

ARIADNE

Ariadne Australia Limited
A.B.N. 50 010 474 067

Appendix 4D **Financial Report**

Half year report for the period ended 31 December 2016
(the previous corresponding period being the period ended 31 December 2015)

Results for announcement to the market				31 December 2016	31 December 2015
Revenues from ordinary activities *	\$'000	Up	14.8%	14,570	12,695
Profit from ordinary activities after tax attributable to members	\$'000	Up	72.6%	6,338	3,673
Net profit for the period attributable to members	\$'000	Up	72.6%	6,338	3,673
Total comprehensive income for the period attributable to members	\$'000	Up	277.8%	14,751	3,904
Net tangible assets per security	cents	Up	21.9%	49.43	40.56

Dividends (distributions)	Amount per security	Amount per security of conduit foreign income	Franked amount per security	Tax rate for franking credit
FY17 Interim dividend	1.0 cent	0.2 cents	0.4 cents	30%
FY16 Final dividend	0.5 cents	0.5 cents	0.0 cents	30%
FY16 Special dividend	0.5 cents	0.1 cents	0.3 cents	30%

The Directors have declared a partially franked (40%) interim dividend of 1.0 cent per ordinary share in relation to the 30 June 2017 financial year, of which 20% is sourced from the Conduit Foreign Income Account. The record date applicable to the dividend will be Thursday, 9 March 2017 with payment to be made on Thursday, 30 March 2017.

The combined final and special dividends of 1.0 cent per ordinary share in relation to the 30 June 2016 financial year had a record date of Friday, 9 September 2016 and was paid on Friday, 30 September 2016.

It is recommended that the consolidated results for Ariadne Australia Limited ("Ariadne") and its controlled entities ("the Group") be read in conjunction with the 2016 Annual Report and any public announcements made by Ariadne during the half year.

* Total revenues from ordinary activities as shown above include the Group's share of profits of joint ventures and associates.

ARIADNE

Ariadne Australia Limited
Half-Year Report
31 December 2016

Directors' Report

The Directors submit their report for the six months ended 31 December 2016. 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.

Mr David Baffsky, AO (Independent Non-Executive Chairman)
 Mr Kevin Seymour, AM (Independent Non-Executive Deputy Chairman)
 Mr Maurice Loomes (Independent Non-Executive Director)
 Mr John Murphy (Independent Non-Executive Director)
 Dr Gary Weiss (Executive Director)

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 after tax, attributable to the Group for the half-year was \$7,013 (2015: \$4,416) and the consolidated net profit after tax attributable to members for the half-year was \$6,338 (2015: \$3,673). A positive net of deferred tax contribution of \$8,413 (2015: \$231) was reported through other comprehensive income, increasing the total comprehensive income attributable to members to \$14,751 (2015: \$3,904). Net tangible assets were 49.43 cents per share (2015: 40.56 cents). Earnings per share were 3.15 cents (2015: 1.81 cents). Total comprehensive earnings per share were 7.34 cents (2015: 1.93 cents).

Significant after balance date event - Sale of interest in Secure Parking Pty Ltd ("Secure Parking")

On 7 December 2016, the Directors announced that Ariadne had entered into a conditional agreement to dispose its 50% interest in Secure Parking for approximately \$75,000 ("the Sale Asset" and together "the Sale Transaction"). The Sale Transaction, completed on 11 January 2017, represents a significant premium to the Sale Asset's \$6,690 book value as at 31 December 2016 and will positively and materially impact Ariadne's financial year 2017 results. Ariadne proposes to use the proceeds of the Sale Transaction to invest in assets or opportunities that are consistent with its diversified investment strategy.

Review of operations

Cash Management

Cash and cash equivalents as at 31 December 2016 were \$16,768 (30 June 2016: \$15,393).

The improved net operating cash flow of \$8,079 (2015: \$4,637) is due in part to the results and distributions received from the Investments and Car Parking segments.

Ariadne remains in a strong financial position, with a sound balance sheet and good cash reserves, and is well-placed to grow shareholder value.

Investments

The Group's investment division recorded a net profit for the half-year of \$4,788 (2015: \$3,106).

