

Preliminary final report 2020



FORM: Preliminary final report

Name of *issuer*

ASSET RESOLUTION LIMITED

ACN or ARBN

159 827 871

Half yearly
(tick)

Preliminary
final (tick)

√

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

30 JUNE 2020

For announcement to the market

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

				\$A,000
Revenue (item 1.1)	down	10%	to	164
Profit/(loss) for the period (item 1.9)	down	33%	to	(198)
Profit/(loss) for the period attributable to members of the parent (item 1.11)	down	33%	to	(198)
Dividends				
Franking rate applicable:	Current period		Previous corresponding period	
	-		-	
Final dividend (preliminary final report only)(item 10.13-10.14)				
Amount per security	-		-	
Franked amount per security	-		-	
Interim dividend (Half yearly report only) (item 10.11 – 10.12)				
Amount per security	-		-	
Franked amount per security	-		-	
Short details of any bonus or cash issue or other item(s) of importance not previously released to the market:				

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Consolidated income statement *(The figures are not equity accounted)*

(see note 3)

(as per paragraphs 81-85 and 88-94 of AASB 101: Presentation of Financial Statements)

	Current period - \$A'000	Previous corresponding period - \$A'000
1.1 Revenues <i>(item 7.1)</i>	164	183
1.2 Expenses, excluding finance costs <i>(item 7.2)</i>	(362)	(478)
1.3 Finance costs	-	-
1.4 Share of net profits (losses) of associates and joint ventures <i>(item 15.7)</i>	-	-
1.5 Profit (loss) before income tax	(198)	(295)
1.6 Income tax expense <i>(see note 4)</i>	-	-
1.7 Profit (loss) from continuing operations	(198)	(295)
1.8 Profit (loss) from discontinued operations <i>(item 13.3)</i>	-	-
1.9 Profit (loss) for the period	(198)	(295)
1.10 Profit (loss) attributable to minority interests	-	-
1.11 Profit (loss) attributable to members of the parent	-	-
1.12 Basic earnings per <i>security</i> <i>(item 9.1)</i>	(6.12) cents	(9.18) cents
1.13 Diluted earnings per <i>security</i> <i>(item 9.1)</i>	(6.12) cents	(9.18) cents
1.14 Dividends per <i>security</i> <i>(item 9.1)</i>	-	-

Comparison of half-year profits

(Preliminary final statement only)

	Current period - \$A'000	Previous corresponding period - \$A'000
2.1 Consolidated profit (loss) after tax attributable to members reported for the 1st half year <i>(item 1.11 in the half yearly statement)</i>	(68)	(196)
2.2 Consolidated profit (loss) after tax attributable to members for the 2nd half year	(130)	(99)

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Consolidated balance sheet

(See note 5)

(as per paragraphs 68-69 of AASB 101: Financial Statement Presentation)

	Current period 30 June 2020 \$A'000	Previous corresponding period 30 June 2019 \$A'000
Current assets		
3.1 Cash and cash equivalents	4,089	6,241
3.2 Trade and other receivables	-	40
3.3 Inventories	-	-
3.4 Other current assets (provide details if material)	1,250	3,250
3.5 Total current assets	5,339	9,531
Non-current assets		
3.6 Available for sale investments	-	-
3.7 Other financial assets	4,000	-
3.8 Investments in associates	-	-
3.9 Deferred tax assets	-	-
3.10 Exploration and evaluation expenditure capitalised (see para. 71 of AASB 1022 – new standard not yet finalised)	-	-
3.11 Development properties (mining entities)	-	-
3.12 Property, plant and equipment (net)	-	-
3.13 Investment properties	-	-
3.14 Goodwill	-	-
3.15 Other intangible assets	-	-
3.16 Other (provide details if material)	-	-
3.17 Total non-current assets	4,000	-
3.18 Total assets	9,339	9,531
Current liabilities		
3.19 Trade and other payables	145	139
3.20 Short term borrowings	-	-
3.21 Current tax payable	-	-
3.22 Short term provisions	-	-
3.23 Current portion of long term borrowings	-	-
3.24 Other current liabilities (provide details if material)	-	-
	145	139
3.25 Liabilities directly associated with non-current assets classified as held for sale (para 38 of AASB 5)	-	-
3.26 Total current liabilities	145	139

