

Rules 4.1, 4.3

Appendix 4D

Half yearly report

Introduced 1/1/2003.

Name of Entity	Australian Rural Capital Limited
ABN	52 001 746 710
Financial Period Ended	31 DECEMBER 2020
Previous Corresponding Reporting Period	31 DECEMBER 2019

Results for Announcement to the Market

		\$	Percentage increase /(decrease) over previous corresponding period
Revenue from ordinary activities		(127,814)	76%
Profit from ordinary activities after tax attributable to members		(211,152)	70%
Profit for the period attributable to members		(211,152)	70%
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.

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	29.3c	34.0c

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

This report is based on accounts to which one of the following applies: (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	
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: Not applicable			
If the accounts have been audited or subject to review and are subject to dispute or qualification, a description of the dispute or qualification: Not applicable			

Attachments Forming Part of Appendix 4D

Attachment #	Details
1	Interim Financial Report

Signed By (Director/Company Secretary) 	
Print Name	James A Jackson (Executive Chairman)
Date	26 February 2021

DIRECTORS' REPORT

Your directors submit the financial report of the consolidated entity for the half-year ended 31 December 2020.

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:

- Equity Investment- investment in rural and agricultural companies, securities, schemes and entities
- Funds Management and Financial Services-operation of a wholesale funds management business

Review of Operations

Australian Rural Capital Limited (ARC) posted a loss after provision for income tax of \$211,152 for the period compared to a loss of \$697,036 in the comparative period. Of this loss, \$127,000 arose from the mark to market of the Company's holding of 12,700,000 ordinary shares in Namoi Cotton Limited ("Namoi") to a level of 29.5 cents per share, as compared to 30.5 cents per share on 30 June 2020. The balance of the loss was due to operating and listing expenses.

Namoi Cotton Holding and the "In Specie" Distribution

In the period to December 31, 2020, the holding was reduced to 12,700,000 shares following the sale of 771,111 shares to fund the repayment of a loan which had been drawn to cover the expenses of the due diligence and offer preparation for the Buderim Ginger business proposal. As previously advised, we were overbid in this transaction and we did not proceed.

The company then commenced the process to distribute most of this holding in Namoi Cotton to shareholders as an In Specie Distribution of Capital. Following various other approvals and shareholder approval at the Annual General meeting in January 2021, this process was completed on February 10, 2021. The company distributed 91.7 % of this holding with eligible shareholders receiving 9 Namoi Cotton shares for every 10 ARC shares held at the record date.

Subsequent to this event we have sold and converted most of the remaining holding in Namoi Cotton to cash and our current cash levels are now approximately \$300,000 and the company has no debt.

The exercise of returning the Namoi shares as capital to shareholders enables the ARC structure to be valued independently as it seeks to recapitalise and grow again. This has already been evident in the trading price of the ARC shares since the distribution.

Operating Costs

The current cash levels are sufficient to fund operations for another 12 months, however this does not include the payment of any director's fees. It should be noted by shareholders that the board has not received any remuneration in this financial year from July 1, 2020.

Recapitalisation Proposals

The company has now received two non-binding indicative proposals, to acquire shares in the company to facilitate a recapitalisation of ARC to enable new growth and investment activities.

We have also received two investment opportunities to consummate with the potential consideration in the form of an issue of new shares in ARC.

The board are reviewing and evaluating these proposals with the following objectives:

- To create the best value outcome for shareholders with the existing structure
- To capture an opportunity to enable future growth and value creation for ARC shareholders.
- The transaction can be executed in a simple and timely manner with limited costs

Tax Losses

The company has accumulated tax losses of approximately \$15m and these losses have been incurred in the business of investing and investment management from 2008. These tax losses are not recorded on the balance sheet of the company due to accounting standards. We are currently taking taxation advice on the ability to potentially utilise these losses in any recapitalisation proposal and what value may be attributed to these losses.

Summary

We are pleased to report the progress in realising value for our shareholders and will keep the market informed when appropriate to further developments in the recapitalisation process.

I once again wish to thank my fellow directors, Wayne and Darren for their contributions and also thank our company secretary and Richard Baker from Mertons.