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

The trading portfolio recorded a net gain of \$729 (2015: \$662) and the strategic portfolio revalued through profit or loss recorded a net gain of \$1,263 (2015: nil) during the reporting period due to mark-to-market revaluations.

The strategic portfolio revalued through other comprehensive income recorded a net gain after deferred tax of \$8,146 (2015: \$423 net loss) during the reporting period due to mark-to-market revaluations.

Directors' Report

During the period the Group also added to its strategic portfolio by acquiring a further interest in Hillgrove Resources Limited of \$2,116 predominantly via a capital raising underwritten by Ariadne Capital Pty Ltd, a wholly owned subsidiary of the Group.

The Group now maintains two strategic portfolios, both held for long term capital appreciation but differentiated by their accounting treatment under the new accounting standard AASB 9 – Financial Instruments: the first strategic portfolio being revalued through profit or loss, and the second strategic portfolio revalued through other comprehensive income.

Ariadne's investment in Foundation Life NZ Ltd has been rewarding, returning NZ\$381 during the half-year comprised of loan note interest and loan note redemptions.

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

Car Parking

The Group's car parking division recorded a net profit from continuing operations for the half-year of \$614 (2015: \$551). Including profit from discontinued operations the car parking division recorded a net profit of \$1,869 (2015: \$2,700).

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

The Group's share of profit from Secure Parking for the year was \$1,255 (2015: \$2,149). Trading activities from the leased car parks contributed a net profit of \$614 (2015: \$551).

As mentioned above the Secure Parking Sale Transaction was entered into on 7 December 2016 and completed on 11 January 2017.

Property

The Group's property division recorded a net profit for the half-year of \$466 (2015: \$459).

The division's result is derived from the Group's 50% share of results from Orams Marine Village ("Orams") located in Auckland, New Zealand and interest received on its secured related party loan.

The Group's share of the profit from Orams for the period was \$271 (2015: \$254). 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.

Unallocated

The Group earned a lease surrender fee of \$1,500 on the relocation of its corporate office during the period.

TAXATION

Ariadne has significant carried forward revenue and capital losses available to offset future taxable profits. At 31 December 2016, and before the significant capital gain associated with the Secure Parking Sale Transaction, these are estimated to be \$74,475 (30 June 2016: \$82,543) and \$159,256 (30 June 2016: \$159,256) respectively.

DIVIDENDS AND CAPITAL MANAGEMENT

The Directors declared a partially franked final dividend in relation to the 30 June 2016 financial year of \$2,011, which represents 1.0 cent per ordinary share; the dividend was paid on 30 September 2016.

A partially franked interim dividend of \$2,011, which represents 1.0 cent per share, has been declared in relation to the 30 June 2017 financial year; no liability is recognised in the 31 December 2016 financial statements as this dividend was declared after the balance sheet date.

On 24 January 2017, Ariadne announced the reinstatement 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

SIGNIFICANT EVENTS AFTER BALANCE DATE

Apart from the completion of Secure Parking Sale Transaction, dividend declared and reinstatement of the on-market buy-back facility discussed above, no other matter or circumstance has arisen since 31 December 2016 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.

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 4.

Signed in accordance with a resolution of the directors.

A handwritten signature in black ink, appearing to read 'David Baffsky', with a stylized flourish at the end.

David Baffsky, AO
Director
20 February 2017

The Board of Directors
Ariadne Australia Limited
Level 27
Chifley Tower
2 Chifley Square
Sydney NSW 2000

20 February 2017

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 2016, 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

