ARIADNE

ARIADNE AUSTRALIA LIMITED

2022 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)

Dr Gary Weiss, AM
(Executive Director)

Company Secretary
Mr Natt McMahon

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Bankers
ANZ Banking Group Limited

Auditors
Grant Thornton Audit Pty Ltd
Level 17, 383 Kent Street
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ABN
50 010 474 067

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ABN 50 010 474 067

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

Our Executive Director's report clearly sets out how the past financial year's results have been achieved.

The writedown of our Redfern/Kippax exposures marred an otherwise good result for Ariadne. We will take all steps to seek to recover as much of the impact of our Redfern exposure as possible.

We continue to believe that your Company is well positioned to generate and further crystalise significant value while continuing to focus on core assets such as Orams Marine Village in New Zealand.

Yours sincerely

Mr David Baffsky, AO
Chairman

Executive Director's Review

The Directors present the Annual Report of Ariadne Australia Ltd ("Ariadne" or "the Group") for the period ended 30 June 2022.

For the 2022 financial year ("FY22") Ariadne reported a total comprehensive income attributable to members of $23.3 million (FY21: $36.7 million). This result comprises two elements:

- a net loss attributable to members of $6.6 million (FY21: $10.6 million profit); and
- a positive contribution attributable to members of $29.9 million (FY21: $26.1 million) reported through the Statement of Comprehensive Income.

The total comprehensive income per share was 11.89 cents compared to 18.69 cents for the previous corresponding period.

The net tangible assets per share increased during the period by 15% from 75.90 cents per share to 87.09 cents per share at balance date.

The net operating cash outflow during the period was $1.7 million (FY21: $1.0 million).

The overall result for FY22, while positive for the full year, was adversely impacted by the write-down (of $8.4 million) in the carrying value of our investments involving Kippax Property during the second half of FY22. This write-down was the largest contributor to the reduction in the Group's total comprehensive income attributable to members of $34.7 million for HY22 to $23.3 million as at 30 June 2022.

Investments

The Investment division recorded a net profit before tax of $2.7 million (FY21: $15.0 million).

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

The strategic portfolio recorded a net gain of $31.2 million (FY21: $16.4 million) during the period due to mark-to-market revaluations mainly arising from Ariadne's investments in ClearView Wealth Ltd and Ardent Leisure Group Ltd ("Ardent"), being $5.4 million and $9.5 million respectively. This gain is recorded through other comprehensive income and not included in the reported net profit.

A smaller investment in MSL Solutions Ltd also contributed positively to the overall result.

Ariadne's 54% interest in Freshxtend International Pty Ltd, with its 17% investment in the NatureSeal group, again contributed positively during the period.

Subsequent to balance date the Group received a $21.5 million cash distribution from Ardent by way of return of capital and special dividend following the completion of the sale of Ardent's interest in its US business, Main Event Entertainment.

King River Capital ("King River")

A significant proportion of the Group's Comprehensive Income arose out of Ariadne's investments with King River.

The three investments listed below in particular are performing well and contributed a combined uplift in value of $16.2 million during the financial year as a result of revaluations following fundraisings during the period:

- FinClear Holdings Limited: a gain of $7.7 million as a result of a pre-IPO round;
- Cover Genius Holdings Pty Ltd: a gain of $4.9 million as a result of a Series C round;
- Lark Technologies, Inc.: a gain of $3.7 million as a result of a Series D round

At balance date, the carrying value of Ariadne's King River-related investments was $35.3 million in aggregate, representing an overall unrealised gain of $23.4 million over cost.

Ariadne's involvement with King River to date has been rewarding and we look forward to further growth in the value of our investments over coming periods.

Executive Director's Review

Orams

The Group's investment in our associates, Orams Group Ltd and Orams Residential Ltd (together "Orams"), where Ariadne holds an indirect equity interest of 61%, also contributed positively to the overall result.

The Group's share of profit and interest from Orams during the period was $4.6 million. This result included a revaluation gain of $3.7 million in relation to the residential site at Orams.

During the period, Orams completed the initial stage of its new state-of-the-art marine refit facility. The new 13,000 square metre yard, and three new 90 metre marinas, have near tripled the capacity for Orams Marine Services' marine maintenance and refit business. The 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 regional ferry fleet. The next stage of works consists of three marine work sheds – one 580 square metre shed to accommodate the 85 tonne travel lift which was completed during the period and two superyacht sheds to accommodate the 820 tonne travel lift scheduled for completion early 2023. The new superyacht sheds will expand Orams' ability to provide specialised superyacht services within a controlled environment, cementing Orams' position as the superyacht hub of the South Pacific. Further stages of the development will feature commercial buildings and a residential component on the northern end of the site.

FY22 saw the continued application of restrictions to New Zealand's international border, restricting the entry of international superyachts. During this period, Orams serviced a wide array of the domestic market including barges, ferries, police and navy vessels – highlighting the versatility of the business to temporarily pivot from its typical work program of servicing and refitting overseas superyachts. With the end of the border restrictions from July, the level of inquiries from overseas superyacht owners to service boats at Orams has been encouraging. Orams continues to build staff numbers across all aspects of the business in anticipation of the return of the overseas market and the recently complete expansion of the hard stand's servicing capacity. With the majority of the redevelopment works now completed, or soon to be completed, and the lifting of New Zealand's border restrictions with effect from 1 August 2022, Orams looks forward to a productive FY23.

Kippax Property ("Kippax")

For the past 2 years, Kippax has been pursuing a planning approval for a site in Redfern ("the Redfern site"), located in the Botany Road Precinct, over which Kippax holds an option to purchase. The NSW State Government's objective for the Botany Road Precinct is to activate State Government infrastructure investment and attract technology and other knowledge-based businesses to Sydney's Innovation Corridor.

In August 2021 Council reported its planning proposal ("PP") which included changing the planning controls for the Redfern site to a floor space ratio ("FSR") of 8.5:1 and 17-storeys. The PP then received a Gateway Determination from the NSW State Government and went on public exhibition in November 2021, ahead of the City of Sydney Council ("Council") election. During the public exhibition there were a small number of public submissions relating to the Redfern end of the Botany Road Precinct which raised some concern with the proposed changes in the immediate area around the site. Notwithstanding these concerns Council advised Kippax that the benefits of the PP outweighed the impact predicated on the future condition they would be creating in the area.

Kippax continued to work closely with the Council to respond to public comments and included ways the scheme could be adjusted to address matters raised in the submissions. The Council also advised that three key issues needed to be addressed and Kippax submitted a revised scheme with a reduced maximum height from 17-storeys to 11-storeys and an FSR of 7.3:1 which addressed these issues.

However, Council advised in late May that the Redfern site and neighbouring properties would be excluded from the Botany Road Precinct and the controls were to remain as they are today. Thereafter, at a Council meeting in June the Council voted to remove the Redfern site and certain other properties from the Council's PP. This was on the basis of a small number of objectors (c.1% out of over 5,000 residents and community groups who were emailed the PP).

While there is a potential pathway for the Redfern site to still receive a planning uplift, it is too early to determine the likely prospects of success. As a result Ariadne has impaired its $8.4 million loan receivable to nil value at balance date.

Subsequent to balance date, Ariadne has also reviewed its investment in Kippax and has decided to exit this joint venture. Ariadne will take control of the option over the Redfern site and explore all pathways to recover value.

Executive Director's Review

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 2022.

Assets	**$M**	**$M**	**Liabilities**	**$M**
Cash *		44.4	Payables and Provisions	3.1
Investments			Other Payables	14.6
Orams	80.0		Minority Interests	15.3
ClearView	16.7		Debt	24.4
FinClear	13.2		**Total Liabilities**	**57.4**
Freshxtend	11.8			
Ardent *	10.2		**Shareholders' Funds**	**170.9**
Hillgrove	10.1			
King River	8.1			
Cover Genius	7.2			
Trading Portfolio	6.4			
Lark Technologies	5.6			
Other Strategic Assets	5.3			
Foundation Life	4.9			
Total Investments		179.5		
Fixed Assets and Other Receivables		4.4		
Total Assets		**228.3**	**Total Liabilities & Shareholders' Funds**	**228.3**

* Adjusted to include the $21.5 million cash distribution from Ardent by way of return of capital and special dividend received 13 July 2022.

