

ARIADNE

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

Appendix 4D **Financial Report**

Half year report for the period ended 31 December 2022

(the previous corresponding period being the period ended 31 December 2021)

Results for announcement to the market				31 December 2022	31 December 2021
Revenues from ordinary activities *	\$'000	Increased	202.6%	16,793	5,549
Net profit for the period attributable to members	\$'000	Increased	373.7%	11,515	2,431
Total comprehensive profit for the period attributable to members	\$'000	Decreased	96.2%	1,327	34,732

				31 December 2022	30 June 2022
Net tangible assets per security	cents	Decreased	slightly	87.05	87.09

In light of the ongoing volatility in market conditions, the Board has determined to preserve cash reserves during this uncertain period. As a result, no interim dividend for FY23 will be paid.

The final dividend of 0.75 cents per ordinary share in relation to the 30 June 2022 financial year had a record date of Monday, 19 September 2022 and was paid on Thursday, 29 September 2022.

It is recommended that the consolidated results for Ariadne Australia Limited ("Ariadne") and its controlled entities ("the Group") be read in conjunction with the 2022 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

Ariadne Australia Limited
Half-Year Report
31 December 2022

Directors' Report

The Directors submit their report for the six months ended 31 December 2022. 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, passed away on 4 December 2022)
 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 \$11,303 (2021: \$2,536) and the consolidated net profit after tax attributable to members for the half-year was \$11,515 (2021: \$2,431). A loss (net of deferred tax) of \$10,188 (2021: \$32,301 gain) was reported through other comprehensive income, reducing the total comprehensive income attributable to members to \$1,327 (2021: \$34,732). Net tangible assets were 87.05 cents per share (30 June 2022: 87.09 cents). Earnings per share were 5.87 cents (2021: 1.24 cents). Total comprehensive earnings per share were 0.68 cents (2021: 17.70 cents).

Cash Management

Cash and cash equivalents as at 31 December 2022 were \$45,617 (30 June 2022: \$22,880).

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 \$15,353 (2021: \$4,039).

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 the net movement of 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 \$722 (2021: \$617).

Dividends received during the period were \$11,792 (2021: \$583), the substantial increase from prior period was due to the large one-off \$11,094 cash dividend received from Ardent Leisure Group Limited ("Ardent") following the sale of its Main Event business in June 2022.

The trading portfolio recorded a net profit of \$3,001 (2021: \$1,453) and a portion of the strategic portfolio revalued through profit or loss recorded a net gain of \$750 (2021: \$1,460) during the reporting period due to mark-to-market revaluations.

The balance of the strategic portfolio revalued through other comprehensive income recorded a net loss of \$12,550 (2021: \$31,458 gain) during the period due to mark-to-market revaluations mainly arising from Ariadne's investment in ClearView Wealth Limited and Ardent, being \$5,234 and \$7,579 respectively. The mark-to-market reduction in Ardent's value was partly attributable to and offset by the cash dividend.

Ariadne's investment in Foundation Life NZ Limited continues to perform in line with expectations, contributing \$251 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 loss for the half-year of \$2,036 (2021: \$471 profit).

The division's result is derived from the Group's 61% indirect debt and equity interest in Orams Residential Limited ("Residential") and Orams Group Limited ("Orams") - the owner of Orams Marine Village and Orams Marine Services ("Orams Marine"), New Zealand's premier marine facility and largest marine maintenance and refit services business respectively as well as the Group's investment in the Redfern Project – an option over land in Redfern, Sydney.

The Group's loss associated with its investment in Orams during the period was \$1,078 (2021: \$418 profit).

The Group's share of loss from Orams and Residential during the period was \$208 (2021: \$935 profit) and its interest earned on the associated loan to Orams was \$162 (2021: \$102). Other financing and administration costs associated at the interposed Orams NZ Unit Trust level were \$1,032 (2021: \$619). The steep rise in New Zealand dollar interest rates over the past six months has resulted in financing costs slightly outpacing the success of Orams' operations at the 'before interest' level, resulting in a small bottom-line loss being recorded for each entity at period end.

