



ASSET RESOLUTION LIMITED
ABN 99 159 827 871

INTERIM FINANCIAL REPORT
FOR THE HALF YEAR ENDED
31 DECEMBER 2015

**ASSET RESOLUTION LIMITED
INTERIM FINANCIAL REPORT
FOR THE HALF YEAR ENDED 31 DECEMBER 2015**

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**DIRECTORS' REPORT
FOR THE HALF YEAR ENDED 31 DECEMBER 2015**



The Directors present their report together with the interim financial report of Asset Resolution Limited, for the half year ended 31 December 2015.

Directors

The names of the company's directors in office during the half-year and until the date of this report are as below.

Director	Position	Appointed	Last elected or re-elected at AGM	Resigned
Giles Craig	Non-Executive Chair	11 September 2015	-	-
John Sergeant	Independent Non-Executive	11 September 2015	24 November 2015	-
Frederick Woollard	Non-Executive Director	11 September 2015	-	-
David Beddall	Non-Executive Chair	8 August 2012	-	11 September 2015
Lindsay Johnston	Managing Director	8 August 2012	-	11 September 2015
Tony Pope	Independent Non-Executive	18 October 2012	-	11 September 2015

Giles Craig and Frederick Woollard are not deemed independent due to their substantial interest in the Company.

Information on Directors

**Giles Craig BSc Econ (Hons), FCA
Non-Executive Director, Chairman
Appointed 11 September 2015**

Mr Craig is an Executive Director of Hamilton Securities Limited, an NSX listed Investment Company and is a member of the compliance committee of RateSetter Australia RE, a peer to peer lender.

He was previously Managing Director of Cameron Stockbrokers Limited, a Sydney based private client stockbroker. Prior to that, he was Head of Private Clients at AMP Capital, Head of Distribution at Henderson Private Capital and worked in Corporate Finance at Merrill Lynch and Mergers and Acquisitions at Morgan Stanley.

He qualified with Ernst & Whinney as a Chartered Accountant in 1986.

**John Sergeant BSc, BA(Hons I), FAMSRS, MAICD
Independent Non-Executive Director
Appointed 11 September 2015**

Mr Sergeant is a private investor and academic. He holds degrees in Biological Sciences and Psychology from the University of Sydney, where he is a lecturer in the Business School, teaching at the postgraduate level.

Prior to joining the Company, he has managed a number of successful consultancy businesses and has served on the boards of Australian and multinational professional services firms. More recently, he has helped in the successful recapitalisation, recovery and return to stability and growth of a failed resources business.

**DIRECTORS' REPORT CONTINUED
FOR THE HALF YEAR ENDED 31 DECEMBER 2015**



Frederick Woollard BEd, GAICD

Non-Executive Director

Appointed 11 September 2015

Mr Woollard is Managing Director of Samuel Terry Asset Management, which manages the Samuel Terry Absolute Return Fund, ARL's largest shareholder. He has worked in the stockbroking and funds management industry for over 30 years. From 1989 to 1998 he worked in London and Monaco as an investment analyst and fund manager for a family office.

In 2000, Mr Woollard joined Hunter Hall International Limited, a then-successful Australian investment manager, as an executive director based in London. He oversaw Hunter Hall's investments in the UK, Europe and America. In 2003, he returned to Australia to establish the Samuel Terry Fund.

He is currently a member of the boards of a number of private companies and the St Andrew's College Foundation. He is a Director of one other public company, Hamilton Securities Ltd, ARL's second-largest shareholder.

David Beddall

Non-Executive Director, Chairman

Resigned 11 September 2015

Mr Beddall was a Federal member in the Australian Parliament from 1983 to 1998, federal minister from 1990 to 1996 and president of the Australian Franchisees Association Incorporated, Members of the Australian Competition & Consumer Commission Franchising Consultative Committee.

Mr Beddall has also been Councillor of the Australian Industry Group and Councillor – Queensland executive members (Branch Secretary & Treasurer) of the Australian Industry Group (QLD). He was most recently Chairman of Industrea Limited an ASX 200 listed Company which was sold in November 2012 to the General Electric Company.

Lindsay Johnston

Managing Director

Resigned 11 September 2015

Mr Johnston has had over 15 years banking and accounting experience as a National and General Manager / Executive.

