

Rules 4.1, 4.3

# Appendix 4D

## Half yearly report

Introduced 1/1/2003.

<b>Name of Entity</b>	Australian Rural Capital Limited
<b>ABN</b>	52 001 746 710
<b>Financial Period Ended</b>	31 DECEMBER 2017
<b>Previous Corresponding Reporting Period</b>	31 DECEMBER 2016

### Results for Announcement to the Market

		\$	Percentage increase /(decrease) over previous corresponding period
Revenue from ordinary activities		1,815,483	119%
Profit from ordinary activities after tax attributable to members		1,582,214	154%
Profit for the period attributable to members		1,582,214	154%
Dividends (distributions)	Amount per security	Franked amount per security	
Final Dividend	Nil	-	
Interim Dividend	Nil	-	
Previous corresponding period	Nil	Nil	
Record date for determining entitlements to the dividends (if any)			
Brief explanation of any of the figures reported above necessary to enable the figures to be understood:			

The half-yearly report it is to be read in conjunction with the most recent annual financial report.

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+ See chapter 19 for defined terms.

### Dividends

Date the dividend is payable	N/A
Record date to determine entitlement to the dividend	N/A
Amount per security	NIL
Total dividend	NIL
Amount per security of foreign sourced dividend or distribution	N/A
Details of any dividend reinvestment plans in operation	N/A
The last date for receipt of an election notice for participation in any dividend reinvestment plans	N/A

### NTA Backing

	Current Period	Previous corresponding period
Net tangible asset backing per ordinary security	62.0c	57.0c

### Control Gained Over Entities Having Material Effect

Name of entity (or group of entities)	-
Date control gained	-
Consolidated profit / (loss) from ordinary activities since the date in the current period on which control was acquired	-
Profit / (loss) from ordinary activities of the controlled entity (or group of entities) for the whole of the previous corresponding period	-

### Loss of Control Gained Over Entities Having Material Effect

Name of entity (or group of entities)	-
Date control lost	-
Consolidated profit / (loss) from ordinary activities for the current period to the date of loss of control	-
Profit / (loss) from ordinary activities of the controlled entity (or group of entities) while controlled for the whole of the previous corresponding period	-

### Details of Associates and Joint Venture Entities


Name of Entity	Percentage Held		Share of Net Profit	
	Current Period	Previous Period	Current Period	Previous Period
	-	-	-	-

## Audit/Review Status

<b>This report is based on accounts to which one of the following applies:</b> (Tick one)			
The accounts have been audited		The accounts have been subject to review	<input checked="" type="checkbox"/> X
The accounts are in the process of being audited or subject to review		The accounts have not yet been audited or reviewed	
<b>If the accounts have not yet been audited or subject to review and are likely to be subject to dispute or qualification, a description of the likely dispute or qualification:</b>  Not applicable			
<b>If the accounts have been audited or subject to review and are subject to dispute or qualification, a description of the dispute or qualification:</b>  Not applicable			

### Attachments Forming Part of Appendix 4D

Attachment #	Details
1	Interim Financial Report

<b>Signed By (Director/Company Secretary)</b>    	
<b>Print Name</b>	James A Jackson (Executive Chairman)
<b>Date</b>	15 February 2018

## **DIRECTORS' REPORT**

Your directors submit the financial report of the consolidated entity for the half-year ended 31 December 2017.

### **Directors**

The names of directors who held office during or since the end of the half-year:

James Andrew Jackson  
Darren Anderson  
Wayne Massey

### **Principal Activities**

During the financial half-year, the principal activities of the consolidated entity consisted of:

- investment in selected agribusiness and related securities listed on the ASX; and
- the management of funds for outside parties.

### **Review of Operations**

Australian Rural Capital Limited (**ARC**) posted a profit after provision for income tax of \$1,582,214 for the period compared to a profit of \$621,813 in the comparative period. Of this profit, \$1,790,518 arose from the mark to market of the Company's strategic 12,056,066 ordinary shares in Namoi Cotton Limited ("Namoi") to a level of 53 cents per share, as compared to 38 cents per share on 30 June 2017. The improved share price in Namoi follows the capital restructure implemented during the reporting period and the conversion of our holding of co-operative capital units into ordinary shares. As we have long advocated, we believe a simplified capital structure at Namoi will enable the true value of the Namoi enterprise to be recognised by the market and hence this will be reflected in our investment. This process has now begun.

