



# 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 2017

## 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	1,176%	to	1,566	
Profit (loss) for the period (item 1.9)	up/down	866%	to	1,356	
Profit (loss) for the period attributable to members of the parent (item 1.11)	up/down	866%	to	1,356	
<b>Dividends</b>		Current period		Previous corresponding period	
Franking rate applicable:		n/a		n/a	
<b>Final dividend</b> (preliminary final report only)(item 10.13-10.14)		n/a		n/a	
Amount per security					
Franked amount per security					
<b>Interim dividend</b> (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:					
n/a					



**Annual meeting**

*(Preliminary final statement only)*

The annual meeting will be held as follows:

Place	
Date	
Time	
Approximate date the annual report will be available	

**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
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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.*) [Auditors Review Report attached](#)

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

Sign here: .....  
(Company secretary)

Date: 7 March 2018

Print name: Victoria Allinson

## Notes

1. **For announcement to the market** The percentage changes referred to in this section are the percentage changes calculated by comparing the current period's figures with those for the previous corresponding period. Do not show percentage changes if the change is from profit to loss or loss to profit, but still show the amount of the change up or down. If changes in accounting policies or procedures have had a material effect on reported figures, do not show either directional or percentage changes in profits. Explain the reason for the omissions in the note at the end of the announcement section. *Issuers* are encouraged to attach notes or fuller explanations of any significant changes to any of the items in page 1. The area at the end of the announcement section can be used to provide a cross reference to any such attachment.
2. **True and fair view** If this statement does not give a true and fair view of a matter (for example, because compliance with an Accounting Standard is required) the *issuer* must attach a note providing additional information and explanations to give a true and fair view.
3. **Consolidated statement of financial performance**
  - Item 1.1            The definition of "revenue" is set out in *AASB 118: Revenue*
  - Item 1.6            This item refers to the total tax attributable to the amount shown in *item 1.5*. Tax includes income tax and capital gains tax (if any) but excludes taxes treated as expenses from ordinary activities (eg. fringe benefits tax).
4. **Income tax** If the amount provided for income tax in this statement differs (or would differ but for compensatory items) by more than 15% from the amount of income tax *prima facie* payable on the profit before tax, the issuer must explain in a note the major items responsible for the difference and their amounts. The rate of tax applicable to the franking amount per dividend should be inserted in the heading for the column "Franking rate applicable" for items in *section 9*.
5. **Consolidated statement of financial position**

**Format** The format of the consolidated statement of financial position should be followed as closely as possible. However, additional items may be added if greater clarity of exposition will be achieved, provided the disclosure still meets the requirements of *AASB 134: Interim Financial Reporting*, and *AASB 101: Presentation of Financial Statements*. Banking institutions, trusts and financial institutions may substitute a clear liquidity ranking for the Current/Non-Current classification.

**Basis of revaluation** If there has been a material revaluation of non-current assets (including investments) since the last annual report, the *issuer* must describe the basis of revaluation adopted. The description must meet the requirements of *AASB 116: Property, Plant and Equipment*. If the *issuer* has adopted a procedure of regular revaluation, the basis for which has been disclosed and has not changed, no additional disclosure is required.
6. **Consolidated statement of cash flows** For definitions of "cash" and other terms used in this statement see *AASB 107: Cash Flow Statements*. *Issuers* should follow the form as closely as possible, but variations are permitted if the *directors* (in the case of a trust, the management company) believe that this presentation is inappropriate. However, the presentation adopted must meet the requirements of *AASB 107*.
7. **Net tangible asset backing** Net tangible assets are determined by deducting from total tangible assets all claims on those assets ranking ahead of the ordinary *securities* (i.e. all liabilities, preference shares, outside equity interests, etc). Mining *issuers* are *not* required to state a net tangible asset backing per ordinary *security*.
8. **Gain and loss of control over entities** The gain or loss must be disclosed if it has a material effect on the consolidated financial statements. Details must include the contribution for each gain or loss that increased or decreased the issuer's consolidated operating profit (loss).