Tax

Ariadne has substantial carry forward revenue and capital losses available to offset future taxable profits. At 30 June 2022 these are estimated to be $89.6 million (30 June 2021: $80.4 million) and $72.3 million (30 June 2021: $72.3 million) respectively. As at balance date, Ariadne recognised a deferred tax asset of $3.6 million, at Ariadne's income tax rate of 25% to offset an equal deferred tax liability relating to temporary differences of the Group's strategic portfolio, leaving a deferred tax asset of $36.9 million which is not recognised in Ariadne's accounts.

Dividends and Capital Management

The Board has determined to apply a cautious approach to deploying capital to new investment opportunities, as and when they arise, given the ongoing volatility in market conditions.

A final fully franked dividend of 0.75 cents per share has been declared by the directors, bringing the total dividends for FY22 to 1.00 cents per share (FY21: 0.50 cents per share).

On 21 February 2022, 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 2022.

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 loss after income tax, attributable to the Group for the financial year was $5,710 (2021: $11,534 net profit). The consolidated net loss after tax attributable to members, on the same basis, for the financial year was $6,595 (2021: $10,572 net profit). In addition, a positive contribution (net of deferred tax) attributable to members of $29,923 (2021: $26,106) was reported through the Statement of Profit or Loss and Other Comprehensive Income, resulting in a total comprehensive income attributable to members of $23,328 (2021: $36,678). Net tangible assets at the end of the reporting period were 87.09 cents per share (2021: 75.90 cents). Total earnings per share were -3.36 cents (2021: 5.39 cents). Total comprehensive earnings per share were 11.89 cents (2021: 18.69 cents).

Investments

The Investment division recorded a profit of $2,672 (2021: $14,980).

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 2022 were $22,880 (2021: $28,629). Ariadne also returned $1,472 (2021: $1,374) during the period by way of dividends. Ariadne continues to maintain a prudent approach to cash management.

The division's share of joint ventures and associates results for the period was a net profit of $1,418 (2021: $26).

The trading portfolio recorded a net loss of $2,049 (2021: $4,969 net gain) and the strategic portfolio revalued through profit or loss recorded a net gain of $2,517 (2021: $47 loss), including a gain $3,489 (2021: $244 loss) arising out of the Group's investments in King River Capital's funds, 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 $31,158 (2021: $16,364) during the reporting period due to mark-to-market revaluations including a $5,431 markup (2021: $6,579) of the Group's investment in ClearView Wealth Limited, a $9,522 markup (2021: $13,377) of the Group's investment in Ardent Leisure Group Limited, and some of the Group's unlisted investments including a markup of $7,685 (2021: $1,537) for FinClear, a markup of $4,881 (2021: $189 loss) for Lark and a markup of $3,660 (2021: $45 loss) for Cover Genius. The mark-to-market gains attributable to the strategic portfolio are not included in the reported net profit.

Ariadne's investment in Foundation Life NZ Limited continues to perform in line with expectations, contributing NZ$368 (2021: NZ$342) of loan note interest during the period.

Ariadne's 54% interest in Freshxtend International Pty Ltd with its 17% investment in the NatureSeal Group continues to contribute positively to the Investment division's results.

Directors' Report

Property
The Group's Property division recorded a loss of $4,688 (2021: $273 loss).

The division's result is derived from the Group's 61% indirect share interest in Orams Residential Limited ("Residential") and Orams Group Limited ("Orams") - the owner of Orams Marine Village ("the Marina") and Orams Marine Services, New Zealand's premier marine facility and largest marine maintenance and refit services business respectively in addition to the interest received on its loan to Orams. The result also includes Ariadne's 50% interest in the Kippax Property Trust ("Kippax") and the investment in the Kippax Redfern Trust ("Kippax Redfern").

The Group's share of profit from Residential during the period was $3,663 (2021: nil), representing the Group's share of the uplift in valuation of the residential land holding, and Orams was $739 (2021: $5,263) and its interest earned on the associated loan to Orams was $206 (2021: $168). In addition, a positive contribution of $323 (2021: $12,878) representing the Group's share of the uplift in valuation of the marina was reported through other comprehensive income. A $27 loss (2021: $4,631 loss) relating to the Contingent 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 Contingent 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.

During the period, Orams completed the initial stage of its new state-of-the-art marine refit facility. The new 13,000 square metre yard, and three new 90 metre marinas, have near tripled the capacity for Orams Marine Services' marine maintenance and refit business. The 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 regional ferry fleet. The next stage of works consists of three marine work sheds – one marine shed to accommodate the 85 tonne travel lift which was completed during the period and two superyacht sheds to accommodate the 820 tonne travel lift scheduled for completion early 2023. The new superyacht sheds will expand Orams' ability to provide specialised superyacht services within a controlled environment, cementing Orams' position as the superyacht hub of the South Pacific. Further stages of the development will feature commercial buildings and a residential component on the northern end of the site.

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

For the past 2 years, Kippax has been pursuing a planning approval for a site in Redfern ("the Redfern site"), located in the Botany Road Precinct, over which Kippax holds an option to purchase. Despite working closely and collaboratively with the City of Sydney Council for a long period of time, in June the Council voted to remove the Redfern site and neighbouring properties from the Botany Road Precinct. While there is a potential pathway for the Redfern site to receive a planning uplift, it is too early to determine the likely prospects of success. As a result, Ariadne has impaired its $8,400 loan receivable to nil value at balance date. Subsequent to balance date, Ariadne has also reviewed its investment in Kippax and has decided to exit this joint venture. Ariadne will take control of the option over the Redfern site and explore all pathways to recover value.

Taxation
Ariadne has significant carried forward revenue and capital losses available to offset future taxable profits. At 30 June 2022, these are estimated at $89,602 (2021: $80,378) and $72,377 (2021: $72,292) 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 a deferred tax asset of $3,563, at the Ariadne's income tax rate of 25%, be recognised to offset an equal deferred tax liability relating to temporary differences of the Group's strategic portfolio.

Employees
The number of employees, including directors, at balance date is 11 (2021: 11), 73% male and 27% female (2021: 73%:27%).

2. DIVIDENDS AND CAPITAL MANAGEMENT

The Directors have declared a fully franked final dividend of $1,472 (0.75 cents per share) in relation to the 2022 financial year. As the final dividend for 2022 was declared after balance date, no liability was recognised at balance date. The FY22 interim dividend of $490 (0.25 cents per share) declared in February 2022 was paid on 28 March 2022.

On 21 February 2022, 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 a Managing Partner of King River Capital, an Australian/US venture capital fund based in Sydney. King River invests in fintech, digital healthcare, decentralised finance, gaming, and other highly disruptive software ventures. He was previously at Goldman Sachs for 19 years, based in Frankfurt, London and Moscow where he was the CEO of Russia and CIS from 2007 to 2012 responsible for the securities, investment banking, and private equity investing activities. He originally joined Goldman Sachs in Frankfurt in 1993. He was named a Managing Director in 2000, made Partner in 2004, and served on the Firmwide Growth Markets Operating Committee. Mr Barter is currently a Director of CoverGenius Ltd, FinClear Ltd, Splash, CNG Fuels, and Cici Environmental Trust, a member of the Audit and Risk Committee for Bush Heritage and serves on the President's Leadership Council at Brown University. Mr Barter earned a BSc in Physics and a BA in Russian Literature 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 is currently the Chairman of Alloggio Group Limited (appointed November 2021) and director of Shriro Holdings Limited (appointed 23 May 2022).

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 is admitted as a solicitor in the Supreme Court of Queensland and the High Court of Australia, and currently practices as a corporate lawyer with a focus on mergers and acquisitions. 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 private equity, venture capital and global equities through his family office, Seymour Private 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, the Urban Development Institute of Australia and the Queensland Law Society.