The consolidated entity has continued to expend significant effort in seeking opportunities for investments within the agribusiness area and continues the development activities associated for the establishment of a specialist investment company to be managed by Australian Rural Capital Management Pty Ltd, a 100% owned subsidiary of ARC.

The consolidated entity continues to be in a sound financial position, with cash holdings exceeding \$1.2 million with no liabilities other than trade creditors and accruals.

### **Significant Changes in the State of Affairs**

There were no significant changes in the state of affairs of the consolidated entity during the financial half-year.

**Auditor's Declaration**

We have received a declaration from the auditors, Bentleys Brisbane (Audit) Pty Ltd, of their independence. The lead auditor's independence declaration under Section 307C of the *Corporations Act 2001* is set out on page 6 for the half year ended 31 December 2017.

The report is made in accordance with a resolution of the Board of Directors pursuant to section 306(3)(a) of the *Corporations Act 2001*.

Signed on behalf of the Directors:

A handwritten signature in black ink, appearing to read 'J. A. Jackson', with a long horizontal flourish extending to the right.

**James A Jackson**  
**Chairman**

Dated: 15 February 2018

**AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE *CORPORATIONS ACT 2001* TO THE DIRECTORS OF AUSTRALIAN RURAL CAPITAL LIMITED**

I declare that, to the best of my knowledge and belief, in relation to the review for the half-year ended 31 December 2017 there have been:

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



Bentleys Brisbane (Audit) Pty Ltd  
Chartered Accountants



Stewart Douglas  
Director  
Brisbane

15 February 2018

**AUSTRALIAN RURAL CAPITAL LIMITED AND CONTROLLED ENTITIES**  
**Statement of Profit or Loss and Other Comprehensive Income**  
**For the half year ended 31 December 2017**

<b>Continuing Operations</b>	<b>Note</b>	<b>31 Dec 2017</b> <b>\$</b>	<b>31 Dec 2016</b> <b>\$</b>
Revenue	<b>2</b>	1,815,483	830,137
Other expenses	<b>3</b>	(233,269)	(208,324)
Finance costs	<b>4</b>	-	-
<b>Profit/(loss) before income tax</b>		<b>1,582,214</b>	<b>621,813</b>
Income tax expense		-	-
<b>Profit/(loss) after income tax for the half-year</b>		<b>1,582,214</b>	<b>621,813</b>
Other comprehensive income for the half year, net of tax		-	-
<b>Total comprehensive income attributable to members of Australian Rural Capital Limited</b>		<b>1,582,214</b>	<b>621,813</b>
Basic earnings/(loss) per share (cents per share)		12.7c	6.8c
Diluted earnings/(loss) per share (cents per share) *		7.7c	3.6c

\* The total of the listed shares (refer to Note 9) and listed options (refer Note11) has been used to calculate the Diluted earnings per share.

**The Statement of Profit or Loss and Other Comprehensive Income is to be read in conjunction with the attached notes.**

**AUSTRALIAN RURAL CAPITAL LIMITED AND CONTROLLED ENTITIES**  
**Statement of Financial Position**  
**As at 31 December 2017**