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

**INTERIM FINANCIAL REPORT**  
**FOR THE HALF YEAR ENDED**  
**31 DECEMBER 2017**

**ASSET RESOLUTION LIMITED  
INTERIM FINANCIAL REPORT  
FOR THE HALF YEAR ENDED 31 DECEMBER 2017**

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**DIRECTORS' REPORT CONTINUED  
FOR THE HALF YEAR ENDED 31 DECEMBER 2017**



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 2017.

**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	18 October 2017	28 February 2018
Graham Holdaway	Independent Non-Executive	1 April 2017	18 October 2017	-
Sarina Roppolo	Independent Non-Executive	28 February 2018	-	-

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

**Information on Directors**

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

Appointed 11 September 2015.

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

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

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

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

Appointed 11 September 2015 and resigned 28 February 2018.

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 2017**



**Directors (continued)**

**Graham Holdaway BCA, Dip Acct, MAICD  
Independent Non-Executive Director**

Board member since 1 April 2017.

Mr Holdaway is a director of ASX Listed, Kangaroo Island Plantation Timbers Limited.

He has also served on boards of natural resources companies with operations in Australia, Indonesia, Papua New Guinea and the United Kingdom. He is a former partner of KPMG.

In the period June 2012 to June 2014, Mr Holdaway was a member of two listed boards: Asia Resource Minerals plc and PT Apexindo Pratama Duta Tbk.

**Ms Sarina Roppolo LLB  
Independent Non-Executive Director**

Ms Roppolo is a dispute resolution and insolvency Partner at Kemp Strang Lawyers. In her practice, Ms Roppolo primarily advises and acts for two of Australia's major banks in addition to a multinational financial institution and a variety of public and private companies in a wide range of contentious matters with a specialisation in insolvency.

She spent a number of years working in house at a major Australian Bank as a senior corporate lawyer specialising in solutions for the insolvency of customers that bank's institutional and corporate divisions.

Ms Roppolo has been noted as a leading lawyer in insolvency in The Legal 500 Asia Pacific for the years 2016, 2017 & 2018.

Ms Roppolo is also a member of Kemp Strang's governing board.

**Information on Company Secretary**

**Victoria Allinson FCCA, AGIA  
Company Secretary**

Ms Allinson was appointed accompany secretary on 1 October 2015.

She 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 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:

Directors	Opening interest at 1 July 2017	Net changes during the period	Granted as remuneration	Closing interest at 30 June 2017 & date of this report
Giles Craig	36,698	-	25,000	61,698
John Sergeant	28,037	877	25,000	53,914
Graham Holdaway	3,944	2,155	16,667	22,766
Sarina Roppolo	-	-	-	-
<b>Total Directors</b>	<b>68,679</b>	<b>3,032</b>	<b>66,667</b>	<b>138,378</b>

**DIRECTORS' REPORT CONTINUED  
FOR THE HALF YEAR ENDED 31 DECEMBER 2017**



**Directors (continued)**

At 30 June 2017 and at the date of this report:

