ARIADNE

ARIADNE AUSTRALIA LIMITED

2021 Annual Report

Corporate Information

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

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

Mr Christopher Barter
(Independent Non-Executive Director)

Mr John Murphy
(Independent Non-Executive Director)

Mr Benjamin Seymour
(Non-Executive Alternate Director to Mr Kevin Seymour, appointed 15 December 2020)

Dr Gary Weiss, AM
(Executive Director)

Company Secretary
Mr Natt McMahon

Registered Office and Principal Place of Business
Level 27, 2 Chifley Square, Chifley Tower
Sydney NSW 2000
Telephone: (02) 8227 5500
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Share Register
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Sydney NSW 2000
Telephone: 1300 850 505 or +61 3 9415 4000
www.computershare.com.au

Bankers
ANZ Banking Group Limited

Auditors
Grant Thornton Audit Pty Ltd
Level 17, 383 Kent Street
Sydney NSW 2000

Website
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

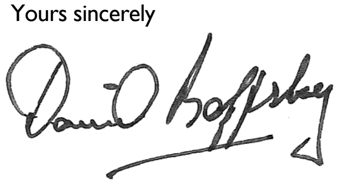
The quality of our investments and the recovery of the market generally have produced a much improved result for shareholders.

A significant contributor to this year's results was our investment in Orams Marine Village in New Zealand. What has been achieved at Orams over the last 12 months in particular is a great case study of creating value, and your Board acknowledges the work and efforts of all the team at Orams in undertaking the development on site on time and below budget, all while maintaining quality and performance during this challenging period.

We continue to live and work in unprecedented and unpredictable times which require strong engagement between the whole Board and the capacity to make rapid decisions to support our executive team. I thank each of your Directors for their time, input and wise counsel.

We believe that we are well positioned to generate further significant additional value over time.

Yours sincerely



Mr David Baffsky, AO
Chairman

Executive Director's Review

The Directors present the Annual Report of Ariadne Australia Limited ("Ariadne" or "the Group") for the period ended 30 June 2021.

For the 2021 financial year ("FY21") Ariadne reported a net profit attributable to members of $10.6 million (2020: $7.1 million loss).

In addition, a positive contribution attributable to members of $26.1 million (2020: $21.2 million negative contribution) was reported through the Statement of Comprehensive Income, resulting in a total comprehensive income attributable to members of $36.7 million (2020: $28.3 million loss).

The net tangible assets per share increased during the period by 32% from 57.21 cents per share to 75.90 cents per share at balance date.

The total comprehensive income per share was 18.69 cents compared to a loss of 14.42 cents for the previous corresponding period.

The net operating cash outflow during the period was $1.0 million (2020: $7.3 million inflow).

The results for FY21 represent a welcome return to profitability for Ariadne following two years of losses which were principally attributable to mark-to-market write-downs on our investment portfolio. The recovery in the market values of some of our strategic investments, coupled with the excellent performance of our investment in Orams Group Ltd ("Orams"), has underpinned the increase in our net tangible assets during the period.

Orams

A significant contributor to the FY21 results was our investment in our associate, Orams, in which Ariadne holds an indirect equity interest of 61%.

During the year, Orams continued the construction of the state-of-the-art marine refit facility on Site 18 in the Wynyard Quarter in Auckland, pursuant to the development agreement with Panuku Development Auckland.

Notwithstanding the challenges arising from the COVID-19 pandemic, all of the requirements of Stage 1A under the Development Agreement were completed during the period. It is testament to the extraordinary abilities of the Orams team that this was achieved on time and under budget in such circumstances.

Orams has also recently completed construction of 3 additional 90 metre marina piers, adding 610 metres of new marina space to the existing 400 metres of marina berths adjacent to the haulout yard. Construction of a new 580 square metre shed on Orams' existing site has also commenced and is due for completion by the end of 2021.

Following the outbreak of the pandemic, New Zealand imposed strict border requirements, limiting substantially the number of tourists and other visitors into the country. This resulted in a number of cancellations for refits and other maintenance work from overseas superyachts, many of which had intended to travel to Auckland to view the America's Cup and related series' races in the first few months of 2021.

Notwithstanding this setback, Orams' operating business has performed well. Orams' facilities now offer the most comprehensive refit and boat maintenance infrastructure in the Southern Hemisphere. With three travel lifts (820, 85 and 75 tonnes), as well as the existing 600 tonne slipway, Orams can haul out vessels from superyachts to domestic vessels, and a wide range of commercial boats including the ferry fleet that operates in the Auckland region.

The de-risking of the development following completion of Stage 1A, together with further compression of capitalisation rates in the Wynyard Quarter, resulted in a net attributable revaluation gain for Ariadne (after minority interests) during the period of $10.3 million after accounting for a deferred tax liability of $4.0 million.

In addition, Ariadne's share of Orams' operating income was $4.2 million, and its interest earned on the associated loan to Orams was $0.1 million.

The results for the period also reflect a non-cash loss of $4.6 million representing the share of earnings attributable to the 30% interest in Orams NZ Unit Trust acquired by Ariadne in July 2020 (for which settlement will occur following completion of Stage 1B).

The Wynyard Quarter continues to be one of the prime development areas in Auckland, which augurs well for the further commercial development of the Orams site as well as the residential component of the development.

Ardent Leisure Group Limited ("Ardent")

During FY21, there was some recovery in the Ardent share price, increasing from 39 cents per share at the start of the period and closing at 98 cents per share on balance date.

This resulted in an increase in the value of our investment in Ardent (22.6 million shares - representing 4.73% of Ardent's issued capital) of $13.4 million during the period.

Executive Director's Review

The pandemic significantly impacted Ardent's businesses, with both of its businesses being required to close their operations for a period.

There are pleasing signs of recovery in Ardent's US business, Main Event. While the first half of FY21 was challenging as the US endured a "second wave" of the pandemic, since March Main Event has generated record-breaking sales and profitability performance. Main Event is well-positioned from a capital and liquidity perspective to resume its rollout of new centres.

Ongoing international and domestic border restrictions and a series of snap lockdowns have placed significant impediments in the path to recovery at Dreamworld. It is to be hoped that the Federal Government's plan to "open up" Australia in coming months as vaccination rates increase significantly will see these restrictions substantially lifted. The business outlook remains optimistic, supported by pent up demand in local and interstate markets and the new world-class Steel Taipan rollercoaster scheduled to open prior to the important Christmas/New Year holiday period.

Ardent reported its results to the ASX on 26 August 2021 and the share price has further increased above our carrying value at balance date.

Hillgrove Resources Limited ("Hillgrove")
As a result of Hillgrove's $10.9 million placement and entitlement offer during the period, Ariadne's holding in Hillgrove reduced from 24.7% to 19.5%. The capital raising enabled Hillgrove to continue its drilling program at Kanmantoo and advance its mine design and undertake feasibility studies to commence underground mining. There is the potential to restore value for shareholders if Hillgrove is able to resume production in the near-term for relatively low capital investment due to the infrastructure already in place at Kanmantoo.

In May 2021, Ariadne further reduced its interest to 19.0% by a sale of shares on market. The change in relevant interest below a 20% threshold, and the subsequent sale of shares, resulted in management assessing that Ariadne would no longer equity-account its interest in Hillgrove. The Group's interest has been reclassified as a strategic investment, with mark-to-market changes in fair value recorded through Other Comprehensive Income. A mark-to-market gain of $9.0 million was recorded through the profit and loss on reclassification and a mark-to-market loss of $4.4 million was recorded through Other Comprehensive Income at year end.

ClearView Wealth Limited ("ClearView")
Ariadne's ClearView holding appreciated in value by $6.6 million during the period.

In its FY21 results, ClearView disclosed its Embedded Value as 96 cents per share.

With ClearView shares trading at 50 cents per share, there is considerable scope for the difference between Embedded Value per share and the market price to further narrow, thereby potentially further increasing the market value of our holding.

King River Capital ("King River")
Ariadne is a Limited Partner of King River, a venture capital fund investing in Australian and US technology companies. King River has fully invested Fund 1, and is currently raising Fund 2. Ariadne has invested in both funds. In addition to its Fund commitments, Ariadne has co-invested in several of King River's portfolio companies.

Three investments, in particular, are performing well in the current environment:

FinClear:
Australia's only full-stack technology platform that provides settlement, execution, and managed account capabilities to brokers, platforms and wealth managers. FinClear has recently acquired Pershing Securities which will enable it to expand its service offering to larger stockbrokers and establishes FinClear as the clear market leader. Following that acquisition, FinClear now services more than 50% of all retail and equity transactions every day and the combined HIN platform will service in excess of $120 billion in listed securities for investors. FinClear is tracking well ahead of its projections and more than half of its net revenue is recurring under enterprise "software as a service" contracts and expected to grow.

Lark Technologies:
A digital healthcare company based in California that has built a fully-AI driven platform for chronic disease management. Lark's ability to treat patients remotely and at low cost through an AI nurse / chatbot has put the company in a unique position to support the U.S. healthcare system in a time of desperate need for remote engagement and treatment. The coronavirus crisis has accelerated the adoption of Lark's technology and early signs of this are already showing: new federal laws are opening large new markets of the US patient population to telemedicine, and Lark has seen significant inbound interest in partnering with the company. Lark recently signed a significant deal with Anthem, one of the largest US health payors, which should begin to generate substantial revenue in 2021.

Cover Genius:
A global multi-line insurance platform that partners with e-commerce businesses worldwide, based in Sydney. While Cover Genius was heavily exposed to the travel sector, the company acted swiftly at the outset of the pandemic, and accelerated new partnerships given the boom in e-commerce. The company is experiencing huge demand for its XCover platform from global e-commerce groups as they look to offer insurance or warranty products to their customers. Customers include Booking Holdings, Amazon, eBay, Shopee, Skyscanner and Wayfair.

Executive Director's Review

Kippax Property ("Kippax")
Since the formation of the joint venture (Ariadne is a 50% partner) in December 2019, Kippax has gained traction in executing its strategy to pursue real estate opportunities around evolving infrastructure investment and urban renewal precincts.

As previously reported, Kippax secured its first site in Redfern, Sydney in May 2020. Kippax initially secured a 50% interest in this property, and in April 2021 the remaining 50% was secured to achieve full control of the property by call option. Kippax is also the Development Manager for the project.

Kippax is pursuing planning for redevelopment of an innovative and sustainable commercial office scheme on the site. This project plays directly to Kippax's strategy and is set to benefit from the NSW State Government's infrastructure and stimulus investment through the upgrade of the nearby Redfern Station and the new Waterloo Metro Station which are now under construction. The site is also located in the City of Sydney's Botany Rd Corridor precinct. In July 2021, the City of Sydney released their review of the corridor and has reported an increase in planning controls (height and floorspace) which is aligned with Kippax's aspirations for the site.

Kippax is looking to build on the momentum of Redfern and has identified further pipeline opportunities with a goal of securing another opportunity through the course of 2021.

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 2021.

