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ASSET RESOLUTION LIMITED
ABN 99 159 827 871

ANNUAL REPORT
FOR THE YEAR ENDED
30 JUNE 2019

ASSET RESOLUTION LIMITED
ANNUAL REPORT
FOR THE YEAR ENDED 30 JUNE 2019

CORPORATE DIRECTORY

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

Company Secretary and Nominated Advisor
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

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DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2019

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 2019 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	24 October 2018	-
Graham Holdaway	Independent Non-Executive	1 April 2017	18 October 2017	-
Sarina Roppolo	Independent Non-Executive	28 February 2018	24 October 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.

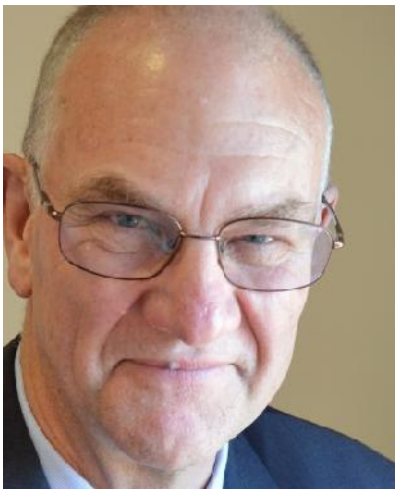
He was previously Managing Director of Cameron Stockbrokers Limited, a Sydney based private client stockbroker. Prior to that, Mr Craig was Head of Private Clients at AMP Capital, Head of Distribution at Henderson Private Capital and worked in Corporate Finance at Merrill Lynch and Mergers and Acquisitions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

He is currently Non-Executive Chairman of one other publicly listed company: PINCHme.com-inc (ASX: PIN).

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

Directors (continued)

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



Board member since April 2017.

Mr Holdaway is an experienced non-executive director, having 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, with a particular interest in the development of resources-related infrastructure.

He is currently an executive director of one other publicly listed company: Kangaroo Island Plantation Timbers Ltd (ASX: KPT).

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 and the Italian Chamber of Commerce and Industry.

Directors' Interests in the shares and options of the Company and related bodies corporate

As at the date of this report, the interests of the directors, either directly or indirectly, in the shares of Asset Resolution Limited were:

Directors (continued)

Interest in ordinary post-consolidated shares

Directors	Opening interest at 1 July 2018	Net changes during the period	Issued in lieu of Directors' fees(i)	Closing interest at 30 June 2019 & date of this report
Giles Craig	61,698	300	23,474	85,472
Graham Holdaway	22,766	-	23,474	46,240
Sarina Roppolo	-	300	17,606	17,906
Total Directors	**84,464**	**600**	**64,554**	**149,618**

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

At 30 June 2019 and at the date of this report:

(1) Giles Craig holds 85,472 shares:

- 76,183 (2018: 52,709) shares are held in North Shore Custodians ATF The Craig Family Trust, of which he is a beneficiary. During the year 23,474 shares were issued in lieu of directors' fees at $2.13 per share; and
- 9,289 (2018: 8,989) shares are held by Giles and Vicki Craig ATF the Craig Family Superannuation Fund of which Mr Craig has effective control. During the year, 300 shares were acquired at $2.80 per share.

(2) Graham Holdaway holds 46,240 shares;

- 6,099 (2018: 6,099) shares are held by Graham and Kristina Holdaway ATF the G&K Superfund, of which he has effective control; and
- 40,141 (2018: 16,667) shares are held by Holdaway & Holdaway Pty Ltd, of which he has effective control. During the year, 23,474 shares were issued in lieu of directors' fees at $2.13 per share to Holdaway & Holdaway Pty Ltd.

(3) Sarina Roppolo holds 17,906 shares;

- 17,906 (2018; nil) shares are held by Abril Holdings Pty Ltd, of which she has effective control. During the year, 17,606 shares were issued in lieu of directors' fees at $2.13 per share and 300 shares were acquired at $2.79 per share.

Chief Financial Officer and Company Secretary

Victoria Marie Allinson FCCA, AGIA
Company Secretary and Nominated Advisor

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 as audit manager for Deloitte Touche Tohmatsu. She is currently Company Secretary and Chief Financial Officer for Kangaroo Island Plantation Timbers Ltd, Elixir Energy Limited and a number of other entities.

Dividends

The directors have resolved not to declare a dividend for the year ended 30 June 2019. 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

During the year 64,554 shares were issued in lieu of current director's fees and 5,868 shares were issued in lieu of Directors fees to former Director John Sergeant for the period December 2017 to February 2018. A total of 70,422 shares were issued.

Operating and financial review

Review of current period operations

During the year the Company's losses amounted to $295,100 (2018 profits: $1,788,777). The reverse is primarily due to the fact that the Company received nothing from Octaviar in the year whereas it received $2,014,941 in 2018.

The head office costs of ARL have been reduced for the fourth consecutive year from $495,429 to $379,872. The $115,557 decrease is primarily due to:

- share registry fees decreasing by a further $47,853;
- legal fees decreasing by $39,151; and
- consulting fees decreasing by $28,973.

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 understands 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 zero value in ARL's accounts.

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 2019 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.