Mr Johnston's specialties include: portfolio finance and management; portfolio sales; credit risk; market risk; asset management; risk assessment; and mergers and acquisitions.

Mr Tony Pope

Non-Executive Director

Resigned 11 September 2015

Mr Pope has in excess of 40 years' experience in banking and funds management. He has been involved in the senior management of finance and investment banking companies with experience in lending, treasury, equipment leasing and structured finance. Mr Pope was previously involved in the property and finance sectors particularly relating to their compliance with Australian Financial Services Licences.

Mr Pope was involved in the turnaround of the Estate Mortgage Trusts and their restructure into the successful listed property trust, Meridian Investment Trust. Acting as the Fund Manager for a number of years, Mr Pope negotiated the takeover of two other listed trusts, one of which was a retail trust with 10 shopping centres in New South Wales and Queensland.

**DIRECTORS' REPORT CONTINUED
FOR THE HALF YEAR ENDED 31 DECEMBER 2015**



Information on Company Secretary

**Victoria Allinson FCCA, AGIA
Company Secretary**

Ms Allinson was appointed accompany secretary on 1 October 2015, following Christina Luella Sutherland's resignation on 11 September 2015.

Ms Allinson is a Fellow of the Association of Certified Chartered Accountants and a member of the Governance Institute of Australia. She has over 25 years' accounting and auditing experience, including company secretary and CFO positions in a number of listed companies and audit manager for Deloitte Touche Tohmatsu.

Ms Allinson is currently Company Secretary and Chief Financial Officer (CFO) for Kangaroo Island Plantation Timbers Ltd and CFO for a number of ASX listed companies and other entities.

Directors' Interests in the shares and options of the Company and related bodies corporate

As at the date of this report, the interests of the directors, either directly or indirectly, in the shares of Asset Resolution Limited were:

Interest in ordinary post-consolidated shares

	Opening interest at 1 July 2015	Net changes during the period	Issued in lieu of directors fees	Closing interest at date of this report
Giles Craig	-	329,129	-	329,129
John Sergeant	-	22,150	-	22,150
Frederick Woollard	-	1,214,273	-	1,214,273
David Beddall	-	-	-	-
Lindsay Johnston	-	-	-	-
Tony Pope	-	-	-	-
Total ⁽ⁱ⁾	-	1,525,969	-	1,525,969

(i) Includes shares held by directors but does not duplicate Hamilton Securities Limited holding, as these are the same shares, see 1 and 3 below.

At the date of this report:

1. Giles Craig holds 329,129 post consolidated shares:
 - o 309,129 are held in Hamilton Securities Limited in which he is a director and shareholder; and
 - o 20,000 shares are held in North Shore Custodians ATF The Craig Family Trust, of which he is a beneficiary. These shares were acquired since the period ended at \$2 per share.
2. John Sergeant holds 22,150 post consolidated shares. 20,000 shares are held in Phalaenopsis Pty Ltd AF Sergeant Family Trust, of which he has effective control; and 2,150 are held directly. These shares were acquired in the period at \$2 per share.
3. Frederick Woollard holds 1,214,271 post consolidated shares:
 - o 309,129 are held in Hamilton Securities Limited in which he is a director and shareholder;
 - o 904,957 held by Samuel Terry Asset Management Pty Ltd as trustee for the Samuel Terry Absolute Return Fund ("STAR") of which he is a shareholder and beneficiary; and
 - o 185 shares are held in Woollard Super Fund of which he is a beneficiary.

Mr Sergeant discloses that he is a unitholder in STAR, which is a substantial holder in the Company. Mr Sergeant does not have the power to direct or influence STAR in the exercise of its voting rights or in regard to the acquisition or disposal of shares. Nor does Samuel Terry Asset Management, the manager of STAR, have any power, beyond that available by virtue of being a shareholder, to direct or influence Mr Sergeant in the performance of his duties as Director.

**DIRECTORS' REPORT CONTINUED
FOR THE HALF YEAR ENDED 31 DECEMBER 2015**



Interest in Options

There are no options on issue.

Review of Operations

Review of current period operations

During the period the Company's losses amounted to \$1,869,319 (December 2014 \$1,450,310). The increase is primarily due to higher mortgage loan impairment costs \$1,467,974 (December 2014: \$1,061,914).

