
ASSET RESOLUTION LIMITED ANNUAL GENERAL MEETING

24 NOVEMBER 2015, 9:30 AM (AEST)





CHAIRMAN'S ADDRESS



AGENDA

1. Board Overview
2. FY15 - Year in Review
3. Litigation/Claims
4. Portfolio
5. FY15 - Financial Results
6. Resolutions
7. FY16 - Outlook
8. Questions



I. BOARD OVERVIEW



YOUR BOARD

**Giles Craig BSc Econ (Hons), FCA
Non-Executive Director, Chairman**

Board member since 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.



YOUR BOARD

John Sergeant BSc, BA(Hons I), FAMSRS, MAICD
Independent Non-Executive Director

Board member since 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 recapitalization, recovery and return to stability and growth of a failed resources business.

He is currently a member of the boards of a number of private companies and the managing director of an ASX-listed company, Kangaroo Island Plantation Timbers Ltd.



YOUR BOARD

Fred Woollard BEc, GAICD
Non-Executive Director

Board member since 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.



COMPANY SECRETARY

Victoria Allinson FCCA, AGIA Company Secretary

Appointed 1 October 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 senior accounting positions in a number of listed companies and audit manager for Deloitte Touche Tohmatsu.

She 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 for several other entities.

Previously, Ms Allinson has been company secretary and CFO for a number of other ASX-listed companies, including Safety Medical Products Ltd, Centrex Metals Ltd, Rampart Energy Ltd, Adelaide Energy Ltd, Enterprise Energy NL and Island Sky Australia Ltd, as well as a number of unlisted companies.



2. FY15 - YEAR IN REVIEW



2. FY15 - YEAR IN REVIEW

- Sale of remaining Outrigger Resort unit
- Sale of 507-523 Dalrymple Road, Mt Louisa, Townsville for \$1.73m
- Distributions to shareholders of \$18.6m
- Change of board in September
- Sale of 1500 Midland Highway, Creswick (Forest Resort, pictured) for \$14.9m (gross)





CHANGE OF BOARD

The board of ARL changed on 11 September 2015. Your new board was elected with a mandate to:

- Reduce costs
- Improve shareholder information and democracy
- Provide a fair mechanism for those who wish to sell to do so
- Find new investments for ARL

The final act of the old board was to take out a five-year insurance policy for themselves at a cost of \$250,000.



COST SAVINGS

In our first few months as directors:

- We learned that ARL had been left with so little cash that insolvency was certain unless substantial savings were made, very quickly.
- Legal and administrative costs were deferred until ARL received cash from Creswick sale.
- Directors' fees have been cut from \$376,000 to \$180,000 pa in total.
- Insurance for Directors and Officers has been cancelled, saving over \$200,000 pa.
- The audit fee has been reduced from \$77,000 to a maximum of \$16,000.
- Additional savings are in the process of being made.



3. LITIGATION/CLAIMS



OCTAVIAR ASSET

- In 2008, Octaviar Administration and Octaviar Limited collapsed, owing ARL's predecessors money.
- ARL will receive only a small fraction of the money it is owed.
- This remains a highly complex situation, due to competing claims, cross claims and significant legal uncertainty.
- Currently valued in ARL accounts at zero
- ARL currently lacks ability to exert significant influence.
- Hence, ARL maintains a watching brief and minimizes costs.





4. PORTFOLIO



PORTFOLIO

- Following the completion of the Forest Resort sale, the principal asset of ARL comprises cash of approximately \$12.6m.
- ARL owns 1,794,840 shares in Raptis Group Limited, received in settlement of an earlier claim, currently shown in the accounts at zero
- Octaviar exposure, currently shown in the accounts at zero





5. FY15 FINANCIAL RESULTS



FY15 FINANCIAL RESULTS

- Revenue \$3.0m (FY14: \$3.5m).
- Net profit after tax \$2.4m (FY14: loss \$4.6m), including:
- Impairment gain on mortgage loans of \$1.95m
- Gain on realisation of mortgage loans of \$878k
- Operating costs of \$2.1m (FY14: \$2.3m)



FY15 FINANCIAL RESULTS

- Net assets of ARL as at 30 June 2015 were \$14.5m (FY14: \$30.8m) or 1.48 cents per share (FY14: 3.14 cents per share).
- Cash at bank as at 30 June 2015 was \$271k (FY14: \$14.4m).
- The 30 June figures are post the 0.9c per share distribution (actually made on 13 July 2015).
- A prior distribution of 1c per share had been made on 28 November 2014
- Cash at bank at today's date is \$12.6m



6. RESOLUTIONS



ITEM 1 FINANCIAL STATEMENTS

- To receive and consider:
 - (a) the financial statements;
 - (b) the directors' report; and
 - (c) the auditor's report
- ... of ARL for the year ended 30 June 2015.
- These statements and reports are placed before the Shareholders for discussion and Shareholders will be given the opportunity to ask questions and make comments on these statements and reports.
- No voting is required on this matter.