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 2020.

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:



James A Jackson
Chairman

Dated: 26 February 2021

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 2020 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

26 February 2021

AUSTRALIAN RURAL CAPITAL LIMITED AND CONTROLLED ENTITY
Statement of Profit or Loss and Other Comprehensive Income
For the half year ended 31 December 2020

Continuing Operations	Note	31 Dec 2020 \$	31 Dec 2019 \$
Revenue	2	(127,814)	(538,790)
Other expenses	3	(106,776)	(158,246)
Finance Costs		(2,455)	-
Gain/(loss) on sale of subsidiary		30,642	-
Profit/(loss) before income tax		(206,403)	(697,036)
Income tax expense		(4,749)	-
Profit/(loss) after income tax for the half-year		(211,152)	(697,036)
Other comprehensive income for the half year, net of tax		-	-
Total comprehensive income attributable to members of Australian Rural Capital Limited		(211,152)	(697,036)
Basic earnings/(loss) per share (cents per share)		(1.6c)	(5.5c)

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 ENTITY
Statement of Financial Position
As at 31 December 2020

		Economic Entity	
	Note	31 Dec 2020	30 June 2020
		\$	\$
CURRENT ASSETS			
Cash and cash equivalents	5	37,499	116,144
Trade and other receivables		26,437	21,510
Financial assets	6	3,746,485	4,108,688
TOTAL CURRENT ASSETS		3,810,421	4,246,342
NON-CURRENT ASSETS			
Deferred tax assets		-	7,239
Goodwill		-	7,709
TOTAL NON-CURRENT ASSETS		-	14,948
TOTAL ASSETS		3,810,421	4,261,290
CURRENT LIABILITIES			
Trade and Other payables		15,382	56,111
Borrowings		-	200,000
TOTAL CURRENT LIABILITIES		15,382	256,111
TOTAL LIABILITIES		15,382	256,111
NET ASSETS		3,795,039	4,005,179
EQUITY			
Issued capital	8	20,178,935	20,178,935
Reserves – options	10	387,303	387,303
Reserves – share based payments		-	68,588
Accumulated losses		(16,771,199)	(16,629,647)
Parent entity interest		3,795,039	4,005,179
Non-controlling interest			
TOTAL EQUITY		3,795,039	4,005,179

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

AUSTRALIAN RURAL CAPITAL LIMITED AND CONTROLLED ENTITY
Statement of Cash Flows
For the half year ended 31 December 2020

		Economic Entity	
	Note	31 Dec 2020	31 Dec 2019
		\$	\$
Cash flows from operating activities			
Payments to suppliers and employees		(150,196)	(105,697)
Proceeds from sale of investments		231,333	-
Dividends received		2,055	-
Interest received		18	54
Finance costs paid		(2,455)	-
Net cash used in operating activities		80,755	(105,643)
Cash flows from financing activities			
Repayment of loans to related entities		(200,000)	-
Net cash provided by financing activities		(200,000)	-
Cash flows from investing activities			
Proceeds from sale of subsidiary – net		40,600	-
Net cash provided by financing activities		40,600	-
Net (decrease)/increase in cash		(78,645)	(105,643)
Cash at beginning of period		116,144	282,154
Cash at end of period	5	37,499	176,511

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

AUSTRALIAN RURAL CAPITAL LIMITED AND CONTROLLED ENTITY
Statement of Changes in Equity
For the half year ended 31 December 2020

	Issued Capital	Reserves Share based payments	Options	Accumulated Losses	Total Equity
	\$	\$	\$	\$	\$
At 30 June 2019	20,003,935	74,980	387,303	(15,491,574)	4,974,644
Total comprehensive income for the period	-	-	-	(697,036)	(697,036)
Share based payments reserve	-	2,122	-	-	2,122
Unlisted options lapsed	-	(10,633)	-	10,633	-
Shares issued to Directors for Director fees	140,000	-	-	-	140,000
At 31 December 2019	20,143,935	66,469	387,303	(16,177,977)	4,419,730
Total comprehensive income for the period	-	-	-	(451,670)	(451,670)
Share based payments reserve	-	2,119	-	-	2,119
Shares issued to Directors for Director fees	35,000	-	-	-	35,000
At 30 June 2020	20,178,935	68,588	387,303	(16,629,647)	4,005,179
Total comprehensive income for the period	-	-	-	(211,152)	(211,152)
Share based payments reserve	-	1,012	-	-	1,012
Unlisted options lapsed	-	(69,600)	-	69,600	-
At 31 December 2020	20,178,935	-	387,303	(16,771,199)	3,795,039

