

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 2019
Previous Corresponding Reporting Period	31 DECEMBER 2018

Results for Announcement to the Market

		\$	Percentage increase /(decrease) over previous corresponding period
Revenue from ordinary activities		(538,790)	60%
Profit from ordinary activities after tax attributable to members		(697,036)	56%
Profit for the period attributable to members		(697,036)	56%
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.

+ 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	34.0c	62.0c

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	☒ 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	20 February 2020

DIRECTORS' REPORT

Your directors submit the financial report of the consolidated entity for the half-year ended 31 December 2019.

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 \$697,036 for the period compared to a loss of \$1,600,646 in the comparative period. Of this loss, \$538,844 arose from the mark to market of the Company's strategic investment of 13,471,111 ordinary shares in Namoi Cotton Limited ("Namoi") to a level of 31 cents per share, as compared to 35 cents per share on 30 June 2019.

Half Year 2020 Results Update to Shareholders

- **Loss of \$697,000 primarily due to lower Namoi Cotton share price**
- **NTA at December 31, 2019 of 34 cents**
- **Cash Levels now of \$ 150,000 enough for this financial year to June.**
- **Cash burn reduced by Directors taking shares in lieu of cash fees**
- **Due Diligence on Potential Acquisition being undertaken**
- **Rainfall starting to move inland to Cotton regions**
- **Unsolicited non- binding indicative approaches to acquire ARC**

Financial results

The after-tax loss of \$687,036 was not unexpected as the worst drought in 120 years weighs upon the share price of our principal investment in Namoi Cotton shares. We have reduced cash operating costs in the half to \$106,000 and continue to keep expenses and outgoings to a minimum. To put this in perspective the fixed cost of maintaining a listed entity, we believe is about \$200,000 per annum before any fees are paid to Directors.

The Stated Net Tangible Assets ("NTA") was reduced to 34 cents and our share price traded at a discount, which is disappointing but indicative of the subdued outlook for 2020.

Namoi Cotton Investment

Our current position remains steady with 13,471,11 shares which is the second largest shareholder with 9.6% of the currently issued ordinary shares. The share price is trading at a large discount to the stated asset backing or NTA of 91 cents, which is a realistic industry valuation for the cotton gins and storage facilities (held in the Namoi Cotton Alliance JV) the company presently owns. These are hard assets, land with steel machines, and concrete pads, and they all have a replacement cost well above the stated NTA.

However, in the worst drought in 120 years and with the crop forecast for this year to be 15% of the long term average number of bales of cotton in volumes, then the immediate earnings outlook is poor and this is reflected in the Namoi share price, as it traded back to 30 cents a share. Interestingly this type of situation to some investors is the perfect time to buy into a company and that is what we have seen, with a significant 6% block of Namoi stock being snapped up by a contrarian value investor.

The ARC original cost for the Namoi shares is just above 30 cents a share, having accumulated most of our holding in the former structure as co-operative capital units. It is worthwhile also noting that in the time in which ARC has been a unit holder and shareholder the following initiatives and changes have been implemented

- Transition from Co-operative to Public Company Structure
- Refreshment of the board and appointment of a new Chairman
- A new CEO started in September of 2019
- The majority of the former senior management team have left the business
- The staffing levels have been right sized to suit the upcoming operating conditions, with staff numbers moving down from 150 to 100 fulltime employees
- A significant review of the entire asset base of the business has been undertaken

These changes now set the base for a new strategic approach for the business that will be:

- Servicing growers in a competitive and commercial manner to win market share
- Focussed on the Return on Invested Capital of the company
- Seeking to drive higher ginning capacity utilisation and rationalise surplus capacity
- Remaining open to the potential for value creating Industry consolidation
- Seeking to lower the overall risk profile of the business

As shareholders we believe this can convert to significant cashflow earnings when the volumes are available, and this lays a platform to then seek to grow the company earnings outside the existing climate zones and catchments. This will further de-risk and reduce the earnings volatility.

