ARIADNE

ARIADNE AUSTRALIA LIMITED

2019 Annual Report

Corporate Information

Directors
Mr David Baffsky, AO
(Independent Non-Executive Chairman)

Mr Kevin Seymour, AM
(Non-Executive Deputy Chairman)

Mr Chris Barter
(Independent Non-Executive Director)

Mr John Murphy
(Independent Non-Executive Director)

Dr Gary Weiss, AM
(Executive Director)

Company Secretary
Mr Natt McMahon

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Bankers
ANZ Banking Group Limited

Auditors
Deloitte Touche Tohmatsu

Internet Address
www.ariadne.com.au

ABN
50 010 474 067

Contents

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This report covers the consolidated entity comprising Ariadne Australia Limited ("Ariadne") and its controlled entities ("the Group"). The Group's functional and presentation currency is Australian dollars (AUD).

Chairman's letter

Dear Shareholders

The balance sheet of Ariadne Australia Limited is now much easier to understand and our Executive Director's review once again explains all of the important elements.

In particular, the comments in relation to the Company being required to "mark to market" our strategic portfolio investments and the resulting "non-cash" impact thereof should be clearly appreciated.

Your Directors believe that the underlying value of these investments will be realised in due course and that the Company remains well placed and disciplined in its approach.

During the year, Maurice Loomes retired from the Company after providing an outstanding contribution since 2004. We once again thank him for his advice and wise counsel and wish him well in the future.

I thank each of the Directors for their input and look forward to our continuing to work together to enhance our existing investments and create greater value for the benefit of all of our stakeholders.

D Baffsky, AO
Chairman

Executive Director's Review

The Directors present the Annual Report of Ariadne Australia Ltd ("Ariadne") for the period ended 30 June 2019.

For the 2019 financial year Ariadne reported a net profit before tax attributable to members of $4.6 million, but this morphed into a net loss after tax attributable to members of $2.9 million (2018: $15.3 million profit) after providing for income tax of $7.5 million.

This tax expense is a non-cash item and reflects the application of accounting standards in the treatment of Ariadne's recorded deferred tax asset and deferred tax liability respectively arising from our carried forward tax losses as discussed in the FY19 Half-Year Review.

In addition, a negative contribution (net of deferred tax) attributable to members of $23.8 million (2018: $5.1 million negative contribution) was reported through the Statement of Comprehensive Income, resulting in a total comprehensive loss attributable to members of $26.7 million (2018: $10.2 million profit).

The net tangible assets per share decreased during the period from 88.25 cents per share to 73.29 cents per share at balance date, after taking account of the payments of a 1.00 cent final dividend and a 0.70 cent interim dividend during the period.

The total comprehensive loss per share was 13.48 cents compared to earnings of 5.10 cents for the previous corresponding period.

The increased net operating cash flow during the period of $21.3 million (2018: $0.6 million) is predominantly due to distributions received from associates following the sale of the commercial property located at 40 Tank Street, Brisbane ("Tank Street") which settled in August 2018.

The result for FY19 is particularly disappointing in light of more recent positive reported results for Ariadne: over the last two financial years, Ariadne has achieved **realised gains** of over $85.0 million.

In this context, it is to be noted that included in the FY19 results are other significant non-cash items (totalling $31.4 million) relating to mark-to-market losses on our listed share portfolio, particularly our holdings in Ardent Leisure Group Limited ("Ardent") and ClearView Wealth Limited ("ClearView"). These mark-to-market losses are unrealised and Ariadne anticipates that the respective share prices of these holdings will recover to reflect their intrinsic value over time.

Investments

The Investment division recorded a net profit before tax of $7.2 million (2018: $3.6 million).

The division's result is derived from interest on cash reserves, share of profits from the Group's investments in associates, dividend and trading income from the trading portfolio.

During the period, Ariadne invested US$1million in Next Science Ltd (NXS), prior to its public listing on the ASX. The NXS share price has performed well since listing in April 2019. Our investment in NXS generated a profit of $4.2 million during the period, of which $2.8 million was realised by balance date.

Also during the period, Ariadne received its first dividend from its associate, Hillgrove Resources Ltd, which reflects the initial success of Hillgrove's strategy of accumulating cash from mining operations, with further distributions likely to follow over the next 18 months.

Ariadne's 53% interest in Freshxtend International Pty Ltd ("FXT"), with its 17% investment in the NatureSeal group, again contributed positively during the period.

Our investment in FXT has been rewarding over time, notwithstanding some initial setbacks. Ariadne originally invested approximately $4.9 million in acquiring its initial holding in FXT during a period when FXT was a listed company. By the time of the merger between FXT and the NatureSeal group in 2008, the carrying value of the investment in FXT had been reduced to $1.6 million. Since that time, the carrying value of that investment has increased to $6.9 million and Ariadne has received over $9.1 million in dividends.

Despite the expiration of some of its key patents some 12 months ago, NatureSeal continues to be well-placed to capitalise on the desire of consumers for organic and sustainable fresh cut foods. NatureSeal's success with sliced apples product has opened up the opportunity to expand into other pre-prepared, pre-sliced products such as lettuce, avocados and potatoes.

Ariadne's investment in Foundation Life NZ Ltd continues to perform in line with expectations.

Ardent Leisure Group ("Ardent")

During the financial year Ariadne, in conjunction with associated parties, added to its security holding in Ardent increasing the combined relevant interest to 14.71%.

Our direct holding (22.6 million shares - representing 4.73% of Ardent's issued capital) declined in value by $21.0 million during FY19.

Executive Director's Review

Ardent remains in the early stages of its remediation program, with some promising signs that both of its remaining businesses have started to turn around.

Since Ariadne obtained board representation in September 2017,

- the Board has undergone substantial renewal (5 resignations, 4 new appointments);
- highly experienced senior leadership teams have been recruited and installed at Ardent's two businesses;
- growth strategies have been put in place for both businesses following extensive reviews;
- the Australian bowling division was sold for $160 million, with the proceeds of sale being applied to reduce bank debt;
- the Group's legal structure has been simplified; and
- debt funding has been secured (US$225 million facility) to execute on the growth strategies.

We maintain our belief in the ability of both of Ardent's businesses to deliver much improved performance over the medium term.

ClearView Wealth Ltd ("ClearView")

Our ClearView holding declined in value by $14.3 million during FY19, reflecting the disappearance of a potential takeover premium in the share price, adverse publicity pertaining to the Financial Services Royal Commission and the general uncertainty surrounding the financial services sector in Australia in the wake of the Hayne Royal Commission.

The disruption underway in the financial services sector in Australia, coupled with the exit from the local life insurance industry of a number of major players, should see ClearView well placed to continue to grow its life insurance book, increase market share and deliver good performance over the longer-term.

ClearView is trading at a material discount to expected Embedded Value at 30 June 2019 of approximately $671.5 million (c $1 per share). In light of the current share price, ClearView has announced that it is actively considering a share buyback program.

King River Capital ("King River")

Ariadne has recently formed a strategic relationship with a new venture capital fund that is being managed by King River. One of the founding partners is Chris Barter, an Ariadne non-executive director, who has had many of years of success as a global technology investor in some very prominent companies such as Palantir, Didi, Wish and Ola.

King River will be focusing on digital healthcare, artificial intelligence, fintech and other software investments. Chris and his partners have very strong links into Silicon Valley, sourcing attractive investment opportunities, and will also be deploying capital, knowledge, relationships and expertise for Australian tech start-ups seeking to go global.

King River recently launched its first fund and has already made several investments in Australia and the United States. Ariadne has invested in the fund and has made some co-investments in a number of the King River portfolio companies, including:

- FinClear (https://finclear.com.au/): a fintech platform delivering execution, back and middle-office technology solutions to financial institutions in Australia across the financial planning, wealth and stockbroking industries.
- Cover Genius (https://www.covergenius.com/): a global insuretech company, based in Sydney, providing a "full stack" platform for large e-commerce companies to sell insurance to their customers.
- Lark Technologies (https://www.lark.com/): based in the USA, the leading chronic disease prevention and management platform using clinically proven A.I. health coaching.

Property

The Group's property division recorded a profit before tax of $1.8 million (2018: $17.8 million).

The division's result is derived from Ariadne's 50% share of profits from Orams Marine Village ("Orams") located in Auckland, New Zealand, the interest received on its secured loan to Orams and 50% share of net rental income from Tank Street before its sale.

The Group's share of profit from Orams during the period was $1.6 million, which includes interest on the loan to Orams of $0.4 million. The prior year result also included $1.0 million representing the Group's share of the uplift in valuation of the marina.

In February 2019, Ariadne announced that Orams, together with Orams Marine Services Ltd, had 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 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 820 tonnes. The development will also provide increased maintenance facilities for Auckland's ferries, fishing vessels and commercial vessels.

Executive Director's Review

The Development Agreement received the approval of the New Zealand Overseas Investment Office in June 2019. Although the Development Agreement is still subject to satisfaction of a number of further conditions precedent, we believe that the development has the potential to create significant value for Ariadne over time.

Car Parking

The Group's car parking division recorded a profit before tax of $0.7 million (2018: $2.8 million).

The division's result reflects the trading performance of its leased car park and the reversal of a provision relating to the sale of Secure Parking in 2017. The 2018 result also included the trading performance of the Tank Street car park lease which was surrendered in June 2018.

Simplified Balance Sheet

Ariadne is in a sound financial position as shown in the following presentation of the Group's assets and liabilities as at 30 June 2019.

Assets	**$M**	**$M**
Cash		42.0
Investments		
Ardent	23.8	
ClearView	18.9	
Orams	17.5	
Freshxtend	13.0	
Other Strategic Assets	12.2	
Hillgrove	10.3	
Foundation Life	6.4	
Trading Portfolio	5.1	
Mercantile Investment	2.3	
Law Finance	2.0	
Total Investments		111.5
Fixed Assets and Other Receivables		2.8
Total Assets		**156.3**

Liabilities	**$M**
Payables and Provisions	1.0
Debt	4.8
Minority Interests	6.2
Total Liabilities	**12.0**
Shareholders' Funds	**144.3**
Total Liabilities & Shareholders' Funds	**156.3**

Tax

Ariadne has substantial carry forward revenue and capital losses available to offset future taxable profits. At 30 June 2019 these are estimated to be $82.9 million (30 June 2018: $77.6 million) and $78.4 million (30 June 2018: $92.8 million) respectively. As at balance date, Ariadne has a deferred tax asset of $44.4 million which is not recognised in Ariadne's accounts.

Dividends and Capital Management

A final dividend of 1.0 cent per share has been declared by the directors, bringing the total dividends for FY19 to 1.7 cents per share (FY18: 2.0 cents per share).

On 24 January 2019, Ariadne announced the extension of its on-market share buy-back facility as part of ongoing capital management initiatives. During the period Ariadne repurchased and cancelled 2.8 million shares at a cost of $1.9 million.

Dr Gary Weiss, AM
Executive Director

Directors' Report

The Directors submit their report for the year ended 30 June 2019.

The term "Group" is used throughout this report to refer to the parent entity, Ariadne Australia Limited ("Ariadne") and its controlled entities.

All amounts included in this report, other than those forming part of the Remuneration Report, are quoted in thousands of dollars unless otherwise stated.

1. OPERATING AND FINANCIAL REVIEW

Group Overview

Ariadne's objective is to hold a portfolio of assets and investments in order to provide attractive investment returns which can generate regular dividends to shareholders and capital growth in the value of the shareholders' investments.

The Board of Directors ("Board") and management have extensive experience investing in securities, financial services, property, merchant banking and operating businesses.

Ariadne's principal activities include investing in securities; car parking; financial services; property and maritime operations.

During the period, the Group's joint venture ("Tank Street JV") with an entity associated with Ariadne's Deputy Chairman, Mr Seymour, completed the sale of its interest at 40 Tank Street, Brisbane, Queensland ("the Tank Street Property"). There have been no other significant changes in the Group's state of affairs during the reporting period.

Operating Results for the Year

The consolidated net profit before income tax, attributable to the Group from continuing operations for the financial year was $5,443 (2018: $20,103) and the consolidated net profit before tax attributable to members, on the same basis, for the financial year was $4,599 (2018: $19,359). After tax, the net loss attributable to members for the financial year was $2,912 (2018: $15,293 profit). In addition, a negative contribution (net of deferred tax) attributable to members of $23,752 (2018: $5,084 negative contribution) was reported through the Statement of Comprehensive Income, resulting in a total comprehensive loss attributable to members of $26,664 (2018: $10,209 profit). Net tangible assets at the end of the reporting period were 73.29 cents per share (2018: 88.25 cents). Total earnings per share were -1.47 cents (2018: 7.64 cents). Total comprehensive earnings per share were -13.48 cents (2018: 5.10 cents).

Investments

The Investment division recorded a profit of $7,155 (2018: $3,621).

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

Cash and cash equivalents as at 30 June 2019 were $41,981 (2018: $23,025). The increase in cash is predominantly due to distributions received from associates following the sale of the Tank Street Property. Ariadne also returned $5,293 (2018: $8,317) during the period by way of dividends and share buy-backs. Ariadne continues to maintain a prudent approach to cash management.