		<b>Economic Entity</b>	
	<b>Note</b>	<b>31 Dec 2017</b>	<b>30 June 2017</b>
		<b>\$</b>	<b>\$</b>
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	<b>6</b>	1,334,691	1,660,333
Trade and other receivables		21,852	8,369
Financial assets	<b>7</b>	6,389,710	4,505,755
<b>TOTAL CURRENT ASSETS</b>		<b>7,746,253</b>	<b>6,174,457</b>
<b>NON-CURRENT ASSETS</b>			
Deferred tax assets		15,364	15,364
Goodwill		7,709	7,709
<b>TOTAL NON-CURRENT ASSETS</b>		<b>23,073</b>	<b>23,073</b>
<b>TOTAL ASSETS</b>		<b>7,769,326</b>	<b>6,197,530</b>
<b>CURRENT LIABILITIES</b>			
Trade and Other payables		36,883	53,349
<b>TOTAL CURRENT LIABILITIES</b>		<b>36,883</b>	<b>53,349</b>
<b>TOTAL LIABILITIES</b>		<b>36,883</b>	<b>53,349</b>
<b>NET ASSETS</b>		<b>7,732,443</b>	<b>6,144,181</b>
<b>EQUITY</b>			
Issued capital	<b>9</b>	19,995,610	19,995,610
Reserves – share based payments	<b>11</b>	388,118	388,118
Reserves – options		92,688	86,640
Accumulated losses		(12,743,973)	(14,326,187)
Parent entity interest		7,732,443	6,144,181
Non-controlling interest			
<b>TOTAL EQUITY</b>		<b>7,732,443</b>	<b>6,144,181</b>

**The Statement of Financial Position is to be read in conjunction with the attached notes.**



**AUSTRALIAN RURAL CAPITAL LIMITED AND CONTROLLED ENTITIES**  
**Statement of Cash Flows**  
**For the half year ended 31 December 2017**

	Note	Economic Entity 31 Dec 2017 \$	31 Dec 2016 \$
<b>Cash flows from operating activities</b>			
Payments to suppliers and employees		(257,165)	(206,837)
Dividends received		11,697	-
Interest received		13,268	115
Net cash used in operating activities		(232,200)	(206,722)
<b>Cash flows from investing activities</b>			
Purchases of investments		(142,792)	-
Proceeds from sale of investments		49,350	-
Net cash used in investing activities		(93,442)	-
<b>Cash flows from financing activities</b>			
Issuance of new equity		-	84,000
Cost of equity issuance		-	(1,925)
Net cash provided by financing activities		-	82,075
<b>Net increase/(decrease) in cash</b>		(325,642)	(124,647)
Cash at beginning of period		1,660,333	394,079
<b>Cash at end of period</b>	<b>6</b>	1,334,691	269,432

The Statement of Cash Flows is to be read in conjunction with the attached notes.

**AUSTRALIAN RURAL CAPITAL LIMITED AND CONTROLLED ENTITIES**  
**Statement of Changes in Equity**  
**For the half year ended 31 December 2017**

	Issued Capital	Reserves Share based payments	Options	Accumulated Losses	Total Equity
	\$	\$	\$	\$	\$
<b>At 30 June 2016</b>	<b>18,372,780</b>	<b>72,400</b>	<b>388,118</b>	<b>(14,296,945)</b>	<b>4,536,353</b>
Total comprehensive income for the period	-	-	-	621,813	621,813
Share based payments reserve	-	5,545	-	-	5,545
Contribution of equity (net)	84,000	-	-	-	84,000
Cost of issue of options	(1,925)	-	-	-	(1,925)
<b>At 31 December 2016</b>	<b>18,454,855</b>	<b>77,945</b>	<b>388,118</b>	<b>(13,675,132)</b>	<b>5,245,786</b>
Total comprehensive income for the period	-	-	-	(651,054)	(651,054)
Total comprehensive income for the year	-	-	-	-	-
Share based payments reserve	-	8,695	-	-	8,695
Contribution of equity (net)	1,659,455	-	-	-	1,659,455
Cost of issue of equity	(118,700)	-	-	-	(118,700)
<b>At 30 June 2017</b>	<b>19,995,610</b>	<b>86,640</b>	<b>388,118</b>	<b>(14,326,187)</b>	<b>6,144,181</b>
Total comprehensive income for the period	-	-	-	1,582,214	1,582,214
Share based payments reserve	-	6,048	-	-	6,048
Contribution of equity (net)	-	-	-	-	-
Cost of issue of options	-	-	-	-	-
<b>At 31 December 2017</b>	<b>19,995,610</b>	<b>92,688</b>	<b>388,118</b>	<b>(12,743,973)</b>	<b>7,732,443</b>

The Statement of Changes in Equity is to be read in conjunction with the attached notes.