Assets	**$M**	**$M**	**Liabilities**	**$M**
Cash		28.6	Payables and Provisions	1.0
Investments			Deferred Consideration	14.6
Orams	77.6		Debt	29.0
Ardent	22.2		Minority Interests	15.3
ClearView	14.3		**Total Liabilities**	**59.9**
Freshxtend	11.9			
Kippax	10.2		**Shareholders' Funds**	**148.9**
Hillgrove	9.8			
Trading Portfolio	8.5			
Other Strategic Assets	8.0			
FinClear	5.5			
Foundation Life	4.8			
King River	3.1			
Cover Genius	2.3			
Total Investments		178.2		
Fixed Assets and Other Receivables		2.0	**Total Liabilities &**	
Total Assets		**208.8**	**Shareholders' Funds**	**208.8**

Tax
Ariadne has substantial carry forward revenue and capital losses available to offset future taxable profits. At 30 June 2021 these are estimated to be $80.4 million (30 June 2020: $83.9 million) and $72.3 million (30 June 2020: $70.6 million) respectively. As at balance date, Ariadne has a deferred tax asset of $39.7 million which is not recognised in Ariadne's accounts.

Dividends and Capital Management
In light of the ongoing volatility in market conditions and capital requirements for current investments, the Board has determined to continue to preserve cash reserves during this highly uncertain period. However, following the return to profitability, the Board has reinstated the payment of dividends by the payment of a dividend of 0.5 cents per share for FY21.

On 19 February 2021, Ariadne announced the extension of its on-market share buy-back facility as part of ongoing capital management initiatives.

Dr Gary Weiss, AM
Executive Director

Directors' Report

The Directors submit their report for the year ended 30 June 2021.

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; financial services and property.

Operating Results for the Year

The consolidated net profit after income tax, attributable to the Group from continuing operations for the financial year was $11,534 (2020: $6,835 loss). The consolidated net profit after tax attributable to members, on the same basis, for the financial year was $10,572 (2020: $7,142 loss). In addition, a positive contribution (net of deferred tax) attributable to members of $26,106 (2020: $21,187 negative contribution) was reported through the Statement of Profit or Loss and Other Comprehensive Income, resulting in a total comprehensive income attributable to members of $36,678 (2020: $28,329 loss). Net tangible assets at the end of the reporting period were 75.90 cents per share (2020: 57.21 cents). Total earnings per share were 5.39 cents (2020: -3.64 cents). Total comprehensive earnings per share were 18.69 cents (2020: -14.42 cents).

Investments

The Investment division recorded a profit of $14,980 (2020: $4,213 loss).

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

Cash and cash equivalents as at 30 June 2021 were $28,629 (2020: $34,916). Ariadne also returned $1,374 (2020: $2,369) during the period by way of dividends. Ariadne continues to maintain a prudent approach to cash management.

The division's result includes a one-off revaluation gain of $8,979 following the reduction in the Group's interest in Hillgrove Resources Limited ("Hillgrove") from 24.7% to 19.0% during the period and a corresponding accounting reclassification of the investment from an 'equity accounted investment' to an 'investment carried at fair value'.

The division's share of joint ventures and associates results for the period was a net profit of $26 (2020: $3,908 net loss). The current period includes a $1,156 (2020: $4,823) equity accounted loss, being the Group's share of Hillgrove's results for the period before the reclassification.

The trading portfolio recorded a net gain of $4,969 (2020: $1,955 loss) and the strategic portfolio revalued through profit or loss recorded a net loss of $47 (2020: $1,003 gain) during the reporting period due to mark-to-market revaluations.

The strategic portfolio revalued through other comprehensive income recorded a gain net of tax of $16,364 (2020: $28,899 net loss) during the reporting period due to mark-to-market revaluations including a $6,579 markup (2020: $11,156 markdown) of the Group's investment in ClearView Wealth Limited and a $13,377 markup (2020: $14,963 markdown) of the Group's investment in Ardent Leisure Group Limited. The Board anticipates that the respective share prices of these holdings will recover further to reflect their intrinsic value over time. Both the mark-to-market gain and any associated deferred tax expense attributable to the strategic portfolio are not included in the reported net profit.

The Group also accrued NZ$342 (2020: NZ$362) 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 the NatureSeal group, again contributed positively during the period, albeit at lower levels than previously as the patent expiration of key NatureSeal products continues to impact on overall margins.

Car Parking

The Group's car parking operations ceased in June 2020 on the termination of its last remaining car park lease. A profit of $45 was recorded in the prior period.

Directors' Report

Property
The Group's Property division recorded a loss of $273 (2020: $67 loss).

During the period Orams NZ Unit Trust ("ONZUT") became a controlled entity of the Group with its results consolidated by the Group from 14 July 2020. ONZUT holds a debt and equity interest in Orams Group Limited ("OGL") and is partially funded by an external loan facility.

The division's result is derived from the Group's 76% interest in Orams - the owner of Orams Marine Village and Orams Marine Services, New Zealand's premier marine facility and largest marine maintenance and refit services business respectively, interest received on its secured loan to Orams and the change in the deferred contingent liability for the purchase price of the additional 30% equity interest ("Deferred Consideration") in the ONZUT acquired in July 2020. The result also includes Ariadne's 50% interest in the Kippax Property Trust.

The Group's share of profit from Orams during the period was $5,263 and its interest earned on the associated loan to Orams was $168. In addition, a positive contribution of $12,878 representing the Group's share of the uplift in valuation of the marina was reported through other comprehensive income. A $4,631 loss relating to the Deferred Consideration, due to and equal to 30% of the increase in ONZUT's net assets during the period, was also recognised in reported net profit. The terms of the Deferred Consideration provide that the purchase price will be determined and paid following completion of the Site 18 Stage 1 Works (as defined in the Development Agreement with Panuku Development Auckland) which is expected to be before June 2026.

Orams is developing a new state-of-the-art marine refit facility on its existing site and an adjoining property known as Site 18 in downtown, Auckland's Wynyard quarter. This will treble Orams Marine Services' current capacity for marine maintenance and refit business. The marine works completed include, remediation of the new marine area including a groundwater cut-off wall, strengthening of the seawall, a concrete fibre reinforced hardstand area providing marine haul out space and installation of new travel lift piers – all on time and within budget. New 820 and 85 tonne travel lifts were commissioned and have been operational since January 2021. In addition to the works completed, the three-stage development will feature a refit facility, commercial buildings and a residential component on the northern end of Site 18. The facility will target marine vessels (including superyachts) up to 800 tonnes. The development will also provide increased maintenance facilities for Auckland's ferries, fishing vessels and commercial vessels.

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

Taxation
Ariadne has significant carried forward revenue and capital losses available to offset future taxable profits. At 30 June 2021, these are estimated at $80,378 (2020: $83,940) and $72,292 (2020: $70,599) respectively.

In accordance with the Group's accounting policy for income tax, an assessment was undertaken to estimate the probable recoverability and sufficiency of the Group's deferred tax assets. The assessment determined that no deferred tax asset would be recorded on the Group's Balance Sheet at 30 June 2021 (2020: nil).

Employees
The number of employees, including directors, at balance date is 11 (2020: 10), 73% male and 27% female (2020: 70%:30%).

2. DIVIDENDS AND CAPITAL MANAGEMENT

The Directors have declared a partially franked (40%) final dividend of $981 (0.5 cents per share) in relation to the 2021 financial year, of which 60% is sourced from the Conduit Foreign Income Account. As the final dividend for 2021 was declared after balance date, no liability was recognised at balance date. The FY20 interim dividend of $1,374 (0.7 cents per share) declared in February 2020 and deferred in March 2020, was paid on 24 September 2020.

On 19 February 2021, 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. Amongst previous roles, Mr Baffsky was a Director of Destination NSW, The George Institute, the Australian Brandenburg Orchestra and a board member of Sydney Olympic Park Authority. He 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 the Co-Founder and Partner of King River Capital, a venture capital firm for high growth companies with offices in Sydney and San Francisco. He is a seasoned venture investor and accomplished finance leader with a long track record of building profitable businesses and generating strong returns. His extensive global experience and network has aided his portfolio companies with business development, capital raising and market expansion strategies.
Prior to co-founding King River, Mr Barter has long been a dedicated global venture capital investor. He launched two fund management platforms along with partners that collectively raised in excess of US$600M, and has led investor syndicates in multi-stage software ventures via CKA Capital and other entities resulting in 28 early to mid-stage investments in verticals including fintech, AI-enabled businesses, and digital healthcare. His portfolio includes Flipkart, DiDi, Palantir, Wish, Ola, Delos and Meituan.
Mr Barter spent the first nineteen years of his career at Goldman Sachs, where he was a Partner and was based in Frankfurt, London and Moscow. He was co-Head of the European Financial Institutions Group in the Investment Banking Division, and in that role co-founded a fund management business which today commands a multi-billion dollar market valuation.
Mr Barter currently serves on the boards of CNG Fuels, FinClear, and on the advisory board of GreenSync. He also serves on the President's Leadership Council at Brown University. Mr Barter obtained a BSc in Physics from Brown University and an MSc in Physics from Harvard University.

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

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 a partner in international accounting firm Arthur Andersen where he specialised in merger and acquisition and insolvency and reconstruction. He held management positions in that firm at the Australian, regional and global level. He has also spent twenty years as the founder and managing director of various private equity funds including Investec Wentworth Private Equity Limited and Adexum Capital limited. He was a Director of Investec Bank Australia Limited from 2004 until 2013.

Mr Murphy has extensive public company experience having been a Director of listed companies Southcorp Limited, Specialty Fashion Group Limited, Vocus Communications Limited, Gale Pacific Limited, Redflex Limited, and Australian Pharmaceutical Industries Limited.

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.

Benjamin Seymour, LLB (Hons), BBusMan, GDLP

Non-Executive Alternate Director to Mr Kevin Seymour

Mr Seymour, was appointed as an Alternate Director of Ariadne on 15 December 2020.

Mr Seymour is an Associate Director of Seymour Group, one of Queensland's most prominent privately-owned property development and investment companies established by his grandparents, Kevin and Kay in 1976. On completion of his university studies Mr Seymour spent time in QIC's Global Real Estate business working throughout investment and funds management. He was admitted as a solicitor in the Supreme Court of Queensland in 2020 and currently practices as a corporate lawyer with a focus on private equity and M&A. Mr Seymour's business interests and activities extend into high-end residential and commercial property development through his directorship of Queensland Prime Investments, in conjunction with investments across venture capital, global equities and debt through BS1 Capital. He obtained a Bachelor of Laws (Honours) and Bachelor of Business Management majoring in Property Development and Real Estate from the University of Queensland, and is a member of the Australian Institute of Company Directors and the Urban Development Institute of Australia.

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), Estia Health Ltd (appointed 1 January 2017, having been a Director since 24 February 2016), and Cromwell Property Group (appointed 17 March 2021, having been elected as a director on 18 September 2020) and a director of Hearts and Minds Investments Limited (appointed 12 September 2018), and Thorney Opportunities Ltd (appointed 21 November 2013). Dr Weiss 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 Chairman of Ridley Corporation Limited (appointed 1 July 2015, having been appointed Director on 21 June 2010 and resigned 26 August 2020), Director of Premier Investments Limited (appointed 11 March 1994 and resigned 28 July 2018) and, The Straits Trading Company Limited (appointed on 1 June 2014 and resigned on 30 September 2020).

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 2021 financial year. The total amount of the dividend is $981 which represents a partially franked (40%) dividend of 0.5 cents per share, of which 60% is sourced from the Conduit Foreign Income Account.

The outbreak of COVID-19 and the subsequent quarantine measures imposed by the Australian and other governments as well as the travel and trade restrictions imposed by Australia and other countries in early 2020 have caused significant and widespread disruption to businesses and economic activity in Australia. At the date of approving these financial statements, the Directors are of the view the effects of COVID-19 do not change the significant estimates, judgements and assumptions in the preparation of the financial statements, however COVID-19 and its associated economic impacts remain uncertain. The Directors continue to closely monitor developments with a focus on potential financial and operational impacts and note that the situation is continuing to evolve.