The trading portfolio recorded a net gain of $1,091 (2018: $646 loss) and the strategic portfolio revalued through profit or loss recorded a net gain of $1 (2018: $101) during the reporting period.

The strategic portfolio revalued through other comprehensive income recorded a net mark-to-market loss during the period of $31,377 (2018: $6,886 loss), predominantly associated with the Group's investment in ClearView Wealth Limited ("ClearView") and Ardent Leisure Group Limited ("Ardent"), which closed on balance date 43% and 47% respectively below their 30 June 2018 closing prices. The loss represented by the material reduction in market value of these investments is unrealised and the Board anticipates that the respective share prices of these holdings will recover over time. A deferred tax benefit of $6,511 (2018: $2,066) relating to the strategic portfolio's mark-to-market losses has also been recognised in other comprehensive income during the reporting period. Both the mark-to-market loss and deferred tax benefit attributable to the strategic portfolio are not included in the reported net profit.

During the period, the Group received its first dividend of $2,223 from its associate, Hillgrove Resources Limited ("Hillgrove"), which reflects the initial success of Hillgrove's strategy of accumulating cash from mining operations, with further distributions likely to follow over the next 18 months. The Group also received NZ$258 (2018: NZ$366) from Foundation Life (NZ) Ltd during the year comprised of loan note interest.

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

Car Parking

The Group's Car Parking division recorded a profit of $675 (2018: $2,800).

The division's result is derived from the trading activities of the Group's leased car park and a reversal of a provision relating to the Secure Parking transaction completed in 2017. The prior year result included the Group's car park lease held at 40 Tank Street, Brisbane, which was surrendered on 1 June 2018 for $2,000.

Directors' Report

Property

The Group's Property division recorded a profit of $1,764 (2018: $17,788).

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

The Group's share of profit from the Tank Street JV during the period was $180 (2018: $15,742),

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 Tank Street Property for $93,000. The Tank Street JV's carrying value of the Tank Street Property before the agreement was $60,700. In accordance with accounting standards, the Tank Street 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 Tank Street Property occurred on 20 August 2018.

The Group's share of the profit from Orams for the period was $1,194 (2018: $1,673), and the interest earned on the associated loan to Orams net of New Zealand withholding tax was $396 (2018: $382). 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 received the approval of the respective Boards of the trustee of Orams and Orams Marine Services Ltd on 29 March 2019 and the approval of the New Zealand Overseas Investment Office on 25 June 2019. Although the Development Agreement is still subject to satisfaction of a number of conditions precedent, the Board believes that the development has the potential to create significant value over time. 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 820 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 30 June 2019, these are estimated at $82,947 (2018: $77,625) and $78,388 (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 (2018: reduction of $2,000) to the net deferred tax asset be recorded. At balance date, the net deferred tax asset recognised by Ariadne was nil (2018: $1,000).

Employees

The number of employees, including directors, at balance date is 13 (2018: 14), 62% male and 38% female (2018: 64%:36%).

2. DIVIDENDS AND CAPITAL MANAGEMENT

Dividends paid during the 2019 financial year	**(cents per share)**	**($'000)**
FY18 Final – paid 28 September 2018	1.0	1,997
FY19 Interim – paid 28 March 2019	0.7	1,378
	1.7	3,375

The Directors have declared a partially franked (70%) final dividend of $1,969 (1.0 cent per share) in relation to the 2019 financial year, of which 30% is sourced from the Conduit Foreign Income Account. No liability is recognised in the 2019 financial statements as this dividend was declared after 30 June 2019.

During the period Ariadne bought back and cancelled 2,776,728 (2018: 1,708,697) shares at a cost of $1,918 (2018: $1,286). 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

3. DIRECTORS

The names and details of Ariadne's Directors in office at the date of this report are set out below. All Directors were in office for the entire period unless otherwise stated.

Names, qualifications, experience and special responsibilities

David Baffsky, AO, LLB

Independent Non-Executive Chairman

Mr Baffsky AO, was appointed as a Director of Ariadne on 18 March 2008 and Chairman of the Board on 13 January 2009.

Mr Baffsky holds a law degree from the University of Sydney and was the founder, and until 1991, the senior partner of a Sydney legal firm specialising in commercial and fiscal law. Mr Baffsky is Honorary Chairman (formerly Executive Chairman between 1993 and 2008) of Accor Asia Pacific, which is the largest hotel management company in the Asia Pacific region. He is Chairman of Investa Property Group, a board member of Sydney Olympic Park Authority, Destination NSW, The George Institute and the Australian Brandenburg Orchestra. Amongst previous roles, Mr Baffsky was a Director of SATS Limited, Chairman of Food & Allied Support Services Corporation Ltd, a Trustee of the Art Gallery of NSW, chairman of Voyages Indigenous Tourism Ltd and a director of the Indigenous Land Corporation. He was a member of the Business Government Advisory Group on National Security and a member of the federal government's Northern Australia Land and Water Taskforce. In 2001 Mr Baffsky was made an Officer in the General Division of the Order of Australia and in 2003 he received the Centenary Medal. In 2004 he was recognised as the Asia Pacific Hotelier of the Year. In 2012 he was awarded the Chevalier in the Order of National Légion d'Honneur of France.

Mr Baffsky was appointed to the Ariadne Audit and Risk Management Committee on 18 March 2008.

Kevin Seymour, AM

Non-Executive Deputy Chairman

Mr Seymour AM, was appointed as a Director of Ariadne on 23 December 1992.

Mr Seymour is the Executive Chairman of Seymour Group, one of the largest private property development and investment companies in Queensland and has substantial experience in the equities market in Australia and has extensive management and business experience including company restructuring. Mr Seymour holds board positions with several private companies in Australia. Mr Seymour was previously a Director of UNiTAB and then Tatts Group Limited. When the merger was completed between Tatts Group and Tabcorp Limited he completed his term as Director on 22 December 2017. Mr Seymour was also previously the Chairman of Watpac Limited, the Chairman of the RBH Herston Taskforce Redevelopment, Independent Chairman of the Queensland Government's and Brisbane City Council's Brisbane Housing Company Limited and Chairman of Briz31 Community TV. He has also served on the Brisbane Lord Mayor's Drugs Taskforce and is an Honorary Ambassador for the City of Brisbane. In June 2003, Mr Seymour received the Centenary Medal for distinguished service to business and commerce through the construction industry, and in June 2005 he was awarded the Order of Australia Medal for his service to business, the racing industry, and the community.

Christopher Barter, BSc Phy, Msc Phy

Independent Non-Executive Director

Mr Barter was appointed as a Director of Ariadne on 22 February 2018.

Mr Barter is a managing partner at King River, a global technology investment fund based in Sydney. He was previously at Goldman Sachs for 19 years, based in Frankfurt, London and Moscow where he was the CEO of Russia and CIS from 2007 to 2012 responsible for the securities, investment banking and private equity investing activities. In that role, Mr Barter built out the firm's bank and broker-dealer operations, established many key business and political relationships, and led many of its landmark investments in the region. Prior to this, his roles at Goldman Sachs included co-Head of the European Financial Institutions Group (2003-2007) and Head of the European Insurance and Pension Fund Industry Group (1998- 2003). He was named a Managing Director in 2000 and was made Partner in 2004, and served on the Firmwide Growth Markets Operating Committee. Mr Barter currently serves on the boards of CNG Fuels (UK energy infrastructure), FinClear (Australian financial services), and on the advisory board of GreenSync (Australian energy SaaS). He also serves on the President's Leadership Council at Brown University. Mr Barter obtained a BSc in Physics from Brown University (1990) and an MSc in Physics from Harvard University (1993).

Mr Barter was appointed as a member of the Audit and Risk Management Committee on 22 March 2019.

Maurice Loomes, B Com (Econ Hons), F Fin

Independent Non-Executive Director

Mr Loomes, was appointed as a Director of Ariadne on 20 May 2004 and retired on 10 May 2019.

Mr Loomes has previously served as Chairman of CIC Australia Limited and Calliden Group Limited and as a Director of Hillgrove Resources Limited (appointed 25 November 2013 and resigned on 10 May 2019). Mr Loomes has an extensive background in investment analysis and strategy and for a number of years was a senior executive with Guinness Peat Group plc.

Mr Loomes was appointed to the Ariadne Audit and Risk Management Committee on 20 May 2004 and retired on 27 November 2018.

Directors' Report

John Murphy, B Com, M Com, CA, FCPA
Independent Non-Executive Director

Mr Murphy, was appointed as a Director of Ariadne on 6 December 2006.

Mr Murphy was the founder and Managing Director of Investec Wentworth Private Equity Limited from 2002 until 2011 and a Director of Investec Bank Australia Limited from 2004 until 2014. He is currently the Managing Director of private equity firm Adexum Capital Limited.

During the past three years, Mr Murphy has also served on the board of Gale Pacific Limited (appointed 24 August 2007 and resigned on 14 August 2018).

Mr Murphy was appointed to the Ariadne Audit and Risk Management Committee on 6 December 2006 and was elected Committee Chairman on 18 March 2008.

Dr Gary Weiss, AM, LLB (Hons), LLM, JSD
Executive Director

Dr Weiss, was appointed as a Director of Ariadne on 28 November 1989.

Dr Weiss is Chairman of Ardent Leisure Limited (appointed 29 September 2017, having been appointed Director on 3 September 2017), Ridley Corporation Limited (appointed 1 July 2015, having been a Director since 21 June 2010) and Estia Health Ltd (appointed 1 January 2017, having been a Director since 24 February 2016) and a Director of several other listed companies including, The Straits Trading Company Limited (appointed 1 June 2014), and Thorney Opportunities Ltd (appointed 21 November 2013). Dr Weiss acts as an Alternate Director of Mercantile Investment Company Limited (appointed 25 February 2015). He was also appointed a Commissioner of the Australian Rugby League Commission on 30 August 2016.

During the past three years, Dr Weiss has also served as the Chairman of Secure Parking Pty Ltd (appointed 1 November 2004 and resigned 11 January 2017) and as a Director of Tag Pacific Limited (appointed 1 October 1998 and resigned 31 August 2017), Pro-Pac Packaging Limited (appointed 28 May 2012 and resigned 27 November 2017) and Premier Investments Limited (appointed 11 March 1994 and resigned 28 July 2018).

4. COMPANY SECRETARY

Natt McMahon, B Com, M AppFin, SA Fin, CA, FGIA, FCIS

Mr McMahon was appointed Chief Financial Officer and Company Secretary for the Group on 18 May 2012.

Prior to joining Ariadne, Mr McMahon held senior financial roles with various local and overseas entities.

5. SIGNIFICANT EVENTS AFTER THE BALANCE DATE

After the balance date, the Directors declared a final dividend on ordinary shares in respect of the 2019 financial year. The total amount of the dividend is $1,969 which represents a partially franked (70%) dividend of 1.0 cents per share, of which 30% is sourced from the Conduit Foreign Income Account.

6. LIKELY DEVELOPMENTS AND EXPECTED RESULTS

Ariadne intends to continue its investment activities as it has done for many years. The results of these investment activities depend on the performance of the companies and securities in which the Group invests. Their performance in turn depends on many economic factors. These include economic growth rates, inflation, interest rates, exchange rates and taxation levels. There are also industry and company specific issues including management competence, capital strength, industry economics and competitive behaviour. The composition of the Group's investment portfolio can change dramatically from year to year. As a consequence profit flows are unpredictable as the rewards from a successful long term investment may be accrued in a single transaction.

Ariadne does not believe it is possible or appropriate to make a prediction on the future course of markets or the performance of its investments. Accordingly Ariadne does not provide a forecast of the likely results of its activities. However, the Group's focus is on results over the medium to long term and its twin objectives are to provide shareholders with regular dividends and capital growth in the value of their investments.

7. ENVIRONMENTAL REGULATION AND PERFORMANCE

The Group's environmental obligations are regulated by relevant federal, state and local government ordinances. The Group's policy is to comply with its environmental performance obligations.

Directors' Report

8. REMUNERATION REPORT (AUDITED)

All amounts in the Remuneration Report are stated in whole numbers unless otherwise specified.

The Remuneration Report outlines the Director and Executive remuneration arrangements of the Group in accordance with the requirements of the *Corporations Act 2001* and its Regulations.

Remuneration Philosophy

The performance of the Group depends upon the quality of its Directors, Executive Officers and employees.

Remuneration of Directors and Executive Officers of the Group is established by annual performance review, having regard to market factors and a performance evaluation process. For Executive Officers remuneration packages generally comprise salary, superannuation and a performance-based bonus.

Remuneration Structure

In accordance with good corporate governance the structure of Non-Executive Director and Executive Officer remuneration is separate and distinct.

Non-executive Remuneration

Objective
The Board seeks to set aggregate remuneration at a level which provides the Group with the ability to attract and retain Directors of the highest calibre, whilst incurring a cost which is acceptable to shareholders.

Structure
Ariadne's Constitution and the Australian Securities Exchange ("ASX") Listing Rules specify that the aggregate remuneration of Non-Executive Directors shall be determined from time to time by a general meeting. An amount not exceeding the amount determined is then divided between the Directors as agreed. The latest determination, approved by shareholders on 24 November 2011, provided for an aggregate limit of Non-Executive Directors' remuneration (including superannuation) of $500,000 per annum.

