

JUNE 2014**Financial**

Ariadne Australia Limited (“Ariadne”) has reported for the year ended 30 June 2014 a net profit after tax attributable to members of \$6,260,000 (2013: \$2,850,000). In addition, a contribution of \$4,415,000 (2013: \$2,552,000) was reported through the Statement of Comprehensive Income, predominantly arising as a result of gains on the investment portfolio. Mark-to-market gains from the investment portfolio are not included in reported net profit. Net profit for the year including Comprehensive Income and attributable to the members is \$10,489,000 (2013: \$5,367,000).

Earnings per share was 3.06 cents (2013: 1.39 cents). Total Comprehensive Earnings per share was 5.13 cents (2013: 2.63 cents).

At year end, net tangible assets per share were 39.59 cents (2013: 33.13 cents), an increase of 19.5% over the previous year. The Ariadne balance sheet remains strong, with a shareholders’ funds to total assets ratio of 95.0% (2013: 90.0%). Ariadne continues to maintain a high level of cash reserves which at year end was \$16,302,000, a 17.7% increase over the prior year. Off a modest capital base the trading and investment portfolios have reported good results.

Property

Ariadne’s Property division recorded a profit of \$1,787,000 (2013: loss \$845,000). The 2014 financial year results included a profit of \$754,000 (2013: \$817,000) from Ariadne’s 50% investment in Orams Marine Village (“Orams”) in Auckland, New Zealand. The Orams result was impacted by closure of the marina for part of the period under review. The recently completed reconfiguration of the marina has added significant value and improved capability to accommodate larger superyachts and enables the provision of a wider variety of services. The result was also adversely impacted by higher tenancy vacancies in the first half of the year. By year end Orams was 100% occupied and had achieved rental growth. Demand for berths in the dry boat stack remains strong with an occupancy level around 98% being achieved during the low season.

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 and growing reputation for product quality, skill base and competitiveness. The whole viaduct area is one of the major urban renewal projects in Auckland and has already seen significant commercial and residential development, with more to come.

The marinas in Batemans Bay and Port Macquarie showed improved trading results. On 1 July the Batemans Bay Marina ownership structure changed with a 50% interest being acquired by a property development group. The result for Ariadne’s investment in the Batemans Bay Marina included a share of profit of \$25,000 (2013: nil). Port Macquarie Marina showed improved operations compared to the prior year and recorded a slight loss.

Investments

The Investment division recorded a profit of \$2,643,000 (2013: \$4,169,000).

Investment income is derived from interest on cash reserves, share of profit from Ariadne’s investment

in joint ventures and dividend and trading income from the trading portfolio.

Cash and cash equivalents as at 30 June 2014 were \$16,302,000 (2013: \$13,843,000). Ariadne continues to maintain a prudent approach to cash management.

Ariadne's 53% (2013: 54%) interest in Freshxtend International Pty Ltd ("Freshxtend"), which holds a 17% investment in NatureSeal Inc, contributed positively to the Investment division's result.

During the period Ariadne added to both its trading and investment portfolios. The largest addition to the investment portfolio was the acquisition of shares in Hillgrove Resources Limited of \$2,807,000. A further investment of \$1,642,000 was made in ClearView Wealth Limited. The investment portfolio performed well, recording mark-to-market gains during the period, contributing \$6,210,000 to other comprehensive income. A deferred tax expense of \$2,436,000 on the fair value uplift of the available-for-sale assets has been also been recognised in other comprehensive income during the reporting period. Both the mark-to-market gain and deferred tax expense are not included in the reported net profit.

Ariadne continues to search for investment opportunities that will provide attractive risk adjusted returns to shareholders.

Car Parking

Ariadne's Car Parking division recorded a profit of \$4,513,000 (2013: \$4,982,000).

The result comprises Ariadne's 50% share of profits from Secure Kings Unit Trust ("Secure Parking"), in addition to the profit from the operations of two car park leases held by Ariadne.

Ariadne's share of profits from Secure Parking for the year was \$4,117,000 (2013: \$4,058,000). Ariadne's car park leases contributed a net profit of \$396,000 (2013: \$924,000).

The Car Parking division continued to experience challenging trading conditions during the year, as a consequence of a competitive market, a benign retail sector and a continuation of high vacancy rates in the business districts of the capital cities. Given the difficult market conditions, Secure Parking contributed a satisfactory result. Secure Parking achieved productivity improvements through a combination of rigorous cost control and continued investment in technology. Secure Parking has maintained a strong position in all markets through further development of the Secure-a-Spot online pre-booking system (an integral component of the sales and marketing strategy), significant growth in the Club Secure online loyalty program and an expansion of partnership programs with major groups such as NRMA, Qantas and Caltex. Secure Parking now manages six airport car parks in Australia and New Zealand and has expanded its operations in the management of car parks located at hospitals and other public sector sites. Secure Parking is achieving steady growth in the United Kingdom and New Zealand. With the broadening of its operating base in Australia, Secure Parking is well positioned to deliver improved profitability as the domestic economy returns to more normal conditions.

Dividends

The Directors declared a partially franked (40%) final Ordinary dividend of 0.5c per share, in relation to the 2014 financial year, with payment to be made on Friday 3 October 2014, of which 60% is sourced from the Conduit Foreign Income Account. In February 2014 Ariadne declared an interim dividend of 0.5c.

Capital Management

As part of ongoing capital management initiatives, Ariadne will initiate an on market buy-back facility. The terms of the buy-back facility will be announced today with the ASX and ASIC.

Outlook

Ariadne has completed a satisfactory year reporting an improved profit and significant uplift in total Comprehensive Income to members of \$10,489,000, up 95% on prior year. The ongoing development and expansion of Ariadne's investment activities is reflected in the increased contribution through the total Comprehensive Income Statement. Book value per share continues to increase at a satisfactory rate. During the period there was a further reduction in debt and an increase in cash held, underpinning the strong balance sheet.

In New Zealand the Orams business is benefiting from a strong domestic economy and active marketing of its services internationally is being positively received by the marketplace.

The orderly exit from the accommodation services business has resulted in sales realisations being achieved in line with book value and the release of funds that can be redirected to investment and merchant banking activities.

A continuation of difficult market conditions in Australia has restricted profit growth in the Car Parking division. New technology products enabled Secure Parking to maintain its strong market position and it is well placed to leverage off any market recovery.

Management has a strong working relationship with an active Ariadne Board. The Ariadne trading and investment portfolios have performed well and the experienced investment team is evaluating a range of new opportunities. Ariadne is well placed to capitalise on new investment opportunities with the primary objective being to improve returns on capital employed and maximise cash flows.



Murray R Boyte
Chief Executive Officer
Ariadne Australia Limited