

SECTION 2A: APPENDIX 3

FORM: Half yearly/~~preliminary final~~ report

Name of issuer

ASSET RESOLUTION LIMITED

ACN or ARBN

159 827 871

Half yearly
(tick)

Preliminary
final (tick)

Half year/financial year ended
(‘Current period’)

31 DECEMBER 2016

For announcement to the market

Extracts from this statement for announcement to the market (see note 1).

					\$A,000
Revenue (item 1.1)	up/down	342%	To		123
Profit (loss) for the period (item 1.9)	up/down	91%	to		(177)
Profit (loss) for the period attributable to members of the parent (item 1.11)	up/down	91%	to		(177)
Dividends		Current period		Previous corresponding period	
Franking rate applicable:		N/A		N/A	
Final dividend (preliminary final report only)(item 10.13-10.14)		N/A		N/A	
Amount per security					
Franked amount per security					
Interim dividend (Half yearly report only) (item 10.11 – 10.12)		N/A		N/A	
Amount per security					
Franked amount per security					
Short details of any bonus or cash issue or other item(s) of importance not previously released to the market:					

SECTION 2A: APPENDIX 3 HALF YEAR REPORT: 31 DECEMBER 2016

Compliance statement

1. This statement has been prepared under accounting policies which comply with accounting standards as defined in the *Corporations Act* or other standards acceptable to the Exchange (~~see note 13~~).

Identify other standards used

N/A

2. This statement, and the financial statements under the *Corporations Act* (if separate), use the same accounting policies.

3. This statement ~~does/does not~~ (*delete one*) give a true and fair view of the matters disclosed (~~see note 2~~).

4. This statement is based on financial statements to which one of the following applies:

- The financial statements have been audited.
- The financial statements have been subject to review by a registered auditor (or overseas equivalent).
- The financial statements are in the process of being audited or subject to review.
- The financial statements have *not* yet been audited or reviewed.

5. If the accounts have been or are being audited or subject to review and the audit report is ~~not~~ attached, details of any qualifications are ~~attached/will follow immediately they are available~~ (*delete one*). (*Half yearly statement only - the audit report must be attached to this statement if the statement is to satisfy the requirements of the Corporations Act.*)

6. The *issuer* has/~~does not have~~ (*delete one*) a formally constituted audit committee.

Sign here:  Date: 15 February 2017
Company secretary)

Print name: Victoria Allinson



ASSET RESOLUTION LIMITED
ABN 99 159 827 871

INTERIM FINANCIAL REPORT
FOR THE HALF YEAR ENDED
31 DECEMBER 2016

**ASSET RESOLUTION LIMITED
INTERIM FINANCIAL REPORT
FOR THE HALF YEAR ENDED 31 DECEMBER 2016**

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**DIRECTORS' REPORT CONTINUED
FOR THE HALF YEAR ENDED 31 DECEMBER 2016**



The Directors present their report together with the interim financial report of Asset Resolution Limited (“ARL” or “Company”), for the half year ended 31 December 2016.

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	26 November 2016	-
John Sergeant	Independent Non-Executive	11 September 2015	24 November 2015	-
Frederick Woollard	Non-Executive Director	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

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.

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

Appointed 11 September 2015

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

Prior to joining the Company, Mr Sergeant managed a number of successful consultancy businesses and has served on the boards of Australian and multinational professional services firms.

In recent years, he has ceased being a passive investor and has involved himself actively in the management of distressed assets. He is Managing Director of ASX-listed Kangaroo Island Plantation Timbers Ltd (KPT) and has helped in the successful recapitalization, recovery and return to stability and growth of that business, achieving very strong capital growth for its shareholders.

Should one or more of ARL's portfolio of distressed assets require active involvement in order to secure a positive outcome for shareholders, Mr Sergeant has the professional and personal experience needed to represent ARL's interests.

**DIRECTORS' REPORT CONTINUED
FOR THE HALF YEAR ENDED 31 DECEMBER 2016**



**Frederick Woollard BEc, 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. He is a Director of one other public company, Hamilton Securities Ltd, ARL's second-largest shareholder.

Information on Company Secretary

**Victoria Allinson FCCA, AGIA
Company Secretary**

Ms Allinson was appointed accompany secretary on 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 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 ASX Listed Kangaroo Island Plantation Timbers Ltd (KPT) and Marmota Ltd (MEU) and CFO for a number of 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 2016	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
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.
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.
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;

**DIRECTORS' REPORT CONTINUED
FOR THE HALF YEAR ENDED 31 DECEMBER 2016**



- 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
- 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 shareholder 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.

Interest in Options

There are no options on issue.

Review of Operations

Review of current period operations

The Company was admitted to the official listing of the National Stock Exchange on the 25 November 2016.

