

THORNEY OPPORTUNITIES LTD

ACN 080 167 264

9 April 2015

Dear fellow shareholder

As I foreshadowed in my comments accompanying Thorney Opportunities Ltd's recent half year report, I'm writing to provide you with an update on TOP's key portfolio positions as well as sharing my views on the current investment outlook.

NEW INVESTMENT FOR TOP

TOP's major new investment has been a \$7 million investment in TPI Enterprises Limited (TPI), currently a non-listed public company. TOP and the private Thorney Group have participated in a pre-IPO capital raising round for TPI which is expected to proceed to an ASX compliance listing in the coming months. It is another example of TOP shareholders being able to invest alongside the private Thorney Group.

TPI is one of only nine companies globally to hold a licence to manufacture narcotic raw material from processing opiate raw material. TPI operates in a highly regulated industry with high barriers to entry. It contracts poppy seed growers in Tasmania and recently Victoria, the Northern Territory and Portugal. The company is also in the final stages of commissioning a new processing plant based in Coolaroo, Victoria, which will enable it to deal with increased volume from its expansion plan.

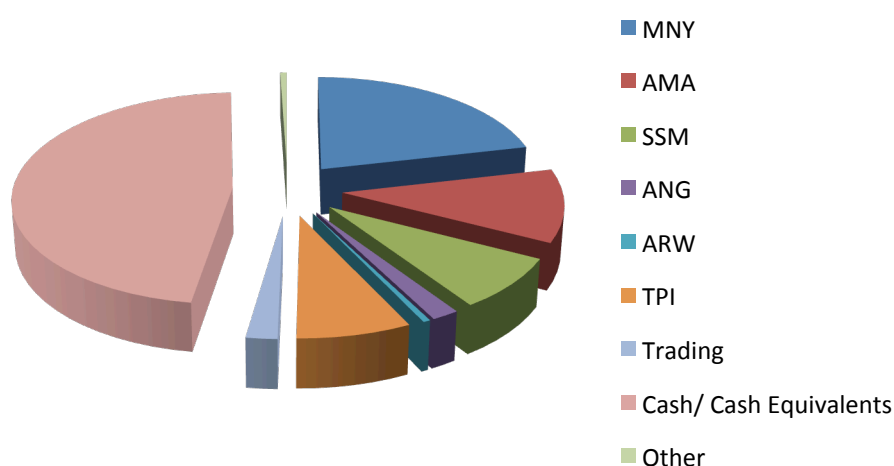
The global demand for pain medication continues to grow and TOP is optimistic regarding the outlook for TPI. I will provide you with more information about this investment in future updates.

CURRENT PORTFOLIO SUMMARY

As I've explained previously, the TOP investment philosophy has always been a patient one. It is based on obtaining a deep understanding of the value drivers in our portfolio investments. It often takes time for these value drivers to materialise and longer still for the stock market to take note and reward investors.

After completing the \$7 million TPI Enterprises investment, the total assets of TOP as at 31 March 2015 can be illustrated as follows:

TOP Total Asset Allocation as at 31 March 2015:



I am proud to report that, of the core portfolio positions selected for TOP, since 1 July 2014, there has been significant share price appreciation across all positions.

Core Position *	Share Price		% appreciation
	1 July 2014	31 March 2015	
AMA Group Limited	\$0.285	\$0.530	86.0%
Money3 Corporation Limited			
Ordinary shares	\$1.080	\$1.495	38.4%
Listed options **	\$0.00	\$0.50	
Service Stream Limited	\$0.195	\$0.215	10.3%

* Portfolio position greater than \$2.0 million.

** Quoted on the ASX on 23 July 2014.

I remain confident in the investments which represent the core positions in the TOP portfolio. This confidence is underscored by the fact that in recent times we have added to our holdings of both Service Stream and Money3. At the same time we still hold cash which can be deployed when additional compelling investment opportunities inevitably arise.

NTA AND SHARE PRICE

Over the period 30 June 2014 until 31 March 2015, TOP's Net Tangible Asset (NTA) per share has increased by approximately 9.0% and stands at 51.1 cents per share per the ASX filing lodged on 8 April 2015.

This compares to TOP's share price at the time of writing of 48.0 cents.

As you will have seen, I have added to my personal holdings in TOP to take advantage of the discount between TOP's NTA and its current share price.

Below, I have summarised some of the pertinent points from the recent half year reports issued by the companies which comprise the core positions in the TOP portfolio. I would encourage you to read the full versions of their reports lodged on the ASX.

CORE POSITIONS

SERVICE STREAM LIMITED (SSM)

The first half result from SSM has revealed the benefits of the focused approach which Managing Director Leigh Mackender, has instituted to deliver a solid operating and financial performance. Pleasingly, the company reported increases in revenue, EBITDA, operating margins, profit after tax and has reduced debt.

Significantly, SSM announced the re-commencement of dividends as well as a reconfiguration of its Board of Directors.

Chairman, Peter Dempsey, who steered the company through the more recent difficult period, has stepped down to become a non-executive director while Brett Gallagher, who has a substantial personal investment interest in SSM, has been elevated to Executive Chairman.

TOP is very supportive of these changes and is optimistic about the dynamic pairing of Brett Gallagher and Leigh Mackender and accordingly, increased the combined shareholding of TOP and its associate, the private Thorney Group, to approximately [29.6]%.