The head office costs of ARL have been significantly reduced since the appointment of the new board in September 2015 by \$265,086 compared to the prior period:

- Insurance costs are \$242,420, all of which related to run off insurance acquired by the previous board (December 2014: \$221,921);
- Directors fees are \$133,720, including \$78,857 of fees relating to the previous board (December 2014: \$183,308);
- Accounting and administrative fees are \$162,347, including \$138,359 of fees relating to Castlereagh Capital (December 2014: \$313,316); and
- Audit fees are \$21,116, including \$13,866 of fees relating to prior period audits (December 2014: \$34,055).

There are number of prior period events that have affected the current period results:

- ARL realised \$12,733,214 from the Forest Resort mortgage loan on the settlement date, 5 November 2015. The fair value of mortgage at 30 June 2015 amounted to \$13,990,500, based on costs to settlement being estimated at \$982,500. The costs to settlement were underestimated, resulting in mortgage loan impairment of \$1,257,286 in the period. In addition, further costs were incurred by ARL resulting in a total impairment of \$1,467,974; and
- A number of receivables have been deemed irrecoverable, resulting in an impairment of \$94,464.

At a General Meeting held on 11 September 2015, the following ordinary resolutions were approved by shareholders:

- Mr Giles Craig, Mr John Sergeant and Mr Fred Woollard were appointed a Director of the Company; and
- Mr David Beddall, Mr Lindsay Johnson, and Mr Tony Pope were removed as Director of the Company.

At the Annual General Meeting held on 24 November 2015, the following ordinary resolutions were approved by the shareholders:

- Mr John Sergeant was re-elected as a director of the Company;
- Grant Thornton was appointed as auditor;
- share consolidation on the basis of 1 share for every 200 shares held;
- new constitution was adopted; and
- on-market buy-back of shares.

On the 8 December 2015, the total share on issue have reduced from 980,558,167 shares to 4,905,441 shares following the share consolidation approved by shareholders at the AGM.

**DIRECTORS' REPORT CONTINUED
FOR THE HALF YEAR ENDED 31 DECEMBER 2015**



Review of Operations (continued)

History of ARL and assignment of assets from the PIF

ARL was a special-purpose entity established specifically to hold mortgage loans, underlying security, interest in and benefits from claims assigned from Perpetual Nominees Limited (“PNL”) as Custodian of the Premium Income Fund ARSN 090 687 577 (“PIF”).

The mortgage loans, underlying security, interest in and benefits from claims made as described above as assigned by PIF are collectively referred to as the “Assets”.

On 4 September 2012, \$50,465,000 of assets and certain associated liabilities were assigned to ARL from PNL as Custodian of the PIF. In consideration for the assignment of the above noted assets and associated liabilities ARL issued 830,532,768 shares to PIF who then made an *in specie* distribution of the ARL shares to PIF unit holders.

On 18 December 2012, PIF through PNL, assigned to ARL the remaining 40% debt and charges over six companies of \$4,490,000 referred to as The Forest Resort companies (these assigned assets form part of the reference to the “Assets”). In consideration for these assigned assets, ARL issued a further 150,025,399 shares to PNL as Custodian of PIF.

As at 31 December 2015, all assets except for the interest in the benefit of the Proof of Debt in Octaviar Limited and Octaviar Administration Pty Ltd (“Octaviar Debt”), have been realised or impaired. The Octaviar Debt is shown with a fair value of \$nil (prior period \$nil). Refer to Notes 6 and 10 for further details.

Events subsequent to balance date

No matters or circumstances have arisen since 31 December 2015 to the date of this report which have significantly affected or may affect:

- a) the company’s operations in future financial periods; or
- b) the results of those operations in future financial periods; or
- c) the company’s state of affairs in future financial periods.

Auditor’s Declaration

A copy of the auditor’s independence declaration as required by section 307C of the *Corporations Act 2001* in relation to the review for the half year is provided with this report.

Signed in accordance with a resolution of the directors:

A handwritten signature in blue ink that reads 'Giles C Craig'.