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

AUSTRALIAN RURAL CAPITAL LIMITED AND CONTROLLED ENTITY
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 26 February 2021.

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 2020 ("**2020 Annual Report**"). The 2020 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 2020 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 2020 Annual Report.

The Group has considered the implications of new or amended Accounting Standards, but determined that their impact is either not relevant or not material

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The functional and presentation currency of ARC is Australian dollars.

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

Economic Entity	
31 Dec 2020	31 Dec 2019
\$	\$

NOTE 2: REVENUES

Revenues are comprised as follows:

Miscellaneous revenue	983	-
Interest revenue	18	54
Dividend income	2,055	-
Change in fair value of investments retained	(130,870)	(538,844)
Total revenues	(127,814)	(538,790)

NOTE 3: EXPENSES

Expenses are comprised as follows:

Directors fees and costs – share based	1,012	67,200
Insurance	10,464	9,797
Office and occupancy expenses	6,000	6,000
Other expenses	89,300	75,249
Total expenses	106,776	158,246

NOTE 4: 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 2020: nil (30 June 2020: 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 \$48,634.

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

Economic Entity	
31 Dec 2020	30 June 2020
\$	\$

NOTE 5: CASH AND CASH EQUIVALENTS

Cash on hand and at bank	37,499	116,144
Net cash and cash equivalents as per statement of cash flows	37,499	116,144

NOTE 6: FINANCIAL ASSETS

CURRENT:

Fair value through profit and loss:

Listed investments at fair value – shares in listed corporations	3,746,485	4,108,688
TOTAL	3,746,485	4,108,688

NOTE 7. CONTROLLED ENTITIES

	Country of Incorporation	Percentage Owned	
		31 Dec 2020	30 June 2020
Parent Entity:			
Australian Rural Capital Limited	Australia		
Controlled Entities of Australian Rural Capital Limited:			
ARC Agrivest Limited (a) (b)	Australia	100%	100%
Australian Rural Capital Management Pty. Ltd (c) (d)	Australia	-	100%

(a) Registered 12 August 2016

(b) Formerly ARC Investor Limited

(c) Formerly Foundry Investment Partners Pty. Limited

(d) Australian Rural Capital Management Pty. Ltd disposed 17/09/2020

\$ **\$**

NOTE 8. EQUITY – ISSUED CAPITAL

12,946,240 fully paid authorised ordinary shares (30 June 2020: 12,946,240)	20,178,935	20,178,935
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MOVEMENT IN ISSUED SHARES OF THE PARENT ENTITY FOR THE PERIOD

Date	Details	Number of shares	\$
30 June 2020	Opening balance	12,946,240	20,178,935
31 December 2020	Closing balance	12,946,240	20,178,935

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

NOTE 9. EQUITY: RESERVES - SHARE BASED PAYMENTS

Executive Remuneration

On 4 August 2014, the company issued 450,000 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 2018 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 conditions for the issue of all three tranches of 150,000 options have been met, which means they have now vested and are held by Mr. Jackson. The cost of the options has been amortised over the relevant period to full vesting and equated to \$0 for the period ended 31 December 2020 (2019: \$0). The options expired at 31 December 2020 and a transfer to account for this was made between the share based payments reserve and retained earnings of \$57,585.

On 11 November 2016, the company issued 400,000 unlisted options each exercisable (exercise price is \$0.70) 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 employees 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 \$1,012 in the period to 31 December 2020 (2019: \$2,122). The options relating to tranche 1 expired at 31 October 2018 and a transfer to account for this was made between the share based payments reserve and retained earnings of \$9,304. The options relating to tranche 2 expired at 31 October 2019 and a transfer to account for this was made between the share based payments reserve and retained earnings of \$10,633. The options relating to tranche 3 expired at 31 October 2020 and a transfer to account for this was made between the share based payments reserve and retained earnings of \$12,015.