Apart from the matters above, there is no other matter of circumstance that has arisen since 30 June 2021 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in the future financial periods.

Directors' Report

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 shareholders' 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. No material exposure to environmental or social risks were identified during the period.

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.

Directors' Report

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.

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.

Directors' Report

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
J Murphy	Independent Non-Executive Director
B Seymour	Non-Executive Alternate Director to K Seymour, AM
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' 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.

Directors' Report

Table 1: Emoluments of Directors of Ariadne

	Short Term Employee Benefits			Post-Employment Benefits	Share Based Payment	Total	% at Risk
	Salary & Fees	Cash Bonus	Non-Monetary Benefits(i)	Superannuation	Options(ii)		
D Baffsky, AO (Chairman)							
2021	**130,000**	**—**	**15,071**	**12,350**	**—**	**157,421**	**—**
2020	130,000	—	15,512	12,350	—	157,862	—
K Seymour, AM (Deputy Chairman)							
2021	**35,000**	**—**	**—**	**3,325**	**—**	**38,325**	**—**
2020	70,000	—	—	6,650	—	76,650	—
C Barter							
2021	**70,000**	**—**	**—**	**6,650**	**—**	**76,650**	**—**
2020	70,000	—	—	6,650	—	76,650	—
J Murphy							
2021	**80,000**	**—**	**—**	**7,600**	**—**	**87,600**	**—**
2020	80,000	—	—	7,600	—	87,600	—
B Seymour, AM (Alternate Director to K Seymour, AM)(iii)							
2021	**35,000**	**—**	**—**	**3,325**	**—**	**38,325**	**—**
2020	—	—	—	—	—	—	—
G Weiss, AM (Executive Director)							
2021	**570,000**	**—**	**15,071**	**30,000**	**—**	**615,071**	**—**
2020	672,748	—	15,512	30,000	—	718,260	—
Total Remuneration: Directors							
2021	**920,000**	**—**	**30,142**	**63,250**	**—**	**1,013,392**	**—**
2020	1,022,748	—	31,024	63,250	—	1,117,022	—

Table 2: Emoluments of the Executive Officers of the Group

	Salary & Fees	Cash Bonus	Non-Monetary Benefits(i)	Superannuation	Options(ii)	Total	% at Risk
N McMahon (Chief Financial Officer / Company Secretary)							
2021	**282,513**	**—**	**—**	**25,000**	**1,955**	**309,468**	**0.63%**
2020	281,822	—	—	25,000	17,335	324,157	5.35%
D Weiss (Investment Officer)(iv)							
2021	**406,317**	**—**	**15,071**	**21,694**	**1,955**	**445,037**	**0.44%**
2020	347,079	—	15,512	21,003	17,335	400,929	4.32%
Total Remuneration: Executives							
2021	**688,830**	**—**	**15,071**	**46,694**	**3,910**	**754,505**	**0.52%**
2020	628,901	—	15,512	46,003	34,670	725,086	4.78%

(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 Ben Seymour was appointed an Alternate Director to Mr Kevin Seymour, AM on 15 December 2020.
(iv) Mr Weiss's 2021 salary and fees include $59,238 of annual leave paid out in cash.

Table 3: Option holdings of Directors and Executives

	Balance 1 July 2020	Granted as Remuneration	Options Exercised	Options Expired	Balance 30 June 2021	Vested and Exercisable
Executives						
N McMahon	**500,000**	**—**	**—**	**—**	**500,000**	**500,000**
D Weiss	**1,000,000**	**—**	**—**	**500,000**	**500,000**	**500,000**
Total	**1,500,000**	**—**	**—**	**500,000**	**1,000,000**	**1,000,000**

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. If options are not exercised in the exercise period, they lapse.

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.

Directors' Report

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)
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 2020	On Exercise of Options	Net Change Other	Balance 30 June 2021
Directors				
D Baffsky, AO	**5,182,713**	—	—	**5,182,713**
K Seymour, AM	**13,987,394**	—	—	**13,987,394**
C Barter	**2,000,000**	—	—	**2,000,000**
J Murphy	**586,632**	—	—	**586,632**
B Seymour	—	—	**386,692**	**386,692**
G Weiss, AM	**65,739,743**	—	—	**65,739,743**
Executives				
N McMahon	**440,428**	—	—	**440,428**
D Weiss	**2,199**	—	—	**2,199**
Total	**87,939,109**	—	**386,692**	**88,325,801**

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 to / from Directors and Executives

A three-month non-interest-bearing loan from an entity controlled by Mr Kevin Seymour, AM for $6,500,000 was made to the Company on 15 April 2021. After balance date the loan was extended and a repayment of $3,000,000 was made leaving $3,500,000 outstanding at the date of this report. No other loans to or from Directors and Executives were made, repaid or outstanding during the current and prior financial periods.

(e) Other transactions and balances with Directors and Executives

Purchases / Payments

Mr Barter is an Executive Director of King River Capital Management Pty Ltd ("KRC"). The Group made investments of $1,196,732 (2020: $2,724,472) during the period which were associated with or otherwise managed by KRC. The Group paid management fees of $195,701 (2020: $159,870) relating to investments managed by 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, for part of the period under an agreement. During the period, the Group received $24,000 (2020: $30,000) 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 (2020: $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.

Directors' Report

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
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.

	2021	Restated 2020	2019	2018	2017
Total comprehensive income / (loss) after tax attributable to members	**36,678**	(28,329)	(26,664)	10,209	91,522
Return on equity (%) #	**28.1%**	(22.1%)	(16.6%)	5.8%	70.2%
Total comprehensive earnings per share (cents)	**18.69**	(14.42)	(13.48)	5.10	45.50
Dividends paid / declared (cents)	**—**	1.70	1.70	3.50	2.00
Share price (cents at 30 June)	**55.00**	39.00	62.50	65.00	76.00
Net tangible assets per security (cents at 30 June)	**75.90**	57.21	73.29	88.25	86.58
Shares on issue (number at 30 June)	**196,242,360**	196,242,360	196,892,360	199,669,088	201,227,785

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	5	4
J Murphy	6	4
B Seymour (Alternate Director, appointed 15 December 2020)	3	n/a
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

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.

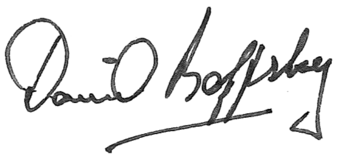
11. AUDITOR'S INDEPENDENCE DECLARATION TO THE DIRECTORS

A copy of the auditor's independence declaration as required under Section 307C of the *Corporations Act 2001* is set out on the following page and forms part of the Directors' Report for the year ended 30 June 2021.

12. NON-AUDIT SERVICES

There were no non-audit services provided by Ariadne's auditor, Grant Thornton Audit Pty Ltd in the current financial year.

Signed in accordance with a resolution of the Directors



Mr David Baffsky, AO
Chairman
Sydney
30 August 2021

Auditor's Independence Declaration

GrantThornton

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Auditor's Independence Declaration

To the Directors of Ariadne Australia Limited

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the audit of Ariadne Australia Limited for the year ended 30 June 2021. I declare that, to the best of my knowledge and belief, there have been:

a no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

b no contraventions of any applicable code of professional conduct in relation to the audit.

Grant Thornton

Grant Thornton Audit Pty Ltd
Chartered Accountants

Matthew Leivesley
Partner – Audit & Assurance

Sydney, 30 August 2021

Statement of Profit or Loss and Other Comprehensive Income

FOR THE YEAR ENDED 30 JUNE 2021

	Notes	GROUP 2021 $'000	Restated 2020 $'000
CONTINUING OPERATIONS			
Rental income		**—**	8,732
Interest income		**987**	1,854
Dividend income	4(a)	**401**	347
Net fair value gain / (loss) on trading portfolio		**4,969**	(1,955)
Net gain on equity accounted investments reclassified as securities	13(a)	**8,979**	—
Fair value loss on financial liabilities	24(i)	**(4,631)**	—
Other income, gains & losses	4(b)	**485**	2,176
Share of joint ventures' and associates' profits / (losses)	13(b)	**5,068**	(4,488)
Rental expenses		**—**	(938)
Employee benefits expense	4(c)	**(2,267)**	(2,434)
Depreciation and amortisation	4(d)	**(586)**	(8,199)
Administration expenses		**(983)**	(936)
Finance costs		**(1,016)**	(523)
Impairment reversals / (provisions)		**128**	(471)
PROFIT / (LOSS) BEFORE INCOME TAX		**11,534**	(6,835)
Income tax expense	5(a)	**—**	—
PROFIT / (LOSS) AFTER TAX FOR THE PERIOD		**11,534**	(6,835)
Attributable to:			
Non-controlling interests		**962**	307
MEMBERS OF ARIADNE		**10,572**	(7,142)
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified subsequently to profit or loss			
Net fair value movement of the strategic portfolio revalued through OCI, net of tax	11	**16,364**	(28,899)
Items that may be reclassified subsequently to profit or loss			
Net fair value movement of cash flow hedges		**—**	(6)
Net fair value movement of property assets, net of tax		**12,878**	7,890
Exchange difference on translation of foreign operations		**(1,091)**	(50)
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX		**28,151**	(21,065)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**39,685**	(27,900)
Attributable to:			
Non-controlling interests		**3,007**	429
MEMBERS OF ARIADNE		**36,678**	(28,329)
Earnings per share			
Basic earnings per share (cents)		**5.39**	(3.64)
Diluted earnings per share (cents)		**5.39**	(3.63)

The statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

Balance Sheet

AS AT 30 JUNE 2021

	Notes	GROUP 2021 $'000	GROUP Restated 2020 $'000
ASSETS			
Current Assets			
Cash and cash equivalents	8	**28,629**	34,916
Trade and other receivables		**1,863**	2,476
Financial assets	9	**8,448**	5,782
Other current assets		**107**	90
Total Current Assets		**39,046**	43,264
Non-Current Assets			
Receivables	10	**18,992**	16,759
Financial assets	11	**65,755**	30,249
Investments in joint ventures and associates	13(b)	**84,846**	35,917
Property, plant and equipment		**179**	760
Total Non-Current Assets		**169,772**	83,685
TOTAL ASSETS		**208,818**	126,949
LIABILITIES			
Current Liabilities			
Trade and other payables		**254**	2,033
Lease liabilities		**53**	364
Loans and borrowings	14	**15,046**	5,450
Provisions		**628**	454
Total Current Liabilities		**15,981**	8,301
Non-Current Liabilities			
Lease liabilities		**—**	53
Loans and borrowings	14	**13,960**	—
Other payables	24	**14,586**	—
Provisions		**11**	117
Total Non-Current Liabilities		**28,557**	170
TOTAL LIABILITIES		**44,538**	8,471
NET ASSETS		**164,280**	118,478
EQUITY			
Issued capital	15(a)	**378,156**	378,156
Reserves	15(c)	**182,543**	140,155
Accumulated losses	15(d)	**(411,750)**	(406,044)
EQUITY ATTRIBUTABLE TO MEMBERS OF ARIADNE AUSTRALIA LIMITED		**148,949**	112,267
Non-controlling interests		**15,331**	6,211
TOTAL EQUITY		**164,280**	118,478