		GROUP	
	Notes	2016 \$'000	2015 \$'000
CONTINUING OPERATIONS			
Operating revenue	4(i)	9,381	7,823
Other gains	4(ii)	1,992	662
Share of profits of joint ventures and associates		1,942	2,061
Operating costs	4(iii)	(5,454)	(5,908)
Employee, non-cash and other expenses	4(iv)	(2,164)	(2,066)
Finance costs		(125)	(124)
PROFIT BEFORE INCOME TAX		5,572	2,448
Income tax benefit / (expense)		186	(181)
PROFIT FROM CONTINUING OPERATIONS		5,758	2,267
PROFIT FROM DISCONTINUED OPERATIONS		1,255	2,149
PROFIT AFTER INCOME TAX FOR THE PERIOD		7,013	4,416
<i>Attributable to:</i>			
Non-controlling interests		675	743
MEMBERS OF ARIADNE		6,338	3,673
OTHER COMPREHENSIVE INCOME			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Net fair value movements on other financial assets		8,146	(423)
<i>Items that may be reclassified subsequently to profit or loss</i>			
Net fair movements on cash flow hedge		55	(22)
Exchange difference on translation of foreign operations		341	946
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX		8,542	501
<i>Attributable to:</i>			
Non-controlling interests		129	270
MEMBERS OF ARIADNE		8,413	231
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD			
<i>Attributable to:</i>			
Non-controlling interests		804	1,013
MEMBERS OF ARIADNE		14,751	3,904
Earnings per share			
<i>From continuing and discontinued operations</i>			
Basic earnings per share (cents)		3.15	1.81
Diluted earnings per share (cents)		3.14	1.79
<i>From continuing operations</i>			
Basic earnings per share (cents)		2.53	0.75
Diluted earnings per share (cents)		2.52	0.74

The statement of comprehensive income should be read in conjunction with the accompanying notes.

Balance Sheet

	Notes	GROUP	
		AS AT 31 December 2016 \$'000	AS AT 30 June 2016 \$'000
ASSETS			
Current Assets			
Cash and cash equivalents		16,768	15,393
Trade and other receivables		2,129	845
Other current assets		3,101	2,010
Assets held for sale	3 & 7	6,690	—
Total Current Assets		28,688	18,248
Non-Current Assets			
Receivables		13,704	13,699
Other financial assets		45,287	30,258
Investments in joint ventures and associates	7	17,584	28,871
Property, plant and equipment		1,186	38
Deferred tax asset		3,000	6,305
Total Non-Current Assets		80,761	79,081
TOTAL ASSETS		109,449	97,329
LIABILITIES			
Current Liabilities			
Trade and other payables		339	272
Interest-bearing loans and borrowings		3,600	3,160
Provisions		262	289
Total Current Liabilities		4,201	3,721
Non-Current Liabilities			
Interest-bearing loans and borrowings		—	834
Provisions		164	253
Total Non-Current Liabilities		164	1,087
TOTAL LIABILITIES		4,365	4,808
NET ASSETS		105,084	92,521
EQUITY			
Issued capital		381,631	381,631
Reserves		41,742	35,325
Accumulated losses		(323,976)	(330,314)
EQUITY ATTRIBUTABLE TO MEMBERS OF ARIADNE		99,397	86,642
Non-controlling interests		5,687	5,879
TOTAL EQUITY		105,084	92,521

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

Statement of Changes in Equity

	Issued capital \$'000	Reserves \$'000	Accumulated losses \$'000	ARIADNE \$'000	Non- controlling interest \$'000	GROUP \$'000
FOR THE HALF-YEAR ENDED 31 DECEMBER 2015						
Balance as at 1 July 2015	382,614	32,178	(335,096)	79,696	5,575	85,271
Profit for the period	—	—	3,673	3,673	743	4,416
Other comprehensive income	—	231	—	231	270	501
Total comprehensive income for the period	—	231	3,673	3,904	1,013	4,917
Cost of shares bought back	(568)	—	—	(568)	—	(568)
Cost of share-based payment	—	12	—	12	—	12
Equity dividends	—	(1,019)	—	(1,019)	(873)	(1,892)
Balance as at 31 December 2015	382,046	31,402	(331,423)	82,025	5,715	87,740

FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

Balance as at 1 July 2016	381,631	35,325	(330,314)	86,642	5,879	92,521
Profit for the period	—	—	6,338	6,338	675	7,013
Other comprehensive income	—	8,413	—	8,413	129	8,542
Total comprehensive income for the period	—	8,413	6,338	14,751	804	15,555
Cost of share-based payment	—	15	—	15	—	15
Equity dividends	—	(2,011)	—	(2,011)	(996)	(3,007)
Balance as at 31 December 2016	381,631	41,742	(323,976)	99,397	5,687	105,084

The statement of changes in equity should be read in conjunction with the accompanying notes.

