

ARIADNE

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

Appendix 4D **Financial Report**

Half year report for the period ended 31 December 2021

(the previous corresponding period being the period ended 31 December 2020)

| Results for announcement to the market | | | | 31 December 2021 | 31 December 2020 |
|---|---------------|-----------|--------|-----------------------------|-----------------------------|
| Revenues from ordinary activities * | \$'000 | Increased | 29.6% | 5,549 | 4,282 |
| Net profit / (loss) for the period attributable to members | \$'000 | Increased | NA | 2,431 | (81) |
| Total comprehensive profit for the period attributable to members | \$'000 | Increased | 229.3% | 34,732 | 10,547 |

| | | | | 31 December 2021 | 30 June 2021 |
|----------------------------------|--------------|-----------|-------|-----------------------------|-------------------------|
| Net tangible assets per security | cents | Increased | 22.7% | 93.15 | 75.90 |

The Directors have declared a fully franked interim dividend of 0.25 cents per ordinary share in relation to the 30 June 2022 financial year. The record date applicable to the dividend will be Tuesday, 15 March 2022 with payment to be made on Monday, 28 March 2022.

The final dividend of 0.5 cents per ordinary share in relation to the 30 June 2021 financial year had a record date of Monday, 13 September 2021 and was paid on Thursday, 30 September 2021.

It is recommended that the consolidated results for Ariadne Australia Limited ("Ariadne") and its controlled entities ("the Group") be read in conjunction with the 2021 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.

ARIADNE

Ariadne Australia Limited
Half-Year Report
31 December 2021

Directors' Report

The Directors submit their report for the six months ended 31 December 2021. 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 (Non-Executive Alternate Director to Mr Kevin Seymour)
 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 \$2,536 (2020: \$166) and the consolidated net profit after tax attributable to members for the half-year was \$2,431 (2020: \$81 loss). A gain (net of deferred tax) of \$32,301 (2020: \$10,628) was reported through other comprehensive income, increasing the total comprehensive gain attributable to members to \$34,732 (2020: \$10,547). Net tangible assets were 93.15 cents per share (30 June 2021: 75.90 cents). Earnings per share were 1.24 cents (2020: -0.04 cents). Total comprehensive earnings per share were 17.70 cents (2020: 5.37 cents).

Cash Management

Cash and cash equivalents as at 31 December 2021 were \$26,025 (30 June 2021: \$28,629).

The net operating cash outflow during the period was \$831 (2020: \$731). The net investing cash inflow during the period was \$1,280 (2020: \$1,414 outflow). The net financing cash outflow during the period was \$3,053 (2020: \$1,552), predominantly by way of a dividend paid to shareholders and net repayment of borrowings.

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 \$4,039 (2020: \$1,434).

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 \$617 (2020: \$463).

The trading portfolio recorded a net profit of \$1,453 (2020: \$2,683) and the strategic portfolio revalued through profit or loss recorded a net gain of \$1,460 (2020: \$331 loss) during the reporting period due to mark-to-market revaluations.

The strategic portfolio revalued through other comprehensive income recorded a net gain of \$31,458 (2020: \$11,059) during the reporting period due to mark-to-market revaluations including a \$8,201 markup of the Group's investment in ClearView Wealth Limited and a \$8,389 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 \$161 during the period.

Ariadne's 54% 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

Property

The Group's property division recorded a net profit for the half-year of \$471 (2020: \$309).

The division's result is derived from the Group's 50% interest in the Kippax Property Trust and its 61% indirect share interest in Orams Group Limited ("Orams") - 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 in addition to the interest received on its loan to Orams.

The Group's share of profit from Orams during the period was \$935 (2020: \$630) and its interest earned on the associated loan to Orams was \$102 (2020: \$102). In the prior period, a positive contribution of \$140 representing the Group's share of the uplift in valuation of the Marina was reported through other comprehensive income.