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		Current period 30 June 2020 \$A'000	Previous corresponding period 30 June 2019 \$A'000
	Non-current liabilities		
3.27	Long-term borrowings	-	-
3.28	Deferred tax liabilities	-	--
3.29	Long term provisions	-	-
3.30	Other (provide details if material)	-	-
3.31	Total non-current liabilities	-	-
3.32	Total liabilities	145	139
3.33	Net assets	9,194	9,392
	Equity		
3.34	Share capital	32,535	32,535
3.35	Other reserves	-	-
3.36	Retained earnings	(23,341)	(23,143)
	Amounts recognised directly in equity relating to non-current assets classified as held for sale	-	-
3.37	Parent interest	-	-
3.38	Minority interest	-	-
3.39	Total equity	9,194	9,392

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Consolidated statement of changes in equity

(as per paragraphs 96-97 of AASB 101: Presentation of Financial Statements)

	Current period 30 June 2020 \$A'000	Previous corresponding period 30 June 2019 \$A'000
Revenues recognised directly in equity:	-	-
Expenses recognised directly in equity:	-	-
Share issue	-	150
4.1 Net income recognised directly in equity	-	-
4.2 Profit for the period	-	-
4.3 Total recognised income and expense for the period		
Attributable to:		
4.4 Members of the parent	(198)	(295)
4.5 Minority interest	-	-
Effect of changes in accounting policy (as per AASB 108: Accounting Policies, Changes in Accounting Estimates and Errors):	-	-
4.6 Members of the parent entity		
4.7 Minority interest		

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Consolidated statement of cash flows

(See note 6)

(as per AASB 107: Cash Flow Statements)

	Current period 30 June 2020 \$A'000	Previous corresponding period 30 June 2019 \$A'000
Cash flows related to operating activities		
5.1 Receipts from customers	-	-
5.2 Payments to suppliers and employees	(345)	(234)
5.3 Interest and other costs of finance paid	194	152
5.4 Income taxes paid	-	-
5.5 Other (provide details if material)	-	-
5.6 Net cash used in operating activities	(151)	(82)
Cash flows related to investing activities		
5.7 Payments for purchases of property, plant and equipment	-	-
5.8 Proceeds from sale of property, plant and equipment	-	-
5.9 Payment for purchases of equity investments	(4,000)	-
5.10 Proceeds from sale of equity investments	-	(98)
5.11 Loans to other entities	-	(500)
5.12 Loans repaid by other entities	2,000	-
5.13 Interest and other items of similar nature received		
5.14 Dividends received		
5.15 Other (provide details if material)		
5.16 Net cash used in investing activities	(2,000)	(598)
Cash flows related to financing activities		
5.17 Proceeds from issues of securities (shares, options, etc.)	-	-
5.18 Proceeds from borrowings	-	-
5.19 Repayment of borrowings	-	-
5.20 Dividends paid	-	-
5.21 Other (provide details if material)	-	-
5.22 Net cash used in financing activities	-	-
Net increase (decrease) in cash and cash equivalents	(2,151)	(680)
5.23 Cash at beginning of period (see Reconciliations of cash)	6,240	6,920
5.24 Exchange rate adjustments to item 5.23	-	-
5.25 Cash at end of period (see Reconciliation of cash)	4,089	6,240

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Reconciliation of cash provided by operating activities to profit or loss

(as per paragraph Aus20.1 of AASB 107: Cash Flow Statements)

	Current period 30 June 2020 \$A'000	Previous corresponding period 30 June 2019 \$A'000
6.1 Profit (item 1.9)	(198)	(295)
Adjustments for:		
6.2 Realisation of sale of options	-	98
6.3 Share Base payment	-	150
6.4		
6.5 Increase/decrease in trade and other receivables	40	(17)
6.6 Increase/decrease in payables and accruals	7	(17)
6.7 Increase/decrease in		
6.8 Increase/decrease in		
6.9 Increase/decrease in		
6.10 Net cash from operating activities (item 5.6)	(151)	(81)

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Notes to the financial statements

