

ARIADNE

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

Appendix 4D
Financial Report
Half year report for the period ended 31 December 2019
(the previous corresponding period being the period ended 31 December 2018)

Results for announcement to the market				31 December 2019	31 December 2018
Revenues from ordinary activities *	\$'000	Decreased	71.1%	2,219	7,676
Net loss for the period attributable to members	\$'000	Increased	8.5%	(5,127)	(4,726)
Total comprehensive loss for the period attributable to members	\$'000	Decreased	79.2%	(3,027)	(14,525)

				31 December 2019	30 June 2019
Net tangible assets per security	cents	Decreased	3.4%	70.79	73.29

Dividends (distributions)	Amount per security (cents)	Amount per security of conduit foreign income (cents)	Franked amount per security (cents)	Tax rate for franking credit
FY20 Interim dividend	0.70	0.21	0.49	27.5%
FY19 Final dividend	1.00	0.30	0.70	27.5%

The Directors have declared a partially franked interim dividend of 0.7 cents per ordinary share in relation to the 30 June 2020 financial year. The record date applicable to the dividend will be Thursday, 12 March 2020 with payment to be made on Thursday, 26 March 2020.

The final dividend of 1.0 cent per ordinary share in relation to the 30 June 2019 financial year had a record date of Friday, 6 September 2019 and was paid on Thursday, 26 September 2019.

It is recommended that the consolidated results for Ariadne Australia Limited ("Ariadne") and its controlled entities ("the Group") be read in conjunction with the 2019 Annual Report and any public announcements made by Ariadne during the half year.

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



ARIADNE

Ariadne Australia Limited
Half-Year Report
31 December 2019

Directors' Report

The Directors submit their report for the six months ended 31 December 2019. 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 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 \$4,885 (2018: \$4,242 loss) and the consolidated net loss after tax attributable to members for the half-year was \$5,127 (2018: \$4,726 loss). A gain (net of deferred tax) of \$2,100 (2018: \$9,799 loss) was reported through other comprehensive income, reducing the total comprehensive loss attributable to members to \$3,027 (2018: \$14,525 loss). Net tangible assets were 70.79 cents per share (30 June 2019: 73.29 cents). Earnings per share were -2.61 cents (2018: -2.38 cents). Total comprehensive earnings per share were -1.54 cents (2018: -7.31 cents).

Cash Management

Cash and cash equivalents as at 31 December 2019 were \$38,308 (30 June 2019: \$41,981).

The net operating cash flow during the period was \$3,987 (2018: \$14,918). The prior period inflow was predominantly due to distributions received from associates following the sale of real-estate in Brisbane. The net investing cash outflows during the period was \$663 (2018: \$7,846 inflow). The prior period inflow was predominantly due to the return of capital also related to the sale of the Brisbane property. The Group also used \$6,997 (2018: \$4,725) during the period to predominantly pay lease liabilities and 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 loss for the half-year of \$2,716 (2018: \$2,054 profit).

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

The division's share of joint ventures and associates results for the period was a net loss of \$3,067 (2018: \$2,173 net profit). The current period includes a \$3,700 equity accounted loss, being the Group's 25% share of Hillgrove Resources Limited result for the period.

The trading portfolio recorded a net loss of \$181 (2018: \$2,934 loss) and the strategic portfolio revalued through profit or loss recorded a net loss of \$140 (2018: \$116 loss) during the reporting period due to mark-to-market revaluations.

The strategic portfolio revalued through other comprehensive income recorded a net loss of \$697 (2018: \$10,581 net loss) during the reporting period due to mark-to-market revaluations including a \$5,292 markdown of the Group's investment in ClearView Wealth Limited and a \$5,668 markup of the Group's investment in Ardent Leisure Group Limited.

Ariadne's investment in Foundation Life NZ Ltd continues to perform in line with expectations, contributing \$149 during the period.

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

Directors' Report

Car Parking

The Group's car parking division recorded a net loss for the half-year of \$16 (2018: \$651 profit).

The division's result is derived from the trading activities of the Group's leased car park. The prior year result also included the reversal of a provision relating to the sale of Secure Parking Pty Ltd in 2017.

