

# ARIADNE

**Ariadne Australia Limited**  
A.B.N. 50 010 474 067

## **Appendix 4D** **Financial Report**

### **Half year report for the period ended 31 December 2020**

(the previous corresponding period being the period ended 31 December 2019)

<b>Results for announcement to the market</b>				<b>31 December 2020</b>	<b>31 December 2019</b>
Revenues from ordinary activities *	<b>\$'000</b>	Increased	93.0%	4,282	2,219
Net loss for the period attributable to members	<b>\$'000</b>	Increased	98.4%	(81)	(5,127)
Total comprehensive profit / (loss) for the period attributable to members	<b>\$'000</b>	Increased	448.4%	10,547	(3,027)

  

				<b>31 December 2020</b>	<b>30 June 2020</b>
Net tangible assets per security	<b>cents</b>	Increased	9.13%	64.17	58.80

In light of the ongoing volatility in market conditions, the Board has determined to preserve cash reserves during this highly uncertain period. As a result, no interim dividend for FY21 will be paid. Payment of the 0.70 cents per share HY20 interim dividend, declared in February 2020 and deferred in March 2020, was paid on 24 September 2020.

It is recommended that the consolidated results for Ariadne Australia Limited ("Ariadne") and its controlled entities ("the Group") be read in conjunction with the 2020 Annual Report and any public announcements made by Ariadne during the half year.

\* Total revenues from ordinary activities as shown above include the Group's share of profits/losses of joint ventures, associates and other gains / losses recorded through profit and loss.

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# ARIADNE

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**Ariadne Australia Limited**  
**Half-Year Report**  
**31 December 2020**

# Directors' Report

The Directors submit their report for the six months ended 31 December 2020. The term "Group" is used throughout this report to refer to the parent entity, Ariadne Australia Limited ("Ariadne") and its controlled entities.

## DIRECTORS

The names of Ariadne's directors in office during the half-year and until the date of this report are as below. All Directors were in office for this entire period unless otherwise stated.

Mr David Baffsky, AO (Independent Non-Executive Chairman)  
 Mr Kevin Seymour, AM (Non-Executive Deputy Chairman)  
 Mr Christopher Barter (Independent Non-Executive Director)  
 Mr John Murphy (Independent Non-Executive Director)  
 Mr Benjamin Seymour (Independent Non-Executive Alternate Director to Mr Kevin Seymour, appointed 15 December 2020)  
 Dr Gary Weiss, AM (Executive Director)

## REVIEW AND RESULTS OF OPERATIONS

*All amounts included in this report, are quoted in thousands of dollars unless otherwise stated.*

### Operating Result for the Half-Year

The consolidated net profit after tax, attributable to the Group for the half-year was \$166 (2019: \$4,885 loss) and the consolidated net loss after tax attributable to members for the half-year was \$81 (2019: \$5,127 loss). A gain (net of deferred tax) of \$10,628 (2019: \$2,100) was reported through other comprehensive income, increasing the total comprehensive gain attributable to members to \$10,547 (2019: \$3,027 loss). Net tangible assets were 64.17 cents per share (30 June 2020: 58.80 cents). Earnings per share were -0.04 cents (2019: -2.61 cents). Total comprehensive earnings per share were 5.37 cents (2019: -1.54 cents).

On 28 February 2020, Ariadne entered into conditional agreements to acquire an additional 30% equity interest in Orams NZ Unit Trust ("ONZUT") from an existing unitholder subject to obtaining the approval of the New Zealand Overseas Investment Office as well as other necessary consents. On 14 July 2020, Ariadne announced that all approvals and necessary consents had been received and that the additional 30% interest had been transferred to Ariadne, increasing its interest in ONZUT to 80% and its indirect holding in Orams Group Limited ("OGL") to 61%. ONZUT became a controlled entity and subsidiary of Ariadne, with its results consolidated by Ariadne from this date. Although the estimated purchase price was \$11,852 at balance date, the terms of the acquisition provide that the ultimate purchase price will be determined and paid following completion of the Site 18 Stage 1 Works (as defined in the Development Agreement with Panuku Development Auckland) which is expected to be before June 2026.

### Cash Management

Cash and cash equivalents as at 31 December 2020 were \$31,180 (30 June 2020: \$34,916).

The net operating cash outflow during the period was \$731 (2019: \$3,987 inflow). The net investing cash outflow during the period was \$1,414 (2019: \$663 outflow). The net financing cash outflow during the period was \$1,552 (2019: \$6,997), predominantly by way of a dividend paid to shareholders.

Ariadne remains in a strong financial position, with a sound balance sheet and good cash reserves, and is well-placed to grow shareholder value.