**AUSTRALIAN RURAL CAPITAL LIMITED AND CONTROLLED ENTITIES**  
**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES**

The interim consolidated financial report was approved by the Board of Directors on 15 February 2018.

This interim consolidated financial report has been prepared in accordance with Accounting Standard AASB 134 and is to be read in conjunction with the annual financial report for the financial year ended 30 June 2017 ("**2017 Annual Report**"). The 2017 Annual Report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards, including Australian Accounting Interpretations and the Corporations Act 2001, as appropriate for for-profit oriented entities.

The half yearly report does not include full disclosures of the type normally included in an annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the economic entity as the full financial report. Accordingly, it is recommended that this financial report be read in conjunction with the 2017 Annual Report and any public announcements made by Australian Rural Capital Limited ("**ARC**") during the half-year in accordance with continuous disclosure requirements arising under the Corporations Act 2001.

The same accounting policies have been followed as those applied and discussed in the 2017 Annual Report.

The functional and presentation currency of ARC is Australian dollars.

<b>Economic Entity</b>	
<b>31 Dec 2017</b>	<b>31 Dec 2016</b>
<b>\$</b>	<b>\$</b>

**NOTE 2: REVENUES**

Revenues are comprised as follows:

Interest revenue	13,268	115
Dividend income	11,697	-
Change in fair value of investments retained	1,790,518	830,022
<b>Total revenues</b>	<b>1,815,483</b>	<b>830,137</b>

**NOTE 3: EXPENSES**

Expenses excluding finance costs are comprised as follows:

Directors fees and costs – cash	93,250	101,574
Directors fees and costs – share based	6,048	5,545
Insurance	16,989	17,195
Office and occupancy expenses	6,000	8,000
Other expenses	110,982	76,010
<b>Total expenses excluding finance costs</b>	<b>233,269</b>	<b>208,324</b>

AUSTRALIAN RURAL CAPITAL LIMITED AND CONTROLLED ENTITIES  
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Economic Entity	
31 Dec 2017	31 Dec 2016
\$	\$

**NOTE 4: FINANCE COSTS**

Cost of finance attributable to loans from other entities	-	-
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**NOTE 5: DIVIDENDS PAID OR PROPOSED**

**Declared and paid during the period**

Total dividends paid	-	-
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**Proposed and not recognised as a liability (fully franked at 27.5%)**

Interim franked dividend for period to 31 December 2017: nil (30 June 2017: nil)	-	-
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The current balance of the franking account, prior to accounting for any taxation paid in relation to the result for the latest period is \$26,695.

Economic Entity	
31 Dec 2017	30 June 2017
\$	\$

**NOTE 6: CASH AND CASH EQUIVALENTS**

Cash on hand and at bank	1,334,691	1,660,333
Net cash and cash equivalents as per statement of cash flows	1,334,691	1,660,333

**NOTE 7: FINANCIAL ASSETS**

**CURRENT:**

**Fair value through profit and loss:**

Listed investments at fair value – shares in listed corporations	6,389,710	4,505,755
TOTAL	6,389,710	4,505,755

**AUSTRALIAN RURAL CAPITAL LIMITED AND CONTROLLED ENTITIES**  
**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**NOTE 8. CONTROLLED ENTITIES**

	<b>Country of Incorporation</b>	<b>Percentage Owned</b>	
		<b>31 Dec 2017</b>	<b>30 June 2017</b>
<b>Parent Entity:</b>			
Australian Rural Capital Limited	Australia		
<b>Controlled Entities of Australian Rural Capital Limited:</b>			
ARC Agrivest Limited (a) (b)	Australia	100%	100%
Australian Rural Capital Management Pty. Ltd (c)	Australia	100%	100%

(a) Registered 12 August 2016

(b) Formerly ARC Investor Limited

(c) Formerly Foundry Investment Partners Pty. Limited

<b>Economic Entity</b>	
<b>31 Dec 2017</b>	<b>30 June 2017</b>
<b>\$</b>	<b>\$</b>

**NOTE 9. EQUITY – ISSUED CAPITAL**

12,492,090 fully paid authorised ordinary shares (30 June 2017: 12,492,090)	19,995,610	19,995,610
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**MOVEMENT IN ISSUED SHARES OF THE PARENT ENTITY FOR THE PERIOD**