During the period, Orams completed the initial stage of its new state-of-the-art marine refit facility. The new 12,000 square metre yard, and three new 90 metre marinas, have more than doubled the capacity for Orams Marine Services' marine maintenance and refit business. The Orams facilities now offer the most comprehensive refit and boat maintenance infrastructure in the Southern Hemisphere. With three travel lifts (820, 85 and 75 tonnes), as well as the existing 600 tonne slipway, Orams can haul out vessels from superyachts to domestic vessels, and a wide range of commercial boats including the regional ferry fleet. The next stage of works, already under way and scheduled for completion during 2023, consists of three marine work sheds – one marine shed to accommodate the 85 tonne travel lift and two superyacht sheds to accommodate the 820 tonne travel lift. The new superyacht sheds will expand Orams' ability to provide specialised superyacht services within a controlled environment, cementing Orams' position as the superyacht hub of the South Pacific. Further stages of the development will feature commercial buildings and a residential component on the northern end of the site.

TAXATION

Ariadne has significant carried forward revenue and capital losses available to offset future taxable profits. At 31 December 2021, these are estimated to be \$84,704 (30 June 2021: \$80,378) and \$71,934 (30 June 2021: \$72,292) respectively.

DIVIDENDS AND CAPITAL MANAGEMENT

The Directors declared a partially franked final dividend in relation to the 2021 financial year of \$981, which represented 0.5 cents per share. The dividend was paid on 30 September 2021.

A fully franked interim dividend of \$490, which represents 0.25 cents per share, has been declared in relation to the 30 June 2022 financial year; no liability is recognised in the 31 December 2021 financial statements as this dividend was declared after the balance sheet date.

On 21 February 2022, 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 dividend declared and the extension of the on-market buy-back facility discussed above, no other matter or circumstance has arisen since 31 December 2021 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
Sydney, 24 February 2022

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 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 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, 24 February 2022

Statement of Profit or Loss and Other Comprehensive Income

FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

| | | GROUP | |
|---|--------|----------------|----------------|
| | Notes | 2021 \$'000 | 2020 \$'000 |
| CONTINUING OPERATIONS | | | |
| Operating income | 4(i) | 1,041 | 862 |
| Other net gains | 4(ii) | 2,767 | 2,327 |
| Share of joint ventures' and associates' profits | | 1,741 | 1,093 |
| Employee, non-cash and other expenses | 4(iii) | (2,317) | (1,910) |
| Impairment provision | | (48) | (1,679) |
| Finance costs | | (648) | (527) |
| PROFIT BEFORE INCOME TAX | | 2,536 | 166 |
| Income tax expense | | — | — |
| LOSS AFTER TAX FROM CONTINUING OPERATIONS | | 2,536 | 166 |
| <i>Attributable to:</i> | | | |
| Non-controlling interests | | 105 | 247 |
| MEMBERS OF ARIADNE | | 2,431 | (81) |
| OTHER COMPREHENSIVE INCOME | | | |
| <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 | | 31,458 | 11,059 |
| <i>Items that may be reclassified subsequently to profit or loss</i> | | | |
| Net fair value movement of property assets | | — | 140 |
| Exchange difference on translation of foreign operations | | 1,155 | (1,172) |
| OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX | | 32,613 | 10,027 |
| <i>Attributable to:</i> | | | |
| Non-controlling interests | | 312 | (601) |
| MEMBERS OF ARIADNE | | 32,301 | 10,628 |
| TOTAL COMPREHENSIVE INCOME FOR THE PERIOD | | | |
| | | 35,149 | 10,193 |
| <i>Attributable to:</i> | | | |
| Non-controlling interests | | 417 | (354) |
| MEMBERS OF ARIADNE | | 34,732 | 10,547 |
| Earnings per share | | | |
| Basic earnings per share (cents) | | 1.24 | (0.04) |
| Diluted earnings per share (cents) | | 1.24 | (0.04) |
| Total Comprehensive Income Earnings per share | | | |
| Basic earnings per share (cents) | | 17.70 | 5.37 |
| Diluted earnings per share (cents) | | 17.64 | 5.37 |

