



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

**ANNUAL REPORT**  
**FOR THE YEAR ENDED**  
**30 JUNE 2018**



**ASSET RESOLUTION LIMITED  
ANNUAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2018**

**CORPORATE DIRECTORY**

**Directors**

Giles Craig (Chairman)  
Graham Holdaway (Non-Executive Director)  
Sarina Roppolo (Non-Executive Director)

**Company Secretary**

Victoria Allinson

**Registered Office and Principal Place of Business**

Suite 816  
147 Pirie Street  
Adelaide  
South Australia 5000  
Telephone: (08) 8423 0170  
Facsimile: (08) 8223 1685

**Solicitors**

Watson Mangioni Lawyers  
Level 23, 85 Castlereagh Street  
Sydney NSW 2000

**Bankers**

National Australia Bank Limited  
22-28 King William Street  
Adelaide  
South Australia 5000

**Auditor**

Grant Thornton Audit Pty Ltd  
Level 17  
383 Kent Street  
Sydney NSW 2000

**Share Register**

Link Market Services Ltd  
Level 12, 680 George Street  
Sydney NSW 2000  
Telephone: +61 1300 554 474

**NSX code**

ASS

**Website**

[www.arlimited.com.au](http://www.arlimited.com.au)



**ASSET RESOLUTION LIMITED  
ANNUAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2018**

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**DIRECTORS' REPORT  
FOR THE YEAR ENDED 30 JUNE 2018**

The directors present their report together with the financial report of Asset Resolution Limited (“ARL” or the “Company”), for the financial year ended 30 June 2018 and the independent auditors’ report thereon.

**Directors**

The names of the Company’s directors in office during the 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	-
Graham Holdaway	Independent Non-Executive	1 April 2017	18 October 2017	-
Sarina Roppolo	Independent Non-Executive	28 February 2018	-	-
John Sergeant	Independent Non-Executive	11 September 2015	18 October 2017	28 February 2018

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

**Information on Directors**

**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.

**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 30 JUNE 2018**

**Directors (continued)**

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



Board member since April 2017.

Mr Holdaway is a director of ASX Listed Company, 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.

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



Board member since February 2018.

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 that bank's institutional and corporate division's customers.

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.

**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 30 JUNE 2018**
**Directors (continued)**
**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*

Directors	Opening interest at 1 July 2017	Net changes during the period	Issued in lieu of Directors' fees <sup>(iii)</sup>	Commencing /((Ceasing) Office	Closing interest at 30 June 2018 & date of this report
Giles Craig	36,698	-	25,000	-	61,698
Graham Holdaway	3,944	2,155	16,667	-	22,766
Sarina Roppolo <sup>(i)</sup>	-	-	-	-	-
John Sergeant <sup>(ii)</sup>	28,037	877	25,000	(53,914)	-
<b>Total Directors</b>	<b>68,679</b>	<b>3,032</b>	<b>66,667</b>	<b>(53,914)</b>	<b>84,464</b>

(i) Ms Roppolo was appointed on 28 February 2018

(ii) Mr Sergeant resigned on 28 February 2018

(iii) The shares issued in lieu of directors' fees are approved annually by shareholders at the Annual General Meetings.

At 30 June 2018 and at the date of this report:

(1) Giles Craig holds 61,698 shares:

- 45,000 shares are held in North Shore Custodians ATF The Craig Family Trust, of which he is a beneficiary. During the year 25,000 shares were issued in lieu of directors fees at \$2.00 per share;
- 7,709 shares are held in North Shore Custodians ATF The Craig Family Trust, of which he is a beneficiary; and
- 8,989 shares are held by Giles and Vicki Craig ATF the Craig Family Superannuation Fund of which Mr Craig has effective control.

(2) John Sergeant was appointed as a Director on 11 September 2015 and resigned on 28 February 2018, he held 53,914 shares at the date of his resignation.

- 20,000 shares are held in Phalaenopsis Pty Ltd ATF Sergeant Family Trust, of which he has effective control;
- 24,981 shares are held directly, 22,831 shares were issued in lieu of directors fees at \$2.00 per share; and
- 8,933 shares are held by John David Sergeant <Sergeant Family Superannuation Fund A/C>. Mr Sergeant has effective control of this fund. 2,169 shares were issued in lieu of directors fees at \$2.00 per share.

## ASSET RESOLUTION LIMITED

### DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2018

#### Directors (continued)

Mr Sergeant discloses that he is a unit holder 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; 6,099 of these shares are held by Graham and Kristina Holdaway ATF the G&K Superfund, of which he has effective control; and 16,667 shares are held by to Holdaway & Holdaway Pty Ltd, of which he has effective control. 16,667 shares were issued in lieu of directors fees at \$2.00 per share to Holdaway & Holdaway Pty Ltd.

#### *Interest in Options*

There are no options on issue.

#### Chief Financial Officer and Company Secretary

##### Victoria Marie 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 for Kangaroo Island Plantation Timbers Ltd and a number of other entities.

#### Dividends

The directors have resolved not to declare a dividend for the year ended 30 June 2018. No dividends were paid during the previous year.

#### Principal activities

During the year the principal activity of the Company was: holding existing Distressed Assets and identifying potential Distressed Assets to acquire.

#### Corporate information

##### *Share movements*

At the 2017 Annual General Meeting the shareholders approved a number of buybacks, of which the following were executed during the year:

- ) Off-Market Buyback 900,106 shares at \$2.88; and
- ) On-market Buyback 10,333 shares at \$2.12 and 40,436 shares at \$2.13.

In accordance with our stated intention to create liquidity in our stock and help investors who want to sell their holding to do so, we conducted an off market buy back. 1,256 investors took up the offer and the company bought back 900,106 shares at the \$2.88 per share - the net asset value per share at 31 December 2017.

During the year 162,502 shares were issued in lieu of director's fees.



## ASSET RESOLUTION LIMITED

### DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2018

#### Operating and financial review

##### *Review of current period operations*

During the year the Company's gain amounted to \$1,788,776 (2017 losses: \$326,132). The increase was mainly due to the recovery of Octaviar debt. This was \$2,104,941.

The head office costs of ARL have been reduced for the third consecutive year from \$570,226 to \$495,429. The \$74,797 (2017: \$570,266) decrease is primarily due to:

- share registry fees have decreased by a further \$58,170 (2017 decreased by \$70,791);
- directors fees have decreased by a further \$50,000 (2017 decreased by \$23,720);
- NSX listing fees decreased by \$78,132 (2017 increased by \$78,132); offset by
- consulting fees increasing by \$74,000 (2017 \$nil).

The Directors were pleased to receive \$2,104,941 from Octaviar Limited but the Octaviar situation remains protracted and frustrating. ARL is currently owed significant amounts by Octaviar Limited and by Octaviar Administration Pty Ltd. While ARL understands both have substantial amounts of cash and other assets that are potentially available to creditors, there remain legal disputes about the status of some creditors of each company. The Board understand that 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 and any remaining funds distributed.

For these reasons, it is impossible to forecast with confidence how much ARL might be in a position to 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 showing the Octaviar Debts at a zero value in ARL's accounts.

During the year ARL was the under bidder for the freehold of two office blocks in Sydney and some royalty assets. We are maintaining a conservative approach and while it was frustrating to come second, we would prefer that to overpaying. This royalty bid accounted for the increase in the consulting fees as we engaged an oil and gas expert to help us with the valuation.

#### Significant changes in state of affairs

During the year there were no significant changes to the state of affairs of the Company except as mentioned in this financial report.

#### Significant events after balance date

There are no matters or circumstances that have arisen since 30 June 2018 to the date of this report which have significantly affected or may affect:

- (a) the Company's operations in future financial years; or
- (b) the results of those operations in future financial years; or
- (c) the Company's state of affairs in future financial years.

#### Likely developments

The strategic objective of the Company is to identify and acquire distressed assets that provide an attractive risk return profile. The distressed assets are generally less liquid than other opportunities, which fits the Company's business and risk strategy. These less liquid opportunities are unlikely to ever be fashionable or high profile but the Directors believe they have expertise in acquiring such assets at attractive prices and in extracting value from them.

The Director's strongly believe the market is likely to become more challenging and that more opportunities will arise. To take advantage of this, we appoint Sarina Roppolo to the board. Sarina is a partner at the law firm Kemp Strang and has significant experience in handling liquidations and other work out situations.





## ASSET RESOLUTION LIMITED

### DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2018

#### Diversity Report

##### Introduction

The following is the Diversity Report for the financial year ended 30 June 2018 for ARL ("the Company") prepared for the purposes of the Company's Financial Statements for the year ended 30 June 2018.

The ASX introduced a requirement for all listed companies to adopt a Diversity Policy and a Diversity Strategy by no later than 30 June 2011, to disclose those documents to the shareholders, and to report to the shareholders each year on the current diversity position in the Company including culture, gender and age, and the progress towards achievement of the strategy objectives. ARL have followed a best practice approach and have adopted this Diversity Report.

##### Diversity Policy

The Diversity Policy is based upon the recommendations of the ASX and the Australian Institute of Company Directors ("AICD") and as such, includes requirements that may not be appropriate for a small company such as ARL. As with all matters included in the ASX Corporate Governance Principles and Recommendations, any recommendation that is not considered appropriate for the Company will be disclosed on an "if not why not" basis. The Policy is outlined in the Statement of Corporate Governance which is available on the Company's web site.

##### Responsibility

The Remuneration Committee (if formed, otherwise the Board) is charged with the responsibility for implementation of the Diversity Policy and the oversight of the Diversity Strategy progress and delegates that responsibility to the CEO. The Company Secretary is charged with the responsibility for reporting to the Committee each year in accordance with the requirements of the Policy.

##### Current Position

As at 30 June 2018 there is an aggregate of 5 staff including Directors, employees and contractors (full and part time) in the Company. Of the aggregate 3 are female (including a Non-Executive Director and the Chief Financial Officer), 1 is of different ethnic or cultural background, and nil are mature age. Consequently it could be said that the Company is already harnessing the benefits of a diverse workforce. A number of diversity objectives were not implemented by the Company at this stage given its size and low staff numbers, these are set out in the table below.

