

ARIADNE

Ariadne Australia Limited

A.B.N. 50 010 474 067

Appendix 4D Financial Report

Half year report for the period ended 31 December 2017

(the previous corresponding period being the period ended 31 December 2016)

Results for announcement to the market				31 December 2017	31 December 2016
Revenues from ordinary activities *	\$'000	Down	15.2%	12,348	14,570
Net profit for the period attributable to members	\$'000	Down	31.9%	4,317	6,338
Total comprehensive income for the period attributable to members	\$'000	Down	61.3%	5,706	14,751

				31 December 2017	30 June 2017
Net tangible assets per security	cents	Up	0.5%	86.98	86.58

Dividends (distributions)	Amount per security (cents)	Amount per security of conduit foreign income (cents)	Franked amount per security (cents)	Tax rate for franking credit
FY18 Interim dividend	1.0	0.1	0.0	N/A
FY17 Final dividend	1.0	0.6	0.0	N/A
FY17 Special dividend	1.5	0.0	0.0	N/A

The Directors have declared an unfranked interim dividend of 1.0 cent per ordinary share in relation to the 30 June 2018 financial year, of which 10% is sourced from the Conduit Foreign Income Account. The record date applicable to the dividend will be Thursday, 8 March 2018 with payment to be made on Thursday, 29 March 2018.

The combined final and special dividend of 2.5 cents per ordinary share in relation to the 30 June 2017 financial year had a record date of Friday, 8 September 2017 and was paid on Friday, 29 September 2017.

It is recommended that the consolidated results for Ariadne Australia Limited ("Ariadne") and its controlled entities ("the Group") be read in conjunction with the 2017 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 of joint ventures, associates and discontinued operations.



ARIADNE

Ariadne Australia Limited
Half-Year Report
31 December 2017

Directors' Report

The Directors submit their report for the six months ended 31 December 2017. 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. Directors were in office for this entire period.

Mr David Baffsky, AO (Independent Non-Executive Chairman)
 Mr Kevin Seymour, AM (Independent Non-Executive Deputy Chairman)
 Mr Maurice Loomes (Independent Non-Executive Director)
 Mr John Murphy (Independent Non-Executive Director)
 Dr Gary Weiss (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 \$4,726 (2016: \$7,013) and the consolidated net profit after tax attributable to members for the half-year was \$4,317 (2016: \$6,338). A positive contribution (net of deferred tax) of \$1,389 (2016: \$8,413) was reported through other comprehensive income, increasing the total comprehensive income attributable to members to \$5,706 (2016: \$14,751). Net tangible assets were 86.98 cents per share (30 June 2017: 86.58 cents). Earnings per share were 2.15 cents (2016: 3.15 cents). Total comprehensive earnings per share were 2.84 cents (2016: 7.34 cents).

Cash Management

Cash and cash equivalents as at 31 December 2017 were \$31,709 (30 June 2017: \$49,346).

The reduced net operating cash flow during the period of \$41 (2016: \$8,079) is predominantly due to lower distributions received from associates following the sale of the Group's 50% interest in Secure Parking ("Secure") in January 2017. Ariadne invested a net \$10,529 (2016: \$3,288) during the period further increasing its strategic portfolio and investment in associates. Ariadne also used \$7,149 (2016: \$3,416) during the period to predominantly return capital to shareholders by way of dividends and share buy-backs.

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 \$3,447 (2016: \$4,788).

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

The trading portfolio recorded a net gain of \$724 (2016: \$729) and the strategic portfolio revalued through profit or loss recorded a net gain of \$101 (2016: \$1,263) during the reporting period due to mark-to-market revaluations.

The strategic portfolio revalued through other comprehensive income recorded a net gain (net of deferred tax) of \$2,199 (2016: \$8,146) during the reporting period due to mark-to-market revaluations. During the period the Group added to its strategic portfolio by acquiring further interests in Ardent Leisure Group ("Ardent") \$7,135 and ClearView Wealth Limited \$771. The Group also increased its investment in Hillgrove Resources Limited ("Hillgrove") via the exercise of options and conversion of loan notes. This increase in the Group's relevant interest during the period led to Hillgrove becoming an associate of Ariadne on 18 September 2017, which resulted in a change in accounting treatment for the Group's investment as outlined in Note 7.