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) and, Director of 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 2022 financial year. The total amount of the dividend is $1,472 which represents a fully franked dividend of 0.75 cents per share.

On 13 July 2022 the Group received a $21,539 cash distribution from Ardent Leisure Group ("Ardent") by way of return of capital and special dividend following the completion of the sale of Ardent's interest in its US business, Main Event Entertainment.

Apart from the matters above, there is no other matter of circumstance that has arisen since 30 June 2022 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. All cash bonuses are granted at the discretion of the Board, there are no fixed guidelines. The amount determined by the Board is paid out in totality. No amounts remain payable, and no portion relates to future financial years. 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

	Short Term Employee Benefits			Post-Employment Benefits	Share Based Payment	Total	% at Risk
	Salary & Fees	Cash Bonus	Non-Monetary Benefits[i]	Superannuation	Options[ii]		
Table 1: Emoluments of Directors of Ariadne							
D Baffsky, AO (Chairman)							
2022	**130,000**	**—**	**15,161**	**13,000**	**—**	**158,161**	**—**
2021	130,000	—	15,071	12,350	—	157,421	—
K Seymour, AM (Deputy Chairman) [iii]							
2022	**—**	**—**	**—**	**—**	**—**	**—**	**—**
2021	35,000	—	—	3,325	—	38,325	—
C Barter							
2022	**70,000**	**—**	**—**	**7,000**	**—**	**77,000**	**—**
2021	70,000	—	—	6,650	—	76,650	—
J Murphy							
2022	**80,000**	**—**	**—**	**8,000**	**—**	**88,000**	**—**
2021	80,000	—	—	7,600	—	87,600	—
B Seymour, AM (Alternate Director to K Seymour, AM) [iii]							
2022	**70,000**	**—**	**—**	**7,000**	**—**	**77,000**	**—**
2021	35,000	—	—	3,325	—	38,325	—
G Weiss, AM (Executive Director)							
2022	**674,167**	**—**	**15,161**	**30,000**	**—**	**719,328**	**—**
2021	570,000	—	15,071	30,000	—	615,071	—
Total Remuneration: Directors							
2022	**1,024,167**	**—**	**30,322**	**65,000**	**—**	**1,119,489**	**—**
2021	920,000	—	30,142	63,250	—	1,013,392	—
Table 2: Emoluments of the Executive Officers of the Group							
N McMahon (Chief Financial Officer / Company Secretary)							
2022	**307,398**	**40,000**	**—**	**27,500**	**6,073**	**380,970**	**12.09%**
2021	282,513	—	—	25,000	1,955	309,468	0.63%
D Weiss (Investment Officer)[iv]							
2022	**379,873**	**50,000**	**15,161**	**23,568**	**—**	**468,602**	**10.67%**
2021	406,317	—	15,071	21,694	1,955	445,037	0.44%
Total Remuneration: Executives							
2022	**687,271**	**90,000**	**15,161**	**51,068**	**6,073**	**849,573**	**11.31%**
2021	688,830	—	15,071	46,694	3,910	754,505	0.52%

(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 K Seymour has provided instructions for his director salary to be paid to his alternate director Mr B Seymour.
(iiv) Mr D Weiss's 2021 salary and fees included $59,238 of annual leave paid out in cash.

Table 3: Option holdings of Directors and Executives

	Balance 1 July 2021	Granted as Remuneration	Options Exercised	Options Expired	Balance 30 June 2022	Vested and Exercisable
Executives						
N McMahon	**500,000**	**300,000**	**—**	**—**	**800,000**	**500,000**
D Weiss	**500,000**	**—**	**—**	**—**	**500,000**	**500,000**
Total	**1,000,000**	**300,000**	**—**	**—**	**1,300,000**	**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, there are no other vesting conditions. 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 total cost of the options, being the fair value of options at grant date multiplied by the number of options granted, is recognised over the vesting period.

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
1/04/2022	31/03/2027	1.1%	31.3%	1.8%	3.5	65.0	67.0	16.4

Table 4: Shareholdings of Directors and Executives

Ordinary shares held in Ariadne	Balance 1 July 2021	On Exercise of Options	Net Change Other	Balance 30 June 2022
Directors				
D Baffsky, AO	**5,182,713**	**—**	**—**	**5,182,713**
K Seymour, AM	**13,987,394**	**—**	**—**	**13,987,394**
C Barter	**2,000,000**	**—**	**(1,800,000)**	**200,000**
J Murphy	**586,632**	**—**	**199,515**	**786,147**
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	**88,325,801**	**—**	**(1,600,485)**	**86,725,316**

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. During the period the loan became a payable-on-demand 10% fixed interest-bearing facility and repayments totalling $4,500,000 were made leaving $2,247,063, including $247,063 of interest, outstanding at balance date. 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 $1,869,427 (2021: $1,196,732) during the period which were associated with or otherwise managed by KRC. The Group paid management fees of $336,679 (2021: $195,701) relating to investments managed by KRC.

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 $44,000 (2021: $43,800). Mr Baffsky, in his role as Chairman of the Board of Directors and for other purposes, utilises an office and car park at premises leased by the Group.

Investments

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

Ardent Leisure Group Limited	Dr G Weiss	Chairman
FinClear Pty Ltd	Mr C Barter	Non-Executive Director
Hearts and Minds Investments Limited	Dr G Weiss	Non-Executive Director
King River Capital Management Pty Ltd	Mr C Barter	Executive Director
Shriro Holdings Limited	Mr J Murphy	Non-Executive Director
Thorney Opportunities Limited	Dr G Weiss	Non-Executive Director

Directors' Report

(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.

	2022	2021	2020	2019	2018
Total comprehensive income / (loss) after tax attributable to members	**23,328**	36,678	(28,329)	(26,664)	10,209
Return on equity (%) (i)	**14.6%**	28.1%	(22.1%)	(16.6%)	5.8%
Total comprehensive earnings per share (cents)	**11.89**	18.69	(14.42)	(13.48)	5.10
Dividends paid / declared (cents)	**0.75**	—	1.70	1.70	3.50
Share price (cents at 30 June)	**70.00**	55.00	39.00	62.50	65.00
Net tangible assets per security (cents at 30 June)	**87.09**	75.90	57.21	73.29	88.25
Shares on issue (number at 30 June)	**196,242,360**	196,242,360	196,242,360	196,892,360	199,669,088

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

Remuneration Report (Audited) Ends

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:	**5**	**4**
Number of meetings attended:		
D Baffsky, AO	5	4
K Seymour, AM	4	n/a
C Barter	5	4
J Murphy	5	4
B Seymour (Alternate Director to Mr Kevin Seymour)	5	n/a
G Weiss, AM	5	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 page 17 and forms part of the Directors' Report for the year ended 30 June 2022.