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

Statement of Changes 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 2020						
At 1 July 2019	378,558	163,680	(397,934)	144,304	6,156	150,460
Profit / (loss) for the period	—	968	(8,110)	(7,142)	307	(6,835)
Other comprehensive income	—	(21,187)	—	(21,187)	122	(21,065)
Total comprehensive income for the period	—	(20,219)	(8,110)	(28,329)	429	(27,900)
Cost of shares bought back	(402)	—	—	(402)	—	(402)
Cost of share-based payment	—	35	—	35	—	35
Dividends	—	(3,341)	—	(3,341)	(374)	(3,715)
At 30 June 2020	378,156	140,155	(406,044)	112,267	6,211	118,478
FOR THE YEAR ENDED 30 JUNE 2021						
At 1 July 2020	**378,156**	**140,155**	**(406,044)**	**112,267**	**6,211**	**118,478**
Profit / (loss) for the period	**—**	**16,319**	**(5,747)**	**10,572**	**962**	**11,534**
Other comprehensive income	**—**	**26,106**	**—**	**26,106**	**2,045**	**28,151**
Total comprehensive income for the period	**—**	**42,425**	**(5,747)**	**36,678**	**3,007**	**39,685**
Transfer of reserves to accum. losses	**—**	**(41)**	**41**	**—**	**—**	**—**
Acquisition of non-controlling interest	**—**	**—**	**—**	**—**	**6,636**	**6,636**
Cost of share-based payment	**—**	**4**	**—**	**4**	**—**	**4**
Dividends	**—**	**—**	**—**	**—**	**(523)**	**(523)**
At 30 June 2021	**378,156**	**182,543**	**(411,750)**	**148,949**	**15,331**	**164,280**

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 2021

	Notes	GROUP 2021 $'000	2020 $'000
Cash flows from operating activities			
Receipts from rental income		—	9,605
Receipts from other income		1,496	727
Payments to suppliers and employees		(4,017)	(4,869)
Dividends and trust distributions received		2,009	1,837
Receipts from trading portfolio sales		430	226
Payments for trading portfolio purchases		—	(1,000)
Interest received		111	1,285
Interest and borrowing costs paid		(1,001)	(309)
Lease liability interest paid		(16)	(213)
Net cash flows (used in) / from operating activities	16	**(988)**	7,289
Cash flows from investing activities			
Payments for plant and equipment		(5)	(4)
Divestments of joint ventures and associates		492	—
Investments in joint ventures and associates		(1,075)	(1,151)
Proceeds from strategic portfolio sales		—	2,383
Payments for strategic portfolio purchases		(1,446)	(3,237)
Loans repaid by other parties		71	151
Loans advanced to other parties		(7,918)	(2,430)
Acquisition of subsidiary, net of cash acquired	24	39	—
Net cash flows used in investing activities		**(9,842)**	(4,288)
Cash flows from financing activities			
Repayment of lease liabilities		(364)	(7,941)
Repayments of borrowings		(1,396)	(332)
Proceeds from borrowings		8,200	950
Payments under share buy-back	15(a)	—	(402)
Dividends paid to members of the parent entity	7	(1,374)	(1,967)
Dividends paid to non-controlling interests		(523)	(374)
Net cash flows from / (used in) financing activities		**4,543**	(10,066)
Cash and cash equivalents at beginning of period		34,916	41,981
Net decrease in cash and cash equivalents		(6,287)	(7,065)
Cash and cash equivalents at end of period	8	**28,629**	34,916

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

Notes to Financial Statements

FOR THE YEAR ENDED 30 JUNE 2021

1. CORPORATE INFORMATION

The consolidated financial statements of Ariadne Australia Limited ("Ariadne") and its controlled entities ("the Group") for the year ended 30 June 2021 were authorised for issue in accordance with a resolution of the Directors on 30 August 2021.

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

A description of the Group's operations and of its principal activities is included in the Directors' Report on pages 6 to 16.

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 financial instruments and property assets 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. There are no new, revised Standards, amendments thereof or Interpretations effective for the current year that have had a material impact on the Group.

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

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

The outbreak of COVID-19 and the subsequent quarantine measures imposed by the Australian and other governments as well as the travel and trade restrictions imposed by Australia and other countries in early 2020 have caused significant and widespread disruption to businesses and economic activity in Australia. At the date of approving these financial statements, the Directors are of the view the effects of COVID-19 do not change the significant estimates, judgements and assumptions in the preparation of the financial statements, however COVID-19 and its associated economic impacts remain uncertain. The Directors continue to closely monitor developments with a focus on potential financial and operational impacts and note that the situation is continuing to evolve.

(b) Compliance

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

(c) Future changes

There are no standards or Interpretations that are not yet effective and that are expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

Notes to Financial Statements (Continued)

FOR THE YEAR ENDED 30 JUNE 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(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 of the significant judgements and estimates made in relation to;

- the accounting policies applied when assessing the recoverable amount of the Group's assets and assets of joint ventures are disclosed in Note 2(f), Note 2(i) and in Note 13,
- the treatment of available income tax losses are disclosed in Note 5,
- determining the fair value of investment property are disclosed in Note 2(h),
- determining the fair value of investments are disclosed in Note 2(i) and Note 17(g).

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.

(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, 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 20. Unrealised gains and losses on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in those entities. Where unrealised losses are eliminated, the underlying asset is also tested for impairment.

Notes to Financial Statements (Continued)

FOR THE YEAR ENDED 30 JUNE 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(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 Profit or Loss and Other 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.

The fair value accounting for Orams Marine Village requires significant management judgement in respect of the capitalisation rate adopted within the Capitalisation Method Valuation and the discount rate and terminal yield adopted within the Discounted Cash Flow Valuation.

(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.

(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 Profit or Loss and Other 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 fair value of investments are determined as set out in Note 17(g).

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 Profit or Loss and Other Comprehensive Income when the investments are derecognised or impaired, as well as through the amortisation process.

(k) Recognition and derecognition of financial instruments
Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Notes to Financial Statements (Continued)

FOR THE YEAR ENDED 30 JUNE 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(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 Profit or Loss and Other 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 Profit or Loss and Other Comprehensive Income net of any reimbursement.

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 Profit or Loss and Other 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.

Notes to Financial Statements (Continued)

FOR THE YEAR ENDED 30 JUNE 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(q) Leases

The Group assesses whether a contract is or contains a lease at inception of the contract. A lease conveys the right to direct the use and obtain substantially all of the economic benefits of an identified asset for a period of time in exchange for consideration.

Some lease contracts contain both lease and non-lease components. These non-lease components are usually associated with facilities management services at offices and servicing and repair contracts in respect of motor vehicles. The Group has elected to not separate its leases for offices into lease and non-lease components and instead accounts for these contracts as a single lease component. For its other leases, the lease components are split into their lease and non-lease components based on their relative stand-alone prices.

Measurement and recognition of leases as a lessee

At lease commencement date, the Group recognises a right-of-use asset and a lease liability in its consolidated statement of financial position. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Group depreciates the right-of-use asset on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Group also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the Group's incremental borrowing rate because as the lease contracts are negotiated with third parties it is not possible to determine the interest rate that is implicit in the lease. The incremental borrowing rate is the estimated rate that the Group would have to pay to borrow the same amount over a similar term, and with similar security to obtain an asset of equivalent value. This rate is adjusted should the lessee entity have a different risk profile to that of the Group.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced by lease payments that are allocated between repayments of principal and finance costs. The finance cost is the amount that produces a constant periodic rate of interest on the remaining balance of the lease liability.

The lease liability is reassessed when there is a change in the lease payments. Changes in lease payments arising from a change in the lease term or a change in the assessment of an option to purchase a leased asset. The revised lease payments are discounted using the Group's incremental borrowing rate at the date of reassessment when the rate implicit in the lease cannot be readily determined. The amount of the remeasurement of the lease liability is reflected as an adjustment to the carrying amount of the right-of-use asset. The exception being when the carrying amount of the right-of-use asset has been reduced to zero then any excess is recognised in profit or loss.

Payments under leases can also change when there is either a change in the amounts expected to be paid under residual value guarantees or when future payments change through an index or a rate used to determine those payments, including changes in market rental rates following a market rent review. The lease liability is remeasured only when the adjustment to lease payments takes effect and the revised contractual payments for the remainder of the lease term are discounted using an unchanged discount rate. Except for where the change in lease payments results from a change in floating interest rates, in which case the discount rate is amended to reflect the change in interest rates.

(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).

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.

Notes to Financial Statements (Continued)

FOR THE YEAR ENDED 30 JUNE 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(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
The current income tax charge is calculated on the basis of the tax laws enacted or substantially enacted at the end of the reporting period in the countries where the company and its subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The group measure its tax balances either based on the most likely amount of the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

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 Profit or Loss and Other 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.

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.

Notes to Financial Statements (Continued)

FOR THE YEAR ENDED 30 JUNE 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(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) Land and buildings

Land and buildings held for use in the production or supply of goods or services for rental to others (excluding investment properties), or for administrative purposes, are stated in the statement of financial position at their revalued amounts, being the fair value at the date of revaluation, less any accumulated depreciation and accumulated impairment losses. Depreciation for land and water right-of-use assets is recognised on a straight-line basis over 125 years to write down the cost less estimated residual value. Revaluations are performed with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair values at the reporting date. Any revaluation increase arising on the revaluation of such land and buildings is credited to the property asset revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognised as an expense, in which case the increase is credited to profit or loss to the extent of the decrease previously expensed. A decrease in carrying amount arising on the revaluation of such land and buildings is charged as an expense to the extent that it exceeds the balance, if any, held in the property asset revaluation reserve relating to a previous revaluation of that asset.

(x) Correction to prior period

One of the Group's associates, Orams Group Limited ("Orams") undertook a review of the movements recorded for its property assets during the period and found that the associated deferred tax expense, applicable to the movements, had been applied incorrectly. This error has been rectified by restating each of the affected financial statement line items for prior periods as follows:

Statement of Profit and Loss and Other Comprehensive Income (extract) For the period to 30 June 2020	Previous Amount $'000	Adjustment $'000	Restated Amount $'000
OTHER COMPREHENSIVE INCOME			
Items that may be reclassified subsequently to profit or loss			
Net fair value movement of property assets, net of tax	11,009	(3,119)	7,890
OTHER COMPREHENSIVE INCOME FOR THE PERIOD	**(17,946)**	**(3,119)**	**(21,065)**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**(24,781)**	**(3,119)**	**(27,900)**
Attributable to:			
Non-controlling interests	429	—	429
MEMBERS OF ARIADNE	(25,210)	(3,119)	**(28,329)**

Balance Sheet (extract) For the period ended 30 June 2020	Previous Amount	Adjustment	Restated Amount
ASSETS			
Non-Current Assets			
Investments in joint ventures and associates	39,036	(3,119)	35,917
Total Non-Current Assets	**86,804**	**(3,119)**	**83,685**
TOTAL ASSETS	**130,068**	**(3,119)**	**126,949**
NET ASSETS	**121,597**	**(3,119)**	**118,478**
EQUITY			
Reserves	143,274	(3,119)	140,155
EQUITY ATTRIBUTABLE TO MEMBERS	**115,386**	**(3,119)**	**112,267**
Non-controlling interests	6,211	—	6,211
TOTAL EQUITY	**121,597**	**(3,119)**	**118,478**

There was no impact to FY20 EPS, as disclosed in the statement of profit or loss and other comprehensive income, as the calculation of EPS does not include other comprehensive income.