Ariadne's investment in Foundation Life NZ Ltd has been rewarding, returning NZ\$97 during the half-year comprised of loan note interest.

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 division recorded a net profit from continuing operations for the half-year of \$525 (2016: \$1,869).

The division's result is derived from the trading activities of the Group's two leased car parks which contributed a net profit of \$525 (2016: \$614). The FY17 result also included the Group's share of profits from Secure Parking before its sale in January 2017.

On 11 January 2017, the Directors announced that Ariadne had completed the disposal of its 50% interest in Secure Parking. The Group's share of the profit from Secure Parking, until its divestment, of \$1,255 is reflected in the comparative statement of comprehensive income as profit from discontinued operations.

Property

The Group's property division recorded a net profit for the half-year of \$1,991 (2016: \$466).

The division's result is derived from the Group's 50% interest in Orams Marine Village ("Orams") located in Auckland, New Zealand and from the Group's acquisition in FY17 of its 50% interest in 40 Tank Street ("Tank Street") located in Brisbane, Queensland.

The Group's share of the profit from Orams for the period was \$1,358 (2016: \$271), which includes \$1,036 representing the Group's share of the marina's revaluation, and the interest earned on the associated loan to Orams was \$207 (2016: \$215). The Board remains confident that the Group's investment in Orams is well placed to capitalise on the future development of the Wynyard Quarter area and the growth impetus of the New Zealand marine industry, which enjoys an international reputation for product quality, skill base and competitiveness.

The Group's share of profits during the reporting period from its investment in Tank Street was \$454 (2016: Nil).

TAXATION

Ariadne has significant carried forward revenue and capital losses available to offset future taxable profits. At 31 December 2017, these are estimated to be \$75,101 (30 June 2017: \$76,986) and \$90,293 (30 June 2017: \$91,221) respectively.

DIVIDENDS AND CAPITAL MANAGEMENT

The Directors declared an unfranked final dividend in relation to the 2017 financial year of \$2,014, which represented 1.0 cent per ordinary share. The Directors also declared an unfranked special dividend in relation to the 2017 financial year of \$3,020, which represented 1.5 cent per ordinary share. Both dividends were paid on 29 September 2017.

An unfranked interim dividend of \$1,997, which represents 1.0 cent per share, has been declared in relation to the 30 June 2018 financial year; no liability is recognised in the 31 December 2017 financial statements as this dividend was declared after the balance sheet date.

On 24 January 2018, 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. During the period Ariadne repurchased and cancelled 1,708,697 shares at a cost of \$1,286.

SIGNIFICANT EVENTS AFTER BALANCE DATE

Apart from the dividend declared and extension of the on-market buy-back facility discussed above, no other matter or circumstance has arisen since 31 December 2017 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 4.

Directors' Report

Signed in accordance with a resolution of the directors.

A handwritten signature in black ink, appearing to read 'David Baffsky', with a stylized flourish at the end.

David Baffsky, AO
Director
22 February 2018

The Board of Directors
Ariadne Australia Limited
Level 27
Chifley Tower
2 Chifley Square
Sydney NSW 2000

22 February 2018

Dear Board Members

Ariadne Australia Limited

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Ariadne Australia Limited.

As lead audit partner for the review of the financial statements of Ariadne Australia Limited for the half year ended 31 December 2017, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours sincerely