Property

The Group's property division recorded a net loss for the half-year of \$203 (2018: \$890 profit).

The division's result is derived from the Group's 50% share of profits from the Orams NZ Unit Trust ("Orams"), the owner of Orams Marine Village ("the Marina") up until the date of its disposal, and the interest received on its secured loan to Orams.

The Group's share of loss from Orams during the period was \$377 (2018: \$710 profit), which includes interest earned on the associated loan to Orams of \$171 (2018: \$225). In addition, a positive contribution of \$2,575 representing the Group's share of the uplift in valuation of the Marina was reported through other comprehensive income.

As announced to the market on 23 October 2019, Orams merged its business and property assets with Orams Marine Services Limited to create Orams Group Limited ("the Merger" or together "Orams Group"). Orams holds a 76% equity interest in the Orams Group (with Ariadne indirectly holding a 38% equity interest via its interest in Orams).

Orams Group will operate the Marina and Orams Marine Services, New Zealand's premier marine facility and largest marine maintenance and refit services business respectively. It is also undertaking the development of a new marine refit facility on the adjoining property known as Site 18 in Auckland's Wynyard quarter.

In conjunction with the Merger, the acquisition conditions for Site 18, as included in the development agreement signed in February 2019 between the Orams Group and Auckland City's regeneration agency Panuku Development Auckland, were satisfied and the prepayment for the 125-year ground lease and associated water space was completed. The lease acquisition by the Orams Group was funded utilising a debt facility procured for the acquisition and development of Site 18 - Stage 1A Works enabling the Marina to triple the capacity of its vessel refit operation. The targeted completion of the Stage 1A Works is aligned with the 36th Americas Cup to be held in Auckland in early 2021.

The three-stage development will feature a marine haul out and refit facility, commercial buildings and a residential component on the northern end of Site 18. The facility will target marine vessels (including superyachts) up to 800 tonnes. The development will also provide increased maintenance facilities for Auckland's ferries, fishing vessels and commercial vessels. Existing marine businesses within the Marina will also be accommodated in the new development.

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

TAXATION

Ariadne has significant carried forward revenue and capital losses available to offset future taxable profits. At 31 December 2019, these are estimated to be \$81,102 (30 June 2019: \$82,947) and \$75,475 (30 June 2019: \$78,388) respectively.

DIVIDENDS AND CAPITAL MANAGEMENT

The Directors declared a partially franked final dividend in relation to the 2019 financial year of \$1,967, which represented 1.0 cent per share. The dividend was paid on 26 September 2019.

A partially franked interim dividend of \$1,374, which represents 0.7 cents per share, has been declared in relation to the 30 June 2020 financial year; no liability is recognised in the 31 December 2019 financial statements as this dividend was declared after the balance sheet date.

During the period Ariadne bought back and cancelled 650,000 shares at a cost of \$402. On 20 February 2020, 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

Subsequent to balance date, Ariadne has entered into conditional agreements to acquire an additional 30% equity interest in Orams from an existing unitholder. The agreement is subject to obtaining the approval of the New Zealand Overseas Investment Office as well as other necessary consents. In the event of completion of the acquisition Ariadne's indirect equity interest in Orams Group would increase from 38% to 61%.

Apart from, the dividend declared and the extension of the on-market buy-back facility discussed above, no other matter or circumstance has arisen since 31 December 2019 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.



David Baffsky, AO
Chairman
Sydney
28 February 2020

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

28 February 2020

Dear Board Members

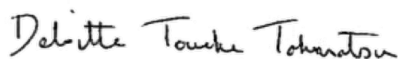
Auditor's Independence Declaration to Ariadne Australia Limited

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.