**Mr Giles Craig
Chairman**

Sydney, 9 March 2016

Level 17, 383 Kent Street
Sydney NSW 2000

Correspondence to:
Locked Bag Q800
QVB Post Office
Sydney NSW 1230

T +61 2 8297 2400
F +61 2 9299 4445
E info.nsw@au.gt.com
W www.grantthornton.com.au

Auditor's Independence Declaration To The Directors of Asset Resolution Limited

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the review of Asset Resolution Limited for the half-year ended 31 December 2015, I declare that, to the best of my knowledge and belief, there have been:

- a No contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- b No contraventions of any applicable code of professional conduct in relation to the review.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



G S Layland
Director - Audit & Assurance

Sydney, 9 March 2016

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**ASSET RESOLUTION LIMITED
INTERIM FINANCIAL REPORT
FOR THE HALF YEAR ENDED 31 DECEMBER 2015**



DIRECTORS' DECLARATION

In the Directors' opinion:

- (a) The financial statements and notes set out on pages 10 to 18 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Accounting Standards AASB 134 Interim Reporting, the Corporations Regulations 2001; and
 - (ii) giving a true and fair view of the company's financial position as at 31 December 2015 and of its performance for the half-year ended on that date; and
- (b) There are reasonable grounds to believe that Asset Resolution Limited will be able to pay its debts as and when they become due and payable.

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


Mr Giles Craig
Chairman

Sydney, 9 March 2016

ASSET RESOLUTION LIMITED
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 31 DECEMBER 2015



	Note	Half year ended 31 December 2015 \$	Half year ended 31 December 2014 \$
Revenue from continuing operations			
Interest income		27,753	195,872
Gain on realisation of mortgage loans		-	444,155
Other income		-	61,648
		<hr/>	<hr/>
Total revenue and investment income		27,753	701,675
Expenses			
Administrative expenses		1,586	1,388
Other expenses	2	818,150	1,079,507
Finance expenses		1,130	1,376
Impairment loss on mortgage loans	2	1,467,974	1,061,914
Impairment loss on other receivables		94,464	-
Other		4,119	7,800
		<hr/>	<hr/>
Total expenses		2,387,423	2,151,985
		<hr/>	<hr/>
Profit / (loss) before income tax		(2,359,670)	(1,450,310)
Income tax benefit / (expense)		490,351	-
		<hr/>	<hr/>
Profit / (loss) for the period		(1,869,319)	(1,450,310)
Other comprehensive income, net of income tax			
Items that will not be reclassified subsequently to profit or loss			
Other comprehensive income, net of income tax		-	-
		<hr/>	<hr/>
Total comprehensive income, net of income tax		(1,869,319)	(1,450,310)
		<hr/>	<hr/>
Profit / (loss) attributable to members		(1,869,319)	(1,450,310)
		<hr/>	<hr/>
Total comprehensive (loss) / income attributable to members		(1,869,319)	(1,450,310)
		<hr/> <hr/>	<hr/> <hr/>
Earnings per post-consolidated share			
Basic profit / (loss) per share (cents)	3	(38)	(30)
Diluted profit / (loss) per share (cents)	3	(38)	(30)
Earnings per pre-consolidated share			
Basic profit / (loss) per share (cents)	3	(0.19)	(0.15)
Diluted profit / (loss) per share (cents)	3	(0.19)	(0.15)

These financial statements should be read in conjunction with the accompanying notes.

ASSET RESOLUTION LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2015



	Note	As at 31 December 2015 \$	As at 30 June 2015 \$
Assets			
Cash and cash equivalents	5	12,688,871	271,868
Trade and other receivables		20,212	1,221,270
Financial assets - Mortgage loans	6	-	13,990,500
Total current assets		12,709,083	15,483,638
Total non- current assets		-	-
Total assets		12,709,083	15,483,638
Liabilities			
Trade and other payables		27,757	222,801
Accrued expenses		30,317	204,171
Employee benefits		4,681	50,668
Deferred tax liability		-	490,351
Total current liabilities		62,755	967,991
Total non- current liabilities		-	-
Net assets		12,646,328	14,515,647
Equity			
Contributed equity	7	36,773,837	36,773,837
Retained losses		(24,127,509)	(22,258,190)
Total equity		12,646,328	14,515,647

These financial statements should be read in conjunction with the accompanying notes.