Diversity Report

Introduction

The following is the Diversity Report for the financial year ended 30 June 2019 for ARL ("the Company") prepared for the purposes of the Company's Financial Statements for the year ended 30 June 2019.

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 2019 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), 2 are of different ethnic or cultural background, and 1 is 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:

Table 1

Strategy, initiative or program	By when	Current position
Phase 1 – Strategies		
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
Phase 2 - Initiatives and Programs		
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 the Company and number of staff
1.2(b)(i) Review the Company's HR policies	May 2016	N/A given the size of the 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 the 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 the 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.

> "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;

Diversity Report (continued)

- 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 (2018: $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' 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:

	Board Meetings		Audit & Risk Committee Meetings	
Directors	**Number attended**	**Number held while in office**	**Number attended**	**Number held while in office**
Giles Craig	9	9	2	2
Graham Holdaway	9	9	2	2
Sarina Roppolo	9	9	2	2

Committee membership

The Company established an Audit and Risk Committee of the Board of Directors on 9 March 2016. Mr Holdaway was appointed Chair on 28 February 2018 and all directors serve 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 17 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.

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

	2019 $	2018 $
An audit or review of the financial report of the entity		
Audit services Grant Thornton	39,053	34,327
Taxation services Grant Thornton	8,305	6,500
Total services Grant Thornton	**47,358**	**40,827**

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 are as follows:

- Giles Craig (Chair) appointed 11 September 2015
- Graham Holdaway (Director) appointed 1 April 2017
- Sarina Roppolo (Director) appointed 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.

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 2018 Annual General Meeting Shareholders voted to pay each director $50,000 in shares at $3.01 per share (prior year: $2.13 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;

Remuneration report (audited) (continued)

- 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 for the last four years.

	Year ended 30 June 2019 $	Year ended 30 June 2018 $	Year ended 30 June 2017 $	Year ended 30 June 2016 $
Results				
Revenue from ordinary activities from continuing operations	-	-	-	-
Income: Proof of debt claim	-	2,014,941	-	-
Interest and other income	182,630	269,265	238,334	122,128
Expenses	(477,730)	(495,429)	(570,226)	(1,121,738)
Impairment gain/(loss) on mortgage loans	-	-	5,760	(1,543,328)
Profit/(loss) attributable to members for the period	**(295,100)**	**1,788,777**	**(326,132)**	**(2,542,938)**
Income tax benefit/(expenses)	-	-	-	490,351
Total income/(loss) after tax	**(295,100)**	**1,788,777**	**(326,132)**	**(2,052,587)**
Basic and diluted earnings per share in cents:	(9.18)	44.90	(7.11)	(41.84)
Net Assets				
Cash and receivables	6,280,639	6,942,866	7,181,696	12,535,651
Financial assets	3,250,000	2,750,000	3,250,000	-
Total liabilities - current	(138,555)	(155,682)	(145,447)	(72,591)
Net Assets	**9,392,084**	**9,537,184**	**10,286,249**	**12,463,060**
Number of shares on issue(1)	3,233,277	3,162,855	4,032,479	4,905,441
Net tangible assets per share: (in cents)	290.5	301.5	255.0	254.0

Remuneration report (audited) (continued)

(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 2019, the remuneration paid to the Directors of the Company amounted to $150,000 (2018: $150,000).

		Short term			Post employ-ment	Long term		
	Year	Salary & fees $	Cash bonus $	Other non-monetary benefits $	Super $	Long service leave $	Shares(i) $	Total $
Non-Executive Directors								
Giles Craig	**2019**	**29,167**	**-**	**-**		**-**	**20,833**	**50,000**
	2018	-	-	-	-	-	50,000	50,000
Graham Holdaway	**2019**	**29,167**	**-**	**-**	**-**	**-**	**20,833**	**50,000**
	2018	-	-	-	-	-	50,000	50,000
Sarina Roppolo	**2019**	**29,167**	**-**	**-**	**-**	**-**	**20,833**	**50,000**
	2018	-	-	-	-	-	16,667	16,667
John Sergeant(ii)	**2019**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	2018	-	-	-	-	-	33,333	33,333
Total	**2019**	**87,501**	**-**	**-**	**-**	**-**	**62,499**	**150,000**
	2018	-	-	-	-	-	150,000	150,000
Other KMP								
Victoria Allinson(iii)	**2019**	**54,732**	**-**	**-**	**-**	**-**	**-**	**54,732**
	2018	69,705	-	-	-	-	-	69,705
Total	**2019**	**142,233**	**-**	**-**	**-**	**-**	**62,499**	**204,732**
	2018	69,705	-	-	-	-	150,000	**219,705**

(i) Since 1 December 2016 the annual directors' fees amount to $50,000 each. The shareholders approve the share issue under the Non-Executive Share Plan in lieu of directors' fees at each Annual General Meeting ("AGM"). During the year ended 30 June 2019, $20,833 (2018: $50,000) of fees were paid in shares and $29,167 (2018 $nil) were paid in cash to each director. At 30 June 2019, $nil (2018: 58,333) of directors fees are payable.

(ii) Resigned on 28 February 2018.

Remuneration report (audited) (continued)

(iii) Appointed on 1 October 2015. Ms Allinson provides professional accounting, administration, NOMAD and company secretarial services at a fee of $54,732 per annum (2018: $69,705), 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.