1. Giles Craig holds 61,698 shares:
  - o 45,000 shares are held in North Shore Custodians ATF The Craig Family Trust, of which he is a beneficiary. 25,000 shares were issued during the period at \$2.00 per share in lieu of director's fees and 20,000 shares were acquired in December 2015 at \$2 per share.
  - o 7,709 escrowed shares are held in North Shore Custodians ATF The Craig Family Trust, of which he is a beneficiary. These shares were acquired in April 2017 from Hamilton Securities Limited December 2015 at \$2.12 per share. The escrow period ends on 28 November 2018; and
  - o 8,989 shares are held by Giles and Vicki Craig ATF the Craig Family Superannuation Fund of which Mr Craig has effective control. The shares were acquired during the prior periods for between \$2.12 and \$2.15 per share.
2. John Sergeant holds 53,914 shares:
  - o 20,000 shares are held in Phalaenopsis Pty Ltd ATF Sergeant Family Trust, of which he has effective control. These shares were acquired in December 2015 at \$2 per share;
  - o 24,981 shares are held directly, of which 22,831 shares were issued during the period at \$2.00 per share in lieu of directors fees and 2,150 of these shares were acquired in the December 2015 at \$2 per share; and
  - o 8,933 share are held by John David Sergeant <Sergeant Family Superannuation Fund A/C>. Mr Sergeant has effective control of this fund. During the period 877 shares were acquired at \$2.13 per share and 2,169 shares issued at \$2.00 per share in lieu of directors fees. In prior periods 5,887 shares were acquired for between \$2.12 and \$2.15 per share.

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

3. Graham Holdaway holds 22,766 shares:
  - o 16,667 shares are held by Holdaway & Holdaway Pty Ltd, of which he has effective control. The shares issued at \$2.00 per share in lieu of directors fees.
  - o 6,099 shares are held by Graham and Kristina Holdaway ATF the G&K Superfund, of which he has effective control. During the period 2,155 shares were acquired at \$2.12 per share. In prior periods 3,944 shares were acquired at \$2.12 per share.

*Interest in Options*

There are no options on issue.

**Review of Operations**

*Review of current period operations*

During the period the Company's profits amounted to \$1,355,946 (December 2016 losses: \$177,195). The \$1,533,141 increase is primarily due to the \$1,467,197 gain of proof of debt from Octaviar Ltd and lower expenses.

The liquidators of Octaviar Ltd have advised the Company that \$205,694,371 of the proof of debt claim has been allowed. On 15 December 2017, the Company received \$1,467,197 in respect of that debt claim.

The expenses of ARL have been reduced, resulting in an \$89,916 decrease compared to the prior period:

- ) Registry fees decreased by \$44,565 to \$13,996 for the period (December 2016: \$58,561); and
- ) NSX listing fees decreased by \$78,135 to nil in the period (December 2016: \$78,135); offset by
- ) Higher consulting fees of \$25,000 (December 2016: \$nil).



**DIRECTORS' REPORT CONTINUED  
FOR THE HALF YEAR ENDED 31 DECEMBER 2017**



**Review of Operations (continued)**

At the Annual General Meeting held on 18 October 2017, the following resolutions were approved by the shareholders:

- ) Mr John Sergeant was re-elected as a director of the Company;
- ) Mr Graham Holdaway was elected as a new director of the Company;
- ) on-market buy-back of up to 806,274 fully paid ordinary shares in the Company (representing approximately 20% of the Company's issued shares as at 4 September 2017) in the 12 month period to 17 October 2018;
- ) off-market acquisition of up to 1,612,548 fully paid ordinary shares in the Company (being approximately 40% of the Company's issued shares as at 4 September 2017) at a price to be calculated at a price equal to the Net Tangible Asset Value per Share shown in the then most recent Annual Report or Half Yearly Report per share in the 12 month period to 17 October 2018; and
- ) special resolution to issue shares to directors in lieu of their directors' fees (board total fees: \$150,000 per annum) at \$2.00 per share under the Non-Executive Share Plan.

*Net Tangible Asset Per Share:*

	Half year Ended 31 Dec 2017 \$	Year ended 30 Jun 2017 \$	Year ended 30 June 2016 \$
<b>Net Assets</b>			
Cash and receivables	8,501,376	7,181,696	12,535,651
Financial assets	3,250,000	3,250,000	-
Total liabilities - current	(54,715)	(145,447)	(72,591)
<b>Net Assets</b>	<b>11,696,662</b>	<b>10,286,249</b>	<b>12,463,060</b>
<b>Number of Shares on issue</b>	<b>4,062,961</b>	<b>4,032,479</b>	<b>4,905,441</b>
<b>Net tangible assets per share in \$:</b>	<b>2.88</b>	<b>2.55</b>	<b>2.54</b>
<b>Net tangible assets per share in cents:</b>	<b>288</b>	<b>255</b>	<b>254</b>

*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") and Raptis Group Ltd investment, 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 Note 10 for further details.