MONEY3 CORPORATION LIMITED (MNY)

TOP, along with its associate, the private Thorney Group, holds a relevant interest of 9.0% in MNY. In addition, TOP holds 5.0 million listed options (ASX: MNYO) and the private Thorney Group 2.5 million listed options.

MNY's first half results were outstanding and produced several significant achievements for the company including the reporting of record levels of both revenue and profit after tax and an increased interim dividend.

In addition, during the period to 31 December 2014, MNY completed a secured bond issue which was anchored by TOP, executed a securitised senior debt facility, made a number of earnings per share accretive acquisitions and completed an equity capital raising which provided the company with the necessary financial funding and flexibility for further growth.

The company also provided an upgraded guidance for stronger results for the full financial year 2015.

TOP is excited to have been a key partner in MNY's growth as it continues to evolve into a scalable diversified financial services company focusing on short and medium term loans.

TOP believes MNY has been unnecessarily tarnished by recent publicity about the negative practices of certain participants in this market. TOP is pleased that MNY continues to work closely with ASIC to refine and improve the regulatory framework to protect consumers in this market. Importantly, the growth engine for MNY continues to be in the secured market segment, in particular, auto loans. Any changes to regulations regarding small amount credit would not have a material impact on MNY earnings.

Not surprisingly TOP has taken advantage of the recent dip in MNY's share price after a strong run. I continue to believe MNY CEO Robert Bryant and his team remain highly motivated and incentivised to deliver above-average returns for all shareholders.

AMA GROUP LIMITED (AMA)

TOP holds approximately 6.3% of the smash repair and automotive aftercare group AMA and is pleased to have witnessed AMA experience a significant market re-rating over the past few months. The re-rating has been due largely to the very effective implementation of both operating and capital management initiatives led by Ray Malone, AMA's largest shareholder and Executive Chairman.

The combination of these initiatives, several successfully completed acquisitions and the business efficiencies identified have provided the market with great confidence in AMA's ability to continue to create further value for shareholders.

Ray Malone sees many additional consolidation opportunities within the smash repairs sector and intends for AMA to be at the forefront of them. TOP intends to go 'along for the ride'.

AUSTIN ENGINEERING GROUP LIMITED (ANG)

TOP and its associate, the private Thorney Group, holds a relevant interests of 11.1%. ANG is involved in the manufacture, supply, repair and overhaul of mining attachment products, general steelwork structures and other associated products and services for the industrial and resources-related business sectors.

The first half of FY15 saw a continued cyclical downturn in the mining services sector and whilst this has seen a pull-back in the share price of ANG, we believe that the company continues to be well-placed to benefit from any upturn in mining activity. Management, led by long time CEO, Michael Buckland, has been focused on operating margins and business efficiencies whilst ensuring there is sufficient financial flexibility and capital available for the new opportunities.

We continue to see ANG as a 2016 turnaround story and anticipate a market re-rating of the stock over time.

GLOBAL MARKET CONTEXT

Currently, there are several different influences affecting sentiment in equities markets globally. These include various geopolitical conflicts, continued quantitative easing initiatives in Europe and ongoing speculation about exactly when monetary policy in the USA will 'normalise' which may see an increase in US interest rates. It is also evident that the speed with which capital is being reallocated and moved between various markets has increased dramatically, much of this activity caused by the volatile swings we are witnessing in various global currencies.

In Australia, the business environment remains tough with the risk to unemployment appearing to be on the upside. The political landscape has, at times, appeared directionless with the Federal Liberal Government still unable to execute many of its 2014/15 budget initiatives despite being only weeks away from delivering the 2015/16 budget.

In this context, it was no surprise that there was considerable volatility in the Australian equities market during the six month period ended 31 December 2014. The ASX All Ordinaries Index closed the 2014 calendar year almost flat recording only a mediocre 0.13% rise since June 30.

Since then, to the time of writing, there has been a considerable rally in the Australian equities market, with the ASX All Ordinaries Index increasing by approximately 9.0%. By comparison, over the same period in the USA, the Dow Jones Industrial Average has been flat.

Many commentators are now saying that with average price earnings ratios around 16-17 times, the Australian market is looking expensive. At the same time, there is the “weight of money” factor as investors chase comparatively higher yields from equities rather than leave money in historically low yielding bank deposits.

This environment, in which markets may still have further upside potential but also significant downside risk, makes selecting stocks for long term value creation both more difficult and even more important than previously.

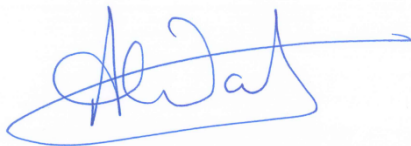
CONCLUSION

I continue to be energised and enthusiastic about the future prospects and the opportunities we are seeing emerge in the market. I am expecting mergers and acquisitions activity to increase further this year as a still subdued economy and low interest rates encourage companies to chase growth through acquisition. I also expect even more overseas interest in Australian companies as potential takeover targets given the significantly improved buying power of the overseas firms.

In addition, there will inevitably be opportunities for TOP to take positions in targeted companies and push for positive change. Our significant holdings of cash will ensure we can take advantage these situations when they arise.

I trust that this update provides you with some greater insight into the approach and investment philosophy of TOP and I look forward to communicating with you again.

Best regards,



Alex Waislitz
Chairman