The Namoi road has been longer than expected, due to operating conditions and previous sub-commercial behaviours. However, this situation is now being rectified and the core underlying business remains intact with strong cashflow generation potential once the drought breaks.

Acquisition Opportunity

We are currently evaluating an opportunity to grow and acquire assets, cashflow and growth options with the acquisition of a small agribusiness which would be complimentary to our current investment. We are undertaking exclusive due diligence at present from a commercial perspective and if progressed, we believe this opportunity would be value creating and incremental to our existing activities. It is envisaged it would be funded via the issue of new shares to the vendors along with some debt funding secured by property assets.

Strategic Direction: Plan B

If the above acquisition does not proceed, the board, following discussions with major shareholders of the company, has agreed to investigate the process of distributing some or all the assets of the company to the shareholders and winding the operations down. This is being considered due to the lack of success in growing the funds under management and recurring revenues. The board will, if required, be updating shareholders on this initiative if or when it is actioned.

Livestock Financing

Significant rainfall across Eastern and Northern Australia has turbo charged the cattle market with the EYCI moving up from 500 cents per kilo in late 2019 to now levels of 675 cents per kilo. Restockers have been very active as numbers have been difficult to access and have competed alongside processors for limited cattle supply. We believe the market has run too hard too fast and with the impacts of coronavirus yet to fully filter through to export beef prices. Any set back will have a negative impact for all cattle prices. On this basis and due to the difficulty in accessing debt funds at a reasonable interest rate cost of below 8 % per annum, we are continuing to monitor this situation.

Funds Management

Apart from having to fund our AFSL License costs, our activity here has been slow.

Summary

We are disappointed by the investment return of ARC, particularly when compared with major stock indices and markets, it has been substandard. However, the principal current asset being the Namoi Investment is in turn around mode and subject to relief from the historic drought conditions, has significant upside potential. We continue to progress our acquisition opportunity and will keep shareholders informed when appropriate.

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 8 for the half year ended 31 December 2019.

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: 20 February 2020

**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 2019 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
20 February 2020

AUSTRALIAN RURAL CAPITAL LIMITED AND CONTROLLED ENTITIES
Statement of Profit or Loss and Other Comprehensive Income
For the half year ended 31 December 2019

Continuing Operations	Note	31 Dec 2019 \$	31 Dec 2018 \$
Revenue	2	(538,790)	(1,359,455)
Other expenses	3	(158,246)	(241,191)
Profit/(loss) before income tax		(697,036)	(1,600,646)
Income tax expense		-	-
Profit/(loss) after income tax for the half-year		(697,036)	(1,600,646)
Other comprehensive income for the half year, net of tax		-	-
Total comprehensive income attributable to members of Australian Rural Capital Limited		(697,036)	(1,600,646)
Basic earnings/(loss) per share (cents per share)		(5.5c)	(12.8c)
Diluted earnings/(loss) per share (cents per share) *		(5.5c)	(12.8c)

* The total of the listed shares (refer to Note 8) and listed options (refer Note 10) has been used to calculate the Diluted earnings per share for the comparative period.

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 2019

		Economic Entity	
	Note	31 Dec 2019	30 June 2019
		\$	\$
CURRENT ASSETS			
Cash and cash equivalents	5	176,511	282,154
Trade and other receivables		95,771	3,872
Financial assets	6	4,176,044	4,714,888
TOTAL CURRENT ASSETS		4,448,326	5,000,914
NON-CURRENT ASSETS			
Deferred tax assets		6,146	6,146
Goodwill		7,709	7,709
TOTAL NON-CURRENT ASSETS		13,855	13,855
TOTAL ASSETS		4,462,181	5,014,769
CURRENT LIABILITIES			
Trade and Other payables		42,451	40,125
TOTAL CURRENT LIABILITIES		42,451	40,125
TOTAL LIABILITIES		42,451	40,125
NET ASSETS		4,419,730	4,974,644
EQUITY			
Issued capital	8	20,143,935	20,003,935
Reserves – options	10	387,303	387,303
Reserves – share based payments		66,469	74,980
Accumulated losses		(16,177,977)	(15,491,574)
Parent entity interest		4,419,730	4,974,644
Non-controlling interest			
TOTAL EQUITY		4,419,730	4,974,644

