



**ASSET RESOLUTION LIMITED**  
**ABN 99 159 827 871**

**INTERIM FINANCIAL REPORT**  
**FOR THE HALF YEAR ENDED**  
**31 DECEMBER 2020**

**ASSET RESOLUTION LIMITED  
INTERIM FINANCIAL REPORT  
FOR THE HALF YEAR ENDED 31 DECEMBER 2020**

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**ASSET RESOLUTION LIMITED  
DIRECTORS' REPORT  
FOR THE HALF YEAR ENDED 31 DECEMBER 2020**



The Directors present their report together with the interim financial report of Asset Resolution Limited (“Company”), for the half year ended 31 December 2020.

**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	Independent Non-Executive Chair	11 September 2015	24 October 2018
Sarina Roppolo	Independent Non-Executive	28 February 2018	18 November 2020
Therese Cochrane	Non-Executive	20 April 2020	18 November 2020

Therese Cochrane is not deemed independent due to her 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 2020	Net changes during the period	Granted as remuneration	Closing interest at 31 December 2020 & date of this report
Giles Craig	85,472	-	17,241	102,713
Therese Cochrane	1,041,660	-	10,537	1,052,197
Sarina Roppolo	18,271	-	17,241	35,512
<b>Total Directors</b>	<b>1,145,403</b>	<b>-</b>	<b>45,019</b>	<b>1,190,422</b>

At 31 December 2020 and at the date of this report:

1. Giles Craig holds 102,713 shares:
  - 93,424 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. Therese Cochrane holds 1,052,197 shares;
  - 14,584 shares are held by Samuel Terry Asset Management Pty Ltd (“STAM”), of which she is an employee and a beneficial owner.
  - 1,026,891 shares are held by STAM as trustee of the Samuel Terry Absolute Return Fund and she is an employee and a beneficial owner of STAM.
  - 10,537 shares are held by Therese Nancy Cochrane
  - 185 shares are held by Woollard Super Fund, of which she is a beneficiary.
3. Sarina Roppolo holds 35,512 shares:
  - 35,512 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 2020**



**Review of Operations**

*Review of current period operations*

During the period the Company's profit amounted to \$5,590,780 (December 2019 losses: \$68,904). The \$5,659,684 increase is primarily due to \$5,158,653 Octaviar Distribution (December 2019: \$nil) and the unrealised gain of the NobleOak investment of \$645,161 (2019: \$nil).

In prior years, the liquidators of Octaviar Ltd (OL) and Octaviar Administration Pty Ltd (OA) had advised the Company that \$205,694,371 and \$137,215,907 respectively of the proof of debt claim had been allowed. Prior to the current period, the Company had received \$2,014,941 from OL in respect of that debt claim. In December 2020, the Company was notified that in January 2021 OA was going to distribute \$3,666,134, received on 20 January 2021; and OL was going to distribute \$1,492,518, received on 27 January 2021. Accordingly, the Company has recognized these amounts as income with a corresponding asset at 1 December 2020. Due to the uncertainty around the amount and timing of any further future payment, the Company continues to show the Octaviar debts receivable at zero value in ARL's balance sheet. Refer to Note 11 for further details.

At the Annual General Meeting held on 18 November 2020, the following resolutions were approved by the shareholders:

- Ms Therese Cochrane was elected as director of the Company;
- Ms Sarina Roppolo was re-elected as a director of the Company;
- the on-market buy-back of up to 654,893 fully paid ordinary shares in the Company (representing approximately 20% of the Company's issued shares as at 8 October 2020) in the 12-month period to 17 November 2021, of which none have been bought back to date;
- The Investment Management Agreement (IMA) with Samuel Terry Asset Management Pty Ltd (STAM) was approved, and
- a special resolution to issue shares to directors in lieu of their 2020 Directors' fees (Board total fees: \$150,000 per annum) at \$2.84 per share under the Non-Executive Share Plan.