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 2018	Net changes during the period	Granted as remuneration	Closing interest at 30 June 2019 & date of this report
Directors				
Giles Craig	61,698	300	23,474	85,472
Graham Holdaway	22,766	-	23,474	46,240
Sarina Roppolo	-	300	17,606	17,906
Total Directors	**84,464**	**600**	**64,554**	**149,618**
Executives				
Victoria Allinson	688	-	-	688
Total KMP	**85,152**	**600**	**64,554**	**150,306**

At 30 June 2019 and at the date of this report:

(1) Giles Craig holds 85,472 shares:

- 76,183 (2018: 52,709) shares are held in North Shore Custodians ATF The Craig Family Trust, of which he is a beneficiary. During the year 23,474 shares were issued in lieu of directors fees at $2.13 per share; and
- 9,289 (2018: 8,989) shares are held by Giles and Vicki Craig ATF the Craig Family Superannuation Fund of which Mr Craig has effective control. During the year, 250 shares were acquired at $2.80 per share.

(2) Graham Holdaway holds 46,240 shares;

- 6,099 (2018: 6,099) shares are held by Graham and Kristina Holdaway ATF the G&K Superfund, of which he has effective control; and
- 40,141 (2018: 16,667) shares are held by Holdaway & Holdaway Pty Ltd, of which he has effective control. During the year, 23,474 shares were issued in lieu of directors fees at $2.13 per share to Holdaway & Holdaway Pty Ltd.

Remuneration report (audited) (continued)

(3) Sarina Roppolo holds 17,906 shares;

- 17,906 (2018; nil) shares are held by Abril Holdings Pty Ltd, of which she has effective control. During the year, 17,606 shares were issued in lieu of director's fees at $2.13 per share and 300 shares were acquired at $2.79 per share.

(4) Victoria Allinson 688 shares:

- 324 (2018: 324) shares are held by Ms Allinson ATF the Vicky and Zoe Allinson Family Trust; and
- 364 shares (2018: 364) are held 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:

Giles C Craig

Giles Craig (Chairman)

Sydney, 4 September 2019

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Sydney NSW 2000

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Auditor's Independence Declaration

To the Directors of Asset Resolution Limited

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Asset Resolution Limited for the year ended 30 June 2019, 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

Grant Thornton Audit Pty Ltd
Chartered Accountants

G S Layland
Director – Audit & Assurance

Sydney, 4 September 2019

CORPORATE GOVERNANCE STATEMENT
FOR THE YEAR ENDED 30 JUNE 2019

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 2019 is dated, and was initially approved, by the Board on 18 May 2017; the latest annual review was completed on 4 September 2019. The Corporate Governance Statement is available at www.arlimited.com.au.

ASSET RESOLUTION LIMITED

FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2019

CONTENTS

ASSET RESOLUTION LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2019

	Note	2019 $	2018 $
Revenue from continuing operations			
Interest income		182,346	179,532
Gain on realisation of proof of debt		-	2,014,941
Other income		284	89,733
Total revenue from continuing operations		182,630	2,284,206
Expenses			
Administration expenses		16,528	13,085
Other expenses	5	361,718	479,036
Finance expenses		135	164
Other		1,491	3,144
Realisation Loss/(gain) on equity investments	6	97,858	-
Total expenses		477,730	495,429
Profit / (loss) before income tax		**(295,100)**	**1,788,777**
Income tax benefit/(expense)	7	-	-
Profit / (loss) for the period		**(295,100)**	**1,788,777**
Other comprehensive income, net of income tax			
Items that will be reclassified subsequently to profit or loss			
Other comprehensive income, net of income tax		-	-
Total comprehensive income, net of income tax		**(295,100)**	**1,788,777**
Profit / (loss) attributable to members		**(295,100)**	**1,788,777**
Total comprehensive income attributable to members		**(295,100)**	**1,788,777**
Earnings per share:			
Basic and diluted (loss)/profit per share (cents)	17	(9.18)	44.90

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

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2019

	Note	2019 $	2018 $
Assets			
Current assets			
Cash and cash equivalents	8	6,240,559	6,920,033
Trade and other receivables	9	40,080	22,833
Financial assets - mortgage loans	10	3,250,000	2,750,000
Total current assets		**9,530,639**	**9,692,866**
Liabilities			
Current liabilities			
Trade and other payables	11	35,179	61,119
Accrued expenses	12	103,376	94,563
Total current liabilities		**138,555**	**155,682**
Total non-current liabilities		**-**	**-**
Net assets		**9,392,084**	**9,537,184**
Equity			
Contributed equity	13	32,535,316	32,385,316
Retained losses	14	(23,143,232)	(22,848,132)
Total equity		**9,392,084**	**9,537,184**

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

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2019

	Ordinary shares	Retained losses	Total
	$	$	$
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)
Issue of shares	162,502		162,502
Balance at 30 June 2018	**32,385,316**	**(22,848,132)**	**9,537,184**
Balance as at 1 July 2018	**32,385,316**	**(22,848,132)**	**9,537,184**
(Loss)/Profit attributable to members	-	(295,100)	(295,100)
Other comprehensive income	-	-	-
Total comprehensive income	-	(295,100)	(295,100)
Transactions with owners in their capacity as owners:			
Buyback of shares	-	-	-
Issue of shares	150,000	-	150,000
Balance at 30 June 2019	**32,535,316**	**(23,143,232)**	**9,392,084**

