Murray	39	37,611	90
Murrumbidgee	2	6,331	1
Lachlan	2	3,391	2
Goulburn	9	1,972	21
Mallee	1	750	-
Loddon	2	299	3
Total	55	50,354	117