**DIRECTORS' REPORT CONTINUED  
FOR THE HALF YEAR ENDED 31 DECEMBER 2017**

**Events subsequent to balance date**

On the 28 February 2018 the Company announced the following board changes:

- ) the appointment of Sarina Roppolo as a director and
- ) the resignation of John Sergeant as a director.

There are no other matters or circumstances have arisen since 31 December 2017 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:

  
**Mr Giles Craig**  
**Chairman**

Sydney, 7 March 2018

Level 17, 383 Kent Street  
Sydney NSW 2000

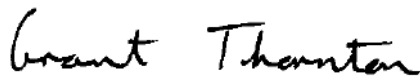
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## Auditor's Independence Declaration to the Directors of Asset Resolution Limited

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 2017. 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, 7 March 2018

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**ASSET RESOLUTION LIMITED  
INTERIM FINANCIAL REPORT  
FOR THE HALF YEAR ENDED 31 DECEMBER 2017**

**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 2017 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**

Sydney, 7 March 2018

**ASSET RESOLUTION LIMITED**  
**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2017**



	Note	Half year ended 31 December 2017 \$	Half year ended 31 December 2016 \$
<b>Revenue from continuing operations</b>			
Interest income	2	87,295	122,674
Gain on realisation of proof of debt	2	1,467,197	-
Other income	2	11,335	-
		<hr/>	<hr/>
Total revenue and investment income		1,565,827	122,674
<b>Expenses</b>			
Administrative expenses		5,682	1,001
Other expenses	2	202,256	297,216
Finance expenses		166	174
Other		1,777	1,478
		<hr/>	<hr/>
Total expenses		209,881	299,869
		<hr/>	<hr/>
<b>Profit / (loss) before income tax</b>		<b>1,355,946</b>	<b>(177,195)</b>
Income tax benefit / (expense)		-	-
		<hr/>	<hr/>
<b>Profit / (loss) for the period</b>		<b>1,355,946</b>	<b>(177,195)</b>
<b>Other comprehensive income, net of income tax</b>			
Items that will not be reclassified subsequently to profit or loss			
Other comprehensive income, net of income tax		-	-
		<hr/>	<hr/>
<b>Total comprehensive income, net of income tax</b>		<b>1,355,946</b>	<b>(177,195)</b>
		<hr/>	<hr/>
<b>Profit / (loss) attributable to members</b>		<b>1,355,946</b>	<b>(177,195)</b>
		<hr/>	<hr/>
<b>Total comprehensive (loss) / income attributable to members</b>		<b>1,355,946</b>	<b>(177,195)</b>
		<hr/> <hr/>	<hr/> <hr/>
<b>Earnings per share</b>			
Basic profit / (loss) per share (cents)	3	33.6	(3.6)
Diluted profit / (loss) per share (cents)	3	33.6	(3.6)

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

**ASSET RESOLUTION LIMITED  
STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2017**



	Note	As at 31 December 2017 \$	As at 30 June 2017 \$
<b>Assets</b>			
<i>Current assets</i>			
Cash and cash equivalents	5	8,475,229	7,171,982
Trade and other receivables		26,147	9,714
Financial assets - mortgage loans	6	3,250,000	3,250,000
<b>Total current assets</b>		<b>11,751,376</b>	10,431,696
<b>Liabilities</b>			
<i>Current liabilities</i>			
Trade and other payables		8,580	9,753
Accrued expenses		46,134	135,694
Employee benefits		-	-
<b>Total current liabilities</b>		<b>54,715</b>	145,447
<b>Total non-current liabilities</b>		-	-
<b>Net assets</b>		<b>11,696,662</b>	10,286,249
<b>Equity</b>			
Contributed equity	7	34,977,625	34,923,158
Retained losses		(23,280,963)	(24,636,909)
<b>Total equity</b>		<b>11,696,662</b>	10,286,249

