

# ARIADNE

## Ariadne Australia Limited

A.B.N. 50 010 474 067

### Appendix 4D Financial Report

#### Half year report for the period ended 31 December 2018

(the previous corresponding period being the period ended 31 December 2017)

Results for announcement to the market				31 December 2018	31 December 2017
Revenues from ordinary activities *	\$'000	Down	37.8%	7,676	12,348
Net profit / (loss) for the period attributable to members	\$'000	Down	209.5%	(4,726)	4,317
Total comprehensive income / (loss) for the period attributable to members	\$'000	Down	354.5%	(14,525)	5,706

  

				31 December 2018	30 June 2018
Net tangible assets per security	cents	Down	9.2%	80.14	88.25

  

Dividends (distributions)	Amount per security (cents)	Amount per security of conduit foreign income (cents)	Franked amount per security (cents)	Tax rate for franking credit
FY19 Interim dividend	0.7	-	0.7	27.5%
FY18 Final dividend	1.0	0.3	0.6	27.5%

The Directors have declared a fully franked interim dividend of 0.7 cent per ordinary share in relation to the 30 June 2019 financial year. The record date applicable to the dividend will be Thursday, 7 March 2019 with payment to be made on Thursday, 28 March 2019.

The final dividend of 1.0 cent per ordinary share in relation to the 30 June 2018 financial year had a record date of Friday, 7 September 2018 and was paid on Friday, 28 September 2018.

It is recommended that the consolidated results for Ariadne Australia Limited ("Ariadne") and its controlled entities ("the Group") be read in conjunction with the 2018 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 other gains / losses recorded through profit and loss.



---

# ARIADNE

---

**Ariadne Australia Limited**  
**Half-Year Report**  
**31 December 2018**

# Directors' Report

The Directors submit their report for the six months ended 31 December 2018. 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 (Non-Executive Deputy Chairman)  
 Mr Christopher Barter (Independent Non-Executive Director)  
 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 loss after tax, attributable to the Group for the half-year was \$4,242 (2017: \$4,726 profit) and the consolidated net loss after tax attributable to members for the half-year was \$4,726 (2017: \$4,317 profit). A further loss (net of deferred tax) of \$9,799 (2017: \$1,389 profit) was reported through other comprehensive income, increasing the total comprehensive loss attributable to members to \$14,525 (2017: \$5,706 profit). Net tangible assets were 80.14 cents per share (30 June 2018: 88.25 cents). Earnings per share were -2.38 cents (2017: 2.15 cents). Total comprehensive earnings per share were -7.31 cents (2017: 2.84 cents).

### Cash Management

Cash and cash equivalents as at 31 December 2018 were \$41,064 (30 June 2018: \$23,025).

The increased net operating cash flow during the period of \$14,918 (2017: \$41) is predominantly due to distributions received from associates following the sale of 40 Tank Street ("the Tank Street Property" or "the Property") which settled on 20 August 2018. The Group received \$7,846 (2017: \$10,529 invested) net cash flows from investing activities during the period, predominantly relating to the return of capital also related to the sale of the Tank Street Property. Ariadne returned \$4,725 (2017: \$7,149) during the period 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 \$2,054 (2017: \$3,447).

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 loss of \$2,934 (2017: \$724 gain) and the strategic portfolio revalued through profit or loss recorded a net loss of \$116 (2017: \$101 gain) during the reporting period due to mark-to-market revaluations.

The strategic portfolio revalued through other comprehensive income recorded a net loss (net of deferred tax) of \$10,581 (2017: \$2,199 net gain) 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 \$1,426 and Hearts and Minds Investment Limited \$1,000.

Ariadne's investment in Foundation Life NZ Ltd has been rewarding, returning NZ\$186 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 \$651 (2017: \$525).

The division's result is derived from the trading activities of the Group's leased car park which contributed a net profit of \$24 (2017: \$525) and a reversal of a provision relating to the Secure Parking transaction in 2017. The result from prior year included the Group's car park lease held at 40 Tank Street, Brisbane, which was surrendered on 1 June 2018.

## Property

The Group's property division recorded a net profit for the half-year of \$890 (2017: \$1,991).

The division's result is derived from the Group's 50% share of profits from the Tank Street joint venture ("Tank Street JV") and 50% share of profit from Orams Marine Village ("Orams") located in Auckland, New Zealand.

The Group's share of profit from the Tank Street JV for the period was \$180 (2017: \$446).