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 2019

	Note	Economic Entity 31 Dec 2019 \$	31 Dec 2018 \$
Cash flows from operating activities			
Payments to suppliers and employees		(105,697)	(257,290)
Purchases of investments		-	(132)
Dividends received		-	255,951
Interest received		54	227
Net cash used in operating activities		(105,643)	(1,245)
Cash flows from financing activities			
Issuance of new equity		-	8,325
Net cash provided by financing activities		-	8,325
Net (decrease)/increase in cash		(105,643)	7,080
Cash at beginning of period		282,154	452,379
Cash at end of period	5	176,511	459,459

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 2019

	Issued Capital	Reserves Share based payments	Options	Accumulated Losses	Total Equity
	\$	\$	\$	\$	\$
At 30 June 2018	19,995,610	98,353	388,118	(13,045,009)	7,437,072
Total comprehensive income for the period	-	-	-	(1,600,646)	(1,600,646)
Share based payments reserve	-	2,050	-	-	2,050
Contribution of equity from listed options exercised	8,325	-	-	-	8,325
Unlisted options lapsed	-	(31,572)	-	31,572	-
Listed options exercised	-	-	(815)	815	-
At 31 December 2018	20,003,935	68,831	387,303	(14,613,268)	5,846,801
Total comprehensive income for the period	-	-	-	(878,306)	(878,306)
Share based payments reserve	-	6,149	-	-	6,149
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

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 20 February 2020.

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 2019 ("**2019 Annual Report**"). The 2019 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 2019 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 2019 Annual Report, other than those outlined below:

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for an accounting period that begins on or after 1 July 2019.

New and revised Standards and amendments thereof and Interpretations effective for the current year that are relevant to the Group include:

- AASB 16 *Leases*

AASB 16 Leases

The Group does not have any leases as at report date and/or that would require adjustment made to the current or prior period upon adoption of the standard.

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 ENTITIES
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Economic Entity	
31 Dec 2019	31 Dec 2018
\$	\$

NOTE 2: REVENUES

Revenues are comprised as follows:

Miscellaneous revenue	-	900
Interest revenue	54	227
Dividend income	-	255,951
Change in fair value of investments retained	(538,844)	(1,616,533)
Total revenues	(538,790)	(1,359,455)

NOTE 3: EXPENSES

Expenses are comprised as follows:

Directors fees and costs – cash	-	124,811
Directors fees and costs – share based	67,200	2,050
Insurance	9,797	7,388
Office and occupancy expenses	6,000	6,000
Other expenses	75,249	100,942
Total expenses	158,246	241,191

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 2019: nil (30 June 2019: 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 \$43,621.

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

Economic Entity	
31 Dec 2019	30 June 2019
\$	\$

NOTE 5: CASH AND CASH EQUIVALENTS

Cash on hand and at bank	176,511	282,154
Net cash and cash equivalents as per statement of cash flows	176,511	282,154

NOTE 6: FINANCIAL ASSETS

CURRENT:

Fair value through profit and loss:

Listed investments at fair value – shares in listed corporations	4,176,044	4,714,888
TOTAL	4,176,044	4,714,888

NOTE 7. CONTROLLED ENTITIES

	Country of Incorporation	Percentage Owned	
		31 Dec 2019	30 June 2019
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)	Australia	100%	100%
(a) Registered 12 August 2016			
(b) Formerly ARC Investor Limited			
(c) Formerly Foundry Investment Partners Pty. Limited			

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

Economic Entity	
31 Dec 2019	30 June 2019
\$	\$

NOTE 8. EQUITY – ISSUED CAPITAL

12,946,240 fully paid authorised ordinary shares
(30 June 2019: 12,508,740)

20,143,935 20,003,935

MOVEMENT IN ISSUED SHARES OF THE PARENT ENTITY FOR THE PERIOD

Date	Details	Number of shares	\$
30 June 2019	Opening balance	12,508,740	20,003,935
14 November 2019	Shares issued to Directors for Directors fees	437,500	140,000
31 December 2019	Closing balance	12,946,240	20,143,935

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 ending 31 December 2019 (2019: \$0).