DELOITTE TOUCHE TOHMATSU



Taralyn Elliott
Partner
Chartered Accountants

Statement of Comprehensive Income

FOR THE HALF-YEAR ENDED 31 DECEMBER

		GROUP	
	Notes	2017 \$'000	2016 \$'000
CONTINUING OPERATIONS			
Operating revenue	3(i)	7,926	9,381
Other gains	3(ii)	846	1,992
Share of profits of joint ventures and associates		3,576	1,942
Operating costs	3(iii)	(5,396)	(5,454)
Employee, non-cash and other expenses	3(iv)	(2,953)	(2,164)
Finance costs		(215)	(125)
PROFIT BEFORE INCOME TAX		3,784	5,572
Income tax benefit		942	186
PROFIT FROM CONTINUING OPERATIONS		4,726	5,758
PROFIT FROM DISCONTINUED OPERATIONS	6	—	1,255
PROFIT AFTER INCOME TAX FOR THE PERIOD		4,726	7,013
<i>Attributable to:</i>			
Non-controlling interests		409	675
MEMBERS OF ARIADNE		4,317	6,338
OTHER COMPREHENSIVE INCOME			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Net fair value movements on other financial assets		2,199	8,146
<i>Items that may be reclassified subsequently to profit or loss</i>			
Net fair movements on cash flow hedge		(358)	55
Exchange difference on translation of foreign operations		(505)	341
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX		1,336	8,542
<i>Attributable to:</i>			
Non-controlling interests		(53)	129
MEMBERS OF ARIADNE		1,389	8,413
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		6,062	15,555
<i>Attributable to:</i>			
Non-controlling interests		356	804
MEMBERS OF ARIADNE		5,706	14,751
Earnings per share			
<i>From continuing and discontinued operations</i>			
Basic earnings per share (cents)		2.15	3.15
Diluted earnings per share (cents)		2.14	3.14
<i>From continuing operations</i>			
Basic earnings per share (cents)		2.15	2.53
Diluted earnings per share (cents)		2.14	2.52

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

Balance Sheet

		GROUP	
	Notes	AS AT 31 December 2017 \$'000	AS AT 30 June 2017 \$'000
ASSETS			
Current Assets			
Cash and cash equivalents		31,709	49,346
Trade and other receivables		1,572	843
Other current assets		5,210	7,334
Total Current Assets		38,491	57,523
Non-Current Assets			
Receivables		14,524	13,416
Other financial assets		90,674	86,333
Investments in joint ventures and associates	7	42,830	28,327
Property, plant and equipment		934	1,056
Deferred tax asset		3,000	3,000
Total Non-Current Assets		151,962	132,132
TOTAL ASSETS		190,453	189,655
LIABILITIES			
Current Liabilities			
Trade and other payables		3,263	1,473
Interest-bearing loans and borrowings		7,023	6,643
Provisions		419	331
Total Current Liabilities		10,705	8,447
Non-Current Liabilities			
Interest-bearing loans and borrowings		523	1,095
Provisions		194	145
Total Non-Current Liabilities		717	1,240
TOTAL LIABILITIES		11,422	9,687
NET ASSETS		179,031	179,968
EQUITY			
Issued capital	8	380,476	381,697
Reserves		160,322	161,656
Accumulated losses		(367,120)	(369,129)
EQUITY ATTRIBUTABLE TO MEMBERS OF ARIADNE		173,678	174,224
Non-controlling interests		5,353	5,744
TOTAL EQUITY		179,031	179,968

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

Statement of Changes in Equity

FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

Balance as at 1 July 2016

Profit for the period
Other comprehensive income
Total comprehensive income for the period
Cost of share-based payment
Equity dividends

Balance as at 31 December 2016

Issued capital \$'000	Reserves \$'000	Accumulated losses \$'000	ARIADNE \$'000	Non- controlling interest \$'000	GROUP \$'000
381,631	35,325	(330,314)	86,642	5,879	92,521
—	—	6,338	6,338	675	7,013
—	8,413	—	8,413	129	8,542
—	8,413	6,338	14,751	804	15,555
—	15	—	15	—	15
—	(2,011)	—	(2,011)	(996)	(3,007)
381,631	41,742	(323,976)	99,397	5,687	105,084

FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

Balance as at 1 July 2017

Profit for the period
Other comprehensive income
Total comprehensive income for the period
Transfers of reserves to accumulated losses
Cost of shares bought back
Issue of shares under employee share scheme
Cost of share-based payment
Equity dividends

Balance as at 31 December 2017

381,697	161,656	(369,129)	174,224	5,744	179,968
—	—	4,317	4,317	409	4,726
—	1,389	—	1,389	(53)	1,336
—	1,389	4,317	5,706	356	6,062
—	2,308	(2,308)	—	—	—
(1,286)	—	—	(1,286)	—	(1,286)
65	(13)	—	52	—	52
—	16	—	16	—	16
—	(5,034)	—	(5,034)	(747)	(5,781)
380,476	160,322	(367,120)	173,678	5,353	179,031