The Tank Street Property was purchased by the Group in joint venture with an entity associated with Ariadne's Deputy Chairman, Mr Seymour. On 19 July 2018, the Directors announced that the Tank Street JV, had entered into an agreement with entities associated with Charter Hall Limited to sell the Property for \$93,000. The Tank Street JV's carrying value of the Property before the agreement was \$60,700. In accordance with accounting standards, the Property was revalued to the contracted sale price and the Group's 50% share of the uplift, net of completion costs, was included in the Group's FY18 financial result. The completion costs included a management fee and shared selling agent's fee of \$1,680 net of GST paid by the Tank Street JV to Ariadne's Deputy Chairman, Mr Seymour on settlement. The completion cost fees were assessed by the Board and were considered to be both fair and reasonable. Settlement of the property occurred on 20 August 2018.

The Group's share of the profit from Orams for the period was \$710 (2017: \$1,545), which includes interest earned on the associated loan to Orams of \$225 (2017: \$207). The prior year result also included \$1,036 representing the Group's share of the uplift in valuation of the marina.

On 5 February 2019 Ariadne announced that, Orams together with Orams Marine Services Ltd, entered into a non-binding development agreement with Auckland city's regeneration agency, Panuku Development Auckland, to develop a new marine refit facility on the property known as Site 18 adjoining Orams ("Development Agreement"). The Development Agreement is firstly conditional on the approval of the respective Boards of the trustee of Orams and Orams Marine Services Pty Ltd by 8 March 2019 and then New Zealand Overseas Investment Office approval which is expected to be late March 2019. The proposed development will feature a marine haul out and refit facility, commercial buildings and a residential component on the northern end. The facility will target marine vessels (including superyachts) up to 600 tonnes. The development will also provide increased maintenance facilities for Auckland's ferries, fishing vessels and commercial vessels. The majority of existing marine businesses within Orams will also be accommodated in the new development. The Board remains confident that the Group's investment in Orams is well placed to capitalise on 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.

## TAXATION

Ariadne has significant carried forward revenue and capital losses available to offset future taxable profits. At 31 December 2018, these are estimated to be \$79,021 (30 June 2018: \$77,625) and \$77,224 (30 June 2018: \$92,818) respectively.

In accordance with the Group's accounting policy for income tax, an assessment has been made as to the recoverability and sufficiency of the net deferred tax asset recorded on the Group's Balance Sheet. Following this assessment it was determined that a reduction of \$1,000 to the net deferred tax asset be recorded.

## DIVIDENDS AND CAPITAL MANAGEMENT

The Directors declared an unfranked final dividend in relation to the 2018 financial year of \$1,997, which represented 1.0 cent per share. The dividend was paid on 28 September 2018.

A fully franked interim dividend of \$1,378, which represents 0.7 cent per share, has been declared in relation to the 30 June 2019 financial year; no liability is recognised in the 31 December 2018 financial statements as this dividend was declared after the balance sheet date.

During the period Ariadne bought back and cancelled 2,776,728 shares at a cost of \$1,918. On 24 January 2019, 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.

# Directors' Report

## SIGNIFICANT EVENTS AFTER BALANCE DATE

Apart from the dividend declared, extension of the on-market buy-back facility and the Development Agreement discussed above, no other matter or circumstance has arisen since 31 December 2018 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.

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  
Chairman  
Sydney  
22 February 2019

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

22 February 2019

Dear Board Members

## Auditor's Independence Declaration to 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 half year financial report of Ariadne Australia Limited for the half year ended 31 December 2018, 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 faithfully