### Investments

The Group's investment division recorded a net profit for the half-year of \$1,434 (2019: \$2,716 loss).

The division's result is derived from interest on cash reserves, share of profits/losses from the Group's investments in associates, dividends, trading income from the trading portfolio and net gains/losses on the strategic portfolio revalued through profit or loss.

The division's share of joint ventures and associates results for the period was a net profit of \$463 (2019: \$3,067 net loss).

The trading portfolio recorded a net profit of \$2,683 (2019: \$181 loss) and the strategic portfolio revalued through profit or loss recorded a net loss of \$331 (2019: \$140 loss) during the reporting period due to mark-to-market revaluations.

The strategic portfolio revalued through other comprehensive income recorded a net gain of \$11,059 (2019: \$697 net loss) during the reporting period due to mark-to-market revaluations including a \$3,719 markup of the Group's investment in ClearView Wealth Limited and a \$6,802 markup of the Group's investment in Ardent Leisure Group Limited.

Ariadne's investment in Foundation Life NZ Limited continues to perform in line with expectations, contributing \$28 during the period.

Ariadne's 53% interest in Freshxtend International Pty Ltd with its 17% investment in the NatureSeal Group continues to contribute positively to the Investment division's results.

# Directors' Report

## Car Parking

The Group's car parking operations ceased in June 2020 on the termination of its last remaining car park lease. A loss of \$16 was recorded in the prior corresponding period.

## Property

The Group's property division recorded a net profit for the half-year of \$309 (2019: \$203 loss).

During the period ONZUT became a controlled entity of the Group with its results consolidated by Ariadne from 14 July 2020. ONZUT holds a debt and equity interest in OGL and is partially funded by an external loan facility.

The division's result is derived from the Group's 50% interest in the Kippax Property Trust and, from 14 July 2020, its 61% indirect share interest in OGL - the owner of Orams Marine Village ("the Marina") and Orams Marine Services, New Zealand's premier marine facility and largest marine maintenance and refit services business respectively and the interest received on its loan to OGL.

The Group's share of profit from OGL during the period was \$630 and its interest earned on the associated loan to OGL was \$102. In addition, a positive contribution of \$140 representing the Group's share of the uplift in valuation of the Marina was reported through other comprehensive income.

OGL is developing a new state-of-the-art marine refit facility on its existing site and an adjoining property known as Site 18 in downtown, Auckland's Wynyard quarter. This will treble Orams Marine's current capacity for marine maintenance and refit business. The marine works are near completion. So far, remediation of the new marine area including a groundwater cut-off wall, strengthening of the seawall, a concrete fibre reinforced hardstand area providing marine haul out space and installation of new travel lift piers have all been completed on Site 18 – on time and within budget to date. New 820 and 85 tonne travel lifts were commissioned and have been operational since January 2021. In addition to the works completed, the three-stage development will feature a refit facility, commercial buildings and a residential component on the northern end of Site 18. The facility will target marine vessels (including superyachts) up to 800 tonnes. The development will also provide increased maintenance facilities for Auckland's ferries, fishing vessels and commercial vessels.

We believe that the development has the potential to create significant value for Ariadne over time.

## TAXATION

Ariadne has significant carried forward revenue and capital losses available to offset future taxable profits. At 31 December 2020, these are estimated to be \$82,913 (30 June 2020: \$83,940) and \$70,599 (30 June 2020: \$70,599) respectively.

## DIVIDENDS AND CAPITAL MANAGEMENT

In light of the ongoing volatility in market conditions, the Board has determined to preserve cash reserves during this highly uncertain period. As a result, no interim dividend for FY21 will be paid. Payment of the 0.7 cents per share interim dividend, declared in February 2020 and deferred in March 2020, was paid on 24 September 2020.

On 19 February 2021, Ariadne announced the twelve month extension of its on-market share buy-back facility as part of ongoing capital management initiatives. The buy-back is for the purpose of acquiring shares where they are trading at prices below the Board's view of the intrinsic value of the shares, such acquisitions benefiting all shareholders.

## SIGNIFICANT EVENTS AFTER BALANCE DATE

Apart from the extension of the on-market buy-back facility discussed above, no other matter or circumstance has arisen since 31 December 2020 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in the future financial periods.

## AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under Section 307C of the *Corporations Act 2001* is set out on page 3.

Signed in accordance with a resolution of the directors.