During the period the Company’s losses amounted to \$177,195 (December 2015: \$1,869,319). The \$1,692,124 decrease is primarily due to higher interest received of \$94,921, no mortgage loan or other receivable impairment costs (December 2015: \$1,562,438), no tax benefit (December 2015: \$(490,351) and lower head office costs \$297,216 (December 2015: \$818,150).

The head office costs of ARL have been significantly reduced, resulting in a \$520,934 decrease compared to the prior period:

-) Insurance costs are \$416 (December 2015: \$242,420 all of which related to run off insurance acquired by the previous board);
-) Directors fees are \$87,498 (December 2015: \$133,720);
-) Accounting and administrative fees are \$26,157 (December 2015: \$162,347 including \$138,359 of fees relating to Castlereagh Capital);
-) Registry fees are \$58,561 (December 2015: \$133,418);
-) Legal fees are \$17,864 (December 2015: \$113,129); and
-) Audit fees are \$9,163, (December 2015: \$21,116 including \$13,866 of fees relating to prior period audits); offset by
-) NSX listing fees \$78,135 (December 2015: \$nil); and
-) NOMAD fees \$11,000 and NSX annual fees \$2,217 (December 2015: \$nil).

At the Annual General Meeting held on 26 November 2016, the following ordinary resolutions were approved by the shareholders:

-) Mr Giles Craig was re-elected as a director of the Company;
-) on-market buy-back of between 470,544 and up to 981,088 fully paid ordinary shares in the Company (representing approximately 10% to 20% of the Company’s issued shares as at 17 October 2016) in the 12 month period to 25 November 2017;
-) off-market acquisition of between 470,544 and up to 981,088 fully paid ordinary shares in the Company (being approximately 10% to 20% of the Company’s issued shares as at 17 October 2016) at a price to be calculated at a premium of 7.5% to the 30 day volume weighted average practice (VWAP) per share in the 12 month period to 25 November 2017;
-) establishment and implementation of the Non-Executive Share Plan;
-) 25,000 share issue to each director under the Non-Executive Share Plan in lieu of director’s fees for year ended 30 November 2017; and
-) adopted a new Constitution that complies with NSX specific requirements.

**DIRECTORS' REPORT CONTINUED
FOR THE HALF YEAR ENDED 31 DECEMBER 2016**



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 2016, 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 and Raptis Group Ltd shares are shown with a fair value of \$nil (prior period \$nil). Refer to Notes 6 and 10 for further details.

Events subsequent to balance date

On 20 December 2016, Asset Resolution Limited announced a share buy-back of unmarketable parcels (being a holding of less than a ‘marketable parcel’) of shares in the Company as at the Record Date of 7pm (AEDT) 16 December 2016 (Record Date). The offer closed on 6 February 2017 and \$1.3 million of shares were bought back.

In January 2017, Asset Resolution Limited sold 150,000 Raptis Group Ltd shares for \$8,970 net of sale costs.

No other matters or circumstances have arisen since 31 December 2016 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, 15 February 2017

Level 17, 383 Kent Street
Sydney NSW 2000

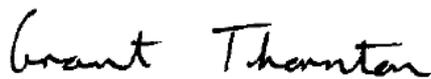
Correspondence to:
Locked Bag Q800
QVB Post Office
Sydney NSW 1230

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 2016, 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, 15 February 2017

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**ASSET RESOLUTION LIMITED
INTERIM FINANCIAL REPORT
FOR THE HALF YEAR ENDED 31 DECEMBER 2016**



DIRECTORS' DECLARATION

In the Directors' opinion:

- (a) The financial statements and notes set out on pages 9 to 17 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 2016 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, 15 February 2017

ASSET RESOLUTION LIMITED
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 31 DECEMBER 2016



	Note	Half year ended 31 December 2016 \$	Half year ended 31 December 2015 \$
Revenue from continuing operations			
Interest income		122,674	27,753
Gain on realisation of mortgage loans		-	-
Other income		-	-
		<hr/>	<hr/>
Total revenue and investment income		122,674	27,753
		<hr/>	<hr/>
Expenses			
Administrative expenses		1,001	1,586
Other expenses	2	297,216	818,150
Finance expenses		174	1,130
Impairment loss on mortgage loans	2	-	1,467,974
Impairment loss on other receivables		-	94,464
Other		1,478	4,119
		<hr/>	<hr/>
Total expenses		299,869	2,387,423
		<hr/>	<hr/>
Profit / (loss) before income tax		(177,195)	(2,359,670)
Income tax benefit / (expense)		-	490,351
		<hr/>	<hr/>
Profit / (loss) for the period		(177,195)	(1,869,319)
		<hr/>	<hr/>
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		(177,195)	(1,869,319)
		<hr/>	<hr/>
Profit / (loss) attributable to members		(177,195)	(1,869,319)
		<hr/>	<hr/>
Total comprehensive (loss) / income attributable to members		(177,195)	(1,869,319)
		<hr/> <hr/>	<hr/> <hr/>
Earnings per share			
Basic profit / (loss) per share (cents)	3	(3.6)	(38)
Diluted profit / (loss) per share (cents)	3	(3.6)	(38)