Directors' Report

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
29 August 2022

Auditor's Independence Declaration

Grant Thornton Audit Pty Ltd
Level 17
383 Kent Street
Sydney NSW 2000
Locked Bag Q800
Queen Victoria Building NSW 1230

T +61 2 8297 2400

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 2022, 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

M Leivesley

M R Leivesley
Partner – Audit & Assurance

Sydney, 29 August 2022

Statement of Profit or Loss and Other Comprehensive Income

FOR THE YEAR ENDED 30 JUNE 2022

	Notes	GROUP 2022 $'000	GROUP 2021 $'000
CONTINUING OPERATIONS			
Interest income		**711**	987
Dividend income	4(a)	**942**	401
Net fair value movement of the trading portfolio		**(2,049)**	4,969
Net gain on equity accounted investments reclassified as securities		**—**	8,979
Fair value loss on financial liabilities		**(27)**	(4,631)
Net gain on foreign currency denominated accounts		**272**	—
Other income, gains & losses	4(b)	**2,943**	485
Share of joint ventures' and associates' profits	13(b)	**5,760**	5,068
Employee benefits expense	4(c)	**(2,812)**	(2,267)
Depreciation	4(d)	**(463)**	(586)
Administration expenses		**(1,134)**	(983)
Finance costs		**(1,417)**	(1,016)
Impairment (provisions) / reversals		**(8,436)**	128
(LOSS) / PROFIT BEFORE INCOME TAX		**(5,710)**	11,534
Income tax expense	5(a)	**—**	—
(LOSS) / PROFIT AFTER TAX FOR THE PERIOD		**(5,710)**	11,534
Attributable to:			
Non-controlling interests		**885**	962
MEMBERS OF ARIADNE		**(6,595)**	10,572
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	**31,158**	16,364
Items that may be reclassified subsequently to profit or loss			
Net fair value movement of property assets, net of tax		**323**	12,878
Exchange difference on translation of foreign operations		**(1,544)**	(1,091)
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX		**29,937**	28,151
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**24,227**	39,685
Attributable to:			
Non-controlling interests		**899**	3,007
MEMBERS OF ARIADNE		**23,328**	36,678
Earnings per share			
Basic earnings per share (cents)	6	**(3.36)**	5.39
Diluted earnings per share (cents)	6	**(3.36)**	5.39
Comprehensive Earnings per share			
Basic earnings per share (cents)	6	**11.89**	18.69
Diluted earnings per share (cents)	6	**11.86**	18.69

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 2022

	Notes	GROUP 2022 $'000	GROUP 2021 $'000
ASSETS			
Current Assets			
Cash and cash equivalents	8	**22,880**	28,629
Receivables		**1,572**	1,863
Financial assets	9	**6,428**	8,448
Other current assets		**67**	107
Total Current Assets		**30,947**	39,046
Non-Current Assets			
Receivables	10	**10,343**	18,992
Financial assets	11	**97,668**	65,755
Investments in joint ventures and associates	13(b)	**87,480**	84,846
Right of use assets	18(a)	**1,871**	57
Property, plant and equipment		**9**	122
Total Non-Current Assets		**197,371**	169,772
TOTAL ASSETS		**228,318**	208,818
LIABILITIES			
Current Liabilities			
Trade and other payables		**227**	254
Lease liabilities	18(a)	**401**	53
Loans and borrowings	14	**13,603**	15,046
Provisions		**919**	628
Total Current Liabilities		**15,150**	15,981
Non-Current Liabilities			
Lease liabilities	18(a)	**1,470**	—
Loans and borrowings	14	**10,823**	13,960
Financial liabilities	18(c)	**14,613**	14,586
Provisions		**16**	11
Total Non-Current Liabilities		**26,922**	28,557
TOTAL LIABILITIES		**42,072**	44,538
NET ASSETS		**186,246**	164,280
EQUITY			
Issued capital	15(a)	**378,156**	378,156
Reserves	15(c)	**216,860**	182,543
Accumulated losses	15(d)	**(424,100)**	(411,750)
EQUITY ATTRIBUTABLE TO MEMBERS OF ARIADNE AUSTRALIA LIMITED		**170,916**	148,949
Non-controlling interests		**15,330**	15,331
TOTAL EQUITY		**186,246**	164,280

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 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
FOR THE YEAR ENDED 30 JUNE 2022						
At 1 July 2021	**378,156**	**182,543**	**(411,750)**	**148,949**	**15,331**	**164,280**
Profit / (loss) for the period	**—**	**5,353**	**(11,948)**	**(6,595)**	**885**	**(5,710)**
Other comprehensive income	**—**	**29,923**	**—**	**29,923**	**14**	**29,937**
Total comprehensive income for the period	**—**	**35,276**	**(11,948)**	**23,328**	**899**	**24,227**
Transfer of reserves to accum. losses	**—**	**500**	**(500)**	**—**	**—**	**—**
Cost of share-based payment	**—**	**13**	**—**	**13**	**—**	**13**
Cost of shares bought back	**—**	**—**	**—**	**—**	**(62)**	**(62)**
Equity transactions with equity holders	**—**	**—**	**98**	**98**	**(98)**	**—**
Dividends	**—**	**(1,472)**	**—**	**(1,472)**	**(740)**	**(2,212)**
At 30 June 2022	**378,156**	**216,860**	**(424,100)**	**170,916**	**15,330**	**186,246**

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 2022

	Notes	GROUP 2022 $'000	2021 $'000
Cash flows from operating activities			
Receipts from other income		**79**	1,496
Payments to suppliers and employees		**(3,550)**	(4,017)
Dividends and trust distributions received		**2,946**	2,009
Receipts from trading portfolio sales		**—**	430
Payments for trading portfolio purchases		**(30)**	—
Interest received		**62**	111
Interest and borrowing costs paid		**(1,153)**	(1,001)
Lease liability interest paid	18(a)	**(17)**	(16)
Net cash flows used in operating activities	16	**(1,663)**	(988)
Cash flows from investing activities			
Payments for plant and equipment		**(2)**	(5)
Divestments of joint ventures and associates		**—**	492
Investments in joint ventures and associates		**—**	(1,075)
Proceeds from strategic portfolio disposals	11	**4,631**	—
Payments for strategic portfolio additions	11	**(2,869)**	(1,446)
Loans repaid		**50**	71
Loans advanced		**(1,900)**	(7,918)
Loans divested		**3,000**	—
Acquisition of subsidiary, net of cash acquired		**—**	39
Net cash flows from / (used in) investing activities		**2,910**	(9,842)
Cash flows from financing activities			
Repayment of lease liabilities	18	**(343)**	(364)
Repayments of borrowings		**(5,879)**	(1,396)
Proceeds from borrowings		**1,500**	8,200
Payments under share buy-back in non-controlling interest		**(62)**	—
Dividends paid to members of the parent entity	7	**(1,472)**	(1,374)
Dividends paid to non-controlling interests		**(740)**	(523)
Net cash flows (used in) / from financing activities		**(6,996)**	4,543
Cash and cash equivalents at beginning of period		**28,629**	34,916
Net decrease in cash and cash equivalents		**(5,749)**	(6,287)
Cash and cash equivalents at end of period	8	**22,880**	28,629

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

Notes to Financial Statements

FOR THE YEAR ENDED 30 JUNE 2022

1. CORPORATE INFORMATION

The consolidated financial statements of Ariadne Australia Limited ("Ariadne") and its controlled entities ("the Group") for the year ended 30 June 2022 were authorised for issue in accordance with a resolution of the Directors on 29 August 2022.

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 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.

(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 2022

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 recoverability of income tax losses are disclosed in Note 5,
- the recoverability of receivables are disclosed in Note 10,
- 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 2022

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.

(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 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(l) 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 allowance for expected credit losses is recognised when a credit risk exists. Bad debts are written off when identified.

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

(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 2022

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 and other income

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 marina and office space 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.

Notes to Financial Statements (Continued)

FOR THE YEAR ENDED 30 JUNE 2022

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 and superannuation.

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 2022

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

As relating to our investments in joint ventures and associates, 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.