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 2017**



	Note	Issued Capital \$	Retained earnings \$	Total \$
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		-	-	-
<b>Balance at 31 December 2016</b>		<b>36,773,837</b>	<b>(24,487,972)</b>	<b>12,285,865</b>
Balance as at 1 July 2017		34,923,158	(24,636,909)	10,286,249
Profit/(loss) for the period		-	1,355,946	1,355,946
Other comprehensive income		-	-	-
Total comprehensive income		-	1,355,946	1,355,946
Transaction with owners:				
Issue of shares	7	(108,035)		(108,035)
Buyback of shares	7	162,502	-	162,502
Sub total		54,467	-	54,467
<b>Balance at 31 December 2017</b>		<b>34,977,625</b>	<b>(23,280,963)</b>	<b>11,696,662</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 2017**



	Note	Half year ended 31 December 2017 \$	Half year ended 31 December 2016 \$
<b>Cash flow from operating activities</b>			
Interest received		87,295	122,669
Payments to suppliers		(153,888)	(248,261)
<b>Net cash provided used in operating activities</b>		(66,593)	(125,592)
<b>Cash flow from investing activities</b>			
Net proceeds from proof of debt		1,467,197	-
Net proceeds from sale of investments		11,273	-
<b>Net cash provided by investing activities</b>		1,478,470	-
<b>Cash flow from financing activities</b>			
Buyback of shares		(108,629)	-
<b>Net cash provided (used in) financing activities</b>		(108,629)	-
<b>Net increase/(decrease) in cash and cash equivalents</b>		1,303,248	(125,592)
Cash and cash equivalents at beginning of the period		7,171,982	12,461,140
<b>Cash and cash equivalents at end of the period</b>	5	<b>8,475,230</b>	<b>12,335,548</b>

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 2017**



**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 2017 was authorised for issue in accordance with a resolution of the Directors on 7 March 2018. 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 2017 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 2017.

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

**NOTE 2: OTHER INCOME AND EXPENSES**

	<b>31 December 2017</b>	31 December 2016
	\$	\$
<b>Revenue</b>		
Bank interest	<b>40,281</b>	122,674
Mortgage loan interest (Note 6)	<b>47,014</b>	-
Interest income	<b>87,295</b>	122,674
Gain on realisation of proof of debt <sup>(1)</sup>	<b>1,467,197</b>	-
Other income – sale of investments <sup>(2)</sup>	<b>11,335</b>	-
<b>Total</b>	<b>1,565,827</b>	122,674
<b>Other Expenses</b>		
Directors’ fees (Note 13)	<b>75,000</b>	87,498
Company secretarial fees (Note 13)	<b>7,200</b>	6,000
Auditor fee	<b>18,327</b>	9,163
Legal fees	<b>24,504</b>	17,864
Consulting fees	<b>25,000</b>	-
Registry fees	<b>13,996</b>	58,561
NOMAD fees	<b>6,000</b>	11,000
NSX listing fees	-	78,138
NSX annual fees	<b>7,867</b>	2,217
Consultancy fees – My Virtual HQ	<b>24,203</b>	26,359
Insurance – annual insurance	<b>159</b>	416
<b>Total</b>	<b>202,256</b>	297,216

(1) The liquidators of Octaviar Ltd have advised the Company that \$205,694,371 of the proof of debt claim has been allowed. On 15 December 2017, the Company received \$1,467,197 in respect of that debt claim.

(2) During the period 168,210 Raptis Group Ltd shares have been sold for \$11,335.

