



ASSET RESOLUTION LIMITED
ABN 99 159 827 871

ANNUAL REPORT
FOR THE YEAR ENDED
30 JUNE 2021



**ASSET RESOLUTION LIMITED
ANNUAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021**

CORPORATE DIRECTORY

Directors

Giles Craig (Chairman)
Sarina Roppolo (Non-Executive Director)
Therese Cochrane (Non-Executive Director)

Company Secretary and Nominated Advisor

Victoria Allinson

Registered Office and Principal Place of Business

Unit 3B, Level 3
60 Hindmarsh Square
Adelaide
South Australia 5000
Telephone: (08) 8423 0170

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



**ASSET RESOLUTION LIMITED
ANNUAL REPORT
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DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2021

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 2021 and the independent auditors' report thereon.

Director

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	Independent Non-Executive Chair	11 September 2015	24 October 2018	-
Sarina Roppolo	Independent Non-Executive	28 February 2018	18 November 2020	-
Therese Cochrane	Non-Executive	20 April 2020	18 November 2020	-

Therese Cochrane is not deemed independent due to her 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 a Director of Dawney & Co Limited (previously Hamilton Securities Limited), an NSX listed Investment Company and is a member of the compliance committee of Plenti, 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 qualified with Ernst & Whinney as a Chartered Accountant in 1986.

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



Board member since February 2018.

Ms Roppolo is a dispute resolution and insolvency Partner at Kardos Scanlan Corporate Lawyers. In her practice, Ms Roppolo primarily advises and acts for a variety of public and private companies in a wide range of contentious matters with a specialisation in insolvency.

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

Ms Roppolo has been noted as a leading lawyer in insolvency in the Legal 500 Asia Pacific for the years 2016, 2017 & 2018 and has been selected by her peers as a Best Lawyer in Australia in Insolvency and Reorganisation Law for the years 2018, 2019, 2020, 2021 and 2022.

Ms Roppolo is also a director and the treasure of the Italian Chamber of Commerce and Industry.

**Therese Cochrane BEc, LLB (Hons), LLM
Non-Executive Director**



Board member since April 2020.

Ms Cochrane is the General Manager of Samuel Terry Asset Management Pty Ltd, a boutique asset management business.

She started her career as a banking and finance and commercial solicitor in private practice for Baker & McKenzie in Sydney. She also worked as an in-house lawyer for Credit Suisse First Boston, Chase Manhattan and SG Warburg in their derivatives businesses in London.

Ms Cochrane has been a board member of various not-for-profit and charitable organisations, as well as some private companies and companies operating in the hospitality and renewable energy industries.

**DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2021**
Directors' Interests in shares and options of the Company and related bodies corporate

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

Interest in ordinary post-consolidated shares

Directors	Opening interest at 1 July 2020	Net changes during the period	Granted as Remuneration	Closing interest at 30 June 2021 & date of this report
Giles Craig	85,472	-	17,241	102,713
Sarina Roppolo	18,271	-	17,241	35,512
Therese Cochrane	1,041,661	-	10,537	1,052,198
Total Directors	1,145,404	-	45,019	1,190,423

At 30 June 2021 and at the date of this report:

(1) Giles Craig holds 102,713 shares:

- 93,424 shares are held in North Shore Custodians ATF The Craig Family Trust, of which he is a beneficiary; and
- 9,289 shares are held by Giles and Vicki Craig ATF the Craig Family Superannuation Fund of which Mr Craig has effective control.

(2) Therese Cochrane holds 1,052,198 shares;

- 14,584 shares are held by Samuel Terry Asset Management Pty Ltd ("STAM"), of which she is an employee and a beneficial owner.
- 1,026,892 shares are held by J P Morgan Nominees Australia Ltd is custodian for Samuel Terry Absolute Return Fund ("STAR"); STAM is the trustee of the STAR and she is an employee and a beneficial owner of STAM..
- 10,537 shares are held by Therese Cochrane
- 185 shares are held by Woollard Super Fund, of which she is a beneficiary.

(3) Sarina Roppolo holds 35,512 shares:

- 35,512 shares are held by Abril Holdings Pty Ltd, of which she has effective control.

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 30 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 the Company Secretary and Chief Financial Officer for Kangaroo Island Plantation Timbers Ltd, Elixir Energy Limited and Company Secretary for Buddy Technologies Limited.

**DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2021**

Dividends

The directors have resolved not to declare a dividend for the year ended 30 June 2021. No dividends were paid during the previous year.

Principal activities

During the year the principal activity of the Company was: holding various assets including some Distressed assets and identifying potential Assets to acquire.

Operating and financial review

Review of current period operations

During the year the Company's profit amounted to \$8,127,920 (2020: \$198,062 Loss).

The \$8,325,982 increase is primarily due to \$6,697,864 Octaviar Distribution (2020: \$nil) and the unrealised gains of the investments of \$2,093,677 (2020: \$nil).

Assets – investments

During 2021, the Company acquired the following investments \$6,999,472 (2020: \$4,000,000) and made unrealised gains of \$2,093,677 (2020: \$nil):

- No NobleOak Life Ltd shares were acquired in the year (2020: 2,580,645 shares at \$1.55 per share, total cost of \$4,000,000). Unrealised gain amounted to \$1,032,258 (2020: \$nil) as a result of an increase in share price to \$1.95 per share and July 2021 listing on the Australian Securities Exchange. The fair value has been determined to be \$5,032,258 as at 30 June 2021 (2020: \$4,000,000).
- 335,314 units of Samuel Terry Absolute Return Group (STAR) of which Samuel Terry Asset Management Pty Ltd (STAM) is trustee, at a price of \$11.93 per unit, total cost of \$4,000,000 (2020: \$nil). Unrealised gain amounted to \$797,881 (2020: \$nil), as a result of an increase in unit price to \$14.31 per unit. The fair value has been determined to be \$4,797,881 (2020: \$nil) as at 30 June 2021.
- The African Lions Funds Ltd (AFL) shares which invests in companies based in Sub Saharan Africa.
 - a. Series 01 - on 1 April 2021, ARL Invested in 303 shares of AFL at a price of US\$5,000 (AU\$6,603) per share, total cost of \$1,999,472 (2020: \$nil). Unrealised gain amounted to \$263,538 (2020: \$nil) as a result of an increase in share price to US\$5,618 (AU\$7,473) per share. The fair value has been determined to be \$2,263,010 (2020: \$nil) as at 30 June 2021.
 - b. Series 02 - on 30 June 2021, ARL Invested in further 150 shares of AFL at a price of US\$5,000 (AU\$ 6,659) per share, total cost of \$1,000,000 (2020: \$nil). Unrealised gain amounted to \$nil (2020: \$nil). The fair value has been determined to be \$1,000,000.