The amount of aggregate remuneration sought to be approved by shareholders and the manner in which it is apportioned amongst Directors is reviewed annually. The Board considers fees paid to Non-Executive Directors of comparable companies when undertaking the annual review process.

Directors are also reimbursed for reasonable travel expenses in attending Board and Committee meetings and other costs associated with representing the Group in specific matters from time to time.

Executive Remuneration

Objective
The Group aims to reward Executives with a level and mix of remuneration commensurate with their position and responsibilities within the Group so as to:

- reward Executives for performance against targets set by reference to appropriate benchmarks;
- align the interests of Executives with those of shareholders;
- link reward with the strategic goals and performance of the Group; and
- ensure total remuneration is competitive by market standards.

Structure
In determining the level and make up of Executives' remuneration, the Board considers market levels of remuneration for comparable roles and employee performance. Remuneration consists of the following key elements:

- Fixed remuneration
- Variable remuneration

The Board establishes the proportion of fixed and variable remuneration for each Executive.

Directors' Report

Fixed Remuneration

Objective
The level of fixed remuneration is set so as to provide a base level of remuneration, which is both appropriate to the position and is competitive in the market. Fixed remuneration is reviewed annually.

Structure
Fixed remuneration is paid in cash.

Variable Remuneration

Objective
The objective of variable remuneration is to reward Executives in a manner which aligns this element of remuneration with the creation of shareholder wealth.

Structure
Variable remuneration is generally only offered to Executives who are able to influence the generation of shareholder wealth and have a direct impact on the Group's performance. Due to the operations of the Group, the value of variable remuneration may be linked to the outcome of specific transactions in addition to the Group's overall financial performance. Comprehensive Earnings per Share ("CEPS"), Return on Equity ("ROE"), and project Internal Rate of Return ("IRR") as calculated in accordance with applicable accounting standards and accepted valuation techniques may be used as key indicators of performance.

Variable remuneration may be in the form of cash bonuses or longer term incentives in the form of Ariadne share options. Cash based variable remuneration is used to reward Executives for exceptional performance. The nature of the Group's activities lends itself to a market where cash based incentives are prevalent. While individual performance may be rewarded by way of cash based payments, the Board also considers the use of longer-term incentives in order to align the interests of employees and shareholders.

A share option plan has been established where the Board may grant options over the ordinary shares of Ariadne to Executives as a long-term incentive payment. The options, issued for nil consideration, are granted as variable remuneration. All options are issued at the discretion of the Board, there are no fixed guidelines.

Each option entitles the holder to subscribe for one fully paid ordinary share in Ariadne at a specified price. The options are issued for a term of five years and are exercisable two years from the date of grant. The options cannot be transferred and will not be quoted on the ASX. Option holders do not have any right, by virtue of the option, to participate in any share right issues or dividends.

Details of Key Management Personnel Remuneration

(a) Details of Key Management Personnel

(i) Directors

D Baffsky, AO	Independent Non-Executive Chairman
K Seymour, AM	Non-Executive Deputy Chairman
C Barter	Independent Non-Executive Director
M Loomes	Independent Non-Executive Director (retired 10 May 2019)
J Murphy	Independent Non-Executive Director
G Weiss, AM	Executive Director

(ii) Executives

N McMahon	Chief Financial Officer / Company Secretary
D Weiss	Investment Officer

(b) Remuneration of Directors and Executives

Remuneration Policy

The Board acts as the Group's Remuneration Committee and is responsible for determining and reviewing compensation arrangements for the Directors and the Executive team. The Directors assess the appropriateness of the nature and amount of emoluments on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality Board and Executive team.

Directors' Report

(b) Remuneration of Directors and Executives (continued)

Directors' remuneration primarily consists of a base salary.

Officers receive their base emolument in the form of cash payments. Once the Directors' approval is granted, bonuses are paid by way of cash or longer term incentives in the form of Ariadne share options. The Directors link the nature and amount of Executive Directors' and Officers' emoluments to the Group's financial and operational performance.

Superannuation Commitments

All superannuation payments on behalf of the Group's Directors and staff are paid to externally administered superannuation funds. The Group makes contributions in accordance with Superannuation Guarantee Legislation.

	Short Term Employee Benefits			Post-Employment Benefits	Share Based Payment	Total	% at Risk
	Salary & Fees	Cash Bonus	Non-Monetary Benefits(i)	Superannuation	Options(ii)		
Table 1: Emoluments of Directors of Ariadne							
D Baffsky, AO (Chairman)(iii)							
2019	**130,000**	**—**	**15,248**	**12,350**	**—**	**157,598**	**—**
2018	130,000	—	14,970	12,350	—	157,320	—
K Seymour, AM (Deputy Chairman)							
2019	**70,000**	**—**	**—**	**6,650**	**—**	**76,650**	**—**
2018	70,000	—	—	6,650	—	76,650	—
C Barter(iv)							
2019	**70,000**	**—**	**—**	**9,005**	**—**	**79,005**	**—**
2018	24,791	—	—	—	—	24,791	—
M Loomes(v)							
2019	**60,487**	**—**	**—**	**5,746**	**—**	**66,233**	**—**
2018	70,000	—	—	6,650	—	76,650	—
J Murphy							
2019	**80,000**	**—**	**—**	**7,600**	**—**	**87,600**	**—**
2018	80,000	—	—	7,600	—	87,600	—
G Weiss, AM (Executive Director)							
2019	**695,000**	**—**	**15,248**	**30,000**	**—**	**740,248**	**—**
2018	695,000	48,365	14,970	31,635	—	789,970	—
Total Remuneration: Directors							
2019	**1,105,487**	**—**	**30,496**	**71,351**	**—**	**1,207,334**	**—**
2018	1,069,791	48,365	29,940	64,885	—	1,212,981	—
Table 2: Emoluments of the Executive Officers of the Group							
N McMahon (Chief Financial Officer / Company Secretary)							
2019	**281,350**	**—**	**—**	**25,000**	**29,867**	**336,217**	**8.88%**
2018	276,684	19,166	—	25,000	15,563	336,413	4.62%
D Weiss (Investment Officer)							
2019	**347,079**	**—**	**15,248**	**20,531**	**29,867**	**412,725**	**7.24%**
2018	340,000	25,000	14,970	21,683	17,872	419,525	4.26%
Total Remuneration: Executives							
2019	**628,429**	**—**	**15,248**	**45,531**	**59,734**	**748,942**	**7.97%**
2018	616,684	44,166	14,970	46,683	33,435	755,938	4.42%

(i) Non-monetary benefits represent the cost of car parking (including associated fringe benefits tax).
(ii) Refer to Table 3 - Option holdings of Directors and Executives.
(iii) Mr Baffsky, AO (Chairman) performed various consulting services to the Group outside of his Director's duties. Mr Baffsky was paid additional fees of $43,800 not included above for consulting work performed during the period.
(iv) Mr Barter was appointed as a Director of Ariadne on 22 February 2018.
(v) Mr Loomes retired as a Director of Ariadne on 10 May 2019.

Directors' Report

Table 3: Option holdings of Directors and Executives

	Balance 1 July 2018	Granted as Remuneration	Options Exercised	Options Expired	Balance 30 June 2019	Vested and Exercisable
Executives						
N McMahon	**250,000**	**250,000**	**—**	**—**	**500,000**	**—**
D Weiss	**750,000**	**250,000**	**—**	**—**	**1,000,000**	**500,000**
Total	**1,000,000**	**500,000**	**—**	**—**	**1,500,000**	**500,000**

Each option entitles the holder to purchase one Ariadne share at a specified price. The options have a vesting period of two years from the date the option is issued followed by an exercise period of three years. The options may not be exercised during the vesting period. In accordance with the terms and conditions, options are either exercised, lapse or expire on cessation of employment in the event where vesting conditions have not yet been met. If options are not exercised in the exercise period, they lapse, and therefore have a nil value.

Options granted as part of Executive emoluments have been valued using the Black Scholes pricing model, which takes account of factors including the option exercise price, the volatility of the underlying share price, the risk-free interest rate, expected dividends on the underlying share, market price of the underlying share and the expected life of the option. The amortised cost to the Group has been calculated as the fair value of options at grant date, prorated over the vesting period of the options. The actual value of the options will only be determined after the exercise period commences and when the options are exercised.

Key inputs used in valuing the options on issue at balance date are as follows:

Grant Date	Expiry Date	Dividend Yield	Expected Volatility	Risk Free Interest Rate	Expected Life of Options from Grant Date (years)	Exercise Price (cents)	Share Price at Grant Date (cents)	Fair Value of Option at Grant Date (cents)
28/08/2015	27/08/2020	2.5%	26.5%	2.0%	3.5	35.0	39.5	8.2
18/08/2017	17/08/2022	2.6%	25.2%	2.2%	3.5	73.0	76.0	13.4
17/08/2018	16/08/2023	5.3%	34.9%	2.2%	3.5	63.0	65.5	12.1

Table 4: Shareholdings of Directors and Executives

Ordinary shares held in Ariadne	Balance 1 July 2018	On Exercise of Options	Net Change Other	Balance 30 June 2019
Directors				
D Baffsky, AO	**1,000,000**	**—**	**4,182,713**	**5,182,713**
K Seymour, AM	**11,634,174**	**—**	**—**	**11,634,174**
C Barter	**—**	**—**	**2,000,000**	**2,000,000**
M Loomes^	**538,111**	**—**	**—**	**538,111**
J Murphy	**586,296**	**—**	**—**	**586,296**
G Weiss	**77,639,743**	**—**	**(11,900,000)**	**65,739,743**
Executives				
N McMahon	**440,428**	**—**	**—**	**440,428**
D Weiss	**2,199**	**—**	**—**	**2,199**
Total	**91,840,951**	**—**	**(5,717,287)**	**86,123,664**

^ M Loomes retired as a Director 10 May 2019

All equity transactions with Directors and Executives other than those arising from the exercise of remuneration options have been entered into under terms and conditions no more favourable than those the entity would have adopted if dealing at arm's length. Currently no Director or Executive has disclosed to Ariadne that they have used hedging instruments to limit their exposure to risk on either shares or options in Ariadne. The Group's policy is that the use of such hedging instruments is prohibited.

(c) Indemnification and insurance of Directors and Officers

Insurance and indemnity arrangements concerning Officers of the Group are in place. Ariadne's Constitution provides an indemnity (to the extent permitted by law) in favour of each Director, Secretary and Executive Officer. The indemnity is against any liability incurred by that person in their capacity as a Director, Secretary or Executive Officer to another person (other than Ariadne or a related body corporate), unless the liability arises out of conduct involving a lack of good faith. The indemnity includes costs and expenses incurred by an Officer in successfully defending that person's position. The Group has paid a premium insuring each Director, Secretary and full-time Executive of the Group against certain liabilities incurred in those capacities, to the extent permitted by law. Disclosure of premiums and coverage has not been included as such disclosure is prohibited under the terms of the contract of insurance.

(d) Loans from Directors and Executives

No loans from Directors and Executives were made, repaid or outstanding during the current and prior financial periods.

Directors' Report

(e) Other transactions and balances with Directors and Executives

Purchases / Payments
During the period the loan to the Tank Street JV of $15,227,450 was repaid in full following settlement of the Property on 20 August 2018. On settlement a management fee and shared selling agent's fee of $1,680,000 net of GST ("Fee") was paid by the Tank Street JV to Ariadne's Deputy Chairman, Mr Seymour. The Fee was assessed by the Board and was considered to be both fair and reasonable.

Mr Barter is an Executive Director of King River Capital Management Pty Ltd ("KRC"). The Group invested $1,714,846 in other financial assets during the period which were associated or otherwise related entities of KRC.

Mr Barter, KRC and entities associated with KRC were appointed as authorised representatives for one of the Group's wholly owned subsidiaries, which holds an Australian Financial Services Licence, under an agreement established during the period. During the period, the Group received $17,500 from KRC relating to this agreement.

Mr Baffsky performed various consulting services to the Group outside of his Director's duties. Mr Baffsky was paid on commercial terms for consulting work performed of $43,800 (2018: $43,800). Mr Baffsky, in his role as Chairman of the Board of Directors and for other purposes, utilises an office and car park at premises leased by the Group.

Investments
The Group holds investments in, or managed by, entities where the officers of the Group hold a board position:

Ardent Leisure Group Limited	Dr G Weiss	Chairman
FinClear Pty Ltd	Mr C Barter	Non-Executive Director
Hearts and Minds Investments Limited	Dr G Weiss	Non-Executive Director
Mercantile Investment Company Limited	Mr D Weiss	Non-Executive Director
Thorney Opportunities Limited	Dr G Weiss	Non-Executive Director
King River Capital Management Pty Ltd	Mr C Barter	Executive Director

(f) Historical Group Performance
The table below illustrates the Group's performance over the last five years. These results include non-recurring items and asset impairment write-downs.