Notes to Financial Statements (Continued)

FOR THE YEAR ENDED 30 JUNE 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(y) Business Combinations
Acquisitions of businesses are accounted for using the acquisition method. The cost of the business combination is measured as the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under AASB 3 Business Combinations are recognised at their fair values at the acquisition date, except for non-current assets (or disposal groups) that are classified as held for sale in accordance with AASB 5 Non-current Assets Held for Sale and Discontinued Operations, which are recognised and measured at fair value less costs to sell. Any acquisition related costs are accounted for separately from the business combination and recognised as an expense in profit or loss as incurred.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in profit or loss.

The interest of minority shareholders in the acquiree is initially measured at fair value or at the non-controlling interests' proportion of the net fair value of the assets, liabilities and contingent liabilities recognised.

Non-controlling interests in the net assets (excluding goodwill) of consolidated controlled entities are identified separately from the Group's equity therein. Non-controlling interests consist of the amount of those interests at the date of the original business combination valued under the cost method and the non-controlling interests' share of changes in equity since the date of the combination. Losses applicable to the non-controlling interest in excess of the non-controlling interest's interest in the controlled entities' equity are allocated against the interests of the Group except to the extent that the non-controlling interest has a binding obligation and is able to make an additional investment to cover the losses.

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 termination or surrender. 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 2021

3. SEGMENT INFORMATION (Continued)

Reportable segment information	Notes	INVESTMENTS 2021 $'000	INVESTMENTS 2020 $'000	CAR PARKING (i) 2021 $'000	CAR PARKING (i) 2020 $'000	PROPERTY 2021 $'000	PROPERTY 2020 $'000	UNALLOCATED (ii) 2021 $'000	UNALLOCATED (ii) 2020 $'000	GROUP 2021 $'000	GROUP 2020 $'000
Revenue and Result											
Revenue from external customers		—	—	—	8,732	—	—	—	—	—	8,732
Interest income		787	1,331	—	—	200	523	—	—	987	1,854
Dividend income	4(a)	401	347	—	—	—	—	—	—	401	347
Other income	4(b)	24	6	—	45	—	—	208	1,122	232	1,173
Net gain / (loss) on trading portfolio		4,969	(1,955)	—	—	—	—	—	—	4,969	(1,955)
Net fair value movement of strategic portfolio through profit/loss		(47)	1,003	—	—	—	—	—	—	(47)	1,003
Net gain on divestment of equity accounted investment	4(b)	300	—	—	—	—	—	—	—	300	—
Net gain on equity accounted investments reclassified as securities		8,979	—	—	—	—	—	—	—	8,979	—
Fair value loss on financial liabilities	24(i)	—	—	—	—	(4,631)	—	—	—	(4,631)	—
Share of profit of joint ventures and associates	13(b)	26	(3,908)	—	—	5,042	(580)	—	—	5,068	(4,488)
Total segment revenue and other income (iii)		15,440	(3,176)	—	8,777	611	(57)	208	1,122	16,259	6,666
Net profit / (loss) for the year before income tax		14,980	(4,213)	—	45	(273)	(67)	(3,173)	(2,600)	11,534	(6,835)
Income tax expense	5(a)									—	—
Net profit / (loss) after income tax for the period										11,534	(6,835)
Assets											
Equity accounted investments	13(b)	11,539	18,544	—	—	73,307	17,373	—	—	84,846	35,917
Other assets		100,421	63,175	—	—	15,379	11,391	8,172	16,466	123,972	91,032
Total assets		111,960	81,719	—	—	88,686	28,764	8,172	16,466	208,818	126,949
Other segment information											
Depreciation		—	—	—	7,612	—	—	586	587	586	8,199
Finance costs		210	201	—	182	769	—	37	140	1,016	523
Net fair value movement of the strategic portfolio through OCI		16,364	(28,899)	—	—	—	—	—	—	16,364	(28,899)
Segment liabilities		4,570	4,550	—	—	30,005	601	9,964	3,320	44,538	8,471

(i) The Group's car parking operations ceased in June 2020 on the termination of its last remaining car park lease. A profit of $45 was recorded in the prior period.
(ii) Unallocated segment includes management income, corporate costs and other corporate assets and liabilities.
(iii) Total revenues include the Group's share of joint ventures' and associates' profits /losses and other gains / losses recorded through profit and loss.

Notes to Financial Statements (Continued)

FOR THE YEAR ENDED 30 JUNE 2021

4. REVENUES AND EXPENSES

		GROUP	
Revenue and Expenses from Continuing Operations	Notes	2021 $'000	2020 $'000
(a) Dividend income			
Received from trading portfolio		**347**	347
Received from strategic portfolio		**54**	—
		401	347
(b) Other income, gain and losses			
Net fair value movement of the strategic portfolio through profit or loss	11	**(47)**	1,003
Net gain on divestment of equity accounted investments		**300**	—
Other income		**232**	1,173
		485	2,176

Investments in the 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 the strategic portfolio is disclosed in Note 11.

(c) Employee benefits expense			
Salaries, wages and on costs		**2,058**	2,361
Leave provisions		**68**	(105)
Superannuation		**137**	143
Share-based payment expense		**4**	35
		2,267	2,434
(d) Depreciation and amortisation			
Plant and equipment depreciation		**242**	242
Right of use asset amortisation		**344**	7,957
		586	8,199

Notes to Financial Statements (Continued)

FOR THE YEAR ENDED 30 JUNE 2021

5. INCOME TAX

(a) Income tax expense reconciliation

A reconciliation between income tax expense and accounting profit before income tax multiplied by the Group's applicable income tax rate is as follows:	Notes	GROUP 2021 $'000	2020 $'000
Group accounting profit / (loss) after tax reported in the Statement of Profit or Loss and OCI		**10,572**	(7,142)
Income tax expense reported in the Statement of Profit or Loss and OCI		**—**	—
Group accounting profit / (loss) before income tax		**10,572**	(7,142)
At the Group's statutory income tax rate of 26.0% (2020: 27.5%)		**2,749**	(1,964)
Permanent differences		**(1,866)**	(60)
Other movements		**305**	899
Tax losses (utilised) / carried forward		**(1,188)**	1,125
Income tax expense reported in the Statement of Profit or Loss and OCI		**—**	—

(b) Deferred tax balances

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 2021, these are estimated at $80,378 (2020: $83,940) and $72,292 (2020: $70,599) respectively. The value attributable to these tax losses have not been recognised as an asset on the Balance Sheet.

In accordance with the Group's accounting policy for income tax, an assessment was undertaken to estimate the probable recoverability and sufficiency of the Group's deferred tax assets. The assessment determined that no deferred tax asset would be recorded on the Group's Balance Sheet at 30 June 2021 (2020: nil).

A deferred tax asset for the revenue tax losses carried by the Group has not been recognised at reporting date, as realisation of the benefit is not regarded as probable. The unrecognised value of the Group's deferred tax asset relating to revenue tax losses is set out in the table below. The value of the deferred tax asset relating to revenue tax losses 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 (2020: nil), The unrecognised value of the Group's deferred tax asset relating to revenue tax losses is set out in the table below.

Unrecognised deferred tax assets comprises:		
Tax losses - revenue	**20,898**	23,083
Tax losses - capital	**18,796**	19,415
Net deferred tax asset unrecognised	**39,694**	42,498

Notes to Financial Statements (Continued)

FOR THE YEAR ENDED 30 JUNE 2021

6. EARNINGS PER SHARE

Basic EPS 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 EPS 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	
	2021	2020
Earnings and share data used in the calculations of basic and diluted earnings per share:		
Net profit / (loss) attributable to members ($'000)	**10,572**	(7,142)
Earnings used in calculating basic and diluted EPS ($'000)	**10,572**	(7,142)
Total comprehensive income attributable to members ($'000)	**36,678**	(28,329)
Total comprehensive earnings used in calculating basic and diluted EPS ($'000)	**36,678**	(28,329)
Weighted average number of ordinary shares used in calculating basic EPS	**196,242,360**	196,429,922
Effect of dilutive securities:		
Employee share options	**—**	500,000
Weighted average number of ordinary shares used in calculating diluted EPS	**196,242,360**	196,929,922
Basic EPS (cents per share)	**5.39**	(3.64)
Diluted EPS (cents per share)	**5.39**	(3.63)
Total comprehensive EPS (cents per share)	**18.69**	(14.42)
Total comprehensive diluted EPS (cents per share)	**18.69**	(14.39)

7. DIVIDENDS PAID AND PROPOSED ON ORDINARY SHARES

The Directors have declared a partially franked (40%) final dividend of $981 (0.5 cents per share) in relation to the 2021 financial year, of which 60% is sourced from the Conduit Foreign Income Account. As the final dividend for 2021 was declared after balance date, no liability was recognised at balance date. The FY20 interim dividend of $1,374 (0.7 cents per share) declared in February 2020 and deferred in March 2020, was paid on 24 September 2020.

Franking Account

The amount of franking credits available for distribution from the franking account at year end was $456 (2020: $649). The final dividend for 2021 is 40% franked.

Conduit Foreign Income Account

For the 2021 final dividend, 60% of the dividend is sourced from Ariadne's Conduit Foreign Income Account. As a result, 60% 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 2021

8. CASH AND CASH EQUIVALENTS

	Notes	GROUP 2021 $'000	2020 $'000
Cash at call		**28,629**	24,916
Cash on term deposit		**—**	10,000
		28,629	34,916

9. FINANCIAL ASSETS (CURRENT)

Trading portfolio	(i)	**8,448**	3,908
Strategic portfolio revalued through profit or loss	(i, ii)	**—**	1,874
		8,448	5,782

(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 fair value movement of these portfolios are disclosed in Note 4(b).
(ii) Securities included in current assets were reclassified as financial assets fair valued through other comprehensive income during the period, refer to Note 11.

10. RECEIVABLES (NON-CURRENT)

Related entity loans and advances	20	**14,463**	10,932
Other loans and advances		**4,529**	5,827
		18,992	16,759

The loans to related entities are directly supported by the assets of the borrower.

11. FINANCIAL ASSETS (NON-CURRENT)

Cost		**85,223**	69,909
Accumulated fair value adjustments		**(19,468)**	(39,660)
Net carrying amount		**65,755**	30,249
Reconciliations for listed strategic investments			
Opening balance		**18,223**	46,431
Additions		**1,544**	185
Reclassified securities	(i)	**14,232**	—
Fair value adjustments through other comprehensive income	(ii)	**15,342**	(26,011)
Disposals		**—**	(2,382)
Net carrying amount of listed investments		**49,341**	18,223
Reconciliations for unlisted strategic investments			
Opening balance		**12,026**	11,734
Additions	(iii)	**1,539**	3,052
Reclassified securities	(i)	**1,874**	—
Fair value adjustments through profit or loss	(ii)	**(47)**	128
Fair value adjustments through other comprehensive income	(ii)	**1,022**	(2,888)
Disposals		**—**	—
Net carrying amount of unlisted investments		**16,414**	12,026

(i) Securities reclassified as financial assets fair valued through other comprehensive income, refer to Notes 9 and 13.
(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 2021

12. CONTROLLED ENTITIES

NAME	Place of incorporation	Percentage of equity held by Ariadne 2021	2020
Ariadne Administration Pty Ltd	QLD	**100**	100
Ariadne Capital Pty Ltd	QLD	**100**	100
Ariadne Financial Services Pty Ltd (previously Ariadne Insurance Pty Ltd)	NSW	**100**	100
Ariadne Freehold Pty Ltd	NSW	**100**	100
Ariadne Holdings Pty Ltd	ACT	**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
Delta Equities Pty Ltd	NSW	**100**	100
Freshxtend International Pty Ltd	QLD	**53**	53
Orams NZ Unit Trust ^	QLD	**80**	50
Portfolio Services Pty Ltd	QLD	**100**	100
Entities deregistered during the reporting period			
Kings Parking Corporate Pty Ltd	QLD	**—**	100

^ Orams NZ Unit Trust became a controlled entity during the period, refer to Note 13(c).