Orams has now substantially completed its new state of the art marine facility in downtown Auckland. The two new refit and maintenance buildings now in use can accommodate superyachts up to 820-tonnes. These together with the 85-tonne building completed last year, have significantly expanded Orams Marine's ability to work on multiple vessels in a controlled environment and produce world leading results. Along with the new buildings, 13,000 square meters of fully serviced hardstand and three 90 metre marina pontoons, Orams has the most comprehensive refit and boat maintenance infrastructure facilities in the Southern Hemisphere, cementing Orams' position as the super yacht hub of the South Pacific.

Further stages of the development will feature commercial buildings and a residential component.

A highlight of the last six months has been the significant level of bookings and enquiry from a wide range of superyachts, domestic vessels, and commercial craft, far exceeding expectations following the lifting of New Zealand's border restrictions in August 2022. The 820-tonne travel lift has hauled out more than double the number of vessels that were budgeted, contributing to an operating performance 30% above budget for the period. Orams Marine is continuing to build its staff numbers across all aspects of the business to be well-placed to service its large order book for the 2023 - 2025 period.

The Group's loss associated with its investment in the Redfern Project during the period was \$958.

During the period the Group, through its wholly owned subsidiary Ariadne Freehold Pty Ltd, entered into agreements to exit its investment in the Kippax Property Trust and restructure its investment in the Redfern Trust from debt to equity (the "Redfern Project").

The Group is exploring potential pathways for a re-zoning of the Redfern Project.

TAXATION

Ariadne has significant carried forward revenue and capital losses available to offset future taxable profits. At 31 December 2022, these were estimated to be \$77,769 (30 June 2022: \$89,602) and \$72,072 (30 June 2022: \$72,377) respectively.

DIVIDENDS AND CAPITAL MANAGEMENT

In light of the ongoing volatility in market conditions, the Board has determined to preserve cash reserves during this uncertain period. As a result, no interim dividend for FY23 will be paid. The FY22 final dividend of \$1,472 (0.75 cents per share) declared in August 2022 was paid on 29 September 2022.

During the period Ariadne bought back and cancelled 48,703 shares at a cost of \$29. On 21 February 2023, 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 2022 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' Report

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 4.

Signed in accordance with a resolution of the directors.



Dr Gary Weiss, AM
Executive Director
Sydney, 28 February 2023

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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 audit of Ariadne Australia Limited for the half-year ended 31 December 2022, I declare that, to the best of my knowledge and belief, there have been:

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



Grant Thornton Audit Pty Ltd
Chartered Accountants



M R Leivesley
Partner – Audit & Assurance

Sydney, 28 February 2023

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Statement of Profit or Loss and Other Comprehensive Income

FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

		GROUP	
	Notes	2022 \$'000	2021 \$'000
CONTINUING OPERATIONS			
Operating income	4(i)	12,916	1,041
Other net gains	4(ii)	3,364	2,767
Share of joint ventures' and associates' profits		514	1,741
Employee, non-cash and other expenses	4(iii)	(2,416)	(2,317)
Impairment provision		(1,921)	(48)
Finance costs		(1,154)	(648)
PROFIT BEFORE INCOME TAX		11,303	2,536
Income tax expense	5	—	—
PROFIT AFTER TAX FROM CONTINUING OPERATIONS		11,303	2,536
<i>Attributable to:</i>			
Non-controlling interests		(212)	105
MEMBERS OF ARIADNE		11,515	2,431
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		(12,550)	31,458
<i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange difference on translation of foreign operations		2,981	1,155
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX		(9,569)	32,613
<i>Attributable to:</i>			
Non-controlling interests		619	312
MEMBERS OF ARIADNE		(10,188)	32,301
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		1,734	35,149
<i>Attributable to:</i>			
Non-controlling interests		407	417
MEMBERS OF ARIADNE		1,327	34,732
Earnings per share			
Basic earnings per share (cents)		5.87	1.24
Diluted earnings per share (cents)		5.82	1.24
Total Comprehensive Income Earnings per share			
Basic earnings per share (cents)		0.68	17.70
Diluted earnings per share (cents)		0.67	17.64