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

GROUP

	Notes	2017 \$'000	2016 \$'000
Cash flows from operating activities			
Receipts from rental income		6,484	6,633
Receipts from other trading income		60	769
Payments to suppliers and employees		(9,242)	(8,314)
Dividends and trust distributions received		2,905	8,866
Receipts from trading portfolio sales		—	206
Payments for trading portfolio purchases		(485)	(575)
Interest received		537	584
Interest and borrowing costs paid		(218)	(90)
Net cash flows from operating activities		41	8,079
Cash flows from investing activities			
Payments for plant and equipment		(2)	(1,186)
Investments in joint ventures and associates		(1,525)	—
Proceeds from strategic portfolio sales		928	—
Payments for strategic portfolio purchases		(8,695)	(2,128)
Proceeds from loans repaid by other parties		—	26
Loans advanced to other parties		(1,235)	—
Net cash flows used in investing activities		(10,529)	(3,288)
Cash flows from financing activities			
Repayments of borrowings		(134)	(409)
Proceeds from exercised employee share options		52	—
Payments under share buy-back		(1,286)	—
Dividends paid to members of the parent entity		(5,034)	(2,011)
Dividends paid to non-controlling interests		(747)	(996)
Net cash flows used in financing activities		(7,149)	(3,416)
Net (decrease) / increase in cash and cash equivalents		(17,637)	1,375
Cash and cash equivalents at beginning of period		49,346	15,393
Cash and cash equivalents at end of period		31,709	16,768

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 2017

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 2017 was authorised for issue in accordance with a resolution of the directors on 22 February 2018.

Ariadne is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange (“ASX”). 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.

(a) 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 the new 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 2016-2 ‘Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107’

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 has no impact on the amounts recognised in the half-year financial report.

(b) Significant Accounting Policies

The half-year financial report has been prepared using the same accounting policies and methods of computation as used in the annual financial statements for the year ended 30 June 2017. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

Notes to the Financial Statements

FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

3. REVENUE AND EXPENSES

	Notes	GROUP	
		2017 \$'000	2016 \$'000
Profit before income tax expense includes the following revenues and expenses, the disclosure of which is relevant in explaining the performance of the Group:			
(i) Operating revenue			
Rental income		5,895	6,030
Interest income		884	640
Dividend income		1,084	789
Lease surrender fee		—	1,500
Other income		63	422
		7,926	9,381
(ii) Other gains			
Net gain on the trading portfolio		724	729
Net gain on the strategic portfolio revalued through profit or loss		101	1,263
Net gain of receivables		21	—
		846	1,992
(iii) Operating costs			
Rental expenses		5,396	5,454
		5,396	5,454
(iv) Employee, non-cash and other expenses			
Administration expenses		1,220	959
Employee benefits expense		1,609	1,167
Depreciation and amortisation		124	38
		2,953	2,164

Notes to the Financial Statements

FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

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.

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 2017 and 31 December 2016, and total asset information as at 31 December 2017 and 30 June 2017.

FOR THE HALF-YEAR ENDED 31 DECEMBER	INVESTMENTS		CAR PARKING		PROPERTY		UNALLOCATED^		GROUP	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Segment Revenue and Results										
External	1,084	1,101	5,918	6,053	—	—	40	1,587	7,042	8,741
Interest	677	425	—	—	207	215	—	—	884	640
Other gains	846	1,992	—	—	—	—	—	—	846	1,992
Share of net profit of joint ventures and associates	1,764	1,671	—	—	1,812	271	—	—	3,576	1,942
Total Segment Revenue *	4,371	5,189	5,918	6,053	2,019	486	40	1,587	12,348	13,315
Profit / (loss) before income tax	3,447	4,788	525	614	1,991	466	(2,179)	(296)	3,784	5,572
Income tax benefit									942	186
Profit from continuing operations									4,726	5,758
Profit from discontinued operations (Note 6)									—	1,255
Profit after income tax for the period									4,726	7,013
AS AT	31 Dec 2017 \$'000	30 June 2017 \$'000	31 Dec 2017 \$'000	30 June 2017 \$'000	31 Dec 2017 \$'000	30 June 2017 \$'000	31 Dec 2017 \$'000	30 June 2017 \$'000	31 Dec 2017 \$'000	30 June 2017 \$'000
Total segment assets	151,651	159,245	83	81	28,203	25,080	10,516	5,249	190,453	189,655

^ Unallocated segment includes corporate revenues and costs, a deferred tax asset and other corporate assets.