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

Balance Sheet

| | Notes | GROUP | |
|--|-------|--|------------------------------------|
| | | AS AT 31 December 2021 \$'000 | AS AT 30 June 2021 \$'000 |
| ASSETS | | | |
| Current Assets | | | |
| Cash and cash equivalents | | 26,025 | 28,629 |
| Trade and other receivables | | 2,127 | 1,863 |
| Financial assets | 6 | 9,931 | 8,448 |
| Other current assets | | 176 | 107 |
| Total Current Assets | | 38,259 | 39,046 |
| Non-Current Assets | | | |
| Receivables | | 17,546 | 18,992 |
| Financial assets | 5,6 | 98,943 | 65,755 |
| Investments in joint ventures and associates | 8 | 86,754 | 84,846 |
| Property, plant and equipment | | 1,446 | 179 |
| Total Non-Current Assets | | 204,689 | 169,772 |
| TOTAL ASSETS | | 242,948 | 208,818 |
| LIABILITIES | | | |
| Current Liabilities | | | |
| Trade and other payables | | 352 | 254 |
| Lease liabilities | | 300 | 53 |
| Loans and borrowings | | 13,561 | 15,046 |
| Provisions | | 813 | 628 |
| Total Current Liabilities | | 15,026 | 15,981 |
| Non-Current Liabilities | | | |
| Lease liabilities | | 1,127 | — |
| Loans and borrowings | | 14,113 | 13,960 |
| Other payables | 6,11 | 14,639 | 14,586 |
| Provisions | | 15 | 11 |
| Total Non-Current Liabilities | | 29,894 | 28,557 |
| TOTAL LIABILITIES | | 44,920 | 44,538 |
| NET ASSETS | | 198,028 | 164,280 |
| EQUITY | | | |
| Issued capital | 10 | 378,156 | 378,156 |
| Reserves | | 213,863 | 182,543 |
| Accumulated losses | | (409,221) | (411,750) |
| EQUITY ATTRIBUTABLE TO MEMBERS OF ARIADNE AUSTRALIA LIMITED | | 182,798 | 148,949 |
| Non-controlling interests | | 15,230 | 15,331 |
| TOTAL EQUITY | | 198,028 | 164,280 |

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

Statement of Changes in Equity

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 | — | — | — | — | 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

| | Issued capital \$'000 | Reserves \$'000 | Accumulated losses \$'000 | ARIADNE \$'000 | Non-controlling interest \$'000 | GROUP \$'000 |
|--|--------------------------|--------------------|------------------------------|-------------------|------------------------------------|-----------------|
| As at 1 July 2020 | 378,156 | 143,274 | (406,044) | 115,386 | 6,211 | 121,597 |
| 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 | — | — | — | — | 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 | 378,156 | 153,865 | (406,084) | 125,937 | 13,741 | 139,678 |

FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

As at 1 July 2021

| | | | | | | |
|---|---|--------|-------|--------|-------|---------|
| Profit for the period | — | — | 2,431 | 2,431 | 105 | 2,536 |
| Other comprehensive income | — | 32,301 | — | 32,301 | 312 | 32,613 |
| Total comprehensive income for the period | — | 32,301 | 2,431 | 34,732 | 417 | 35,149 |
| Cost of shares bought back | — | — | — | — | (62) | (62) |
| Equity transactions with equity holders | — | — | 98 | 98 | (98) | — |
| Dividends | — | (981) | — | (981) | (358) | (1,339) |

As at 31 December 2021

| | 378,156 | 182,543 | (411,750) | 148,949 | 15,331 | 164,280 |
|---|---------|---------|-----------|---------|--------|---------|
| As at 1 July 2021 | 378,156 | 182,543 | (411,750) | 148,949 | 15,331 | 164,280 |
| Profit for the period | — | — | 2,431 | 2,431 | 105 | 2,536 |
| Other comprehensive income | — | 32,301 | — | 32,301 | 312 | 32,613 |
| Total comprehensive income for the period | — | 32,301 | 2,431 | 34,732 | 417 | 35,149 |
| Cost of shares bought back | — | — | — | — | (62) | (62) |
| Equity transactions with equity holders | — | — | 98 | 98 | (98) | — |
| Dividends | — | (981) | — | (981) | (358) | (1,339) |
| As at 31 December 2021 | 378,156 | 213,863 | (409,221) | 182,798 | 15,230 | 198,028 |

