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## **FY16 HALF-YEAR REVIEW**

The Directors present the Half-Year Report and Accounts of Ariadne Australia Ltd (“Ariadne”) for the period ended 31 December 2015.

The first half of the 2016 financial year has produced a more satisfactory operating result for shareholders than the prior corresponding period.

For the half-year period Ariadne reported a net profit after tax attributable to members of \$3.7 million – a material uplift on the result for the same period last year (2014: \$1.5 million).

A positive contribution of \$0.2 million was reported through the Statement of Comprehensive Income (largely arising from forex gains on the Group’s investment in foreign assets), increasing the Total Comprehensive Income attributable to members to \$3.9 million (2014: \$3.6 million).

The net tangible assets per share increased by 3.7% during the half-year from 39.11 cents per share at June to 40.56 cents per share at balance date.

Total comprehensive earnings per share was 1.93 cents compared to 1.76 cents for the previous half-year.

The improved net operating cash flow during the period of \$4.6 million (2014: \$0.3 million outflow) is due in part to the results of the Investments and Car Parking segments, as well as a reduction in overheads following the sale of the residual Staymint assets and the closure of the Brisbane office.

### **Investments**

The Investment division recorded a net profit before tax for the half-year of \$3.1 million (2014: \$0.5 million).

The trading portfolio recorded a net gain of \$0.7 million (2014: \$1.5 million loss) predominantly due to mark-to-market revaluations during the period.

The strategic portfolio recorded a net loss after deferred tax of \$0.4 million (2014: \$1.4 million net profit) during the period due to mark-to-market revaluations. The net mark-to-market movement attributable to the strategic portfolio is recorded through other comprehensive income and not included in the reported net profit.

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

## **Car Parking**

The Group's car parking division recorded a profit before tax for the half-year of \$2.7 million (2014: \$3.0 million).

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

The Group's share of profits from Secure Parking for the half year was \$2.1 million (2014: \$2.7 million). Trading activities from the Group's two leased car parks contributed a net profit of \$0.6 million (2014: \$0.3 million).

As has been the case for the last few years, Secure Parking continued to experience challenging trading conditions in key markets in Australia, characterised by soft demand and competitive rents. On a more positive note, the period under review saw good earnings growth in Secure Parking's New Zealand and UK businesses, with promising signs for the future in those markets.

Secure Parking's portfolio continued to expand, with 10% growth in the number of car parks operated (to over 480 sites), including a number of key sites in its more recently established markets in New Zealand and the UK. Among the more significant wins for Secure Parking in these markets are the Capital building in Liverpool, England (50 year lease), The St James Centre in Edinburgh, Scotland (25 year lease from 2018), Middlemore Hospital in Auckland, New Zealand (management agreement) and expansion of services at Auckland Airport.

Secure Parking continued to experience strong growth in the use of its Secure-A-Spot online booking system, with an increase in registered users of almost 300% in the last 12 months.

Due to its very strong position in all major markets in Australia, coupled with its innovative digital and marketing strategies and initiatives (as recognised by a number of industry and business awards received during the year), Secure Parking is well placed to continue expanding its portfolio and capturing revenue growth in these markets.

Last financial year a judgment of \$6.9 million was entered into against Secure Parking and an appeal against the judgment lodged. The appeal was heard by the New South Wales Court of Appeal in October 2015 and the Court's decision is awaited. The Group has previously provided for its proportionate share of the amount of the judgment and estimated related costs, an additional \$0.4 million in costs have been provided for in this first half reported result.

**Property**

The Group's property division recorded a profit before tax for the half-year of \$0.5 million (2014: \$0.1 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.

Orams contribution for the period was \$0.3 million (2014: \$0.3 million) 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 reputation for product quality, skill base and competitiveness.

On 23 October 2015 the Company announced that it had entered into a conditional agreement to dispose of its interests in the Port Macquarie and Batemans Bay marinas. The sale is now expected to be completed before March 2016 for consideration of \$3.5 million. The bank debt associated with the Port Macquarie marina will be repaid on the sale of the marinas, further reducing the Group's overall financial leverage.

**Dividends and Capital Management**

A partially franked interim dividend of 0.5 cent per share (\$1.0 million in total) has been declared in relation to the 30 June 2016 financial year.

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 1,529,212 shares at a cost of \$0.6 million.

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



**GARY WEISS**  
Executive Director