Statement of Cash Flows

FOR THE HALF-YEAR ENDED 31 DECEMBER

GROUP

Notes	2016 \$'000	2015 \$'000
Cash flows from operating activities		
Receipts from rental income	6,633	7,637
Receipts from other trading income	769	408
Payments to suppliers and employees	(8,314)	(8,728)
Dividends and trust distributions received	8,866	4,688
Receipts from trading portfolio sales	206	461
Payments for trading portfolio purchases	(575)	(243)
Interest received	584	506
Interest and borrowing costs paid	(90)	(89)
Payments to acquire development inventory	—	(3)
Net cash flows from operating activities	8,079	4,637
Cash flows from investing activities		
Payments for plant and equipment	(1,186)	—
Payments for other financial assets	(2,128)	(1,103)
Proceeds from loans repaid by other parties	26	293
Net cash flows used in investing activities	(3,288)	(810)
Cash flows from financing activities		
Repayments of borrowings	(409)	(393)
Payments under share buy-back	—	(568)
Dividends paid to members of the parent entity	(2,011)	(1,019)
Dividends paid to non-controlling interests	(996)	(873)
Net cash flows used in financing activities	(3,416)	(2,853)
Net increase in cash and cash equivalents	1,375	974
Cash and cash equivalents at beginning of period	15,393	12,513
Cash and cash equivalents at end of period	16,768	13,487

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

Notes to the Financial Statements

FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

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 2016 was authorised for issue in accordance with a resolution of the directors on 20 February 2017.

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* and AASB 134 *Interim Financial Reporting*.

The half-year financial report has been prepared on a historical cost basis, except for held-for-trading financial assets which have been measured at fair value through profit or loss and other/strategic financial assets which have been measured at fair value through profit or loss or other comprehensive income depending on their accounting treatment under the new accounting standard AASB 9 *Financial Instruments*.

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 Corporations (Rounding in Financial/Directors’ Reports) Instrument 2016/191*.

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 2014-3 ‘Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations’
- AASB 2014-4 ‘Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation’
- AASB 2014-9 ‘Amendments to Australian Accounting Standards – Equity Method in Separate Financial Statements’
- AASB 2014-10 ‘Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture’
- AASB 2015-1 ‘Amendment to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012-2014 Cycle’
- AASB 2015-2 ‘Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101’
- AASB 2015-5 ‘Amendments to Australian Accounting Standards – Investment Entities : Applying the Consolidation Exception’

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 no impact on the amounts recognised in the half-year financial report.

Certain comparative amounts included in the Statement of Comprehensive Income and Note 5 have been restated for discontinued operations that have arisen during the period (refer to Note 7).

(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 2016. 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 2016

3. SIGNIFICANT AFTER BALANCE DATE EVENT - SALE OF INTEREST IN SECURE PARKING

On 7 December 2016, the Directors announced that Ariadne had entered into a conditional agreement to dispose its 50% interest in Secure Parking Pty Ltd ("Secure Parking") for approximately \$75,000 ("the Sale Asset" and together "the Sale Transaction"). The Sale Transaction, completed on 11 January 2017, represents a significant premium to the Sale Asset's \$6,690 book value as at 31 December 2016 and will positively and materially impact Ariadne's financial year 2017 results. Accordingly the Group has reclassified the carrying values of its investment in Secure Parking at 31 December 2016 as Assets held for sale and the results of this business as a discontinued operation. Cash flows received from Secure Parking during the period were \$5,750 (2015: \$2,100).