Assets - loans

During the year, OA distributed \$3,666,135 received on 20 January 2021; and OL distributed \$3,031,729 in respect of the debt claims (2020: \$nil). Due to the uncertainty around the amount and timing of any further future payment, the Company continues to show the Octaviar debts receivable at zero value in ARL's balance sheet. Refer to Note 25 for further details.

During the year the secured loan facility was fully repaid, the balance at 30 June 2021 amounted to \$nil (2020: \$1,250,000).

**DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2021**

Other matters

The Board has considered the impact of the COVID-19 pandemic and noted that the S&P/ASX 200 at the date of this report has shown a 22.24% return; the Board does not believe the COVID-19 pandemic will have any impact on the Company's ability to continue as a going concern.

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

On 22 July 2021, the Company announced that a further \$400,000 has been invested in NobleOak Life Limited under its Initial Public Offering at \$1.95. NobleOak listed on the Australian Securities Exchange on 22 July 2021.

There are no matters or circumstances that have arisen since 30 June 2021 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 and other potential 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 Directors strongly believe that the market is likely to become more challenging and more opportunities will arise.

Diversity Report

Introduction

The following is the Diversity Report for the financial year ended 30 June 2021 for ARL prepared for the purposes of the Company's Financial Statements for the year ended 30 June 2021.

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 of 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 website.

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2021

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. 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 2021, there is an aggregate of 5 staff including Directors, employees and contractors (full and part time) in the Company. Of the aggregate, 4 are female (including 2 Non-Executive Director and the Chief Financial Officer/Company Secretary), and 2 are of different ethnic or cultural background. 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

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Strategy, initiative or program	By when	Current position
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.
- The gender diversity targets are to maintain the current level of diversity in the Company.

Board Skills

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

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

Diversity at Board Level and Generally

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

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

Compliance

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

Environmental regulation and performance

The Company is not subject to environmental regulation.

Indemnification and insurance of officers and auditors

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. The company has not during the financial year, indemnified or agreed to indemnify an auditor of the company against a liability incurred as such an auditor. During the year, the Company paid a premium of \$nil (2020: \$nil).

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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:

Directors	Board Meetings		Audit & Risk Committee Meetings	
	Number attended	Number held while in office	Number attended	Number held while in office
Giles Craig	9	9	2	2
Sarina Roppolo	9	9	2	2
Therese Cochrane	9	9	2	2

Committee membership

The Company established an Audit and Risk Committee of the Board of Directors on 9 March 2016. Sarina Roppolo is the Chair and Therese Cochrane was appointed as a member on 9 September 2020.

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 was appointed as the auditor on 24 September 2015 and the appointment was 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:

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	2021 \$	2020 \$
An audit or review of the financial report of the entity		
Audit services Grant Thornton	54,808	41,580
Taxation services Grant Thornton	5,500	5,500
Total services Grant Thornton	60,308	47,080

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
- Sarina Roppolo (Director) appointed 28 February 2018
- Therese Cochrane (Director) appointed 20 April 2020
- Graham Holdaway (Director) appointed 1 April 2017, resigned 20 April 2020
- 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 directors and executive team.

It is noted that the Company received 97.63% of ‘yes’ proxy and poll votes and the Remuneration Report for the financial year ending 30 June 2020 was adopted via a poll. The Company received no specific feedback on its Remuneration Report at the Annual General Meeting.

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.

Non-executive directors are paid a fixed fee per year, the amount is determined by the Board. The maximum aggregate non-executive remuneration is fixed under the Company’s constitution clause 62.1 at \$360,000 per year.

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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 2020 Annual General Meeting, the Company Shareholders voted to pay 100% of the director's fees in shares at \$2.84 per share. Directors are paid \$50,000 (excluding GST) each per annum.

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

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

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

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

The following table shows the net tangible asset per share and earning per share of the Company for the last four years.

	Year ended 30 June 2021 \$	Year ended 30 June 2020 \$	Year ended 30 June 2019 \$	Year ended 30 June 2018 \$
Results				
Revenue from ordinary activities from continuing operations	-	-	-	-
Income: Proof of debt claim	6,697,864	-	-	2,014,941
Unrealised gain on investments	2,093,677	-	-	-
Interest and other income	38,315	164,190	182,630	269,265
Performance fee	(259,160)	-	-	-
Expenses	(442,776)	(362,252)	(477,730)	(495,429)
Impairment gain/(loss) on mortgage loans	-	-	-	-
Profit/(loss) attributable to members for the period	8,127,920	(198,062)	(295,100)	1,788,777
Income tax benefit/(expenses)	-	-	-	-
Total income/(loss) after tax	8,127,920	(198,062)	(295,100)	1,788,777
Basic and diluted earnings per share in cents:	248.63	(6.13)	(9.18)	44.90

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	Year ended 30 June 2021 \$	Year ended 30 June 2020 \$	Year ended 30 June 2019 \$	Year ended 30 June 2018 \$
Net Assets				
Cash and receivables	4,798,166	4,089,232	6,280,639	6,942,866
Financial assets	13,093,149	5,250,000	3,250,000	2,750,000
Total liabilities - current	(419,372)	(145,209)	(138,555)	(155,682)
Net Assets	17,471,943	9,194,023	9,392,084	9,537,184
Number of shares on issue	3,285,001	3,233,277	3,233,277	3,162,855
Net tangible assets per share: (in cents)	531.9	284.4	290.5	301.5

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 2021, the remuneration paid to the Directors of the Company amounted to \$160,000 (2020: \$157,930).

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	2021	5,000					50,000	55,000
	2020	23,750	-	-	-	-	29,167	52,917
Sarina Roppolo	2021	5,000	-	-	-	-	50,000	55,000
	2020	23,750	-	-	-	-	29,167	52,917
Therese Cochrane ⁽ⁱⁱ⁾	2021	-	-	-	-	-	50,000	50,000
	2020	-	-	-	-	-	9,860	9,860
Graham Holdaway ⁽ⁱⁱⁱ⁾	2021	-	-	-	-	-	-	-
	2020	22,778	-	-	-	-	19,458	42,236
Total Directors	2021	10,000	-	-	-	-	150,000	160,000
	2020	70,278	-	-	-	-	87,652	157,930
Other KMP								
Victoria Allinson ^(iv)	2021	69,960	-	-	-	-	-	69,960
	2020	63,247	-	-	-	-	-	63,247
Total	2021	79,960	-	-	-	-	150,000	229,960
	2020	133,525	-	-	-	-	87,652	221,177

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- (i) Since 1 December 2016 the annual directors' fees amount to \$50,000 each excluding GST. 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 2021, \$10,000 gross of GST (2020: \$23,750) were paid/payable in cash to directors and \$150,000 (2020: \$29,167) of fees will be paid/payable in shares which will be issued prior to the 2021 AGM. At 30 June 2021, \$93,333 gross of GST (2020: \$95,279) of directors' fees are payable.
- (ii) Therese Cochrane was appointed on 20 April 2020.
- (iii) Graham Holdaway resigned on 20 April 2020.
- (iv) Appointed on 1 October 2015. Ms Allinson provides professional accounting, administration, NOMAD and company secretarial services at a fee of \$69,960 per annum (2020: \$63,247), 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.