*Deloitte Touche Tohmatsu*

DELOITTE TOUCHE TOHMATSU

*T Elliott*

Taralyn Elliott  
Partner  
Chartered Accountants

# Statement of Comprehensive Income

FOR THE HALF-YEAR ENDED 31 DECEMBER

		GROUP	
	Notes	2018 \$'000	2017 \$'000
<b>CONTINUING OPERATIONS</b>			
Operating revenue	3(i)	7,846	7,926
Other gains / (losses)	3(ii)	(3,036)	846
Share of profits of joint ventures and associates		2,866	3,576
Operating costs	3(iii)	(4,254)	(5,396)
Employee, non-cash and other expenses	3(iv)	(1,679)	(2,953)
Finance costs		(223)	(215)
<b>PROFIT BEFORE INCOME TAX</b>		1,520	3,784
Income tax benefit / (expense)		(5,762)	942
<b>PROFIT / (LOSS) AFTER TAX FROM CONTINUING OPERATIONS</b>		(4,242)	4,726
<i>Attributable to:</i>			
Non-controlling interests		484	409
<b>MEMBERS OF ARIADNE</b>		(4,726)	4,317
<b>OTHER COMPREHENSIVE INCOME</b>			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Net fair value movements on other financial assets		(10,581)	2,199
<i>Items that may be reclassified subsequently to profit or loss</i>			
Net fair movements on cash flow hedge		157	(358)
Exchange difference on translation of foreign operations		860	(505)
<b>OTHER COMPREHENSIVE INCOME / (LOSS) FOR THE PERIOD, NET OF TAX</b>		(9,564)	1,336
<i>Attributable to:</i>			
Non-controlling interests		235	(53)
<b>MEMBERS OF ARIADNE</b>		(9,799)	1,389
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		(13,806)	6,062
<i>Attributable to:</i>			
Non-controlling interests		719	356
<b>MEMBERS OF ARIADNE</b>		(14,525)	5,706
<b>Earnings per share</b>			
<i>From continuing operations</i>			
Basic earnings per share (cents)		(2.38)	2.15
Diluted earnings per share (cents)		(2.37)	2.14
<b>Total Comprehensive Income Earnings per share</b>			
<i>From continuing operations</i>			
Basic earnings per share (cents)		(7.31)	2.84
Diluted earnings per share (cents)		(7.27)	2.83

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

# Balance Sheet

		GROUP	
	Notes	AS AT 31 December 2018 \$'000	AS AT 30 June 2018 \$'000
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents		41,064	23,025
Trade and other receivables		3,453	2,705
Other current assets		4,712	5,428
<b>Total Current Assets</b>		<b>49,229</b>	<b>31,158</b>
<b>Non-Current Assets</b>			
Receivables		14,174	13,320
Other financial assets	5	72,594	83,697
Investments in joint ventures and associates	7	35,213	61,269
Property, plant and equipment		690	815
Deferred tax asset	8	—	1,000
<b>Total Non-Current Assets</b>		<b>122,671</b>	<b>160,101</b>
<b>TOTAL ASSETS</b>		<b>171,900</b>	<b>191,259</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade and other payables		235	1,171
Interest-bearing loans and borrowings		7,047	7,027
Provisions		423	393
<b>Total Current Liabilities</b>		<b>7,705</b>	<b>8,591</b>
<b>Non-Current Liabilities</b>			
Interest-bearing loans and borrowings		—	527
Provisions		244	223
<b>Total Non-Current Liabilities</b>		<b>244</b>	<b>750</b>
<b>TOTAL LIABILITIES</b>		<b>7,949</b>	<b>9,341</b>
<b>NET ASSETS</b>		<b>163,951</b>	<b>181,918</b>
<b>EQUITY</b>			
Issued capital	9	378,558	380,476
Reserves		158,265	170,033
Accumulated losses		(379,034)	(374,308)
<b>EQUITY ATTRIBUTABLE TO MEMBERS OF ARIADNE</b>		<b>157,789</b>	<b>176,201</b>
Non-controlling interests		6,162	5,717
<b>TOTAL EQUITY</b>		<b>163,951</b>	<b>181,918</b>

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



# Statement of Changes in Equity

## FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

### Balance as at 1 July 2017

	Issued capital \$'000	Reserves \$'000	Accumulated losses \$'000	ARIADNE \$'000	Non- controlling interest \$'000	GROUP \$'000
Balance as at 1 July 2017	381,697	161,656	(369,129)	174,224	5,744	179,968
Profit for the period	—	—	4,317	4,317	409	4,726
Other comprehensive income	—	1,389	—	1,389	(53)	1,336
Total comprehensive income for the period	—	1,389	4,317	5,706	356	6,062
Transfers of reserves to accumulated losses	—	2,308	(2,308)	—	—	—
Cost of shares bought back	(1,286)	—	—	(1,286)	—	(1,286)
Issue of shares under employee share scheme	65	(13)	—	52	—	52
Cost of share-based payment	—	16	—	16	—	16
Dividends	—	(5,034)	—	(5,034)	(747)	(5,781)
Balance as at 31 December 2017	380,476	160,322	(367,120)	173,678	5,353	179,031

## FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

### Balance as at 1 July 2018

	380,476	170,033	(374,308)	176,201	5,717	181,918
Loss for the period	—	—	(4,726)	(4,726)	484	(4,242)
Other comprehensive income	—	(9,799)	—	(9,799)	235	(9,564)
Total comprehensive income for the period	—	(9,799)	(4,726)	(14,525)	719	(13,806)
Cost of shares bought back	(1,918)	—	—	(1,918)	—	(1,918)
Cost of share-based payment	—	28	—	28	—	28
Dividends	—	(1,997)	—	(1,997)	(274)	(2,271)
Balance as at 31 December 2018	378,558	158,265	(379,034)	157,789	6,162	163,951

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	2018 \$'000	2017 \$'000
<b>Cash flows from operating activities</b>			
Receipts from rental income		5,242	6,484
Receipts from other trading income		233	60
Payments to suppliers and employees		(6,751)	(9,242)
Dividends and trust distributions received		17,131	2,905
Receipts from trading portfolio sales		826	—
Payments for trading portfolio purchases		(2,026)	(485)
Interest received		480	537
Interest and borrowing costs paid		(217)	(218)
Net cash flows from operating activities		14,918	41
<b>Cash flows from investing activities</b>			
Payments for plant and equipment		—	(2)
Investments in joint ventures and associates		15,177	(1,525)
Proceeds from strategic portfolio sales		—	928
Payments for strategic portfolio purchases		(7,331)	(8,695)
Loans advanced to other parties		—	(1,235)
Net cash flows from / (used in) investing activities		7,846	(10,529)
<b>Cash flows from financing activities</b>			
Repayments of borrowings		(536)	(134)
Proceeds from exercised employee share options		—	52
Payments under share buy-back		(1,918)	(1,286)
Dividends paid to members of the parent entity		(1,997)	(5,034)
Dividends paid to non-controlling interests		(274)	(747)
Net cash flows used in financing activities		(4,725)	(7,149)
Net increase / (decrease) in cash and cash equivalents		18,039	(17,637)
Cash and cash equivalents at beginning of period		23,025	49,346
<b>Cash and cash equivalents at end of period</b>		<b>41,064</b>	<b>31,709</b>

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

# Notes to the Financial Statements

## FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

### 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 2018 was authorised for issue in accordance with a resolution of the directors on 22 February 2019.

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 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 2016-3 ‘Amendments to Australian Accounting Standards – Classifications to AASB 15’
- AASB 2016-5 ‘Amendments to Australian Accounting Standards – Classification and Measurement of Share based Payment Transactions’
- AASB 2014-10 ‘Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture’
- AASB 15 ‘Revenue from Contracts with Customers’ and AASB 2014-15 ‘Amendments to Australian Accounting Standards arising from AASB 15’
- AASB 2017-1 ‘Amendments to Australian Accounting Standards – Transfers of Investment Property, Annual Improvements 2014-2016 Cycle and Other Amendments’

The Group adopted AASB 15 *Revenue from Contracts with Customers* on 1 July 2018 on a fully retrospective basis. The core principle of the standard is that an entity shall recognise revenue to depict the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The Group’s income is derived from rental income from its car park lease, interest and dividend receipts, share of profits from its associates and joint ventures and net movements in its held for trading or strategic portfolio revalued through profit or loss, all of which are outside the scope of AASB 15. As a result, the adoption of AASB 15 did not have any significant impact on the measurement and recognition of revenue for the Group.

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) Future changes

AASB 16 is currently applicable to annual reporting periods beginning on or after 1 January 2019 and will be applicable to the Group on 1 July 2019. AASB 16 replaces the current AASB 117 *Leases* standard and sets out a comprehensive model for

# Notes to the Financial Statements

FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (b) Future changes (Continued)

identifying lease arrangements and the subsequent measurement. A contract contains a lease if it conveys the right to control the use of an identified asset for a period of time. The majority of leases from the lessee perspective within the scope of AASB 16 will require the recognition of a right of use asset and a related lease liability, being the present value of future lease payments. This will result in an increase in the recognised assets and liabilities in the statement of financial position as well as a change in the expense profile due to the lease, with interest and depreciation replacing operating lease expenses. Leases of low value assets and leases with a term of 12 months or less are excepted.

The adoption of the standard will increase both assets and liabilities due to the recognition of the lease liability and right of use asset, expense relating to minimum lease payments will reduce and there will be an increase in interest expense. The quantum of these changes is currently being determined based on the present value of the Group's operating lease commitments primarily for head office premises and its car park lease.

