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## **2016 REVIEW**

The Directors present the Annual Report and Accounts of Ariadne Australia Ltd (“Ariadne”) for the period ended 30 June 2016.

For the 2016 financial year Ariadne reported a net profit after tax attributable to members of \$11.0 million – a significant turnaround from the \$3.6 million loss last year.

The result was assisted by the write-back of a provision of \$4.3 million relating to a judgment against Secure Kings Unit Trust (“Secure Parking”) during the 2015 financial year. The judgment was successfully overturned on appeal as announced to the market on 6 July 2016.

A negative contribution of \$1.1 million was reported through the Statement of Comprehensive Income (largely arising from losses on the Group’s strategic portfolio and partially offset by forex gains on the Group’s investment in foreign assets), reducing the net profit for the year including Comprehensive Income and attributable to members to \$9.9 million (2015: loss \$1.9 million).

The net tangible assets per share increased by 10.2% during the year from 39.11 cents per share to 43.09 cents per share at balance date.

Total comprehensive earnings per share were 4.90 cents compared to (0.94 cents) for the previous year.

### **Investments**

The Investment division recorded a net profit before tax of \$5.6 million (2015: \$2.3 million).

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

The strategic portfolio recorded a net loss before deferred tax of \$2.1 million (2015: \$1.3 million net gain) during the period due to mark-to-market revaluations. This loss is recorded through other comprehensive income and not included in the reported net profit.

During the period the Group added to its strategic portfolio. A further interest in Hillgrove Resources Limited of \$1.1 million was acquired on market. The Group also increased its investment in ClearView Wealth Limited by \$2.1 million. The Group’s investment in

Foundation Life NZ Ltd has been rewarding, returning NZ\$0.5 million during the year comprised of loan note interest and loan note redemptions.

The Group's 53% interest in Freshxtend International Pty Ltd, with its 17% investment in the NatureSeal group, also contributed positively.

## **Car Parking**

The Group's car parking division recorded a profit before tax of \$9.8 million (2015: \$0.8 million loss).

The Group's share of profits from Secure Parking for the year was \$8.7 million (2015: \$1.2 million loss), while trading activities from the Group's leased car parks contributed a net profit of \$1.1 million (2015: \$0.4 million).

The large swing in the car parking division's result is primarily due to the reversal of the \$4.3 million provision previously mentioned. On a normalised basis the Group's share of profits from Secure Parking for the year was \$4.4 million, compared with \$3.1 million on the same basis for the previous year.

During the 2016 financial year Secure Parking's portfolio continued to expand, achieving 20% growth in the number of car parks operated (to over 500 sites), including the recently won management contract for the Westmead Hospital car parks (largest hospital redevelopment in Australia with more than 6,000 bays). The 2016 financial year also saw good earnings growth in Secure Parking's New Zealand and United Kingdom businesses, with promising signs for the future in those markets.

## **Property**

The Group's property division recorded a profit before tax of \$1.0 million (2015: \$0.2 million).

The division's profit is derived from the Group's 50% share of results from Orams Marine Village ("Orams") located in Auckland, New Zealand, and the marinas located at Port Macquarie and Batemans Bay which were divested during the period.

The Board remains confident that the Group's investment in Orams 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.

On 24 March 2016 the Company announced that it had completed the sale of its interests in the Port Macquarie and Batemans Bay marinas for \$3.5 million. The bank debt associated with the Port Macquarie marina was repaid on the sale of the marinas.

## **Simplified Balance Sheet**

The Group's investment portfolio has been considerably refined over the last few years through the sale of non-core assets.

Ariadne is in a strong financial position as shown in the following presentation of the Group's assets and liabilities.

### **SIMPLIFIED BALANCE SHEET** **AS AT 30 JUNE 2016**

<b>Assets</b>	<b>\$M</b>	<b>Liabilities</b>	<b>\$M</b>
ClearView	\$26.5	Minority Interests	\$5.9
Cash	\$15.4	Debt	\$4.0
Orams Marine Village	\$13.8	Payables and Provisions	\$0.8
Freshxtend	\$12.2	<b>Total Liabilities</b>	<b>\$10.7</b>
Car Parking	\$11.2		
Deferred Tax Asset	\$6.3		
Foundation Life	\$4.3		
Other Investments	\$3.3		
Mercantile Investment	\$2.2		
Prepayments and Receivables	\$1.1		
Hillgrove	\$1.0		
<b>Total Assets</b>	<b>\$97.3</b>	<b>Shareholders Funds</b>	<b>\$86.6</b>

The Board believes that this presentation will assist shareholders in better understanding the composition of the Group's investments and liabilities.

## **Dividends and Capital Management**

A final dividend of 0.5 cents per share has been declared by the directors. The Board has also declared a special dividend of 0.5 cents per share bringing the total dividends in relation to the 30 June 2016 financial year to 1.5 cents per share.

On 28 August 2015, Ariadne announced a twelve month extension to its on-market share buy-back facility as part of ongoing capital management initiatives. During the period Ariadne bought back and cancelled 2,704,107 shares at a cost of \$1.0 million.



**GARY WEISS**  
Executive Director