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 2021

GROUP

| | Notes | 2021 \$'000 | 2020 \$'000 |
|--|-------|----------------|----------------|
| Cash flows from operating activities | | | |
| Receipts from other income | | 78 | 902 |
| Payments to suppliers and employees | | (1,888) | (2,988) |
| Dividends and trust distributions received | | 1,517 | 1,167 |
| Receipts from trading portfolio sales | | — | 318 |
| Payments for trading portfolio purchases | | (30) | — |
| Interest received | | 4 | 397 |
| Interest and borrowing costs paid | | (510) | (517) |
| Lease liability interest paid | | (2) | (10) |
| Net cash flows used in operating activities | | (831) | (731) |
| Cash flows from investing activities | | | |
| Investments in joint ventures and associates | | — | (475) |
| Proceeds from strategic portfolio sales | 5 | 1,531 | — |
| Payments for strategic portfolio purchases | 5 | (1,801) | (398) |
| Proceeds from loans transferred to other parties | | 3,000 | — |
| Loans repaid by other parties | | 50 | 312 |
| Loans advanced to other parties | | (1,500) | (892) |
| Acquisition of subsidiary, net of cash acquired | | — | 39 |
| Net cash flows from / (used in) investing activities | | 1,280 | (1,414) |
| Cash flows from financing activities | | | |
| Repayment of lease liabilities | | (152) | (178) |
| Repayment of borrowings | | (3,000) | — |
| Proceeds from borrowings | | 1,500 | — |
| Payments under share buy-back | | (62) | — |
| Dividends paid to members of the parent entity | | (981) | (1,374) |
| Dividends paid to non-controlling interests | | (358) | — |
| Net cash flows used in financing activities | | (3,053) | (1,552) |
| Cash and cash equivalents at beginning of period | | 28,629 | 34,916 |
| Net decrease in cash and cash equivalents | | (2,604) | (3,697) |
| Effect of exchange rate changes on cash and cash equivalents | | — | (39) |
| Cash and cash equivalents at end of period | | 26,025 | 31,180 |

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 2021

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 2021 was authorised for issue in accordance with a resolution of the directors on 24 February 2022.

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. 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.

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 2021. 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.

Notes to the Financial Statements

FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

3. 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 and property. The investments division comprises the Group's investments in securities. 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 income and profit information for the half-year periods ended 31 December 2021 and 31 December 2020, and total asset information as at 31 December 2021 and 30 June 2021.

| FOR THE HALF-YEAR ENDED 31 DECEMBER | INVESTMENTS | | PROPERTY | | UNALLOCATED [^] | | GROUP | |
|--|-----------------------------------|------------------------------------|-----------------------------------|------------------------------------|-----------------------------------|------------------------------------|-----------------------------------|------------------------------------|
| | 2021 \$'000 | 2020 \$'000 | 2021 \$'000 | 2020 \$'000 | 2021 \$'000 | 2020 \$'000 | 2021 \$'000 | 2020 \$'000 |
| Segment Income and Results | | | | | | | | |
| External | 583 | 165 | 26 | — | 78 | 158 | 687 | 323 |
| Interest | 252 | 437 | 102 | 102 | — | — | 354 | 539 |
| Other gains / losses | 2,947 | 2,352 | (180) | (25) | — | — | 2,767 | 2,327 |
| Share of joint ventures' and associates' profits | 617 | 463 | 1,124 | 630 | — | — | 1,741 | 1,093 |
| Total Segment Income * | 4,399 | 3,417 | 1,072 | 707 | 78 | 158 | 5,549 | 4,282 |
| Profit / (loss) after income tax | 4,039 | 1,434 | 471 | 309 | (1,973) | (1,577) | 2,536 | 166 |
| AS AT | 31 Dec 2021 \$'000 | 30 June 2021 \$'000 | 31 Dec 2021 \$'000 | 30 June 2021 \$'000 | 31 Dec 2021 \$'000 | 30 June 2021 \$'000 | 31 Dec 2021 \$'000 | 30 June 2021 \$'000 |
| Total Segment Assets | 146,886 | 111,960 | 88,895 | 88,686 | 7,167 | 8,172 | 242,948 | 208,818 |

[^] Unallocated segment includes management income, corporate income and costs, and other corporate assets.