### (c) 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 2018. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

## 3. REVENUE AND EXPENSES

		GROUP	
FOR THE HALF-YEAR ENDED 31 DECEMBER 2018		2018 \$'000	2017 \$'000
	Notes		
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) <b>Operating revenue</b>			
Rental income		4,247	5,895
Interest income		980	884
Dividend income		2,475	1,084
Other income		144	63
		<b>7,846</b>	<b>7,926</b>
(ii) <b>Other gains / (losses)</b>			
Net gain / (loss) on the trading portfolio		(2,934)	724
Net gain / (loss) on the strategic portfolio revalued through profit or loss		(116)	101
Net gain of receivables		14	21
		<b>(3,036)</b>	<b>846</b>
(iii) <b>Operating costs</b>			
Rental expenses		4,254	5,396
		<b>4,254</b>	<b>5,396</b>
(iv) <b>Employee, non-cash and other expenses</b>			
Administration expenses		750	1,220
Employee benefits expense		1,431	1,609
Depreciation and amortisation		125	124
Provision reversal		(627)	—
		<b>1,679</b>	<b>2,953</b>

# Notes to the Financial Statements

FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

## 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 2018 and 31 December 2017, and total asset information as at 31 December 2018 and 30 June 2018.

FOR THE HALF-YEAR ENDED 31 DECEMBER	INVESTMENTS		CAR PARKING		PROPERTY		UNALLOCATED^		GROUP	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
<b>Segment Revenue and Results</b>										
External	2,552	1,084	4,271	5,918	—	—	43	40	6,866	7,042
Interest	755	677	—	—	225	207	—	—	980	884
Other gains / (losses)	(3,036)	846	—	—	—	—	—	—	(3,036)	846
Share of net profit of joint ventures and associates	2,173	1,764	—	—	693	1,812	—	—	2,866	3,576
<b>Total Segment Revenue *</b>	<b>2,444</b>	<b>4,371</b>	<b>4,271</b>	<b>5,918</b>	<b>918</b>	<b>2,019</b>	<b>43</b>	<b>40</b>	<b>7,676</b>	<b>12,348</b>
<b>Profit / (loss) before income tax</b>	<b>2,054</b>	<b>3,447</b>	<b>651</b>	<b>525</b>	<b>890</b>	<b>1,991</b>	<b>(2,075)</b>	<b>(2,179)</b>	<b>1,520</b>	<b>3,784</b>
<b>Income tax benefit / (expense)</b>									<b>(5,762)</b>	<b>942</b>
<b>Profit / (loss) after income tax for the period</b>									<b>(4,242)</b>	<b>4,726</b>
<b>AS AT</b>	<b>31 Dec 2018 \$'000</b>	<b>30 June 2018 \$'000</b>	<b>31 Dec 2018 \$'000</b>	<b>30 June 2018 \$'000</b>	<b>31 Dec 2018 \$'000</b>	<b>30 June 2018 \$'000</b>	<b>31 Dec 2018 \$'000</b>	<b>30 June 2018 \$'000</b>	<b>31 Dec 2018 \$'000</b>	<b>30 June 2018 \$'000</b>
<b>Total segment assets</b>	<b>142,454</b>	<b>138,805</b>	<b>—</b>	<b>—</b>	<b>18,051</b>	<b>45,701</b>	<b>11,395</b>	<b>6,753</b>	<b>171,900</b>	<b>191,259</b>

^ Unallocated segment includes corporate revenues and costs, 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 and other gains / losses recorded through profit and loss.

# Notes to the Financial Statements

FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

## 5. OTHER FINANCIAL ASSETS

	Notes	GROUP	
		AS AT 31 December 2018	AS AT 30 June 2018
Cost		66,347	61,992
Accumulated fair value adjustments		6,247	21,705
Net carrying amount		72,594	83,697
<i>Reconciliations for listed strategic investments</i>			
Opening balance		79,820	85,711
Additions	(i)	2,426	10,264
Fair value adjustments	(ii)	(19,178)	(6,471)
Securities reclassified as equity accounted investments		—	(9,684)
Net carrying amount of listed investments		63,068	79,820
<i>Reconciliations for unlisted strategic investments</i>			
Opening balance		3,877	622
Additions		1,929	3,585
Fair value adjustments	(ii)	3,720	(330)
Net carrying amount of unlisted investments		9,526	3,877

- (i) Material additions during the period include Ardent Leisure Group and Hearts and Minds Investments Limited  
(ii) Investments in the strategic portfolio are remeasured to fair value based on the appropriate level inputs at the end of the reporting period.