ASSET RESOLUTION LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2015



	Note	Issued Capital \$	Retained earnings \$	Total \$
Balance as at 1 July 2014		55,405,000	(24,631,144)	30,773,856
Loss for the period		-	(1,450,310)	(1,450,310)
Other comprehensive income		-	-	-
Total comprehensive income		-	(1,450,310)	(1,450,310)
Transaction with owners:				
Share capital return		(9,805,582)	-	(9,805,582)
Dividends paid		-	-	-
Sub total		(9,805,582)	-	(9,805,582)
Balance at 31 December 2014		45,599,418	(26,081,454)	19,517,964
Balance as at 1 July 2015		36,773,837	(22,258,190)	14,515,647
Loss for the period		-	(1,869,319)	(1,869,319)
Other comprehensive income		-	-	-
Total comprehensive income		-	(1,869,319)	(1,869,319)
Transaction with owners:				
Dividends paid		-	-	-
Sub total		-	-	-
Balance at 31 December 2015		36,773,837	(24,127,509)	12,646,328

These financial statements should be read in conjunction with the accompanying notes.

**ASSET RESOLUTION LIMITED
STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 31 DECEMBER 2015**



	Note	Half year ended 31 December 2015 \$	Half year ended 31 December 2014 \$
Cash flow from operating activities			
Interest received		27,753	195,872
Other income received		-	92,378
Payments to suppliers		(995,377)	(1,232,593)
		<hr/>	
Net cash provided used in operating activities		(967,624)	(944,343)
Cash flow from investing activities			
Net proceeds from mortgage loans		12,733,214	1,646,767
Net proceeds from loans and receivables		-	575,000
Mortgage loan advances and property outgoings		(328,587)	(1,483,140)
		<hr/>	
Net cash provided by investing activities		12,404,627	738,627
Cash flow from financing activities			
Receipt/(Payments) for share capital reduction		980,000	(9,805,582)
		<hr/>	
Net cash provided by/(used in) financing activities		980,000	(9,805,582)
		<hr/>	
Net increase/(decrease) in cash and cash equivalents		12,417,003	(10,011,298)
Cash and cash equivalents at beginning of the period		271,868	14,438,194
		<hr/>	
Cash and cash equivalents at end of the period	5	12,688,871	4,426,896
		<hr/> <hr/>	

These financial statements should be read in conjunction with the accompanying notes.

ASSET RESOLUTION LIMITED
NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2015



NOTE 1: BASIS OF PREPARATION OF THE INTERIM FINANCIAL REPORT

The financial report of Asset Resolution Limited (“the Company”) for the half-year ended 31 December 2015 was authorised for issue in accordance with a resolution of the Directors on 8 March 2016. Asset Resolution Limited is a company incorporated and domiciled in Australia and limited by shares.

This general purpose financial report for the half-year reporting period ended 31 December 2015 has been prepared in accordance with Accounting Standard *AASB 134 Interim Financial Reporting* and the *Corporations Act 2001*.

This interim financial report does not include all full note disclosure of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2015.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

NOTE 2: OTHER INCOME AND EXPENSES

	31 December 2015	31 December 2014
	\$	\$
Directors’ fees (Note 13)	133,720	183,308
Company secretarial fees (Note 13)	12,000	19,000
Auditor fee	21,116	34,055
Consultancy fees - FTI Consulting (Australia) Pty Limited	-	15,353
Consultancy fees – Castlereagh Capital Ltd	138,359	297,781
Consultancy fees – My Virtual HQ	23,988	-
Insurance – run off insurance	242,420	-
Insurance – annual insurance	-	221,921
Legal fees	113,129	119,364
Registry fees	133,418	188,725
Total	818,150	1,079,507
Impairment loss on mortgage loans	1,467,974	1,061,914
Impairment loss on other receivables	94,464	-
	1,592,438	1,061,914

The sale of Forest Resort Asset for \$14,973,000 was completed on 5 November 2015. The carrying value of the Forest Resort mortgage loan at 30 June 2015 amounted to \$13,990,500 based on estimated costs to settlement of \$982,500. The costs to settlement were underestimated, resulting in mortgage loan impairment of \$1,257,286 in the period. In addition, further costs were incurred by ARL resulting in a total impairment of \$1,467,974.

