

ARIADNE

Ariadne Australia Limited

A.B.N. 50 010 474 067

Appendix 4D Half year report for the period ended 31 December 2014

(the previous corresponding period being the period ended 31 December 2013)

Results for announcement to the market				31 December 2014	31 December 2013
Revenues from ordinary activities *	\$'000's	Down	43.9%	10,283	18,315
Profit from ordinary activities after tax attributable to members	\$'000's	Down	27.8%	1,509	2,091
Net profit for the period attributable to members	\$'000's	Down	27.8%	1,509	2,091
Total comprehensive income for the period attributable to members	\$'000's	Down	30.5%	3,591	5,168
Net tangible assets per security	cents			42.31	35.33

Dividends	Amount per security	Amount per security of conduit foreign income	Franked amount per security	Tax rate for franking credit
FY15 Interim dividend	0.5 cent	0.2 cent	0.2 cent	30%
FY14 Final dividend	0.5 cent	0.3 cent	0.2 cent	30%

The Directors have declared a partially franked (40%) interim dividend of \$1,022 (0.5 cent per ordinary share) in relation to the 30 June 2015 financial year, of which 40% is sourced from the Conduit Foreign Income Account. The record date applicable to the dividend will be Tuesday, 10 March 2015 with payment to be made on Thursday, 2 April 2015.

The final dividend of \$1,022 (0.5 cent per ordinary share) in relation to the 30 June 2014 financial year had a record date of Wednesday, 10 September 2014 and was paid Friday, 3 October 2014.

* Total revenues from ordinary activities as shown above include the Group's share of profits of joint ventures and associates. Please refer to the directors' report and half-year financial report for additional information.

ARIADNE

Ariadne Australia Limited

Half-Year Report

31 December 2014

Contents

Directors' Report	2
Auditor's Independence Declaration	5
Half-Year Financial Report	
Statement of Comprehensive Income	6
Balance Sheet	7
Statement of Changes in Equity	8
Statement of Cash Flows	9
Notes to the Financial Statements	10
Directors' Declaration	15
Independent Auditor's Review Report to the Members	16

Directors' Report

The Directors submit their report for the six months ended 31 December 2014. The term "Group" is used throughout this report to refer to the parent entity, Ariadne Australia Limited ("Ariadne") and its controlled entities.

DIRECTORS

The names of Ariadne's directors in office during the half-year and until the date of this report are as below. Directors were in office for this entire period.

D.Z. Baffsky, AO (Chairman)
 K.W. Seymour, AM (Deputy Chairman)
 M.W. Loomes
 J.W. Murphy
 Dr G.H. Weiss

REVIEW AND RESULTS OF OPERATIONS

All amounts included in this report, are quoted in thousands of dollars unless otherwise stated.

Operating result for the half-year

The consolidated net profit before tax, attributable to the Group for the half-year was \$1,461 (2013: \$2,573) and the consolidated net profit before tax attributable to members for the half-year was \$933 (2013: \$2,091).

<u>\$'000</u>	<u>31 Dec</u> <u>2014</u>	<u>31 Dec</u> <u>2013</u>
Investments	512	1,795
Car Parking	2,968	2,425
Property	65	498
Other Unallocated	(2,084)	(2,145)
NET PROFIT BEFORE INCOME TAX	1,461	2,573
Less non-controlling interests	528	482
Attributable to Members of Ariadne	933	2,091
Income tax benefit	576	-
NET PROFIT AFTER INCOME TAX	2,037	2,573
Less non-controlling interests	528	482
Attributable to Members of Ariadne	1,509	2,091
Other Comprehensive Income		
Available-for-sale financial assets	1,352	2,383
Cash flow hedge reserve	(93)	-
Foreign currency translation	1,435	1,082
OTHER COMPREHENSIVE INCOME, NET OF TAX	2,694	3,465
Less non-controlling interests	612	388
Attributable to Members of Ariadne	2,082	3,077
TOTAL COMPREHENSIVE INCOME	4,731	6,038
Less non-controlling interests	1,140	870
Attributable to Members of Ariadne	3,591	5,168

Directors' Report

Review of operations

Cash Management

Cash and cash equivalents as at 31 December 2014 were \$14,996 (\$16,302 as at 30 June 2014).

Net operating cash outflow of \$303 (2013: inflow of \$3,240) is due in part to additions made to the trading portfolio and the reduction in rental and letting income associated with the divestment of the accommodation business of StayMint.