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

**ASSET RESOLUTION LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2016**



	Note	As at 31 December 2016 \$	As at 30 June 2016 \$
Assets			
Cash and cash equivalents	5	12,335,548	12,461,140
Trade and other receivables		21,965	74,511
Total current assets		12,357,513	12,535,651
Liabilities			
Trade and other payables		35,545	23,675
Accrued expenses		36,194	44,235
Employee benefits		-	4,681
Deferred tax liability		-	-
Total current liabilities		71,648	72,591
Total non- current liabilities		-	-
Net assets		12,285,864	12,463,060
Equity			
Contributed equity	7	36,773,837	36,773,837
Retained losses		(24,487,972)	(24,310,777)
Total equity		12,285,864	12,463,060

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 2016



	Note	Issued Capital \$	Retained earnings \$	Total \$
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
Balance as at 1 July 2016		36,773,837	(24,310,777)	12,463,060
Loss for the period		-	(177,195)	(177,195)
Other comprehensive income		-	-	-
Total comprehensive income		-	(177,195)	(177,195)
Transaction with owners:				
Dividends paid		-	-	-
Sub total		-	-	-
Balance at 31 December 2016		36,773,837	(24,487,972)	12,285,864

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 2016**



	Note	Half year ended 31 December 2016 \$	Half year ended 31 December 2015 \$
Cash flow from operating activities			
Interest received		122,669	27,753
Other income received		-	-
Payments to suppliers		(248,261)	(995,377)
		<hr/>	<hr/>
Net cash provided used in operating activities		(125,592)	(967,624)
Cash flow from investing activities			
Net proceeds from mortgage loans		-	12,733,214
Net proceeds from loans and receivables		-	-
Mortgage loan advances and property outgoings		-	(328,587)
		<hr/>	<hr/>
Net cash provided by investing activities		-	12,404,627
Cash flow from financing activities			
Receipt/(Payments) for share capital reduction		-	980,000
		<hr/>	<hr/>
Net cash provided by/(used in) financing activities		-	980,000
		<hr/>	<hr/>
Net (decrease)/ increase in cash and cash equivalents		(125,592)	12,417,003
Cash and cash equivalents at beginning of the period		12,461,140	271,868
		<hr/>	<hr/>
Cash and cash equivalents at end of the period	5	12,335,548	12,688,871
		<hr/> <hr/>	<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 2016



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 2016 was authorised for issue in accordance with a resolution of the Directors on 15 February 2017. 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 2016 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 2016.

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 2016	31 December 2015
	\$	\$
Directors’ fees (Note 13)	87,498	133,720
Company secretarial fees (Note 13)	6,000	12,000
Auditor fee	9,163	21,116
Legal fees	17,864	113,129
Registry fees	58,561	133,418
NOMAD fees	11,000	-
NSX listing fees	78,138	-
NSX annual fees	2,217	-
Consultancy fees – My Virtual HQ	26,359	23,988
Consultancy fees - FTI Consulting (Australia) Pty Limited	-	-
Consultancy fees – Castlereagh Capital Ltd	-	138,359
Insurance – run off insurance	-	242,420
Insurance – annual insurance	416	-
Total	297,216	818,150
Impairment loss on mortgage loans	-	1,467,974
Impairment loss on other receivables	-	94,464
	-	1,592,438

The sale of Forest Resort Asset for \$14,973,000 was completed on 5 November 2015. The costs to settlement were underestimated in the year ended 30 June 2015, resulting \$1,467,974 being incurred in the period ending 31 December 2015.