David Baffsky, AO  
Chairman  
26 February 2021, Sydney

## Auditor's Independence Declaration

To the Directors of Ariadne Australia Limited

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the review of Ariadne Australia Limited for the half-year ended 31 December 2020, I declare that, to the best of my knowledge and belief, there have been:

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



Grant Thornton Audit Pty Ltd  
Chartered Accountants



M R Leivesley  
Partner – Audit & Assurance

Sydney, 26 February 2021

# Statement of Comprehensive Income

FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

	Notes	GROUP 2020 \$'000	2019 \$'000
<b>CONTINUING OPERATIONS</b>			
Operating revenue	3(i)	862	6,164
Other net gains / (losses)	3(ii)	2,327	(345)
Share of joint ventures' and associates' profits / (losses)		1,093	(3,600)
Operating costs	3(iii)	—	(468)
Employee, non-cash and other expenses	3(iv)	(1,910)	(6,310)
Impairment provision	3(v)	(1,679)	—
Finance costs		(527)	(326)
<b>PROFIT / (LOSS) BEFORE INCOME TAX</b>		<b>166</b>	<b>(4,885)</b>
Income tax expense		—	—
<b>LOSS AFTER TAX FROM CONTINUING OPERATIONS</b>		<b>166</b>	<b>(4,885)</b>
<i>Attributable to:</i>			
Non-controlling interests		247	242
<b>MEMBERS OF ARIADNE</b>		<b>(81)</b>	<b>(5,127)</b>
<b>OTHER COMPREHENSIVE INCOME</b>			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Net fair value movement of the strategic portfolio revalued through OCI, net of tax		11,059	(697)
<i>Items that may be reclassified subsequently to profit or loss</i>			
Net fair value movements of cash flow hedges		—	84
Net fair value movement of property assets		140	2,575
Exchange difference on translation of foreign operations		(1,172)	175
<b>OTHER COMPREHENSIVE INCOME / (LOSS) FOR THE PERIOD, NET OF TAX</b>		<b>10,027</b>	<b>2,137</b>
<i>Attributable to:</i>			
Non-controlling interests		(601)	37
<b>MEMBERS OF ARIADNE</b>		<b>10,628</b>	<b>2,100</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>			
<i>Attributable to:</i>			
Non-controlling interests		(354)	279
<b>MEMBERS OF ARIADNE</b>		<b>10,547</b>	<b>(3,027)</b>
<b>Earnings per share</b>			
Basic earnings per share (cents)		(0.04)	(2.61)
Diluted earnings per share (cents)		(0.04)	(2.60)
<b>Total Comprehensive Income Earnings per share</b>			
Basic earnings per share (cents)		5.37	(1.54)
Diluted earnings per share (cents)		5.37	(1.54)

The statement of comprehensive income should be read in conjunction with the accompanying notes.

# Balance Sheet

	Notes	GROUP	
		AS AT 31 December 2020 \$'000	AS AT 30 June 2020 \$'000
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents		31,180	34,916
Trade and other receivables		1,788	2,476
Other current assets		6,519	5,872
<b>Total Current Assets</b>		<b>39,487</b>	<b>43,264</b>
<b>Non-Current Assets</b>			
Receivables		12,019	16,759
Other financial assets	5	43,342	30,249
Investments in joint ventures and associates	7, 8	79,867	39,036
Property, plant and equipment		467	760
<b>Total Non-Current Assets</b>		<b>135,695</b>	<b>86,804</b>
<b>TOTAL ASSETS</b>		<b>175,182</b>	<b>130,068</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade and other payables		437	2,033
Interest-bearing loans and borrowings		6,856	5,450
Provisions		850	818
<b>Total Current Liabilities</b>		<b>8,143</b>	<b>8,301</b>
<b>Non-Current Liabilities</b>			
Other payables	8	11,852	—
Interest-bearing loans and borrowings	8	15,471	—
Provisions		38	170
<b>Total Non-Current Liabilities</b>		<b>27,361</b>	<b>170</b>
<b>TOTAL LIABILITIES</b>		<b>35,504</b>	<b>8,471</b>
<b>NET ASSETS</b>		<b>139,678</b>	<b>121,597</b>
<b>EQUITY</b>			
Issued capital	11	378,156	378,156
Reserves		153,865	143,274
Accumulated losses		(406,084)	(406,044)
<b>EQUITY ATTRIBUTABLE TO MEMBERS OF ARIADNE</b>		<b>125,937</b>	<b>115,386</b>
Non-controlling interests		13,741	6,211
<b>TOTAL EQUITY</b>		<b>139,678</b>	<b>121,597</b>

The balance sheet should be read in conjunction with the accompanying notes.