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

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2019

	Note	2019 $	2018 $
Cash flow from operating activities			
Interest received		152,371	179,533
Payments to suppliers and employees		(233,987)	(335,817)
Net cash (used in)/ provided by operating activities	19	(81,616)	(156,284)
Cash flow from investing activities			
Net proceeds from the sale of investments		-	89,733
Net proceeds from proof of debt		-	2,014,941
Mortgage loan asset repayments/(advances)		(500,000)	500,000
Net proceeds (losses) from options investment		(97,858)	-
Net cash (used in)/provided by investing activities		(597,858)	2,604,674
Cash flow from financing activities			
Buyback of share capital		-	(2,700,339)
Net cash (used in)/ provided by financing activities		-	(2,700,339)
Net (decrease)/ increase in cash and cash equivalents		(679,474)	(251,949)
Cash and cash equivalents at beginning of the period		6,920,033	7,171,982
Cash and cash equivalents at end of the period	8	6,240,559	6,920,033

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

Note 1. Corporate information

The financial report for Asset Resolution Limited for the year ended 30 June 2019 was authorised for issue in accordance with a resolution of the Directors on 4 September 2019.

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 adopted early by the Company

AASB 16 *Leases*	AASB 117 *Leases* Int. 4 *Determining whether an Arrangement contains a Lease* Int. 115 *Operating Leases—Lease Incentives* Int. 127 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease none*	AASB 16: • replaces AASB 117 *Leases* 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 contract being signed.

The Company has not elected to early adopt any of the pronouncements to the reporting period beginning 1 July 2019.

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

(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 the 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.

(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

A number of new or amended standards became applicable for the current reporting period and the Company had to change its accounting policy as a result of adopting AASB 9 *Financial Instruments.*

The impact of the adoption of these standards and the new accounting policies is disclosed below. The other standards did not have an impact on the Company’s accounting policies and did not require retrospective adjustments.

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

Classification

From 1 July 2018, the Company classified its financial assets in the following measurement categories:

- Those to be measured subsequently at fair value (through OCI, or through profit and loss); and
- Those to be measured at amortised cost.

The classification depends on the Company's business model for managing the financial asset and the contractual terms of the cashflows.

For assets measured at fair value, gains and losses will either be recorded in profit and loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Company has made an irrevocable election on the initial recognition to account for the equity instrument through other comprehensive income (FVOCI).

The Company reclassifies debt instruments when and only when its business model for managing those assets changes.

Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit and loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial assets. Transaction costs of financial assets carried forward at FVPL are expensed in the profit and loss.
Financial Assets with embedded derivatives are considered in their entirety when determining whether their cashflows are solely payments of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cashflow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments:

- Amortised costs: Assets that are held for collection of contractual cashflows where those cashflows represent solely payments of principal and interest at amortised cost. Interest income from these financial assets is included in financial income using the effective interest rate method. Any gain or loss arising on the derecognition is recognised directly in the profit and loss and presented in other gains/(losses), together with foreign exchange gain losses, where applicable. Impairment losses are presented as separate line items in the statement of profit or loss.

- FVOCI: Assets that are held for collection of cashflows and for selling the financial assets, where the asset's cashflows represent solely payment of principal and interest, are measured at FVOCI. Movement in the carrying amounts are taken though the OCI, except for recognition of impairment gains and losses, interest revenue and foreign exchange gains and losses, which are recognised in profit and loss. When the financial asset is derecognised, the cumulative gains and losses previously recognised in OCI are reclassified from equity to profit and loss and recognised in other gains/(losses). Interest income for these financial assets is included in financial income using the effective interest rate method. Foreign exchange gains and losses, if applicable, are presented in other gains/(losses) and impairment expenses are presented as a separate line item in the statement of profit and loss.

- FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

Impairment

From 1 July 2018, the Company assesses on a forward-looking basis the expected credit losses associated with its debt instruments, carried at amortised cost and FVOCI. The impairment methodology is applied based on whether there has been a significant credit risk.

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

For trade receivables, the Company applies the simplified approach permitted by AASB 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

Fair value
The fair value of the Company's financial assets and financial liabilities approximate their carrying value. Where the Company has readily traded financial assets and financial liabilities they are valued at their current traded value.

(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 the 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.

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

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.

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.

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

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.

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

Adoption of AASB 9

AASB 9 replaces AASB 139 Financial Instruments: Recognition and Measurement (AASB 139) for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

The Group has applied AASB 9 retrospectively, with the initial application date of 1 July 2018. There were no material impacts on the comparative balances other than a change in classification. There was no impact on hedging as the Group does not currently apply hedge accounting. The effects of adopting AASB 9 are set out below:

(a) Classification and measurement

Under AASB 9, there is a change in the classification and measurement requirements relating to financial assets. Previously, there were four categories of financial assets: loans and receivables, fair value through profit or loss, held to maturity and available for sale. Under AASB 9, financial assets are either classified as amortised cost, fair value through profit or loss or fair value through other comprehensive income. For debt instruments, the classification is based on two criteria: the Group's business model for managing the assets; and whether the instruments' contractual cash flows represent 'solely payments of principal and interest' (SPPI) on the principal amount outstanding. A financial asset can only be measured at amortised cost if both these tests are satisfied. The assessment of the Group's business model was made as of the date of initial application, 1 July 2018, and then applied retrospectively to those financial assets that were not derecognised before 1 July 2018. The assessment of whether contractual cash flows on debt instruments are SPPI was made based on the facts and circumstances as at the initial recognition of the assets.