Ariadne remains in a strong financial position with substantial cash reserves and a shareholders' funds to total assets ratio of 94%.

Investments

The Group's investment division recorded a profit before tax for the half-year of \$512 (2013: \$1,795).

The division's result is arrived at after the trading portfolio's net loss of \$1,503 (2013: gain of \$162) due to mark-to-market write downs during the period.

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

The strategic portfolio performed well over the period, recording strong mark-to-market and contributing \$1,352 (net of tax) to comprehensive income. This mark-to-market gain is not included in the reported net profit.

During the period, the Group advanced NZ\$4,488 for redeemable preference notes issued by Foundation Life (NZ) Holdings Ltd. The notes form part of a transaction which included a 12% equity interest in the underlying New Zealand business. This is a new entity, based in Wellington, New Zealand, formed to buy out the residual life insurance business of Tower Limited. The book of life insurance was purchased at a discount to net asset value and based on the projected cash flows is positioned to deliver an attractive return on invested capital. Ariadne views its holdings in ClearView and Foundation Life as key components of its investment portfolio and continues to seek out further opportunities in the insurance and wealth management sectors.

Car Parking

The Group's car parking division recorded a profit before tax for the half-year of \$2,968 (2013: \$2,425).

The result comprises the Group's 50% share of profits from Secure Kings Unit Trust ("Secure Parking"), in addition to the operating results from two car park leases which are held by the Group.

The Group's share of profits from Secure Parking for the year was \$2,691 (2013: \$2,037). Trading activities from the two leased car parks contributed a net profit of \$277 (2013: \$388).

Property

The Group's property division recorded a profit before tax for the half-year of \$65 (2013: \$498).

The result includes a profit of \$273 (2013: \$494) from its investment in Orams Marine Village, based in Auckland, New Zealand. The Board remains confident that this strategic investment is well placed to capitalise on the future development of the Western Viaduct area and the growth impetus of the New Zealand marine industry, which enjoys an international reputation for product quality, skill base and competitiveness.

Port Macquarie Marina operated at a loss of \$71 (2013: loss \$22) as a consequence of an increase in repairs and maintenance costs. Development approvals have been obtained for Marina upgrades.

The investment in Batemans Bay Marina recorded a profit of \$18 (2013: \$16). The Marina is currently undergoing a redevelopment works program which is expected to be completed by December 2015.

The two marinas are non-core assets and future ownership options are under evaluation.

The Accommodation business, StayMint, reported a loss of \$391 (2013: loss \$132). During the period the Group completed the sale of StayMint's remaining accommodation assets receiving net proceeds of \$4,181 and recording a net loss on disposal of \$197. The proceeds were, in part, used to extinguish the associated loan facility of \$1,250. The Group no longer holds any accommodation services assets.

Directors' Report

DIVIDENDS AND CAPITAL MANAGEMENT

The Directors declared a partially franked final dividend in relation to the 30 June 2014 financial year of \$1,022, which represents 0.5 cent per ordinary share; the dividend was paid on 3 October 2014.

A partially franked interim dividend of \$1,022, which represents 0.5 cent per share, has been declared in relation to the 30 June 2015 financial year; no liability is recognised in the 31 December 2014 financial statements as this dividend was declared after the balance sheet date.

On 21 August 2014, Ariadne announced an on-market share buy-back as part of ongoing capital management initiatives. The buy-back is for the purpose of acquiring shares where they are trading at values below the Board's opinion of the intrinsic value of the shares, such acquisitions benefiting all shareholders. During the period Ariadne bought back and cancelled 598,571 shares at a cost of \$228.

SIGNIFICANT EVENTS AFTER BALANCE DATE

Apart from the dividend declared as discussed above, no other matter or circumstance has arisen since 31 December 2014 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.

Over recent years Ariadne has successfully disposed of a number of legacy investments, particularly in the property sector, and has also relocated its head office (including all finance and secretarial functions) to Sydney.

Following these disposals and reflecting Ariadne's current investment profile, the Board has determined that Ariadne no longer needs to maintain the role of CEO or an office and support structure in Brisbane.

While Murray Boyte will, as a consequence of the Board's decision, cease to be Chief Executive of Ariadne, he has agreed to an ongoing consultancy arrangement with both Secure Parking and Orams Marine Village. The Board of Ariadne is delighted that Murray's considerable knowledge and experience will therefore continue to be available to assist in delivering value from these two substantial investments.