Therese Cochrane is an associate of Samuel Terry Asset Management Pty Ltd (STAM). At the 2020 AGM shareholder approved an Investment Management Agreement pursuant to which STAM will manage the Company's portfolio of investments. STAM is also a Substantial Holder in the Company with voting power (as defined in the Corporations Act) of 33.53%.

STAM is trustee for Samuel Terry Absolute Return Group (STAR) of which the Company owns 335,314 units.

Under the Investment Management Agreement, STAM is entitled to a performance fee of 20% (plus GST) of increase in value of each relevant investment over its original cost. There are no management fees. Investment Manager's performance fees amounting to \$259,160 (2020: \$nil) were accrued and performance fees of \$nil (2020: \$ nil) excluding GST were paid during the period.

In addition, an annual fee of \$50,000 (2020: \$50,000) is payable to STAM for the services of Frederick Woollard.

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 2020	Net changes during the period	Granted as remuneration	Commencing/ Ceasing Office	Closing interest at 30 June 2021 & date of this report
Directors					
Giles Craig	85,472	-	17,241	-	102,713
Sarina Roppolo	18,271		17,241	-	35,512
Therese Cochrane	1,041,661	-	10,537	-	1,052,198
Total Directors	1,145,404	-	45,019	-	1,190,423

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	Opening interest at 1 July 2020	Net changes during the period	Granted as remuneration	Commencing/ Ceasing Office	Closing interest at 30 June 2021 & date of this report
Executives					
Victoria Allinson	688	-	-	-	688
Total KMP	1,146,092	-	45,019	-	1,191,111

At 30 June 2021 and at the date of this report:

- (1) Giles Craig holds 102,713 shares:
 - o 93,424 (2020: 76,183) shares are held in North Shore Custodians ATF The Craig Family Trust, of which he is a beneficiary.
 - o 9,289 (2020: 9,289) shares are held by Giles and Vicki Craig ATF the Craig Family Superannuation Fund of which Mr Craig has effective control.
- (2) Sarina Roppolo holds 35,512 shares;
 - o 35,512 (2020: 17,906) shares are held by Abril Holdings Pty Ltd, of which she has effective control.
- (3) Therese Cochrane holds 1,052,198 shares;
 - o 10,537 shares held directly by Therese Cochrane. (2020: nil)
 - o 14,584 (2020: 14,584) shares are held by Samuel Terry Asset Management Pty Ltd ("STAM"), of which she is an employee and a beneficial owner.
 - o 1,026,891 (2020: 1,026,891) shares are held by J P Morgan Nominees Australia Ltd as custodian for Samuel Terry Absolute Return Fund ("STAR"); STAM is the trustee of the STAR and she is an employee and a beneficial owner of STAM.
 - o 185 (2020: 185) shares are held by Woollard Super Fund, of which she is a beneficiary.
- (4) Victoria Allinson holds 688 shares:
 - o 324 (2020: 324) shares are held by Ms Allinson ATF the Vicky and Zoe Allinson Family Trust; and
 - o 364 shares (2020: 364) are held by AVZ Pty Ltd ATF AVZ 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 Craig (Chairman)

9 September 2021

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 2021, I declare that, to the best of my knowledge and belief, there have been:

- a no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- b no contraventions of any applicable code of professional conduct in relation to the audit.



Grant Thornton Audit Pty Ltd
Chartered Accountants



M A Adam-Smith
Partner – Audit & Assurance

Sydney, 9 September 2021

ASSET RESOLUTION LIMITED

CORPORATE GOVERNANCE STATEMENT FOR THE YEAR ENDED 30 JUNE 2021

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 fourth edition of the *Corporate Governance Principles and Recommendations* which was released by the ASX Corporate Governance Council on 27 February 2019 and is effective for financial years beginning on or after 1 July 2021.

The Company’s Corporate Governance Statement for the financial year ending 30 June 2021 is dated, and was initially approved, by the Board on 18 May 2017; the latest annual review was completed on 31 August 2021. The Corporate Governance Statement is available at www.arlimited.com.au.

**FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021**

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**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2021**

		2021	2020
	Note	\$	\$
Revenue from continuing operations			
Interest income		38,315	164,190
Other income - gain on realisation of proof of debt	5	6,697,864	-
Net fair value gains/(losses) on financial asset at fair value through profit or loss		2,093,677	-
Total revenue from continuing operations		<u>8,829,856</u>	<u>164,190</u>
Expenses			
Administration expenses		(21,014)	(10,850)
Other expenses	6	(680,869)	(348,862)
Finance expenses		(53)	(1,269)
Other		-	(1,271)
Total expenses		<u>(701,936)</u>	<u>(362,252)</u>
Profit / (loss) before income tax		8,127,920	(198,062)
Income tax benefit/(expense)	8	-	-
Profit / (loss) for the period		8,127,920	(198,062)
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		8,127,920	(198,062)
Profit / (loss) attributable to members		8,127,920	(198,062)
Total comprehensive income attributable to members		8,127,920	(198,062)
Earnings per share:			
Basic and diluted (loss)/profit per share (cents)	18	248.63	(6.13)

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

**STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2021**

	Note	2021 \$	2020 \$
Assets			
<i>Current assets</i>			
Cash and cash equivalents	9	4,798,166	4,089,232
Financial assets at amortised cost	10	-	1,250,000
Total current assets		4,798,166	5,339,232
<i>Non-current assets</i>			
Financial assets at fair value through profit and loss	11	13,093,149	4,000,000
Total non-current assets		13,093,149	4,000,000
Total assets		17,891,315	9,339,232
Liabilities			
<i>Current liabilities</i>			
Trade and other payables	12	61,353	29,378
Accrued expenses	13	358,019	115,831
Total current liabilities		419,372	145,209
Total non-current liabilities			-
Net assets		17,471,943	9,194,023
Equity			
Contributed equity	14	32,685,316	32,535,316
Retained losses	15	(15,213,373)	(23,341,293)
Total equity		17,471,943	9,194,023