*Net Tangible Asset Per Share:*

	Half-year ended 31 Dec 2020 \$	Year ended 30 Jun 2020 \$	Year ended 30 Jun 2019 \$
<b>Net Assets</b>			
Cash and receivables	5,205,908	4,089,232	6,280,639
Financial assets	4,645,161	5,250,000	3,250,000
Other Assets	5,158,653	-	-
Total liabilities - current	(74,920)	(145,209)	(138,555)
<b>Net Assets</b>	<b>14,934,802</b>	<b>9,194,023</b>	<b>9,392,084</b>
<b>Number of Shares on issue</b>	<b>3,285,001</b>	<b>3,233,277</b>	<b>3,233,277</b>
<b>Net tangible assets per share in \$:</b>	<b>4.55</b>	<b>2.84</b>	<b>2.90</b>

**Events subsequent to balance date**

On 1 January 2021 the Company acquired \$4,000,000 of A Class Units in the Samuel Terry Absolute Return Group (STAR) in accordance with the Shareholders approved Samuel Terry Asset Management Pty Ltd (STAM) investment management agreement.

On 20 January 2021 the Company received OA distribution of \$3,666,134; The OL distribution of \$1,492,518, was received on 27 January 2021.

The Board does not believe the COVID-19 pandemic will have any impact on the Company's ability to continue as a going concern nor on its current ability identify potential distressed assets to acquire.

**ASSET RESOLUTION LIMITED  
DIRECTORS' REPORT CONTINUED  
FOR THE HALF YEAR ENDED 31 DECEMBER 2020**



There are no other matters or circumstances that have arisen since 31 December 2020 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 on the following page of 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**

11<sup>th</sup> March 2021

## 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 2020, 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



M A Adam-Smith  
Partner – Audit & Assurance

Sydney, 11 March 2021



**ASSET RESOLUTION LIMITED  
INTERIM FINANCIAL REPORT  
FOR THE HALF YEAR ENDED 31 DECEMBER 2020**

**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 2020 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**

11<sup>th</sup> March 2021

**ASSET RESOLUTION LIMITED**  
**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2020**



	Note	Half year ended 31 December 2020 \$	Half year ended 31 December 2019 \$
<b>Revenue from continuing operations</b>			
Interest income	2	28,824	110,357
Gain on realisation of proof of debt	2	5,158,653	
		<hr/>	
Total revenue and investment income		5,187,477	110,357
		<hr/>	
Fair value gain/ (loss) on equity investments at fair value through profit and losses	2	645,161	-
<b>Expenses</b>			
Administrative expenses		9,886	4,755
Other expenses	2	231,962	173,157
Finance expenses		10	78
Other		-	1,271
		<hr/>	
Total expenses		241,858	179,261
		<hr/>	
<b>Profit / (loss) before income tax</b>		5,590,780	(68,904)
Income tax benefit / (expense)		-	-
		<hr/>	
<b>Profit / (loss) for the period</b>		5,590,780	(68,904)
		<hr/>	
<b>Other comprehensive income, net of income tax</b>			
Other comprehensive income, net of income tax		-	-
		<hr/>	
<b>Total comprehensive income, net of income tax</b>		5,590,780	(68,904)
		<hr/>	
<b>Profit / (loss) attributable to members</b>		5,590,780	(68,904)
		<hr/>	
<b>Total comprehensive profit / (loss) attributable to members</b>		5,590,780	(68,904)
		<hr/> <hr/>	
<b>Earnings per share</b>			
Basic profit / (loss) per share (cents)	3	171.84	(2.13)
Diluted profit / (loss) per share (cents)	3	171.84	(2.13)

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



**ASSET RESOLUTION LIMITED**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2020**



	Note	As at 31 December 2020 \$	As at 30 June 2020 \$
<b>Assets</b>			
<i>Current assets</i>			
Cash and cash equivalents	5	5,194,882	4,089,232
Trade and other receivables		11,026	-
Financial assets – mortgage loans	6	-	1,250,000
Accrued distribution proof of debt	11	5,158,653	-
<b>Total current assets</b>		<b>10,364,561</b>	<b>5,339,232</b>
<i>Non-Current assets</i>			
Financial assets at fair value through profit and loss	7	4,645,161	4,000,000
<b>Total non-current assets</b>		<b>4,645,161</b>	<b>4,000,000</b>
<b>Total assets</b>		<b>15,009,722</b>	<b>9,339,232</b>
<b>Liabilities</b>			
<i>Current liabilities</i>			
Trade and other payables		22,586	29,378
Accrued expenses		52,334	115,831
<b>Total current liabilities</b>		<b>74,920</b>	<b>145,209</b>
<b>Total non-current liabilities</b>		-	-
<b>Net assets</b>		<b>14,934,802</b>	<b>9,194,023</b>
<b>Equity</b>			
Contributed equity	5	32,685,316	32,535,316
Accumulated losses		(17,750,514)	(23,341,293)
<b>Total equity</b>		<b>14,934,802</b>	<b>9,194,023</b>