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 and property. The investments division comprises the Group's investments in securities. 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 2022

3. SEGMENT INFORMATION (Continued)

Reportable segment information	Notes	INVESTMENTS 2022 $'000	INVESTMENTS 2021 $'000	PROPERTY 2022 $'000	PROPERTY 2021 $'000	UNALLOCATED (i) 2022 $'000	UNALLOCATED (i) 2021 $'000	GROUP 2022 $'000	GROUP 2021 $'000
Revenue and Result									
Interest income		**491**	787	**220**	200	**—**	—	**711**	987
Dividend income	4(a)	**942**	401	**—**	—	**—**	—	**942**	401
Other income	4(b)	**—**	24	**222**	—	**204**	208	**426**	232
Net fair value movement of trading portfolio		**(2,049)**	4,969	**—**	—	**—**	—	**(2,049)**	4,969
Net fair value movement of strategic portfolio through profit/loss		**2,517**	(47)	**—**	—	**—**	—	**2,517**	(47)
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		**—**	—	**(27)**	(4,631)	**—**	—	**(27)**	(4,631)
Net gain on foreign currency denominated accounts		**(14)**	—	**286**	—	**—**	—	**272**	—
Share of profit of joint ventures and associates	13(b)	**1,418**	26	**4,342**	5,042	**—**	—	**5,760**	5,068
Total segment revenue and other income (ii)		**3,305**	15,439	**5,043**	611	**204**	208	**8,552**	16,258
Net profit / (loss) for the year before income tax		**2,672**	14,980	**(4,688)**	(273)	**(3,694)**	(3,173)	**(5,710)**	11,534
Income tax expense	5(a)							**—**	—
Net profit / (loss) after income tax for the period								**(5,710)**	11,534
Assets									
Equity accounted investments	13(b)	**11,833**	11,539	**75,647**	73,307	**—**	—	**87,480**	84,846
Other assets		**130,152**	100,421	**5,817**	15,379	**4,869**	8,172	**140,838**	123,972
Total assets		**141,985**	111,960	**81,464**	88,686	**4,869**	8,172	**228,318**	208,818
Other segment information									
Depreciation		**—**	—	**—**	—	**463**	586	**463**	586
Finance costs		**158**	210	**1,217**	769	**42**	37	**1,417**	1,016
Net fair value movement of the strategic portfolio through OCI		**31,158**	16,364	**—**	—	**—**	—	**31,158**	16,364
Impairment (provisions) / reversals	10	**(36)**	128	**(8,400)**	—	**—**	—	**(8,436)**	128
Segment liabilities		**4,614**	4,569	**30,389**	30,005	**7,069**	9,964	**42,072**	44,538

(i) Unallocated segment includes management income, corporate costs and other corporate assets and liabilities.
(ii) 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 2022

4. REVENUES AND EXPENSES

		GROUP	
Revenue and Expenses from Continuing Operations	**Notes**	**2022 $'000**	2021 $'000
(a) Dividend income			
Received from trading portfolio		**595**	347
Received from strategic portfolio		**347**	54
		942	401
(b) Other income, gain and losses			
Net fair value movement of the strategic portfolio through profit or loss	11	**2,517**	(47)
Net gain on divestment of equity accounted investments		**—**	300
Other income		**426**	232
		2,943	485

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		**2,350**	2,058
Leave provisions		**296**	68
Superannuation		**153**	137
Share-based payment expense		**13**	4
		2,812	2,267
(d) Depreciation			
Plant and equipment depreciation		**115**	242
Right of use asset depreciation	18(a)	**348**	344
		463	586

Notes to Financial Statements (Continued)

FOR THE YEAR ENDED 30 JUNE 2022

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 2022 $'000	2021 $'000
Group accounting (loss) / profit after tax reported in the Statement of Profit or Loss and OCI		**(5,710)**	10,572
Income tax expense reported in the Statement of Profit or Loss and OCI		**—**	—
Group accounting (loss) / profit before income tax		**(5,710)**	10,572
At the Group's statutory income tax rate of 25% (2021: 26%)		**(1,428)**	2,749
Permanent differences		**(1,645)**	(1,866)
Other movements		**857**	305
Tax losses carried forward / (utilised)		**2,224**	(1,188)
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 2022, these are estimated at $89,602 (2021: $80,378) and $72,377 (2021: $72,292) respectively. The full 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 (2021: nil) deferred tax asset for the revenue tax losses carried by the Group be 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 assessment also 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, a deferred tax asset of $3,435 (2021: nil), equal to the deferred tax liability on the net temporary differences of financial assets held on capital account, has been recognised at balance date. The recognised and unrecognised value of the Group's deferred tax asset relating to capital tax losses is set out in the table below.

	2022	2021
Recognised deferred tax assets / (liabilities) comprises:		
Tax losses - revenue	**—**	—
Tax losses - capital	**3,563**	—
Temporary differences		
Financial assets held in the strategic portfolio	**(3,563)**	—
Net deferred tax asset recognised	**—**	—
Unrecognised deferred tax assets comprises:		
Tax losses - revenue	**22,400**	20,898
Tax losses - capital	**14,531**	18,796
Net deferred tax asset unrecognised	**36,931**	39,694

Notes to Financial Statements (Continued)

FOR THE YEAR ENDED 30 JUNE 2022

6. EARNINGS PER SHARE

Basic EPS amounts are calculated by dividing net profit or loss 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 or loss 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	
	2022	2021
Earnings and share data used in the calculations of basic and diluted earnings per share:		
Net (loss) / profit attributable to members ($'000)	**(6,595)**	10,572
Earnings used in calculating basic and diluted EPS ($'000)	**(6,595)**	10,572
Total comprehensive income attributable to members ($'000)	**23,328**	36,678
Total comprehensive earnings used in calculating basic and diluted EPS ($'000)	**23,328**	36,678
Weighted average number of ordinary shares used in calculating basic EPS	**196,242,360**	196,242,360
Effect of dilutive securities:		
Employee share options	**500,000**	—
Weighted average number of ordinary shares used in calculating diluted EPS	**196,742,360**	196,242,360
Basic EPS (cents per share)	**(3.36)**	5.39
Diluted EPS (cents per share)	**(3.36)**	5.39
Total comprehensive EPS (cents per share)	**11.89**	18.69
Total comprehensive diluted EPS (cents per share)	**11.86**	18.69

7. DIVIDENDS PAID AND PROPOSED ON ORDINARY SHARES

	$'000	$'000
Dividends paid during the year:		
FY21 Final 40% franked dividend of 0.50 cents per share (2020: nil)	**981**	—
FY22 Interim fully franked dividend of 0.25 cents per share (2021: 70% franked 0.70 cents)	**491**	1,374
	1,472	1,374
Dividends proposed:		
Final fully franked dividend of 0.75 cent per share (2021: 40% franked 0.50 cent)	**1,472**	981
	1,472	981

The Directors have declared a fully franked final dividend of $1,472 (0.75 cents per share) in relation to the 2022 financial year. As the final dividend for 2022 was declared after balance date, no liability was recognised at balance date. The FY22 interim dividend of $490 (0.25 cents per share) declared in February 2022 was paid on 28 March 2022.

Franking Account
The amount of franking credits available for distribution from the franking account at year end was $566 (2021: $456). The final dividend for 2022 is fully franked.

8. CASH AND CASH EQUIVALENTS

		GROUP	
	Notes	**2022 $'000**	2021 $'000
Cash at call		**22,880**	28,629
Cash on term deposit		**—**	—
		22,880	28,629

Notes to Financial Statements (Continued)

FOR THE YEAR ENDED 30 JUNE 2022

9. FINANCIAL ASSETS (CURRENT)

Investments in the trading portfolio were valued at $6,428 (2021: $8,448) at period end and are remeasured to fair value based on the appropriate level inputs at the end of the reporting period as outlined in Note 2(j).

10. RECEIVABLES (NON-CURRENT)

		GROUP	
		2022	2021
	Notes	**$'000**	$'000
Gross related entity loans and advances	20(ii)	**13,336**	14,463
Impairment	(i)	**(8,400)**	—
Net related entity loans and advances	(ii)	**4,936**	14,463
Other loans and advances		**5,407**	4,529
		10,343	18,992

(i) The Group holds a $8,400 loan receivable from the Kippax Redfern Unit Trust ("Kippax Redfern"), a related entity. For the past 2 years, Kippax Redfern has been pursuing a planning approval for a site in Redfern ("the Redfern site"), located in the Botany Road Precinct, over which Kippax Redfern holds an option to purchase ("the Option"). Despite working closely and collaboratively with the City of Sydney Council for a long period of time, in June the Council voted to remove the Redfern site and neighbouring properties from the Botany Road Precinct. While the Option is now considered 'out-of-the-money', there is a potential pathway for the Redfern site to receive a planning uplift although it is too early to determine the likely prospects of success. As a result, the Group has impaired its $8,400 loan receivable to nil value at balance date.