##### Diversity Strategy

The Diversity Strategy is also based upon the recommendations of the ASX and the AICD and sets various strategies, initiatives and programs designed to, as far as possible, achieve the aims and objectives of the Diversity Policy.

The current position with each of the strategy items and the time frame for achievement or otherwise is listed in the following Table 1:

**DIRECTORS' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 30 JUNE 2018**
**Diversity Report (continued)**
**Table 1**

Strategy, initiative or program	By when	Current position
<b>Phase 1 – Strategies</b>		
1.1(a) The development and adoption of the Policy	May 2016	Completed
1.1(b) Embody within the Statement of Corporate Governance	May 2016	Completed
1.1(c) Assignment of responsibility	May 2016	Completed
<b>Phase 2 - Initiatives and Programs</b>		
At Board / Board Committee Level		
1.2(a)(i)(A) Diversity is embedded as a relevant attribute	May 2016	Completed
1.2(a)(i)(B) Any skill / gap analysis matrix includes due regard for the attributes of diversity	As required	Will be prepared when required
1.2(a)(i)(C) Clear statement exists as to the mix of skills and diversity that the Board is looking to achieve	May 2016	Stated below and Included in the Charter for the Board of Directors
1.2(a)(ii) When addressing Board succession planning	May 2016	Included in the Charter for the Board of Directors
1.2(a)(iii) Inclusion of Diversity related KPIs for CEO and senior executives	May 2016	N/A given the size of Company and number of staff
1.2(b)(i) Review the Company's HR policies	May 2016	N/A given the size of Company and number of staff
1.2(b)(ii) Review the Company's physical environment & cultural practices to ensure compliance with the Policy	May 2016	N/A given the size of Company and number of staff
1.2(b)(iii) Ensure that the Company's recruitment practices follow the Policy requirements	As required	Will be prepared when required
1.2(c)(i) Commit to career development	May 2016	N/A given the size of Company and number of staff
1.2(c)(ii) Develop standing program and provide budget for career development	Annual	As required

**Notes:**

- ) The size and nature of the Company limits the number of initiatives and programs that are viable, this will be reviewed as the Company changes.
- ) It should be noted that the ASX recognises that there is an historical "skewed" pipeline of qualified and experienced personnel in the market and accordingly the gender diversity targets must be regarded as "soft" and subject to the overriding caveat stated at Item 8 in the Diversity Policy. The gender diversity targets are detailed at Item 2(c) of the Diversity Strategy.

**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 30 JUNE 2018**

**Diversity Report (continued)**

"Since good governance principles require independence, transparency, diversity and flexibility, the Board acknowledges the importance of Board structure and, as a consequence, the Board seeks to use the following provisions as guidance when implementing an effective governance structure in the Company."

**Board Skills**

The Board shall contain a relevant blend of expertise and diversity attributes (refer to corporate governance statement for further information) as appropriate for a Company of its size in:

- ) Distressed asset acquisition and management;
- ) Accounting;
- ) Finance;
- ) Business;
- ) Financial instruments;
- ) Legal matters (especially when not present in the Company Secretary); and
- ) Marketing.

**Diversity at Board Level and Generally**

The Board respects the values and the competitive advantage of culture, gender, ethnicity and age "diversity", and the benefits of its integration throughout the Company. The Board has adopted a specific Diversity Policy in order to enrich the Company's perspective, improve corporate performance, increase shareholder value, and enhance the probability of achievement of the Company's objectives.

When addressing Board succession planning (and other appointments throughout the Company) the Board has ensured that the Diversity Policy is respected, efforts are made to identify prospective appointees who have Diversity attributes and efforts are made for any short list of prospective appointees to include at least one male and one female candidate.

**Compliance**

Having regard to the size of the Company and the nature of its business, it is considered that the Company complies as far as possible with the spirit and intentions of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations in respect to diversity.

**Environmental regulation and performance**

The Company is not subject to environmental regulation.

**Indemnification and insurance of officers**

The Company has entered into deeds of indemnity with each director and the company secretary whereby, to the extent permitted by the Corporations Act 2001, the Company agreed to indemnify each director against all loss and liability incurred as an officer of the Company, including all liability in defending any relevant proceedings. During the year, the Company paid a premium of \$nil (2017: \$nil).

**Proceedings on behalf of the Company**

No proceedings have been brought or intervened in on behalf of the Company with leave of the court under section 237 of the *Corporations Act 2001*.

**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 30 JUNE 2018**
**Directors' meetings**

The number of meetings of the Company's Board of Directors held during the year and the members of meetings attended by each Director were:

Directors	Board Meetings		Audit & Risk Committee Meetings	
	Number attended	Number held while in office	Number attended	Number held while in office
Giles Craig	10	10	2	2
Graham Holdaway	10	10	2	2
Sarina Roppolo	4	4	-	-
John Sergeant	5	6	2	2

**Committee membership**

The Company established an Audit and Risk Committee of the Board of Directors on 9 March 2016. Mr Holdaway has been appointed Chair since Mr Sergeant's resignation as a director on 28 February 2018 and all directors served on the Audit and Risk Committee.

In view of the size of the Company, the directors have considered that establishing a nomination and remuneration committee would contribute little to its effective management and accordingly all directors participate in decisions regarding the nomination and election of new Board members.

**Auditor independence and non-audit services**

The directors have received the auditor's independence declaration, which is included on page 19 of this report. The declaration forms part of the Directors' report.

No director of the Company is currently, or was formerly, a partner of Grant Thornton Audit Pty Ltd.

**Non-Audit Services**

Grant Thornton Audit Pty Ltd were appointed as auditors on 24 September 2015 and the appointment confirmed by shareholders at a General Meeting held on 24 November 2015.

During the year, Grant Thornton, the Company's auditors, performed certain other services in addition to their statutory audit duties.

The Board has considered the non-audit services provided during the year by the auditor and, in accordance with written advice provided by resolution of the Audit and Risk Committee, is satisfied that the provision of those non-audit services during the year is compatible with, and did not compromise, the auditor independence requirements of the Corporations Act 2001 for the following reasons:

All non-audit services were subject to the corporate governance procedures adopted by the Company and have been reviewed by the Audit and Risk Committee to ensure they do not impact upon the impartiality and objectivity of the auditor; and

The non-audit services do not undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as an advocate for the Company or jointly sharing risks and rewards.

**ASSET RESOLUTION LIMITED**
**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 30 JUNE 2018**
**Auditor independence and non-audit services (continued)**

The amounts received or due and receivable by Grant Thornton Auditors Pty Ltd for:

	2018 \$	2017 \$
An audit or review of the financial report of the entity and any other entity in the entity		
Audit services Grant Thornton	34,327	26,950
Taxation services Grant Thornton	6,500	2,000
<b>Total services Grant Thornton</b>	<b>40,827</b>	<b>28,950</b>

**Remuneration report (audited)**

This Remuneration Report outlines the director and executive remuneration arrangements of the Company in accordance with the requirements of the Corporations Act 2001 and its Regulations. For the purposes of this report Key Management Personnel (“KMP”) of the Company are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company, directly or indirectly, including any director (whether executive or otherwise) of the Company.

For the purpose of this report, the term “executive” encompasses the Managing Director (if appointed) and Chief Financial Officer of the Company.

**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
- ) Graham Holdaway (Director) appointed 1 April 2017
- ) Sarina Roppolo (Director) appointed 28 February 2018
- ) John Sergeant (Director) appointed 11 September 2015, resigned 28 February 2018
- ) Victoria Allinson (Company Secretary and CFO) appointed 1 October 2015

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

**Remuneration committee**

In view of the size of the Company, the directors have considered that establishing a nomination and remuneration committee would contribute little to its effective management and accordingly all directors participate in decisions regarding the nomination and election of new Board members.

The Board of Directors of the Company is responsible for determining and reviewing remuneration arrangements for the directors and executives.

The Board of Directors assesses the appropriateness of the nature and amount of remuneration of executives on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality, high performing director and executive team.



## ASSET RESOLUTION LIMITED

### DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2018

#### Remuneration report (audited) (continued)

##### *Remuneration philosophy and structure*

The Company has structured remuneration packages for its executives and directors in order to attract and retain people with the necessary qualifications, skills and experience to assist the Company in achieving its desired results.

Remuneration is usually reviewed on an annual basis, taking into consideration both qualitative and quantitative performance indicators, with reference to industry benchmarks. A review has not been conducted in the period of this annual report as the Board are of the opinion that remuneration should only be changed once the Company's strategic plans are further developed.

At the Annual General Meeting the ARL Shareholders voted to pay 100% of the director's fees in shares. At the 2017 Annual General Meeting Shareholders voted to pay each director \$50,000 in shares at \$2.13 per share (prior year: \$2.00 per share).

Overall performance of the directors and the executives of the Company are considered against:

- ) Timely production of Company accounts and records;
- ) Management of the portfolio of loans against acceptable write off and performance standards;
- ) Maintenance/improvement of the Net Tangible Assets of the Company;
- ) Control of costs;
- ) Investor relations;
- ) Assessment of new opportunities; and
- ) Employee performance.

Performance is reviewed on an annual basis, the first review will be undertaken when the Company's strategic plans are further developed.

Remuneration is reviewed by the Board (unless a Remuneration Committee is established) and is set at around the mid-point for professional personnel as measured by knowledge of the members of the Remuneration Committee and augmented by reference to reports produced by professional Human Resources consultants.

The following table shows the net tangible asset per share, earning per share and share price of the Company since incorporation.