ASSET RESOLUTION LIMITED
NOTES TO THE INTERIM FINANCIAL STATEMENTS CONTINUED
FOR THE HALF YEAR ENDED 31 DECEMBER 2015



NOTE 3: EARNINGS PER SHARE

The following reflects the income and share data used in the total operation's basic and diluted earnings per share computations:

Earnings used in calculating earnings per share

	Consolidated	
	31 December 2015	31 December 2014
	\$	\$
Continuing Net loss attributable to ordinary equity holders of the parent	(1,869,319)	(1,450,310)

Weighted average number of shares

<i>Post- consolidation</i>	<i>No.</i>	<i>No.</i>
<i>Weighted average number of ordinary shares for basic earnings per share</i>	4,905,441	n/a
Effect of dilution:		
Share options	-	-
<i>Weighted average number of ordinary shares adjusted for the effect of dilution</i>	4,905,441	n/a
<i>Pre- consolidation</i>	<i>No.</i>	<i>No.</i>
<i>Weighted average number of ordinary shares for basic earnings per share</i>	980,558,167	980,558,167
Effect of dilution:		
Share options	-	-
<i>Weighted average number of ordinary shares adjusted for the effect of dilution</i>	980,558,167	980,558,167

There are no instruments excluded from the calculation of diluted earnings per share that could potentially dilute basic earnings per share in the future because they are anti-dilutive for either of the periods presented.

There have been no other transactions involving ordinary shares or potential ordinary shares that would significantly change the number of ordinary shares or potential ordinary shares outstanding between the reporting date and the date of completion of these financial statements.

NOTE 4: DIVIDENDS PAID AND PROPOSED

No dividends have been paid during the current period and no dividends have been proposed. No dividends were paid during the prior period.

ASSET RESOLUTION LIMITED
NOTES TO THE INTERIM FINANCIAL STATEMENTS CONTINUED
FOR THE HALF YEAR ENDED 31 DECEMBER 2015



NOTE 5: CASH

Cash reported comprises both cash and cash equivalents as follows:

	31 December 2015	30 June 2015
	\$	\$
Cash at bank	12,686,115	62,101
Funds held in trust	2,756	209,767
Total	12,688,871	271,868

NOTE 6: FINANCIAL ASSETS - MORTGAGE LOANS

	31 December 2015	30 June 2015
	\$	\$
Opening carrying value	13,990,500	11,216,591
Receivable during period	(12,733,214)	(2,664,695)
Expenses during period	210,688	2,607,168
Impairment (loss)/gain on mortgage loans	(1,467,974)	1,953,913
Gain on realisation on mortgage loans	-	877,523
Balance at the end of the period	-	13,990,500

On 24 July 2015, a contract for the sale of Forest Resort was executed, the sale was completed on 5 November 2015. The total contract amount for Forest Resort is \$14,973,000 (excluding GST and settlement and inventory adjustments). The contract resulted in cash inflow in respect of ARL's mortgage loan of \$12,733,214 following selling fees \$736,203, legal fees of \$285,345, Castlereagh Capital fees \$298,598 and other expenses of \$919,640. The Forest Resort mortgage loan has an opening carry value of \$13,900,500, resulting in an impairment of \$1,467,974 during the period.

NOTE 7: CONTRIBUTED EQUITY

	31 December 2015		30 June 2015	
	No.	\$	No.	\$
Movement in ordinary shares				
Balance at the beginning of the period	980,558,167	36,773,837	980,558,167	55,405,000
Consolidation on basis of 1:200	(975,652,726)	-	-	-
Share capital reduction ⁽¹⁾	-	-	-	(18,631,163)
Balance at the end of the period	4,905,441	36,773,837	980,558,167	36,773,837

(1) On 28 November 2014 and 22 June 2015 respectively, ARL shareholders voted in favour of a resolution for the share capital to be reduced by \$18,631,163 by way of an equal capital reduction. This was affected by ARL paying to each registered holder of a fully paid ordinary share the amount of \$0.01 and \$0.009 per fully paid share. The funds were transferred to shareholders with the amounts of \$9,805,582 on 2 December 2014 and \$8,825,581 on 13 July 2015. Both of the returns of capital had the benefit of having a class ruling issued by the ATO.

NOTE 8: EVENTS OCCURRING AFTER BALANCE SHEET DATE

No matters or circumstances have arisen since 31 December 2015 to the date of this report which have significantly affected or may affect:

- a) the company's operations in future financial periods; or
- b) the results of those operations in future financial periods; or
- c) the company's state of affairs in future financial periods.

NOTE 9: CONTINGENT LIABILITIES

The Directors are not aware of any contingent liabilities in existence at balance date, nor at the date of signing of the financial report.