(ii) The remaining loans to related entities include $127 to the Kippax Property Unit Trust and $4,809 to Orams Group Limited, both loans are directly supported by the assets of the borrower. Further related party details are included at Note 20.

11. FINANCIAL ASSETS (NON-CURRENT)

Cost		**83,417**	85,223
Accumulated fair value adjustments		**14,251**	(19,468)
Net carrying amount		**97,668**	65,755
Reconciliations for listed strategic investments			
Opening balance		**49,341**	18,223
Additions		**1,000**	1,544
Reclassified securities		**—**	14,232
Fair value adjustments through other comprehensive income	(i)	**13,818**	15,342
Disposals		**(3,113)**	—
Net carrying amount of listed investments		**61,046**	49,341
Reconciliations for unlisted strategic investments			
Opening balance		**16,414**	12,026
Additions	(ii)	**1,869**	1,539
Reclassified securities		**—**	1,874
Fair value adjustments through profit or loss	(i)	**2,517**	(47)
Fair value adjustments through other comprehensive income	(i)	**17,340**	1,022
Disposals		**(1,518)**	—
Net carrying amount of unlisted investments		**36,622**	16,414

(i) 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).

(ii) 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 2022

12. CONTROLLED ENTITIES

NAME	Place of incorporation	Percentage of equity held by Ariadne 2022	2021
Ariadne Administration Pty Ltd	QLD	**100**	100
Ariadne Capital Pty Ltd	QLD	**100**	100
Ariadne Financial Services 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**	80
Portfolio Services Pty Ltd	QLD	**100**	100

13. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES

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

Name	Principal activity	Place of incorporation	Proportion of ownership interest and voting power held by the Group 2022	2021
Orams Group Limited	Marina management	NZ	**76%**	76%
Orams Residential Limited	Residential development	NZ	**76%**	76%
Kippax Property Trust	Property investment	AUS	**50%**	50%
Lake Gold Pty Ltd	Mineral exploration	AUS	**50%**	50%
AgriCoat NatureSeal Limited	Food life extension technology	UK	**17%**	17%
NatureSeal Inc	Food life extension technology	US	**17%**	17%

(b) Aggregate information of joint ventures and associates

	Notes	GROUP 2022 $'000	2021 $'000
Balance at the beginning of the reporting period		**84,846**	35,917
Share of joint ventures' and associates' profits		**5,760**	5,068
Share of joint ventures' and associates' reserves		**(1,122)**	11,798
Net investment in joint ventures and associates		**—**	801
Joint ventures and associates included via the additional acquisition in ONZUT		**—**	54,717
Joint ventures and associates reclassified as subsidiary on business combination		**—**	(16,593)
Joint ventures and associates reclassified as securities on loss of significant influence		**—**	(5,253)
Distributions received from joint ventures and associates		**(2,004)**	(1,608)
Carrying amount of investment in joint ventures and associates at reporting period end		**87,480**	84,846

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

Notes to Financial Statements (Continued)

FOR THE YEAR ENDED 30 JUNE 2022

13. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES (Continued)

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

Orams NZ Unit Trust ("ONZUT"), Orams Group Limited ("Orams") and Orams Residential Limited ("ORL")
On 14 July 2021, acquired an additional 30% interest in ONZUT, increasing its interest in ONZUT to 80% and its indirect holding in Orams Group Limited to 61%. Although ONZUT owns 76% of the equity and voting interest in Orams and ORL, the Shareholders Agreements require that the two majority shareholders must act together to direct the relevant activities of the company, therefore no individual shareholder has control.

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 during the period, completed the initial stage of its new state-of-the-art marine refit facility. The new 13,000 square metre yard, and three new 90 metre marinas, have near tripled the capacity for Orams Marine Services' marine maintenance and refit business. The 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 regional ferry fleet. The next stage of works consists of three marine work sheds – one marine shed to accommodate the 85 tonne travel lift which was completed during the period and two superyacht sheds to accommodate the 820 tonne travel lift scheduled for completion early 2023. The new superyacht sheds will expand Orams' ability to provide specialised superyacht services within a controlled environment, cementing Orams' position as the superyacht hub of the South Pacific. Further stages of the development will feature commercial buildings and a residential component on the northern end of the site.

Financial metrics for Orams	Notes	2022 NZ$'000	2021 NZ$'000
Revenue		**20,128**	21,415
Interest expense		**(2,833)**	(886)
Depreciation		**(1,759)**	(1,151)
Income tax		**(209)**	(2,947)
Profit		**978**	7,462
Share of profit at 76%		**743**	5,667
Other comprehensive income		**472**	18,148
Share of other comprehensive income at 76%		**359**	13,783
Cash and cash equivalents		**856**	4,307
Current assets		**47,982**	50,151
Total assets		**223,960**	214,305
Current liabilities		**(11,093)**	(11,218)
Total liabilities		**(119,792)**	(111,586)
Net assets		**104,168**	102,719
Share of net assets at 76%		**79,116**	78,015

Notes to Financial Statements (Continued)

FOR THE YEAR ENDED 30 JUNE 2022

14. LOANS AND BORROWINGS

	Notes	GROUP 2022 $'000	2021 $'000
Current			
Non-interest bearing facilities	(i)	—	6,500
Interest bearing facilities	(ii)	10,897	7,150
NZ-dollar interest bearing facilities	(iii)	2,706	1,396
		13,603	15,046
Non-current			
NZ-dollar interest bearing facilities	(iii)	10,823	13,960
Total loans and borrowings		24,426	29,006

(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 prior period which became a payable-on-demand 10% fixed interest-bearing facility during the period. The loan was paid down to $2,247, including capitalised interest of $247, during the period, see also Note 20.

(ii) The Group drew down $1,500 (2021: $1,700) from its bank loan facility during the period, reducing the Group's unused and available loan facility to $875 (2021: $2,546) 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) ONZUT repaid NZ$1,500 (2021: NZ$1,500) during the period, leaving a facility balance of NZ$15,000 (2021: NZ$16,500) at period end. The variable interest rate facility averaged 5.4% (2021: 4.3%) during the period and was extended by a further four months to September 2023. Ariadne has provided a guarantee on behalf of ONZUT for this finance facility, refer to Note 18(c).

Financing facilities available

		2022	2021
Total facilities			
Bank loan facilities		23,054	25,052
Other facilities	20(iii)	2,247	6,500
Other facilities not recorded on the Group's Balance Sheet (i)	18(c)	9,544	304
Facilities used at reporting date			
Bank loan facilities		22,179	22,506
Other facilities		2,247	6,500
Other facilities not recorded on the Group's Balance Sheet		9,431	304
Facilities unused at reporting date			
Bank loan facilities		875	2,546
Other facilities		—	—
Other facilities not recorded on the Group's Balance Sheet		113	—

(i) Other facilities not recorded on the Group's Balance Sheet include a $525 Bank Guarantee facility and a NZ$10,000 Standby Letter of Credit facility.

15. CONTRIBUTED EQUITY AND RESERVES

(a) Ordinary Ariadne shares on issue

	Note	2022 Number of shares	2022 $'000	2021 Number of shares	2021 $'000
At beginning of the reporting period		196,242,360	378,156	196,242,360	378,156
Shares bought back		—	—	—	—
Balance at reporting period end		196,242,360	378,156	196,242,360	378,156

On 21 February 2022, 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 2022

15. CONTRIBUTED EQUITY AND RESERVES (Continued)

(b) Share Options

Employee options over Ariadne ordinary shares	ARIADNE **2022 Number of options**	2021 Number of options
At beginning of the reporting period	**1,000,000**	1,500,000
Employee share options issued	**650,000**	—
Employee share options expired	**—**	500,000
Employee share options exercised	**—**	—
Balance at reporting period end	**1,650,000**	1,000,000

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

(c) Reserves

	Share options reserve $'000	Financial asset revaluation reserve $'000	Property asset revaluation reserve $'000	Foreign currency translation reserve $'000	Profits reserve $'000	Capital profits reserve $'000	ARIADNE $'000
At 1 July 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**
Current year profits to profit reserve	**—**	**—**	**—**	**—**	**5,353**	**—**	**5,353**
Movements through OCI, net of tax	**—**	**31,158**	**258**	**(1,493)**	**—**	**—**	**29,923**
Movements within reserves	**—**	**(1,031)**	**—**	**—**	**—**	**1,031**	**—**
Transfer of reserves to accum. losses	**—**	**500**	**—**	**—**	**—**	**—**	**500**
Cost of share-based payment	**13**	**—**	**—**	**—**	**—**	**—**	**13**
Dividends	**—**	**—**	**—**	**—**	**(1,472)**	**—**	**(1,472)**
At 30 June 2022	**140**	**7,203**	**10,448**	**(123)**	**118,892**	**80,300**	**216,860**

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.

