

## Chairman's letter to Shareholders

Dear fellow shareholder,

I am pleased to report that for the year ended 30 June 2015, Thorney Opportunities Ltd (TOP) has recorded a net profit after tax (net of management fees) of \$9,373,547, a significant improvement when compared to the prior period loss after tax of \$2,669,210. The TOP net tangible assets (NTA) for the twelve month period ended 30 June 2015 is up 11.8% to 52.1 cents per share up from 46.6 cents last year. The TOP NTA reported for 31 July 2015 was 53.8 cents.

The Board of TOP is proud of this performance which has been achieved despite a volatile environment in global equity markets over the same period. The performance both confirms the stock-picking ability of the TOP investment team and the cautious investment approach which has been adopted since the recapitalisation of TOP at the end of 2013.

TOP is committed to returning value to shareholders whenever it is appropriate and prudent to do so. In this particular case, it is my view that the Accumulated Franking Credits within TOP belong to shareholders and I see little merit in them simply accumulating within the company hence, the desire to return them to shareholders in an orderly basis.

Therefore I am excited to declare TOP's inaugural dividend, \$0.005 per share, fully franked, with a record date of 18 September 2015. This dividend will be paid to shareholders on 14 October 2015. TOP will also be introducing a dividend reinvestment plan (DRP) for shareholders the details of which will be sent to shareholders shortly. It is the private Thorney Group's present intention to fully participate in the DRP. This will result in the private Thorney Group further increasing its shareholding in TOP.

Over the course of the past twelve months, I have regularly communicated with you regarding TOP's new investments and it is our intention to continue to provide regular updates on our investment portfolio. In addition we have recently launched a new website [www.thorneyopportunities.com.au](http://www.thorneyopportunities.com.au).

Equity markets, at times, adopt an often inconsistent and somewhat bewildering approach to the valuation methodology of certain listed investment companies (LICs). Some LICs can see their share price trade at a discount to the reported NTA, others at a premium. In my view, where a belief in the capabilities of the investment manager exists and a track record of NTA growth has been demonstrated, the share price of an LIC should trade at or above the NTA.

I continue to believe the TOP share price does not truly represent the intrinsic value of the TOP investment portfolio and consequently, have taken the opportunity to increase my shareholding during the year and by committing to take my dividend in the form of shares under the DRP, and not in cash, I will further increase my shareholding in TOP.

As I have outlined over the course of the past twelve months, the significant investments within the TOP investment portfolio have performed positively. After periods of change and stability, Service Stream Limited and AMA Group Limited are now focused on the execution of their respective business strategies, the benefits of which and value accretion are evident. Money3 Corporation Limited, despite a number of challenges in recent months, has continued to deliver financial results which have been above market expectations.

In more recent times, TOP has made a substantial investment in TPI Enterprises Limited and Diversa Limited and I have high hopes for them to deliver growth over the medium to long term. Since the end of the financial year, TOP has continued to add to its strategic position in Diversa Limited while TPI Enterprises Limited has completed its compliance listing on the Australian Securities Exchange. Notwithstanding a soft debut by TPI Enterprises we are still comfortable about the long term prospects for this company.

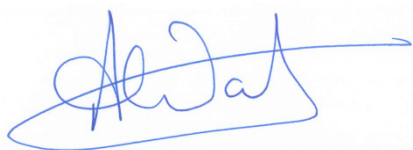
## Chairman's letter to Shareholders continued

TOP does have a number of investments where further work needs to be done. One such example is Austin Engineering Limited (ANG) which has recently completed a significant recapitalisation, in which both TOP and the private Thorney Group participated. Arguably, TOP invested a little too early in the ANG recovery however, we believe that over 2016-2017, shareholder value will be restored.

I remain very comfortable with and confident in the existing TOP portfolio positions. At the same time we still hold cash which can be deployed when further compelling investment opportunities materialise of which there are a number currently under review.

I look forward to communicating with you again over the next couple of months and seeing you at the TOP AGM in November.

On behalf of my fellow board members and investment team, I want to thank you for your continued support and interest in TOP and I look forward to a successful year ahead.



**Alex Waislitz**  
Chairman

24 August 2015