## 6. CONTROLLED ENTITIES

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

## 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 2018	30 June 2018
Chifley Investment Partners Pty Ltd	Investment management	AUS	50%	50%
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%	26%
AgriCoat NatureSeal Ltd	Food life extension technology	UK	17%	17%
NatureSeal Inc	Food life extension technology	US	17%	17%

### Seyaal Unit Trust

40 Tank Street ("the Property") was purchased by the Group in joint venture ("Tank Street JV") with an entity associated with Ariadne's Deputy Chairman, Mr Seymour. On 19 July 2018, the Directors announced that the Tank Street JV, had entered into an agreement with entities associated with Charter Hall Limited to sell the Property for \$93,000. The Tank Street JV's carrying value of the Property before the agreement was \$60,700. In accordance with accounting standards, the Property was revalued to the contracted sale price and the Group's 50% share of the uplift, net of completion costs, was included in the Group's FY18 financial result. The completion costs included a management fee and shared selling agent's fee of \$1,680 net of GST paid by the Tank Street JV to Ariadne's Deputy Chairman, Mr Seymour on settlement. The completion cost fees were assessed by the Board and were considered to be both fair and reasonable. Settlement of the property occurred on 20 August 2018.

# Notes to the Financial Statements

FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

## 8. TAXATION

### (a) Recognised deferred tax balances

		GROUP AS AT 31 December 2018 \$'000	AS AT 30 June 2018 \$'000
	Notes		
<i>Recognised deferred tax assets / (liabilities) comprises:</i>			
Tax losses - revenue		—	1,000
Tax losses - capital		2,451	11,199
Temporary differences		(2,451)	(11,199)
Net deferred tax asset		—	1,000
<i>Movement in recognised deferred tax balances:</i>			
Tax losses – revenue	(i)	(1,000)	(2,000)
Tax losses - capital		(8,748)	1,917
Temporary differences			
Strategic portfolio revalued through profit or loss		—	1,694
Strategic portfolio revalued through other comprehensive income		3,938	2,066
Strategic portfolio investments reclassified as equity accounted investments		—	(989)
Equity accounted investments		4,215	(4,688)
Adjustments to deferred tax due to changes in tax rates and laws	(ii)	595	—
Net movement in deferred tax		(1,000)	(2,000)

### (b) Unrecognised deferred tax balances

<i>Unrecognised deferred tax assets comprises:</i>			
Tax losses – revenue	(ii)	21,731	22,287
Tax losses – capital	(ii)	18,786	16,646
Net deferred tax asset unrecognised		40,517	38,933

Ariadne has significant carried forward revenue and capital losses available to offset future taxable profits. At 31 December 2018 these are estimated to be \$79,021 (30 June 2018: \$77,625) and \$77,224 (30 June 2018: \$92,818) respectively.

- (i) In accordance with the Group's accounting policy for income tax, an assessment has been made as to the recoverability and sufficiency of the net deferred tax asset recorded on the Group's Balance Sheet. Following this assessment it was determined that a reduction of \$1,000 (2017: reduction of \$2,000) to the net deferred tax asset be recorded.
- (ii) Due to recent Australian tax law changes, the Group's corporate taxation rate has changed from 30% to 27.5%. As a result, the Group's recognised and unrecognised deferred tax assets for both revenue and capital tax losses have been adjusted accordingly.

# Notes to the Financial Statements

## FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

### 9. ISSUED CAPITAL

During the period Ariadne bought back and cancelled 2,776,728 shares at a cost of \$1,918. On 24 January 2019, 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.

### 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 and performance obligations 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

As mentioned in Note 9, on 24 January 2019, 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.

On 5 February 2019 Ariadne announced that, Orams NZ Unit Trust (in which the Group has a 50% interest) together with Orams Marine Services Ltd, entered into a non-binding development agreement with Auckland city's regeneration agency, Panuku Development Auckland, to develop a new marine refit facility on the property known as Site 18 adjoining Orams ("Development Agreement"). The Development Agreement is firstly conditional on the approval of the respective Boards of the trustee of the Unit Trust and Orams Marine Services Pty Ltd by 8 March 2019 and then New Zealand Overseas Investment Office approval which is expected to be late March 2019.

A fully franked interim dividend of \$1,378, which represents 0.7 cent per share has been declared in relation to the 30 June 2019 financial year; no liability is recognised in the 31 December 2018 financial statements as this dividend was declared after the balance sheet date.

No other matter or circumstance has arisen since 31 December 2018 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 2018 are in accordance with the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the financial position as at 31 December 2018 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  
Chairman  
Sydney  
22 February 2019

## 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 2018, 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 15.

### *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 consolidated entity's financial position as at 31 December 2018 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 2018 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 2019