



ASSET RESOLUTION LIMITED
ABN 99 159 827 871

INTERIM FINANCIAL REPORT
FOR THE HALF YEAR ENDED
31 DECEMBER 2019

**ASSET RESOLUTION LIMITED
INTERIM FINANCIAL REPORT
FOR THE HALF YEAR ENDED 31 DECEMBER 2019**

TABLE OF CONTENTS

	Page
Directors' Report	3
Auditor's Independence Declaration	6
Directors' Declaration	7
Financial Statements for the Half Year Ended 31 December 2019	
Statement of Profit or Loss and Other Comprehensive Income	8
Statement of Financial Position	9
Statement of Changes in Equity	10
Statement of Cash Flows	11
Notes to the Financial Statements	12
Independent Auditor's Review Report	18

**ASSET RESOLUTION LIMITED
DIRECTORS' REPORT
FOR THE HALF YEAR ENDED 31 DECEMBER 2019**



The Directors present their report together with the interim financial report of Asset Resolution Limited (“Company”), for the half year ended 31 December 2019.

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
Giles Craig	Non-Executive Chair	11 September 2015	24 October 2018
Graham Holdaway	Independent Non-Executive	1 April 2017	18 October 2019
Sarina Roppolo	Independent Non-Executive	28 February 2018	24 October 2018

Giles Craig is not deemed independent due to his substantial interest in the Company.

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:

Directors	Opening interest at 1 July 2019	Net changes during the period	Granted as remuneration	Closing interest at 31 December 2019 & date of this report
Giles Craig	85,472	-	-	85,472
Graham Holdaway	46,240	-	-	46,240
Sarina Roppolo	17,906	365	-	18,271
Total Directors	149,618	365	-	149,983

At 31 December 2019 and at the date of this report:

1. Giles Craig holds 85,472 shares:
 - 76,183 shares are held in North Shore Custodians ATF The Craig Family Trust, of which he is a beneficiary; and
 - 9,289 shares are held by Giles and Vicki Craig ATF the Craig Family Superannuation Fund of which Mr Craig has effective control.
2. Graham Holdaway holds 46,240 shares:
 - 40,141 shares are held by Holdaway & Holdaway Pty Ltd, of which he has effective control, and,
 - 6,099 shares are held by Graham and Kristina Holdaway ATF the G&K Superfund, of which he has effective control.
3. Sarina Roppolo holds 18,271 shares:
 - 18,271 shares are held by Abril Holdings Pty Ltd, of which she has effective control.

Interest in Options

There are no options on issue.

**ASSET RESOLUTION LIMITED
DIRECTORS' REPORT CONTINUED
FOR THE HALF YEAR ENDED 31 DECEMBER 2019**



Review of Operations

Review of current period operations

During the period the Company's losses amounted to \$68,904 (December 2018 losses: \$196,011). The \$127,107 decrease is primarily due to \$nil investment losses (December 2018: \$90,037).

In prior years, the liquidators of Octaviar Ltd had advised the Company that \$205,694,371 of the proof of debt claim had been allowed. To date, the Company has received \$2,014,941 in respect of that debt claim. Due to the uncertainty around the amount and timing of future payment, the Company continues to show the Octaviar debts receivable at zero value in ARL's balance sheet. Refer to Note 10 for further details.

At the Annual General Meeting held on 23 October 2019, the following resolutions were approved by the shareholders:

- Mr Graham Holdaway was re-elected as a director of the Company;
- the on-market buy-back of up to 646,655 fully paid ordinary shares in the Company (representing approximately 20% of the Company's issued shares as at 5 September 2019) in the 12-month period to 23 October 2019, of which none have been bought back to date; and
- a special resolution to issue shares to directors in lieu of their 2019 Directors' fees (Board total fees: \$150,000 per annum) at \$2.90 per share under the Non-Executive Share Plan.