(b) Financial Instruments

The adoption of AASB 9 did not result in a significant change to the recognition or measurement of financial instruments for the Group as presented in the financial report. The following categories of financial asset and liability required no classification or measurement adjustments as a result of adopting AASB 9:

- Cash and cash equivalents;
- Trade and other receivables - this category only includes simple debt instruments where the business model is to collect contractual cash flows and consequently amortised cost has continued to be applied. No lifetime expected credit loss adjustments were considered necessary;
- Derivative financial instruments - subsequent measurement continues to be at fair value through profit or loss; and
- Trade and other payables - subsequent measurement continues to be at amortised cost.

(c) Impairment

The adoption of AASB 9 has changed the Group's accounting for impairment losses for financial assets by replacing AASB 139's incurred loss approach with a forward-looking expected credit loss (ECL) approach. AASB 9 requires the Group to recognise an allowance for ECL's for all debt instruments not held at fair value through profit or loss and contract assets in the scope of IFRS 15.

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

The Group has reviewed and assessed the existing financial assets for impairment and the change to a forward-looking ECL approach did not have any material impact on the amounts recognised in the financial statements. The Group's term deposits which are included within cash and cash equivalents were assessed as having a low probability of default as they are held with financial institutions with high credit ratings and the Group's receivables (not subject to provisional pricing), which are measured at amortised cost, are short term and the Group has strong risk management policies in place to reduce any exposure.

(p) 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 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.

(q) 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.

Primary responsibility for identification and control of financial risks is shared between the board members and executive management.

Categories of Financial Assets and Liabilities

The carrying amounts of financial assets and financial liabilities in each category are as follows:

Year ended 30 June 2019

Financial Assets	Note	Assets at FVTOCI $	Assets at FVTPL $	Derivatives used for hedging $	Financial assets at amortised cost $	Total $
Cash and cash equivalents	8	-	-	-	6,240,559	**6,240,559**
Trade and other receivables	9	-	-	-	40,080	**40,080**
Financial assets	10	-	-	-	3,250,000	**3,250,000**
		-	-	-	9,530,639	**9,530,639**

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

Financial Liabilities	Note	*Derivatives used for hedging $	*Designated at FVTPL $	*Other liabilities at FVTPL $	#Other liabilities $	**Total $**
Trade and other payables	11&12	-	-	-	138,555	**138,555**
Total		-	-	-	138,555	**138,555**

Year ended 30 June 2018

Financial Assets	Note	Assets at FVTOCI $	Assets at FVTPL $	Derivatives used for hedging $	Financial assets at amortised cost $	Total $
Cash and cash equivalents	8	-	-	-	6,920,033	**6,920,033**
Trade and other receivables	9	-	-	-	22,833	**22,833**
Financial assets	10	-	-	-	2,750,000	**2,750,000**
		-	-	-	9,692,866	**9,692,866**

Financial Liabilities	Note	*Derivatives used for hedging $	*Designated at FVTPL $	*Other liabilities at FVTPL $	#Other liabilities $	**Total $**
Trade and other payables	11&12	-	-	-	155,682	**155,682**
Total		-	-	-	155,682	**155,682**

* Carried at fair value
\# Carried at amortised cost

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

At 30 June 2019, 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)**	
Judgements of reasonably possible movements:	**2019 $**	2018 $	**2019 $**	2018 $
+1%	**94,906**	96,700	-	-
-1%	**(94,906)**	(96,700)	-	-

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.

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

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;
- a thorough assessment process is used for all loans; and
- the Chief Financial Officer has direct responsibility for the recovery of outstanding accounts. All overdue accounts are 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 0 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 2019. Cash flows for financial assets and liabilities without fixed amount or timing are based on the conditions existing at 30 June 2019.
- The remaining contractual maturities of the Company's financial liabilities are:

	2019	2018
	$	$
6 months or less	**(138,555)**	(155,682)
6-12 months	**-**	-
1-5 years	**-**	-
Over 5 years	**-**	-
	(138,555)	(155,682)

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, ARL has established risk reporting covering its business that reflects the expectations of management of expected settlement of financial assets and liabilities.