**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 30 JUNE 2018**
**Remuneration report (audited) (continued)**

	Year ended 30 June 2018 \$	Year ended 30 June 2017 \$	Year ended 30 June 2016 \$	Year ended 30 June 2015 \$	Year ended 30 June 2014 \$
<b>Results</b>					
Revenue from ordinary activities from continuing operations	-	-	-	2,588,385	3,272,286
Income: Proof of debt claim	2,014,941	-	-	-	-
Interest and other income	269,265	238,334	122,128	488,074	271,004
Expenses	(495,429)	(570,226)	(1,121,738)	(2,167,067)	(2,225,158)
Impairment gain/(loss) on mortgage loans	-	5,760	(1,543,328)	1,953,913	(5,928,531)
Profit/(loss) attributable to members for the period	<b>1,788,777</b>	<b>(326,132)</b>	<b>(2,542,938)</b>	<b>2,863,305</b>	<b>(4,610,399)</b>
Income tax benefit/(expenses)	-	-	490,351	(490,351)	-
Total income/(loss) after tax	<b>1,788,777</b>	<b>(326,132)</b>	<b>(2,052,587)</b>	<b>2,372,954</b>	<b>(4,610,399)</b>
<b>Basic and diluted earnings per share in cents:</b>	44.90	(7.11)	(41.84)	48.37	(93.99)
<b>Net Assets</b>					
Cash and receivables	6,942,866	7,181,696	12,535,651	1,493,138	15,862,279
Financial assets	2,750,000	3,250,000	-	13,990,500	16,149,563
Total liabilities - current	(155,682)	(145,447)	(72,591)	(967,991)	(1,237,986)
Net Assets	<b>9,537,184</b>	<b>10,286,249</b>	<b>12,463,060</b>	<b>14,515,647</b>	<b>30,773,856</b>
<b>Number shares on issue<sup>(1)</sup></b>	3,162,855	4,032,479	4,905,441	4,905,441	4,905,441
<b>Net tangible assets per share: (in cents)</b>	301.5	255.0	254.0	295.9	627.3

(1) Post Consolidated Shares on issue

Details of the nature and amount of each element of the remuneration of each Key Management Personnel ('KMP') of the Company are shown in the following table:

**Remuneration of Key Management Personnel**

For the period ended 30 June 2018, the remuneration paid to the Directors of the Company amounted to \$150,000 (2017: \$200,000).

**DIRECTORS' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 30 JUNE 2018**
**Remuneration report (audited) (continued)**

	Year	Short term			Post employment	Long term	Shares <sup>(i)</sup>	Total
		Salary & fees	Cash bonus	Other non-monetary benefits	Super	Long service leave		
		\$	\$	\$	\$	\$	\$	\$
<b>Non-Executive Directors</b>								
Giles Craig	<b>2018</b>	-	-	-	-	-	<b>50,000</b>	<b>50,000</b>
	2017	22,831	-	-	2,169	-	29,167	54,167
Graham Holdaway	<b>2018</b>	-	-	-	-	-	<b>50,000</b>	<b>50,000</b>
	2017	-	-	-	-	-	12,499	12,499
Sarina Roppolo <sup>(ii)</sup>	<b>2018</b>	-	-	-	-	-	<b>16,667</b>	<b>16,667</b>
	2017	-	-	-	-	-	-	-
John Sergeant <sup>(iii)</sup>	<b>2018</b>	-	-	-	-	-	<b>33,333</b>	<b>33,333</b>
	2017	22,831	-	-	2,169	-	29,167	54,167
Frederick Woollard <sup>(iv)</sup>	<b>2018</b>	-	-	-	-	-	-	-
	2017	50,000	-	-	-	-	29,167	79,167
<b>Total</b>	<b>2018</b>	-	-	-	-	-	<b>150,000</b>	<b>150,000</b>
	2017	95,662	-	-	4,338	-	100,000	200,000
<b>Other KMP</b>								
Victoria Allinson <sup>(v)</sup>	<b>2018</b>	<b>69,705</b>	-	-	-	-	-	<b>69,705</b>
	2017	81,948	-	-	-	-	-	81,948
<b>Total</b>	<b>2018</b>	<b>69,705</b>	-	-	-	-	<b>150,000</b>	<b>219,705</b>
	2017	177,610	-	-	4,338	-	100,000	281,948

(i) Since 1 December 2016 the annual directors' fees amount to \$50,000 each and are paid in shares. The shareholders approve the share issue under the Non-Executive Share Plan in lieu of directors' fees at each Annual General Meeting ("AGM"). At 30 June 2018, \$58,333 (2017: 100,000) of share-based payments are payable, being 27,386 shares at \$2.13 per share each (2017: 50,000 shares at \$2.00 each).

(ii) Appointed on 1 April 2017.

(iii) Appointed on 28 February 2018.

(iv) Resigned on 28 February 2018.

(v) Resigned 30 June 2017.



**ASSET RESOLUTION LIMITED**
**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 30 JUNE 2018**
**Remuneration report (audited) (continued)**

- (v) Appointed on 1 October 2015. Ms Allinson provides professional accounting, administration and company secretarial services at a fee of \$69,705 per annum (2017: \$81,948) invoiced by Allinson Accounting Solutions Pty Ltd, trading as My Virtual HQ, of which Victoria Allinson is Director and shareholder.

**Related party transactions**

Key Management Personnel remuneration is detailed above. Key Management Personnel are reimbursed for any expenses incurred on behalf of the Company.

During the prior year a loan was provided to John Sergeant, at the date of his resignation as a director, the loan amounted to \$3,250,000 (30 June 2017 \$3,250,000). 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 account and Mr Sergeant is saving interest. In addition, the loan rate terms include requirements to reduce the risks for the Company. The key terms of the loan are set out in Note 19. Mr Sergeant has resigned as a Director on 28 February 2018 and he is no longer a related party.

There are no other related party transactions.

**Option holdings of Key Management Personnel**

There are no option holdings for the Company.

**Shareholdings of Key Management Personnel**

	Opening interest at 1 July 2017	Net changes during the period	Granted as remuneration	Commencing /(Ceasing ) Office	Closing interest at 30 June 2018 & date of this report
<b>Directors</b>					
Giles Craig	36,698	-	25,000	-	61,698
John Sergeant <sup>(i)</sup>	28,037	877	25,000	(53,914)	-
Graham Holdaway	3,944	2,155	16,667	-	22,766
Sarina Roppolo <sup>(ii)</sup>	-	-	-	-	-
<b>Total Directors</b>	<b>68,679</b>	<b>3,032</b>	<b>66,667</b>	<b>(53,914)</b>	<b>84,464</b>
<b>Executives</b>					
Victoria Allinson	688	-	-	-	688
<b>Total KMP</b>	<b>69,367</b>	<b>3,032</b>	<b>66,667</b>	<b>(53,914)</b>	<b>85,152</b>

(i) Mr Sergeant resigned on 28 February 2018.

(ii) Ms Roppolo was appointed on 28 February 2018.

At 30 June 2018 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 in lieu of directors fees at \$2.00 per share;

## ASSET RESOLUTION LIMITED

### DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2018

#### Remuneration report (audited) (continued)

- 7,709 shares are held in North Shore Custodians ATF The Craig Family Trust, of which he is a beneficiary; and
  - 8,989 shares are held by Giles and Vicki Craig ATF the Craig Family Superannuation Fund of which Mr Craig has effective control.
- (2) John Sergeant held 53,914 shares at the date of his resignation.
- 20,000 shares are held in Phalaenopsis Pty Ltd ATF Sergeant Family Trust, of which he has effective control;
  - 24,981 shares are held directly, 2,150 of these shares were acquired in the period at \$2 per share, and 22,831 shares were issued in lieu of directors fees at \$2.00 per share; and
  - 8,933 shares are held by John David Sergeant <Sergeant Family Superannuation Fund A/C>. Mr Sergeant has effective control of his fund. 2,169 shares were issued in lieu of directors fees at \$2.00 per share.
- (3) Graham Holdaway holds 22,766 shares; 6,099 of these shares are held by Graham and Kristina Holdaway ATF the G&K Superfund, of which he has effective control; and 16,667 shares are held by to Holdaway & Holdaway Pty Ltd of which he has effective control. 16,667 shares were issued in lieu of directors fees at \$2.00 per share to Holdaway & Holdaway Pty Ltd.
- (4) Victoria Allinson 688 shares:
- 324 shares are held Ms Allinson ATF Vicky and Zoe Allinson Family Trust; and
  - 344 shares acquired in the year by Victoria and David Allinson <Allinson Super Fund>.

#### End of Remuneration Report

#### Share options

There are no shares under option.

#### 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 audit for the 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'.

Giles Craig (Chairman)

Sydney, 4 September 2018

## 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 audit of Asset Resolution Limited for the year ended 30 June 2018, 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 audit; and
- b no contraventions of any applicable code of professional conduct in relation to the audit.

Grant Thornton Audit Pty Ltd  
Chartered Accountants



G S Layland  
Director – Audit & Assurance

Sydney, 5 September 2018

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## **ASSET RESOLUTION LIMITED**

### **CORPORATE GOVERNANCE STATEMENT FOR THE YEAR ENDED 30 JUNE 2018**

Asset Resolution Limited (“Company”) and the Board of Directors are responsible for the Corporate Governance of the Company and are committed to achieving the highest standard of Corporate Governance, business integrity and professionalism with due regard to the interests of all stakeholders. The Board guides and monitors the business and affairs of the Company on behalf of the shareholders by whom they are elected and to whom they are accountable.

As such, the Company has adopted the third edition of the *Corporate Governance Principles and Recommendations* which was released by the ASX Corporate Governance Council on 27 March 2014 and became effective for financial years beginning on or after 1 July 2014.

The Company’s Corporate Governance Statement for the financial year ending 30 June 2018 is dated, and was approved, by the Board on 18 May 2017 and reviewed on 4 September 2018. The Corporate Governance Statement is available at [www.arlimited.com.au](http://www.arlimited.com.au).

**FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2018**
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ASSET RESOLUTION LIMITED



STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30 JUNE 2018

		2018	2017
	Note	\$	\$
<b>Revenue from continuing operations</b>			
Interest income		179,532	208,702
Proof of debt claim		2,014,941	-
Other income		89,733	29,632
Total revenue from continuing operations		<u>2,284,206</u>	<u>238,334</u>
<b>Expenses</b>			
Administration expenses		13,085	14,285
Other expenses	5	479,036	553,066
Finance expenses		164	323
Impairment loss/(gain) on loans	6	-	(5,760)
Other		3,144	2,552
Total expenses		<u>495,429</u>	<u>564,466</u>
<b>Profit / (loss) before income tax</b>		<b>1,788,777</b>	<b>(326,132)</b>
Income tax benefit/(expense)	7	-	-
<b>Profit / (loss) for the period</b>		<b>1,788,777</b>	<b>(326,132)</b>
<b>Other comprehensive income, net of income tax</b>			
Items that will be reclassified subsequently to profit or loss			
Other comprehensive income, net of income tax		-	-
<b>Total comprehensive income, net of income tax</b>		<b>1,788,777</b>	<b>(326,132)</b>
<b>Profit / (loss) attributable to members</b>		<b>1,788,777</b>	<b>(326,132)</b>
<b>Total comprehensive income attributable to members</b>		<b>1,788,777</b>	<b>(326,132)</b>
<b>Earnings per share:</b>			
Basic and diluted (loss)/profit per share (cents)	17	44.90	(7.11)

The financial statement should be read in conjunction with the accompanying notes.

**STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2018**

	Note	2018 \$	2017 \$
<b>Assets</b>			
<i>Current assets</i>			
Cash and cash equivalents	8	6,920,033	7,171,982
Trade and other receivables	9	22,833	9,714
Financial assets - mortgage loans	10	2,750,000	3,250,000
<b>Total current assets</b>		<b>9,692,866</b>	<b>10,431,696</b>
<b>Liabilities</b>			
<i>Current liabilities</i>			
Trade and other payables	11	61,119	9,753
Accrued expenses	12	94,563	135,694
<b>Total current liabilities</b>		<b>155,682</b>	<b>145,447</b>
<b>Total non-current liabilities</b>		-	-
<b>Net assets</b>		<b>9,537,184</b>	<b>10,286,249</b>
<b>Equity</b>			
Contributed equity	13	32,385,316	34,923,158
Retained losses	14	(22,848,132)	(24,636,909)
<b>Total equity</b>		<b>9,537,184</b>	<b>10,286,249</b>

The financial statement should be read in conjunction with the accompanying notes.

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2018**

	<b>Ordinary shares</b>	<b>Retained earnings</b>	<b>Total</b>
	\$	\$	\$
Balance as at 1 July 2016	36,773,837	(24,310,777)	12,463,060
(Loss)/Profit attributable to members	-	(326,132)	(326,132)
Other comprehensive income	-	-	-
Total comprehensive income	-	(326,132)	(326,132)
Transactions with owners in their capacity as owners:			
Buyback of Shares	(1,850,679)	-	(1,850,679)
Dividends Paid	-	-	-
Transactions with owners	(1,850,679)	-	(1,850,679)
<b>Balance at 30 June 2017</b>	<b>34,923,158</b>	<b>(24,636,909)</b>	<b>10,286,249</b>
Balance as at 1 July 2017	34,923,158	(24,636,909)	10,286,249
Profit/(Loss) attributable to members	-	1,788,777	1,788,777
Other comprehensive income	-	-	-
Total comprehensive income	-	1,788,777	1,788,777
Transactions with owners in their capacity as owners:			
Buyback of shares	(2,700,344)	-	(2,700,344)
Issued shares	162,502	-	162,502
Transactions with owners	(2,537,842)	-	(2,537,842)
<b>Balance at 30 June 2018</b>	<b>32,385,316</b>	<b>(22,848,132)</b>	<b>9,537,184</b>

The financial statement should be read in conjunction with the accompanying notes.



**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30 JUNE 2018**

		<b>2018</b>	<b>2017</b>
		\$	\$
<b>Cash flow from operating activities</b>			
Interest received		179,533	208,697
Payments to suppliers and employees		(335,817)	(426,808)
<b>Net cash (used in)/ provided by operating activities</b>	19	(156,284)	(218,111)
<b>Cash flow from investing activities</b>			
Net proceeds from the sale of investments		89,733	29,632
Net proceeds from proof of debt		2,014,941	-
Mortgage loan asset repayments/(advances)		500,000	(3,250,000)
<b>Net cash provided by/(used in) investing activities</b>		2,604,674	(3,220,368)
<b>Cash flow from financing activities</b>			
Buyback of share capital		(2,700,339)	(1,850,679)
<b>Net cash (used in)/ provided by financing activities</b>		(2,700,339)	(1,850,679)
<b>Net (decrease)/ increase in cash and cash equivalents</b>		(251,949)	(5,289,158)
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>	8	6,920,033	7,171,982

The financial statement should be read in conjunction with the accompanying notes.

**ASSET RESOLUTION LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2018**

**Note 1. Corporate information**

The financial report for Asset Resolution Limited for the year ended 30 June 2018 was authorised for issue in accordance with a resolution of the Directors on 4 September 2018.

Asset Resolution Limited is a company incorporated and domiciled in Australia and limited by shares.

The nature of the operations and principal activities of the Company are described in the Directors' report.

**Note 2. Basis of preparation and accounting policies**

The principal accounting policies adopted in the preparation of these financial statements are set out below.

These policies have been consistently applied, unless otherwise stated. The financial statements are for the single entity being Asset Resolution Limited, which is a listed public company, incorporated and domiciled in Australia. The financial statements are presented in Australian dollars. The amounts presented in the financial statements have been rounded off to the nearest dollar unless stated otherwise.

**(a) Basis of preparation**

The financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001 and Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. The financial report has been prepared on an historical cost basis, except for investment properties and freehold land that have been measured at fair value. Asset Resolution Limited is a for-profit entity for the purposes of preparing the financial report.

**(b) Compliance with IFRS**

The financial statements of Asset Resolution Limited also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

**(c) New accounting standards and interpretations**

A number of new and revised standards became effective for the first time for annual periods beginning on or after 1 July 2018. There is no impact of new accounting standards and interpretations applied during the year

**Accounting standards issued but not yet effective and not been adopted early by the Company**

<b>New / revised pronouncement</b>	<b>Superseded pronouncement</b>	<b>Nature of change</b>	<b>Likely impact on initial application</b>
AASB 9 <i>Financial Instruments</i> (December 2014)	AASB 139 <i>Financial Instruments: Recognition and Measurement</i>	AASB 9 introduces new requirements for the classification and measurement of financial assets and liabilities and includes a forward-looking 'expected loss' impairment model and a substantially-changed approach to hedge accounting.  These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. The main changes are: a Financial assets that are debt instruments will be classified based on: (i) the objective of the entity's business model for managing the financial assets; and (ii) the characteristics of the contractual cash flow.	The entity has undertaken an assessment of the impact of AASB 9. The entity's assessment, is that as the entity does not currently have hedges or equity investments and debt assets have a nil value. The Standard is therefore not expected to have a material impact on the transactions and balances recognised in the financial statement when it is first adopted for the year ending 30 June 2019.

**Note 2 Basis of preparation and accounting policies (continued)**

New / revised pronouncement	Superseded pronouncement	Nature of change	Likely impact on initial application
<p>AASB 9 <i>Financial Instruments (December 2014) continued</i></p>	<p>AASB 139 <i>Financial Instruments: Recognition and Measurement</i></p>	<p>b Allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income (instead of in profit or loss)</p> <p>c Allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income (instead of in profit or loss). Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument.</p> <p>d Introduces a 'fair value through other comprehensive income' measurement category for particular simple debt instruments.</p> <p>e Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases.</p> <p>f Where the fair value option is used for financial liabilities the change in fair value is to be accounted for as follows:</p> <p style="padding-left: 20px;">Zthe change attributable to changes in credit risk are presented in Other Comprehensive Income (OCI)</p> <p style="padding-left: 20px;">Zthe remaining change is presented in profit or loss</p> <p>If this approach creates or enlarges an accounting mismatch in the profit or loss, the effect of the changes in credit risk are also presented in profit or loss. Otherwise, the following requirements have generally been carried forward unchanged from AASB 139 into AASB 9:</p> <p style="padding-left: 20px;">Zclassification and measurement of financial liabilities; and</p> <p style="padding-left: 20px;">Zderecognition requirements for financial assets and liabilities.</p> <p>AASB 9 requirements regarding hedge accounting represent a substantial overhaul of hedge accounting that enable entities to better reflect their risk management activities in the financial statements.</p> <p>Furthermore, AASB 9 introduces a new impairment model based on expected credit losses. This model makes use of more forward-looking information and applies to all financial instruments that are subject to impairment accounting.</p>	<p>The entity will undertake further assessments should the company acquire new financial assets or hedging commence</p>

**ASSET RESOLUTION LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2018**

**Note 2. Basis of preparation and accounting policies (continued)**

<i>New / revised pronouncement</i>	<i>Superseded pronouncement</i>	<i>Nature of change</i>	<i>Likely impact on initial application</i>
AASB 15 <i>Revenue from Contracts with Customers</i>	AASB 118 <i>Revenue</i> AASB 111 <i>Construction Contracts</i> Int. 13 <i>Customer Loyalty Programmes</i> Int. 15 <i>Agreements for the Construction of Real Estate</i> Int. 18 <i>Transfer of Assets from Customers</i> Int. 131 <i>Revenue – Barter Transactions Involving Advertising Services</i> Int. 1042 <i>Subscriber Acquisition Costs in the Telecommunications Industry</i>	AASB 15: ) replaces AASB 118 <i>Revenue</i> , AASB 111 <i>Construction Contracts</i> and some revenue-related Interpretations: - establishes a new revenue recognition model - changes the basis for deciding whether revenue is to be recognised over time or at a point in time - provides new and more detailed guidance on specific topics (e.g. multiple element arrangements, variable pricing, rights of return, warranties and licensing) - expands and improves disclosures about revenue  In May 2015, the AASB issued ED 260 <i>Income of Not-for-Profit Entities</i> , proposing to replace the income recognition requirements of AASB 1004 <i>Contributions</i> and provide guidance to assist not-for-profit entities to apply the principles of AASB 15. The ED was open for comment until 14 August 2015 and the AASB is currently in the process of redeliberating its proposals with the aim of releasing the final amendments in late 2016.	The entity as assessed the impact of AASB 15 as the company currently and has concluded that as there are currently no contracts with customers the is currently no material impact on the transactions and balances recognised in the financial statements when it is first adopted for the year ending 30 June 2019 impact.
AASB 16 <i>Leases</i>	AASB 117 <i>Leases</i> Int. 4 <i>Determining whether an Arrangement contains a Lease</i> Int. 115 <i>Operating Leases—Lease Incentives</i> Int. 127 <i>Evaluating the Substance of Transactions Involving the Legal Form of a Lease none</i>	AASB 16: ) replaces AASB 117 <i>Leases</i> and some lease-related Interpretations ) requires all leases to be accounted for ‘on-balance sheet’ by lessees, other than short-term and low value asset leases ) provides new guidance on the application of the definition of lease and on sale and lease back accounting ) largely retains the existing lessor accounting requirements in AASB 117 ) requires new and different disclosures about leases	The entity currently has no leases and has assessed there is no material impact of these leases and as a result AASB 117 is not expected to have a material impact on the transactions and balances recognised in the financial statements when it is first adopted for the year ending 30 June 2020.  The standard will be assessed when any leasing agreements are being negotiated to unsure the impacts are known prior the contact being signed.