	2019	2018	2017	2016	2015
Total comprehensive income / (loss) after tax attributable to members	**(26,664)**	10,209	91,522	9,927	(1,921)
Return on equity (%) #	**(16.6%)**	5.8%	70.2%	11.9%	(2.3%)
Total comprehensive earnings per share (cents)	**(13.48)**	5.10	45.50	4.90	(0.94)
Dividends paid (cents)	**1.70**	3.50	2.00	1.00	1.00
Share price (cents at 30 June)	**62.50**	65.00	76.00	34.00	38.00
Net tangible assets per security (cents at 30 June)	**73.29**	88.25	86.58	43.09	39.11
Shares on issue (number at 30 June)	**196,892,360**	199,669,088	201,227,785	201,077,785	203,781,892

Return on equity is calculated as total comprehensive income for the period divided by average equity for the period.

Remuneration Report (Audited) Ends

Directors' Report

9. DIRECTORS' MEETINGS

The number of meetings of Directors (including meetings of committees of Directors) held during the year and the number of meetings attended by each of the Directors were as follows:

	Directors' Meetings	Meetings of Committees Audit & Risk Management
Number of meetings held:	**6**	**4**
Number of meetings attended:		
D Baffsky, AO	6	3
K Seymour, AM	6	n/a
C Barter	6	1
M Loomes (retired from the Board 10 May 2019)	5	2
J Murphy	6	4
G Weiss, AM	6	n/a

Committee membership

As at the date of this report, Ariadne had an Audit and Risk Management Committee. Members acting on the Committee during the year were:

J Murphy (Chairman)

D Baffsky, AO

C Barter (appointed to the Committee 22 March 2019)

M Loomes (retired from the Committee 27 November 2018)

10. ROUNDING

The amounts contained in the financial report have been rounded to the nearest thousand dollars (where rounding is applicable) under the option available to Ariadne in accordance with ASIC Instruction 2016/191.

11. AUDITOR'S INDEPENDENCE DECLARATION TO THE DIRECTORS

A copy of the auditor's independence declaration as required under Section 307C of the *Corporations Act 2001* is set out on page 16 and forms part of the Directors' Report for the year ended 30 June 2019.

12. NON-AUDIT SERVICES

There were no non-audit services provided by Ariadne's auditor, Deloitte Touche Tohmatsu in the current financial year.

Signed in accordance with a resolution of the Directors

D Baffsky, AO
Chairman
Sydney
28 August 2019

Auditor's Independence Declaration

Deloitte.

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

28 August 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 audit of the financial statements of Ariadne Australia Limited for the financial year ended 30 June 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 audit; and

(ii) any applicable code of professional conduct in relation to the audit.

Yours faithfully

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

John M Clinton
Partner
Chartered Accountants

Statement of Comprehensive Income

FOR THE YEAR ENDED 30 JUNE 2019

	Notes	GROUP 2019 $'000	2018 $'000
CONTINUING OPERATIONS			
Rental income		**8,080**	10,850
Interest income		**2,027**	1,627
Dividend income	4(a)	**2,624**	1,731
Other income	4(b)	**1,976**	1,581
Share of joint ventures' and associates' profits	13(c)	**3,899**	20,066
Rental expenses		**(8,086)**	(10,097)
Employee benefits expense	4(c)	**(2,870)**	(2,950)
Depreciation		**(242)**	(245)
Administration expenses		**(1,543)**	(1,987)
Finance costs		**(422)**	(473)
PROFIT BEFORE INCOME TAX		**5,443**	20,103
Income tax expense	5(a)	**(7,511)**	(4,066)
PROFIT / (LOSS) AFTER TAX FOR THE PERIOD		**(2,068)**	16,037
Attributable to:			
Non-controlling interests		**844**	744
MEMBERS OF ARIADNE		**(2,912)**	15,293
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified subsequently to profit or loss			
Net fair value movements on strategic portfolio revalued through other comprehensive income, net of tax		**(24,866)**	(4,820)
Items that may be reclassified subsequently to profit or loss			
Net fair value movement on cash flow hedge	15(c)	**316**	(193)
Exchange difference on translation of foreign operations		**1,090**	154
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX		**(23,460)**	(4,859)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**(25,528)**	11,178
Attributable to:			
Non-controlling interests		**1,136**	969
MEMBERS OF ARIADNE		**(26,664)**	10,209
Earnings per share			
Basic earnings per share (cents)		**(1.47)**	7.64
Diluted earnings per share (cents)		**(1.46)**	7.60

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

Balance Sheet

AS AT 30 JUNE 2019

	Notes	GROUP 2019 $'000	GROUP 2018 $'000
ASSETS			
Current Assets			
Cash and cash equivalents	8	**41,981**	23,025
Trade and other receivables		**2,229**	2,705
Other current assets	9	**6,291**	5,428
Total Current Assets		**50,501**	31,158
Non-Current Assets			
Receivables	10	**14,212**	13,320
Other financial assets	11	**58,165**	83,697
Investments in joint ventures and associates	13(c)	**32,816**	61,269
Property, plant and equipment		**597**	815
Deferred tax assets	5(b)	**—**	1,000
Total Non-Current Assets		**105,790**	160,101
TOTAL ASSETS		**156,291**	191,259
LIABILITIES			
Current Liabilities			
Trade and other payables		**266**	1,171
Interest-bearing loans and borrowings	14	**4,835**	7,027
Provisions		**463**	393
Total Current Liabilities		**5,564**	8,591
Non-Current Liabilities			
Interest-bearing loans and borrowings	14	**—**	527
Provisions		**267**	223
Total Non-Current Liabilities		**267**	750
TOTAL LIABILITIES		**5,831**	9,341
NET ASSETS		**150,460**	181,918
EQUITY			
Issued capital	15(a)	**378,558**	380,476
Reserves	15(c)	**163,680**	170,033
Accumulated losses	15(d)	**(397,934)**	(374,308)
EQUITY ATTRIBUTABLE TO MEMBERS OF ARIADNE AUSTRALIA LIMITED		**144,304**	176,201
Non-controlling interests		**6,156**	5,717
TOTAL EQUITY		**150,460**	181,918

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

Statement of Change in Equity

	Issued capital $'000 Note 15(a)	Reserves $'000 Note 15(c)	Accumulated losses $'000 Note 15(d)	ARIADNE $'000	Non-controlling interest $'000	GROUP $'000
FOR THE YEAR ENDED 30 JUNE 2018						
At 1 July 2017	381,697	161,656	(369,129)	174,224	5,744	179,968
Profit / (loss) for the period	—	18,164	(2,871)	15,293	744	16,037
Other comprehensive income	—	(5,084)	—	(5,084)	225	(4,859)
Total comprehensive income for the period	—	13,080	(2,871)	10,209	969	11,178
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	—	33	—	33	—	33
Dividends	—	(7,031)	—	(7,031)	(996)	(8,027)
At 30 June 2018	380,476	170,033	(374,308)	176,201	5,717	181,918
FOR THE YEAR ENDED 30 JUNE 2019						
At 1 July 2018	**380,476**	**170,033**	**(374,308)**	**176,201**	**5,717**	**181,918**
Profit / (loss) for the period	**—**	**20,714**	**(23,626)**	**(2,912)**	**844**	**(2,068)**
Other comprehensive income	**—**	**(23,752)**	**—**	**(23,752)**	**292**	**(23,460)**
Total comprehensive income for the period	**—**	**(3,038)**	**(23,626)**	**(26,664)**	**1,136**	**(25,528)**
Cost of shares bought back	**(1,918)**	**—**	**—**	**(1,918)**	**—**	**(1,918)**
Cost of share-based payment	**—**	**60**	**—**	**60**	**—**	**60**
Dividends	**—**	**(3,375)**	**—**	**(3,375)**	**(697)**	**(4,072)**
At 30 June 2019	**378,558**	**163,680**	**(397,934)**	**144,304**	**6,156**	**150,460**

The statement of changes in equity should be read in conjunction with the accompanying notes

Statement of Cash Flows

FOR THE YEAR ENDED 30 JUNE 2019

	Notes	GROUP 2019 $'000	2018 $'000
Cash flows from operating activities			
Receipts from rental income		**8,888**	11,934
Receipts from other income		**616**	1,666
Payments to suppliers and employees		**(13,553)**	(16,025)
Dividends and trust distributions received		**21,079**	4,207
Receipts from trading portfolio sales		**4,691**	1,496
Payments for trading portfolio purchases		**(2,026)**	(3,647)
Interest received		**2,027**	1,356
Interest and borrowing costs paid		**(422)**	(428)
Net cash flows from operating activities	16	**21,300**	559
Cash flows from investing activities			
Payments for plant and equipment		**(23)**	(4)
Divestments of joint ventures and associates		**15,227**	—
Investments in joint ventures and associates		**(50)**	(3,325)
Proceeds from strategic portfolio sales		**975**	928
Payments for strategic portfolio purchases		**(9,176)**	(13,849)
Loans repaid advanced by other parties		**1,435**	—
Loans advanced to other parties		**(2,000)**	(1,235)
Net cash flows from / (used in) investing activities		**6,388**	(17,485)
Cash flows from financing activities			
Repayments of borrowings		**(2,742)**	(6,634)
Proceeds from borrowings		**—**	6,500
Proceeds from exercised employee share options		**—**	52
Payments under share buy-back	15(a)	**(1,918)**	(1,286)
Dividends paid to members of the parent entity	7	**(3,375)**	(7,031)
Dividends paid to non-controlling interests		**(697)**	(996)
Net cash flows used in financing activities		**(8,732)**	(9,395)
Net increase / (decrease) in cash and cash equivalents		**18,956**	(26,321)
Cash and cash equivalents at beginning of period		**23,025**	49,346
Cash and cash equivalents at end of period	8	**41,981**	23,025

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

Notes to Financial Statements

FOR THE YEAR ENDED 30 JUNE 2019

1. CORPORATE INFORMATION

The consolidated financial statements of Ariadne Australia Limited ("Ariadne") and its controlled entities ("the Group") for the year ended 30 June 2019 were authorised for issue in accordance with a resolution of the Directors on 28 August 2019.

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

A description of the Group's operations and of its principal activities is included in the Directors' Report on pages 6 to 15.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The consolidated financial statements include the parent entity, Ariadne, and its controlled entities. The financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the *Corporations Act 2001* and Australian Accounting Standards as issued by the Australian Accounting Standards Board ("AASB").

The financial report has been prepared on a historical cost basis, except for investments in equity instruments and derivative financial instruments which have been measured at fair value.

Where necessary, comparatives have been reclassified and repositioned for consistency with current year disclosures.

The Group has also adopted all of the new and revised Standards and Interpretations issued by the AASB that are relevant and effective for the current year. New and revised Standards and amendments thereof and Interpretations effective for the current 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 2016-2016 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 in 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.

Lease accounting

AASB 16 *Leases* 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 depreciation and right of use asset and interest on the lease liability will be recognised in the consolidated income statement.

The Group undertook a detailed assessment to quantify the impact of leasing arrangements that existed as at the transition date of the standard and the amount of right of use assets and lease liabilities to be recognised on 1 July 2019 is not expected to be material. The Group plans to apply AASB 16 using the modified retrospective approach. This will result in recognising an adjustment to the opening balance of retained earnings at 1 July 2019 with no restatement of comparative information.

(b) Compliance

The financial report also complies with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board.

Notes to Financial Statements (Continued)

FOR THE YEAR ENDED 30 JUNE 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Future changes
There are a number of Standards and Interpretations that will be mandatory in future reporting periods. The Group has not elected to early adopt these Standards and Interpretations and does not expect them to have a material effect on the financial position or performance of the Group.

Affected Standards and Interpretations	Application date	Application date for Group
AASB 2017-6 'Amendments to Australian Accounting Standards – Prepayment Features with Negative Compensation'	1 January 2019	30 June 2020
AASB 2017-7 'Amendments to Australian Accounting Standards – Long-term Interests in Associates and Joint Ventures'	1 January 2019	30 June 2020
AASB 2018-1 'Amendments to Australian Accounting Standards – Annual Improvements 2015-2017'	1 January 2019	30 June 2020
AASB 2018-2 'Amendments to Australian Accounting Standards – Plan Amendment, Curtailment or Settlement'	1 January 2019	30 June 2020
AASB 16 'Leases'	1 January 2019	30 June 2020
Interpretation 22 Foreign Currency Transactions and Advance Consideration	1 January 2019	30 June 2020
Interpretation 23 Uncertainty over Income Tax Treatments	1 January 2019	30 June 2020
AASB 2018-7 Amendments to Australian Accounting Standards – Definition of material	1 January 2020	30 June 2021
AASB 2019-1 Amendments to Australian Accounting Standards – References to the Conceptual Framework	1 January 2020	30 June 2021

(d) Basis of consolidation
The consolidated financial statements comprise the financial statements of Ariadne and its controlled entities. Control is achieved when the Group;

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

The financial statements of subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

Subsidiaries are fully consolidated from the date on which control is obtained by the Group and cease to be consolidated from the date on which control is transferred out of the Group. Where there is loss of control of a subsidiary, the consolidated financial statements include the results for that part of the reporting period during which Ariadne had control.

In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profits and losses resulting from intra-group transactions, have been eliminated in full.