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

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2021**

	Ordinary shares	Retained losses	Total
	\$	\$	\$
Balance as at 1 July 2019	32,535,316	(23,143,231)	9,392,085
Loss attributable to members	-	(198,062)	(198,062)
Other comprehensive income	-	-	-
Total comprehensive income	-	(198,062)	(198,062)
Transactions with owners in their capacity as owners:			
Issue of shares	-	-	-
Balance at 30 June 2020	32,535,316	(23,341,293)	9,194,023
Balance as at 1 July 2020	32,535,316	(23,341,293)	9,194,023
Profit attributable to members	-	8,127,920	8,127,920
Other comprehensive income	-	-	-
Total comprehensive income	-	8,127,920	8,129,920
Transactions with owners in their capacity as owners:			
Issue of shares	150,000	-	150,000
Balance at 30 June 2021	32,685,316	(15,213,373)	17,471,943

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

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2021**

		2021	2020
		\$	\$
Cash flow from operating activities			
Interest received		38,315	194,161
Payments to suppliers and employees		(277,773)	(345,488)
Net cash (used in)/ provided by operating activities	20	(239,458)	(151,327)
Cash flow from investing activities			
Net proceeds from proof of debt		6,697,864	-
Mortgage loan asset repayments		1,250,000	2,000,000
Purchase of Financial assets		(6,999,472)	(4,000,000)
Net cash (used in)/provided by investing activities		948,392	(2,000,000)
Cash flow from financing activities			
Issue of share capital		-	-
Net cash (used in)/ provided by financing activities		-	-
Increase/ (Decrease) in cash and cash equivalents		708,934	(2,151,327)
Cash and cash equivalents at beginning of the period		4,089,232	6,240,559
Cash and cash equivalents at end of the period	9	4,798,166	4,089,232

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

ASSET RESOLUTION LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021****Note 1. Corporate information**

The Company's financial report for the year ended 30 June 2021 was authorised for issue in accordance with a resolution of the Directors on 9 September 2021.

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.

(d) 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.

Impact of COVID-19 pandemic - Judgment has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the operations of the Company and its financial position and results. At present it is not expected that the pandemic will have any significant impact on the Company's planned activities and operations nor its administrative functions.

Company personnel, key supply chains, and other important stakeholder relationships have remained largely unaffected by the pandemic. As at 30 June 2021 and the date of this report, there has been no significant impact upon the financial results and position of the Company reported on in these consolidated financial statements as a result of the COVID-19 pandemic. The Board and management will continue to monitor the impact of the pandemic on the Company's operations and state of affairs.

(e) 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).

(f) New accounting standards and interpretations

There are no new standard or interpretations that effect materially affect reported balances and transactions of the Company.

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

At the date of authorisation of these financial statements, several new, but not yet effective, Standards and amendments to existing Standards, and Interpretations have been published by the IASB. None of these Standards or amendments to existing Standards have been adopted early by the Company. Management anticipates that all relevant pronouncements will be adopted for the first period beginning on or after the effective date of the pronouncement. New Standards, amendments and Interpretations not adopted in the current year have not been disclosed as they are not expected to have a material impact on the Company's financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

(g) 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.

(h) 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.

(i) 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.

(j) Investments and other financial assets

Classification

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 other

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

comprehensive income (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 through 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

The Company assesses on a forward-looking basis the expected credit loss 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.

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.

(k) 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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

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).

(l) 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.

(m) 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.

(n) 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.

(o) Revenue recognition

Due to the nature of the company operations, there is no revenue from Contracts with customers.

Other Income

(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 other income 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

Interest Income 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021****(p) 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.

(q) Goods and Services Tax (GST)

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

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

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.

(r) Financial Instruments***Recognition and Measurement***

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the Company commits itself to either the purchase or sale of the asset (trade date).

Financial assets are classified as those measured at amortised cost, fair value through profit or loss or fair value through other comprehensive income. This classification is based on two criteria: the Company's business model for managing the assets; and whether the asset's contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding. A financial asset can only be measured at amortised cost if both these tests are satisfied.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

Trade and other receivables, and trade and other payables, are classified as amortised cost instruments. They are initially measured at fair value, which includes transaction costs and any expected credit losses, and then subsequently at amortised cost using the effective interest method.

Amortised cost is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the effective interest method. The effective interest method is used to allocate interest income (financial asset) or interest expense (financial liability) over the term of the instrument and is equivalent to the rate that discounts estimated future cash payments or receipts over the expected life of the instrument to its net carrying amount. Revisions to expected future net cash flows that result in adjustment to the carrying amount, and any gains or losses from derecognition, are recognised in profit or loss.

Derecognition occurs in the case of a financial asset where the contractual rights to the receipt of cashflows expire or are transferred to a third party with no significant continuing involvement. For a financial liability, derecognition occurs when the related obligations are discharged, cancelled or have expired.

Impairment

At the end of each reporting period, an assessment is made as to the extent of any expected credit losses (ECLs) impacting on the estimated future cash flows of the financial asset. Expected credit losses may arise where there are indications that the counterparty is experiencing significant financial difficulty or might enter insolvency proceedings or other financial reorganisation, where there has been a default or delinquency in interest or principal payments, or where changes in economic conditions have occurred impacting on the likelihood of defaults.

(s) 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.

(t) 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, foreign exchange and credit risk. The Board reviews and agrees on policies for managing each of these risks as summarised below.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

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 2021

		Assets at FVTOCI \$	Assets at FVTPL \$	Derivatives used for hedging \$	Financial assets at amortised cost \$	Total \$
Financial Assets	Note					
Cash and cash equivalents	9	-	-	-	4,798,166	4,798,166
Financial assets	10&11	-	13,093,149	-	-	13,093,149
		-	13,093,149	-	4,798,166	17,891,315

		*Derivatives used for hedging \$	*Designated at FVTPL \$	*Other liabilities at FVTPL \$	*Other liabilities \$	Total \$
Financial Liabilities	Note					
Trade and other payables	12&13	-	-	-	419,372	419,372
Total		-	-	-	419,372	419,372

Year ended 30 June 2020

		Assets at FVTOCI \$	Assets at FVTPL \$	Derivatives used for hedging \$	Financial assets at amortised cost \$	Total \$
Financial Assets	Note					
Cash and cash equivalents	9	-	-	-	4,089,232	4,089,232
Financial assets	10&11	-	4,000,000	-	1,250,000	5,250,000
		-	4,000,000	-	5,339,232	9,339,232

		*Derivatives used for hedging \$	*Designated at FVTPL \$	*Other liabilities at FVTPL \$	#Other liabilities \$	Total \$
Financial Liabilities	Note					
Trade and other payables	12&13	-	-	-	145,209	145,209
Total		-	-	-	145,209	145,209

* 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 2021, 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:

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

	Post tax profit Higher/(lower)		Equity Higher/(lower)	
	2021	2020	2021	2020
Judgements of reasonably possible movements:	\$	\$	\$	\$
+1%	42,364	93,392	42,364	93,392
-1%	(42,364)	(93,392)	(42,364)	(93,392)

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

Credit Risk

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

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

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

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

- payment terms are 30 days for receivables;
- a regular risk review takes place on all receivables and loan balances;
- 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.