# Statement of Changes in Equity

## FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

### As at 1 July 2019

Profit / (loss) for the period	—	—	(5,127)	(5,127)	242	(4,885)
Other comprehensive income	—	2,100	—	2,100	37	2,137
Total comprehensive income for the period	—	2,100	(5,127)	(3,027)	279	(2,748)
Cost of shares bought back	(402)	—	—	(402)	—	(402)
Cost of share-based payment	—	18	—	18	—	18
Dividends	—	(1,967)	—	(1,967)	(374)	(2,341)

### As at 31 December 2019

	Issued capital \$'000	Reserves \$'000	Accumulated losses \$'000	ARIADNE \$'000	Non-controlling interest \$'000	GROUP \$'000
<b>As at 1 July 2019</b>	378,558	163,680	(397,934)	144,304	6,156	150,460
Profit / (loss) for the period	—	—	(5,127)	(5,127)	242	(4,885)
Other comprehensive income	—	2,100	—	2,100	37	2,137
Total comprehensive income for the period	—	2,100	(5,127)	(3,027)	279	(2,748)
Cost of shares bought back	(402)	—	—	(402)	—	(402)
Cost of share-based payment	—	18	—	18	—	18
Dividends	—	(1,967)	—	(1,967)	(374)	(2,341)
<b>As at 31 December 2019</b>	<b>378,156</b>	<b>163,831</b>	<b>(403,061)</b>	<b>138,926</b>	<b>6,061</b>	<b>144,987</b>

## FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

### As at 1 July 2020

Profit / (loss) for the period	—	—	(81)	(81)	247	166
Other comprehensive income	—	10,628	—	10,628	(601)	10,027
Total comprehensive income for the period	—	10,628	(81)	10,547	(354)	10,193
Non-controlling interest in ONZUT <sup>^</sup>	—	—	—	—	7,884	7,884
Cost of share-based payment	—	4	—	4	—	4
Transfer of reserves to accumulated losses	—	(41)	41	—	—	—

### As at 31 December 2020

<b>As at 1 July 2020</b>	<b>378,156</b>	<b>143,274</b>	<b>(406,044)</b>	<b>115,386</b>	<b>6,211</b>	<b>121,597</b>
Profit / (loss) for the period	—	—	(81)	(81)	247	166
Other comprehensive income	—	10,628	—	10,628	(601)	10,027
Total comprehensive income for the period	—	10,628	(81)	10,547	(354)	10,193
Non-controlling interest in ONZUT <sup>^</sup>	—	—	—	—	7,884	7,884
Cost of share-based payment	—	4	—	4	—	4
Transfer of reserves to accumulated losses	—	(41)	41	—	—	—
<b>As at 31 December 2020</b>	<b>378,156</b>	<b>153,865</b>	<b>(406,084)</b>	<b>125,937</b>	<b>13,741</b>	<b>139,678</b>

<sup>^</sup>Take up of non-controlling interest in Orams NZ Unit Trust ("ONZUT") on becoming a controlled entity and subsidiary of the Group, refer to Note 8.

The statement of changes in equity should be read in conjunction with the accompanying notes.



# Statement of Cash Flows

FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

GROUP

	Notes	2020 \$'000	2019 \$'000
<b>Cash flows from operating activities</b>			
Receipts from rental income		—	5,191
Receipts from other income		902	148
Payments to suppliers and employees		(2,988)	(2,717)
Dividends and trust distributions received		1,167	1,626
Receipts from trading portfolio sales		318	226
Payments for trading portfolio purchases		—	(1,000)
Interest received		397	840
Interest and borrowing costs paid		(517)	(169)
Lease liability interest paid		(10)	(158)
<b>Net cash flows (used in) / from operating activities</b>		<b>(731)</b>	<b>3,987</b>
<b>Cash flows from investing activities</b>			
Investments in joint ventures and associates		(475)	—
Proceeds from strategic portfolio sales		—	2,383
Payments for strategic portfolio purchases	5	(398)	(3,046)
Loans repaid by other parties		312	—
Loans advanced to other parties		(892)	—
Acquisition of subsidiary, net of cash acquired	8	39	—
<b>Net cash flows used in investing activities</b>		<b>(1,414)</b>	<b>(663)</b>
<b>Cash flows from financing activities</b>			
Repayment of lease liabilities		(178)	(4,272)
Repayment of borrowings		—	(332)
Proceeds from borrowings		—	350
Payments under share buy-back		—	(402)
Dividends paid to members of the parent entity		(1,374)	(1,967)
Dividends paid to non-controlling interests		—	(374)
<b>Net cash flows used in financing activities</b>		<b>(1,552)</b>	<b>(6,997)</b>
Cash and cash equivalents at beginning of period		34,916	41,981
Net decrease in cash and cash equivalents		(3,697)	(3,673)
Effect of exchange rate changes on cash and cash equivalents		(39)	—
<b>Cash and cash equivalents at end of period</b>		<b>31,180</b>	<b>38,308</b>

The statement of cash flows should be read in conjunction with the accompanying notes.