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 2020**



	Note	Issued Capital \$	Accumulated losses \$	Total \$
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	8	-	-	-
Transaction with owners		-	-	-
<b>Balance at 31 December 2019</b>		<b>32,535,316</b>	<b>(23,212,136)</b>	<b>9,323,180</b>
Balance as at 1 July 2020		<b>32,535,316</b>	<b>(23,341,294)</b>	<b>9,194,022</b>
Profit for the period		-	5,590,780	5,590,780
Total comprehensive income		-	5,590,780	5,590,780
Transaction with owners:				
Issue of shares	8	150,000	-	150,000
Transaction with owners		150,000	-	150,000
<b>Balance at 31 December 2020</b>		<b>32,685,316</b>	<b>(17,750,514)</b>	<b>14,934,802</b>

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 2020**



	<b>Half year ended 31 December 2020</b>	<b>Half year ended 31 December 2019</b>
<b>Cash flow from operating activities</b>		
Interest received	28,824	104,689
Payments to suppliers and employees	(173,174)	(263,888)
<b>Net cash (used in)/ provided by operating activities</b>	<b>(144,350)</b>	<b>(159,199)</b>
<b>Cash flow from investing activities</b>		
Mortgage loan asset repayments	1,250,000	-
<b>Net cash used in investing activities</b>	<b>1,250,000</b>	<b>-</b>
<b>Cash flow from financing activities</b>		
Buyback of share capital	-	-
<b>Net cash (used in)/ provided by financing activities</b>	<b>-</b>	<b>-</b>
<b>Net increase /(decrease) in cash and cash equivalents</b>	<b>1,105,650</b>	<b>(159,199)</b>
Cash and cash equivalents at beginning of the period	4,089,232	6,240,559
<b>Cash and cash equivalents at end of the period</b>	<b>5,194,882</b>	<b>6,081,360</b>

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 2020 was authorised for issue in accordance with a resolution of the Directors on 11 March 2021. 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 2020 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 2020.

**Accounting policies**

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

**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.

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

**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 2020**



**Impairment**

From 1 July 2018, the Company assesses on a forward-looking basis the expected credit loss 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**

	<b>31 December 2020</b>	31 December 2019
	\$	\$
<b>Revenue</b>		
Bank interest	<b>14,198</b>	57,144
Mortgage loan interest (Note 6)	<b>14,626</b>	53,213
<b>Total Interest Income</b>	<b>28,824</b>	110,357
<b>Fair value (loss)/gain on equity investments at fair value through profit and losses<sup>(1)</sup></b>		
Fair value (loss)/gain on investments	<b>645,161</b>	-
	<b>645,161</b>	-

(1) Refer to note 7.

	<b>31 December 2020</b>	31 December 2019
	\$	\$
<b>Other Expenses</b>		
Directors' fees (Note 15)	<b>80,000</b>	75,000
Company secretarial fees (Note 15)	<b>8,910</b>	7,200
Accounting, tax and audit fee	<b>44,061</b>	16,666
Legal fees	<b>11,303</b>	-
Consulting fees	<b>28,750</b>	25,000
Registry fees	<b>18,460</b>	17,356
NOMAD fees	<b>7,260</b>	6,000
NSX annual fees	<b>14,408</b>	9,515
Consultancy fees – My Virtual HQ	<b>18,810</b>	16,420
<b>Total</b>	<b>231,962</b>	173,157

**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 2020**



**Earnings used in calculating earnings per share**

	<b>Consolidated</b>	
	<b>31 December 2020</b>	31 December 2019
	\$	\$
Continuing Net profit/(loss) attributable to ordinary equity holders of the parent	<b>5,590,780</b>	(68,904)
<b>Weighted average number of shares</b>	<i>No.</i>	<i>No.</i>
<i>Weighted average number of ordinary shares for basic earnings per share</i>	<b>3,253,449</b>	3,233,277
Effect of dilution:		
Share options	-	-
<i>Weighted average number of ordinary shares adjusted for the effect of dilution</i>	<b>3,253,449</b>	3,233,277

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:

	<b>31 December 2020</b>	30 June 2020
	\$	\$
Cash at bank	<b>5,194,882</b>	4,089,232
Cash on deposit	-	-
<b>Total</b>	<b>5,194,882</b>	4,089,232

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.