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

Balance Sheet

	Notes	GROUP	
		AS AT 31 December 2022 \$'000	AS AT 30 June 2022 \$'000
ASSETS			
Current Assets			
Cash and cash equivalents		45,617	22,880
Receivables		1,705	1,572
Financial assets	6,8	3,825	6,428
Other current assets		716	67
Total Current Assets		51,863	30,947
Non-Current Assets			
Receivables		9,752	10,343
Financial assets	7,8	75,388	97,668
Investments in joint ventures and associates	10	90,060	87,480
Right of use assets		1,470	1,871
Property, plant and equipment		—	9
Total Non-Current Assets		176,670	197,371
TOTAL ASSETS		228,533	228,318
LIABILITIES			
Current Liabilities			
Trade and other payables		388	227
Lease liabilities		391	401
Loans and borrowings		24,518	13,603
Provisions		951	919
Total Current Liabilities		26,248	15,150
Non-Current Liabilities			
Lease liabilities		1,194	1,470
Loans and borrowings		—	10,823
Financial liabilities	8,12	14,690	14,613
Provisions		20	16
Total Non-Current Liabilities		15,904	26,922
TOTAL LIABILITIES		42,152	42,072
NET ASSETS		186,381	186,246
EQUITY			
Issued capital	11	378,127	378,156
Reserves		205,178	216,860
Accumulated losses		(412,518)	(424,100)
EQUITY ATTRIBUTABLE TO MEMBERS OF ARIADNE AUSTRALIA LIMITED		170,787	170,916
Non-controlling interests		15,594	15,330
TOTAL EQUITY		186,381	186,246

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

Statement of Changes in Equity

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

	Issued capital \$'000	Reserves \$'000	Accumulated losses \$'000	ARIADNE \$'000	Non-controlling interest \$'000	GROUP \$'000
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

FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

As at 1 July 2022

Profit / (loss) for the period	—	—	11,515	11,515	(212)	11,303
Other comprehensive income	—	(10,188)	—	(10,188)	619	(9,569)
Total comprehensive income for the period	—	(10,188)	11,515	1,327	407	1,734
Cost of shares bought back	(29)	—	—	(29)	—	(29)
Transfer of reserves to accumulated losses	—	(67)	67	—	—	—
Cost of share-based payment	—	45	—	45	—	45
Dividends	—	(1,472)	—	(1,472)	(143)	(1,615)

As at 31 December 2022

As at 1 July 2022	378,156	216,860	(424,100)	170,916	15,330	186,246
Profit / (loss) for the period	—	—	11,515	11,515	(212)	11,303
Other comprehensive income	—	(10,188)	—	(10,188)	619	(9,569)
Total comprehensive income for the period	—	(10,188)	11,515	1,327	407	1,734
Cost of shares bought back	(29)	—	—	(29)	—	(29)
Transfer of reserves to accumulated losses	—	(67)	67	—	—	—
Cost of share-based payment	—	45	—	45	—	45
Dividends	—	(1,472)	—	(1,472)	(143)	(1,615)
As at 31 December 2022	378,127	205,178	(412,518)	170,787	15,594	186,381

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 2022

GROUP

	Notes	2022 \$'000	2021 \$'000
Cash flows from operating activities			
Receipts from other income		30	78
Payments to suppliers and employees		(2,066)	(1,888)
Dividends and trust distributions received		12,092	1,517
Receipts from trading portfolio sales		8,410	—
Payments for trading portfolio purchases		(2,806)	(30)
Interest received		379	4
Interest and borrowing costs paid		(1,018)	(510)
Lease liability interest paid		(19)	(2)
Net cash flows from / (used in) operating activities		15,002	(831)
Cash flows from investing activities			
Proceeds from strategic portfolio sales / return of capital	7	11,038	1,531
Payments for strategic portfolio purchases	7	(558)	(1,801)
Proceeds from loans transferred to other parties		—	3,000
Loans repaid		127	50
Loans advanced		(642)	(1,500)
Net cash flows from investing activities		9,965	1,280
Cash flows from financing activities			
Repayment of lease liabilities		(86)	(152)
Repayment of borrowings		(500)	(3,000)
Proceeds from borrowings		—	1,500
Payments under share buy-back		(29)	(62)
Dividends paid to members of the parent entity		(1,472)	(981)
Dividends paid to non-controlling interests		(143)	(358)
Net cash flows used in financing activities		(2,230)	(3,053)
Cash and cash equivalents at beginning of period		22,880	28,629
Net increase / (decrease) in cash and cash equivalents		22,737	(2,604)
Effect of exchange rate changes on cash and cash equivalents		—	—
Cash and cash equivalents at end of period		45,617	26,025

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 2022

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 2022 was authorised for issue in accordance with a resolution of the directors on 28 February 2023.