**ASSET RESOLUTION LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2018**

**Note 2. Basis of preparation and accounting policies (continued)**

AASB 16 <i>Leases</i> )		<p>This Standard amends AASB 2 <i>Share-based Payment</i> to address:</p> <p>a The accounting for the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments;</p> <p>b The classification of share-based payment transactions with a net settlement feature for withholding tax obligations; and</p> <p>The accounting for a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled.</p>	<p>The entity has undertaken a detailed assessment of the impact of AASB 2.</p> <p>The entity's assessment, is that as the entity does not currently have any cash settled share based that will be affected by the changes therefore the Standard is not expected to have a material impact on the transactions and balances recognised in the financial statements when it is first adopted for the year ending 30 June 2019.</p>
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The Company has not elected to early adopt any of the pronouncements to the reporting period beginning 1 July 2018.

**(d) Segment reporting**

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity), whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available. This includes start-up operations, which are yet to earn revenues. Management will also consider other factors in determining operating segments such as the existence of a line manager and the level of segment information presented to the board of directors.

The Company aggregates two or more operating segments when they have similar economic characteristics, and the segments are similar in each of the following respects:

- ) Nature of the products and services
- ) Nature of the production processes
- ) Type or class of customer for the products and services
- ) Methods used to distribute the products or provide the services, and if applicable
- ) Nature of the regulatory environment

Operating segments that meet the quantitative criteria as prescribed by AASB 8 are reported separately. However, an operating segment that does not meet the quantitative criteria is still reported separately where information about the segment would be useful to users of the financial statements.

Information about other business activities and operating segments that are below the quantitative criteria are combined and disclosed in a separate category for "all other segments".

There have been no changes from prior period in the measurement methods used to determine reported segment profit or loss.

**(e) Cash and cash equivalents**

Cash and cash equivalents comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

**Note 2. Basis of preparation and accounting policies (continued)**

**(f) Trade and other receivables**

Trade receivables, which generally have 30-90 day terms, are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less an allowance for any uncollectible amounts.

Collectability of trade receivables is reviewed on an ongoing basis. Debts that are known to be uncollectible are written off when identified. An impairment allowance is recognised when there is objective evidence that the Company will not be able to collect the receivable. Financial difficulties of the debtor, default payments or debts more than 60 days overdue are considered objective evidence of impairment. The amount of the impairment loss is the receivable carrying amount compared to the present value of estimated future cash flows, discounted at the original effective interest rate.

**(g) Investments and other financial assets**

Investments and financial assets in the scope of AASB 139 Financial Instruments: Recognition and Measurement are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Designation is re-evaluated at each financial year-end, but there are restrictions on reclassifying to other categories.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of investment not at fair value through profit or loss, directly attributable transaction costs.

***Recognition and Derecognition***

All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date that the Company commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets under contracts that require delivery of the assets within the period established generally by regulation or convention in the market place. Financial assets are derecognised when the right to receive cash flows from the financial assets has expired or been transferred.

***(i) Loans and receivables***

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method. Gains or losses are recognised in profit or loss when the loans and receivables are derecognised or impaired. These are included in current assets, except for those with maturities greater than 12 months after balance date, which are classified as non-current.

***(ii) Available-for-sale investments***

Available-for-sale investments are those non-derivative financial assets that are designated as available-for-sale or are not classified as any of the three preceding categories. After initial recognition available-for-sale investments are measured at fair value with gains or losses being recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is recognised in profit or loss.

The fair values of investments that are actively traded in organised financial markets are determined by reference to quoted market bid prices at the close of business on the balance sheet date. For investments with no active market, fair values are determined using valuation techniques. Such techniques include: using recent arm's length market transactions; reference to the current market value of another instrument that is substantially the same; discounted cash flow analysis and option pricing models making as much use of available and supportable market data as possible and keeping judgemental inputs to a minimum.

## **Note 2. Basis of preparation and accounting policies (continued)**

### **(h) Impairment of assets**

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units).

### **(i) Trade and other payables**

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial period which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date.

### **(j) Provisions and employee leave benefits**

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

When the Company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the profit or loss net of any reimbursement.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the balance date. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the time value of money and, where appropriate, the risks specific to the liability. The increase in the provision resulting from the passage of time is recognised in finance costs.

#### ***Employee Leave Benefits***

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date, are recognised in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

### **(k) Contributed equity**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

### **(l) Revenue recognition**

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates and amounts collected on behalf of third parties.

The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Company and specific criteria have been met for each of the Company's activities as described below.

The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The Company bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

**Note 2. Basis of preparation and accounting policies (continued)**

Revenue is recognised for the major business activities as follows:

**(i) Realised gains and losses on sale of assets**

The net gain or loss on disposal or settlement of an asset, other than mortgage loan security assets, is included as either a revenue or an expense at the date control of the asset passes to the buyer, usually when an unconditional contract of sale is signed, or when final settlement of the loan is achieved.

The gain or loss on disposal is calculated as the difference between the carrying amount of the asset at the time of disposal and the net proceeds on disposal (including incidental costs).

**(ii) Interest income**

Revenue is recognised as the interest accrues (using the effective interest method, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument) to the net carrying amount of the financial asset.

**(m) Income tax**

The income tax expense (income) for the year comprises current income tax expense (income) and deferred tax expense (income). Current income tax expense charged to profit or loss is the tax payable on taxable income. Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority. Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense (income) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss. Except for business combinations, no deferred income tax is recognised from the initial recognition of an asset or liability where there is no effect on accounting or taxable profit or loss. Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that: (a) it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised (b) the Company continues to comply with the conditions of deductibility imposed by tax legislation and (c) no changes in tax legislation adversely affect the Company in realising the benefits from the deductions for the losses.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where: (a) a legally enforceable right of set-off exists; and (b) the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities, where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

**(n) Goods and Services Tax (GST)**

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the statement of financial position.



**Note 2. Basis of preparation and accounting policies (continued)**

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

**(o) Financial instruments**

***Recognition, Initial Measurement and Derecognition***

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument, and are measured initially at fair value adjusted by transaction costs, except for those carried at fair value through profit or loss, which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities are described below.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

***Classification and Subsequent Measurement of Financial Assets***

For the purpose of subsequent measurement, financial assets other than those designated and effective as hedging instruments are classified into the following categories upon initial recognition:

- ) Loans and receivables
- ) Financial assets at Fair Value Through Profit or Loss ('FVTPL')
- ) Financial assets at Fair Value Through Other Comprehensive Income ('FVTOCI')
- ) Held-To-Maturity ('HTM') investments; or
- ) Available-For-Sale ('AFS') financial assets

All financial assets except for those at FVTPL are subject to review for impairment at least at each reporting date to identify whether there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described below.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

***Loans and Receivables***

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortised cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial. The Company's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default. Receivables that are not considered to be individually impaired are reviewed for impairment in groups, which are determined by reference to the industry and region of a counterparty and other shared credit risk characteristics. The impairment loss estimate is then based on recent historical counterparty default rates for each identified group.

***Financial Assets at FVTPL***

Financial assets at FVTPL include financial assets that are either classified as held for trading or that meet certain conditions and are designated at FVTPL upon initial recognition. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements apply (see below).

**Note 2. Basis of preparation and accounting policies (continued)**

Assets in this category are measured at fair value with gains or losses recognised in profit or loss. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

***HTM Investments***

HTM investments are non-derivative financial assets with fixed or determinable payments and fixed maturity other than loans and receivables. Investments are classified as HTM if the Company has the intention and ability to hold them until maturity. The Company currently does not hold HTM investments.

HTM investments are measured subsequently at amortised cost using the effective interest method. If there is objective evidence that the investment is impaired, determined by reference to external credit ratings, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognised in profit or loss.

***AFS financial assets***

AFS financial assets are non-derivative financial assets that are either designated to this category or do not qualify for inclusion in any of the other categories of financial assets.

All other AFS financial assets are measured at fair value. Gains and losses are recognised in other comprehensive income and reported within the AFS reserve within equity, except for impairment losses and foreign exchange differences on monetary assets, which are recognised in profit or loss. When the asset is disposed of or is determined to be impaired the cumulative gain or loss recognised in other comprehensive income is reclassified from the equity reserve to profit or loss and presented as a reclassification adjustment within other comprehensive income. Interest calculated using the effective interest method and dividends are recognised in profit or loss within 'finance income'.

Reversals of impairment losses for AFS debt securities are recognised in profit or loss if the reversal can be objectively related to an event occurring after the impairment loss was recognised. For AFS equity investments impairment reversals are not recognised in profit or loss and any subsequent increase in fair value is recognised in other comprehensive income.

***Classification and subsequent measurement of financial liabilities***

The Company's financial liabilities include borrowings, trade and other payables and derivative financial instruments.