	< 6 months	**6-12 months**	**1-5 years**	**> 5 years**	**Total**
Year ended 30 June 2019	**$**	**$**	**$**	**$**	**$**
Financial Assets					
Cash and cash equivalents	6,240,559	-	-	-	6,240,559
Trade and other receivables	40,080	-	-	-	40,080
Other financial assets	3,250,000	-	-	-	3,250,000
	9,530,639	-	-	-	9,530,639

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

Year ended 30 June 2019	< 6 months $	6-12 months $	1-5 years $	> 5 years $	Total $
Financial Liabilities					
Trade and other payables	(138,555)	-	-	-	(138,555)
	(138,555)	-	-	-	(138,555)
Net Maturity	**9,392,084**	**-**	**-**	**-**	**9,392,084**

Year ended 30 June 2018	< 6 months $	6-12 months $	1-5 years $	> 5 years $	Total $
Financial Assets					
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
	9,692,866	-	-	-	9,692,866
Financial Liabilities					
Trade and other payables	(155,682)	-	-	-	(155,682)
	(155,682)	-	-	-	(155,682)
Net Maturity	9,537,184	-	-	-	9,537,184

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 2019 and 30 June 2018
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

	2019 $	2018 $
Auditor fees	**47,358**	40,827
Consultancy fees	**52,000**	74,000
Consultancy fees – My Virtual HQ	**38,332**	55,305
Company secretarial fees	**14,400**	14,400
Directors' fees	**150,000**	150,000
Insurance	**545**	209
Legal fees	**1,600**	40,752
NSX and NOMAD fees	**37,897**	36,105
Registry fees	**19,586**	67,438
Total	**361,718**	479,036

Note 6. Realisation Loss on Equity accounted investments

Readily marketable options

	2019 $	2018 $
Opening carrying value	**-**	-
Purchased during period	**97,858**	-
Realization Loss	**(97,858)**	-
Balance at the end of the period	**-**	-

During the year the Company acquired 73 Options expiring in December 2018 costing $48,003 and 62 Options expiring in June 2019 costing $49,855 (2018: nil). By the end of the period all Options had expired.

Note 7. Income tax expense

	2019 $	2018 $
(a) The prima facie tax on profit differs from income tax provided in the financial statements as follows:		
Total (loss)/profit before income tax	**(295,102)**	1,788,777
At the statutory income tax rate of 30% (2018: 30%)	**(88,531)**	536,633
Tax effects of amounts which are not deductible (taxable) in calculating taxable income:		
Fines and penalties	**-**	-
Other	**-**	-
	(88,531)	536,633

Note 7. Income tax expense (continued)

	2019 $	2018 $
Less tax effect of :		
Other deductible items	-	-
Tax losses not brought to account as a deferred tax asset	**88,531**	-
Recoupment of prior year losses not previously brought to account	-	(536,633)
Net adjustment to deferred tax assets and liabilities for tax losses and temporary differences not recognised	-	-
Income tax expense/(benefit)	-	-

(b) Component of income tax expenses (benefit):

	2019	2018
Current tax	-	-
Deferred income tax	-	-
Total income tax expenses/(benefit)	-	-

Tax losses not recognised

The gross value of tax losses not recognised at 30 June 2019 amount to $88,531 (2018: nil) and the gross value of tax losses carried forward amounted to $22,999,498 (2018: $11,862,745). The franking credits are $nil (2018: $nil).

Note 8. Cash and cash equivalents

	2019 $	2018 $
Cash at bank	1,240,559	6,920,033
Cash on deposit	5,000,000	-
Cash and cash equivalents	**6,240,559**	6,920,033

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. At 30 June 2019 $5,000,000 (2018; $nil) is held in fixed term deposits, refer to Note 9 for further details.

Reconciliation to Cash Flow Statement

For the purposes of the Statement of Cash Flows, cash and cash equivalents amount to $6,240,559 (2018: $6,920,033).

Note 9. Current assets - Trade and other receivables

	2019 $	2018 $
Trade debtors (a)	-	-
GST receivable (a)	**10,107**	22,833
Accrued Interest Income (Term Deposit) (b)	**29,973**	-
	40,080	22,833

Note 9. Current assets - Trade and other receivables (continued)

(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*
2019	Trade receivables	**-**	**-**	-	-	-
2018	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

(b) Interest accrued for Term Deposits
At 30 June 2019 the Term Deposits have accrued the following interest to be paid at the end of the term (2018: $nil):

Term	Beginning Date	End Date	Interest rate p/a	Capital	Interest accrued 2019
				$	$
3 Month	4/04/2019	3/07/2019	2.48%	2,500,000	14,778
6 Month	4/04/2019	4/10/2019	2.55%	2,500,000	15,195
Total					**29,973**

Note 10. Financial assets

Current: Financial assets - Mortgage loans

	2019	2018
	$	$
Opening carrying value	**2,750,000**	3,250,000
Receipts during period	**-**	500,000
Payments during period	**500,000**	-
Impairment gain/(loss) on mortgage loans	**-**	-
Balance at the end of the period	**3,250,000**	2,750,000

During the year $500,000 was provided to Sergeants under the loan agreement (2018: $500,000 repaid).

During 2017 a secured loan of $3,250,000 was provided to Mr and Mrs Sergeant. The loan was established to provide a commercial benefit to both parties, the Company is earning a higher interest rate than can be obtained on its bank savings. In addition, the loan terms include requirements to reduce the risks for the Company. The key terms of the loan are as follows:

- The funds are secured over Sergeant's holding of units in the managed investment fund known as Samuel Terry Absolute Return Fund.
- Mr and Mrs Sergeant are required to hold these funds in a mortgage offset account that allows for instant access to the funds should the funds be required by Asset Resolution Limited.
- Interest is paid monthly and is charged at a rate of 3% per annum. Interest of $96,871 has been paid in the year (2018: $93,514).
- 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 10. Financial assets (continued)

On 9 January 2019 a loan variation agreement was signed, the key terms are as follows:

- That up to $1,250,000 of the $3,250,000 be repaid at 10 days' notice, with the remaining $2,000,000 to remain at 3 days' notice,
- The annual interest rate on the sum that is no longer at call be adjusted to 4% per annum, and
- Interest is paid monthly and is charged at a rate of 4% per annum. Interest of $727.48 has been paid in the year (2018: $nil).Variation dated from 15 January 2019 to 30 June 2020.