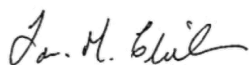
As lead audit partner for the review of the half year financial report of Ariadne Australia Limited for the half year ended 31 December 2019, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (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



John M Clinton
Partner
Chartered Accountants

Statement of Comprehensive Income

FOR THE HALF-YEAR ENDED 31 DECEMBER

		GROUP	
	Notes	2019 \$'000	2018 \$'000
CONTINUING OPERATIONS			
Operating revenue	3(i)	6,164	7,846
Other losses	3(ii)	(345)	(3,036)
Share of profits / (losses) of joint ventures and associates		(3,600)	2,866
Operating costs	3(iii)	(468)	(4,254)
Employee, non-cash and other expenses	3(iv)	(6,310)	(1,679)
Finance costs		(326)	(223)
PROFIT / (LOSS) BEFORE INCOME TAX		(4,885)	1,520
Income tax expense		—	(5,762)
LOSS AFTER TAX FROM CONTINUING OPERATIONS		(4,885)	(4,242)
<i>Attributable to:</i>			
Non-controlling interests		242	484
MEMBERS OF ARIADNE		(5,127)	(4,726)
OTHER COMPREHENSIVE INCOME			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Net fair value movements of other financial assets		(697)	(10,581)
Net fair value movements of fixed assets		2,575	—
<i>Items that may be reclassified subsequently to profit or loss</i>			
Net fair value movements of cash flow hedges		84	157
Exchange difference on translation of foreign operations		175	860
OTHER COMPREHENSIVE INCOME / (LOSS) FOR THE PERIOD, NET OF TAX		2,137	(9,564)
<i>Attributable to:</i>			
Non-controlling interests		37	235
MEMBERS OF ARIADNE		2,100	(9,799)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		(2,748)	(13,806)
<i>Attributable to:</i>			
Non-controlling interests		279	719
MEMBERS OF ARIADNE		(3,027)	(14,525)
Earnings per share			
<i>From continuing operations</i>			
Basic earnings per share (cents)		(2.61)	(2.38)
Diluted earnings per share (cents)		(2.60)	(2.37)
Total Comprehensive Income Earnings per share			
<i>From continuing operations</i>			
Basic earnings per share (cents)		(1.54)	(7.31)
Diluted earnings per share (cents)		(1.54)	(7.27)

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

Balance Sheet

		GROUP	
	Notes	AS AT 31 December 2019 \$'000	AS AT 30 June 2019 \$'000
ASSETS			
Current Assets			
Cash and cash equivalents		38,308	41,981
Trade and other receivables		2,370	2,229
Other current assets		6,866	6,291
Total Current Assets		47,544	50,501
Non-Current Assets			
Receivables		14,274	14,212
Other financial assets	5	57,991	58,165
Investments in joint ventures and associates	7	31,602	32,816
Property, plant and equipment		4,511	597
Total Non-Current Assets		108,378	105,790
TOTAL ASSETS		155,922	156,291
LIABILITIES			
Current Liabilities			
Trade and other payables		1,311	266
Interest-bearing loans and borrowings		4,850	4,835
Lease liabilities	3(v)	3,716	—
Provisions		483	463
Total Current Liabilities		10,360	5,564
Non-Current Liabilities			
Lease liabilities	3(v)	370	—
Provisions		205	267
Total Non-Current Liabilities		575	267
TOTAL LIABILITIES		10,935	5,831
NET ASSETS		144,987	150,460
EQUITY			
Issued capital	9	378,156	378,558
Reserves		163,831	163,680
Accumulated losses		(403,061)	(397,934)
EQUITY ATTRIBUTABLE TO MEMBERS OF ARIADNE		138,926	144,304
Non-controlling interests		6,061	6,156
TOTAL EQUITY		144,987	150,460

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

Statement of Changes in Equity

FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

Balance as at 1 July 2018

Profit for the period
Other comprehensive income
Total comprehensive income for the period
Cost of shares bought back
Cost of share-based payment
Dividends

Balance as at 31 December 2018

Issued capital \$'000	Reserves \$'000	Accumulated losses \$'000	ARIADNE \$'000	Non- controlling interest \$'000	GROUP \$'000
380,476	170,033	(374,308)	176,201	5,717	181,918
—	—	(4,726)	(4,726)	484	(4,242)
—	(9,799)	—	(9,799)	235	(9,564)
—	(9,799)	(4,726)	(14,525)	719	(13,806)
(1,918)	—	—	(1,918)	—	(1,918)
—	28	—	28	—	28
—	(1,997)	—	(1,997)	(274)	(2,271)
378,558	158,265	(379,034)	157,789	6,162	163,951

FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

Balance as at 1 July 2019

Loss for the period
Other comprehensive income
Total comprehensive income for the period
Cost of shares bought back
Cost of share-based payment
Dividends

Balance as at 31 December 2019

378,558	163,680	(397,934)	144,304	6,156	150,460
—	—	(5,127)	(5,127)	242	(4,885)
—	2,100	—	2,100	37	2,137
—	2,100	(5,127)	(3,027)	279	(2,748)
(402)	—	—	(402)	—	(402)
—	18	—	18	—	18
—	(1,967)	—	(1,967)	(374)	(2,341)
378,156	163,831	(403,061)	138,926	6,061	144,987

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	2019 \$'000	2018 \$'000
Cash flows from operating activities			
Receipts from rental income		5,191	5,242
Receipts from other trading income		148	233
Payments to suppliers and employees		(2,717)	(6,751)
Dividends and trust distributions received		1,626	17,131
Receipts from trading portfolio sales		226	826
Payments for trading portfolio purchases		(1,000)	(2,026)
Interest received		840	480
Interest and borrowing costs paid		(169)	(217)
Lease liability interest paid	3(v)	(158)	—
Net cash flows from operating activities		3,987	14,918
Cash flows from investing activities			
Investments in joint ventures and associates		—	15,177
Proceeds from strategic portfolio sales	5	2,383	—
Payments for strategic portfolio purchases	5	(3,046)	(7,331)
Net cash flows (used in) / from investing activities		(663)	7,846
Cash flows from financing activities			
Repayment of lease liabilities	3(v)	(4,272)	—
Repayment of borrowings		(332)	(536)
Proceeds from borrowings		350	—
Payments under share buy-back		(402)	(1,918)
Dividends paid to members of the parent entity		(1,967)	(1,997)
Dividends paid to non-controlling interests		(374)	(274)
Net cash flows used in financing activities		(6,997)	(4,725)
Net (decrease) / increase in cash and cash equivalents		(3,673)	18,039
Cash and cash equivalents at beginning of period		41,981	23,025
Cash and cash equivalents at end of period		38,308	41,064

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 2019

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 2019 was authorised for issue in accordance with a resolution of the directors on 28 February 2020.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

Basis of preparation

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

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

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

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

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

- AASB 2017-7 'Amendments to Australian Accounting Standards – Long-term Interests in Associates and Joint Ventures'
- AASB 2018-1 'Amendments to Australian Accounting Standards – Annual Improvements 2015-2017'
- AASB 16 'Leases'
- Interpretation 22 Foreign Currency Transactions and Advance Consideration
- Interpretation 23 Uncertainty over Income Tax Treatments

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 2019, except for the accounting policy on leases described below which has changed as a result of the adoption of AASB 16 Leases. The accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

The Group adopted AASB 16 Leases on 1 July 2019. AASB 16 replaces the previous AASB 117 Leases standard and provides a new lease accounting model which requires a lessee to recognise a right of use asset representing its right to use the underlying asset and lease liabilities for all leases with a term of more than 12 months, unless the underlying asset is of a low value. The amortisation of the right of use asset and interest on the lease liability has been recognised in the consolidated income statement, further details are set out at Note 3(v).

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

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

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

Notes to the Financial Statements

FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

3. REVENUE AND EXPENSES

FOR THE HALF-YEAR ENDED 31 DECEMBER		GROUP	
	Notes	2019 \$'000	2018 \$'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			
Car park rental income		4,719	4,247
Interest income		1,146	980
Dividend income		199	2,475
Other income		100	144
		6,164	7,846
(ii) Other gains / (losses)			
Net loss on the trading portfolio		(181)	(2,934)
Net loss on the strategic portfolio revalued through profit or loss		(140)	(116)
Net gain / (loss) on receivables		(24)	14
		(345)	(3,036)
(iii) Operating costs			
Car park rental and other expenses		468	4,254
		468	4,254
(iv) Employee, non-cash and other expenses			
Administration expenses		474	750
Employee benefits expense		1,389	1,431
Depreciation and amortisation		4,447	125
Provision reversal		—	(627)
		6,310	1,679