Financial liabilities are measured subsequently at amortised cost using the effective interest method, except for financial liabilities held for trading or designated at FVTPL, that are carried subsequently at fair value with gains or losses recognised in profit or loss. All derivative financial instruments that are not designated and effective as hedging instruments are accounted for at FVTPL.

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

**(p) Significant accounting judgement, estimates and assumptions**

***Significant accounting estimates***

The primary assets of the Company are loans made to borrowers. Security for the loans include registered mortgages over real property, mortgages over other Company assets and directors' guarantees. Where a borrower has defaulted, steps have been taken to secure the underlying security and become mortgagee in possession.

Mortgage loans are measured using the effective interest method. Where the carrying value of an asset has involved impairment, the loss is recognised in the statement of profit or loss and other comprehensive income.

**Note 2. Basis of preparation and accounting policies (continued)**

For impairment considerations, the net realisable value of the mortgage loan has been determined by assessing the market value of the underlying security attached to the mortgage loan. The market value of the underlying security has been assessed with reference to contracts of sale and independent valuations and assessments of the properties in comparison to similar properties. Contracts for sale provide the best evidence of a market value. For those properties that have not been sold, formal external valuations provide the next best comparison.

***Judgements: contingent asset***

Over recent periods there has been significant volatility in global financial markets, which has impacted upon many types of businesses.

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 the reasons set out above, it is impossible to forecast with confidence how much ARL might recover from these assets, nor is it possible to forecast when ARL might receive any money from them. Accordingly, no value has been assigned to these assets; whilst this represents the best estimates of net realisable values as at reporting date, the current market uncertainty means that if the debt is repaid, the amount and timing of funds received is uncertain.

**(q) Earnings per share**

Basic earnings per share is calculated as net profit attributable to members of the ARL, adjusted to exclude any costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share is calculated as net profit attributable to members of the ARL adjusted for:

- ) Costs of servicing equity (other than dividends) and preference share dividends;
- ) The after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- ) Other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares;

divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

**(r) Comparative figures**

Where necessary, comparatives have been reclassified and repositioned for consistency with current year disclosures.

**Note 3. Financial risk management objectives and policies**

The Company's principal financial instruments comprise receivables, payables, cash and short-term deposits.

The Company manages its exposure to key financial risks in accordance with the Company's financial risk management policy. The objective of the policy is to support the delivery of the Company's financial targets whilst protecting future financial security.

The main risks arising from the Company's financial instruments are interest rate risk and credit risk. The Board reviews and agrees on policies for managing each of these risks as summarised below.



**Note 3. Financial risk management objectives and policies (continued)**

**Risk Exposures and Responses**

**Interest Rate Risk**

The Company's exposure to market risk for changes in interest rates relates primarily to the Company's interest bearing liabilities and short-term deposits. The Company has no debt.

At balance date, the Company had the following mix of financial assets and liabilities exposed to Australian Variable interest rate risk that are not designated in cash flow hedges:

	2018 \$	2017 \$
<b>Financial assets</b>		
Cash and cash equivalents	6,920,033	7,171,982
Financial assets	2,750,000	3,250,000
	<b>9,670,033</b>	<b>10,421,982</b>
<b>Financial liabilities</b>		
Interest bearing liabilities	-	-
	-	-
Net exposure	<b>9,670,033</b>	<b>10,421,982</b>

The Company has no outstanding debt exposed to variable rates of interest.

The following sensitivity analysis is based on the interest rate risk exposures in existence at the balance date.

At 30 June 2018, if interest rates had moved, as illustrated in the table below, with all other variables held constant, post tax profit and equity would have been affected as follows:

	Post tax profit Higher/(lower)		Equity Higher/(lower)	
	2018 \$	2017 \$	2018 \$	2017 \$
Judgements of reasonably possible movements:				
+1%	96,700	104,220	-	-
-1%	(96,700)	(104,220)	-	-

The movements in profit are due to higher/lower interest costs from variable rate debt and cash balances.

**Credit Risk**

Credit risk arises from the financial assets of the Company, which comprise cash and cash equivalents and trade and other receivables. The Company's exposure to credit risk arises from potential default of the counter party, with a maximum exposure equal to the carrying amount of these instruments. Exposure at balance date is addressed in each applicable note.

The Company aims to minimise concentrations of credit risk in relation to trade and other receivables by monitoring transactions, trade debtors are usually nil and other receivables are comprised of prepayments and GST receivable.

Cash at bank is held at the National Australia Bank, which has an S&P (Standard & Poors) rating of AA.

Credit risk in trade receivables is managed in the following ways:

- ) payment terms are 30 days for receivables;
- ) a regular risk review takes place on all receivables and loan balances; and
- ) a thorough assessment process is used for all growers loans.

**ASSET RESOLUTION LIMITED**  
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**Note 3. Financial risk management objectives and policies (continued)**

The Chief Financial Officer has direct responsibility of the recovery of outstanding accounts. All overdue accounts are now sent directly to the Company's lawyers for legal action after all other avenues of recovery have been exhausted. Legal action on those particular accounts where the matter is being defended are dealt with directly by the Chief Financial Officer and the lawyers involved. The Chief Financial Officer regularly reports to the Board of Directors on these matters. Refer to Note 9 for ageing analysis of receivables.

**Liquidity risk**

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank loans and other available credit lines.

The table below reflects all contractually fixed settlements and receivables for settlement, repayments and interest resulting from recognised financial assets and liabilities as of 30 June 2018. Cash flows for financial assets and liabilities without fixed amount or timing are based on the conditions existing at 30 June 2018.

The remaining contractual maturities of the Company's financial liabilities are:

	2018	2017
	\$	\$
6 months or less	(155,682)	(145,447)
6-12 months	-	-
1-5 years	-	-
Over 5 years	-	-
	<u>(155,682)</u>	<u>(145,447)</u>

**Maturity analysis of financial assets and liability based on management's expectations**

Trade payables and other financial liabilities mainly originate from the financing of assets used in our ongoing operations. These assets are considered in the Company's overall liquidity risk. To monitor existing financial assets and liabilities as well as to enable an effective control of future risks, Asset Resolution Limited has established risk reporting covering its business that reflects expectations of management of expected settlement of financial assets and liabilities.

	< 6 months	6-12 months	1-5 years	> 5 years	Total
	\$	\$	\$	\$	\$
<b>Year ended 30 June 2018</b>					
<b>Financial Assets</b>					
Cash and cash equivalents	6,920,033	-	-	-	6,920,033
Trade and other receivables	22,833	-	-	-	22,833
Other financial assets	2,750,000	-	-	-	2,750,000
	<u>9,692,866</u>	-	-	-	<u>9,692,866</u>
<b>Financial Liabilities</b>					
Trade and other payables	(155,682)	-	-	-	(155,682)
	<u>(155,682)</u>	-	-	-	<u>(155,682)</u>
<b>Net Maturity</b>	<b>9,537,184</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9,537,184</b>
<b>Year ended 30 June 2017</b>					
<b>Financial Assets</b>					
Cash and cash equivalents	7,171,982	-	-	-	7,171,982
Trade and other receivables	9,714	-	-	-	9,714
Other financial assets	3,250,000	-	-	-	3,250,000
	<u>10,431,696</u>	-	-	-	<u>10,431,696</u>
<b>Financial Liabilities</b>					
Trade and other payables	(145,447)	-	-	-	(145,447)
	<u>(145,447)</u>	-	-	-	<u>(145,447)</u>
<b>Net Maturity</b>	<b>10,286,249</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>10,286,249</b>

**Note 3. Financial risk management objectives and policies (continued)**

Liquidity risk arises from the possibility that the Company might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities.

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities, and the ability to close out market positions.

The Board regularly considers the financial requirements of operations including those payments required to fund administration and operational procedures, as well as those payments required to maintain or sell property securities attached to mortgage loans held. Financial cash flows and budgets are regularly presented to the Board for consideration and significant payments are required to be approved at Board level.

*Fair value*

The methods for estimating fair value are outlined in the relevant notes to the financial statements.

Other financial asset relating to mortgage loans are measured at amortised cost, using the effective interest rate method and are measured for impairment.

*Price risk*

The Company's exposure to commodity and equity securities price risk is minimal as the Company does not hold investments in equity securities.

**Note 4. Segment reporting**

***Year ended 30 June 2018 and 30 June 2017***

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 5. Other expenses**

	<b>2018</b>	<b>2017</b>
	\$	\$
Auditor fees	<b>40,827</b>	26,950
Consultancy fees	<b>74,000</b>	-
Consultancy fees – My Virtual HQ	<b>55,305</b>	56,361
Company secretarial fees	<b>14,400</b>	13,400
Directors' fees	<b>150,000</b>	200,000
Insurance	<b>209</b>	(363)
Legal fees	<b>40,752</b>	27,065
Listing costs <sup>(1)</sup>	-	78,138
NSX and NOMAD fees	<b>36,105</b>	25,907
Registry fees	<b>67,438</b>	125,608
<b>Total</b>	<b>479,036</b>	553,066

(1) The company listed on the NSX in November 2017.

**ASSET RESOLUTION LIMITED  
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**Note 6. Impairment loss/(gains)**

	2018	2017
	\$	\$
Impairment loss on mortgage loans	-	(5,760)
	<u>-</u>	<u>(5,760)</u>

***Impairment loss on mortgage loans***

In the prior year a net refund of costs of \$5,760 was received by ARL in respect to the previously impaired Forest Resort Asset.