Details of revenues and expenses

(see note 16)

(Where items of income and expense are material, disclose nature and amount below in accordance with paragraphs 86-87 of AASB 101: Presentation of Financial Statements)

		Current period 30 June 2020 \$A'000	Previous corresponding period 30 June 2019 \$A'000
	Revenue	164	183
	Interest income	-	-
	Other income	-	-
7.1	Total Revenue	164	183
	Expenses		
	Administration expense	11	17
	Other expense	349	362
	Finance expenses	1	-
	Other	1	1
	Realisation Loss/(gain) on equity investments	-	98
7.2	Total Expenses	362	472
	Profit (loss) before tax	(198)	(295)

Ratios

		Current period 30 June 2020	Previous corresponding period 30 June 2019
	Profit before tax / revenue		
8.1	Consolidated profit (loss) before tax (item 1.5) as a percentage of revenue (item 1.1)	(121%)	(161%)
	Profit after tax / equity interests		
8.2	Consolidated profit (loss) after tax attributable to members (item 1.11) as a percentage of equity (similarly attributable) at the end of the period (item 3.37)	(121%)	(161%)

Earnings per Security

- 9.1 Provide details of basic and fully diluted EPS in accordance with paragraph 70 and Aus 70.1 of AASB 133: Earnings per Share below:

Basic earning per share amounts are calculated by dividing profit after income tax by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing profit after income tax by the weighted average number of ordinary shares during the year (adjusted for the effects of any dilutive options or preference shares)

The following reflects the income and share data used on the basic and diluted earnings per share computation:

	2020 in \$A	2019 in \$A
Basic earnings per share	(198,062)	(295,100)
Diluted earnings per share	(198,062)	(295,100)
Weighted average number of shares used as the denominator	3,223,277	3,216,010

Dividends

- 10.1 Date the dividend is payable Not applicable
- 10.2 Record date to determine entitlements to the dividend (i.e. on the basis of registrable transfers received up to 5.00 pm if paper based, or by 'End of Day' if a proper ASTC/CHESS transfer) Not applicable
- 10.3 If it is a final dividend, has it been declared? -
- (Preliminary final report only)
- 10.4 The dividend or distribution plans shown below are in operation.

Not applicable

The last date(s) for receipt of election notices to the dividend or distribution plans

Not applicable

- 10.5 Any other disclosures in relation to dividends or distributions

Not applicable

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Dividends paid or provided for on all securities

Not Applicable

Dividends per security

Not Applicable

Exploration and evaluation expenditure capitalised

Not Applicable

Development properties

Not Applicable

Discontinued Operations

Not Applicable

Movements in Equity

(as per paragraph 97 of AASB 101: Financial Statement Presentation)

	Number issued	Number listed	Paid-up value (cents)	Current period 30 June 2020 \$A'000	Previous corresponding period 30 June 2019 \$A'000
14.1 Preference securities (description)					
14.2 Balance at start of period	N/A				
14.3 a) Increases through issues					
14.4 b) Decreases through returns of capital, buybacks etc.					
14.5 Balance at end of period					
14.6 Ordinary securities (description)					
14.7 Balance at start of period	3,233,277	3,233,277	-	32,535	32,385
14.8 a) Increases through issues	-	-	-	-	150
14.9 b) Decreases through returns of capital, buybacks etc.	-	-	-	-	-
14.10 Balance at end of period	3,233,277	3,233,277	-	32,535	32,535

		Number issued	Number listed	Paid-up value (cents)	Current period 30 June 2020 \$A'000	Previous corresponding period 30 June 2019 \$A'000
14.11	Convertible Debt Securities <i>(description & conversion factor)</i>					
14.12	Balance at start of period	N/A				
14.13	a) Increases through issues					
14.14	b) Decreases through maturity, converted.					
14.15	Balance at end of period					
14.16	Options <i>(description & conversion factor)</i>					
14.17	Balance at start of period	N/A				
14.18	Issued during period					
14.19	Exercised during period					
14.20	Expired during period					
14.21	Balance at end of period					
14.22	Debentures (description)					
14.23	Balance at start of period	N/A				
14.24	a) Increases through issues					
14.25	b) Decreases through maturity, converted					
14.26	Balance at end of period					
14.27	Unsecured Notes (description)					
14.28	Balance at start of period	N/A				
14.29	Increases through issues					
14.30	Decreases through maturity, converted					
14.31	Balance at end of period					
14.32	Total Securities	3,233,277	3,233,277	-	32,533	32,533

