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**PRESS RELEASE**

19 December 2017

# ARUNDEL AG
# INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
# FOR THE PERIOD ENDED 30 SEPTEMBER 2017

## CHAIRMAN'S STATEMENT

The Company is pleased to report its unaudited consolidated financial results for the six month period ended 30 September 2017 ("PE Sep17"). The key highlights are as follows:

- The Company is reporting a net profit of $1.3 million for PE Sep17 (loss of $2.4 million – PE Sep16);
- As a results of the acquisition of the former RP&C International ("RP&C") group which completed in October 2016, the Company has reported investment advisory income of $2.0 million in PE Sep17 (nil - PE Sep16);
- Due to positive movements in foreign exchange rates, the Company is reporting an increase of $7.6 million in total equity at 30 September 2017.

The Arundel group's activities comprise:

(i) principal investments in selective assets in conjunction with highly regarded partners;
(ii) the financing of investment opportunities from which the Company generates fees and carried interests; and
(iii) the provision of investment advice to various groups which generate fees and investment opportunities.

### Financial Results

The Company is reporting a net profit of $1.3 million for PE Sep17 compared to a net loss of $2.4 million for PE Sep16. The PE Sep17 results include foreign exchange gains of $2.2 million compared to a loss of $0.5 million for the same period in PE Sep16.

As a result of the matters referred to above, total equity increased from $28.6 million at 31 March 2017 to $36.3 million at 30 September 2017. Total equity will further increase once the Company is able to reflect the value of its investment in Indian land under IFRS.

The Company's financial results are explained in more detail in the management report presented after this statement.

### Business development

During the period, your Company made further progress with its acquisition of the land parcel outside of Chennai, India which should provide development opportunities and capital appreciation in the years ahead.

Management intends to grow the Company both organically and through acquisitions over the medium term. Its main focus will be to increase the size and scale of the Company's activities across its core areas which involve real estate and energy. Management is currently reviewing the potential acquisition of a third party, for a combination of cash and shares, which has a complimentary business to the Company's activities. If the acquisition is completed, the combined company would significantly increase operational cash flow and management. It would also provide an attractive platform for further growth.

Overall, your Company is pleased with its progress during the current financial year and further progress is expected in the months ahead.

**Change of accounting year end**

As a result of the positive on-going discussions involving the potential acquisition referred to above, the Board has decided to revert to a 31 December financial year end. As a result, the Company's next audited results will cover the nine month period ended 31 December 2017.

## Arundel AG

Dr. Volkert Klaucke (Chairman)

Approved by the board: 19 December 2017

## MANAGEMENT REPORT ON THE FINANCIAL RESULTS

**Financial results**

The Company is reporting a net profit of $1.3 million for PE Sep17 compared to a net loss of $2.4 million for PE Sep16. The PE Sep17 results include a foreign exchange gain of $2.2 million compared to a loss of $0.5 million for the same period in 2016 and a fair value gain of $0.5 million on the valuation of the Company's investment properties at 30 September 2017 (nil – PE Sep16). If these items were excluded, the results for PE Sep17 would be a net loss of $1.4 million (PE Sep16 – net loss $1.9 million).

Total revenue for PE Sep17 was $7.1 million compared to $5.3 million for PE Sep16. This revenue comprised rental income from the Leipzig Properties of $5.1 million (PE Sep16 - $5.3 million) and investment advisory income of $2.0 million (PE Sep16 – nil) arising from the acquisition of the former RP&C group.

Administrative and marketing expenses for PE Sep17 were $3.6 million (PE Sep16 - $2.6 million) with the increase attributable to the consolidation of costs associated with the acquisition of RP&C from 4 October 2016. Finance income for PE Sep17 was $2.2 million (PE Sep16 - nil) consisting of foreign exchange gains. Finance costs for PE Sep17 were $4.7 million (H1 2017 - $5.0 million, including adverse movement in foreign exchange rates of $0.5 million).

**The balance sheet**

Total assets equalled $201.2 million at 30 September 2017 compared to $193.5 million at 31 March 2017. The Leipzig Properties were independently valued at $158.2 million (€134.8 million) at 30 September 2017 compared to $143.7 million (€134.4 million) at 31 March 2017. The increase in value primarily reflected a significant positive movement in the US Dollar/Euro exchange rate between reporting dates. There was also a positive movement in the USD Dollar/GBP exchange rates increasing the London property, plant and equipment by $1.5 million to $26.5 million at 30 September 2017 compared to $25.0 million at 31 March 2017. These movements were partially offset by corresponding negative foreign exchange movements on the recognition of Euro and Swiss Franc denominated debt of $6.3 million. The net positive movement on the foreign exchange translation reserve at 30 September 2017 was $6.2 million.

Current assets at 30 September 2017 were $12.8 million compared to $21.2 million at 31 March 2017 with the movement being largely attributable to the decrease in restricted cash of $6.5 million, which was used to reduce short term borrowings in September 2017.

Current liabilities at 30 September 2017 were stated at $19.4 million compared to $23.9 million at 31 March 2017 with the decrease primarily reflecting a partial repayment of the junior debt facility mentioned above.

Long term liabilities at 30 September 2017 were $145.6 million compared to $141.0 million at 31 March 2017 with the increase reflecting new loan facilities of $3 million and repayments of $7.0 million, offset by negative foreign exchange rate movements in the USD Dollar/Euro between the reporting dates of $8.4 million.

Management remain confident that short-term borrowings can be refinanced with existing lenders when they fall due.

In November 2017 the Group entered into a new loan agreement of up to $15 million for general working capital purposes. Any amounts drawn down against this facility will bear quarterly interest at a rate of 1.25% and will be repayable on 31 December 2028. As at 19 December 2017, $13.6 million of this facility has been drawn.

**Cash flow**

During PE Sep17 the group used $2.8 million from operating activities, compared to $3.2 for the year ended 31 March 2017. Overall the group increased its net cash and cash equivalents in PE Sep17 by $0.9 million compared to a net decrease of $1.6 million in the year ended 31 March 2017. This increase was after the repayment of $10.2 million of group borrowings.

**Treasury shares**

The Company held 247,772 of its shares in treasury at 30 September 2017 with a carrying value of $1.7 million (31 March 2017 – 247,772 shares at $1.6 million). These shares are available for issuance in exchange for cash.

As previously reported a shareholder of the Company has agreed that shares, which had been conditionally issued to it in exchange for a second parcel of development land in India, can be sold for cash with proceeds substituted on a pro rata basis for the land it was committed to deliver to the Company. The Company is continuing to pursue the placement of these shares in order to provide additional working capital for the group.

**Return of capital**

At the annual general meeting of shareholders held on 19 September 2017, shareholders approved the Board's recommendation of a capital distribution, in cash, by way of a par value capital reduction of CHF 0.50 per Share. Shareholders can elect to receive additional shares in the Company at a 5% discount to the Company's share price, the election to be made to the Company between 12December 2017 and 5 January 2018. The capital reduction will be paid on 10 January 2018. The Board expects a significant majority of shareholders will elect to reinvest the proceeds into shares of the Company.

## Arundel AG

Approved by the Board 19 December 2017

Full information concerning the Company's Board members and other matters are available from the Company's website at www.arundel-ag.com.

**Further information:**

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**Interim condensed consolidated financial statements for the period ended 30 September 2017**

***This document is available at the Company's registered office and by direct link at***
http://www.arundel-ag.com/get.php/2017/Arundel_Group_Consolidated_Interim_Accounts_Sep_17.pdf
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