# Notes to the Financial Statements

## FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

### 1. CORPORATE INFORMATION

The consolidated financial report of Ariadne Australia Limited (“Ariadne”) together with its controlled entities (“the Group”) for the half-year ended 31 December 2020 was authorised for issue in accordance with a resolution of the directors on 26 February 2021.

Ariadne is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange (“ASX”) under ASX code “ARA”. A review of the Group’s operations is included in the Directors’ Report.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The half-year financial report does not include all notes of the type normally included within the annual financial report and should be read in conjunction with the most recent annual financial report.

It is also recommended that the half-year financial report be considered together with any public announcements made by Ariadne during the half-year reporting period in accordance with the continuous disclosure obligations of the *Corporations Act 2001* and ASX listing rules.

#### Basis of preparation

The half-year financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the *Corporations Act 2001* and AASB 134 *Interim Financial Reporting*.

The half-year financial report has been prepared on a historical cost basis, except for held-for-trading financial assets which have been measured at fair value through profit or loss and other/strategic financial assets which have been measured at fair value through profit or loss or other comprehensive income depending on their accounting treatment under accounting standard AASB 9 *Financial Instruments*.

The amounts contained in the Directors’ Report and the half-year financial report have been rounded to the nearest thousand dollars (where rounding is applicable) under the option available to Ariadne in accordance with *ASIC Corporations (Rounding in Financial/Directors’ Reports) Instrument 2016/191*.

For the purpose of preparing the half-year financial report, the half-year has been treated as a discrete reporting period.

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (“AASB”) that are relevant and effective for the current half-year. New and revised Standards and amendments thereof and Interpretations effective for the current half-year that are relevant to the Group include:

- AASB 2018-7 Amendments to Australian Accounting Standards – Definition of Material [AASB 101 and AASB 108]
- AASB 2018-6 Amendments to Australian Accounting Standards – Definition of a Business [AASB 3]
- AASB 2019-3 Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform [AASB 9, AASB 139 and AASB 7]
- AASB 2020-3 Amendments to Australian Accounting Standards – Annual Improvements 2018- 2020 and Other Amendments [AASB 1, AASB 3, AASB 9, AASB 116, AASB 137 and AASB 141].

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the Group’s most recent annual financial report for the financial year ended 30 June 2020. The accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

In the application of the Group’s accounting policies, management is required to make judgements, estimates, and assumptions about the carrying amounts of assets and liabilities that are not readily available apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision effects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The Group’s adoption of all new and revised Standards and Interpretations issued by the AASB, that are relevant to its operations and effective for the half-year, have had no material impact on the amounts recognised in the half-year financial report.

# Notes to the Financial Statements

FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

## 3. REVENUE AND EXPENSES

Profit before income tax expense includes the following revenues and expenses, the disclosure of which is relevant in explaining the performance of the Group:

	Notes	GROUP	
		2020 \$'000	2019 \$'000
<b>(i) Operating revenue</b>			
Car park rental income		—	4,719
Interest income		539	1,146
Dividend income		149	199
Other income		174	100
		<b>862</b>	<b>6,164</b>
<b>(ii) Other gains / (losses)</b>			
Net gain / (loss) on the trading portfolio		2,683	(181)
Net loss on the strategic portfolio revalued through profit or loss		(331)	(140)
Net increase in contingent consideration	8	(25)	—
Net loss on receivables		—	(24)
		<b>2,327</b>	<b>(345)</b>
<b>(iii) Operating costs</b>			
Car park rental and other expenses		—	468
		<b>—</b>	<b>468</b>
<b>(iv) Employee, non-cash and other expenses</b>			
Administration expenses		446	474
Employee benefits expense		1,170	1,389
Depreciation and amortisation		294	4,447
		<b>1,910</b>	<b>6,310</b>

(v) The impairment provision of \$1,679 includes the revaluation of an unlisted debt instrument proportional to the value of a recent comparable off-market transaction.

# Notes to the Financial Statements

FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

## 4. SEGMENT INFORMATION

The Group's operating segments are identified by internal reporting used by the Board in assessing performance and determining investment strategy. The operating segments are based on a combination of the type and nature of products sold and/or services provided, and the type of business activity. Discrete financial information about each of these operating divisions is reported to the Board on a regular basis.