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

NOTE 9. EQUITY: RESERVES - SHARE BASED PAYMENTS (CONT'D)

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 \$2,122 in the period to 31 December 2019 (2018: \$2,050). 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.

On 14 November 2019 the company issued 437,500 fully paid ordinary shares (James Jackson 250,000, Darren Anderson 62,500 and Wayne Massey 125,000 (together the Related Parties)) in regard to remuneration for the period 1 July 2019– 30 June 2020 or the period of their tenure as Director during the 2020 Financial Year.

The fully paid ordinary shares will be issued *pari passu* to existing securities and will be subject to three trading lock periods that restricts trading on the Australian Stock Exchange for an overall period of one year from the date of issue of the shares.

The shares issued to Messrs Jackson, Anderson and Massey will be subject to three trading lock periods from the date of issue as per the terms of each Director's Agreement. The trading locks will determine that the shares will become tradable quarterly as four equal parcels. For each Director, the terms of the trading locks are set out as follows:

- i. One quarter of the issued shares to have no trading lock attached (1st quarter of FY 2020).
- ii. One quarter of the issued shares to have a trading lock attached from the date of issue to 31 December 2019 (2nd quarter of FY 2020)
- iii. One quarter of the issued shares to have a trading lock attached from the date of issue to 31 March 2020 (3rd quarter of FY 2020)
- iv. One quarter of the issued shares to have a trading lock attached from the date of issue to 30 June 2020 (4th quarter of FY 2020)

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. These options expired at 31 December 2018 and a transfer to account for this was made between the share based payments reserve and retained earnings of \$22,268.

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

NOTE 10. EQUITY: RESERVES – LISTED OPTIONS

Date	Details	Number of listed options	\$
30 June 2019	Opening balance	7,914,213	387,303
31 December 2019	Closing balance	7,914,213	387,303

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 2019	Level 1 \$	Level 2 \$	Level 3 \$	TOTAL \$
Financial assets at fair value through profit or loss:				
Shares in other corporations	4,176,044	-	-	4,176,044
TOTAL	4,176,044	-	-	4,176,044
30 June 2019	Level 1 \$	Level 2 \$	Level 3 \$	TOTAL \$
Financial assets at fair value through profit or loss:				
Shares in other corporations	4,714,888	-	-	4,714,888
TOTAL	4,714,888	-	-	4,714,888

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 2019 and 31 December 2019 necessitating comparison of similar financial liabilities.

AUSTRALIAN RURAL CAPITAL LIMITED AND CONTROLLED ENTITIES
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 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
Six months to 31 December 2018	Funds M'ment	Investment	Unallocated	TOTAL
	\$	\$	\$	\$
Revenue	-	(1,359,682)	-	(1,359,682)
Interest revenue	-	227	-	227
Expenses other than finance, depreciation & amortisation	3,665	-	237,526	241,191
SEGMENT RESULT	(3,665)	(1,359,455)	(237,526)	(1,600,646)
Finance costs	-	-	-	-
LOSS BEFORE INCOME TAX	(3,665)	(1,359,455)	(237,526)	(1,600,646)
Income tax expense	-	-	-	-
LOSS AFTER INCOME TAX	(3,665)	(1,359,455)	(237,526)	(1,600,646)
Segment Assets	52,317	5,798,076	31,181	5,881,574
Segment Liabilities	240	-	34,533	34,773

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

NOTE 13. 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 2019 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

20 February 2020

**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 2019, 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 2019 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 2019 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
20 February 2020