Foreign exchange risk

- Movement in the US dollar exchange rates may result in fluctuations in the fair value of or future cash flows related to the Company's financial asset.
- The Board regularly monitors the Group's foreign exchange requirements and risk including the consideration of the use of foreign exchange contracts or instrument to hedge its foreign currency risk. No such arrangements were entered into during the year, although by holding US dollar bank accounts the Group can manage its exposure to movements in the USD/AUD exchange rate regarding its investment in The African Lions Fund.
- The Group's exposure (in Australian dollars) to foreign currency risk at the reporting date was as follows:

	2021 USD	2020 USD
Cash	-	-
Investments	3,263,010	-
Non-current receivables	-	-
Trade Payables	-	-
	3,263,010	-

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

At 30 June 2021, if exchange 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:	2021	2020	2021	2020
	\$	\$	\$	\$
+1%	32,630	-	32,630	-
-1%	(32,630)	-	(32,630)	-

The movements in equity are due to higher/lower foreign exchange gain/(losses) on The African Lions Fund Limited.

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 2021. Cash flows for financial assets and liabilities without fixed amount or timing are based on the conditions existing at 30 June 2021.
- The remaining contractual maturities of the Company's financial liabilities are:

	2021	2020
	\$	\$
6 months or less	(419,372)	(145,209)
6-12 months	-	-
1-5 years	-	-
Over 5 years	-	-
	(419,372)	(145,209)

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.

Year ended 30 June 2021	< 6 months	6-12 months	1-5 years	> 5 years	Total
	\$	\$	\$	\$	\$
Financial Assets					
Cash and cash equivalents	4,798,166	-	-	-	4,798,166
Other financial assets	-	-	13,093,149	-	13,093,149
	4,798,166	-	13,093,149	-	17,891,315
Financial Liabilities					
Trade and other payables	(419,372)	-	-	-	(419,372)
	(419,372)	-	-	-	(419,372)
Net Maturity	4,378,794	-	13,093,149	-	17,471,943

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

Year ended 30 June 2020	< 6 months \$	6-12 months \$	1-5 years \$	> 5 years \$	Total \$
Financial Assets					
Cash and cash equivalents	4,089,232	-	-	-	4,089,232
Trade and other receivables	-	-	-	-	-
Other financial assets	1,250,000	-	4,000,000	-	5,250,000
	5,339,232	-	4,000,000	-	9,339,232
Financial Liabilities					
Trade and other payables	(145,209)	-	-	-	(145,209)
	(145,209)	-	-	-	(145,209)
Net Maturity	5,194,023	-	4,000,000	-	9,194,023

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

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

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

Equity price risk is the risk that the fair value of equities decreases as a result of changes in market prices, whether those changes are caused by factors specific to the individual stock or factors affecting all instrument in the market. If equity markets as a whole rise or fall by 1%, the return of the Company may increase or decrease in different amounts.

At 30 June 2021, if fair value of equities 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)	
	2021	2020	2021	2020
Judgements of reasonably possible movements:	\$	\$	\$	\$
+1%	130,931	40,000	130,931	40,000
-1%	(130,931)	(40,000)	(130,931)	(40,000)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

The movements in profit are due to higher/lower unrealised gains/losses and investment balances.

Note 4. Segment reporting
Year ended 30 June 2021 and 30 June 2020

The Company has operations in equity and distressed asset management.

The Company invests in equity and distressed assets for the purpose of providing shareholders with an attractive risk adjusted investment returns.

Identification of reportable segments

The Company has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors in assessing performance and in determining the allocation of resources.

The Company had two reportable segments during 2021 (2020: one) being investments in Australia and investments in Africa. The Company's management and administration office is located in Australia.

Segment Performance

	Investments		Other Corporate	
	Australia	Africa	Activities	Total
	\$	\$	\$	\$
30 June 2021				
Revenue from external sources	-	-	6,736,179	6,736,179
Unrealised Gain/Loss	1,830,139	263,538	-	2,093,677
Reportable segment (expenses)	(206,452)	(52,708)	(442,776)	(701,936)
Reportable segment assets	9,830,139	3,263,010	4,798,166	17,891,315
Reportable segment liabilities	(206,452)	(52,708)	(160,212)	(419,372)
30 June 2020				
Revenue from external sources	-	-	164,190	164,190
Reportable segment (loss)	-	-	(362,252)	(362,252)
Reportable segment assets	4,000,000	-	5,339,232	9,339,232
Reportable segment liabilities	-	-	(145,209)	(145,209)

Operating segment results and balances are determined in accordance with the accounting policies applied in the annual financial statements of the Company. Intercompany loan balances are eliminated for the purposes of segment reporting.

Allocated and Unallocated Items

- In most instances, segment assets are clearly identifiable and allocable on the basis of their nature and physical location.
- Liabilities are allocated to segments where there is direct nexus between the incurrence of the liability and the operations of the segment.
- The following items of revenue, expense, assets and liabilities are not allocated to operating segments and instead are reported as 'Other Corporate Activities' as they are not considered part of the core operations of any segment:
 - Interest and other income
 - Corporate administration and related payables
 - Share based payments
 - Gains/losses on disposal of assets

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**
Note 5. Other Income

	2021	2020
	\$	\$
Gain on realisation of proof of debt		
Distribution received – Octaviar Limited	3,031,729	-
Distribution received – Octaviar Administration Pty Ltd	3,666,135	-
Total	6,697,864	-

Note 6. Other expenses

	2021	2020
	\$	\$
Auditor fees	54,808	33,832
Consultancy fees	76,755	52,500
Consultancy fees – My Virtual HQ	37,620	35,528
Company secretarial fees	17,820	15,120
Directors' fees	160,000	157,930
Legal fees	11,303	-
NSX and NOMAD fees	39,960	31,617
Registry fees	23,443	22,335
Performance Fee (Note 7)	259,160	-
Total	680,869	348,862

Note 7. Performance fees

On 9 December 2020, the Company signed an Investment Management Agreement with Samuel Terry Asset Management Pty Ltd (STAM). STAM is engaged exclusively under the Investment Management Agreement to manage the Company's portfolio of investments (Portfolio) in accordance with an agreed "Investment Strategy" with a view to further improving its net asset value per share.

The Investment Management Agreement is for an initial period of 10 years with an automatic renewal of 5 years, unless notice has been given of non-renewal. STAM may terminate the Investment Management Agreement at any time by at least 6 months' written notice.