The Group's reportable segments are investments, car parking and property. The investments division comprises the Group's investments in securities. The car parking division includes gross revenues and expenses from the car park lease owned by the Group up to the date of its termination in June 2020. The property division includes all results derived from property and marina assets held by the Group, either directly or through joint venture entities or joint venture operations.

Consistent with the reportable segment presented in the most recent annual financial report the following table presents revenue and profit information for the half-year periods ended 31 December 2020 and 31 December 2019, and total asset information as at 31 December 2020 and 30 June 2020.

FOR THE HALF-YEAR ENDED 31 DECEMBER	INVESTMENTS		CAR PARKING		PROPERTY		UNALLOCATED <sup>^</sup>		GROUP	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
<b>Segment Revenue and Results</b>										
External	165	214	—	4,743	—	—	158	61	323	5,018
Interest	437	807	—	—	102	339	—	—	539	1,146
Other gains / losses	2,352	(345)	—	—	(25)	—	—	—	2,327	(345)
Share of (losses) / profit of joint ventures and associates	463	(3,067)	—	—	630	(533)	—	—	1,093	(3,600)
<b>Total Segment Revenue *</b>	<b>3,417</b>	<b>(2,391)</b>	<b>—</b>	<b>4,743</b>	<b>707</b>	<b>(194)</b>	<b>158</b>	<b>61</b>	<b>4,282</b>	<b>2,219</b>
<b>Profit / (loss) after income tax</b>	<b>1,434</b>	<b>(2,716)</b>	<b>—</b>	<b>(16)</b>	<b>309</b>	<b>(203)</b>	<b>(1,577)</b>	<b>(1,950)</b>	<b>166</b>	<b>(4,885)</b>
<b>AS AT</b>	<b>31 Dec 2020 \$'000</b>	<b>30 June 2020 \$'000</b>	<b>31 Dec 2020 \$'000</b>	<b>30 June 2020 \$'000</b>	<b>31 Dec 2020 \$'000</b>	<b>30 June 2020 \$'000</b>	<b>31 Dec 2020 \$'000</b>	<b>30 June 2020 \$'000</b>	<b>31 Dec 2020 \$'000</b>	<b>30 June 2020 \$'000</b>
<b>Total Segment Assets</b>	<b>93,016</b>	<b>81,719</b>	<b>—</b>	<b>—</b>	<b>71,123</b>	<b>31,883</b>	<b>11,043</b>	<b>16,466</b>	<b>175,182</b>	<b>130,068</b>

<sup>^</sup> Unallocated segment includes management income, corporate revenues and costs, and other corporate assets.

\* Total revenues include the Group's share of joint ventures' and associates' profits / losses as shown on the Statement of Comprehensive Income and other gains / losses recorded through profit and loss.

# Notes to the Financial Statements

FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

## 5. OTHER FINANCIAL ASSETS

	Notes	GROUP	
		AS AT 31 December 2020 \$'000	AS AT 30 June 2020 \$'000
Cost		71,400	69,909
Accumulated fair value adjustments		(28,058)	(39,660)
<b>Net carrying amount</b>		<b>43,342</b>	<b>30,249</b>
<i>Reconciliations for listed strategic investments</i>			
Opening balance		18,223	46,431
Additions		—	185
Fair value adjustments through other comprehensive income	(i)	11,483	(26,011)
Disposals		—	(2,382)
<b>Net carrying amount of listed investments</b>		<b>29,706</b>	<b>18,223</b>
<i>Reconciliations for unlisted strategic investments</i>			
Opening balance		12,026	11,734
Additions		398	3,052
Conversion of loan note to equity		1,093	—
Fair value adjustments through profit or loss	(i)	543	128
Fair value adjustments through other comprehensive income	(i)	(424)	(2,888)
<b>Net carrying amount of unlisted investments</b>		<b>13,636</b>	<b>12,026</b>

(i) Investments in the strategic portfolio are remeasured to fair value based on the appropriate level inputs at the end of the reporting period, refer to Note 9.

## 6. CONTROLLED ENTITIES

Orams NZ Unit Trust became a controlled entity during the period refer to Note 8.