**Note 7. Income tax expense**

	2018	2017
	\$	\$
(a) The prima facie tax on profit differs from income tax provided in the financial statements as follows:		
Total (loss)/profit before income tax	<u>1,788,777</u>	<u>(326,132)</u>
At the statutory income tax rate of 30% (2017: 30%)	<b>536,633</b>	(97,840)
Tax effects of amounts which are not deductible (taxable) in calculating taxable income:		
Fines and penalties	-	-
Other	-	23,441
	<b>536,633</b>	(74,399)
Less tax effect of:		
Other deductible items	-	-
Tax losses not brought to account as a deferred tax asset	-	74,399
Recoupment of prior year losses not previously brought to account	<b>(536,633)</b>	-
Net adjustment to deferred tax assets and liabilities for tax losses and temporary differences not recognised	<u>-</u>	<u>-</u>
Income tax expense/(benefit)	<u>-</u>	<u>-</u>
(b) <b>Component of income tax expenses (benefit):</b>		
Current tax	-	-
Deferred income tax	<u>-</u>	<u>-</u>
Total income tax expenses/(benefit)	<u>-</u>	<u>-</u>

***Tax losses not recognised***

The gross value of tax losses not recognised at 30 June 2018 amount to \$nil (2017: \$648,327) and the gross value of tax losses carried forward amounted to \$11,842,745 (2017: \$2,160,090). The franking credits are \$nil (2017: \$nil).



**Note 8. Cash and cash equivalents**

	2018	2017
	\$	\$
Cash at bank	<u>6,920,033</u>	<u>7,171,982</u>

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 \$6,920,033 (2017: \$7,171,982).

**Note 9. Current assets - Trade and other receivables**

	2018	2017
	\$	\$
Trade debtors (a)	-	-
GST receivable (a)	<u>22,833</u>	<u>9,714</u>
	<u>22,833</u>	<u>9,714</u>

(a) Terms of trade

Trade debtors, GST and other receivables are non-interest bearing and generally on 30-day terms.

At 30 June, the aging analysis of trade receivables is as follows:

	Total	61-90 Days PDNI*	61-90 Days CI*	+ 91 Days PDNI*	+ 91 Days CI*
2018 Trade receivables	-	-	-	-	-
2017 Trade receivables	-	-	-	-	-

\*PDNI – Past due not impaired – represents the portion of the outstanding amount that the grower/borrower is servicing under a mutually agreed repayment plan, but is more than 90 days past due.

\*CI – Considered impaired

**Note 10. Financial assets**

**Current: Financial assets - Mortgage loans**

	2018	2017
	\$	\$
Opening carrying value	<u>3,250,000</u>	-
Receipts during period	<u>500,000</u>	-
Payments during period	-	3,250,000
Impairment gain/(loss) on mortgage loans	-	-
Balance at the end of the period	<u>2,750,000</u>	<u>3,250,000</u>

During the year \$500,000 from the secured loan of \$3,250,000 was repaid.

During 2017 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 rate 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:

**Note 10. Financial assets (continued)**

- ] The funds are secured over John Sergeant's 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.
- ] Interest is paid monthly and is charged at a rate of 3% per annum. Interest of \$93,514 has been paid in the year (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 11. Current liabilities - Trade and other payables**

	2018	2017
	\$	\$
Trade payables	<b>61,119</b>	9,753

(a) Trade payables

Trade payables are non-interest bearing and are normally settled on 30-day terms.

(b) Fair value

Due to the short-term nature of these payables, their carrying value is assumed to approximate their fair value.

**Note 12. Current liabilities - Accrued expenses**

	2018	2017
	\$	\$
Accrued expenses	<b>94,563</b>	135,694

**Note 13. Contributed equity**

Movement in ordinary shares	2018		2017	
	No.	\$	No.	\$
Balance at the beginning of the period	4,032,479	34,923,158	4,905,441	36,773,837
Off-market Buyback <sup>(1)</sup>	(900,106)	(2,592,305)	-	-
On-market Buyback <sup>(2)</sup>	(50,769)	(108,039)	(253,823)	(538,105)
Share Base Directors Fees <sup>(3)</sup>	81,251	162,502	-	-
Unmarketable Parcel Buyback <sup>(4)</sup>	-	-	(619,139)	(1,312,574)
Balance at the end of the period	<b>3,162,855</b>	<b>32,385,316</b>	4,032,479	34,923,158

- (1) ARL shareholders voted in favour of an Off-market Buyback resolution to allow the Company to buy back Shares of up to 1,612,548 ordinary Shares at a price equal to the Net Tangible Asset Value per Share ("NTA") shown in the then most recent Annual Report or Half Yearly Report, over the 12 months following the 18 October 2017 Annual General Meeting. During the year, ARL has bought back 900,106 (2017: nil) ordinary shares at \$2.88 per share, being the NTA in the Half Yearly Report.

**Note 13. Contributed equity (continued)**

- (2) ARL shareholders voted in favour of an On-market Buyback resolution to allow the Company to buy back Shares of up to 806,274 (2017: 981,088) ordinary Shares on market over the 12 months following the 18 October 2017 Annual General Meeting. During the year, ARL have bought back 40,436 shares at \$2.13 per share and 10,333 shares at \$2.12 per share (2017: 253,823 shares at \$2.12 per share.)
- (3) During the year 81,251 (2017: nil) ordinary shares were issued in lieu of directors' fees at \$2.00 per share.
- (4) In the prior year ARL completed an unmarketable parcel buyback and bought back 619,139 ordinary shares at \$2.12 per share. ARL shareholders voted in favour of a resolution for an Unmarketable Parcel Buyback on 26 November 2016.

**Capital Management**

Management controls the capital of the Company in order to maintain a good debt to equity ratio and ensure that the Company can fund its operations while it continues to maximise realisations of its mortgage loan portfolio.

The Company's debt and capital includes ordinary share capital and operating liabilities, supported by financial assets.

There are no externally imposed capital requirements.

Management effectively manages the Company's capital by assessing the Company's financial risks and adjusting its capital structure in response to changes in these risks in the market. These responses include the management of debt levels, distribution to shareholders and share issues.

**Note 14. Retained losses**

	<b>2018</b>	2017
	\$	\$
Opening balance	<b>(24,636,909)</b>	(24,310,777)
Net (loss)/profit for the year	<b>1,788,777</b>	(326,132)
Deficit at the end of the year	<b>(22,848,132)</b>	(24,636,909)

**Note 15. Key management personnel disclosures**

**(a) Compensation of key management personnel**

	<b>2018</b>	2017
	\$	\$
<b>Directors</b>		
Fees	-	95,662
Share-based payments <sup>(1)</sup>	<b>150,000</b>	100,000
Post-employment benefits	-	4,338
	<b>150,000</b>	200,000
<b>Executives</b>		
Fees <sup>(2)</sup>	<b>69,705</b>	81,948
<b>Total</b>	<b>219,705</b>	281,948

**Note 15. Key management personnel disclosures (continued)**

<sup>(1)</sup> Since 1 December 2016 the annual directors' fees amount to \$50,000 each and are paid in shares. The shareholders approve the share issue in lieu of directors' fees at each Annual General Meeting ("AGM"). At 30 June 2018, \$58,333 (2017: \$100,000) of share-based payment are payable, being 27,386 shares at \$2.13 per share each (2017 50,000 shares at \$2.00 each).

The directors' fees payable at 30 June 2018 include:

- J \$41,667 (2017: \$87,500) payable to directors' in lieu of fees; and
- J \$16,666 payable to Ms Sarina Roppolo, subject to shareholder approval at the 2018 AGM (\$12,000 payable to Mr Graham Holdaway that was subsequently approved by shareholders at the 2017 AGM).

<sup>(2)</sup> During the year:

- a. Company secretarial fees paid to Victoria Allinson amounted to \$14,400 (2017: \$13,400);
- b. Accounting and administration services provided by Allinson Accounting Services Pty Ltd trading as My Virtual HQ amount to \$55,305 (2017: \$68,548).

**Note 16. Remuneration of auditors**

The auditor of the Company is Grant Thornton.

The amounts received or due and receivable by Grant Thornton Auditors Pty Ltd for:

	2018 \$	2017 \$
Audit services Grant Thornton	34,327	26,950
Taxation services Grant Thornton	6,500	2,000
Total services Grant Thornton	<u>40,827</u>	<u>28,950</u>

**Note 17. Earnings per share**

	2018 \$	2017 \$
<b>(a) Basic earnings per share</b>		
(Loss)/profit attributable to the ordinary equity holders of the Company	<u>1,788,777</u>	(326,132)
<b>(b) Diluted earnings per share</b>		
(Loss)/profit attributable to the ordinary equity holders of the Company	<u>1,788,777</u>	(326,132)
<b>(c) Weighted average number of shares used as the denominator</b>		
Weighted average number of ordinary shares used as the denominator in calculating basic and diluted earnings per share	<u>3,984,159</u>	4,566,315

**Note 18. Related party transactions**

***Key management personnel***

Details relating to key management personnel, are included in Note 15.

***Loans to related parties***

	<b>2018</b>	2017
	\$	\$
Loans to key management personnel		
Opening balance at the start of the year	<b>3,250,000</b>	-
Loan advance	-	3,250,000
Loan repayments	-	-
Ceases to be a related party	<b>(3,250,000)</b>	-
Interest charged(1)	<b>62,774</b>	30,185
Interest received(1)	<b>(62,774)</b>	(30,185)
Closing balance at the end of the year	-	3,250,000

On 28 February 2018, Mr John Sergeant resigned as Director and is no longer a related party. During 2017 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 rate 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's 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.
- ) Interest is paid monthly and is charged at a rate 3% per annum. Interest of \$62,774 has been paid in the period to 28 February 2018 (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 upon Company request.

**Note 19. Reconciliation of statement of cash flows**

	<b>2018</b>	2017
	\$	\$
Net (loss)/profit after tax	<b>1,788,777</b>	(326,132)
<i>Non-operating items in profit:</i>		
- realisation of proof of debt	<b>(2,014,941)</b>	-
- realisation of sale of shares	<b>(89,733)</b>	(29,632)
- Share base payments	<b>162,502</b>	-
<i>Change in operating assets and liabilities:</i>		
(Increase)/decrease in trade and other receivables	<b>(13,119)</b>	64,797
Increase/(decrease) in payables and accruals	<b>10,230</b>	72,856
Net cash inflow/(outflow) from operating activities	<b>(156,284)</b>	(218,111)

**Note 20. Share based payments**

During the year the following share based payment were made under the non-Executive Share Plan at \$2.00 per share (as approved by shareholders):

	2018 \$	2017 \$
Giles Craig	50,000	-
Graham Holdaway	33,334	-
John Sergeant	50,000	-
Frederick Woollard	29,168	-
	<u>162,502</u>	<u>-</u>

**Note 21. Events after balance date**

No other matters or circumstances have arisen since 30 June 2018 to the date of this report which have significantly affected or may affect:

- a) the Company's operations in future financial years; or
- b) the results of those operations in future financial years; or
- c) the Company's state of affairs in future financial years.