***Reconciliation to Cash Flow Statement***

For the purposes of the Statement of Cash Flows, cash and cash equivalents amount to \$5,194,882 (December 2019: \$6,081,360).

**ASSET RESOLUTION LIMITED**  
**NOTES TO THE INTERIM FINANCIAL STATEMENTS CONTINUED**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2020**



**NOTE 6: FINANCIAL ASSETS**

*Mortgage loan at amortised cost*

	<b>31 December 2020</b>	30 June 2020
	\$	\$
Opening carrying value	<b>1,250,000</b>	3,250,000
Payments during period	<b>(1,250,000)</b>	(2,000,000)
<b>Balance at the end of the period</b>	<b>-</b>	<b>1,250,000</b>

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 \$14,626 has been paid during the period (year ended June 2020: \$84,805).
- 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 \$2,502.62 has been paid in the year (2020: \$6,928.15). Variation dated from 15 January 2019 to 30 June 2020.

For the year ended June 2020 \$2,000,000 was repaid from Sergeants under the loan agreement.

By the end of October 2020, the Loan was repaid in full, being \$1,250,000.

**NOTE 7: FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (FVTPL)**

Financial assets as FVTPL include the equity investment on NobleOak Life Limited. The Company accounts for the investment FVTPL and did not make the irrevocable election to account for it at FVOCI.

	<b>Note</b>	<b>31 December 2020</b>	30 June 2020
		\$	\$
Balance at start of period		<b>4,000,000</b>	-
Investment in NobleOak Life Limited		-	4,000,000
Fair value gain/(losses) on equity investments at FVPL recognised in other gains/(losses)	<b>13</b>	<b>645,161</b>	-
<b>Balance at the end of the period</b>		<b>4,645,161</b>	<b>4,000,000</b>

**ASSET RESOLUTION LIMITED**  
**NOTES TO THE INTERIM FINANCIAL STATEMENTS CONTINUED**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2020**



**NOTE 8: CONTRIBUTED EQUITY**

	<b>31 December 2020</b>		<b>30 June 2020</b>	
	<b>No.</b>	<b>\$</b>	<b>No.</b>	<b>\$</b>
<b>Movement in ordinary shares</b>				
Balance at the beginning of the period	<b>3,233,277</b>	<b>32,535,316</b>	3,233,277	32,535,316
Share Based Directors' Fees <sup>(1)</sup>	<b>51,724</b>	<b>150,000</b>	-	-
<b>Balance at the end of the period</b>	<b>3,285,001</b>	<b>32,685,316</b>	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 \$nil were paid in cash and \$4,166 accrued to be paid in shares to each director (June 2020: \$70,278 in cash and \$87,500 in shares to each director).

**NOTE 9: EVENTS OCCURRING AFTER BALANCE SHEET DATE**

On 1 January 2021 the Company acquired \$4,000,000 of A Class Units in the Samuel Terry Absolute Return Group (STAR) in accordance with the Shareholders approved Samuel Terry Asset Management Pty Ltd (STAM) investment management agreement.

On 20 January 2021 the Company received OA distribution of \$3,666,134; The OL distribution of \$1,492,518, was received on 27 January 2021.

There are no other matters or circumstances that have arisen since 31 December 2020 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 10: 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 11: CONTINGENT ASSETS**

**Octaviar Limited debt**

In December 2017 the Company was owed \$206 million by Octaviar Limited (formerly MFS Limited) (OL) and approximately \$137 million by Octaviar Administration Pty Ltd (formerly MFS Administration Pty Ltd) (OA).

To date, the Company has received \$3,507,459 from OL and \$ 3,666,135 from OA.

Bentley's, the liquidator of both OL and OA, have provided us with an estimate that a further \$5,000,000 could be paid to Asset Resolution Ltd in regards to the OA debt. We emphasise that this is an estimate of the maximum amount and is subject to change.

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.



**ASSET RESOLUTION LIMITED**  
**NOTES TO THE INTERIM FINANCIAL STATEMENTS CONTINUED**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2020**



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.

**NOTE 12: COMMITMENTS**

There are no commitments at 31 December 2020 or 30 June 2020.