## 7. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES

Name	Principal activity	Place of incorporation	Proportion of ownership interest and voting power held by the Group	
			31 Dec 2020	30 June 2020
Chifley Investment Partners Pty Ltd	Investment management	AUS	50%	50%
Lake Gold Pty Ltd	Mineral exploration	AUS	50%	50%
Orams Group Limited *	Marina management	NZ	76%	N/A
Orams NZ Unit Trust ^	Marina management	AUS	80%	50%
Kippax Property Unit Trust	Property investment	AUS	50%	50%
Hillgrove Resources Limited	Copper mining	AUS	25%	25%
AgriCoat NatureSeal Limited	Food life extension technology	UK	17%	17%
NatureSeal Inc	Food life extension technology	US	17%	17%

\* Although the Group owns 76% of the equity and voting interest in Orams Group Limited, the Shareholders Agreement requires that the two majority shareholders must act together to direct the relevant activities of the company, therefore no individual shareholder has control.

^ Orams NZ Unit Trust became a controlled entity during the period, refer to Note 8.

# Notes to the Financial Statements

FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

## 8. BUSINESS COMBINATION

### Control of Orams NZ Unit Trust (“ONZUT”)

On 28 February 2020, Ariadne entered into conditional agreements to acquire an additional 30% equity interest in ONZUT from an existing unitholder subject to obtaining the approval of the New Zealand Overseas Investment Office as well as other necessary consents. On 14 July 2020, Ariadne announced that all approvals and necessary consents had been received and that the additional 30% interest had been transferred to Ariadne, increasing its interest in the ONZUT to 80% and its indirect holding in Orams Group Limited to 61% (“Date of Transfer”). ONZUT became a controlled entity and subsidiary of Ariadne, with its results consolidated by Ariadne from the Date of Transfer. Although the initial estimated purchase price liability of \$11,827 increased to \$11,852 at balance date, the terms of the acquisition provide that the ultimate purchase price will be determined and paid following completion of the Site 18 Stage 1 Works (as defined in the Development Agreement with Panuku Development Auckland) which is expected to be before June 2026 (“Contingent Consideration”).

The following table summarises the fair value of consideration and the fair value of the assets acquired and liabilities assumed as at 14 July 2020.

		\$'000
<b>Consideration</b>		
Fair value of Contingent Consideration	(i)	11,827
Fair value of the Group’s equity interest in ONZUT held before the business combination		19,711
<b>Total value of interest before the business combination</b>		<b>31,538</b>
<b>Assets acquired and liabilities assumed</b>		
The fair value of the identifiable assets and liabilities of ONZUT as at 14 July 2020 were:		
<b>Assets</b>		
Cash and cash equivalents	(ii)	39
Prepayments		112
Receivables		5,339
Investments in joint ventures and associates	(iii)	60,955
<b>Total Assets</b>		<b>66,445</b>
<b>Liabilities</b>		
Trade and other payables		154
Interest-bearing loan – due within 12 months or less	(iv)	1,401
Interest-bearing loan – due within 1-5 years	(v)	15,417
Other liabilities payable to the Group – eliminated on consolidation	(vi)	10,051
<b>Total Liabilities</b>		<b>27,023</b>
<b>Total identifiable net assets at fair value</b>		<b>39,422</b>
Non-controlling interest measured at its proportionate share		(7,884)
(Gain) / loss arising on acquisition		—
<b>Total value of interest after the business combination</b>		<b>31,538</b>

- (i) No cash was transferred on acquisition due to the deferred Contingent Consideration. Fair value of the Contingent Consideration on acquisition has been estimated as 30% of ONZUT’s net equity utilising ONZUT’s 30 June 2020 audited financial statements. Although no gain or loss was recognised on acquisition, a \$25 increase to the fair value of the Contingent Consideration component (to \$11,852), equal to 30% of the movement in ONZUT’s net assets during the period, was recognised in ‘Other income’ through the Group’s Income Statement.
- (ii) Net cash acquired of \$39 has been included as flows from investing activities in the Group’s Statement of Cash Flows.
- (iii) The fair value of ONZUT’s investment in Orams Group Limited has been estimated by utilising OGL’s 30 June 2020 audited financial statements.
- (iv) The current portion of ONZUT’s New Zealand dollar interest-bearing loan was valued at A\$1,406 at balance date.
- (v) The non-current portion of ONZUT’s New Zealand dollar interest-bearing loan was valued at A\$15,741 at balance date.
- (vi) Other liabilities payable to the Group are eliminated on consolidation.

From the date of acquisition and excluding all intergroup transactions, ONZUT has contributed \$1,081 in revenues and a \$689 in profits to the Group.

# Notes to the Financial Statements

## FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

### 9. FAIR VALUE MEASUREMENT

The Australian accounting standards set out the following hierarchy for fair value measurement for investments in financial instruments which are set out as below:

Level 1: - Quoted prices in active markets for identical assets or liabilities.

Level 2: - Inputs other than quoted prices, which can be observed either directly (as prices) or indirectly (derived from prices).