Murray has served as Chief Executive of Ariadne since 2002. Over that period, he has overseen many strategic investments and initiatives of the Group and delivered considerable value to Ariadne.

The Board of Ariadne wishes to acknowledge and thank Murray for his dedication and substantial contribution over such a long period.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under Section 307C of the Corporations Act 2001 is set out on page 5.

Signed in accordance with a resolution of the directors.



David Baffsky, AO
Director
20 February 2015

The Board of Directors
Ariadne Australia Limited
Level 20, 39 Martin Place
SYDNEY NSW 2000

20 February 2015

Dear Board Members

Ariadne Australia Limited

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Ariadne Australia Limited.

As lead audit partner for the review of the financial statements of Ariadne Australia Limited for the half year ended 31 December 2014, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours sincerely



DELOITTE TOUCHE TOHMATSU



J A Leotta
Partner
Chartered Accountants

Statement of Comprehensive Income

FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

		GROUP	
	Notes	2014 \$'000	2013 \$'000
CONTINUING OPERATIONS			
Operating revenue	3(i)	7,669	14,337
Other gains / (losses)	3(ii)	(1,700)	162
Share of profits of joint ventures and associates		4,314	3,816
Operating costs	3(iii)	(5,896)	(11,013)
Employee, non-cash and other expense	3(iv)	(2,766)	(4,483)
Finance costs		(160)	(246)
PROFIT BEFORE INCOME TAX		1,461	2,573
Income tax benefit		576	-
PROFIT AFTER TAX FROM CONTINUING OPERATIONS		2,037	2,573
<i>Attributable to:</i>			
Non-controlling interests		528	482
MEMBERS OF ARIADNE AUSTRALIA LIMITED		1,509	2,091
OTHER COMPREHENSIVE INCOME			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Net fair value movements on available-for-sale financial assets		1,352	2,383
Net fair value loss on cash flow hedge		(93)	-
Exchange difference on translation of foreign operations		1,435	1,082
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX		2,694	3,465
<i>Attributable to:</i>			
Non-controlling interests		612	388
MEMBERS OF ARIADNE AUSTRALIA LIMITED		2,082	3,077
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD			
<i>Attributable to:</i>			
Non-controlling interests		1,140	870
MEMBERS OF ARIADNE AUSTRALIA LIMITED		3,591	5,168
Earnings per share from continuing operations attributable to members of Ariadne Australia Limited			
Basic earnings per share (cent per share)		0.74	1.02
Diluted earnings per share (cent per share)		0.74	1.02

Balance Sheet

AS AT 31 DECEMBER 2014

GROUP

	Notes	AS AT 31 December 2014 \$'000	AS AT 30 June 2014 \$'000
ASSETS			
Current Assets			
Cash and cash equivalents		14,996	16,302
Trade and other receivables		1,600	1,786
Inventories		3,511	3,511
Other current assets		2,907	2,416
Total Current Assets		23,014	24,015
Non-Current Assets			
Receivables	8	12,690	8,400
Other financial assets		28,301	25,554
Equity accounted investments		26,200	23,971
Property, plant and equipment	9	355	1,793
Deferred tax asset		6,305	6,305
Intangible assets	9	-	2,971
Total Non-Current Assets		73,851	68,994
TOTAL ASSETS		96,865	93,009
LIABILITIES			
Current Liabilities			
Trade and other payables		554	1,247
Interest-bearing loans and borrowings	10	2,403	2,590
Provisions		400	389
Total Current Liabilities		3,357	4,226
Non-Current Liabilities			
Interest-bearing loans and borrowings	10	2,055	250
Provisions		173	136
Total Non-Current Liabilities		2,228	386
TOTAL LIABILITIES		5,585	4,612
NET ASSETS		91,280	88,397
EQUITY			
Issued capital		382,614	382,842
Reserves		27,675	26,615
Accumulated losses		(324,066)	(325,575)
EQUITY ATTRIBUTABLE TO MEMBERS OF ARIADNE		86,223	83,882
Non-controlling interests		5,057	4,515
TOTAL EQUITY		91,280	88,397

Statement of Changes in Equity

FOR THE HALF-YEAR ENDED 31 DECEMBER 2013

At 1 July 2013

	Issued capital \$'000	Reserves \$'000	Accumulated losses \$'000	ARIADNE \$'000	Non- controlling interest \$'000	GROUP \$'000
At 1 July 2013	382,842	17,025	(324,363)	75,504	4,231	79,735
Profit for the period	-	-	2,091	2,091	482	2,573
Other comprehensive income	-	3,077	-	3,077	388	3,465
Total comprehensive income for the period	-	3,077	2,091	5,168	870	6,038
Equity dividends	-	(1,022)	-	(1,022)	(473)	(1,495)
At 31 December 2013	382,842	19,080	(322,272)	79,650	4,628	84,278

FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

At 1 July 2014

	Issued capital \$'000	Reserves \$'000	Accumulated losses \$'000	ARIADNE \$'000	Non- controlling interest \$'000	GROUP \$'000
At 1 July 2014	382,842	26,615	(325,575)	83,882	4,515	88,397
Profit for the period	-	-	1,509	1,509	528	2,037
Other comprehensive income	-	2,082	-	2,082	612	2,694
Total comprehensive income for the period	-	2,082	1,509	3,591	1,140	4,731
Cost of shares bought back	(228)	-	-	(228)	-	(228)
Equity dividends	-	(1,022)	-	(1,022)	(598)	(1,620)
At 31 December 2014	382,614	27,675	(324,066)	86,223	5,057	91,280

Statement of Cash Flows

FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

GROUP

	Notes	2014 \$'000	2013 \$'000
Cash flows from operating activities			
Receipts from rental and letting income		6,644	12,283
Receipts from other trading income		507	760
Payments to suppliers and employees		(9,802)	(15,226)
Dividends and trust distributions received		3,995	3,848
Receipts from trading portfolio sales		44	1,987
Payments for trading portfolio purchases		(1,994)	(321)
Interest received		489	175
Interest and borrowing costs paid		(160)	(246)
Payments to acquire development inventory		(26)	(20)
Net cash flows from / (used in) operating activities		(303)	3,240
Cash flows from investing activities			
Payments for plant, equipment and intangibles		(92)	(89)
Proceeds from sale of property and intangibles	9	4,181	-
Payments to acquire financial assets		(820)	(3,130)
Proceeds from loans repaid by other parties		158	418
Loans advanced to other parties		(4,018)	-
Net cash flows used in investing activities		(591)	(2,801)
Cash flows from financing activities			
Proceeds from borrowings		2,686	-
Repayments of borrowings		(1,250)	(680)
Payments for share buy-back to members of the parent entity	11	(228)	-
Dividends paid to members of the parent entity	4	(1,022)	(1,022)
Dividends paid to non-controlling interests		(598)	(473)
Net cash flows used in financing activities		(412)	(2,175)
Net decrease in cash and cash equivalents		(1,306)	(1,736)
Cash and cash equivalents at beginning of period		16,302	13,843
Cash and cash equivalents at end of period		14,996	12,107

Notes to the Financial Statements

FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

1. CORPORATE INFORMATION

The consolidated financial report of Ariadne Australia Limited (“Ariadne”) together with its controlled entities (“the Group”) for the half-year ended 31 December 2014 was authorised for issue in accordance with a resolution of the directors on 20 February 2015.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

(a) Basis of preparation

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

The half-year financial report has been prepared on a historical cost basis, except for held-for-trading financial assets and available-for-sale financial assets which have been measured at fair value.

The amounts contained in the directors’ report and the half-year financial report have been rounded to the nearest \$1,000 (where rounding is applicable) under the option available to Ariadne in accordance with ASIC Class Order 98/100. Ariadne is an entity to which the Class Order applies.

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

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

- AASB 1031 ‘Materiality’
- AASB 2012-3 ‘Amendments to AASB 132 – Offsetting Financial Assets and Financial Liabilities’
- AASB 2013-3 ‘Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets’
- AASB 2013-4 ‘Amendments to AASB 139 – Novation of Derivatives and Continuation of Hedge Accounting’
- AASB 2013-5 ‘Amendments to Australian Accounting Standards – Investment Entities’
- AASB 2013-9 ‘Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments’
- AASB 2014-1 ‘Amendments to Australian Accounting Standards’ – Part A: ‘Annual Improvements 2010-2012 and 2011-13 Cycles’
- AASB 2014-1 ‘Amendments to Australian Accounting Standards’ – Part C: ‘Materiality’
- Interpretation 21 – ‘Levies’

The Group’s adoption of all new and revised Standards and Interpretations issued by the AASB, that are relevant to its operations and effective for the half-year has not had a material impact on the amounts recognised in the half-year financial report.