Net Tangible Asset Per Share:

	Half-year ended 31 Dec 2019 \$	Year ended 30 Jun 2019 \$	Year ended 30 Jun 2018 \$
Net Assets			
Cash and receivables	6,137,185	6,280,639	6,942,866
Financial assets – mortgage loan	3,250,000	3,250,000	2,750,000
Total liabilities - current	(64,004)	(138,555)	(155,682)
Net Assets	9,323,181	9,392,084	9,537,184
Number of Shares on issue	3,233,277	3,233,277	3,162,855
Net tangible assets per share in \$:	2.88	2.90	3.01
Net tangible assets per share in cents:	288	290	301

Events subsequent to balance date

On 6 February 2020 the Company made a \$4 million equity investment in NobleOak Life Limited (NobleOak), acquiring approximately 4.35% of the company. NobleOak is an Australian public unlisted company based in Sydney and, prior to demutualisation in 2011, was The Druids Friendly Society of NSW. It is a profitable entity, achieving a profit after tax of \$5.2 million in 2019, and is regulated by ASIC and APRA.

There are no other matters or circumstances that have arisen since 31 December 2019 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.

**ASSET RESOLUTION LIMITED
DIRECTORS' REPORT CONTINUED
FOR THE HALF YEAR ENDED 31 DECEMBER 2019**



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**

5th March 2020

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 2019, 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



Grant Layland
Director – Audit & Assurance

Sydney, 5 March 2020

Grant Thornton Audit Pty Ltd ACN 130 913 594
a subsidiary or related entity of Grant Thornton Australia Ltd ABN 41 127 556 389

www.grantthornton.com.au

'Grant Thornton' refers to the brand under which the Grant Thornton member firms provide assurance, tax and advisory services to their clients and/or refers to one or more member firms, as the context requires. Grant Thornton Australia Ltd is a member firm of Grant Thornton International Ltd (GTIL). GTIL and the member firms are not a worldwide partnership. GTIL and each member firm is a separate legal entity. Services are delivered by the member firms. GTIL does not provide services to clients. GTIL and its member firms are not agents of, and do not obligate one another and are not liable for one another's acts or omissions. In the Australian context only, the use of the term 'Grant Thornton' may refer to Grant Thornton Australia Limited ABN 41 127 556 389 and its Australian subsidiaries and related entities. GTIL is not an Australian related entity to Grant Thornton Australia Limited.

Liability limited by a scheme approved under Professional Standards Legislation.



**ASSET RESOLUTION LIMITED
INTERIM FINANCIAL REPORT
FOR THE HALF YEAR ENDED 31 DECEMBER 2019**

DIRECTORS' DECLARATION

In the Directors' opinion:

- (a) The financial statements and notes 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 2019 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.

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

**Mr Giles Craig
Chairman**

5th March 2020

ASSET RESOLUTION LIMITED
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 31 DECEMBER 2019



	Note	Half year ended 31 December 2019 \$	Half year ended 31 December 2018 \$
Revenue from continuing operations			
Interest income	2	110,357	83,179
		110,357	83,179
Total revenue and investment income			
Fair value (loss)/gain on equity investments at fair value through profit and losses	2	-	(90,037)
Expenses			
Administrative expenses		4,755	6,385
Other expenses	2	173,157	181,795
Finance expenses		78	116
Other		1,271	857
		179,261	189,153
Total expenses			
(Loss) before income tax		(68,904)	(196,011)
Income tax benefit / (expense)		-	-
		(68,904)	(196,011)
(Loss) / Profit for the period			
Other comprehensive income, net of income tax			
Other comprehensive income, net of income tax		-	-
		(68,904)	(196,011)
Total comprehensive income, net of income tax			
		(68,904)	(196,011)
(Loss) attributable to members			
		(68,904)	(196,011)
Total comprehensive (loss) attributable to members			
		(68,904)	(196,011)
Earnings per share			
Basic (loss) per share (cents)	3	(2.13)	(6.10)
Diluted (loss) per share (cents)	3	(2.13)	(6.10)

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

**ASSET RESOLUTION LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019**



	Note	As at 31 December 2019 \$	As at 30 June 2019 \$
Assets			
<i>Current assets</i>			
Cash and cash equivalents	5	6,081,360	6,240,559
Trade and other receivables		55,825	40,080
Financial assets - mortgage loans	6	3,250,000	3,250,000
Total current assets		9,387,185	9,530,639
Liabilities			
<i>Current liabilities</i>			
Trade and other payables		8,918	35,179
Accrued expenses		55,087	103,376
Total current liabilities		64,005	138,555
Total non-current liabilities		-	-
Net assets		9,323,180	9,392,084
Equity			
Contributed equity	7	32,535,316	32,535,316
Retained losses		(23,212,136)	(23,143,232)
Total equity		9,323,180	9,392,084