**ASSET RESOLUTION LIMITED**  
**NOTES TO THE INTERIM FINANCIAL STATEMENTS CONTINUED**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2017**



**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**

	<b>Consolidated</b>	
	<b>31 December 2017</b>	<b>31 December 2016</b>
	\$	\$
Continuing Net profit/(loss) attributable to ordinary equity holders of the parent	<b>1,355,946</b>	(177,195)

**Weighted average number of shares**

	<i>No.</i>	<i>No.</i>
<i>Weighted average number of ordinary shares for basic earnings per share</i>	<b>4,040,858</b>	4,905,441
Effect of dilution:		
Share options	-	-
<i>Weighted average number of ordinary shares adjusted for the effect of dilution</i>	<b>4,040,858</b>	4,905,441

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 2017</b>	<b>30 June 2017</b>
	\$	\$
Cash at bank	<b>8,475,229</b>	7,171,982
<b>Total</b>	<b>8,475,229</b>	7,171,982

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 \$8,475,229 (June 2017: \$7,171,982).

**ASSET RESOLUTION LIMITED**  
**NOTES TO THE INTERIM FINANCIAL STATEMENTS CONTINUED**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2017**



**NOTE 6: FINANCIAL ASSETS**

**Mortgage loans**

	<b>31 December 2017</b>	30 June 2017
	\$	\$
Opening carrying value	<b>3,250,000</b>	-
Receivable during period	<b>3,250,000</b>	-
Payments during period	<b>(3,250,000)</b>	3,250,000
Impairment (loss)/gain on mortgage loans	-	-
<b>Balance at the end of the period</b>	<b>3,250,000</b>	3,250,000

During the prior year a secured loan of \$3,250,000 was provided to John Sergeant. The loan was established to provide a commercial benefit to both parties, the Company is earning a higher interest than can be obtained on its bank savings and Mr Sergeant is saving interest. 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 holding of units in the managed investment fund known as Samuel Terry Absolute Return Fund.
- ) Mr Sergeant is 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. The Company did call on this loan during the period to funds a potential investment, the investment bid was unsuccessful, and so the loan was reinstated.
- ) Interest is paid monthly and is charged at rate 3% per annum. Interest of \$47,014 has been paid in the period (year ended June 2017: \$30,185).
- ) 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.

**NOTE 7: CONTRIBUTED EQUITY**

	<b>31 December 2017</b>		30 June 2017	
	No.	\$	No.	\$
<b>Movement in ordinary shares</b>				
Balance at the beginning of the period	<b>4,032,479</b>	<b>34,923,158</b>	4,905,441	36,773,837
Unmarketable Parcel Buyback <sup>(1)</sup>	-	-	(619,139)	(1,312,574)
On-market Buyback <sup>(2)</sup>	<b>(50,769)</b>	<b>(108,035)</b>	(253,823)	(538,105)
Share issue <sup>(3)</sup>	<b>81,251</b>	<b>162,502</b>	-	-
<b>Balance at the end of the period</b>	<b>4,062,961</b>	<b>34,977,625</b>	4,032,479	34,923,158

(1) On 13 February 2017 ARL completed a shareholder approved unmarketable parcel buyback at \$2.12 per share.

**NOTE 7: CONTRIBUTED EQUITY (CONTINUED)**

- (2) At the 2017 Annual General Meeting ARL shareholders voted in favour of Off-market Buyback and On-market Buyback resolutions. The On-market Buyback commenced in the period and allows the Company to buy back Shares of up to 806,274 (June 2017: 981,088) ordinary Shares on market over the 12 months following the date of the Annual General Meeting. During the period, ARL have bought back 50,769 shares at \$2.13 average price per share (year ended 30 June 2017: 253,823 shares at \$2.12 per share).
- (3) At the 2017 Annual General Meeting ARL shareholders voted in favour of Directors' fees being paid in shares rather than cash; during the year 81,251 shares were issued at \$2.00 per share in payment of the following remuneration:
- for the year ended 30 June 2017 \$100,000; and
  - for the half year ended 30 November 2017 \$62,502.