* Total income 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 2021

4. INCOME AND EXPENSES

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

| | Notes | GROUP | |
|--|-------|----------------|----------------|
| | | 2021 \$'000 | 2020 \$'000 |
| (i) Operating income | | | |
| Interest income | | 354 | 539 |
| Dividend income | | 583 | 149 |
| Other income | | 104 | 174 |
| | | 1,041 | 862 |
| (ii) Other gains / (losses) | | | |
| Net gain on the trading portfolio | | 1,453 | 2,683 |
| Net gain / (loss) on the strategic portfolio revalued through profit or loss | | 1,460 | (331) |
| Net loss foreign currency | | (93) | — |
| Net increase in contingent consideration | | (53) | (25) |
| | | 2,767 | 2,327 |
| (iii) Employee, non-cash and other expenses | | | |
| Administration expenses | | 577 | 446 |
| Employee benefits expense | | 1,481 | 1,170 |
| Depreciation and amortisation | | 259 | 294 |
| | | 2,317 | 1,910 |

5. OTHER FINANCIAL ASSETS

| | Notes | GROUP | |
|---|-------|--|------------------------------------|
| | | AS AT 31 December 2021 \$'000 | AS AT 30 June 2021 \$'000 |
| Cost | | 85,995 | 85,223 |
| Accumulated fair value adjustments | | 12,948 | (19,468) |
| Net carrying amount | | 98,943 | 65,755 |
| <i>Reconciliations for listed strategic investments</i> | | | |
| Opening balance | | 49,341 | 18,223 |
| Additions | | 500 | 1,544 |
| Reclassified securities | | — | 14,232 |
| Fair value adjustments through other comprehensive income | (i) | 16,254 | 15,342 |
| Disposals | | (1,531) | — |
| Net carrying amount of listed investments | 6 | 64,564 | 49,341 |
| <i>Reconciliations for unlisted strategic investments</i> | | | |
| Opening balance | | 16,414 | 12,026 |
| Additions | | 1,301 | 1,539 |
| Reclassified securities | | — | 1,874 |
| Fair value adjustments through profit or loss | (i) | 1,460 | (47) |
| Fair value adjustments through other comprehensive income | (i) | 15,204 | 1,022 |
| Disposals | | — | — |
| Net carrying amount of unlisted investments | 6 | 34,379 | 16,414 |

(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 6.

Notes to the Financial Statements

FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

6. 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 2021.

| Financial Assets | Note | Level 1 | Level 2 | Level 3 | Total |
|--------------------------------|------|---------------|---------------|----------|----------------|
| Listed trading investments | | 9,931 | - | - | 9,931 |
| Listed strategic investments | 5 | 64,564 | - | - | 64,564 |
| Unlisted strategic investments | 5 | - | 34,379 | - | 34,379 |
| Total Financial Assets | | 74,495 | 34,379 | - | 108,874 |

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 | | - | 14,639 | - | 14,639 |
| Total Financial Liabilities | | - | 14,639 | - | 14,639 |

Contingent Consideration, as described in Note 11, has been remeasured to fair value using a Level 2 input, share of net assets.

7. CONTROLLED ENTITIES

There were no changes to the Group's controlled entities during the period.

8. 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 2021 | 30 June 2021 |
| Orams Group Limited * | Marina management | NZ | 76% | 76% |
| Orams Residential Limited * | Residential development | NZ | 76% | 76% |
| Kippax Property Unit Trust | Property investment | AUS | 50% | 50% |
| Lake Gold Pty Ltd | Mineral exploration | AUS | 50% | 50% |
| 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 and Orams Residential Limited, the Shareholders Agreement for each company requires that the two majority shareholders must act together to direct the relevant activities of the company, therefore no individual shareholder has control.

9. TAXATION

Ariadne has significant carried forward revenue and capital losses available to offset future taxable profits. At 31 December 2021 these are estimated to be \$84,704 (30 June 2021: \$80,378) and \$71,934 (30 June 2021: \$72,292) respectively.

Notes to the Financial Statements

FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

10. ISSUED CAPITAL

On 21 February 2022, 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 2021: 196,242,360).

11. 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 FY21. The deferred consideration for the acquisition was estimated to be \$14,639 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.

12. OTHER EVENTS AFTER THE BALANCE SHEET DATE

Subsequent to balance date, and as mentioned in Note 10, on 21 February 2022, 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.

A fully franked interim dividend of \$490, which represents 0.25 cents per share has been declared in relation to the 30 June 2022 financial year; no liability is recognised in the 31 December 2021 financial statements as this dividend was declared after the balance sheet date.

No other matter or circumstance has arisen since 31 December 2021 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 2021 are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the financial position as at 31 December 2021 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
24 February 2022

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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 2021, 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 Ariadne Australia Limited's financial position as at 31 December 2021 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 2021 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, 24 February 2022

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