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 2019



	Note	Issued Capital \$	Retained earnings \$	Total \$
Balance as at 1 July 2018		32,385,316	(22,848,132)	9,537,184
Loss for the period		-	(196,011)	(196,011)
Other comprehensive income		-	-	-
Total comprehensive income		-	(196,011)	(196,011)
Transaction with owners:				
Issue of shares	7	150,000	-	150,000
Transaction with owners		150,000	-	150,000
Balance at 31 December 2018		32,535,316	(23,044,143)	9,491,173
Balance as at 1 July 2019		32,535,316	(23,143,232)	9,392,084
(Loss) for the period		-	(68,904)	(68,904)
Other comprehensive income		-	-	-
Total comprehensive income		-	(68,904)	(68,904)
Transaction with owners:				
Issue of shares	7	-	-	-
Transaction with owners		-	-	-
Balance at 31 December 2019		32,535,316	(23,212,136)	9,323,180

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 2019**



	Note	Half year ended 31 December 2019 \$	Half year ended 31 December 2018 \$
Cash flow from operating activities			
Interest received		104,689	83,179
Payments to suppliers		(263,888)	(138,129)
		<hr/>	<hr/>
Net cash provided (used in) operating activities		(159,199)	(54,950)
Cash flow from investing activities			
Mortgage loan asset repayments/(advances)		-	(500,000)
Purchase of equity accounted investments		-	(97,858)
		<hr/>	<hr/>
Net cash provided by investing activities		-	(597,858)
		<hr/>	<hr/>
Net increase/(decrease) in cash and cash equivalents		(159,199)	(652,808)
Cash and cash equivalents at beginning of the period		6,240,559	6,920,033
		<hr/>	<hr/>
Cash and cash equivalents at end of the period	5	6,081,360	6,267,225
		<hr/> <hr/>	<hr/> <hr/>

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

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 2019 was authorised for issue in accordance with a resolution of the Directors on 5 March 2020. 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 2019 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 2019.

Accounting policies

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period except for the adoption of the following standards:

New and revised standards

The Company has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

The Company adopted AASB 16 Leases from 1 July 2019. The entity currently has no leases, hence there is no impact from the adoption of AASB 16.

Classification

The Company classified its financial assets in the following measurement categories: those to be measured subsequently at fair value (through OCI, or through profit and loss); and those to be measured at amortised cost. The classification depends on the Company’s business model for managing the financial asset and the contractual terms of the cashflows.

For assets measured at fair value, gains and losses will either be recorded in profit and loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Company has made an irrevocable election on the initial recognition to account for the equity instrument through other comprehensive income (FVOCI).

The Company reclassifies debt instruments when and only when its business model for managing those assets changes.

Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit and loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial assets. Transaction costs of financial assets carried forward at FVPL are expensed in the profit and loss.

Financial Assets with embedded derivatives are considered in their entirety when determining whether their cashflows are solely payments of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Company’s business model for managing the asset and the cashflow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments: Amortised costs; fair value through other comprehensive income (FVOCI) or fair value through profit or loss (FVPL).

ASSET RESOLUTION LIMITED
NOTES TO THE INTERIM FINANCIAL STATEMENTS CONTINUED
FOR THE HALF YEAR ENDED 31 DECEMBER 2019



Impairment

From 1 July 2018, the Company assesses on a forward-looking basis the expected credit losses associated with its debt instruments, carried at amortised cost and FVOCI. The impairment methodology is applied based on whether there has been a significant credit risk.

NOTE 2: OTHER INCOME AND EXPENSES

	31 December 2019	31 December 2018
	\$	\$
Revenue		
Bank interest	57,144	35,384
Mortgage loan interest (Note 6)	53,213	47,795
Interest income	110,357	83,179
Total	110,357	83,179
Fair value (loss)/gain on equity investments at fair value through profit and losses⁽¹⁾		
Fair value (loss)/gain on readily marketable options	-	(90,321)
Fair value (loss)/gain on readily marketable shares	-	284
	-	(90,037)

(1) During the period the Company incurred \$nil fair value loss on Options (December 18: \$90,321 loss).