Note 11. Current liabilities - Trade and other payables

	2019	2018
	$	$
Trade payables	**35,179**	61,119

(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

	2019	2018
	$	$
Accrued expenses	**103,376**	94,563

Note 13. Contributed equity

	2019		2018	
Movement in ordinary shares	**No.**	**$**	No.	$
Balance at the beginning of the period	**3,162,855**	**32,385,316**	4,032,479	34,923,158
Off-market Buyback[1]	**-**	**-**	(900,106)	(2,592,305)
On-market Buyback[2]	**-**	**-**	(50,769)	(108,039)
Share Based Directors' Fees [3]	**70,422**	**150,000**	81,251	162,502
Balance at the end of the period	**3,233,277**	**32,535,316**	3,162,855	32,385,316

(1) On 13 February 2017 Asset Resolution Limited completed a shareholder approved unmarketable parcel buyback at $2.12 per share.
(2) Shareholders voted in favour of Off-market Buyback and On-market Buyback resolutions. The On-market Buyback commenced in the period and allows the Company to buy back Shares of up to 632,571 (2018: 806,274) ordinary Shares on market over the 12 months following the date of the Annual General Meeting. During the period, Asset Resolution Limited have bought back nil shares at $2.13 average price per share (2018: 50,769 shares at $2.13 per share).
(3) Shareholders voted in favour of Directors' fees being paid in shares rather than cash; during the period Directors fees of $150,000 (2018: $162,502) were paid via the issue of 70,422 (2018: 81,251) shares at $2.13 (2018: $2.00) per share.

Note 13. Contributed equity (continued)

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

	2019 **$**	2018 $
Opening balance	**(22,848,132)**	(24,636,909)
Net (loss)/profit for the year	**(295,100)**	1,788,777
Deficit at the end of the year	**(23,143,232)**	(22,848,132)

Note 15. Key management personnel disclosures

(a) Compensation of key management personnel

	2019 **$**	2018 $
Directors		
Fees	**-**	-
Share-based payments[1]	**150,000**	150,000
Post-employment benefits	**-**	-
	150,000	150,000
Executives		
Fees[2]	**54,732**	69,705
Total	**204,732**	219,705

[1] 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 2019, the directors have resolved to pay the remaining part of their directors remuneration in cash, $87,501 (2018: $62,499, being paid via issue of 27,386 shares at $2.13 each) are payable. Future directors' fees will be paid in shares, subject to Shareholder approval.

[2] During the year:

a. Company secretarial fees paid to Victoria Allinson amounted to $14,400 (2018: $14,400);

b. Accounting and administration services provided by Allinson Accounting Services Pty Ltd trading as My Virtual HQ amount to $38,332 (2018: $55,305).

c. NOMAD fees paid to Victoria Allinson amounted to $2,000 (2018: $nil)

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:

	2019 **$**	2018 $
Audit services Grant Thornton	**39,053**	34,327
Taxation services Grant Thornton	**8,305**	6,500
Total services Grant Thornton	**47,358**	40,827

Note 17. Earnings per share

	2019 **$**	2018 $
(a) Basic earnings per share		
(Loss)/profit attributable to the ordinary equity holders of the Company	**(295,100)**	1,788,777
(b) Diluted earnings per share		
(Loss)/profit attributable to the ordinary equity holders of the Company	**(295,100)**	1,788,777
(c) Weighted average number of shares used as the denominator		
Weighted average number of ordinary shares used as the denominator in calculating basic and diluted earnings per share	**3,216,010**	3,984,159

Note 18. Related party transactions

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

Loans to related parties

Loans to key management personnel	**2019** **$**	2018 $
Opening balance at the start of the year	**-**	3,250,000
Loan advance	**-**	-
Loan repayments	**-**	-
Ceases to be a related party	**-**	(3,250,000)
Interest charged[(1)]	**-**	62,774
Interest received[(1)]	**-**	(62,774)
Closing balance at the end of the year	**-**	-

[(1)]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 Mr and Mrs 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. In addition, the loan terms include requirements to reduce the risks for the Company. The key terms of the loan are set out in Note 10.

Note 19. Reconciliation of statement of cash flows

	2019 **$**	2018 $
Net (loss)/profit after tax	**(295,100)**	1,788,777
Non-operating items in profit:		
- realisation of proof of debt	**-**	(2,014,941)
- realisation of sale of shares	**-**	(89,733)
- realisation of sale of options	**97,858**	-
- Share base payments	**150,000**	162,502
Change in operating assets and liabilities:		
(Increase)/decrease in trade and other receivables	**(17,248)**	(13,119)
Increase/(decrease) in payables and accruals	**(17,126)**	10,230
Net cash inflow/(outflow) from operating activities	**(81,616)**	(156,284)

Note 20. Share based payments

During the year the following share based payments were made under the non-Executive Share Plan at $2.13 per share (2018: $2.00):

	2019 **$**	2018 $
Giles Craig	**50,000**	50,000
Graham Holdaway	**50,000**	33,334
Sarina Roppolo	**16,667**	-
John Sergeant	**33,333**	50,000
Frederick Woollard	**-**	29,168
	150,000	162,502

Note 21. Events after balance date

No other matters or circumstances have arisen since 30 June 2019 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 2019 or 30 June 2018.