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 2022

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 2022 amount carried to profits reserve (in accordance with director resolutions) of $5,353 (2021: $16,319) includes an amount of $4,866 (2021: $16,319) relating to subsidiary entities and is not available for distribution as frankable dividends to the equity holders of Ariadne at 30 June 2022.

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. $1,031 (2021: $8,030) was carried to capital profits reserve during the period.

(d) Accumulated losses

		GROUP	
	Notes	**2022 $'000**	2021 $'000
Opening balance		**(411,750)**	(406,044)
Transfer of reserves to accum. losses		**(500)**	41
Equity transactions with equity holders		**98**	—
Net loss not carried to profit reserve		**(11,948)**	(5,747)
Closing balance		**(424,100)**	(411,750)

16. CASH FLOW STATEMENT RECONCILIATION

Reconciliation of the net (loss) / profit after tax to the net cash flows from operations			
Net (loss) / profit after tax		**(5,710)**	11,534
Adjustments for:			
Share options expense	4(c)	**13**	4
Depreciation of right of use assets	18(a)	**348**	344
Depreciation of non-current assets		**115**	242
Impairments		**8,436**	(128)
Share of joint ventures' and associates' profits	13(b)	**(5,760)**	(5,068)
Distributions received from joint ventures and associates	13(b)	**2,004**	1,608
Net gain on equity accounted investments reclassified as securities		**—**	(8,979)
Fair value loss on financial liability		**27**	4,631
Transfers to provisions:			
Employee entitlements	4(c)	**296**	68
Changes in assets and liabilities:			
(Increase) / decrease in receivables		**(940)**	387
(Increase) / decrease in trading portfolios		**2,049**	(4,539)
(Increase) / decrease in strategic portfolio revalued through profit or loss	4(b)	**(2,517)**	47
(Increase) / decrease in prepayments		**41**	(18)
(Decrease) / increase in payables and accruals		**(57)**	(1,085)
Effects of exchange rate changes on cash held in foreign currencies		**(8)**	(36)
Net cash used in operating activities		**(1,663)**	(988)

Notes to Financial Statements (Continued)

FOR THE YEAR ENDED 30 JUNE 2022

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	
	2022 $'000	2021 $'000
Financial Assets		
Cash and cash equivalents	**22,880**	28,629
Related party loans	**4,936**	14,463
Total financial assets exposed to interest rate risk	**27,816**	43,092
Financial Liabilities		
Advanced facilities and commercial bills	**24,425**	22,506
Total financial liabilities exposed to interest rate risk	**24,425**	22,506
Net exposure	**3,390**	20,586

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)	**10**	187
- 1% (100 basis points)	**(10)**	(187)

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.

(c) Foreign currency risk

As at 30 June 2022, 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 $86,839 (2021: $84,145). 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 $8,684 higher or lower (2021: $8,415).

Notes to Financial Statements (Continued)

FOR THE YEAR ENDED 30 JUNE 2022

17. FINANCIAL INSTRUMENTS (Continued)

(c) Foreign currency risk (Continued)
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 $67,474 (2021: $57,789). 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 $6,747 higher or lower (2021: $5,779).

(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.

Other than the $8,400 loan to the Kippax Redfern Unit Trust, 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 2022				
Trade and other payables	**227**	**—**	**—**	**227**
Lease liabilities	**200**	**201**	**1,470**	**1,871**
Loans and borrowings	**2,247**	**11,356**	**10,823**	**24,426**
Other payables	**—**	**—**	**14,613**	**14,613**
Total financial liabilities exposed to liquidity risk	**2,674**	**11,557**	**26,906**	**41,137**
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

(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:

Notes to Financial Statements (Continued)

FOR THE YEAR ENDED 30 JUNE 2022

17. FINANCIAL INSTRUMENTS (Continued)

(g) Fair values (Continued)

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 2022.

Financial Assets	Notes	Level 1	Level 2	Level 3	Total
30 June 2022					
Listed trading investments	9	**6,428**	**—**	**—**	**6,428**
Listed strategic investments	11	**61,046**	**—**	**—**	**61,046**
Unlisted strategic investments	11	**—**	**36,622**	**—**	**36,622**
Total Financial Assets		**67,474**	**36,622**	**—**	**104,096**
30 June 2021					
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	—	74,203

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 calculated by reference to the fair value of the underlying investments or last transaction price at balance date.

Financial Liabilities	Level 1	Level 2	Level 3	Total
30 June 2022				
Contingent Consideration	**—**	**14,613**	**—**	**14,613**
Total Financial Liabilities	**—**	**14,613**	**—**	**14,613**
30 June 2021				
Contingent Consideration	—	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. For more information refer to Note 18(c).

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 2022

18. LEASES, COMMITMENTS AND CONTINGENCIES

(a) Leases
The Group enters into operating leases as a means of acquiring access to office space. The Group's lease liabilities total $1,871 (2021: $53) with $401 (2021: $53) current and $1,470 (2021: nil) non-current.

During the period, right of use assets were depreciated by $348 (2021: $344) and lease rental payments of $360 (2021: $380) were used to reduce the lease liabilities by $343 (2021: $364) and meet $17 (2021: $16) of lease liability interest. At balance date, the carrying value of the Group's right of use assets were $1,871 (2021: $57).

(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 $2,816 (2021: $4,567).

(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 on 14 July 2020. The Contingent Consideration for the acquisition was estimated to be $14,613 (2021: $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.

Details of finance facilities for the controlled entities are included in Note 14. Ariadne has guaranteed $19,069 (2021: $10,000) of the borrowing obligations under these facilities which includes a NZ$10,000 Standby Letter of Credit issued to Westpac NZ on behalf of Orams.

Ariadne has also provided a guarantee on behalf of ONZUT for finance facilities totalling NZ$12,000 (2021: NZ$13,200). The assets provided by ONZUT as security in relation to its finance facilities are sufficient to meet its obligations.

19. PARENT ENTITY INFORMATION

	ARIADNE	
	2022 $'000	2021 $'000
Information relating to Ariadne Australia Limited		
Current assets	**500**	—
Total assets	**37,662**	38,634
Current liabilities	**—**	—
Total liabilities	**—**	—
Issued capital	**378,156**	378,156
Reserve – capital profits	**2,955**	2,955
Reserve – profits	**28,728**	29,713
Reserve – options	**140**	127
Accumulated losses	**(372,317)**	(372,317)
Total shareholders' equity	**37,662**	38,634
Profit / (loss) of the parent entity	**487**	(4)
Total comprehensive income of the parent entity	**487**	(4)

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 2022

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

Balance / transaction type	Class of related party	Notes	GROUP 2022 $	2021 $
Loans to other related parties				
Loans advanced	Equity accounted investment	(i)	**1,900,000**	7,917,917
Loans repaid	Equity accounted investment	(i)	**50,000**	623,816
Loans outstanding	Equity accounted investment	(ii)	**13,335,635**	14,463,109
Loans impaired	Equity accounted investment	(ii)	**8,400,000**	—
Loans from other related parties				
Loans received	Director related entity	(iii)	**247,063**	6,500,000
Loans repaid	Director related entity	(iii)	**4,500,000**	—
Loans outstanding	Director related entity	(iii)	**2,247,063**	6,500,000
Investments in related parties				
Investments in other financial assets	Director related entity	(iv)	**1,869,427**	1,196,732
Investments in equity accounted investments	Equity accounted investment		**—**	1,075
Other transactions				
Rent received or receivable	Equity accounted investment	(v)	**97,146**	49,000
Interest received or receivable	Equity accounted investment	(vi)	**206,152**	186,400
Interest paid or payable	Equity accounted investment	(iii)	**247,063**	—
SBLC fee received or receivable	Equity accounted investment	(vii)	**221,888**	—
Licence fees received or receivable	Director related entity		**—**	24,000
Management fees paid or payable	Director related entity	(viii)	**336,679**	195,701
Consulting fees paid or payable	Director	(iv)	**44,000**	44,000
Dividends and distributions received	Equity accounted investment	13(b)	**2,004,783**	1,607,853

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

(i) The Group advanced $1,900,000 to entities associated with Kippax Property Trust ("KPT") to fund real estate development projects and received loan repayments of $50,000 from KPT during the period.