	31 December 2019	31 December 2018
	\$	\$
Other Expenses		
Directors' fees (Note 13)	75,000	75,000
Company secretarial fees (Note 13)	7,200	7,200
Auditor fee	16,666	16,330
Legal fees	-	900
Consulting fees	25,000	25,000
Registry fees	17,356	14,525
NOMAD fees	6,000	6,000
NSX annual fees	9,515	16,517
Consultancy fees – My Virtual HQ	16,420	19,868
Insurance – annual insurance	-	455
Total	173,157	181,795

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:

ASSET RESOLUTION LIMITED
NOTES TO THE INTERIM FINANCIAL STATEMENTS CONTINUED
FOR THE HALF YEAR ENDED 31 DECEMBER 2019



Earnings used in calculating earnings per share

	Consolidated	
	31 December 2019	31 December 2018
	\$	\$
Continuing Net (loss) attributable to ordinary equity holders of the parent	(68,904)	(196,011)
Weighted average number of shares	<i>No.</i>	<i>No.</i>
<i>Weighted average number of ordinary shares for basic earnings per share</i>	3,233,277	3,198,932
Effect of dilution:		
Share options	-	-
<i>Weighted average number of ordinary shares adjusted for the effect of dilution</i>	3,233,277	3,198,932

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.

NOTE 5: CASH

Cash reported comprises both cash and cash equivalents as follows:

	31 December 2019	30 June 2019
	\$	\$
Cash at bank	1,034,110	1,240,559
Cash on deposit	5,047,250	5,000,000
Total	6,081,360	6,240,559

Cash at bank earns interest at floating rates based on daily bank deposit rates. The carrying amounts of cash and cash equivalents represent fair value. At 31 December 2019 \$5,047,250 (30 June 2019; \$5,000,000) is held in fixed term deposits.

Reconciliation to Cash Flow Statement

For the purposes of the Statement of Cash Flows, cash and cash equivalents amount to \$6,081,360 (June 2019: \$6,240,559).

ASSET RESOLUTION LIMITED
NOTES TO THE INTERIM FINANCIAL STATEMENTS CONTINUED
FOR THE HALF YEAR ENDED 31 DECEMBER 2019



NOTE 6: OTHER FINANCIAL ASSETS

Mortgage loan at amortised cost

	31 December 2019	30 June 2019
	\$	\$
Opening carrying value	3,250,000	2,750,000
Payments during period	-	500,000
Balance at the end of the period	3,250,000	3,250,000

During 2017 a secured loan of \$3,250,000 was provided to Mr and Mrs Sergeant. The loan was established to provide a commercial benefit to both parties; where the Company is concerned, it is earning a higher interest rate than can be obtained on its bank savings. In addition, the loan terms include requirements to reduce the risks for the Company. The key terms of the loan are as follows:

- The funds are secured over John Sergeant's holding of units in the managed investment fund known as Samuel Terry Absolute Return Fund.
- The Sergeants are required to hold these funds in a mortgage offset account that allows for instant access to the funds should the funds be required by Asset Resolution Limited.
- Interest is paid monthly and is charged at a rate of 3% per annum. Interest of \$49,605.57 has been paid during the period (year ended June 2019: \$96,871).
- Default interest is applied if any interest or repayment demand is not met, the rate is calculated based on the Company's cost of borrowing the funds from a bank plus a margin of 3%.
- The loan is repayable within 3 business days.

On 9 January 2019 a loan variation agreement was signed, the key terms are as follows:

- That up to \$1,250,000 of the \$3,250,000 be repaid at 10 days' notice, with the remaining \$2,000,000 to remain at 3 days' notice,
- The annual interest rate on the sum that is no longer at call be adjusted to 4% per annum, and
- Interest is paid monthly and is charged at a rate of 4% per annum. Interest of \$3,607.08 has been paid in the year (2018: \$727.48). Variation dated from 15 January 2019 to 30 June 2020.

NOTE 7: CONTRIBUTED EQUITY

	31 December 2019		30 June 2019	
	No.	\$	No.	\$
Movement in ordinary shares				
Balance at the beginning of the period	3,233,277	32,535,316	3,162,855	32,385,316
Share Based Directors' Fees ⁽¹⁾	-	-	70,422	150,000
Balance at the end of the period	3,233,277	32,535,316	3,233,277	32,535,316

(1) Since 1 December 2016 the annual Directors' fees amount to \$50,000 each. The shareholders approve the share issue under the Non-Executive Share Plan in lieu of directors' fees at each Annual General Meeting ("AGM"). During the period, Directors Fees of \$20,833 were paid in cash and \$4,166 accrued to be paid in shares to each director (June 2019: \$29,167 in cash and \$20,833 in shares to each director).