(e) Significant judgements and estimates
Critical accounting policies for which significant judgements, estimates and assumptions are made are detailed below. Actual results may differ from these estimates under different assumptions and conditions and may materially affect the financial result or the financial position reported in future periods.

Details in relation to the accounting policies applied when assessing the recoverable amount of the Group's assets and assets of joint ventures are included in Note 2(f) and in Note 2(i).

Details of the significant judgements and estimates made in relation to the treatment of available income tax losses have been disclosed in Note 5.

No other significant judgements or estimates that require additional disclosure in the financial report in the process of applying the Group's accounting policies have been made.

Notes to Financial Statements (Continued)

FOR THE YEAR ENDED 30 JUNE 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Investments in joint ventures and associates
An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of associates or joint ventures are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with AASB 5 Non-current Assets Held for Sale and Discontinued Operations.

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. When the Group's share of losses of an associate or a joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture. An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture.

When a group entity transacts with an associate or a joint venture of the Group, profits or losses resulting from the transactions with the associate or joint venture are recognised in the Group's consolidated financial statements on a gross basis. Related party transactions are disclosed in Note 19.

(g) Foreign currency translation
Both the functional and presentation currency of Ariadne and all of its subsidiaries is Australian dollars ("AUD").

All transactions in foreign currencies are initially recorded in the functional currency of the relevant entity at the exchange rate applicable at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into the functional currency of the entity at the rate of exchange applicable at the Balance Sheet date.

Revenues derived and expenses incurred by entities with a functional currency other than AUD are translated into the Group's presentation currency using the average exchange rate applicable in the reporting period. Assets and liabilities are translated into AUD at the rate of exchange applicable at the Balance Sheet date. All exchange differences arising on the translation into the presentation currency of the Group are recorded in the foreign currency translation reserve.

(h) Investment properties
Investment properties are initially measured at cost, including any associated transaction costs of acquisition. Costs incurred in the day-to-day servicing of the asset are excluded from the cost base of the asset.

Subsequent to initial recognition, investment properties are stated at fair value. Market conditions applicable to the asset at Balance Sheet date are considered in assessing fair value. Gains or losses arising from changes in fair values are recognised in the consolidated Statement of Comprehensive Income in the year in which they arise.

When investment property is transferred to development inventories, the deemed cost of the inventory is its fair value as at the date of the change in use.

(i) Recoverable amount of assets
At each reporting date, the Group assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the Group makes a formal estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

Recoverable amount is the greater of fair value less costs to sell and value in use. It is determined for an individual asset, unless the asset's value in use cannot be estimated to be close to its fair value less costs to sell and it does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Notes to Financial Statements (Continued)

FOR THE YEAR ENDED 30 JUNE 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Investments
The Group has two separate and distinct investment portfolios and designates its investments as either trading or strategic. The strategic portfolio is further broken down into strategic portfolio revalued through profit and loss and strategic portfolio revalued through other comprehensive income, both held for long term capital appreciation but differentiated by their accounting treatment under accounting standard *AASB 9 – Financial instruments.*

Additions, for all portfolios, are initially recognised at cost, being the fair value of the consideration given and including acquisition charges associated with the investment.

Investments within all the portfolios are remeasured to fair value based on the appropriate level inputs at the end of the reporting period. Gains or losses on investments in the trading portfolio and the strategic portfolio revalued through profit and loss are recognised in the Statement of Comprehensive Income. In contrast, gains or losses on the strategic portfolio revalued through other comprehensive income are recognised as a separate component of equity and are not reclassified to the profit or loss on either its disposal or on recognition of an impairment charge.

The Australian accounting standards set out the following hierarchy for fair value measurement for investments in financial instruments which are set out as below:

Level 1: - Quoted prices in active markets for identical assets or liabilities.
Level 2: - Inputs other than quoted prices, which can be observed either directly (as prices) or indirectly (derived from prices).
Level 3: - Inputs that are not based on observable market data.

Investments remeasured to fair value are disclosed in Note 9 and Note 11.

For investments carried at amortised cost, gains and losses are recognised in the Statement of Comprehensive Income when the investments are derecognised or impaired, as well as through the amortisation process.

(k) Derecognition of financial instruments
The derecognition of a financial instrument takes place when the Group no longer controls the contractual rights that comprise the financial instrument, which is normally the case when the instrument is sold, or all the cash flows attributable to the instrument are passed through to an independent third party.

(l) Trade and other receivables
Trade receivables, which generally have 30-day terms, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts. An estimate for doubtful debts is made for expected credit losses. Bad debts are written off when identified.

(m) Cash and cash equivalents
Cash and short-term deposits in the Balance Sheet comprise cash at bank and in hand and short-term deposits which are readily convertible to known amounts of cash and are subject to an insignificant change in value.

For the purposes of the Statement of Cash Flows, cash and cash equivalents are as defined above, net of outstanding bank overdrafts.

(n) Interest-bearing loans and borrowings
All loans and borrowings are initially recognised at cost, being the fair value of the consideration received net of issue costs associated with the borrowing.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Amortised cost is calculated by taking into account any issue costs, and any discount or premium on settlement.

Gains and losses are recognised in the Statement of Comprehensive Income when the liabilities are derecognised and as well as through the amortisation process.

(o) Provisions
Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the Statement of Comprehensive Income net of any reimbursement.

Notes to Financial Statements (Continued)

FOR THE YEAR ENDED 30 JUNE 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(o) Provisions (continued)

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

(p) Share-based payment transactions

The Group provides benefits to employees (including Directors) of the Group in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over Ariadne shares ("equity-settled transactions").

The cost of these equity-settled transactions is measured with reference to the fair value at the date at which the shares or rights over shares are granted. Fair value is determined using a Black Scholes model.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ("vesting date").

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects the extent to which the vesting period has expired.

Previously recognised share based payment expenses are reversed in the Statement of Comprehensive Income to the extent that awards do not ultimately vest.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any increase in the value of the transactions as a result of the modification, as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

(q) Leases

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments.

Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to the Statement of Comprehensive Income.

Capitalised leased assets are depreciated over their estimated useful life.

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognised as an expense in the Statement of Comprehensive Income on a straight-line basis over the lease term.

(r) Revenue

Revenue is recognised at an amount that reflects the consideration for which the Group is expecting to be entitled for transferring goods or services. The following specific recognition criteria must also be met before revenue is recognised:

Rental income

Rental income, which includes car parking and marina revenue, is recognised at transfer of service, which is generally at the time of delivery.

Interest income

Revenue is recognised as the interest accrues using the effective interest method (which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset).

Notes to Financial Statements (Continued)

FOR THE YEAR ENDED 30 JUNE 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(r) Revenue (continued)

Dividend income
Revenue is recognised when the shareholder's right to receive the payment is established.

Rendering of services
Revenue from the rendering of services is recognised at amounts which reflect the transfer of those services to the customer.

(s) Employee benefits
Provision is made for employee benefits accumulated as a result of employees rendering services up to the reporting date. These benefits include salaries/wages and on costs, leave provisions, superannuation and share based payments.

Liabilities arising in respect of wages and salaries, annual leave, and any other employee benefits expected to be settled within twelve months of the reporting date are measured at their nominal amounts based on remuneration rates which are expected to be paid when the liability is settled. All other employee benefit liabilities are measured at the present value of the estimated future cash outflow to be made in respect of services provided by employees up to the reporting date. In determining the present value of future cash outflows, the market yield as at the reporting date on national government bonds, which have terms to maturity approximating the terms of the related liability, are used.

Employee benefit expenses and revenues arising in respect of the following categories:
- wages and salaries, non-monetary benefits, annual leave, long service leave, and other leave benefits; and
- other types of employee benefits

are recognised against profits on a net basis in their respective categories.

(t) Income tax
Deferred income tax is provided on all taxable temporary differences at the Balance Sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences:
- except where the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries and interests in joint ventures, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, including unused tax losses, to the extent that it is probable taxable profit will be available against which the deductible temporary differences, and the carry-forward tax losses can be utilised:
- except where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, interests in joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax assets is reviewed at each Balance Sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in the Statement of Comprehensive Income.

(u) Other taxes
Revenues, expenses and assets are recognised net of the amount of GST except:
- where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Balance Sheet.

Notes to Financial Statements (Continued)

FOR THE YEAR ENDED 30 JUNE 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(u) Other taxes (continued)

Cash flows are included in the Cash Flow Statement on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(v) Earnings per share ("EPS")

Basic EPS is calculated as net profit attributable to members, adjusted to exclude costs of servicing equity (other than dividends), divided by the weighted average number of ordinary shares. Diluted EPS is calculated as net profit attributable to members, adjusted for

- costs of servicing equity (other than dividends) and preference share dividends; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares;

divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

(w) Derivative financial instruments and hedging

Interest rate swaps are used to hedge risks associated with interest rate fluctuations. The Group may also become party to stock call options in its favour, that are entered into to ensure the Group benefits from upward movements in stock prices underlying loans provided to external parties.

Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured to fair value. Derivatives are carried as assets when their fair value is positive and as liabilities when their fair value is negative. Any gains or losses arising from changes in the fair value of derivatives, except for those that qualify as cash flow hedges, are taken directly to the Statement of Comprehensive Income.

The fair values of interest rate swap contracts are determined by reference to market values for similar instruments.

For the purpose of hedge accounting, hedges are classified as cash flow hedges when they hedge the exposure to variability in cash flows that is attributable either to a particular risk associated with a recognised asset or liability or to a forecast transaction.

Cash flow hedges

Cash flow hedges are hedges of exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability that is a firm commitment and that could affect profit or loss. The effective portion of the gain or loss on the hedging instrument is recognised directly in equity, while the ineffective portion is recognised in profit or loss.

The Group tests each of the designated cash flow hedges for effectiveness at the end of each period. For interest rate cash flow hedges, any ineffective portion is taken to the Statement of Comprehensive Income. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked (due to it being ineffective), amounts previously recognised in equity remain in equity until the forecast transaction occurs.

Notes to Financial Statements (Continued)

FOR THE YEAR ENDED 30 JUNE 2019

3. SEGMENT INFORMATION

Segment accounting policies

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, whose operating results are regularly reviewed by the entity's chief operating decision maker. 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.

Reportable segments are based on aggregated operating segments determined by the similarity of the products sold and/or the services provided, and the type of business activity as these are the sources of the Group's major risks. Operating segments are aggregated into one reportable segment when they meet the qualitative and quantitative requirements for aggregation as prescribed by AASB 8 Operating Segments.

Segment products and locations

The Group's reportable segments are investments, car parking and property. The investments division comprises the Group's investments in securities. The car parking division includes gross revenues and expenses from car park leases owned by the Group up to the date of surrender, as well as the Group's share of results from Secure Kings Unit Trust up to the date of disposal. The property division includes all results derived from property and marina assets held by the Group, either directly or through joint venture entities or joint venture operations.

The consolidated entity's operations are located in Australasia.

Notes to Financial Statements (Continued)

FOR THE YEAR ENDED 30 JUNE 2019

3. SEGMENT INFORMATION (Continued)

Reportable segment information	Notes	INVESTMENTS 2019 $'000	INVESTMENTS 2018 $'000	CAR PARKING 2019 $'000	CAR PARKING 2018 $'000	PROPERTY 2019 $'000	PROPERTY 2018 $'000	UNALLOCATED^ 2019 $'000	UNALLOCATED^ 2018 $'000	GROUP 2019 $'000	GROUP 2018 $'000
Revenue and Result											
Revenue from external customers		**—**	—	**8,080**	10,850	**—**	—	**—**	—	**8,080**	10,850
Interest income		**1,587**	1,203	**—**	—	**440**	424	**—**	—	**2,027**	1,627
Dividend income		**2,624**	1,731	**—**	—	**—**	—	**—**	—	**2,624**	1,731
Other income		**125**	—	**675**	2,046	**—**	—	**84**	80	**884**	2,126
Net gain / (loss) on trading portfolio		**1,091**	(646)	**—**	—	**—**	—	**—**	—	**1,091**	(646)
Net gain on strategic portfolio revalued through profit or loss		**1**	101	**—**	—	**—**	—	**—**	—	**1**	101
Share of profit of joint ventures and associates		**2,525**	2,652	**—**	—	**1,374**	17,414	**—**	—	**3,899**	20,066
Total segment revenue *		**7,953**	5,041	**8,755**	12,896	**1,814**	17,838	**84**	80	**18,606**	35,855
Net profit for the year before income tax		**7,155**	3,621	**675**	2,800	**1,764**	17,788	**(4,151)**	(4,106)	**5,443**	20,103
Income tax expense	5(a)									**(7,511)**	(4,066)
Profit / (loss) after income tax for the period										**(2,068)**	16,037
Assets											
Equity accounted investments included in segment assets	13(c)	**23,178**	24,259	**—**	—	**9,638**	37,010	**—**	—	**32,816**	61,269
Other assets		**102,373**	114,546	**—**	—	**8,693**	8,691	**12,409**	6,753	**123,475**	129,990
Total assets		**125,551**	138,805	**—**	—	**18,331**	45,701	**12,409**	6,753	**156,291**	191,259
Other segment information											
Depreciation		**—**	—	**—**	4	**—**	—	**242**	241	**242**	245
Finance costs		**327**	420	**—**	3	**—**	—	**95**	50	**422**	473
Net movement in fair value of strategic portfolio through OCI		**(24,866)**	(4,820)	**—**	—	**—**	—	**—**	—	**(24,866)**	(4,820)
Segment liabilities		**4,885**	7,604	**45**	671	**—**	—	**901**	1,066	**5,831**	9,341

^ Unallocated segment includes management income, corporate costs and other corporate assets and liabilities.
* 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 Financial Statements (Continued)

FOR THE YEAR ENDED 30 JUNE 2019

4. REVENUES AND EXPENSES

Revenue and Expenses from Continuing Operations	Notes	GROUP 2019 $'000	 2018 $'000
(a) Dividend income			
Received from trading portfolio		**340**	357
Received from strategic portfolio revalued through other comprehensive income		**2,284**	1,374
		2,624	1,731
(b) Other income			
Net fair value gain / (loss) on trading portfolio	(i)	**1,091**	(646)
Net fair value gain on strategic portfolio revalued through profit or loss	(i)	**1**	101
Other income	(ii)	**884**	2,126
		1,976	1,581

(i) Investments in the trading portfolio and strategic portfolio revalued through profit or loss, are remeasured to fair value based on the appropriate level inputs at the end of the reporting period as outlined in Note 2(j). The carrying values of these portfolios are disclosed in Note 9.