**NOTE 8: EVENTS OCCURRING AFTER BALANCE SHEET DATE**

On the 28 February 2018 the Company announced the following board changes:

- ) the appointment of Sarina Roppolo as a director and
- ) the resignation of John Sergeant as a director.

There are no other matters or circumstances have arisen since 31 December 2017 to the date of this report which have significantly affected or may affect:

- the company's operations in future financial periods; or
- the results of those operations in future financial periods; or
- 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 2017: \$206) million by Octaviar Limited (formerly MFS Limited) and approximately \$137 million (June 2017 \$137 million) by Octaviar Administration Pty Ltd (formerly MFS Administration Pty Ltd).

During the year the Company has been paid \$1,467,197 by Octaviar Limited. A further amount is due, however the amount and date of the second payment has not been announced by Octaviar Ltd, and therefore the Company will only recognise the income as virtually certain.

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.

**NOTE 10: CONTINGENT ASSETS (CONTINUED)**

For the reasons set out above, 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 carrying the Octaviar debts at zero value in ARL's accounts, even though it is possible that ARL will recover further money from these debts.

**Raptis Group Ltd investment**

The Company holds 1,266,630 (June 2017: 1,434,840) 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. During the period 168,210 shares have been sold for \$11,335.

**NOTE 11: COMMITMENTS**

There are no commitments at 31 December 2017 or 30 June 2017.

**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.

**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, resigned 28 February 2018

Graham Holdaway (Directors) appointed 1 April 2017

Frederick Woollard (Director) appointed 11 September 2015, resigned 30 June 2017

Victoria Allinson (Company Secretary) appointed 1 October 2015

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

Since the year end Ms Rapollo has been appointed as a director, effective 28 February 2018.

**NOTE 13: KEY MANAGEMENT PERSONNEL (CONTINUED)**

**Remuneration of key management personnel**

<b>Name</b>	<b>Short-term Remuneration &amp; Fees</b>	
	<b>31 December 2017</b>	<b>31 December 2016</b>
	<b>\$</b>	<b>\$</b>
Giles Craig (Chair)	<b>25,000</b>	29,166
John Sergeant (Director)	<b>25,000</b>	29,166
Graham Holdaway (Director)	<b>25,000</b>	-
Frederick Woollard (Director)	-	29,166
<b>Total Directors fees</b>	<b>75,000</b>	87,498
Victoria Allinson (Company Secretary) <sup>(i)</sup>	<b>7,200</b>	6,000
<b>Total Key Management Personnel remuneration</b>	<b>82,200</b>	93,498
Includes: Share based payment paid or accrued <sup>(ii)</sup>	<b>75,000</b>	50,000

- (i) Ms Allinson provides professional accounting, administration and company secretarial services. In addition to the Company Secretarial fees, the fees for accounting services amount to \$24,203 (2016: \$26,359) and \$nil (2016: \$9,343) 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.
- (ii) At the Annual General Meeting (“AGM”) held 18 October 2017 (June 2017: AGM held on 26 November 2016), the shareholders approved for the year ended 30 November 2018, directors’ fees are to be paid in share in lieu of cash at a share price of \$2.00 per share (June 2017: \$2.00 per share) under the Non-Executive Share Plan.

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

### Report on the Half Year Financial Report

#### Conclusion

We have reviewed the accompanying half year financial report of Asset Resolution Limited (the Company), which comprises the consolidated statement of financial position as at 31 December 2017, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated 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 2017, 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

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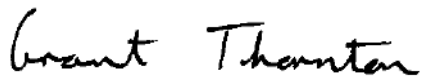
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report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Company's financial position as at 31 December 2017 and its performance for the half year ended on that date, and complying with Accounting Standard 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



G S Layland  
Director - Audit & Assurance

Sydney, 7 March 2018