4. REVENUE AND EXPENSES

	Notes	GROUP	
		2016 \$'000	2015 \$'000
Profit before income tax expense includes the following revenues and expenses, the disclosure of which is relevant in explaining the performance of the Group:			
(i) Operating revenue			
Rental income		6,030	6,250
Sale of goods		—	218
Interest income		640	569
Dividend income		789	669
Lease surrender fee		1,500	—
Other income		422	117
		9,381	7,823
(ii) Other gains			
Net gain on the trading portfolio		729	662
Net gain on the strategic portfolio revalued through profit or loss		1,263	—
		1,992	662
(iii) Operating costs			
Rental expenses		5,454	5,735
Cost of goods sold		—	173
		5,454	5,908
(iv) Employee, non-cash and other expenses			
Administration expenses		959	836
Employee benefits expense		1,167	1,203
Depreciation and amortisation		38	27
		2,164	2,066

Notes to the Financial Statements

FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

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.

Consistent with the reportable segment presented in the most recent annual financial report the following table presents revenue and profit information for the half-year periods ended 31 December 2016 and 31 December 2015, and total asset information as at 31 December 2016 and 30 June 2016.

FOR THE HALF-YEAR ENDED 31 DECEMBER	INVESTMENTS		CAR PARKING		PROPERTY		UNALLOCATED [^]		GROUP	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Segment Revenue and Results										
External	1,101	673	6,053	5,880	—	611	1,587	90	8,741	7,254
Interest	425	335	—	—	215	234	—	—	640	569
Other gains	1,992	662	—	—	—	—	—	—	1,992	662
Share of net profit of associates	1,671	1,773	—	—	271	288	—	—	1,942	2,061
Total Segment Revenue	5,189	3,443	6,053	5,880	486	1,133	1,587	90	13,315	10,546
Profit / (loss) before income tax	4,788	3,106	614	551	466	459	(296)	(1,668)	5,572	2,448
Income tax benefit / (expense)									186	(181)
Profit from continuing operations									5,758	2,267
Profit from discontinued operations									1,255	2,149
Profit after income tax for the period									7,013	4,416
AS AT	31 Dec 2016 \$'000	30 June 2016 \$'000	31 Dec 2016 \$'000	30 June 2016 \$'000	31 Dec 2016 \$'000	30 June 2016 \$'000	31 Dec 2016 \$'000	30 June 2016 \$'000	31 Dec 2016 \$'000	30 June 2016 \$'000
Total segment assets	77,617	60,965	6,782	11,305	14,427	14,657	10,623	10,402	109,449	97,329

[^] Unallocated segment includes corporate revenues and costs, a deferred tax asset and other corporate assets.

Notes to the Financial Statements

FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

6. CONTROLLED ENTITIES

No controlled entities were 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	
			2016	2015
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%
Lake Gold Pty Ltd	Dormant	QLD	50%	50%
Batemans Bay Marina Unit Trust	Marina management and development	NSW	—	50%

[^]As mentioned in Note 3, the Secure Parking Sale Transaction was entered into on 7 December 2016 and completed on 11 January 2017. Accordingly the Group has reclassified the carrying value of its investment in Secure Parking at 31 December 2016 as 'Assets held for sale' and the results of this business as a discontinued operation.

8. TAXATION

Ariadne has significant carried forward revenue and capital losses available to offset future taxable profits. At 31 December 2016 and before the significant capital gain associated with the Secure Parking Sale Transaction, these are estimated to be \$74,475 (30 June 2016: \$82,543) and \$159,256 (30 June 2016: \$159,256) respectively.

9. 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.

10. OTHER EVENTS AFTER THE BALANCE SHEET DATE

A partially franked interim dividend of \$2,011, which represents 1.0 cent per share has been declared in relation to the 30 June 2017 financial year; no liability is recognised in the 31 December 2016 financial statements as this dividend was declared after the balance sheet date.

On 24 January 2017, Ariadne announced the reinstatement 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 opinion of the intrinsic value of the shares, such acquisitions benefiting all shareholders.

Apart from the completion of Secure Parking Sale Transaction, dividend declared and reinstatement of the on-market buy back facility discussed above, no other matter or circumstance has arisen since 31 December 2016 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 2016 are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the financial position as at 31 December 2016 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

A handwritten signature in black ink, appearing to read 'David Baffsky', with a stylized flourish at the end.

David Baffsky, AO
Director
20 February 2017

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 2016, 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 5 to 13.

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 2016 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 2016 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 2017