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ASX Market Announcements
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RESULTS FOR THE HALF YEAR ENDED 31 DECEMBER 2014

Ariadne Australia Limited (Ariadne) today released its results for the six months to 31 December 2014, reporting a consolidated Net Profit After Tax attributable to members of \$1,509,000 (2013: \$2,091,000) – a 29% decrease over that for the prior corresponding period.

In addition, a contribution net of tax of \$2,082,000 (2013: \$3,077,000) was recorded during the period arising as a result of mark-to-market gains on the long term investment portfolio and exchange differences on translation of foreign operations. The accounting treatment of these movements is such that they are not included in the reported net profit.

Total comprehensive income for the period attributable to the members was \$3,591,000 (2013: \$5,168,000).

Salient features of the result are:

- A 22% uplift in the contribution from the Car Park division due to improved trading at Secure Parking Pty Ltd (Secure).
- A lower contribution from trading activities in the Investment division, due to mark-to-market write downs during the period.
- A lower contribution from the Property division.

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Net operating cash outflows of \$303,000 (2013: inflow of \$3,240,000) 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.

Net tangible assets per share are 42.3 cents, a 19% increase on that of 31 December 2013 of 35.3 cents. The Ariadne balance sheet remains strong, with a Shareholders Funds to Total Assets ratio of 94%. Cash held of \$14,996,000 equates to 7.3 cents per share. There has been a modest increase in debt to \$4,458,000.

Investment

The Investment division recorded a net profit for the half-year of \$512,000 (2013: \$1,795,000).

The result was affected by a specific provision against one investment, with the trading portfolio generating modest gains from a limited level of activity. In addition, Ariadne has positions in long term strategic investments, which performed well from a dividend income perspective. Overall mark-to-market gains during the period resulted in a positive contribution in a reasonably volatile market.

During the half Ariadne acquired a 12% interest in Foundation Life (NZ) Holdings Ltd (“Foundation Life”). 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.

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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.

Ariadne maintains a prudent approach to cash management and continues to evaluate a number of investment opportunities in an endeavour to seek satisfactory returns in a lower interest rate environment.

Car Parking

The net profit from Ariadne's Car Parking operations for the six months was \$2,968,000 (2013: \$2,425,000). The result includes a contribution from Ariadne's 50% ownership in Secure of \$2,691,000 (2013: \$2,037,000), a 32% increase. Secure experienced a continuation of challenging conditions along the eastern seaboard of Australia characterised by a weak retail trading environment and high commercial CBD vacancy rates, particularly in New South Wales and Queensland. Improved trading in Victoria and continued growth in Western Australia, New Zealand and the United Kingdom contributed to the improved result. A broadening of Secure's operating base across leased, managed and Pay & Display sites, along with further expansion in the airport and hospital sectors has led to an improving risk profile within the car park industry. Further improvement in base technology products such as a mobile phone app and pre-booking systems, along with active yield management has underpinned Secure's strong market position and ensures it is well placed to leverage off any market recovery. Secure operates over 420 car parks across a diverse geographical spread in Australia, New Zealand and the United Kingdom.

Property

The Property division reported a net profit for the half year of \$65,000 (2013: \$498,000). The result was adversely impacted by the exit from StayMint's remaining accommodation assets, which reported a loss of \$391,000 arising from a loss on disposal and exit costs from the industry.

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The completion of the sale of StayMint's remaining accommodation assets resulted in receipt of net cash proceeds of \$4,181,000. The proceeds were in part used to extinguish the associated loan facility of \$1,250,000. Ariadne no longer holds any accommodation services assets.

Orams Marine Village, the Auckland, New Zealand based marine centre comprising a range of marine businesses, a 310-berth dry boat stack, fuel and ancillary services, servicing the international and domestic marine industry, traded broadly in line with the previous year.

The Batemans Bay and Port Macquarie Marinas operated around break-even. The two marinas are non-core assets and future ownership options are under evaluation.

Dividends

The Directors declared a partially franked final dividend of 0.5 cent per share in relation to the 30 June 2014 financial year with payment made on 3 October 2014.

A partially franked interim dividend of \$1,022,000 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.

Capital Management

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 prices materially 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 \$228,000.

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Closure of Brisbane Office

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.

Outlook

In difficult market conditions the Car Park division has performed satisfactorily. With a broadening of its operating base and the continuing development of technology and new products it is well placed to meet the current challenges and leverage off a market recovery. Ariadne's strategic investments are positioned to deliver capital and revenue growth over the medium term.

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Ariadne is in a sound financial position, having significant cash reserves at both Ariadne and Secure, and a strong balance sheet with a shareholders funds to total assets ratio in excess of 94%. Ariadne continues to evaluate new investment opportunities.

GARY WEISS

Executive Director

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