(ii) At balance date, the Group had carrying values of $126,855 for loans to entities associated with KPT, $8,526,855 in loans outstanding impaired by $8,400,000 – refer to Note 10, and a $4,808,780 loan to Orams directly supported by the assets of the borrower.

(iii) The Group received a non-interest-bearing loan of $6,500,000 from an entity associated with the Deputy Chairman, Mr Kevin Seymour during the prior period which became a payable-on-demand 10% fixed interest-bearing facility during the period. The loan was paid down to $2,247,063, including capitalised interest of $247,063, during the period.

(iv) Mr Barter is an Executive Director of King River Capital Management Pty Ltd ("KRC"). The Group made investments of $1,869,427 during the period which were associated or otherwise managed by entities related to KRC.

(v) The Group earned rental income of $97,146 from KPT during the period.

(vi) Gross interest earned on loans to related entities.

(vii) The Group earned a fee of $221,888 for providing a NZ$10,000,000 Standby Letter of Credit ("SBLC fee") to Orams during the period.

(viii) The Group paid investment management fees of $336,679 during the period to an entities related to KRC.

(ix) 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 $44,000. 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 2022

21. DIRECTOR AND EXECUTIVE DISCLOSURES

	GROUP 2022 $	2021 $
Remuneration of Key Management Personnel		
Short term employee benefits	**1,846,921**	1,654,043
Post-employment benefits	**116,068**	109,944
Share based payments	**6,073**	3,910
Total remuneration	**1,969,062**	1,767,897

22. REMUNERATION OF AUDITORS

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	**144,200**	126,500
Services in relation to the entity and any other entity in the Group	**—**	—
Total amount to Grant Thornton Audit Pty Ltd	**144,200**	126,500

23. EVENTS AFTER THE BALANCE DATE

After the balance date, the Directors declared a final dividend on ordinary shares in respect of the 2022 financial year. The total amount of the dividend is $1,472 which represents a fully franked dividend of 0.75 cents per share.

On 13 July 2022 the Group received a $21,539 cash distribution from Ardent Leisure Group ("Ardent") by way of return of capital and special dividend following the completion of the sale of Ardent's interest in its US business, Main Event Entertainment.

Apart from the matters above, there is no other matter of circumstance that has arisen since 30 June 2022 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in the future financial periods.

Directors' Declaration

FOR THE YEAR ENDED 30 JUNE 2022

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 2022 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 2022.

On behalf of the Board

Mr David Baffsky, AO
Chairman
Sydney
29 August 2022

Independent Auditor's Report

Grant Thornton

Grant Thornton Audit Pty Ltd
Level 17
383 Kent Street
Sydney NSW 2000
Locked Bag Q800
Queen Victoria Building NSW 1230

T +61 2 8297 2400

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 2022, 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 2022 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

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'), a subsidiary of Ariadne Australia Limited, holds an equity-accounted investment in Orams Group Limited ('OGL') and Orams Residential Limited ('ORL'), companies 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, Office Building Development, and the Residential Land. The Group's investment in OGL and ORL is recorded at $75m. In the financial year ended 30 June 2022, The Group's share of the uplift in value of the Orams Marine Village and Office Building Development is $0.3m, and the Group's share of the uplift in value of the Residential Land is $5.2m. This area is a key audit matter given the significant judgement of calculating the fair values, including determining key assumptions.	Our procedures included, amongst others: • Assessing the competency and objectivity of the management 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 to management's budgeted costs to complete 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 the reserve to the audited trial balance of OGL and ORL; and • Assessing the adequacy of associated disclosures
Valuation of unlisted investments **Refer to Note 11 and 17**	
The Group holds unlisted financial assets within its strategic portfolio at a value of $36.62m. Consistent with the requirements of AASB 9 *Financial Instruments,* these financial assets are accounted for at fair value in the Balance Sheet and classified as either fair value through profit or loss ("FVPL") or fair value through other comprehensive income ("FVOCI"). These financial assets are classified as 'level 2' in accordance with AASB 13 *Fair Value Measurement*. The measurement of level 2 financial assets is based on inputs other than quoted prices that are observable for the asset, either directly or indirectly. Therefore, the valuation of level 2 financial instruments requires a higher level of judgement. We have focused on this area as a key audit matter due to the Group being an investment company, the amounts being material to the financial report and the inherent judgment involved in determining the fair value of investments.	Our procedures included, amongst others: • Evaluating management's valuation approach to value the unlisted investments; • Involving our valuation specialist to assess and compare the valuation inputs adopted by management to available market information relating to similar transactions and companies with similar characteristics; • Challenging the appropriateness of key assumptions utilised in the fair value calculations and methodologies used; • Obtaining relevant financial information of the unlisted investee companies to assess the reasonableness of valuations adopted; • Substantiating the Group's shareholding in each investment; • Recalculating fair value gains and losses and comparing this to amounts recorded in the financial statements; and • Assessing the adequacy of associated disclosures

Grant Thornton Australia Limited

Independent Auditor's Report

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 2022, 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: http://www.auasb.gov.au/auditors_responsibilities/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 the Directors' report for the year ended 30 June 2022.

In our opinion, the Remuneration Report of Ariadne Australia Limited, for the year ended 30 June 2022 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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

Grant Thornton

Grant Thornton Audit Pty Ltd
Chartered Accountants

M Leivesley

M R Leivesley
Partner – Audit & Assurance

Sydney, 29 August 2022

Grant Thornton Australia Limited

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 2022.

(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	237	68,172
1,001	–	5,000	522	1,548,992
5,001	–	10,000	191	1,401,917
10,001	–	100,000	244	7,614,371
100,001	and over		95	185,608,908
			1,289	196,242,360
Holding less than a marketable parcel			198	33,737

(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	21,255,078	10.83%
3	SLV Investments Pty Ltd	21,043,100	10.72%
4	J P Morgan Nominees Australia Limited	17,484,127	8.91%
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	National Nominees Pty Ltd	3,661,164	1.87%
10	BNP Paribas Noms Pty Ltd <DRP>	3,615,603	1.84%
11	Mr Ronald Langley + Mrs Rhonda Elizabeth Langley	2,134,923	1.09%
12	Katdan Investments Pty Limited <David Baffsky A/C>	2,000,000	1.02%
13	Mr John Emery Kennedy <John Kennedy A/C>	2,000,000	1.02%
14	Mr David Zalmon Baffsky	1,983,230	1.01%
15	LVS Nominees Pty Ltd	1,757,173	0.90%
16	Mr Ronald Langley	1,380,000	0.70%
17	Charanda Nominee Company Pty Ltd <Greycliffe Superfund A/C>	1,250,000	0.64%
18	Est Mr Ross Alexander Macpherson	1,213,700	0.62%
19	Katdan Investments Pty Limited <Super Fund A/C>	1,199,483	0.61%
20	Ms Katrina Louise Langley	1,155,511	0.59%
		165,450,881	84.32%

(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.