(ii) Current period other income includes a $627 reversal of a provision relating to the Secure Parking transaction completed in January 2017. The prior period result includes a surrender fee of $2,000 for the Tank Street car park lease.

(c) Employee benefits expense		
Salaries, wages and on costs	**2,534**	2,631
Leave provisions	**111**	118
Superannuation	**165**	168
Share-based payment expense	**60**	33
	2,870	2,950

5. INCOME TAX

(a) Income tax expense reconciliation

A reconciliation between income tax expense and the product of accounting profit before income tax multiplied by the Group's applicable income tax rate is as follows:

Group accounting profit / (loss) after tax reported in the Statement of Comprehensive Income	**(2,068)**	16,037
Income tax expense reported in the Statement of Comprehensive Income	**7,511**	4,066
Group accounting profit before income tax	**5,443**	20,103
At the Group's statutory income tax rate of 27.5% (2018: 30%)	**1,497**	6,031
Permanent differences	**(2,201)**	(1,758)
Other movements	**(1,130)**	(961)
Prior year (under) / over provision	**(352)**	890
Tax losses recouped	**(2,502)**	(219)
Movement in recognised deferred tax asset	**12,199**	83
Income tax expense reported in the Statement of Comprehensive Income	**7,511**	4,066

Notes to Financial Statements (Continued)

FOR THE YEAR ENDED 30 JUNE 2019

5. INCOME TAX (Continued)

(b) Recognised deferred tax balances

	Notes	GROUP 2019 $'000	2018 $'000
Recognised deferred tax assets / (liabilities) comprises:			
Tax losses - revenue		—	1,000
Tax losses - capital		—	11,199
Temporary differences		—	(11,199)
Net deferred tax asset		—	1,000
Movement in recognised deferred tax balances:			
Tax losses - revenue	(i)	**(1,000)**	(2,000)
Tax losses - capital		**(11,199)**	1,917
Temporary differences			
Strategic portfolio revalued through profit or loss		—	1,694
Strategic portfolio revalued through other comprehensive income	15(c)	**6,511**	2,066
Strategic portfolio investments reclassified as equity accounted investments		—	(989)
Equity accounted investments		**3,768**	(4,688)
Adjustments to deferred tax due to changes in rates and laws	(ii)	**920**	—
Net movement in deferred tax		**(1,000)**	(2,000)

(c) Unrecognised deferred tax balances

	2019	2018
Unrecognised deferred tax assets comprises:		
Tax losses - revenue	**22,810**	22,287
Tax losses - capital	**21,557**	16,646
Net deferred tax asset unrecognised	**44,367**	38,933

Ariadne and its wholly owned Australian resident subsidiaries are part of a tax consolidated group. Ariadne, the head company, currently has significant carried forward income and capital tax losses that are available to offset future taxable profits. At 30 June 2019, these are estimated at $82,947 (2018: $77,625) and $78,388 (2018: $92,818) respectively. The full value attributable to these tax losses have not been recognised as an asset on the Balance Sheet.

(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 (2018: 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.

A deferred tax asset for the balance of revenue tax losses incurred by the Group has not been recognised at reporting date, as realisation of the benefit is not regarded as probable. The deferred tax asset solely arising from income tax losses of the Group not recognised at reporting date is $22,810 (2018: $22,287). The value of this deferred tax asset will only be realised if:

(a) future assessable income is derived of a nature and of an amount sufficient to enable the benefit to be realised; and
(b) the conditions for deductibility imposed by tax legislation continue to be complied with; and
(c) no changes in tax legislation adversely affect the consolidated entity in realising the benefit.

The Board has concluded that there is insufficient evidence to estimate future capital gains and losses other than those non-current assets which are carried at fair value under accounting standards. As such, no deferred tax asset of has been recognised at balance date (2018: $11,199), The deferred tax asset solely arising from capital tax losses of the Group not recognised at reporting date is $21,557 (2018: $16,646).

Notes to Financial Statements (Continued)

FOR THE YEAR ENDED 30 JUNE 2019

6. EARNINGS PER SHARE

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders of Ariadne by the weighted average number of ordinary shares outstanding during the year as outlined in Note 2(v).

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

	ARIADNE	
	2019	2018
Earnings and share data used in the calculations of basic and diluted earnings per share:		
Net profit / (loss) attributable to members ($'000)	**(2,912)**	15,293
Earnings used in calculating basic and diluted earnings per share ($'000)	**(2,912)**	15,293
Total comprehensive income attributable to members ($'000)	**(26,664)**	10,209
Total comprehensive earnings used in calculating basic and diluted earnings per share ($'000)	**(26,664)**	10,209
Weighted average number of ordinary shares used in calculating basic earnings per share	**197,858,141**	200,287,999
Effect of dilutive securities:		
Employee share options	**1,000,000**	1,000,000
Weighted average number of ordinary shares used in calculating diluted earnings per share	**198,858,141**	201,287,999
Basic earnings per share (cents per share)	**(1.47)**	7.64
Diluted earnings per share (cents per share)	**(1.46)**	7.60
Total comprehensive earnings per share (cents per share)	**(13.48)**	5.10
Total comprehensive diluted earnings per share (cents per share)	**(13.41)**	5.07

7. DIVIDENDS PAID AND PROPOSED ON ORDINARY SHARES

	$'000	$'000
Dividends paid during the year:		
Final 60% franked dividend of 1.0 cents per share (2017: unfranked 1.0 cents)	**1,997**	2,014
Special dividend (2017: unfranked 1.5 cents)	**—**	3,020
Interim fully franked dividend of 0.7 cents per share (2018: unfranked 1.0 cents)	**1,378**	1,997
	3,375	7,031
Dividends proposed:		
Final partially franked (70%) dividend of 1.0 cent per share (2018: 60% franked 1.0 cent)	**1,969**	1,997
	1,969	1,997

As the final dividend for 2019 was declared after balance date, no liability was recognised at balance date.

Franking Account

The amount of franking credits available for distribution from the franking account at year end was $1,023 (2018: $534). The final dividend for 2019 is 70% franked (2018: 60% franked).

Conduit Foreign Income Account

For the 2019 final dividend, 30% of the dividend is sourced from Ariadne's Conduit Foreign Income Account (2018: 30%). As a result, 30% of the final dividend paid to a non-resident shareholder will not be subject to Australian withholding tax.

Notes to Financial Statements (Continued)

FOR THE YEAR ENDED 30 JUNE 2019

8. CASH AND CASH EQUIVALENTS

	Notes	GROUP 2019 $'000	2018 $'000
Cash at call		**21,981**	18,025
Cash on term deposit		**20,000**	5,000
		41,981	23,025

9. OTHER CURRENT ASSETS

Trading portfolio	**5,089**	5,307
Strategic portfolio revalued through profit or loss	**1,000**	—
Prepayments and other assets	**202**	121
	6,291	5,428

Investments in the trading portfolio and strategic portfolio revalued through profit or loss, are remeasured to fair value based on the appropriate level inputs at the end of the reporting period as outlined in Note 2(j). The fair value movement of these portfolios are disclosed in Note 4(b).

10. RECEIVABLES (NON-CURRENT)

Related entity loans and advances	**8,400**	8,400
Other loans and advances	**5,812**	4,920
	14,212	13,320

The loan to a related entity is directly supported by the assets of the borrower and is secured behind the borrower's primary lender.

11. OTHER FINANCIAL ASSETS

Cost		**67,837**	61,992
Accumulated fair value adjustments		**(9,672)**	21,705
Net carrying amount		**58,165**	83,697
Reconciliations for listed strategic investments			
Opening balance		**79,820**	85,711
Additions	(i)	**2,426**	10,264
Fair value adjustments	(ii)	**(35,815)**	(6,471)
Securities reclassified as equity accounted investments		**—**	(9,684)
Net carrying amount of listed investments		**46,431**	79,820
Reconciliations for unlisted strategic investments			
Opening balance		**3,877**	622
Additions	(iii)	**4,775**	3,585
Fair value adjustments	(ii)	**4,438**	(330)
Disposals		**(1,356)**	—
Net carrying amount of listed investments		**11,734**	3,877

(i) Material additions during the period include Ardent Leisure Group Limited 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 as outlined in Note 2(j).
(iii) Material additions during the period include investments associated with King River Capital Management Pty Ltd.

Notes to Financial Statements (Continued)

FOR THE YEAR ENDED 30 JUNE 2019

12. CONTROLLED ENTITIES

NAME	Place of incorporation	Percentage of equity held by Ariadne 2019	2018
Ariadne Administration Pty Ltd	QLD	**100**	100
Ariadne Capital Pty Ltd	QLD	**100**	100
Ariadne Freehold Pty Ltd	NSW	**100**	100
Ariadne Holdings Pty Ltd	ACT	**100**	100
Ariadne Insurance Pty Ltd	NSW	**100**	100
Ariadne Investment Holdings Pty Ltd	QLD	**100**	100
Ariadne Marinas Oceania Pty Ltd	QLD	**100**	100
Ariadne Properties Pty Ltd	QLD	**100**	100
Ariadne Property Investments Pty Ltd	QLD	**100**	100
Delta Equities Pty Ltd	NSW	**100**	100
Freshxtend International Pty Ltd	QLD	**53**	53
Freshxtend Technologies Corp	CAD	**53**	53
Kings Parking Corporate Pty Ltd	QLD	**100**	100
Portfolio Services Pty Ltd	QLD	**100**	100
Valjul Pty Ltd	QLD	**100**	100
Entities deregistered during the reporting period			
Batemans Bay Marina Developments Pty Ltd	QLD	**—**	100
Kings Parking (NSW) Pty Ltd	QLD	**—**	100
Kings Queensland Pty Ltd	QLD	**—**	100

13. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES

(a) Details of the Group's investment in joint ventures and associates

Name	Principal activity	Place of incorporation	Proportion of ownership interest and voting power held by the Group 2019	2018
Chifley Investment Partners Pty Ltd	Investment management	NSW	**50%**	50%
Lake Gold Pty Ltd	Mineral exploration	QLD	**50%**	50%
Orams NZ Unit Trust	Marina management	QLD	**50%**	50%
Seyaal Unit Trust	Property investment	QLD	**50%**	50%
Hillgrove Resources Limited ^	Mining	SA	**25%**	26%
AgriCoat NatureSeal Limited	Food life extension technology	UK	**17%**	17%
NatureSeal Inc	Food life extension technology	US	**17%**	17%

^Shares issued by Hillgrove Resources Limited during the period diluted the Groups voting power from 25.67% to 25.31%.

Notes to Financial Statements (Continued)

FOR THE YEAR ENDED 30 JUNE 2019

13. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES (Continued)

(b) Summary financial information of material joint ventures and associates

Seyaal Unit Trust ("Tank Street JV")	Notes	2019 $'000	2018 $'000
Revenue		**1,123**	35,244
Profit		**360**	31,483
Share of profit at 50%		**180**	15,742
Current assets		**1,024**	2,592
Total assets		**1,024**	97,512
Current liabilities		**—**	(5,047)
Total liabilities		**—**	(38,648)
Net assets		**1,024**	58,864
Share of net assets at 50%		**512**	29,432

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 2018 financial result. Both prior period revenue and profit, as set out above, included the revaluation uplift, net of completion costs, for the Property. 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.

(c) Aggregate information of joint ventures and associates

Balance at the beginning of the reporting period	**61,269**	28,327
Share of joint ventures' and associates' profits	**3,899**	20,066
Share of joint ventures' and associates' reserves	**1,280**	57
Net investment / (divestment) in joint venture and associates	**(15,177)**	3,325
Securities reclassified as equity accounted investments	**—**	11,970
Distributions received from joint ventures and associates	**(18,455)**	(2,476)
Carrying amount of investment in joint ventures and associates at reporting period end	**32,816**	61,269

The Group's share of joint ventures' and associates' commitments and contingent liabilities is disclosed in Note 18.