**Note 22. Commitments and contingent liabilities**

The Company did not have any material commitments or contingent liabilities at 30 June 2018 or 30 June 2017.

**Note 23. Contingent asset**

ARL is owed approximately \$204 million by Octaviar Limited (formerly MFS Limited) and approximately \$137 million by Octaviar Administration Pty Ltd (formerly MFS Administration Pty Ltd).

In December 2017, the liquidators of Octaviar Limited advised ASS that \$205,694,371 of that claim has been allowed and during the year ARL received two dividends totalling \$2,014,941 (2017: \$nil).

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.

In addition, a judgement of the Queensland Supreme Court (refer to media release dated 26 May 2017, <http://asic.gov.au/about-asic/media-centre/>), in which certain officers of MFS were ordered to pay financial compensation to the former MFS Premium Income Fund (PIF). Some of the former assets of PIF were transferred to ARL and this may or may not extend to any compensation recovered from the former MFS officers. Given that ARL shareholders' claim on any compensation is uncertain, and it is equally uncertain whether the former MFS officers in fact have any remaining assets from which to pay compensation, ARL does not believe that the recent judgment is material to the Company.

Both companies have spent substantial amounts on liquidators' and legal fees, and it is possible that further substantial amounts could be spent before the companies are wound up.

For the reasons set out above, it is impossible to forecast with confidence how much 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 showing the Octaviar debts at zero value in ARL's accounts.

**ASSET RESOLUTION LIMITED  
DIRECTORS' DECLARATION  
FOR THE YEAR ENDED 30 JUNE 2018**

In accordance with a resolution of the directors of Asset Resolution Limited, I state that:

- ) In the opinion of the directors:
  - o The financial statements and notes of Asset Resolution Limited for the financial year ended 30 June 2018 are in accordance with the Corporations Act 2001, including:
    - Giving a true and fair view of its financial position as at 30 June 2018 and of its performance for the financial year ended on that date;
    - Complying with Accounting Standards (including the Australian Accounting Interpretations) and Corporations Regulations 2001; and
- ) The financial statements and notes also comply with International Financial Reporting Standards as disclosed in Note 2(b); and
- ) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
- ) This declaration has been made after receiving the declarations required to be made to the Directors in accordance with Section 295A of the Corporations Act 2001 for the financial year ended 30 June 2018.

On behalf of the Board

Chairman



**Mr Giles Craig  
Chairman**

Sydney,

Dated this 4<sup>th</sup> day of September 2018

# Independent Auditor's Report

## To the Members of Asset Resolution Limited

### Report on the audit of the financial report

#### Opinion

We have audited the financial report of Asset Resolution Limited (the Company), which comprises the statement of financial position as at 30 June 2018, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the Directors' declaration.

In our opinion, the accompanying financial report of the Company is in accordance with the *Corporations Act 2001*, including:

- a Giving a true and fair view of the Company's financial position as at 30 June 2018 and of its performance for the year ended on that date; and
- b Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

#### Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit 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* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



### Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
<b>Related party transaction – Note 18</b>	
<p>In March 2017 Asset Resolution Limited entered into a loan agreement with John and Jennifer Sergeant. The total loan sum was \$3.25m. The primary interest rate is the CBA overdraft reference rate as effective from time to time, plus a margin of 3.00% per annum. The lower interest rate is 3.00% per annum.</p> <p>Due to the nature of the transaction, this related party transaction was determined to be a key audit matter due to the judgement by Directors on whether this transaction required shareholder approval.</p>	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> <li>• Reviewed the terms of the loan agreement;</li> <li>• Discussed with management and the directors in relation to the nature of the transaction and their rationale for entering into the transaction;</li> <li>• Reviewed legal advice in relation to considerations of the Corporations Act 2001;</li> <li>• Performed follow up inquiries of legal advisers in relation to the advice provided; and</li> <li>• Assessed the adequacy of the related disclosures in the financial report for adherence to AASB 124.</li> </ul>

### Information other than the financial report and auditor’s report thereon

The Directors are responsible for the other information. The other information comprises the information included in the Company’s annual report for the year ended 30 June 2018, but does not include the financial report and our auditor’s report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of the Directors’ for the financial report

The Directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

### Auditor’s responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are

considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: [http://www.auasb.gov.au/auditors\\_responsibilities/ar2.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar2.pdf). This description forms part of our auditor's report.

### Report on the remuneration report

#### Opinion on the remuneration report

We have audited the Remuneration Report included in pages 13 to 18 of the Directors' report for the year ended 30 June 2018.

In our opinion, the Remuneration Report of Asset Resolution Limited, for the year ended 30 June 2018 complies with section 300A of the *Corporations Act 2001*.

### Responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Grant Thornton Audit Pty Ltd  
Chartered Accountants



G S Layland  
Director – Audit & Assurance

Sydney, 5 September 2018

**INVESTORS' SUPPLEMENTARY INFORMATION  
AS AT 28 AUGUST 2018**

The information contained below is to be read in conjunction with the annual report of Asset Resolution Ltd dated 30 June 2018.

**Details of top 20 shareholders**

The following is a list of the top 20 shareholders of the Company:

<b>Rank</b>	<b>Name</b>	<b>No. of Shares</b>	<b>%</b>
1	WO NOMINEES A/C FUND PTY LTD	515,000	16.28%
2	J P MORGAN NOMINEES AUSTRALIA LIMITED	389,957	12.33%
3	AUSTRALIAN EXECUTOR TRUSTEES LIMITED	133,876	4.23%
4	WO NOMINEES A/C FUND PTY LTD	121,935	3.86%
5	MR PETER SCARF & MRS IDA SCARF	91,863	2.90%
6	NORTH SHORE CUSTODIANS PTY LTD	52,709	1.67%
7	DR T HANSEN & MS Z GREENWOOD	42,978	1.36%
8	SARA LINDEN	40,000	1.26%
9	MR TIMOTHY EDWARD HOBILL COLE & MRS FIONA CAROLINE HOBILL COLE	37,888	1.20%
10	HARLEY N PTY LIMITED	35,439	1.12%
11	MR NIGEL BURGESS	30,000	0.95%
12	MR ADRIAN WESLEY LEPPINUS MRS VANESSA LEPPINUS	27,627	0.87%
13	MR JOHN DAVID SERGEANT	24,981	0.79%
14	MS JOAN LOUISE WOOLLARD	24,000	0.76%
15	PHALAENOPSIS PTY LTD	20,000	0.63%
16	FIRST CAPITAL MARKETS PTY LTD	18,851	0.60%
17	MR CHRISTOPHER JOHN MCDERMOTT & MRS BEVERLEY JUNE MCDERMOTT	18,750	0.59%
18	MERCEDES HOLDINGS PTY LTD	18,158	0.57%
19	MR STEVE ANDREW GREEN	17,537	0.55%
20	HOLDAWAY & HOLDAWAY PTY LTD	16,667	0.53%
	<b>Total</b>	<b>1,678,216</b>	<b>53.06%</b>
	<b>Balance of register</b>	<b>1,484,639</b>	<b>46.94%</b>
	<b>Grand total</b>	<b>3,162,855</b>	<b>100.00%</b>

**ASSET RESOLUTION LIMITED**
**INVESTORS' SUPPLEMENTARY INFORMATION (CONTINUED)**
**Details of substantial shareholders**

The following is a list of substantial shareholders of the Company and their associates:

<b>Name of substantial shareholder</b>	<b>Registered holder of the shares</b>	<b>Number of shares held</b>	<b>% of total shares</b>	<b>Associate of substantial shareholder</b>
Samuel Terry Asset Management Pty Ltd	JP Morgan Nominees Australia Limited	636,935	20.14%	Mr F Woollard, Mr N Burgess
	J P Morgan Australia Ltd	389,957	12.33%	Mr F Woollard
	Mr Frederick Woollard and Mrs Therese Cochrane <Woollard Super Fund>	185	0.006%	Mr F Woollard
	Mr Nigel Burgess	30,944	0.98%	Mr N Burgess
	Sarah Liden <Kazudo Trust>	40,000	1.26%	Mr N Burgess
		<u>1,098,021</u>	<u>34.72%</u>	

**Distribution of shareholder numbers**

<b>Number of shares held</b>	<b>Number of shareholders</b>
1 – 1,000	2,151
1,001, - 5,000	281
5,001 – 10,000	14
10,001 – 100,000	20
More than 100,001	4
	<u>2,470</u>

**Number of shareholders with less than a marketable parcel of securities**

As at 29 August 2018, there were a total of 215 shareholders with less than a marketable parcel of securities held in Asset Resolution Ltd.

**Unlisted options**

There are no unlisted options.

**Types of securities and voting rights**

There is one class of ordinary shares. Each share is entitled to one vote when a poll is called, otherwise each member present at a meeting or by proxy has one vote on a show of hands.

**Number and class of shares held in escrow**

There are 1,034,786 ordinary shares held in escrow, release date 28 November 2018.

**On-Market Buy Backs**

The Shareholders approved two buy backs at the 26 November 2017 Annual General Meeting:

1. 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 following Shareholder approval. At the date of this report 50,769 Shares have been bought back. The buy-back will re-commence following the release of this Annual Report.
2. 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 equal to the Net Tangible Asset Value per Share shown in the then most recent Annual Report or Half Yearly Report. At the date of this report 900,106 Shares have been bought back. The off-market buy-back closed on 27 April 2018.

**Securities Exchange**

The Company is listed on the National Stock Exchange of Australia.