<b>Date</b>	<b>Details</b>	<b>Number of shares</b>	<b>\$</b>
30 June 2017	Opening balance	12,492,090	19,995,610
31 December 2017	Closing balance	12,492,090	19,995,610

**AUSTRALIAN RURAL CAPITAL LIMITED AND CONTROLLED ENTITIES**  
**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**NOTE 10. EQUITY: RESERVES - SHARE BASED PAYMENTS**

*Executive Remuneration*

On 4 August 2014, the company issued 450,000 unlisted options each exercisable into one new share of ARC at a price of 70c per share before 31 December 2020 to the Executive Chairman, James Jackson. The options vest in three tranches of 150,000 on 25 July 2015, 25 July 2016 and 24 July 2017 providing James Jackson is still an employee of the company. These options had a fair value at the grant date of 12.75c per option. The cost of the options is amortised over the relevant period to full vesting and equated to \$383 in the period to 31 December 2017 (2016: \$3,867).

On 14 October 2016, the company issued 400,000 unlisted options each exercisable into one new share of ARC as per the following table (300,000 to James Jackson and 100,000 to Wayne Massey);

Issue	Number of Options	Vesting Condition
Tranche 1	133,333	If ARC Share Price is \$0.80 by 31 October 2018 based on the VWAP for the month of October 2018
Tranche 2	133,333	If ARC Share Price is \$0.90 by 31 October 2019 based on the VWAP for the month of October 2019
Tranche 3	133,334	If ARC Share Price is \$1.00 by 31 October 2020 based on the VWAP for the month of October 2020

The options vest in three tranches of 133,333 on 31 October 2018, 31 October 2019 and 31 October 2020 providing James Jackson and Wayne Massey are still an employee of the company. These options had a fair value at the grant date of 12c per option. The cost of the options is amortised over the relevant period to full vesting and equated to \$5,665 in the period to 31 December 2017 (2016: \$1,678).

*Advisory Services*

On 4 August 2014, the company issued 240,000 unlisted options each exercisable into one new share of ARC at a price of 70c per share before 31 December 2018 to Baron Partners Limited. The options fully vested upon issue. These options had a fair value at the grant date of 9.28c per option. The cost of the options of \$22,268 was fully expensed in the period to 31 December 2014.

**NOTE 11. EQUITY: RESERVES – LISTED OPTIONS**

Date	Details	Number of listed options	\$
30 June 2017	Opening balance	7,930,863	388,118
31 December 2017	Closing balance	7,930,863	388,118

**AUSTRALIAN RURAL CAPITAL LIMITED AND CONTROLLED ENTITIES**  
**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**NOTE 12. FAIR VALUE MEASUREMENT**

*Fair value hierarchy*

The following tables detail the consolidated entity's assets and liabilities measured or disclosed at fair value, using a three-level hierarchy, based on the lowest level of input that is significant to the fair value measurement being:

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

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

31 December 2017	Level 1 \$	Level 2 \$	Level 3 \$	TOTAL \$
Financial assets at fair value through profit or loss:				
Shares in other corporations	6,389,710	-	-	6,389,710
<b>TOTAL</b>	<b>6,389,710</b>	<b>-</b>	<b>-</b>	<b>6,389,710</b>
30 June 2017	Level 1 \$	Level 2 \$	Level 3 \$	TOTAL \$
Financial assets at fair value through profit or loss:				
Shares in other corporations	4,505,755	-	-	4,505,755
<b>TOTAL</b>	<b>4,505,755</b>	<b>-</b>	<b>-</b>	<b>4,505,755</b>

Assets and liabilities held for sale are measured at fair value on a non-recurring basis.

There were no transfers between levels during the financial half year.

The carrying amounts of trade and other receivables and trade and other payables are assumed to approximate their fair values due to their short-term nature.

There are no financial liabilities outstanding at 30 June 2017 and 31 December 2017 necessitating comparison of similar financial liabilities.