STAM is a Substantial Holder in the Company with voting power (as defined in the Corporations Act) of 33.53%. STAM is also associated with Therese Cochrane.

Under the Investment Management Agreement, STAM is entitled to a performance fee of 20% (plus GST) of increase in value of each relevant investment over its original cost. There are no management fees.

Investment Manager's performance fees amounting to \$259,160 (2020: \$nil) excluding GST, were accrued during the period.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**
Note 8. Income tax expense

	2021 \$	2020 \$
(a) The prima facie tax on profit differs from income tax provided in the financial statements as follows:		
Total (loss)/profit before income tax	8,127,920	(198,062)
At the statutory income tax rate of 26% (2020: 30%)	2,113,259	(59,419)
Tax effects of amounts which are not deductible/(taxable) in calculating taxable income:		
Other	(21,369)	-
	2,091,180	(59,419)
Less tax effect of:		
Other deductible items	-	-
Tax losses not brought to account as a deferred tax asset	-	59,419
Tax losses not previously brought to account	(2,117,168)	-
Net adjustment to prior year	25,278	-
Income tax expense/(benefit)	-	-
(b) Component of income tax expenses (benefit):		
Current tax	2,117,168	(59,419)
Deferred income tax	(2,117,168)	59,419
Total income tax expenses/(benefit)	-	-

Tax losses not recognised

The gross value of tax losses not recognised at 30 June 2021 amount to \$nil (2020: \$59,419) and the gross value of tax losses carried forward amounted to \$21,033,530 (2020: \$23,057,124). The franking credits are \$nil (2020: \$nil).

Note 9. Cash and cash equivalents

	2021 \$	2020 \$
Cash at bank	4,798,166	4,089,232
Cash and cash equivalents	4,798,166	4,089,232

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 2021 nil (2020: nil) is held in fixed term deposits.

Reconciliation to Cash Flow Statement

For the purposes of the Statement of Cash Flows, cash and cash equivalents amount to \$4,798,166 (2020: \$4,089,232).

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**
Note 10. Financial assets
Current: Financial assets

	2021	2020
	\$	\$
Opening carrying value	1,250,000	3,250,000
Receipts during period	(1,250,000)	(2,000,000)
Balance at the end of the period	-	1,250,000

Financial assets - Mortgage loans

During the year \$1,250,000 was repaid from the Sergeants under the loan agreement (2020: \$2,000,000).

On the 5 August 2020, the Company formally recalled the balance of the Loan being \$1,250,000 and was repaid in full on the 26 October 2020.

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 \$14,626 has been paid in the year (2020: \$84,805).
- 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.
- 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 \$14,626 has been paid in the year (2020: \$7,328).

Note 11. Financial assets at fair value through profit or loss

Financial Assets at fair value through profit and loss (FVTPL) include the equity investment on Noble Oak Life Limited, African Lions Fund Ltd and Samuel Terry Absolute Return Group (STAR). The Company accounts for the investment at FVTPL and did not make the irrevocable election to account for it at FVOCI.

	2021	2020
	\$	\$
Balance at start of year	4,000,000	-
Additions during the year	6,999,472	4,000,000
Unrealised gains for the year	2,093,677	-
Balance at the end of the year	13,093,149	4,000,000

During the year \$6,999,472 (2020: \$4,000,000) of investment were acquired:

- Nil shares in NobleOak Life Ltd (2020: 2,580,645 shares at \$1.55 per share, total cost of \$4,000,000).
- 335,314 units of Samuel Terry Absolute Return Group (STAR) at a price of \$11.93 per unit, total cost of \$4,000,000 (2020: \$nil).

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

- During the period ARL has made two investments in African Lions Funds Ltd which invests in companies based in Sub Saharan Africa. Each investment is identified as a separate series. Series 01 or the lead series is 303 shares of AFL at a price of US\$5,000 (AU\$6,603) per share, total cost of AU\$1,999,472 (2020: \$nil). Series 02 is 150 shares of AFL at a price of US\$5,000 (AU\$6,659) per share, total cost of AU\$1,000,000.

The methods used to measure financial assets and liabilities reported at fair value are describe in Note 23.

Note 12. Current liabilities - Trade and other payables

	2021	2020
	\$	\$
Trade payables	61,353	29,378

(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 13. Current liabilities - Accrued expenses

	2021	2020
	\$	\$
Accrued expenses	358,019	115,831

Note 14. Contributed equity

	2021		2020	
Movement in ordinary shares	No.	\$	No.	\$
Balance at the beginning of the period	3,233,277	32,535,316	3,233,277	32,535,316
Share Based Directors' Fees ⁽¹⁾	51,724	150,000	-	-
Balance at the end of the period	3,285,001	32,685,316	3,233,277	32,535,316

- (1) Shareholders voted in favour of Directors' fees being paid in shares; during the period 150,000 shares at \$2.90 per share were issued in respect of Directors' fees totalling \$51,724 for the period to 1 July 2020 to 30 November 2020 (2020: \$nil). Directors' fees net of GST for the period from 1 December 2020 to 30 June 2021 are payable in shares, totalling \$87,500 and will result in 30,809 shares at \$2.84 per share being issued after the year end.

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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**
Note 15. Retained profits/(losses)

	2021 \$	2020 \$
Opening balance	(23,341,293)	(23,143,231)
Net profit/(loss) for the year	8,127,920	(198,062)
Profit/(Deficit) at the end of the year	<u>15,213,373</u>	<u>(23,341,293)</u>

Note 16. Key management personnel disclosures
(a) Compensation of key management personnel

	2021 \$	2020 \$
<i>Directors</i>		
Fees	10,000	70,728
Share-based payments ⁽¹⁾	150,000	87,500
Post-employment benefits	-	-
	<u>160,000</u>	<u>157,930</u>
<i>Executives</i>		
Fees ⁽²⁾	69,960	63,247
Total	<u>229,960</u>	<u>221,177</u>

⁽¹⁾ At 30 June 2021, the directors were paid part of their remuneration in cash, \$nil (2020: \$70,728) and 150,000 (2020: 87,625) will be paid/payable in shares (issue approved by Shareholders at 2020 AGM). The shares will be issued after year end. The GST on directors' fees is paid in cash. Future directors' fees will be paid in shares, subject to shareholder approval.