* Total revenues include the Group's share of joint ventures' and associates' profits as shown on the Statement of Comprehensive Income.

Notes to the Financial Statements

FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

5. CONTROLLED ENTITIES

No controlled entities were deregistered during the period.

6. DISCONTINUED OPERATIONS

On 11 January 2017, the Directors announced that Ariadne had completed the disposal of its 50% interest in Secure. The Group's share of the profit from Secure Parking, until its divestment, of \$1,255 is reflected in the comparative statement of comprehensive income as profit from discontinued operations.

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 2017	30 June 2017
Lake Gold Pty Ltd	Mineral exploration	AUS	50%	50%
Orams NZ Unit Trust	Marina management	AUS	50%	50%
Seyaal Unit Trust	Property investment	AUS	50%	50%
Hillgrove Resources Limited	Copper mining	AUS	26%	19%
AgriCoat NatureSeal Ltd	Food life extension technology	UK	17%	17%
NatureSeal Inc	Food life extension technology	US	17%	17%

Hillgrove Resources Limited

During the period, the Group increased its investment in Hillgrove Resources Limited ("Hillgrove") via the exercise of options and conversion of loan notes. The increase in relevant interest during the period led to Hillgrove becoming an associate of Ariadne on 18 September 2017, which resulted in a change in accounting treatment for the Group's investment on this date. The results of associates and joint ventures are incorporated in the Group's financial statements using the equity method of accounting. Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. The Group had previously accounted for its investment in Hillgrove as a financial asset fair valued through other comprehensive income net of tax.

Post 30 June 2017, the following transactions occurred in respect of Hillgrove securities:

- During the period 1 July to 21 September 2017, the Group exercised options over ordinary shares increasing its relevant interest in Hillgrove to 22% as allowable under s611 of the *Corporations Act (Cth) 2001*.
- During the period 21 September to 15 December 2017, the Group converted loan notes to ordinary shares increasing its relevant interest in Hillgrove to 26%. The conversion of Ariadne's interest in loan notes was approved by Hillgrove shareholders at a meeting held 8 December 2017.

Mr Maurice Loomes, a Non-Executive Director of Ariadne, continues as a Director of Hillgrove having been appointed to the Hillgrove board on 25 November 2013.

8. ISSUED CAPITAL

On 24 January 2018, 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. During the period Ariadne bought back and cancelled 1,708,697 shares at a cost of \$1,286. During the period 150,000 (2016: Nil) employee share options, originally issued at a cost of \$13, were exercised for \$52 (2016: Nil) and the corresponding amount of ordinary shares issued.

9. TAXATION

Ariadne has significant carried forward revenue and capital losses available to offset future taxable profits. At 31 December 2017 these are estimated to be \$75,101 (30 June 2017: \$76,986) and \$90,293 (30 June 2017: \$91,221) respectively.

Notes to the Financial Statements

FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

10. 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 are directly supported by assets in the entities on the behalf of which these guarantees and indemnities have been provided.

11. OTHER EVENTS AFTER THE BALANCE SHEET DATE

An unfranked interim dividend of \$1,997, which represents 1.0 cent per share has been declared in relation to the 30 June 2018 financial year; no liability is recognised in the 31 December 2017 financial statements as this dividend was declared after the balance sheet date.

Apart from the dividend declared and reinstatement of the on-market buy back facility discussed above, no other matter or circumstance has arisen since 31 December 2017 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 2017 are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the financial position as at 31 December 2017 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

A handwritten signature in black ink, appearing to read 'David Baffsky', with a stylized flourish at the end.

David Baffsky, AO
Director
22 February 2018

Independent Auditor's Review Report to the members of Ariadne Australia Limited

We have reviewed the accompanying half-year financial report of Ariadne Australia Limited, which comprises the balance sheet as at 31 December 2017, the statement of comprehensive income, the statement of cash flows and the statement of changes in equity for the half-year ended on that date, selected explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the end of the half-year or from time to time during the half-year as set out on pages 5 to 14.

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 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 consolidated entity's financial position as at 31 December 2017 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*. As the auditor of Ariadne Australia Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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.

Auditor's Independence Declaration

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Conclusion

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

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2017 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*.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

T Elliott

Taralyn Elliott
Partner
Chartered Accountants
Sydney, 22 February 2018