NOTE 8: EVENTS OCCURRING AFTER BALANCE SHEET DATE

On 6 February 2020 the Company made a \$4,000,000 equity investment in NobleOak Life Limited (NobleOak), acquiring approximately 4.35% of the company. NobleOak is an Australian public unlisted company based in Sydney and, prior to demutualisation in 2011, was The Druids Friendly Society of NSW. It is a profitable entity, achieving a profit after tax of \$5.2 million in 2019, and is regulated by ASIC and APRA.

There are no other matters or circumstances that have arisen since 31 December 2019 to the date of this report which have significantly affected or may affect:

- d) the Company's operations in future financial periods; or
- e) the results of those operations in future financial periods; or
- f) 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

Octaviar Limited debt

The Company is owed \$204 million (June 2019: \$204 million) by Octaviar Limited (formerly MFS Limited) and approximately \$137 million (June 2019: \$137 million) by Octaviar Administration Pty Ltd (formerly MFS Administration Pty Ltd).

In December 2017, the liquidators of Octaviar Limited advised Asset Resolution Limited that \$205,694,371 of that claim had been allowed. As at 31 December 2019 the Company has been paid a total of \$2,014,941 by Octaviar Limited in respect of this debt, since the claim was allowed.

Although both Octaviar Limited and Octaviar Administration Pty Ltd 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 the reasons set out above, it is impossible to forecast with confidence how much Asset Resolution Limited might recover from these assets, nor is it possible to forecast when Asset Resolution Limited might receive any money from them. Accordingly, the directors have resolved to continue showing the Octaviar debts at zero value in the Company's accounts.

NOTE 11: COMMITMENTS

There are no commitments at 31 December 2019 or 30 June 2019.

NOTE 12: OPERATING SEGMENTS

The Company has operations in one business segment, distressed asset management.

The distressed asset management segment primarily involves the management of distressed property securities, distressed debt and distressed corporate assets.

All operations are conducted in Australia.

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 are as follows:

Giles Craig (Chair) appointed 11 September 2015

Graham Holdaway (Director) appointed 1 April 2017

Sarina Roppolo (Director) appointed 28 February 2018

Victoria Allinson (Company Secretary) appointed 1 October 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 2019	31 December 2018
	\$	\$
Giles Craig (Chair)	25,000	25,000
Graham Holdaway (Director)	25,000	25,000
Sarina Roppolo (Director)	25,000	25,000
Total Directors fees	75,000	75,000
Victoria Allinson (Company Secretary) ⁽ⁱ⁾	7,200	7,200
Victoria Allinson (NOMAD) ⁽ⁱ⁾	6,000	-
Total Key Management Personnel remuneration	88,200	82,200
Includes: Share based payment paid or accrued ⁽ⁱⁱ⁾	12,500	75,000

(i) Ms Allinson provides professional accounting, administration, nominated advisor services ('NOMAD') and company secretarial services. In addition to the Company Secretarial and NOMAD fees, the fees for accounting services for the period amounted to \$16,420 (December 2018: \$19,869). The fees are invoiced by Allinson Accounting Solutions Pty Ltd, of which Victoria Allinson is Managing Director and shareholder. The services are provided by Ms Allinson and her employees.

(ii) At the Annual General Meeting ("AGM") the shareholders approved that, for the year ended 30 November 2020, directors' fees are to be paid in shares in lieu of cash at a share price of \$2.90 (30 November 2019: \$3.015 and 30 November 2018: \$2.13 per share) under the Non-Executive Share Plan.

Independent Auditor's Review Report

To the Members of Asset Resolution Limited

Report on the review of the half year financial report

Conclusion

We have reviewed the accompanying half year financial report of Asset Resolution Limited (the Company), which comprises the statement of financial position as at 31 December 2019, 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, a description of accounting policies, other selected explanatory notes, and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half year financial report of Asset Resolution Limited does not give a true and fair view of the financial position of the Company as at 31 December 2019, and of its financial performance and its cash flows for the half year ended on that date, in accordance with the *Corporations Act 2001*, including complying with Accounting Standard AASB 134 *Interim Financial Reporting*.

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 internal 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. 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 half year 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 at 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 Asset Resolution 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*.



Grant Thornton Audit Pty Ltd
Chartered Accountants



Grant Layland
Director – Audit & Assurance

Sydney, 5 March 2020