⁽²⁾ During the year:

- Company secretarial fees paid to Victoria Allinson amounted to \$17,820 (2020: \$15,120);
- Accounting and administration services provided by Allinson Accounting Services Pty Ltd trading as My Virtual HQ amount to \$37,620 (2020: \$35,527); and
- NOMAD fees paid to Victoria Allinson amounted to \$14,520 (2020: \$12,600)

Note 17. 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:

	2021 \$	2020 \$
Audit services Grant Thornton	54,808	41,580
Taxation services Grant Thornton	5,500	5,500
Total services Grant Thornton	<u>60,308</u>	<u>47,080</u>

Note 18. Earnings per share

	2021 \$	2020 \$
(a) Basic earnings per share		
(Loss)/profit attributable to the ordinary equity holders of the Company	<u>8,127,920</u>	<u>(198,062)</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

	2021 \$	2020 \$
(b) Diluted earnings per share		
(Loss)/profit attributable to the ordinary equity holders of the Company	8,127,920	(198,062)
(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	3,269,040	3,223,277

Note 19. Related party transactions

On the 9 December 2020, the Company signed an Investment Management Agreement with Samuel Terry Asset Management Pty Ltd (STAM). STAM is a Substantial Holder in the Company with voting power (as defined in the Corporations Act) of 33.53%. STAM is also an associate of Therese Cochrane.

Under the Investment Management Agreement, STAM is entitled to a performance fee of 20% (plus GST) of increase in value of each relevant investment over its original cost. There are no management fees. Investment Manager's performance fees accrued amounting to \$259,160 (2020: \$nil) and performance fees of \$nil (2020: \$ nil) excluding GST were paid during the period.

During the year, the Company invested in 335,314 units of Samuel Terry Absolute Return Group (STAR) at a price of \$11.9291 per unit, total cost of \$4,000,000 (2020: \$nil).

In addition, an annual fee of \$50,000 (2020: \$50,000) is payable to STAM for the services of Frederick Woollard.

There are no other related party transactions

Note 20. Reconciliation of statement of cash flows

	2021 \$	2020 \$
Net (loss)/profit after tax	8,127,920	(198,062)
<i>Non-operating items in profit:</i>		
- realisation of proof of debt	(6,697,864)	-
- Share base payments	150,000	-
<i>Change in operating assets and liabilities:</i>		
(Increase)/decrease in trade and other receivables	-	40,080
(increase)/decrease in Investments	(2,093,677)	-
Increase/(decrease) in payables and accruals	274,163	6,655
Net cash inflow/(outflow) from operating activities	(239,458)	(151,327)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**
Note 21. Share based payments

During the year the following share-based payments were made under the non-executive Share Plan at \$2.90 per share (2020: \$nil):

	2021 \$	2020 \$
Giles Craig	50,000	-
Sarina Roppolo	50,000	-
Therese Cochrane	30,556	-
Graham Holdaway	19,444	-
	150,000	-

Note 22. Commitments and contingent liabilities

The Company did not have any material commitments or contingent liabilities at 30 June 2021 or 30 June 2020.

Note 23. Fair Value measurement of financial instruments

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three levels of fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: unobservable inputs for the assets or liability.

The following table shows the levels within the hierarchy of financial assets and liabilities measured at fair value on a recurring basis:

30 June 2021	Level 1	Level 2	Level 3	Total
NobleOak Life Limited	-	5,032,258	-	5,032,258
African Lions Fund Ltd	-	3,263,010	-	3,263,010
Samuel Terry Absolute Return Group	-	4,797,881	-	4,797,881
Total Assets	-	13,093,149	-	13,093,149
Net Fair Value	-	13,093,149	-	13,093,149

30 June 2020	Level 1	Level 2	Level 3	Total
NobleOak Life Limited	-	-	4,000,000	4,000,000
Total Assets	-	-	4,000,000	4,000,000
Net Fair Value	-	-	4,000,000	4,000,000

During the year Investments in NobleOak Life Limited was transferred from level 3 to Level 2 since the Company started trading in ASX in July 2021 (prospectus was lodged in ASIC in June 2021).

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**
Level 2 assets

Movement in level 2 assets during the current financial year are set out below:

	NobleOak shares \$	STAR Units \$	African Lion Fund shares \$	Total \$
Balance at 30 June 2020	-	-	-	-
NobleOak reclassified as Level 2	4,000,000	-	-	4,000,000
Additions during the period	-	4,000,000	2,999,472	6,999,472
Net gain/(loss) on investment activities	1,032,258	797,881	263,538	2,093,677
Balance at 30 June 2021	5,032,258	4,797,881	3,263,010	13,093,149

NobleOak Life Ltd

In February 2020, the Company acquired 2,580,645 shares in NobleOak Life Ltd at \$1.55 per share, total cost of \$4,000,000. In July 2021 NobleOak was listed on the ASX and offered shares to the public at \$1.95 per share (prospectus was lodged with ASIC on 29 June 2021). At 30 June 2021 the shares are valued at \$1.95 resulting in a net gain of \$1,032,258.

Samuel Terry Absolute Return Group (STAR)

In January 2021, the Company acquired 335,314 units for \$4,000,000 in STAR. At 30 June 2021, the units are valued by STAR at \$14.31 resulting in a net gain of \$797,881.

The African Lions Fund
Series 01

In March 2021, the Company acquired 302 shares for \$1,999,472 in African Lions Fund. As at 30 June 2021, the shares are valued by African Lions Fund at USD \$5,618 resulting in a net gain of \$263,538.

Series 02

On 30 June 2021, the Company acquired another 150 shares of AFL at a price of US\$5,000 (AU\$6,659) per share, total cost of AU\$1,000,000.

Prior year
Level 3 assets

Investment	Fair Value at 30 June 2020	Significant unobservable input	P/E Multiple used
NobleOak Life Ltd	\$4,000,000	P/E Multiple	16x

Sensitivity of the fair value measurement to input

The fair value of one share will be between \$1.47 and \$1.69.

Using the high end will give an increase of 7%

Movement in level 3 assets during the prior financial year are set out below:

	Shares \$	Total \$
Prior year:		
Balance at 30 June 2019	-	-
Additions - NobleOak Life Ltd	4,000,000	4,000,000
Net gain/(loss) on investment activities	-	-
Balance at 30 June 2020	4,000,000	4,000,000

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

Note 24. Events after balance date

On 22 July 2021, the Company announced that a further \$400,000 has been invested in NobleOak Life Limited under its Initial Public Offering at \$1.95. NobleOak Life Limited listed on the Australian Securities Exchange on 22 July 2021.

No other matters or circumstances have arisen since 30 June 2021 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 25. Contingent asset

In December 2017 the Company was owed \$206m by Octaviar Limited (formerly MFS Limited) (OL) and approximately \$137m by Octaviar Administration Pty Ltd (formerly MFS Administration Pty Ltd) (OA).

To date, the Company has received \$5,046,220 (2020: \$2,014,491) from OL and \$ 3,666,135 (2020: \$nil) from OA.