	Current period 30 June 2020 \$A'000	Previous corresponding period 30 June 2019 \$A'000
Reserves	-	-
14.33 Balance at start of period	-	-
14.34 Transfers to/from reserves	-	-
14.35 Total for the period	-	-
14.36 Balance at end of period	-	-
14.37 Total reserves	-	-
Retained earnings		
14.38 Balance at start of period	(23,143)	(22,848)
14.39 Changes in accounting policy	-	-
14.40 Restated balance	-	-
14.41 Profit for the balance	(198)	(295)
14.42 Total for the period	(23,341)	(23,143)
14.43 Dividends	-	-
14.44 Balance at end of period	(23,341)	(23,143)

Details of aggregate share of profits (losses) of associates and joint venture entities

Not Applicable

Control gained over entities having material effect

Not Applicable

Loss of control of entities having material effect

Not Applicable

Material interests in entities which are not controlled entities

Not Applicable

Reports for industry and geographical segments

Not Applicable

NTA Backing

(see note 7)

20.1	Current period	Previous corresponding period
Net tangible asset backing per ordinary security	2.84 cents	2.86 cents

Non-cash financing and investing activities

Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows are as follows. If an amount is quantified, show comparative amount.

21.1	Not applicable
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International Financial Reporting Standards

Under paragraph 39 of AASB 1: First –time Adoption of Australian Equivalents to International Financial Reporting Standards, an entity's first Australian-equivalents-to-IFRS's financial report shall include reconciliations of its equity and profit or loss under previous GAAP to its equity and profit or loss under Australian equivalents to IFRS's. See IG63 in the appendix to AASB 1 for guidance.

- 22.1 AASB 16 Leases came into effect 1 July 2019. The new standard eliminates the operating and finance lease classifications for lessees previously required under AASB 117 Leases. It instead requires an entity to bring most leases onto its balance sheet by recognising a lease liability and a right of use asset in its balance sheet. There are some optional exemptions for leases with a period of 12 months or less and for low value leases. Lessor accounting remains largely unchanged from AASB 117. There was no impact of the adoption of this new standard on the reported balances and transactions of the Company

Under paragraph 4.2 of AASB 1047: Disclosing the Impacts of Adopting Australian Equivalents to International Financial Reporting Standards, an entity must disclose any known or reliably estimable information about the impacts on the financial report had it been prepared using the Australian equivalents to IFRSs or if the aforementioned impacts are not known or reliably estimable, a statement to that effect.

- 22.2 Not applicable

Comments by directors

Comments on the following matters are required by the Exchange or, in relation to the half yearly statement, by AASB 134: Interim Financial Reporting. The comments do not take the place of the directors' report and statement (as required by the Corporations Act) but may be incorporated into the directors' report and statement. For both half yearly and preliminary final statements, if there are no comments in a section, state NIL. If there is insufficient space in comment, attach notes to this statement.

Basis of accounts preparation

A description of each event since the end of the current period which has had a material effect and is not related to matters already reported, with financial effect quantified (if possible). In a half yearly report, provide explanatory comments about any seasonal or irregular factors affecting operations (as per paragraphs 16(b), 16(b) and Aus 16.1 of AASB 134: Interim Financial Reporting)

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 Group and its financial position and results. At present it is not expected that the pandemic will have any significant impact on the Group's planned activities and operations nor its administrative functions.

Group personnel, key supply chains, and other important stakeholder relationships have remained largely unaffected by the pandemic. As at 30 June 2020 and the date of this report, there has been no significant impact upon the financial results and position of the Group 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 Group's operations and state of affairs.

On the 5 August 2020, the company formally recalled the balance of the secured loan facility, being \$1,250,000 and it will be repaid in full on the 31 October 2020

Any other factors which have affected the results in the period, or which are likely to affect results in the future, including those where the effect could not be quantified.

