

3 December 2018

ASX Market Announcements
Australian Stock Exchange Limited
via ASX Online

MARKET UPDATE

In accordance with ASX Listing Rule 3.1, Ariadne Australia Limited advises that the net profit before tax attributable to members for the half year to 31 December 2018, is currently expected to be in the range of \$0.7 million to \$1.7 million compared to \$3.4 million reported for the first half of the previous financial year. This forecast is subject to the operating performance of subsidiaries and associates over the remainder of the quarter, as well as movements in equity markets and exchange rates.

In addition, half year mark-to-market adjustments to the investment portfolio and foreign exchange movements, attributable to members before tax as reported in other comprehensive income is currently estimated to be in the range of a \$13.7 million to \$14.7 million net loss compared to a \$2.3 million net gain reported for the first half of the previous financial year. This estimate is based on share prices and exchange rates as at close of trading today. This result may change based on the fair values as determined on balance date.

The net loss in other comprehensive income is principally attributable to a substantial decline in the market value since balance date of our two largest shareholdings - ClearView Wealth Limited ("Clearview") and Ardent Leisure Group ("Ardent") - which are trading 24% and 18% below their respective 30 June 2018 close prices.

Our Clearview holding has declined in value by approximately \$8.0 million since balance date. This reflects the termination of the relationship with Sony Life (and the disappearance of a potential takeover premium in the share price), adverse publicity pertaining to the Financial Services Royal Commission and the general uncertainty surrounding the financial services sector in Australia in the wake of the Royal Commission.

We believe ClearView to be a sound company with a growing life insurance book. The disruption underway in the financial services sector, coupled with the exit from the Australian life insurance industry of a number of major players, will see ClearView well placed to increase market share and deliver good performance over the longer-term.

Our Ardent holding has also declined in value by approximately \$8.0 million since balance date. Ardent is in the early stages of its remediation programme. Over the last twelve months since Ariadne obtained board representation, debt has been slashed, head office costs have been reduced, the Group's legal structure has been simplified and new leadership installed at Ardent's two major businesses. Ardent has also stated that there has been a return to positive like-for-like growth in constant centre revenue at Main Event, Ardent's largest business.

We maintain our belief in the ability of both of Ardent's businesses to deliver much improved performance over the medium term.

Ariadne also continues its exclusive negotiations with Panuku Development Auckland to complete a Development Agreement for the property known as Site 18 adjoining Orams Marine Village and will update the market in due course as to the outcome of the negotiations.

ARIADNE

Ariadne is in a strong financial position, with good investments and with relatively substantial cash reserves (c \$40m).

As with many publicly-traded companies, from time to time our shares trade at a material discount to our assessment of intrinsic value. Your board has sought to address this by regular buy backs, reducing the share count while increasing the net asset value for remaining shareholders.

ENDS

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