(v) Accounting for Leases

The adoption of AASB 16 Leases on 1 July 2019 resulted in right of use assets of \$8,358 of and a corresponding amount of lease liabilities being recorded to the balance sheet. During the period, right of use assets were amortisation by \$4,324 and lease rental payments of \$4,430 were used to reduce the lease liabilities by \$4,272 and meet \$158 of lease liability interest. At balance date, the carrying value of the Group's right of use assets were \$4,034 and lease liabilities were \$4,086. The following is a reconciliation to total operating lease commitments as at 30 June 2019 (as disclosed in the most recent annual financial report) to the lease liabilities recognised at 1 July 2019 and 31 December 2019.

Operating lease commitments disclosed as at 30 June 2019	10,065
Add operating lease commitments not previously included	349
Less operating lease commitments of joint ventures and associates	(1,826)
Less discounting using incremental borrowing rate	(230)
Discounted operating lease commitments as at 30 June 2019	8,358
Comprising	
Current lease liabilities	7,972
Non-current lease liabilities	386
Lease liabilities recognised as at 1 July 2019	8,358
Add lease liability interest for the period	158
Less lease rental payments made during the period	(4,430)
Lease liabilities recognised as at 31 December 2019	4,086
Comprising	
Current lease liabilities	3,716
Non-current lease liabilities	370

Notes to the Financial Statements

FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

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 2019 and 31 December 2018, and total asset information as at 31 December 2019 and 30 June 2019.

FOR THE HALF-YEAR ENDED 31 DECEMBER	INVESTMENTS		CAR PARKING		PROPERTY		UNALLOCATED^		GROUP	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Segment Revenue and Results										
External	214	2,552	4,743	4,271	—	—	61	43	5,018	6,866
Interest	807	755	—	—	339	225	—	—	1,146	980
Other losses	(345)	(3,036)	—	—	—	—	—	—	(345)	(3,036)
Share of (losses) / profit of joint ventures and associates	(3,067)	2,173	—	—	(533)	693	—	—	(3,600)	2,866
Total Segment Revenue *	(2,391)	2,444	4,743	4,271	(194)	918	61	43	2,219	7,676
Profit / (loss) before income tax	(2,716)	2,054	(16)	651	(203)	890	(1,950)	(2,075)	(4,885)	1,520
Income tax expense									—	(5,762)
Loss after income tax for the period									(4,885)	(4,242)
AS AT	31 Dec 2019 \$'000	30 June 2019 \$'000	31 Dec 2019 \$'000	30 June 2019 \$'000	31 Dec 2019 \$'000	30 June 2019 \$'000	31 Dec 2019 \$'000	30 June 2019 \$'000	31 Dec 2019 \$'000	30 June 2019 \$'000
Total Segment Assets	121,949	125,551	3,460	—	21,237	18,331	9,276	12,409	155,922	156,291

^ Unallocated segment includes corporate revenues and costs, and other corporate assets.

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

Notes to the Financial Statements

FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

5. OTHER FINANCIAL ASSETS

	Notes	GROUP	
		AS AT 31 December 2019	AS AT 30 June 2019
Cost		69,718	67,837
Accumulated fair value adjustments		(11,727)	(9,672)
Net carrying amount		57,991	58,165
<i>Reconciliations for listed strategic investments</i>			
Opening balance		46,431	79,820
Additions		185	2,426
Fair value adjustments	(i)	735	(35,815)
Disposals	(ii)	(2,383)	—
Net carrying amount of listed investments		44,968	46,431
<i>Reconciliations for unlisted strategic investments</i>			
Opening balance		11,734	3,877
Additions		2,861	4,775
Fair value adjustments	(i)	(1,572)	4,438
Disposals		—	(1,356)
Net carrying amount of unlisted investments		13,023	11,734

- (i) Investments in the strategic portfolio are remeasured to fair value based on the appropriate level inputs at the end of the reporting period.
- (ii) Material divestments during the period include Mercantile Investment Company Limited.