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 2021	2020
Lake Gold Pty Ltd	Mineral exploration	AUS	**50%**	50%
Kippax Property Trust	Property investment	AUS	**50%**	50%
AgriCoat NatureSeal Limited	Food life extension technology	UK	**17%**	17%
NatureSeal Inc	Food life extension technology	US	**17%**	17%
Entities reclassified or established during the reporting period				
Hillgrove Resources Limited	Mining exploration	AUS	**19%**	25%
Orams NZ Unit Trust	Holding Trust	AUS	**Refer to Note 12**	50%
Orams Group Limited	Marina management	NZ	**76%**	—
Orams Residential Limited	Residential development	NZ	**76%**	—
Entities deregistered during the reporting period				
Chifley Investment Partners Trust 1	Investment management	AUS	**—**	50%

Hillgrove Resources Limited ("Hillgrove")
During December 2020 and February 2021 Hillgrove raised a total of $10,900 via an institutional placement and entitlement rights offer. Ariadne subscribed for $475 and $600 respectively reducing its interest in Hillgrove to 19.52%. On 6 May 2021, Ariadne sold shares in Hillgrove reducing its interest further to 18.99%. The change in relevant interest below the 'key' 20% threshold and the subsequent sale of shares, resulted in management assessing that the Group's investment in Hillgrove no longer met the threshold of an 'Associate' under *AASB 128 Investments in Associates and Joint Ventures*. The interest was reclassified as an investment part of the 'strategic portfolio' and accounted for a listed security under *AASB 9 Financial Instruments* where mark-to-market changes in fair value are recorded through Other Comprehensive Income. Refer to Notes 11 and 13(b). A mark-to-market gain of $8,979 was recorded through the profit and loss on reclassification.

Orams NZ Unit Trust ("ONZUT"), Orams Group Limited ("Orams") and Orams Residential Limited ("ORL")
During the period ONZUT became a controlled entity of the Group with its results consolidated by the Group from 14 July 2020, refer to Note 24. Orams became an associate of the Group on the consolidation of ONZUT, refer to Note 13(c). ORL was established during the period and is owned, in the same proportions, as the shareholders of Orams, refer to Note 13(c).

Notes to Financial Statements (Continued)

FOR THE YEAR ENDED 30 JUNE 2021

13. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES (Continued)

(b) Aggregate information of joint ventures and associates

		GROUP	
		2021	2020
	Notes	**$'000**	$'000
Balance at the beginning of the reporting period		**35,917**	32,816
Share of joint ventures' and associates' profits / (losses)		**5,068**	(4,488)
Share of joint ventures' and associates' reserves		**11,798**	7,928
Net investment in / (divestment of) joint ventures and associates		**801**	1,151
Joint ventures and associates included via the additional acquisition in ONZUT	24	**54,717**	—
Joint ventures and associates reclassified as subsidiary on business combination	24	**(16,593)**	—
Joint ventures and associates reclassified as securities	13(a)	**(5,253)**	—
Distributions received from joint ventures and associates		**(1,608)**	(1,490)
Carrying amount of investment in joint ventures and associates at reporting period end		**84,846**	35,917

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

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

Control of ONZUT
On 14 July 2020, Ariadne announced that all approvals and necessary consents had been received and that the additional 30% interest had been transferred to Ariadne, increasing its interest in the ONZUT to 80% and its indirect holding in Orams Group Limited to 61%. ONZUT became a controlled entity and subsidiary of Ariadne, with its results consolidated by Ariadne from 14 July 2020. Refer to Note 24 for further details.

Orams becomes an associate
On 14 July 2020, Orams became an associate of the Group following the control of ONZUT. Although ONZUT owns 76% of the equity and voting interest in Orams, the Shareholders Agreement requires that the two majority shareholders must act together to direct the relevant activities of the company, therefore no individual shareholder has control. ORL has an equivalent Shareholders' Agreement.

Orams is the owner of Orams Marine Village and Orams Marine Services, New Zealand's premier marine facility and largest marine maintenance and refit services business respectively and is developing a new state-of-the-art marine refit facility on its existing site and an adjoining property known as Site 18 in downtown, Auckland's Wynyard quarter. This will treble Orams Marine Services' current capacity for marine maintenance and refit business. The marine works completed include, remediation of the new marine area including a groundwater cut-off wall, strengthening of the seawall, a concrete fibre reinforced hardstand area providing marine haul out space and installation of new travel lift piers – all on time and within budget. New 820 and 85 tonne travel lifts were commissioned and have been operational since January 2021. In addition to the works completed, the three-stage development will feature a refit facility, commercial buildings and a residential component on the northern end of Site 18 which was transferred to ORL during the period. The facility will target marine vessels (including superyachts) up to 800 tonnes. The development will also provide increased maintenance facilities for Auckland's ferries, fishing vessels and commercial vessels.

		2021	2020
Financial metrics for Orams	**Notes**	**NZ$'000**	NZ$'000
Revenue		**21,415**	17,967
Interest expense		**(886)**	(266)
Depreciation		**(1,151)**	(618)
Income tax		**(2,947)**	1,200
Profit		**7,462**	(3,087)
Share of profit at 76%		**5,667**	2,345
Other comprehensive income		**18,148**	22,604
Share of other comprehensive income at 76%		**13,783**	17,168
Cash and cash equivalents		**4,307**	1,451
Current assets		**50,151**	3,497
Total assets		**214,305**	166,539
Current liabilities		**(11,218)**	(26,220)
Non-current financial liabilities		**(83,863)**	(63,824)
Total liabilities		**(111,586)**	(89,430)
Net assets		**102,719**	77,109
Share of net assets at 76%		**78,015**	58,564

Notes to Financial Statements (Continued)

FOR THE YEAR ENDED 30 JUNE 2021

14. LOANS AND BORROWINGS

	Notes	GROUP 2021 $'000	2020 $'000
Current			
Non-interest bearing facilities	(i)	**6,500**	—
Interest bearing facilities	(ii)	**7,150**	5,450
NZ-dollar interest bearing facilities	(iii)	**1,396**	—
		15,046	5,450
Non-current			
NZ-dollar interest bearing facilities	(iii)	**13,960**	—
		13,960	—
Total loans and borrowings		**29,006**	5,450

(i) The Group received a non-interest-bearing loan of $6,500 from an entity associated with the Deputy Chairman, Mr Kevin Seymour during the period, see also Note 20.

(ii) The Group drew down $1,700 (2020: $950) from its bank loan facility during the period, reducing the Group's unused and available loan facility to $2,546 (2020: $4,296) as summarised in the table below. The 12-month rolling facility is a variable interest rate facility that averaged 2.5% during the period. Ariadne has provided a guarantee for this finance facility, refer to Note 18(c).

(iii) During the period ONZUT became a controlled entity and subsidiary of Ariadne, with its assets and liabilities consolidated by Ariadne. ONZUT had a NZ$18,000 loan facility at the date of control. NZ$1,500 was repaid during the period, leaving a balance of NZ$16,500 at period end. The 24-month facility, ending May 2022, is a variable interest rate facility that averaged 4.3% during the period. Ariadne has provided a guarantee on behalf of ONZUT for this finance facility, refer to Note 18(c).

Financing facilities available		
Total facilities		
Bank loan facilities	**25,052**	9,746
Other facilities	**6,500**	—
Other facilities not recorded on the Group's Balance Sheet	**304**	304
Facilities used at reporting date		
Bank loan facilities	**22,506**	5,450
Other facilities	**6,500**	—
Other facilities not recorded on the Group's Balance Sheet	**304**	304
Facilities unused at reporting date		
Bank loan facilities	**2,546**	4,296
Other facilities	**—**	—
Other facilities not recorded on the Group's Balance Sheet	**—**	—

15. CONTRIBUTED EQUITY AND RESERVES

(a) Ordinary Ariadne shares on issue

	Note	**2021** Number of shares	**2021** $'000	2020 Number of shares	2020 $'000
At beginning of the reporting period		**196,242,360**	**378,156**	196,892,360	378,558
Shares bought back		**—**	**—**	(650,000)	(402)
Balance at reporting period end		**196,242,360**	**378,156**	196,242,360	378,156

On 19 February 2021, as part of ongoing capital management initiatives, Ariadne extended its on-market buy-back facility, allowing up to 10% of its capital to be repurchased, 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.

Notes to Financial Statements (Continued)

FOR THE YEAR ENDED 30 JUNE 2021

15. CONTRIBUTED EQUITY AND RESERVES (Continued)

(b) Share Options

	ARIADNE	
Employee options over Ariadne ordinary shares	**2021 Number of options**	2020 Number of options
At beginning of the reporting period	**1,500,000**	1,500,000
Employee share options issued	**—**	—
Employee share options expired	**500,000**	—
Employee share options exercised	**—**	—
Balance at reporting period end	**1,000,000**	1,500,000

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.

(c) Reserves

	Share options reserve $'000	Financial asset revaluation reserve $'000	Property asset revaluation reserve $'000	Cash flow hedge reserve $'000	Foreign currency translation reserve $'000	Profits reserve $'000	Capital profits reserve $'000	ARIADNE $'000
At 1 July 2019	129	(9,672)	—	6	2,157	101,038	70,022	163,680
Current year profits to profit reserve	—	—	—	—	—	968	—	968
Movements through OCI, net of tax	—	(28,899)	7,890	(6)	(172)	—	—	(21,187)
Movements within reserves	—	(1,217)	—	—	—	—	1,217	—
Cost of share-based payment	35	—	—	—	—	—	—	35
Dividends	—	—	—	—	—	(3,341)	—	(3,341)
At 30 June 2020	**164**	**(39,788)**	**7,890**	**—**	**1,985**	**98,665**	**71,239**	**140,155**
Current year profits to profit reserve	**—**	**—**	**—**	**—**	**—**	**16,319**	**—**	**16,319**
Movements through OCI, net of tax	**—**	**16,364**	**10,330**	**—**	**(588)**	**—**	**—**	**26,106**
Movements within reserves	**—**	**—**	**(8,030)**	**—**	**(27)**	**27**	**8,030**	**—**
Transfer of reserves to accum. losses	**(41)**	**—**	**—**	**—**	**—**	**—**	**—**	**(41)**
Cost of share-based payment	**4**	**—**	**—**	**—**	**—**	**—**	**—**	**4**
At 30 June 2021	**127**	**(23,424)**	**10,190**	**—**	**1,370**	**115,011**	**79,269**	**182,543**

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.

Property asset revaluation reserve
The property asset revaluation reserve records the Group's share of joint ventures' and associates' movements in the fair value of property assets net of tax as recognised in other comprehensive income.

Financial asset revaluation reserve
The financial asset revaluation reserve records the Group's share of movements in the fair value of the strategic portfolio 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.

Notes to Financial Statements (Continued)

FOR THE YEAR ENDED 30 JUNE 2021

15. CONTRIBUTED EQUITY AND RESERVES (Continued)

(c) Reserves (Continued)

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 2021 amount carried to profits reserve (in accordance with director resolutions) of $16,319 (2020: $968) includes an amount of $16,319 (2020: $503) relating to subsidiary entities and is not available for distribution as frankable dividends to the equity holders of Ariadne at 30 June 2021.