Notes to Financial Statements (Continued)

FOR THE YEAR ENDED 30 JUNE 2019

14. INTEREST-BEARING LOANS AND BORROWINGS

	GROUP	
	2019	2018
	$'000	$'000
Current and non-current		
Interest bearing facilities – current	**4,835**	7,027
Interest bearing facilities – non current	**—**	527
	4,835	7,554

The Group's interest-bearing facilities includes a New Zealand Dollar ("NZD") loan facility guaranteed by Ariadne. The Group repaid and reduced the NZD loan facility by NZ$800 during the reporting period to NZ$350. A further loan repayment of $2,000 was made during the period increasing the Group's bank loan facility unused and available to $5,245 (2018: $3,246) as summarised in the table.

Financing facilities available		
Total facilities		
Bank loans and lease facilities	**10,080**	10,800
Other facilities not recorded on the Group's Balance Sheet	**304**	304
Facilities used at reporting date		
Bank loans and lease facilities	**4,835**	7,554
Other facilities not recorded on the Group's Balance Sheet	**304**	304
Facilities unused at reporting date		
Bank loans and lease facilities	**5,245**	3,246
Other facilities not recorded on the Group's Balance Sheet	**—**	—

15. CONTRIBUTED EQUITY AND RESERVES

(a) Ordinary Ariadne shares on issue

		2019		2018	
	Note	**Number of shares**	**$'000**	Number of shares	$'000
At beginning of the reporting period		**199,669,088**	**380,476**	201,077,785	381,697
Shares bought back		**(2,776,728)**	**(1,918)**	(1,708,697)	(1,286)
Employee share options exercised		**—**	**—**	150,000	65
Balance at reporting period end		**196,892,360**	**378,558**	199,669,088	380,476

On 24 January 2019, as part of ongoing capital management initiatives, Ariadne extended its on-market buy-back facility for a further twelve months. 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. Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of Ariadne.

(b) Share Options

	ARIADNE	
	2019	2018
Employee options over Ariadne ordinary shares	**Number of options**	Number of options
At beginning of the reporting period	**1,000,000**	650,000
Employee share options issued	**500,000**	500,000
Employee share options exercised	**—**	(150,000)
Balance at reporting period end	**1,500,000**	1,000,000

Each option entitles the holder to purchase one ordinary share. Further details of the terms and conditions of the options are set out in the Remuneration Report.

Notes to Financial Statements (Continued)

FOR THE YEAR ENDED 30 JUNE 2019

15. CONTRIBUTED EQUITY AND RESERVES (Continued)

(c) Reserves

	Share options reserve	Financial asset revaluation reserve	Cash flow hedge reserve	Foreign currency translation reserve	Profits reserve	Capital profits reserve	ARIADNE
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
At 1 July 2017	49	17,706	(117)	1,430	72,566	70,022	161,656
Current year profits carried to profit reserve	—	—	—	—	18,164	—	18,164
Transfer of reserves to accumulated losses	—	2,308	—	—	—	—	2,308
Dividends	—	—	—	—	(7,031)	—	(7,031)
Deferred tax asset	—	2,066	—	—	—	—	2,066
Transfer to share capital	(13)	—	—	—	—	—	(13)
Other movements	33	(6,886)	(193)	(71)	—	—	(7,117)
At 30 June 2018	**69**	**15,194**	**(310)**	**1,359**	**83,699**	**70,022**	**170,033**
Current year profits carried to profit reserve	**—**	**—**	**—**	**—**	**20,714**	**—**	**20,714**
Dividends	**—**	**—**	**—**	**—**	**(3,375)**	**—**	**(3,375)**
Deferred tax asset	**—**	**6,511**	**—**	**—**	**—**	**—**	**6,511**
Other movements	**60**	**(31,377)**	**316**	**798**	**—**	**—**	**(30,203)**
At 30 June 2019	**129**	**(9,672)**	**6**	**2,157**	**101,038**	**70,022**	**163,680**

Nature and purpose of reserves

Share options reserve
The share options reserve records the value of equity benefits outstanding, provided to employees and Directors as part of their remuneration.

Financial asset revaluation reserve
The financial asset revaluation reserve records the Group's share of movements in the fair value of the strategic portfolio revalued through other comprehensive income net of tax as recognised in other comprehensive income.

Cash flow hedge reserve
The cash flow hedge reserve records the Group's share of movements in the fair value of effective hedging instruments against hedged risks as recognised in other comprehensive income.

Foreign currency translation reserve
The foreign currency translation reserve records exchange differences arising from the translation of the financial statements of foreign subsidiaries, joint ventures and associates with a non-Australian dollar functional currency as recognised in other comprehensive income.

Profit reserve
The profit reserve is used to accumulate distributable profits, preserving the characteristics of profit by not appropriating against prior year accumulated losses. The reserve can be used to pay taxable dividends.

The 30 June 2019 amount carried to profits reserve (in accordance with director resolutions) of $20,714 (2018: $18,164) includes an amount of $20,714 (2018: $14,346) relating to subsidiary entities and is not available for distribution as frankable dividends to the equity holders of Ariadne at 30 June 2019.

Capital profits reserve
The capital profits reserve is used to accumulate realised capital profits. The reserve can be used to pay dividends or issue bonus shares. No amount was carried to capital profits reserve during the period. (2018: nil).

Notes to Financial Statements (Continued)

FOR THE YEAR ENDED 30 JUNE 2019

15. CONTRIBUTED EQUITY AND RESERVES (Continued)

(d) Accumulated losses

	Notes	GROUP 2019 $'000	2018 $'000
Opening balance		**(374,308)**	(369,129)
Net loss not carried to profit reserve	(i)	**(23,626)**	(2,871)
Transfers from reserves		**—**	(2,308)
Closing balance		**(397,934)**	(374,308)

(i) The current period's net loss not carried to profit reserve is predominantly a consequence of inter-group dividends paid during the period.

16. CASH FLOW STATEMENT RECONCILIATION

Reconciliation of the net profit after tax to the net cash flows from operations

Net profit / (loss) after tax		**(2,068)**	16,037
Adjustments for:			
Share options expense	4(c)	**60**	33
Depreciation of non-current assets		**242**	245
Share of joint ventures' and associates' profits	13(c)	**(3,899)**	(20,066)
Distributions received from joint ventures and associates	13(c)	**18,455**	2,476
Income tax expense	5(a)	**7,511**	4,066
Transfers to / (from) provisions:			
Lease liabilities		**4**	21
Employee entitlements	4(c)	**111**	118
Changes in assets and liabilities:			
(Increase) / decrease in trade and other receivables		**303**	(671)
(Increase) / decrease in trading portfolios		**1,574**	(1,505)
(Increase) / decrease in strategic portfolio revalued through profit or loss	4(b)	**1**	(101)
(Increase) / decrease in prepayments		**(81)**	213
(Decrease) / increase in payables and accruals		**(905)**	(302)
Effects of exchange rate changes on cash held in foreign currencies		**(8)**	(5)
Net cash from operating activities		**21,300**	559

ARIADNE

Notes to Financial Statements (Continued)

FOR THE YEAR ENDED 30 JUNE 2019

17. FINANCIAL INSTRUMENTS

(a) Financial risk management objectives and policies

The Group's principal financial instruments include cash and short-term deposits, bank loans and receivables. These financial instruments are maintained to ensure the Group's operations are appropriately and efficiently financed through a combination of debt and equity, and to enable future investment activities to be undertaken in accordance with the strategic directives of management and the Board.

The Group also has a number of other financial assets and liabilities, such as trade receivables and trade payables. These arise directly from operating activities and comprise working capital balances.

The main risks arising from the Group's financial instruments are price risk and credit risk. The Group's price risk and credit risk policies are included in Note 17(d) and Note 17(e) below. Policies for managing these risks are issued by the Board.

Details of the significant accounting policies and methods adopted, including criteria for recognition, the basis for measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 2.

(b) Interest rate risk

The Group's exposure to the risk of changes in interest rates primarily affects cash on deposit and receivables. The Group's policy with respect to controlling this risk is to utilise a mix of fixed and variable deposits with terms matched to known cash flows, taking into consideration rates offered at various financial institutions. Reviews of cash deposits, future cash needs and rates offered on various financial products take place regularly. Consideration is given to potential renewals of existing positions, alternative products and investment options, substitute financing arrangements, alternative hedging positions, terms of deposits/borrowings and interest rate exposure. Where appropriate, fixed rate interest instruments are negotiated to mitigate any significant rate movement.

At balance date, the Group had the following mix of financial assets and liabilities exposed to Australian variable interest rate risk:

	GROUP	
	2019 $'000	2018 $'000
Financial Assets		
Cash and cash equivalents	**41,981**	23,025
Related party loans	**8,400**	8,400
Total financial assets exposed to interest rate risk	**50,381**	31,425
Financial Liabilities		
Advanced facilities and commercial bills	**4,835**	7,554
Total financial liabilities exposed to interest rate risk	**4,835**	7,554
Net exposure	**45,546**	23,871

The following sensitivity analysis is based on the interest rate risk exposures in existence throughout the period. If interest rates had been higher or lower as illustrated in the table below, with all other variables held constant, post tax profit would have been affected as follows (there would be no other effect on equity):

	Post tax profit higher / (lower)	
Group		
+1% (100 basis points)	**385**	390
- 1% (100 basis points)	**(385)**	(390)

The movement in profit is due to higher / lower interest rates from variable rate cash deposits, receivables and debt.

The estimated effect on Group profit that would arise as a result of a change to variable rates as disclosed above reflects the net cash position of the Group throughout the year.

Notes to Financial Statements (Continued)

FOR THE YEAR ENDED 30 JUNE 2019

17. FINANCIAL INSTRUMENTS (Continued)

(c) Foreign currency risk

As at 30 June 2019, the Group did not have any significant exposure to movements in foreign exchange rates on any of its financial instruments.

Throughout the year the Group conducted business with international associates and suppliers involving transactions in foreign currencies. The Group's exposure to movements in exchange rates is minimal due to the small number, size and nature of these operational transactions.

(d) Price risk

The Group may at times be exposed to price risk arising from holding listed securities. Listed securities are held for both strategic and trading purposes. All non-equity accounted listed securities are remeasured to fair values using Level 1 inputs as determined by reference to the quoted market close price at balance date.

At reporting date, the exposure to non-equity accounted listed securities was $51,520 (2018: $85,127). If the price of non-equity accounted listed securities had been 10% higher or lower at balance date, the Group would be impacted through income or equity by $5,152 higher or lower (2018: $8,513).

(e) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables and cash on deposit.

Management has credit policies in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all counterparties and customers requiring material credit amounts. Credit risk is spread across counterparties when possible, and where appropriate collateral and other guarantees in respect of financial assets are required.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the Balance Sheet.

There are no receivables as at the reporting date that management considered unlikely to be recoverable and no material receivables are past due that have not already been provided for in Note 10.

(f) Liquidity risk

The Group manages liquidity risk by maintaining adequate cash reserves and banking facilities. Forecast and actual cash flows are continuously monitored with the maturity profiles of the majority of financial assets and liabilities matched.

The liquidity analysis below has been determined based on contracted maturity dates and circumstances existing at reporting date. The expected timing of actual cash flows from these financial instruments may differ.

	GROUP	
	2019 $'000	2018 $'000
Financial liabilities due within		
6 months or less	**5,079**	8,170
6 – 12 months	**22**	20
1 – 5 years	**—**	527
Total financial liabilities exposed to liquidity risk	**5,101**	8,717

(g) Fair values

The carrying amounts and estimated fair values of financial assets and financial liabilities for the Group held at balance date are determined as disclosed below. The fair value of a financial asset or a financial liability is the amount at which the asset could be exchanged, or liability settled in a current transaction between willing parties after allowing for transaction costs.

The fair values of the financial instruments of the Group approximates carrying values.

The following methods and assumptions are used to determine the net fair value of each class of financial instrument:

Cash

The carrying amount approximates fair value because of its short-term to maturity.

Notes to Financial Statements (Continued)

FOR THE YEAR ENDED 30 JUNE 2019

17. FINANCIAL INSTRUMENTS (Continued)

Investments
For financial instruments traded in organised financial markets, fair value is the current quoted market bid price for an asset or offer price for a liability, adjusted for transaction costs necessary to realise the asset or settle the liability. For investments where there is no quoted market price, a reasonable estimate of the fair value is determined by reference to the current market value of another instrument which is substantially the same or is calculated based on the expected cash flows or the underlying net asset base of the investment.

Trade and other receivables
The carrying amount approximates fair value.

Accounts payable
The net fair value of accounts payable is based on the expected future cash out flows required to settle liabilities. As such carrying value approximates fair value.

Loans to and from related parties
The net fair value of loans receivable and payable is based on expected future cash flows.

Advance facilities
The net fair value of advance facilities is equal to the face value of these facilities at balance date net of borrowing costs.