(b) Significant Accounting Policies

The half-year financial report has been prepared using the same accounting policies and methods of computation as used in the annual financial statements for the year ended 30 June 2014, except for the impact of the Standards and Interpretations described above. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

Notes to the Financial Statements

FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

3. REVENUE AND EXPENSES

	Notes	GROUP	
		2014 \$'000	2013 \$'000
Profit before income tax expense includes the following revenues and expenses, the disclosure of which is relevant in explaining the performance of the entity:			
(i) Operating revenues			
Rental and letting income ¹		6,047	12,504
Sale of goods		261	602
Interest income		618	608
Dividend income		568	438
Other income		175	185
		7,669	14,337
(ii) Other gains / (losses)			
Net gain / (loss) on held for trading financial assets		(1,503)	162
Net loss on disposal of non-current assets		(197)	-
		(1,700)	162
(iii) Operating costs			
Rental and letting expenses ¹		5,676	10,466
Cost of goods sold		220	547
		5,896	11,013
(iv) Employee, non-cash and other expenses			
Administration expenses		863	848
Employee benefits expense		1,777	2,539
Depreciation and amortisation		126	569
Impairment provisions		-	527
		2,766	4,483

¹ The reduction in rental and letting revenue and expenses when compared with the prior period is attributable to the divestment of the accommodation business of StayMint.

4. DIVIDENDS PAID OR PROVIDED FOR ON ORDINARY SHARES

Equity dividends paid on ordinary shares:

Final partially franked dividend for financial year 30 June 2014: 0.5 cent/share (2013: 0.5 cent/share)		1,022	1,022
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Notes to the Financial Statements

FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

5. SEGMENT INFORMATION

The Group's operating segments are identified by internal reporting used by the Board in assessing performance and determining investment strategy. The operating segments are based on a combination of the type and nature of products sold and/or services provided, and the type of business activity. Discrete financial information about each of these operating divisions is reported to the Board on a regular basis.

Reportable segments are based on aggregated operating segments determined by the similarity of the products sold and/or the services provided, as these are the sources of the Group's major risks.

The Group's reportable segments are Investments, Car Parking and Property. The Investments division comprises the Group's investments in both listed and non-listed securities. The Car Parking division includes gross revenues and expenses from car parks whose leases are owned by the Group, as well as the Group's share of results from the Secure Kings Unit Trust. The Property division includes all results derived from accommodation, marinas and property assets held by the Group, either directly or through joint venture entities or joint venture operations.

The following table presents revenue and profit information for the half-year periods ended 31 December 2014 and 31 December 2013, and total asset information as at 31 December 2014 and 30 June 2014 as applicable to the Group's reportable segments.

FOR THE HALF-YEAR ENDED 31 DECEMBER	CONTINUING OPERATIONS											
	INVESTMENTS		CAR PARKING		PROPERTY		UNALLOCATED ¹		ELIMINATIONS		GROUP	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Segment Revenue and Results												
External	568	446	5,327	5,312	981	7,794	175	178	-	-	7,051	13,729
Interest	356	199	-	-	262	408	-	-	-	-	618	608
Inter-segment	-	-	-	-	-	-	100	140	(100)	(140)	-	-
Other gains / (losses)	(1,503)	162	-	-	(197)	-	-	-	-	-	(1,700)	162
Share of net profit of associates	1,332	1,269	2,691	2,037	291	510	-	-	-	-	4,314	3,816
Total Segment Revenue	753	2,076	8,018	7,349	1,337	8,712	275	318	(100)	(140)	10,283	18,315
Profit / (loss) before income tax	512	1,795	2,968	2,425	65	498	(2,084)	(2,145)	-	-	1,461	2,573
Income tax benefit											576	-
Profit after income tax											2,037	2,573
AS AT 31 DECEMBER 2014	31 Dec 2014 \$'000	30 June 2014 \$'000	31 Dec 2014 \$'000	30 June 2014 \$'000	31 Dec 2014 \$'000	30 June 2014 \$'000	31 Dec 2014 \$'000	30 June 2014 \$'000	31 Dec 2014 \$'000	30 June 2014 \$'000	31 Dec 2014 \$'000	30 June 2014 \$'000
Total segment assets	59,160	49,630	12,451	11,600	17,501	21,754	7,753	10,025	-	-	96,865	93,009

¹ Unallocated segment includes corporate costs, a deferred tax asset and other corporate assets.

Notes to the Financial Statements

FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

6. CONTROLLED ENTITIES

Impala Pacific Corporation Ltd, a wholly owned Hong Kong subsidiary was deregistered during the period.

7. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES

Name	Principal activity	Place of incorporation	Proportion of ownership interest and voting power held by the Group	
			2014	2013
Secure Kings Unit Trust	Car parking	NSW	50%	50%
Orams NZ Unit Trust	Marina management	QLD	50%	50%
NatureSeal Inc	Food life extension technology	US	17%	17%
AgriCoat NatureSeal Ltd	Food life extension technology	UK	17%	17%
Mamre Road Unit Trust ¹	Logistics infrastructure development	NSW	-	50%
Modular Hotels Unit Trust	Property development	NSW	50%	50%
Lake Gold Pty Ltd	Investment	QLD	50%	50%
Batemans Bay Marina Unit Trust	Marina management and development	NSW	50%	50%

¹Ariadne's interest in Mamre Road Unit Trust was sold during the period.

8. RECEIVABLES (NON-CURRENT)

	31 December 2014 \$'000	30 June 2014 \$'000
Related entity loans and advances	8,400	8,400
Unrelated entity loans and advances ¹	4,290	-
	12,690	8,400

¹ During the period, the Group advanced NZ\$4,488 for redeemable preference notes issued by Foundation Life (NZ) Holdings Ltd. The notes form part of a transaction which included a 12% equity interest in the underlying New Zealand business.

9. PROPERTY AND INTANGIBLES

During the period the Group completed the sale of StayMint's remaining accommodation assets receiving net proceeds of \$4,181 and recording a net loss on disposal of \$197. The proceeds were, in part, used to extinguish the associated loan facility of \$1,250.

10. INTEREST BEARING LOANS AND BORROWINGS

Current and non-current		
Secured:		
Interest bearing facilities - current	2,403	2,590
Interest bearing facilities – non-current ¹	2,055	250
	4,458	2,840

¹ During the period, the Group repaid in full the \$1,250 loan facility relating to StayMint's accommodation business as disclosed in Note 9. The Group also established a NZ\$3,000 loan facility during the period to fund a New Zealand dollar investment as disclosed in Note 8.

Notes to the Financial Statements

FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

11. SHARE BUY-BACK

On 21 August 2014, Ariadne announced an on-market share buy-back as part of ongoing capital management initiatives. The buy-back is for the purpose of acquiring shares where they are trading at values below the Board's opinion of the intrinsic value of the shares, such acquisitions benefiting all shareholders. During the period Ariadne bought back and cancelled 598,571 shares at a cost of \$228.

12. CONTINGENT ASSETS AND LIABILITIES

Ariadne has given guarantees and indemnities in relation to the borrowings and performance of several of its controlled and associate entities under agreements entered into by those entities. All borrowings are directly supported by assets in the entities on the behalf of which these guarantees and indemnities have been provided.

Certain entities in the Group are party to various legal actions and claims which have arisen in the ordinary course of business. Any liabilities arising from such legal actions and claims are not expected to have a material adverse effect on Ariadne. Provisions are not required in respect of these matters, as it is either not probable that a future sacrifice of economic benefits will be required or the amount is not capable of reliable measurement.

13. EVENTS AFTER THE BALANCE SHEET DATE

A partially franked interim dividend of \$1,022, which represents 0.5 cent per share has been declared in relation to the 30 June 2015 financial year; no liability is recognised in the 31 December 2014 financial statements as this dividend was declared after the balance sheet date.

No other matter or circumstance has arisen since 31 December 2014 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in the future financial periods.

Directors' Declaration

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

In the opinion of the Directors:

- (a) the financial statements and notes of the consolidated entity for the half-year ended 31 December 2014 are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the financial position as at 31 December 2014 and of its performance for the half-year ended on that date;
 - (ii) complying with Australian Accounting Standard AASB134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.
- (b) there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

On behalf of the Board



David Baffsky, AO
Director
20 February 2015

Independent Auditor's Review Report to the members of Ariadne Australia Limited

We have reviewed the accompanying half-year financial report of Ariadne Australia Limited, which comprises the balance sheet as at 31 December 2014, the income statement, the statement of comprehensive income, the statement of cash flows and the statement of changes in equity for the half-year ended on that date, selected explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the end of the half-year or from time to time during the half-year as set out on pages 6 to 15.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Ariadne Australia Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Auditor's Independence Declaration

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

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Ariadne Australia Limited is not in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.



DELOITTE TOUCHE TOHMATSU



J A Leotta
Partner
Chartered Accountants
Sydney, 20 February 2015