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. $8,030 (2020: $1,217) was carried to capital profits reserve during the period.

(d) Accumulated losses

		GROUP	
	Notes	**2021 $'000**	2020 $'000
Opening balance		**(406,044)**	(397,934)
Net loss not carried to profit reserve		**(5,706)**	(8,110)
Closing balance		**(411,750)**	(406,044)

16. CASH FLOW STATEMENT RECONCILIATION

Reconciliation of the net profit / (loss) after tax to the net cash flows from operations			
Net profit / (loss) after tax		**11,534**	(6,835)
Adjustments for:			
Share options expense	4(c)	**4**	35
Amortisation of right of use assets	18(a)	**344**	7,957
Depreciation of non-current assets		**242**	242
Impairments		**(128)**	471
Share of joint ventures' and associates' (profits) / losses	13(b)	**(5,068)**	4,488
Distributions received from joint ventures and associates	13(b)	**1,608**	1,490
Net gain on equity accounted investments reclassified as securities	13(a)	**(8,979)**	—
Fair value loss on financial liability	24(i)	**4,631**	—
Transfers to / (from) provisions:			
Lease liabilities		**—**	(55)
Employee entitlements	4(c)	**68**	(105)
Changes in assets and liabilities:			
(Increase) / decrease in trade and other receivables		**387**	(1,072)
(Increase) / decrease in trading portfolios		**(4,539)**	1,181
(Increase) / decrease in strategic portfolio revalued through profit or loss	4(b)	**47**	(1,003)
(Increase) / decrease in prepayments		**(18)**	112
(Decrease) / increase in payables and accruals		**(1,085)**	395
Effects of exchange rate changes on cash held in foreign currencies		**(36)**	(12)
Net cash from operating activities		**(988)**	7,289

Notes to Financial Statements (Continued)

FOR THE YEAR ENDED 30 JUNE 2021

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, loans 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	
	2021 $'000	2020 $'000
Financial Assets		
Cash and cash equivalents	**28,629**	34,916
Related party loans	**14,463**	9,102
Total financial assets exposed to interest rate risk	**43,092**	44,018
Financial Liabilities		
Advanced facilities and commercial bills	**22,506**	5,450
Total financial liabilities exposed to interest rate risk	**22,506**	5,450
Net exposure	**20,586**	38,568

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)	**187**	424
- 1% (100 basis points)	**(187)**	(424)

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 2021

17. FINANCIAL INSTRUMENTS (Continued)

(c) Foreign currency risk

As at 30 June 2021, the Group did not have any significant exposure to movements in foreign exchange rates on any of its financial instruments.

The Group holds material investments in joint ventures and associates that are located in foreign currency jurisdictions where the Group's share of results denominated in foreign currencies are translated to Australian Dollars. At reporting date, the exposure to joint ventures and associates reporting in a foreign currency was $84,145 (2020: $13,014). If the foreign exchange rates of investments in foreign joint ventures and associates had been 10% higher or lower at balance date, the Group would be impacted through equity by $8,415 higher or lower (2020: $1,301).

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 $57,789 (2020: $22,131). 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 $5,779 higher or lower (2020: $2,213).

(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.

Financial liabilities due within	6 months or less $'000	6 – 12 months $'000	1 – 5 years $'000	GROUP $'000
30 June 2021				
Trade and other payables	**254**	**—**	**—**	**254**
Lease liabilities	**53**	**—**	**—**	**53**
Loans and borrowings	**6,500**	**8,546**	**13,960**	**29,006**
Other payables	**—**	**—**	**14,586**	**14,586**
Total financial liabilities exposed to liquidity risk	**6,807**	**8,546**	**28,546**	**43,899**
30 June 2020				
Trade and other payables	2,033	—	—	2,033
Lease liabilities	182	182	53	417
Loans and borrowings	—	5,450	—	5,450
Total financial liabilities exposed to liquidity risk	2,215	5,632	53	7,900

Notes to Financial Statements (Continued)

FOR THE YEAR ENDED 30 JUNE 2021

17. FINANCIAL INSTRUMENTS (Continued)

(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.

Trade and other receivables

The carrying amount approximates fair value.

Investments

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

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

The following table shows the levels within the hierarchy of financial assets and liabilities measured at fair value on a recurring basis as at 30 June 2021.

Financial Assets	Note	Level 1	Level 2	Level 3	Total
Listed trading investments	9	**8,448**	**-**	**-**	**8,448**
Listed strategic investments	11	**49,341**	**-**	**-**	**49,341**
Unlisted strategic investments	11	**-**	**16,414**	**-**	**16,414**
Total Financial Assets		**57,789**	**16,414**	**-**	**47,203**

The Group has two separate and distinct investment portfolios and designates its investments as either trading or strategic. Investments within all the portfolios are remeasured to fair value based on the appropriate level inputs at the end of the reporting period. All non-equity accounted listed securities are remeasured to fair values using Level 1 inputs as determined by reference to the quoted market close price at balance date. Non-equity accounted unlisted securities are remeasured to fair values using Level 2 inputs referencing either share of net assets or last transaction price at balance date.

Financial Liabilities	Note	Level 1	Level 2	Level 3	Total
Contingent Consideration	24	**-**	**14,586**	**-**	**14,586**
Total Financial Liabilities		**-**	**14,586**	**-**	**14,586**

Contingent Consideration has been remeasured to fair value using a Level 2 input, share of net assets, as set out in Note 24(i).

Trade and other payables

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.

Notes to Financial Statements (Continued)

FOR THE YEAR ENDED 30 JUNE 2021

18. LEASES, COMMITMENTS AND CONTINGENCIES

(a) Leases

The Group, its joint ventures and its associates enter into operating leases as a means of acquiring access to property assets. The Group's and its share of lease liabilities of its combined interests in joint ventures and associates is $53 (2020: $417).

During the period, right of use assets were amortised by $344 (2020: $7,957) and lease rental payments of $380 (2020: $8,154) were used to reduce the lease liabilities by $364 (2020: $7,941) and meet $16 (2020: $213) of lease liability interest. At balance date, the carrying value of the Group's right of use assets were $57 (2020: $401).

After balance date, the Group entered into a new 5-year office lease. At lease commencement date, the Group recognised a $1,516 right-of-use asset and a corresponding $1,516 lease liability in its balance sheet.

(b) Commitments

The Group enters into contractual capital commitments with investment vehicles from time to time, as at balance date the Group's uncalled capital commitments were $4,567 (2020: $2,094).

(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.

The Group acquired an additional 30% equity interest in ONZUT from an existing unitholder during the period. The deferred consideration for the acquisition was estimated to be $14,586 at balance date, although the terms of the acquisition provide that the ultimate purchase price will be determined and paid following completion of the Site 18 Stage 1 Works (as defined in the Development Agreement with Panuku Development Auckland) which is expected to be before June 2026. Refer to Note 24 for further information.

Details of finance facilities for the controlled entities are included in Note 14. Ariadne has guaranteed $10,000 (2020: $10,000) of the borrowing obligations under these facilities.

Ariadne has also provided a guarantee on behalf of ONZUT for finance facilities totalling NZ$13,200 (2020: NZ$14,400). The assets provided by ONZUT as security in relation to its finance facilities are sufficient to meet its obligations.

19. PARENT ENTITY INFORMATION

	ARIADNE	
	2021 $'000	2020 $'000
Information relating to Ariadne Australia Limited		
Current assets	**—**	500
Total assets	**38,634**	38,633
Current liabilities	**—**	—
Total liabilities	**—**	—
Issued capital	**378,156**	378,156
Reserve – capital profits	**2,955**	2,955
Reserve – profits	**29,713**	29,713
Reserve – options	**127**	164
Accumulated losses	**(372,317)**	(372,355)
Total shareholders' equity	**38,634**	38,633
Profit / (loss) of the parent entity	**(4)**	465
Total comprehensive income of the parent entity	**(4)**	465

The nature and purpose of each reserve is disclosed in Note 15(c) and details of guarantees given are recorded in Note 18(c).

The financial information for the parent entity has been prepared on the same basis as the consolidated financial statements, except investments in subsidiaries, associates and joint venture entities are accounted for at cost and dividends received from associates are recognised in the parent entity's profit or loss when its right to receive the dividend is established.

Notes to Financial Statements (Continued)

FOR THE YEAR ENDED 30 JUNE 2021

20. 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 balances and transactions

			GROUP	
Balance / transaction type	**Class of related party**	**Notes**	**2021 $'000**	2020 $'000
Loans to other related parties				
Loans advanced	Equity accounted investment	(i)	**7,918**	2,778
Loans repaid	Equity accounted investment	(i)	**624**	151
Loans outstanding	Equity accounted investment	(ii)	**14,463**	10,932
Loans from other related parties				
Loans received	Director related entity	(iii)	**6,500**	—
Loans outstanding	Director related entity	(iii)	**6,500**	—
Investments in related parties				
Investments in other financial assets	Director related entity	(iv)	**1,197**	2,724
Investments in equity accounted investments	Equity accounted investment	(v)	**1,075**	1,000
Other transactions				
Rent received or receivable	Equity accounted investment	(vi)	**49**	27
Interest received or receivable	Equity accounted investment	(vii)	**186**	348
Licence fees received or receivable	Equity accounted investment	(viii)	**24**	30
Management fees paid or payable	Director related entity	(ix)	**196**	160
Consulting fees paid or payable	Director related entity	(x)	**44**	44
Dividends and distributions received	Equity accounted investment		**1,608**	—

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

(i) The Group advanced $7,918 to entities associated with Kippax Property Trust ("KPT") to fund real estate development projects and received loan repayments of $71 from KPT and $553 from Orams during the period.
(ii) At balance date, the Group had $9,677 in loans outstanding to entities associated with KPT and $4,786 to Orams.
(iii) The Group received a non-interest-bearing loan of $6,500 from an entity associated with the Deputy Chairman, Mr Kevin Seymour during the period.
(iv) Mr Barter is an Executive Director of King River Capital Management Pty Ltd ("KRC"). The Group made investments of $1,197 during the period which were associated or otherwise managed by entities related to KRC.
(v) The Group invested $1,075 as part of capital raising by Hillgrove during the period, further information can be found at Note 13(a).
(vi) The Group earned rental income of $49 from KPT during the period.
(vii) Gross interest earned on loans to related entities.
(viii) 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, for part of the period under an agreement. During the period, the Group received $24 from KRC relating to this agreement.
(ix) The Group paid investment management fees of $196 during the period to an entities related to KRC.
(x) 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. 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.

Notes to Financial Statements (Continued)

FOR THE YEAR ENDED 30 JUNE 2021

21. DIRECTOR AND EXECUTIVE DISCLOSURES

	GROUP	
	2021 $'000	2020 $'000
Remuneration of Key Management Personnel		
Short term employee benefits	**1,654**	1,698
Post-employment benefits	**110**	109
Share based payments	**4**	35
Total remuneration	**1,768**	1,842

22. REMUNERATION OF AUDITORS

	2021 $	2020 $
Amounts received or due and receivable by Grant Thornton Audit Pty Ltd		
An audit or review of the financial report of the entity and any other entity in the Group	**126,500**	—
Services in relation to the entity and any other entity in the Group	**—**	—
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	**—**	140,800
Services in relation to the entity and any other entity in the Group	**—**	—
	126,500	140,800

23. EVENTS AFTER THE BALANCE DATE

After the balance date, the Directors declared a final dividend on ordinary shares in respect of the 2021 financial year. The total amount of the dividend is $981 which represents a partially franked (40%) dividend of 0.5 cents per share, of which 60% is sourced from the Conduit Foreign Income Account.