18. COMMITMENTS AND CONTINGENCIES

(a) Lease commitments

	GROUP	
	2019 $'000	2018 $'000
(i) Operating leases (non-cancellable)		
The Group, its joint ventures and its associates as lessee:		
Minimum lease payments		
Not later than one year	**8,319**	8,967
Later than one year and not later than five years	**1,746**	9,604
Later than five years	—	233
Aggregate lease expenditure contracted for at reporting date	**10,065**	18,804

The Group, its joint ventures and its associates enter into operating leases as a means of acquiring access to property assets. The Group and its associates also enter into commercial leases for certain items of plant and equipment. The Group's share of lease commitments of its combined interests in joint ventures and associates included above is $1,826 (2018: $2,084).

(ii) Operating leases (non-cancellable)		
The Group, its joint ventures and its associates as lessor:		
Minimum lease receipts		
Not later than one year	**755**	3,925
Later than one year and not later than five years	**1,276**	14,452
Later than five years	**674**	5,704
Aggregate lease income contracted for at reporting date	**2,705**	24,081

The Group, its joint ventures and its associates enters into operating leases as a means of securing long term commercial tenants. The Group's share of lease commitments of its combined interests in joint ventures and associates included above is $2,705 (2018: $24,081). The prior year included $20,653 related to the Tank Street JV's interest in the Property which was sold on 20 August 2018.

(b) Other commitments

The Group enters into contractual capital commitments with investment vehicles from time to time, as at balance date the uncalled capital commitments for the Group were $2,775 (2018: $1,714).

Notes to Financial Statements (Continued)

FOR THE YEAR ENDED 30 JUNE 2019

18. COMMITMENTS AND CONTINGENCIES (Continued)

(c) Contingent liabilities and guarantees

Controlled entities, associates and joint ventures
Ariadne, including some of its subsidiaries, have 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.

Details of finance facilities for the controlled entities are included in Note 14. Ariadne has guaranteed $10,384 (2018: $11,104) of the borrowing obligations under these facilities.

19. RELATED PARTY DISCLOSURES

Ultimate parent
Ariadne Australia Limited is the ultimate parent company.

Related parties within the Group
Balances and transactions between Ariadne's controlled entities have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below.

Other related party transactions

Transaction type	Class of related party	Notes	GROUP 2019 $'000	GROUP 2018 $'000
Loans to other related parties				
Loans advanced / payables	Equity accounted investment		**—**	3,325
Loans repaid / receivables	Equity accounted investment	(i)	**15,227**	—
Investments in related parties				
Investments in other financial assets	Other financial assets	(ii)	**1,715**	—
Other transactions				
Interest received or receivable	Equity accounted investment	(iii)	**440**	424
Licence fees received or receivable	Equity accounted investment	(iv)	**18**	—
Management fees paid or payable	Equity accounted investment	(v)	**44**	44
Dividends and distributions received	Equity accounted investment	(vi)	**13,873**	—
Rent paid or payable	Equity accounted investment		**—**	1,518
Lease surrender fee	Equity accounted investment		**—**	2,000

All transactions with related parties are conducted on normal commercial terms and conditions.

(i) During the period the loan to the Tank Street JV of $15,227 was repaid in full following settlement of the Property on 20 August 2018. On settlement a management fee and shared selling agent's fee of $1,680 net of GST ("Fee") was paid by the Tank Street JV to Ariadne's Deputy Chairman, Mr Seymour. The Fee was assessed by the Board and was considered to be both fair and reasonable. Refer to Note 13(b) for further information.

(ii) Mr Barter is an Executive Director of King River Capital Management Pty Ltd ("KRC"). The Group invested $1,715 in other financial assets during the period which were associated or otherwise related entities of KRC.

(iii) Gross interest earned on the related entity loan disclosed in Note 10.

(iv) Mr Barter, KRC and entities associated with KRC were appointed as authorised representatives for one of the Group's wholly owned subsidiaries, which holds an Australian Financial Services Licence, under an agreement established during the period. During the period, the Group received $18 from KRC relating to this agreement.

(v) Mr Baffsky performed various consulting services to the Group outside of his Director's duties. Mr Baffsky was paid on commercial terms for consulting work performed of $44 (2018: $44). Mr Baffsky, in his role as Chairman of the Board of Directors and for other purposes, utilises an office and car park at premises leased by the Group.

(vi) During the period the Group received $13,873 in distributions from the Tank Street JV following settlement of the Property on 20 August 2018. Refer to Note 13(b) for further information.

Notes to Financial Statements (Continued)

FOR THE YEAR ENDED 30 JUNE 2019

20. EVENTS AFTER THE BALANCE DATE

After the balance date, the Directors declared a final dividend on ordinary shares in respect of the 2019 financial year. The total amount of the dividend is $1,969 which represents a partially franked (70%) dividend of 1.0 cent per share, of which 30% is sourced from the Conduit Foreign Income Account.

Apart from the matters above, there is no other matter of circumstance that has arisen since 30 June 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.

21. REMUNERATION OF AUDITORS

	GROUP	
	2019	2018
	$	$
Amounts received or due and receivable by Deloitte Touche Tohmatsu		
An audit or review of the financial report of the entity and any other entity in the Group	**140,400**	160,200
Services in relation to the entity and any other entity in the Group	**—**	—
	140,400	160,200

22. PARENT ENTITY INFORMATION

	ARIADNE	
	2019	2018
	$'000	$'000
Information relating to Ariadne Australia Limited		
Current assets	**3,300**	4,000
Total assets	**41,876**	56,005
Current liabilities	**—**	—
Total liabilities	**—**	—
Issued capital	**378,558**	380,476
Reserve – capital profits	**2,955**	2,955
Reserve – profits	**32,589**	35,964
Reserve – options	**129**	69
Accumulated losses	**(372,355)**	(363,459)
Total shareholders' equity	**41,876**	56,005
Profit of the parent entity	**(8,896)**	3,818
Total comprehensive income of the parent entity	**(8,896)**	3,818

The nature and purpose of each reserve is disclosed in Note 15(c).

Details of guarantees given are recorded in Note 18(c).

23. DIRECTOR AND EXECUTIVE DISCLOSURES

	GROUP	
	2019	2018
	$'000	$'000
Remuneration of Key Management Personnel		
Short term employee benefits	**1,780**	1,824
Post-employment benefits	**117**	112
Share based payments	**60**	33
Total remuneration	**1,957**	1,969

Directors' Declaration

FOR THE YEAR ENDED 30 JUNE 2019

In accordance with a resolution of the Directors of Ariadne Australia Limited, I state that:

1. In the opinion of the Directors:

   (a) the financial statements and notes of the consolidated entity are in accordance with the *Corporations Act 2001*, including;

      (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2019 and of its performance for the year ended on that date; and

      (ii) complying with the Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and

   (b) the financial statements and notes also comply with International Financial Reporting Standards as disclosed in Note 2; and

   (c) there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

2. This declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the *Corporations Act 2001* for the financial year ending 30 June 2019.

On behalf of the Board

D Baffsky, AO
Chairman
Sydney
28 August 2019

Independent Audit Report

Deloitte Touche Tohmatsu
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Independent Auditor's Report to the members of Ariadne Australia Limited

Report on the Audit of the Financial Report

Opinion

We have audited the accompanying financial report of Ariadne Australia Limited (the "Company") and its subsidiaries (the "Group"), which comprises the balance sheet as at 30 June 2019, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Group's financial position as at 30 June 2019 and of its performance for the year then ended; and

(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors, would be in the same terms if given to the directors of the Company as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Independent Audit Report

Deloitte.

<table>
<tr><th>Key Audit Matter</th><th>How the scope of our audit responded to the Key Audit Matter</th></tr>
<tr><td>
Valuation of listed and unlisted investments held at fair value and equity accounted investments in joint ventures and associates

Refer Notes 9, 11 and 13.

The Group has a portfolio of investments which consists of listed and unlisted entities, joint ventures and associates.

As at 30 June 2019, the Group's investment portfolio consisted of the following:

$5.1 million of investments in listed entities classified as fair value through profit or loss;
$46.4 million of investments in listed entities classified as fair value through other comprehensive income;
$4.5 million of investments in unlisted entities classified as fair value through profit or loss;
$7.2 million of investments in unlisted entities fair value through other comprehensive income; and
$32.8 million of equity accounted investments in joint ventures and associates.

The valuation of investments requires significant management judgement in estimating fair value in the absence of available market data, or in the case where the investment is listed on an active market, assessing that the current share price is a reliable indicator of fair value.
</td><td>
Our audit procedures in conjunction with our corporate finance specialists included, but were not limited to:

Obtained an understanding of the processes undertaken by management to determine the fair value of the portfolio of investments, including challenging managements assumptions and judgements in determining fair value;
For investments in listed entities:

Agreed a sample of additions and disposals of investments during the year to supporting documentation;
Reconciled the fair value of investments to movements in share prices, including assessing the 30 June 2019 fair value to the share price at that date; and
Performed a liquidity analysis to assess the appropriateness of the share price as at 30 June 2019 as a proxy to fair value.

For investments in unlisted entities:

Agreed a sample of additions and disposals of investments during the year to supporting documentation;
Assessed the valuation and underlying assumptions for a sample of investments, by comparing the fair value to relevant corroborating evidence including, but not limited to:

the initial cost of the investment for new investments and/or cost of additions during the year;
recent capital raisings or share placements undertaken by the investee, including Initial Public Offering (IPO) activity; or
recent financial statements or investor information issued by the investee, where available.

For investments in joint ventures and associates:

Agreed the equity accounted profit or loss to the most recent audited accounts and dividends received for each joint venture and associate investment to bank statements on a sample basis;
Agreed a sample of additions and disposals of equity accounted investments during the year to supporting documentation;
Recalculated the foreign exchange movement on the foreign investments by comparing the average monthly rates used by management to independently obtained foreign exchange rates; and
Assessed the equity accounted investments in joint ventures and associates for indicators of impairment.

We also assessed the appropriateness of the disclosures in Notes 9, 11 and 13 to the financial statements.
</td></tr>
</table>

ARIADNE

Independent Audit Report

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Other Information

The directors are responsible for the other information. The other information comprises the information included in the annual report but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

Independent Audit Report

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- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 10 to 14 of the Directors' Report for the year ended 30 June 2019.

In our opinion, the Remuneration Report of Ariadne Australian Limited, for the year ended 30 June 2019, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

J. M. Clinton

John M Clinton
Partner
Chartered Accountants
Sydney, 28 August 2019

Shareholder Information

Additional information required by the Australian Securities Exchange Ltd and not shown elsewhere in this report is as follows. The information is current as at 31 July 2019.

(a) Distribution of equity securities

The number of shareholders, by size of holding, in each class of share are:	Ordinary shares Number of holders	Number of shares
1 – 1,000	230	67,096
1,001 – 5,000	608	1,860,199
5,001 – 10,000	216	1,596,912
10,001 – 100,000	274	8,371,298
100,001 and over	87	184,996,855
	1,415	196,892,360
Holding less than a marketable parcel	207	44,577

(b) Twenty largest shareholders

	The names of the twenty largest holders of quoted shares are:	Listed ordinary shares Number of shares	% of shares
1	Bivaru Pty Ltd	64,666,395	32.85%
2	HSBC Custody Nominees (Australia) Limited	23,210,224	11.79%
3	SLV Investments Pty Ltd	21,043,100	10.68%
4	J P Morgan Nominees Australia Limited	20,785,156	10.56%
5	W B K Pty Ltd	5,485,100	2.79%
6	Seymour Group Pty Ltd	4,580,000	2.33%
7	Mr Con Zempilas	3,664,000	1.86%
8	Mr Benjamin Seymour	2,318,321	1.18%
9	Equitas Nominees Pty Limited <PB-601655 A/C>	2,000,000	1.02%
10	Katdan Investments Pty Limited <David Baffsky A/C>	2,000,000	1.02%
11	Mr John Emery Kennedy <John Kennedy A/C>	2,000,000	1.02%
12	Mr Ronald Langley + Mrs Rhonda Elizabeth Langley	2,000,000	1.02%
13	National Nominees Pty Ltd	1,721,829	0.87%
14	LVF Nominees Pty Ltd	1,627,173	0.83%
15	Kayaal Pty Ltd	1,569,074	0.80%
16	Mr David Zalmon Baffsky	1,500,000	0.76%
17	Mr Ronald Langley	1,380,000	0.70%
18	Mr Ross Alexander Macperhson	1,213,700	0.62%
19	Katdan Investments Pty Limited <Super Fund A/C>	1,199,483	0.61%
20	Fourbk Investments Pty Ltd	1,000,000	0.51%
		164,963,555	83.78%

(c) Substantial shareholders

The names of substantial shareholders who have notified the Company in accordance with section 671B of the Corporations Act 2001 are:	Number of shares as per notice
Bivaru Pty Ltd and associated entities	67,639,743
Thorney Holdings Pty Ltd and Thorney Pty Ltd and associated entities	21,720,617
Leigh Vanessa Seymour and associated entities	21,181,898
Kayaal Pty Ltd and associated entities	11,634,220
Phoenix Portfolios Pty Ltd	10,117,151

(d) Voting rights

All ordinary shares carry one vote per share without restriction.

Notes