NOTE 10: CONTINGENT ASSETS

ARL is owed approximately \$206 million by Octaviar Limited (formerly MFS Limited) and approximately \$137 million by Octaviar Administration Pty Ltd (formerly MFS Administration Pty Ltd). Although both companies have substantial amounts of cash and other assets that are potentially available to creditors, there are legal disputes about the status of some creditors of each company. Both companies have spent substantial amounts on liquidators' and legal fees, and it is possible that further substantial amounts could be spent before the companies are wound up. For these reasons, it is impossible to forecast with confidence how much, if anything, ARL might recover from these assets, nor is it possible to forecast when ARL might receive any money from them. Accordingly, the directors have resolved to continue showing the Octaviar debts at zero value in ARL's accounts, even though it is possible that ARL will recover some money from these debts.

NOTE 11: COMMITMENTS

There are no operating lease commitments at 31 December 2015 or 30 June 2015

NOTE 12: OPERATING SEGMENTS

The Directors have considered the requirements of AASB 8 – Operating Segments and the internal reports that are reviewed by the chief operating decision maker (the Board) in allocating resources and have concluded that there are no separately identifiable segments.

NOTE 13: KEY MANAGEMENT PERSONNEL

The names of the persons who were key management personnel of the Company at any time during the current or prior financial year were as follows:

Giles Craig (Chair) appointed 11 September 2015
John Sergeant (Director) appointed 11 September 2015
Frederick Woollard (Director) appointed 11 September 2015
Victoria Allinson (Company Secretary) appointed 1 October 2015

ASSET RESOLUTION LIMITED
NOTES TO THE INTERIM FINANCIAL STATEMENTS CONTINUED
FOR THE HALF YEAR ENDED 31 DECEMBER 2015



NOTE 13: KEY MANAGEMENT PERSONNEL (CONTINUED)

David Beddall (Chairman) resigned 11 September 2015
 Lindsay Johnston (Director) resigned 11 September 2015
 Tony Pope (Director) resigned 11 September 2015
 Christina Sutherland (Company Secretary) resigned 11 September 2015

There were no other key management personnel of the company during the period.

Remuneration of key management personnel

Name	Short-term Remuneration & Fees	
	31 December 2015	31 December 2014
	\$	\$
Giles Craig (Chair)	18,288	-
John Sergeant (Director)	18,288	-
Frederick Woollard (Director)	18,288	-
David Beddall (Director)	20,000	60,000
Lindsay Johnston (Director)	31,116	63,308
Tony Pope (Director)	27,740	60,000
Total Directors fees	133,720	183,308
Victoria Allinson (Company Secretary) ⁽ⁱ⁾	3,000	-
Christina Sutherland (Company Secretary)	9,000	19,000
Total Key Management Personnel remuneration	145,720	202,308

(i) Ms Allinson provides professional accounting, administration and company secretarial services at a fixed fee of \$38,400 per annum pre-listing \$45,600 per annum post-listing, the fees for accounting services amount to \$23,988 (2015: \$nil), including \$14,388 of additional set up and other on-off fees. The fees are invoiced by Allinson Accounting Solutions Pty Ltd, of which Victoria Allinson is Managing Director and shareholder. The services are provided by Mrs Allinson and her employee.

Level 17, 383 Kent Street
Sydney NSW 2000

Correspondence to:
Locked Bag Q800
QVB Post Office
Sydney NSW 1230

T +61 2 8297 2400

F +61 2 9299 4445

E info.nsw@au.gt.com

W www.grantthornton.com.au

Independent Auditor's Review Report To the Members of Asset Resolution Limited

We have reviewed the accompanying half-year financial report of Asset Resolution Limited ("Company"), which comprises the statement of financial position as at 31 December 2015, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of accounting policies, other explanatory information and the directors' declaration.

Directors' responsibility for the half-year financial report

The directors of Asset Resolution Limited 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 controls 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 the Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the Asset Resolution Limited financial position as at 31 December 2015 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 Asset Resolution Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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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 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 Asset Resolution Limited is not in accordance with the Corporations Act 2001, including:

- a giving a true and fair view of the Company's financial position as at 31 December 2015 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.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

G S Layland

G S Layland
Director - Audit & Assurance

Sydney, 9 March 2016