NOTE 10. EQUITY: RESERVES – LISTED OPTIONS

Date	Details	Number of listed options	\$
30 June 2020	Opening balance	7,914,213	387,303
31 December 2020	Closing balance	7,914,213	387,303

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

NOTE 11. 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 2020	Level 1 \$	Level 2 \$	Level 3 \$	TOTAL \$
Financial assets at fair value through profit or loss:				
Shares in other corporations	3,746,485	-	-	3,746,485
TOTAL	3,746,485	-	-	3,746,485
30 June 2020	Level 1 \$	Level 2 \$	Level 3 \$	TOTAL \$
Financial assets at fair value through profit or loss:				
Shares in other corporations	4,108,688	-	-	4,108,688
TOTAL	4,108,688	-	-	4,108,688

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 2020 and 31 December 2020 necessitating comparison of similar financial liabilities.

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

NOTE 12. 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".

Six months to 31 December 2020	Funds M'ment	Investment	Unallocated	TOTAL
	\$	\$	\$	\$
Revenue	-	(127,832)	30,642	(97,190)
Interest revenue	-	18	-	18
Expenses other than finance, depreciation & amortisation	-	-	106,776	106,776
SEGMENT RESULT	0	(127,814)	(76,134)	(203,948)
Finance costs			(2,455)	(2,455)
LOSS BEFORE INCOME TAX	0	(127,814)	(78,589)	(206,403)
Income tax expense			(4,749)	(4,749)
LOSS AFTER INCOME TAX	0	(127,814)	(83,338)	(211,152)
Segment Assets		3,783,984	26,437	3,810,421
Segment Liabilities	-	-	15,382	15,382
Six months to 31 December 2019	Funds M'ment	Investment	Unallocated	TOTAL
	\$	\$	\$	\$
Revenue	-	(538,844)	-	(538,844)
Interest revenue	-	54	-	54
Expenses other than finance, depreciation & amortisation	3,595	-	154,651	158,246
SEGMENT RESULT	(3,595)	(538,790)	(154,651)	(697,036)
Finance costs	-	-	-	-
LOSS BEFORE INCOME TAX	(3,595)	(538,790)	(154,651)	(697,036)
Income tax expense	-	-	-	-
LOSS AFTER INCOME TAX	(3,595)	(538,790)	(154,651)	(697,036)
Segment Assets	52,269	4,302,775	107,137	4,462,181
Segment Liabilities	240	-	42,211	42,451

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

NOTE 13. EVENTS AFTER THE REPORTING DATE

ARC shareholders approved an In Specie Distribution of Capital at the Annual General meeting in January 2021. The In Specie Distribution of Capital process was completed on February 10, 2021. The company distributed 91.7 % of this holding with eligible shareholders receiving 9 Namoi Cotton shares for every 10 ARC shares held at the record date.

Subsequent to this event ARC has sold and converted the majority of the remaining holding in Namoi Cotton to cash and the current cash levels are now approximately \$300,000 and the company has no debt.

The original objectives of establishing ARC Agrivest Limited have not been able to be achieved. After reviewing the regulatory costs associated with maintaining a dormant entity, it was decided to deregister this entity as a further way of reducing costs. On January 8, 2021, ARC Agrivest Limited was deregistered.

With the exception of the above, no other matters or circumstances have 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 2020 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

26 February 2021

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

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Australian Rural Capital Limited and its controlled entity (the "Group"), which comprises the consolidated statement of financial position as at 31 December 2020, 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, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

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

- (a) giving a true and fair view of the Group's financial position as at 31 December 2020 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Financial Report section of our report. We are independent of the Group in accordance with the auditor independence requirements of 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 (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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 gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2020 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*.

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.



Bentleys Brisbane (Audit) Pty Ltd
Chartered Accountants



Stewart Douglas
Director

Brisbane, 26 February 2021