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 2022. 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 2022

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 2022 and 31 December 2021, and total asset information as at 31 December 2022 and 30 June 2022.

FOR THE HALF-YEAR ENDED 31 DECEMBER	INVESTMENTS		PROPERTY		UNALLOCATED [^]		GROUP	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Segment Income and Results								
External	11,792	583	158	26	66	78	12,016	687
Interest	716	252	175	102	8	—	899	354
Other gains / (losses)	3,751	2,947	(387)	(180)	—	—	3,364	2,767
Share of joint ventures' and associates' profits / (losses)	722	617	(208)	1,124	—	—	514	1,741
Total segment Income *	16,981	4,399	(262)	1,072	74	78	16,793	5,549
Profit / (loss) after income tax	15,353	4,039	(2,036)	471	(2,014)	(1,973)	11,303	2,536
AS AT	31 Dec 2022 \$'000	30 June 2022 \$'000	31 Dec 2022 \$'000	30 June 2022 \$'000	31 Dec 2022 \$'000	30 June 2022 \$'000	31 Dec 2022 \$'000	30 June 2022 \$'000
Total Segment Assets	118,404	141,985	84,307	81,464	25,822	4,869	228,533	228,318

[^] 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 and other gains / losses recorded through profit and loss.

Notes to the Financial Statements

FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

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:

	Note	GROUP	
		2022 \$'000	2021 \$'000
(i) Operating income			
Interest income		899	354
Dividend income		11,792	583
Other income		225	104
		12,916	1,041
(ii) Other gains / (losses)			
Net gain on the trading portfolio		3,001	1,453
Net gain on the strategic portfolio revalued through profit or loss		750	1,460
Net loss foreign currency		(310)	(93)
Net increase in contingent consideration	12	(77)	(53)
		3,364	2,767
(iii) Employee, non-cash and other expenses			
Administration expenses		687	577
Employee benefits expense		1,306	1,481
Depreciation and amortisation		210	259
Other expenses		213	—
		2,416	2,317

5. TAXATION

Ariadne has significant carried forward revenue and capital losses available to offset future taxable profits. At 31 December 2022 these are estimated to be \$77,769 (30 June 2022: \$89,602) and \$72,072 (30 June 2022: \$72,377) respectively.

6. FINANCIAL ASSETS (CURRENT)

Investments in the trading portfolio were valued at \$3,825 (30 June 2022: \$6,428) at period end and are remeasured to fair value based on the appropriate level inputs at the end of the reporting period as outlined in Note 8.

7. FINANCIAL ASSETS (NON-CURRENT)

	Notes	GROUP	
		AS AT 31 December 2022 \$'000	AS AT 30 June 2022 \$'000
Financial Assets (Non-Current)			
Cost		72,684	83,417
Accumulated fair value adjustments		2,704	14,251
Net carrying amount of Financial Assets (Non-Current)		75,388	97,668
<i>Reconciliations for listed strategic investments</i>			
Opening balance		61,046	49,341
Additions		—	1,000
Fair value adjustments through other comprehensive income	(i)	(12,922)	13,818
Return of Capital		(10,445)	—
Disposals		(62)	(3,113)
Net carrying amount of listed strategic investments	8	37,617	61,046

Notes to the Financial Statements

FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

7. FINANCIAL ASSETS (NON-CURRENT) (Continued)

Reconciliations for unlisted strategic investments			
Opening balance		36,622	16,414
Additions		558	1,869
Fair value adjustments through profit or loss	(i)	750	2,517
Fair value adjustments through other comprehensive income	(i)	372	17,340
Disposals		(531)	(1,518)
Net carrying amount of unlisted strategic investments	8	37,771	36,622

(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 8.