Level 3: - Inputs that are not based on observable market data.

The following table shows the levels within the hierarchy of financial assets and liabilities measured at fair value on a recurring basis as at 31 December 2020.

Financial Assets	Note	Level 1	Level 2	Level 3	Total
Listed trading investments		6,273	-	-	6,273
Listed strategic investments	5	29,706	-	-	29,706
Unlisted strategic investments	5	-	13,636	-	13,636
<b>Total Financial Assets</b>		<b>35,979</b>	<b>13,636</b>	<b>-</b>	<b>49,615</b>

The Group has two separate and distinct investment portfolios and designates its investments as either trading or strategic. Investments within all the portfolios are remeasured to fair value based on the appropriate level inputs at the end of the reporting period. All non-equity accounted listed securities are remeasured to fair values using Level 1 inputs as determined by reference to the quoted market close price at balance date. Non-equity accounted unlisted securities are remeasured to fair values using Level 2 inputs referencing either share of net assets or last transaction price at balance date.

Financial Liabilities	Note	Level 1	Level 2	Level 3	Total
Contingent Consideration	8	-	11,852	-	11,852
<b>Total Financial Liabilities</b>		<b>-</b>	<b>11,852</b>	<b>-</b>	<b>11,852</b>

Contingent Consideration has been remeasured to fair value using a Level 2 input, share of net assets, as set out in Note 8(i).

### 10. TAXATION

Ariadne has significant carried forward revenue and capital losses available to offset future taxable profits. At 31 December 2020 these are estimated to be \$82,913 (30 June 2020: \$83,940) and \$70,599 (30 June 2020: \$70,599) respectively.

### 11. ISSUED CAPITAL

On 19 February 2021, Ariadne announced a twelve month extension of its on-market share buy-back facility as part of ongoing capital management initiatives. The buy-back is for the purpose of acquiring shares where they are trading at prices below the Board's opinion of the intrinsic value of the shares, such acquisitions benefiting all shareholders. There were 196,242,360 shares on issue at balance date (30 June 2020: 196,242,360).

### 12. CONTINGENT ASSETS AND LIABILITIES

Ariadne has given guarantees and indemnities in relation to the borrowings and performance of several of its controlled entities under agreements entered into by those entities. All borrowings and performance obligations are directly supported by assets in the entities on the behalf of which these guarantees and indemnities have been provided.

The Group acquired an additional 30% equity interest in ONZUT from an existing unitholder during the period. The deferred consideration for the acquisition was estimated to be \$11,852 at balance date, although the terms of the acquisition provide that the ultimate purchase price will be determined and paid following completion of the Site 18 Stage 1 Works (as defined in the Development Agreement with Panuku Development Auckland) which is expected to be before June 2026.

### 13. OTHER EVENTS AFTER THE BALANCE SHEET DATE

Subsequent to balance date, and as mentioned in Note 11, on 19 February 2021, Ariadne announced a twelve month extension of its on-market share buy-back facility as part of ongoing capital management initiatives. The buy-back is for the purpose of acquiring shares where they are trading at prices below the Board's opinion of the intrinsic value of the shares, such acquisitions benefiting all shareholders.

No other matter or circumstance has arisen since 31 December 2020 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in the future financial periods.

## Directors' Declaration

In accordance with a resolution of the Directors of Ariadne Australia Limited, I state that:

In the opinion of the Directors:

- (a) the financial statements and notes of the consolidated entity for the half-year ended 31 December 2020 are in accordance with the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the financial position as at 31 December 2020 and of its performance for the half-year ended on that date;
  - (ii) complying with Australian Accounting Standard AASB134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.
- (b) there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

On behalf of the Board



David Baffsky, AO  
Chairman  
Sydney  
26 February 2021

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# Independent Auditor's Review Report

To the Members of Ariadne Australia Limited

Report on the review of the half year-financial report

## Conclusion

We have reviewed the accompanying half-year financial report of Ariadne Australia Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2020, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half year ended on that date, a description of accounting policies, other selected explanatory notes, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of Ariadne Australia Limited does not comply with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the Ariadne Australia Limited financial position as at 31 December 2020 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

## Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the Auditor's Responsibilities for the Review 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 (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

## Directors' responsibility for the half year financial report

The Directors of the Company are responsible for the preparation of the half year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the Directors determine is necessary to enable the preparation of the half year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

### Auditor's responsibility

Our responsibility is to express a conclusion on the half year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2020 and its performance for the half year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



Grant Thornton Audit Pty Ltd  
Chartered Accountants



M R Leivesley  
Partner – Audit & Assurance

Sydney, 26 February 2021

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