ASSET RESOLUTION LIMITED
NOTES TO THE INTERIM FINANCIAL STATEMENTS CONTINUED
FOR THE HALF YEAR ENDED 31 DECEMBER 2016



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 2016	31 December 2015
	\$	\$
Continuing Net loss attributable to ordinary equity holders of the parent	<u>(177,195)</u>	<u>(1,869,319)</u>

Weighted average number of shares

	<i>No.</i>	<i>No.</i>
<i>Weighted average number of ordinary shares for basic earnings per share</i>	4,905,441	4,905,441
Effect of dilution:		
Share options	-	-
<i>Weighted average number of ordinary shares adjusted for the effect of dilution</i>	<u>4,905,441</u>	<u>4,905,441</u>

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 2016	30 June 2016
	\$	\$
Cash at bank	12,335,548	12,461,140
Total	<u>12,335,548</u>	<u>12,461,140</u>

ASSET RESOLUTION LIMITED
NOTES TO THE INTERIM FINANCIAL STATEMENTS CONTINUED
FOR THE HALF YEAR ENDED 31 DECEMBER 2016



NOTE 6: FINANCIAL ASSETS -

Mortgage loans

	31 December 2016	30 June 2016
	\$	\$
Opening carrying value	-	13,990,500
Receivable during period	-	(12,733,214)
Expenses during period	-	286,042
Impairment (loss)/gain on mortgage loans	-	(1,543,328)
Balance at the end of the period	<u>-</u>	<u>-</u>

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 the Company's mortgage loan of \$12,733,214 after deducting selling fees \$736,203, legal fees of \$285,345, Castlereagh Capital Ltd 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 \$1,543,328 during the year ending 30 June 2016.

Other assets

ARL holds 1,794,840 shares in Raptis Group Ltd, an ASX listed entity, which ARL received in settlement of an earlier claim. The most recent audited accounts of Raptis Group Ltd show that it has net assets of about \$0.01 per share, and this holding is currently shown in ARL's accounts at zero. Since the period end, 150,000 shares have been sold for \$8,970.

NOTE 7: CONTRIBUTED EQUITY

	31 December 2016		30 June 2016	
	No.	\$	No.	\$
Movement in ordinary shares				
Balance at the beginning of the period	4,905,441	36,773,837	980,558,167	55,405,000
Consolidation on basis of 1:200	-	-	(975,652,726)	-
Balance at the end of the period	<u>4,905,441</u>	<u>36,773,837</u>	<u>4,905,441</u>	<u>36,773,837</u>

At the Annual General Meeting held on 26 November 2016, the shareholders approved an on-market and off-market buy back of up to 981,088 shares each. In addition on 20 December 2016, Asset Resolution Limited announced a share buy-back of unmarketable parcels, refer to Note 8 for further detail.

On 9 December 2015, the Company announced the consolidation of shares on the basis of 1 share for every 200 held. The consolidation was approved by Shareholders at the 2015 AGM.

NOTE 8: EVENTS OCCURRING AFTER BALANCE SHEET DATE

On 20 December 2016, Asset Resolution Limited announced a share buy-back of unmarketable parcels (being a holding of less than a 'marketable parcel') of shares in the Company as at the Record Date of 7pm (AEDT) 16 December 2016 ("Offer"). The Offer closed on 6 February 2017 and \$1.3 million of shares were bought back.

In January 2017, Asset Resolution Limited sold 150,000 Raptis Group Ltd shares for \$8,970 net of sale costs.

No other matters or circumstances have arisen since 31 December 2016 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 recording 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 2016 or 30 June 2016.

NOTE 12: OPERATING SEGMENTS

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

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

All operations are conducted in Australia.

ASSET RESOLUTION LIMITED
NOTES TO THE INTERIM FINANCIAL STATEMENTS CONTINUED
FOR THE HALF YEAR ENDED 31 DECEMBER 2016



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

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

At the Annual General Meeting held on 26 November 2016, the shareholders approved:

-) the establishment of a Non-Executive Share Plan ('Plan'). At the date of this report no shares have been issued under this Plan; and
-) for the year ended 30 November 2017 directors' fees are to be paid in share in lieu of cash at a share price of \$2.00 per share.

Remuneration of key management personnel

Name	Short-term Remuneration & Fees	
	31 December 2016	31 December 2015
	\$	\$
Giles Craig (Chair)	29,166	18,288
John Sergeant (Director)	29,166	18,288
Frederick Woollard (Director)	29,166	18,288
David Beddall (Director)	-	20,000
Lindsay Johnston (Director)	-	31,116
Tony Pope (Director)	-	27,740
Total Directors fees	87,498	133,720
Victoria Allinson (Company Secretary) ⁽ⁱ⁾	6,000	3,000
Christina Sutherland (Company Secretary)	-	9,000
Total Key Management Personnel remuneration	93,498	145,720

(i) Ms Allinson provides professional accounting, administration and company secretarial services. The fees for accounting services amount to \$26,157 (2015: \$23,988) and \$9,343 (2015: \$15,205) of fees in respect of listing services. 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 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 2016, 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 2016 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.

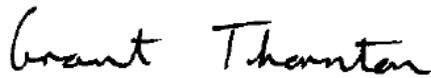
Independence

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 2016 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 AUDIT PTY LTD
Chartered Accountants



G S Layland
Director - Audit & Assurance

Sydney, 15 February 2017