RESOLUTION 2 ELECTION OF DIRECTOR: MR JOHN SERGEANT

RESOLUTION

- “That Mr John David Sergeant, a director electing to retire by rotation, being eligible, is re-elected as a director of ARL.”

PROXY SUMMARY

FOR	OPEN	AGAINST	ABSTAIN
304,704,340	7,688,054	173,514,421	1,035,106
62.71%	1.58%	35.71%	Abstain votes are not counted in determining whether or not the required majority of votes were cast for or against that item



RESOLUTION 3 CHANGE OF AUDITOR

RESOLUTION

- “That, in accordance with section 327(C)(1) of the Corporations Act 2001 (Cth) and for all other purposes, Grant Thornton be appointed as the auditor of the Company effective from the date of this Meeting, subject to PKF Hacketts Audit receiving permission to resign from ASIC.”

PROXY SUMMARY

FOR	OPEN	AGAINST	ABSTAIN
303,403,205	8,605,798	13,472,623	161,460,295
93.22%	2.64%	4.14%	Abstain votes are not counted in determining whether or not the required majority of votes were cast for or against that item



RESOLUTION 4 APPROVE SHARE CONSOLIDATION

RESOLUTION

- "That pursuant to section 254H of the Corporations Act 2001 (Cth) and clause 32.3 of the Company's Constitution and for all other purposes, the issued capital of the Company be consolidated on the basis that every 200 Shares be consolidated to 1 and where this consolidation results in a fraction of a Share the Directors are authorised to round that fraction up to the nearest whole Share, with consolidation to occur on a date announced on the Company's website on the terms and conditions set out in the Explanatory Statement accompanying this Notice of Meeting."

PROXY SUMMARY

FOR	OPEN	AGAINST	ABSTAIN
302,336,872	7,801,331	15,740,064	161,063,654
92.78%	2.39%	4.83%	Abstain votes are not counted in determining whether or not the required majority of votes were cast for or against that item



RESOLUTION 5 ADOPTION OF NEW CONSTITUTION

RESOLUTION

- “That the document entitled Constitution of ARL tabled at the Meeting and signed by the Chairperson of the Meeting for the purposes of identification is adopted as the new Constitution of ARL in substitution for its current Constitution, with effect from 9.00am (AEDT) on the day immediately after the date on which this resolution is passed.”

PROXY SUMMARY

FOR	OPEN	AGAINST	ABSTAIN
300,307,464	7,844,714	17,070,036	161,719,707
92.34%	2.41%	5.25%	Abstain votes are not counted in determining whether or not the required majority of votes were cast for or against that item



RESOLUTION 6 APPROVE ON-MARKET BUY-BACK OF SHARES

RESOLUTION

- “That, subject to Resolution 4 being passed, for the purposes of section 257C of the Corporations Act 2001 (Cth) and for all other purposes, Shareholders authorise and approve the Company to acquire between 490,279 and up to 980,558 fully paid ordinary Shares in the Company (being - approximately 10% to 20% of the Company’s issued Post-Consolidated Shares as at 16 October 2015) in the 12 month period following the approval of this resolution, pursuant to an on-market buy-back conducted in accordance with the requirements of the Listing Rules and the Corporations Act.”

PROXY SUMMARY

FOR	OPEN	AGAINST	ABSTAIN
300,928,355	7,021,710	17,406,358	161,585,498
92.49%	2.16%	5.35%	Abstain votes are not counted in determining whether or not the required majority of votes were cast for or against that item



7. FY 16 OUTLOOK



FY 16 OUTLOOK

- Your board has successfully resisted legal action instituted by Mr Charles Hodges seeking to have your Company wound up. Mr Hodges' legal action has cost your Company about \$6,000 in legal fees and has delayed the Company's plans.
- We will continue to pursue the Octaviar proof of debt claim.
- We are currently working on an ASX listing of ARL scheduled for the new year.
- We will commence a capital management program to increase NTA per share.
- We will provide a mechanism for those who wish to sell their shares to do so on fair terms.
- We will continue to reduce operating costs.
- We are currently reviewing a number of investment opportunities but it is premature to comment further at this stage.



8. QUESTIONS



QUESTIONS

- Prior to asking your question, please state your name so that it can be reflected in the minutes of the meeting.