As disclosed in the Interim Report for the period to 31 December 2020, Bentley's, the liquidator of both OL and OA, provided an estimate that a further \$5,000,000 could be paid to the Company of which \$1,539,211 has been received in respect of the OL debt. We emphasise that this is an estimate of the maximum amount and is subject to change.

It is impossible to forecast with confidence how much the Company might recover from these assets, nor is it possible to forecast when the Company might receive any money from them.

ASSET RESOLUTION LIMITED**DIRECTORS' DECLARATION
FOR THE YEAR ENDED 30 JUNE 2021**

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 the Company for the financial year ended 30 June 2021 are in accordance with the Corporations Act 2001, including:
 - Giving a true and fair view of its financial position as at 30 June 2021 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 2021.

On behalf of the Board

Chairman



Giles Craig
Chairman

Dated this 9th day of September 2021

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 2021, 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 2021 and of its performance for the year ended on that date; and
- b complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Key audit matters

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

Key audit matter

How our audit addressed the key audit matter

Valuation of financial assets at fair value through profit or loss (Note 11)

Asset Resolution Limited has equity investments totalling \$13,093,149 in NobleOak Life Limited (NobleOak), Samuel Terry Absolute Return Group (STAR) and African Lions Fund.

In accordance with AASB 9 *Financial Instruments*, the Company must recognise these investments at fair value through profit or loss.

Financial assets represent 73% of the Company's total assets and the determination of the fair value of the financial assets involves a degree of complexity and management judgement. As such, we have determined this to be a key audit matter.

Our procedures included, amongst others:

- Obtaining an understanding of the process undertaken by management to determine the fair value of the investment, including challenging management assumptions and judgements in determining fair value;
- Agreeing the purchase of investment to shareholder and unitholder statements;
- Determining the appropriateness of classification;
- Assessing the valuation assumptions by comparing fair value to relevant corroborating evidence; and
- Assessing the adequacy of associated disclosures.

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 2021, 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: https://www.auasb.gov.au/auditors_responsibilities/ar2_2020.pdf. This description forms part of our auditor's report.

Report on the remuneration report

Opinion on the remuneration report

We have audited the remuneration report included in pages 12 to 16 of the directors' report for the year 30 June 2021.

In our opinion, the remuneration report of Asset Resolution Limited, for the year ended 30 June 2021 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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



Grant Thornton Audit Pty Ltd
Chartered Accountants



M A Adam-Smith
Partner – Audit & Assurance

Sydney, 9 September 2021

ASSET RESOLUTION LIMITED
INVESTORS' SUPPLEMENTARY INFORMATION
AS AT 24 AUGUST 2021

The information contained below is to be read in conjunction with the annual report of Asset Resolution Ltd dated 30 June 2021.

Details of ordinary share capital

3,285,001 shares held by 2,367 Shareholders

Details of top 20 shareholders

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

Rank	Name	No. of Shares	%
1	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	1,026,892	31.26
2	AUSTRALIAN EXECUTOR TRUSTEES LIMITED	136,085	4.14
3	NORTH SHORE CUSTODIANS PTY LTD	93,424	2.84
4	MR PETER SCARF & MRS IDA SCARF	91,863	2.80
5	MR NIGEL BURGESS & MRS YUKARI BURGESS	70,000	2.13
6	HOLDAWAY & HOLDAWAY PTY LTD	46,846	1.43
7	MR TREVOR HANSEN & MS ZOE KATHRYN GREENWOOD	42,978	1.31
8	MR TIMOTHY EDWARD HOBILL COLE & MRS FIONA CAROLINE HOBILL COLE	40,000	1.22
9	HARLEY N PTY LIMITED	35,439	1.08
10	ABRI HOLDINGS PTY LTD	34,847	1.06
11	MAXLEK PTY LTD	30,775	0.94
12	MR JOHN DAVID SERGEANT	30,340	0.92
13	MR ADRIAN WESLEY LEPPINUS MRS VANESSA LEPPINUS	27,627	0.84
14	MS JOAN LOUISE WOOLLARD	24,000	0.73
15	MR ALLAN GREGORY WHITE MRS CAROL MEGAN WHITE	22,253	0.68
16	FIRST CAPITAL MARKETS PTY LTD	21,707	0.66
17	MR STEVE ANDREW GREEN	20,287	0.62
18	PHALAENOPSIS PTY LTD	20,000	0.61
19	MR CHRISTOPHER JOHN MCDERMOTT & MRS BEVERLEY JUNE MCDERMOTT	18,750	0.57
20	MERCEDES HOLDINGS PTY LTD	18,158	0.55
Total		1,852,271	56.39
Balance of register		1,432,730	43.61
Grand total		3,285,001	100.00

Listed options

There are no listed options on issue

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.

ASSET RESOLUTION LIMITED

INVESTORS' SUPPLEMENTARY INFORMATION

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	1,026,892	31.26%	Ms T Cochrane Mr F Woollard, Mr N Burgess
	Samuel Terry Asset Management Pty Ltd	14,584	0.44%	Ms T Cochrane Mr F Woollard Mr N Burgess
	Mr Frederick Woollard and Mrs Therese Cochrane <Woollard Super Fund>	185	0.01%	Ms T Cochrane Mr F Woollard
	Ms T Cochrane	10,537	0.32%	Ms T Cochrane Mr F Woollard
	Mr Nigel Burgess Sarah Linden <Kazodu Trust>	30,945 40,000	0.94% 1.22%	Mr N Burgess Mr N Burgess
		1,123,143	34.19%	

Distribution of shareholder numbers

Number of shares held	Number of shareholders
1 – 1,000	2,061
1,001, - 5,000	266
5,001 – 10,000	15
10,001 – 100,000	23
More than 100,001	2
	2,367

Number of shareholders with less than a marketable parcel of securities

As at 24 August 2021, there were a total of 176 shareholders with less than a marketable parcel of securities held in Asset Resolution Ltd.

On-Market Buy Backs

On-market buy-back of up to 654,893 fully paid ordinary Shares in the Company (representing approximately 20% of the Company's issued Shares as at 8 October 2020) in the 12-month period following Shareholder approval. At the date of this report nil Shares have been bought back. The Shareholders approved the on-market buy-back at the 2020 Annual General Meeting.

Securities Exchange

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

Investments at balance sheet date

At 30 June 2021, the Company held the following investments:

Investments	Number of shares /units held	Cost on date of acquisition	Fair Value
NobleOak Life Limited	2,580,645	\$4,000,000	\$5,032,258
Samuel Terry Absolute Return Group	335,314	\$4,000,000	\$4,797,881
African Lions Fund Ltd (Series 01)	303	\$1,999,472	\$2,263,010
African Lions Fund Ltd (Series 02)	150	\$1,000,000	\$1,000,000