Not applicable

Franking credits available and prospects for paying fully or partly franked dividends for at least the next year

Not applicable

Changes in accounting policies, estimation methods and measurement bases since the last annual report are disclosed as follows.

(Disclose changes in the half yearly statement in accordance with paragraph 16(a) of AASB 134: Interim Financial Reporting. Disclose changes in the preliminary final statement in accordance with paragraphs 28-29 of 108: Accounting Policies, Changes in Accounting Estimates and Errors.)

Not applicable

An issuer shall explain how the transition from previous GAAP to Australian equivalents to IFRS¹ affected its reported financial position, financial performance and cash flows. *(as per paragraph 38 of AASB 1: First-time Adoption of Australian Equivalents to International Financial Reporting Standards)*

Not applicable

Revisions in estimates of amounts reported in previous periods. For half yearly reports the nature and amount of revisions in estimates of amounts reported in previous annual reports if those revisions have a material effect in this half year *(as per paragraph 16(d) of AASB 134: Interim Financial Reporting)*

Not applicable

Changes in contingent liabilities or assets. For half yearly reports, changes in contingent liabilities and contingent assets since the last annual report *(as per paragraph 16(j) of AASB 134: Interim Financial Reporting)*

The Company is owed \$204 million (2019: \$204 million) by Octaviar Limited (formerly MFS Limited) and approximately \$137 million (2019: \$137 million) by Octaviar Administration Pty Ltd (formerly MFS Administration Pty Ltd).

In June 2020, ARL was informed that there has been significant progress made on the liquidation of OL and OA. Bentley's, the liquidators, have advised that two legal disputes involving OA and OL have been settled subject to court approval. Details of the disputes and settlements are confidential. There remains one legal dispute that could delay completion of the OL liquidation.

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

The liquidator has provided us with an estimate of ARL's share of OA and OL assets which is in the range of \$5 million to \$10 million taking into account the uncertainty relating to the remaining legal dispute. ARL remains unclear as to when any distribution will occur. Accordingly, the Directors have resolved to continue showing the Octaviar Debts at zero value in ARL's accounts.

The nature and amount of items affecting assets, liabilities, equity, profit or loss, or cash flows that are unusual because of their nature, size or incidence *(as per paragraph 16(c) of AASB 134: Interim Financial Reporting)*

(3.4) Financial Assets – Mortgage loans: At June 2019 the balance of the loan was \$3,250,000. During the year \$2,000,000 was repaid under the loan agreement (2019: \$nil repaid). Since the year end, the loan has been recalled and is now repayable in full by 31 October 2020.

(3.7) Financial Assets – at Fair Value through profit or Loss (FVTPL); In February 2020, ARL acquired 2,580,645 shares in NobleOak Life Limited at \$1.55 per share, total cost of \$4 million. The fair value at the 30 June 2020 is \$4 million.

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Effect of changes in the composition of the entity during the interim period, including business combinations, acquisition or disposal of subsidiaries and long-term investments, restructurings and discontinued operations (as per paragraph 16(i) of AASB 134: *Interim Financial Reporting*)

Not applicable

Annual meeting

(Preliminary final statement only)

The annual meeting will be held as follows:

Place

TBA

Date

Time

Approximate date the annual report will be available

Compliance statement

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

Identify other standards used

Not applicable

2. This statement, and the financial statements under the *Corporations Act* (if separate), use the same accounting policies.
3. This statement does give a true and fair view of the matters disclosed (see note 2).
4. This statement is based on financial statements to which one of the following applies:
- | | |
|--|---|
| <input type="checkbox"/> The financial statements have been audited. | <input type="checkbox"/> The financial statements have been subject to review by a registered auditor (or overseas equivalent). |
| <input checked="" type="checkbox"/> The financial statements are in the process of being audited or subject to review. | <input type="checkbox"/> The financial statements have <i>not</i> yet been audited or reviewed. |
5. If the accounts are being audited and the audit report is not attached, details will follow immediately they are available
6. The *issuer* has formally constituted audit committee.

Sign here: 
(Company secretary)

Date: 11 September 2020

Print name: Victoria Allinson