6. CONTROLLED ENTITIES

Freshxtend Technologies Corp was deregistered 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 2019	30 June 2019
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%
Kippax Property Trust *	Property investment	AUS	50%	—
Hillgrove Resources Limited	Copper mining	AUS	25%	25%
AgriCoat NatureSeal Ltd	Food life extension technology	UK	17%	17%
NatureSeal Inc	Food life extension technology	US	17%	17%

* Joint ventures entered into during the period

Notes to the Financial Statements

FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

7. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES (Continued)

As announced to the market on 23 October 2019, Orams NZ Unit Trust ("Orams"), the owner of Orams Marine Village ("the Marina") prior to the merger, merged its business and property assets with Orams Marine Services Limited to create Orams Group Limited ("the Merger" or together "Orams Group"). Orams holds a 76% equity interest in the Orams Group (with Ariadne indirectly holding a 38% equity interest via its interest in Orams).

The assets and liabilities acquired by Orams Group under the Merger were booked at their fair values as at the date of the merger with the property assets also remeasured to fair value on balance date. Ariadne's share of loss for the period was \$548. In addition, a positive contribution of \$2,575 representing Ariadne's indirect share of the uplift in valuation of the Marina at balance date was reported through other comprehensive income.

Orams Group will operate the Marina and Orams Marine Services, New Zealand's premier marine facility and largest marine maintenance and refit services business respectively. It is also undertaking the development of a new marine refit facility on the adjoining property known as Site 18 in Auckland's Wynyard quarter.

In conjunction with the Merger, the acquisition conditions for Site 18, as included in the development agreement signed in February 2019 between the Orams Group and Auckland City's regeneration agency Panuku Development Auckland, were satisfied and the prepayment for the 125-year ground lease and associated water space was completed. The three-stage development will feature a marine haul out and refit facility, commercial buildings and a residential component on the northern end of Site 18. The targeted completion of the Stage 1A Works is aligned with the 36th Americas Cup to be held in Auckland in early 2021.

8. TAXATION

Ariadne has significant carried forward revenue and capital losses available to offset future taxable profits. At 31 December 2019 these are estimated to be \$81,102 (30 June 2019: \$82,947) and \$75,475 (30 June 2019: \$78,388) respectively.

9. ISSUED CAPITAL

During the period Ariadne bought back and cancelled 650,000 shares at a cost of \$402. On 20 February 2020, Ariadne announced a twelve month extension of its on-market share buy-back facility as part of ongoing capital management initiatives. The buy-back is for the purpose of acquiring shares where they are trading at prices below the Board's opinion of the intrinsic value of the shares, such acquisitions benefiting all shareholders. There were 196,242,360 shares on issue at balance date (30 June 2019: 196,892,360).

10. CONTINGENT ASSETS AND LIABILITIES

Ariadne has given guarantees and indemnities in relation to the borrowings and performance of several of its controlled and associated 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

Subsequent to balance date, Ariadne has entered into conditional agreements to acquire an additional 30% equity interest in Orams from an existing unitholder. The agreement is subject to obtaining the approval of the New Zealand Overseas Investment Office as well as other necessary consents. In the event of completion of the acquisition Ariadne's indirect equity interest in Orams Group would increase from 38% to 61%.

As mentioned in Note 9, on 20 February 2020, Ariadne announced a twelve month extension of its on-market share buy-back facility as part of ongoing capital management initiatives. The buy-back is for the purpose of acquiring shares where they are trading at prices below the Board's opinion of the intrinsic value of the shares, such acquisitions benefiting all shareholders.

A partially franked interim dividend of \$1,374, which represents 0.7 cents per share has been declared in relation to the 30 June 2020 financial year; no liability is recognised in the 31 December 2019 financial statements as this dividend was declared after the balance sheet date.

No other matter or circumstance has arisen since 31 December 2019 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 2019 are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the financial position as at 31 December 2019 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
28 February 2020

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 2019, 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 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 2019 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.

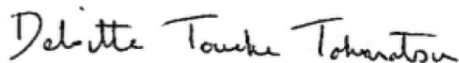
Auditor's Independence Declaration

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

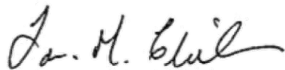
Conclusion

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 2019 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



John M Clinton

Partner

Chartered Accountants

Sydney, 28 February 2020