Note 23. Contingent asset

The Company is owed $204 million (2018: $204 million) by Octaviar Limited (formerly MFS Limited) and approximately $137 million (2018: $137 million) by Octaviar Administration Pty Ltd (formerly MFS Administration Pty Ltd).

In December 2017, the liquidators of Octaviar Limited advised ARL that $205,694,371 of that claim has been allowed. The Company has been paid a total of $2,014,941 by Octaviar Limited in respect of this debt, since the claim was allowed.

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 Asset Resolution Limited might recover from these assets, nor is it possible to forecast when Asset Resolution Limited might receive any money from them. Accordingly, the directors have resolved to continue showing the Octaviar debts at zero value in Asset Resolution Limited's accounts.

ASSET RESOLUTION LIMITED

DIRECTORS' DECLARATION
FOR THE YEAR ENDED 30 JUNE 2019

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

- In the opinion of the directors:
  - The financial statements and notes of Asset Resolution Limited for the financial year ended 30 June 2019 are in accordance with the Corporations Act 2001, including:
    - Giving a true and fair view of its financial position as at 30 June 2019 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 2019.

On behalf of the Board

Chairman

Giles C Craig

Mr Giles Craig
Chairman

Sydney,
Dated this 4th day of September 2019

Grant Thornton

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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 2019, 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 2019 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. We have determined that there are no key audit matters to communicate in our report.

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 2019, 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. 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 the Directors' report for the year ended 30 June 2019.

In our opinion, the Remuneration Report of Asset Resolution Limited, for the year ended 30 June 2019 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

Grant Thornton Audit Pty Ltd
Chartered Accountants

G S Layland
Director – Audit & Assurance

Sydney, 4 September 2019

INVESTORS’ SUPPLEMENTARY INFORMATION

AS AT 29 AUGUST 2019

The information contained below is to be read in conjunction with the annual report of Asset Resolution Ltd dated 30 June 2019.

Details of top 20 shareholders

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

Rank	Name	No. of Shares	%
1	WO NOMINEES A/C FUND PTY LTD	515,000	15.93
2	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	389,957	12.06
3	AUSTRALIAN EXECUTOR TRUSTEES LIMITED	134,392	4.16
4	WO NOMINEES A/C FUND PTY LTD	121,935	3.77
5	MR PETER SCARF & MRS IDA SCARF	91,863	2.84
6	NORTH SHORE CUSTODIANS PTY LTD	76,183	2.36
7	DR T HANSEN & MS Z GREENWOOD	42,978	1.33
8	HOLDAWAY & HOLDAWAY PTY LTD	40,141	1.24
9	MR TIMOTHY EDWARD HOBILL COLE & MRS FIONA CAROLINE HOBILL COLE	40,000	1.24
9	SARA LINDEN	40,000	1.24
10	HARLEY N PTY LIMITED	35,439	1.10
11	MR JOHN DAVID SERGEANT	30,340	0.94
12	MR NIGEL BURGESS	30,000	0.93
13	MR ADRIAN WESLEY LEPPINUS MRS VANESSA LEPPINUS	27,627	0.85
14	MS JOAN LOUISE WOOLLARD	24,000	0.74
15	MR ALLAN GREGORY WHITE MRS CAROL MEGAN WHITE	21,210	0.66
16	FIRST CAPITAL MARKETS PTY LTD	21,025	0.65
17	MR STEVE ANDREW GREEN	20,287	0.63
18	PHALAENOPSIS PTY LTD	20,000	0.62
19	MR CHRISTOPHER JOHN MCDERMOTT & MRS BEVERLEY JUNE MCDERMOTT	18,750	0.58
20	MERCEDES HOLDINGS PTY LTD	18,158	0.56
	Total	**1,759,285**	**54.41**
	Balance of register	**1,473,992**	**45.59**
	Grand total	**3,233,277**	**100.00**

INVESTORS' SUPPLEMENTARY INFORMATION (CONTINUED)

Details of substantial shareholders

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

Name of substantial shareholder	Registered holder of the shares	Number of shares held	% of total shares	Associate of substantial shareholder
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
		1,098,021	34.72%	

Distribution of shareholder numbers

Number of shares held	Number of shareholders
1 – 1,000	2,111
1,001, - 5,000	272
5,001 – 10,000	14
10,001 – 100,000	23
More than 100,001	4
	2,424

Number of shareholders with less than a marketable parcel of securities

As at 22 August 2019, there were a total of 277 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.

On-Market Buy Backs

On-market buy-back of up to 632,571 fully paid ordinary Shares in the Company (representing approximately 20% of the Company's issued Shares as at 8 September 2018) in the 12 month period following Shareholder approval. At the date of this report nil Shares have been bought back. The buy-back will re-commence following the release of this Annual Report.

The Shareholders approved the on-market buy-back at the 2018 Annual General Meeting.

Securities Exchange

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