**NOTE 13: FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS**

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three levels of fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: unobservable inputs for the assets or liability.

The following table shows the levels within the hierarchy of financial assets and liabilities measured at fair value on a recurring basis:

<b>31 December 2020</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Investment on NobleOak Life Limited	-	-	4,645,161	4,645,161
<b>Total Assets</b>	-	-	4,645,161	4,645,161
<b>Net Fair Value</b>	-	-	<b>4,645,161</b>	<b>4,645,161</b>

<b>30 June 2020</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Investment on NobleOak Life Limited	-	-	4,000,000	4,000,000
<b>Total Assets</b>	-	-	4,000,000	4,000,000
<b>Net Fair Value</b>	-	-	<b>4,000,000</b>	<b>4,000,000</b>

There were no transfers between levels during the financial year.

***Level 3 assets***

In February 2020, the Company acquired 2,580,645 shares in NobleOak Life Ltd at \$1.55 per share, total cost of \$4,000,000. As per NSX announcement dated 15 December 2020, NobleOak raised capital at a 16% premium, equivalent to \$1.80 per share. The Board has determined that the fair value of NobleOak Life Ltd shares is \$1.80 per share, giving an increase of \$645,161.

**ASSET RESOLUTION LIMITED**  
**NOTES TO THE INTERIM FINANCIAL STATEMENTS CONTINUED**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2020**



*Measurement of fair value*

The significant input for the fair value estimate of the investment is last trade price. The following table provides information about the sensitivity of the fair value measurement to changes in that input.

<b>Description</b>	<b>Significant unobservable input</b>	<b>Estimate of the input</b>	<b>Sensitivity of the fair value measurement to input</b>
Investment NobleOak Life Ltd	Last trade price	\$1.80	An increase/decrease on each share price between \$1.89 and \$1.71 would increase/decrease the fair value of the investment by \$232,259/(\$232,259) accordingly.

Movement in level 3 assets during the current financial year are set out below:

	<b>Unlisted shares</b>	<b>Total</b>
	\$	\$
Balance at 30 June 2020	-	-
Additions-NobleOak Life Ltd	4,000,000	4,000,000
Net gain on investment activities	645,161	645,161
Balance at 31 December 2020	<u>4,645,161</u>	<u>4,645,161</u>

  

	<b>Unlisted shares</b>	<b>Total</b>
	\$	\$
Balance at 30 June 2019	-	-
Additions-NobleOak Life Ltd	4,000,000	4,000,000
Net gain on investment activities	-	-
Balance at 30 June 2020	<u>4,000,000</u>	<u>4,000,000</u>

**NOTE 14: 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 15: 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

Sarina Roppolo (Director) appointed 28 February 2018

Therese Cochrane (Director) appointed 20 April 2020

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**

<b>Name</b>	<b>Short-term Remuneration &amp; Fees</b>	
	<b>31 December 2020</b>	<b>31 December 2019</b>
	<b>\$</b>	<b>\$</b>
Giles Craig (Chair) <sup>(i)</sup>	<b>27,500</b>	25,000
Sarina Roppolo (Director) <sup>(i)</sup>	<b>27,500</b>	25,000
Therese Cochrane (Director)	<b>25,000</b>	-
Graham Holdaway (resigned 20 April 2020)	-	25,000
<b>Total Directors fees</b>	<b>80,000</b>	75,000
Victoria Allinson (Company Secretary) <sup>(ii)</sup>	<b>8,910</b>	7,200
Victoria Allinson (NOMAD) <sup>(ii)</sup>	<b>7,260</b>	6,000
<b>Total Key Management Personnel remuneration</b>	<b>96,170</b>	88,200
Includes: Share based payment paid or accrued <sup>(iii)</sup>	<b>75,000</b>	12,500

- (i) Directors fees inclusive of unrecoverable GST. GST portion paid in cash.
- (ii) 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 \$18,810 (December 2019: \$16,420). 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.
- (iii) 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 \$2.84 (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 2020, 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, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of Asset Resolution Limited does not comply with the *Corporations Act 2001* including:

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

#### Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Financial Report section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

#### Directors' responsibility for the half year financial report

The directors of the Company are responsible for the preparation of the half year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such 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 2020 and its performance for the half year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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



Grant Thornton Audit Pty Ltd  
Chartered Accountants



M A Adam-Smith  
Partner – Audit & Assurance

Sydney, 11 March 2021