8. 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 tables show the levels within the hierarchy of financial assets and liabilities measured at fair value as at 31 December 2022.

Financial Assets	Note	Level 1	Level 2	Level 3	Total
31 December 2022					
Listed trading investments	6	3,825	-	-	3,825
Listed strategic investments	7	37,617	-	-	37,617
Unlisted strategic investments	7	-	37,771	-	37,771
Total Financial Assets		41,442	37,771	-	79,213

30 June 2022

Listed trading investments	6	6,428	—	—	6,428
Listed strategic investments	7	61,046	—	—	61,046
Unlisted strategic investments	7	—	36,622	—	36,622
Total Financial Assets		67,474	36,622	—	104,096

The Group has two separate and distinct investment portfolios and designates its investments as either trading or strategic. Investments within these 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
31 December 2022					
Contingent Consideration	12	-	14,690	-	14,690
Total Financial Liabilities		-	14,690	-	14,690
30 June 2022					
Contingent Consideration	12	—	14,613	—	14,613
Total Financial Liabilities		—	14,613	—	14,613

Contingent Consideration, as described in Note 12, has been remeasured to fair value using a Level 2 input, share of net assets.

Notes to the Financial Statements

FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

9. CONTROLLED ENTITIES

During the period the Group, through its wholly owned subsidiary Ariadne Freehold Pty Ltd (“Freehold”), entered into agreements to exit its investment in the Kippax Property Trust, restructure its investment in the Redfern Trust from debt to equity and establish a unitholders agreement for the Redfern Trust (“Redfern Transaction”). As a result, the Group gained control of the following entities (the “Redfern Entities”).

Name	Principal activity	Place of incorporation	Percentage of equity held by Ariadne	
			31 Dec 2022	30 June 2022
Redfern Property SPVI Pty Ltd	Corporate Trustee	NSW	100	—
Redfern Trust *	Holding Trust	NSW	48	—
ATP Tower Pty Ltd ^	Corporate Trustee	NSW	100	—
ATP Tower Unit Trust ^	Property investment	NSW	100	—

* Although the Group owns 48% of the equity and voting interest in the Redfern Trust the Unitholders Agreement provides for Freehold to direct the relevant activities of the Redfern Trust and its controlled entities, Freehold is therefore deemed to control the Redfern Entities.

^ Controlled entities of the Redfern Trust.

10. 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 2022	30 June 2022
Orams Group Limited *	Marina management	NZ	76%	76%
Orams Residential Limited *	Residential development	NZ	76%	76%
Kippax Property Unit Trust ^	Property investment	AUS	—	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.

^ As part of the ‘Redfern Transaction’ the Group divested its interest in the Kippax Property Unit Trust, see Note 9.

11. ISSUED CAPITAL

During the period Ariadne bought back and cancelled 48,703 shares at a cost of \$29 reducing issued capital to \$378,127 (30 June 2022 \$378,156). On 21 February 2023, 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 196,193,657 shares on issue at balance date (30 June 2022: 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 the Orams NZ Unit Trust (“ONZUT”) from an existing unitholder during on 14 July 2020, increasing the Group’s interest in ONZUT to 80%. The Contingent Consideration for the acquisition was estimated to be \$14,690 (30 June 2022 \$14,613) at balance date, an increase of \$77 during the period. 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.

Notes to the Financial Statements

FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

13. OTHER EVENTS AFTER THE BALANCE SHEET DATE

Subsequent to balance date, and as mentioned in Note 11, on 21 February 2023, 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 2022 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.

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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 2022 are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the financial position as at 31 December 2022 and of its performance for the half-year ended on that date;
 - (ii) complying with Australian Accounting Standard AASBI34 *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



Dr Gary Weiss, AM
Executive Director
Sydney, 28 February 2023

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Independent Auditor's Review Report

To the Members of Ariadne Australia Limited

Grant Thornton Audit Pty Ltd
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Report on 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 2022, 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's financial position as at 31 December 2022 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.

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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 2022 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, 28 February 2023