**AUSTRALIAN RURAL CAPITAL LIMITED AND CONTROLLED ENTITIES**  
**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**NOTE 13: SEGMENT INFORMATION**

The Economic Entity's activities have been divided into two specific segmental groups, operating in one geographical region, being Australia:

**Funds management:** the management of investment vehicles and provision of other funds management services;

**Investment:** investment in listed and unlisted Australian companies and securities.

Unallocated expenses include all financing costs except those directly attributable to investment, and personnel costs associated with the Economic Entity except the use of outside personnel as Directors of partly owned subsidiaries and compliance committees which are capable of allocation to a specific business segment; interest and dividend income is allocated to "Investment".

<b>Six months to 31 December 2017</b>	<b>Funds M'ment</b>	<b>Investment</b>	<b>Unallocated</b>	<b>TOTAL</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Revenue	-	1,802,215	-	1,802,215
Interest revenue	-	13,268	-	13,268
Expenses other than finance, depreciation & amortisation	(5,654)	-	(227,615)	(233,269)
<b>SEGMENT RESULT</b>	<b>(5,654)</b>	<b>1,815,483</b>	<b>(227,615)</b>	<b>1,582,214</b>
Finance costs	-	-	-	-
<b>PROFIT BEFORE INCOME TAX</b>	<b>(5,654)</b>	<b>1,815,483</b>	<b>(227,615)</b>	<b>1,582,214</b>
Income tax expense	-	-	-	-
<b>PROFIT AFTER INCOME TAX</b>	<b>(5,654)</b>	<b>1,815,483</b>	<b>(227,615)</b>	<b>1,582,214</b>
Segment Assets	52,435	7,674,456	42,435	7,769,326
Segment Liabilities	240	-	36,643	36,883
<b>Six months to 31 December 2016</b>	<b>Funds M'ment</b>	<b>Investment</b>	<b>Unallocated</b>	<b>TOTAL</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Revenue	-	830,022	-	830,022
Interest revenue	-	115	-	115
Expenses other than finance, depreciation & amortisation	(4,595)	-	(203,729)	(208,324)
<b>SEGMENT RESULT</b>	<b>(4,595)</b>	<b>830,137</b>	<b>(203,729)</b>	<b>621,813</b>
Finance costs	-	-	-	-
<b>LOSS BEFORE INCOME TAX</b>	<b>(4,595)</b>	<b>830,137</b>	<b>(203,729)</b>	<b>621,813</b>
Income tax expense	-	-	-	-
<b>LOSS AFTER INCOME TAX</b>	<b>(4,595)</b>	<b>830,137</b>	<b>(203,729)</b>	<b>621,813</b>
Segment Assets	2,490	5,249,476	26,722	5,278,688
Segment Liabilities	240	-	32,662	32,902



**AUSTRALIAN RURAL CAPITAL LIMITED AND CONTROLLED ENTITIES**  
**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**NOTE 14. EVENTS AFTER THE REPORTING DATE**

No matter or circumstance has arisen since the end of the period which, in the opinion of the directors, has 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.

**DIRECTORS' DECLARATION**

In the directors' opinion:

- the attached financial statements and notes thereto comply with the *Corporations Act 2001*, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes thereto give a true and fair view of the consolidated entity's financial position as at 31 December 2017 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

On behalf of the directors

A handwritten signature in black ink, appearing to read 'J. A. Jackson', with a long horizontal flourish extending to the right.

James A Jackson  
Executive Chairman

15 February 2018

## INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF AUSTRALIAN RURAL CAPITAL LIMITED

### **Report on the Half-Year Financial Report**

We have reviewed the accompanying half-year financial report of Australian Rural Capital Limited and its controlled entities (the "Group"), which comprises the consolidated statement of financial position as at 31 December 2017, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

### **Directors' Responsibility for the Half-Year Financial Report**

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the company's financial position as 31 December 2017 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Australian Rural Capital Limited ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

### **Independence**

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

### **Conclusion**

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

- (a) giving a true and fair view of the Group's financial position as at 31 December 2017 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.



Bentleys Brisbane (Audit) Pty Ltd  
Chartered Accountants



Stewart Douglas  
Director  
Brisbane

15 February 2018