The outbreak of COVID-19 and the subsequent quarantine measures imposed by the Australian and other governments as well as the travel and trade restrictions imposed by Australia and other countries in early 2020 have caused significant and widespread disruption to businesses and economic activity in Australia. At the date of approving these financial statements, the Directors are of the view the effects of COVID-19 do not change the significant estimates, judgements and assumptions in the preparation of the financial statements, however COVID-19 and its associated economic impacts remain uncertain. The Directors continue to closely monitor developments with a focus on potential financial and operational impacts and note that the situation is continuing to evolve.

Apart from the matters above, there is no other matter of circumstance that has arisen since 30 June 2021 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.

Notes to Financial Statements (Continued)

FOR THE YEAR ENDED 30 JUNE 2021

24. BUSINESS COMBINATION

Control of Orams NZ Unit Trust ("ONZUT")

On 28 February 2020, Ariadne entered into conditional agreements to acquire an additional 30% equity interest in ONZUT from an existing unitholder subject to obtaining the approval of the New Zealand Overseas Investment Office as well as other necessary consents. On 14 July 2020, Ariadne announced that all approvals and necessary consents had been received and that the additional 30% interest had been transferred to Ariadne, increasing its interest in the ONZUT to 80% and its indirect holding in Orams Group Limited ("Orams") to 61% ("Date of Transfer"). ONZUT became a controlled entity and subsidiary of Ariadne, with its results consolidated by Ariadne from the Date of Transfer. The estimated purchase price on the Date of Transfer was $9,955 but has increased to $14,586 at balance date. The terms of the acquisition provide that the ultimate purchase price will be determined and paid following completion of the Site 18 Stage 1 Works (as defined in the Development Agreement with Panuku Development Auckland) which is expected to be before June 2026 ("Contingent Consideration").

The following table summarises the fair value of consideration and the fair value of the assets acquired and liabilities assumed as at 14 July 2020.

	Notes	$'000
Consideration		
Fair value of Contingent Consideration	(i)	**9,955**
Fair value of the Group's equity interest in ONZUT held before the business combination	13(b)	**16,593**
Total value of interest before the business combination		**26,548**
Assets acquired and liabilities assumed		
The fair value of the identifiable assets and liabilities of ONZUT as at 14 July 2020 were:		
Assets		
Cash and cash equivalents	(ii)	**39**
Prepayments		**112**
Receivables		**5,339**
Investments in joint ventures and associates	(iii)	**54,717**
Total Assets		**60,207**
Liabilities		
Trade and other payables		**154**
Interest-bearing loan – due within 12 months or less	(iv)	**1,401**
Interest-bearing loan – due within 1-5 years	(v)	**15,417**
Other liabilities payable to the Group – eliminated on consolidation	(vi)	**10,051**
Total Liabilities		**27,023**
Total identifiable net assets at fair value		**33,184**
Non-controlling interest measured at its proportionate share		**(6,636)**
(Gain) / loss arising on acquisition		**—**
Total value of interest after the business combination		**26,548**

(i) No cash was transferred on acquisition due to the deferred Contingent Consideration. Fair value of the Contingent Consideration on acquisition has been estimated as 30% of ONZUT's net equity utilising ONZUT's 30 June 2020 audited financial statements. Although no gain or loss was recognised on acquisition, a $4,631 increase to the fair value of the Contingent Consideration component (to $14,586), equal to 30% of the movement in ONZUT's net assets during the period, was recognised through 'Fair value loss on financial liabilities' in the Group's Statement of Profit or Loss and Other Comprehensive Income.
(ii) Net cash acquired of $39 has been included as flows from investing activities in the Group's Statement of Cash Flows.
(iii) The fair value of ONZUT's investment in Orams has been estimated by utilising Orams' 30 June 2020 audited financial statements.
(iv) The current portion of ONZUT's New Zealand dollar interest-bearing loan was valued at A$1,396 at balance date.
(v) The non-current portion of ONZUT's New Zealand dollar interest-bearing loan was valued at A$13,960 at balance date.
(vi) Other liabilities payable to the Group are eliminated on consolidation.
(vii) The numbers in this note differ to those included in the Half Year Report due to a prior period correction as set out in Note 2(x).

From the date of acquisition and excluding all intergroup transactions, ONZUT has contributed $5,449 in revenues and a $2,723 in profits to the Group.

Directors' Declaration

FOR THE YEAR ENDED 30 JUNE 2021

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 2021 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 2021.

On behalf of the Board

Mr David Baffsky, AO
Chairman
Sydney
30 August 2021

Independent Auditor's Report

GrantThornton

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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 financial report of Ariadne Australia Limited (the "Company") and its subsidiaries (the "Group"), which comprises the consolidated statement of financial position as at 30 June 2021, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and the Directors' declaration.

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

a giving a true and fair view of the Group's financial position as at 30 June 2021 and of its performance for the year ended on that date; and

b 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 (including Independence Standards)* (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 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 of 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 Auditor's Report

GrantThornton

Key audit matter	How our audit addressed the key audit matter
Valuation of Orams Marine Village, Office Building Development Land, and Residential Land **Refer to Note 13**	
The Group has a portfolio of investments in joint ventures and associates accounted for in accordance with AASB 128 *Investments in Associates and Joint Ventures*. Orams NZ Unit Trust ('ONZUT'), an entity consolidated by Ariadne Australia Limited, holds an equity accounted investment in Orams Group Limited ('OGL'), a company incorporated in New Zealand. Ariadne Australia Limited also holds an equity accounted investment in Orams Residential Limited ('ORL'), a company incorporated in New Zealand. OGL records its holding of the Orams Marine Village and Office Building Development at fair value in accordance with NZ IAS 16 *Property, Plant and Equipment*. ORL holds Residential Land, also recorded at fair value and in accordance with NZ IAS 40 *Investment Property*. OGL management engaged an independent expert to value the Orams Marine Village and Office Building Development and the Residential Land. The Group's investment in OGL and ORL is recorded at \$72.6m. In the financial year ended 30 June 2021, The Group's share of the uplift in value of the Orams Marine Village and Office Building Development is \$12.8m and the Group's share of the uplift in value of the Residential Land is \$5.9m. This area is a key audit matter given there is significant judgement associated in calculating the fair values, including the determination of key assumptions.	Our procedures included, amongst others: • Assessing the competency and objectivity of management's expert with respect to the fair value of Orams Marine Village, Office Building Development Land and the Residential Land; • Assessing the conclusions reached by management's expert with respect to the fair value of Orams Marine Village, Office Building Development Land and Residential Land; • Challenging the appropriateness of key assumptions utilised in the fair value calculations; • Performing sensitivity analysis on the key assumptions adopted in the valuations; • Assessing the impact on deferred tax balances; • Agreeing management's budgeted costs to complete to contracted future works; • On a sample basis, agreeing costs incurred during the year in relation to Orams Marine Village and Office Building Development; • Agreeing the equity accounted share of profit or loss and share of reserve to the audited trial balance of OGL and ORL; and • Assessing the adequacy of associated disclosures
Step acquisition of Orams Unit Trust (ONZUT) **Refer to Note 24**	
On 14 July 2020, the Group received NZ foreign investment approval for the acquisition of a further 30% interest in Orams NZ Unit Trust ('ONZUT') taking it's holding to 80% and its indirect holding in Orams Group Limited (OGL) to 61%. ONZUT is now a subsidiary of Ariadne Australia Limited and its results are consolidated. Accounting for a business combination in accordance with AASB 3 *Business Combinations* can be complex and involve significant judgements. The Group was required to determine the fair values of the assets and liabilities of ONZUT as of the date of acquisition as well as the fair value of the contingent consideration. The area is a key audit matter due to the complexity of business combination accounting and the significant management judgements required.	Our procedures included, amongst others: • Obtaining and reviewed acquisition agreements; • Ensuring the transaction met the criteria for a step acquisition business combination in line with AASB 3 and reviewed management's accounting paper for the transaction in line with the standard; • Evaluated management's identification of the assets and liabilities acquired, including consideration of any previously unrecognised intangible assets, as well as the determination of the respective fair values; • Reviewing journals posted, including consolidation entries; • Recalculating and reviewing the fair value of the deferred consideration; • Considering any tax implications related to the purchase accounting in consultation with our internal tax specialists; • Reviewing expenditure associated with the acquisition and considering the appropriateness of the accounting treatment; and • Assessing the adequacy of associated disclosures.

Independent Auditor's Report

GrantThornton

Information other than the financial report and auditor's report thereon

The Directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2021, 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 Group's ability 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 have 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.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: https://www.auasb.gov.au/auditors_responsibilites/ar1_2020.pdf. This description forms part of our auditor's report.

Report on the remuneration report

Opinion on the remuneration report

We have audited the Remuneration Report included in pages 10 to 15 of the Directors' report for the year ended 30 June 2021.

In our opinion, the Remuneration Report of Ariadne Australia Limited, for the year ended 30 June 2021 complies with section 300A of the *Corporations Act 2001*.

Independent Auditor's Report

GrantThornton

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.

Grant Thornton

Grant Thornton Audit Pty Ltd
Chartered Accountants

Matthew Leivesley
Partner – Audit & Assurance

Sydney, 30 August 2021

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 2021.

(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	232	64,223
1,001 – 5,000	542	1,644,818
5,001 – 10,000	199	1,458,118
10,001 – 100,000	257	7,920,120
100,001 and over	97	185,155,081
	1,327	196,242,360
Holding less than a marketable parcel	214	46,223

(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	32.95%
2	UBS Nominees Pty Ltd	21,405,078	10.91%
3	SLV Investments Pty Ltd	21,043,100	10.72%
4	J P Morgan Nominees Australia Limited	16,838,614	8.58%
5	W B K Pty Ltd	5,485,100	2.80%
6	Seymour Group Pty Ltd	4,580,000	2.33%
7	Kayaal Pty Ltd	3,922,294	2.00%
8	Mr Con Zempilas	3,664,000	1.87%
9	BNP Paribas Nominees Pty Ltd Six Sis Ltd <DRP A/C>	3,615,365	1.84%
10	National Nominees Pty Ltd	2,965,392	1.51%
11	Mr Ronald Langley + Mrs Rhonda Elizabeth Langley	2,134,923	1.09%
12	Equitas Nominees Pty Limited <PB-601655 A/C>	2,000,000	1.02%
13	Katdan Investments Pty Limited <David Baffsky A/C>	2,000,000	1.02%
14	Mr John Emery Kennedy <John Kennedy A/C>	2,000,000	1.02%
15	Mr David Zalmon Baffsky	1,983,230	1.01%
16	LVS Nominees Pty Ltd	1,757,173	0.90%
17	Mr Ronald Langley	1,380,000	0.70%
18	HSBC Custody Nominees (Australia) Limited	1,275,470	0.65%
19	Mr Ross Alexander Macperhson	1,213,700	0.62%
20	Katdan Investments Pty Limited <Super Fund A/C>	1,199,483	0.61%
		165,129,317	84.15%

(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	13,987,394
Phoenix Portfolios Pty Ltd	10,494,743

(d) Voting rights

All ordinary shares carry one vote per share without restriction.