

Chairman's letter

Dear fellow shareholder,

I am pleased to report that for the year ended 30 June 2016, Thorney Opportunities Ltd (TOP) has delivered a net profit after tax of \$16,640,718, an increase of 77.5% over 2015. The TOP net tangible assets (NTA) per share as at 30 June 2016 was 60.8 cents per share representing an increase of 16.7% over the twelve month period. TOP's gross operating performance for the twelve month period was an outstanding 26.2%, a result in the top echelon of performance results for the period.

Along with the Board of TOP, I am very pleased with the performance of TOP during the past twelve months. The results were achieved in an equity markets and political environment which continues to challenge the stock-picking ability and management skills of all financial market fund managers.

I am also delighted to fulfil my commitment to shareholders to provide consistent distributions. In that regard, the Board has declared a 2016 final dividend of 0.6 cents per share, fully franked, up 20% from the 2015 final dividend. This dividend has a record date of 14 September 2016 and will be paid to registered shareholders on 4 October 2016. This takes total dividends paid to shareholders for the twelve month period ended 30 June 2016 to 1.15 cents per share.

The Board will be maintaining the dividend reinvestment plan (DRP) for shareholders, details of which will be sent shortly. There will be no discount on the pricing for the DRP as the TOP share price continues to trade below the NTA. Since year end the NTA has further strengthened.

Since the recapitalisation of TOP in November 2013, I have regularly communicated with you in relation to the investment activities of TOP as well as the operating and financial performance of the investee companies. I intend to continue this approach to shareholder communications. All the Chairman's Updates can be found on TOP's website, <http://thorneyopportunities.com.au/chairmans-updates/>.

Below I have provided a quick snapshot on some of the major positions in the TOP portfolio ahead of a full investment update in early September.

Service Stream Limited (SSM)

Business continuing to grow strongly, margins continue to improve, strong cash flow, quality management team, strong Board, balance sheet in great shape even after recent 5 cents a share capital return.

AMA Group Limited (AMA)

Strong growth in revenue, significant cost savings and efficiencies achieved following the successful acquisition of the Gemini smash repairs business, balance sheet strength and quality management enables further growth.

Money3 Corporation Limited (MNY)

Rejuvenated Board, new funding in place, growing auto loan book, strong cash flow, diminishing low credit exposure.

Diversa Limited (DVA)

Profit upgrade announced, merger proposal from OneVue Group, new experienced Chairman, TOP has increased its holding to a strategic 19% level.

Chairman's letter continued

Fairfax Media Limited (FXJ)

Strong management, excellent balance sheet, relatively new chairman, core Domain business continues to impress. This is an example of the Thorney management team's ability to identify value in larger cap stocks.

Austin Engineering Limited (ANG)

Recapitalised balance sheet and lower debt levels provide runway to enable business to stabilise and grow. Combined Thorney Group and TOP holding now 25%.

Overall, I have been delighted with the performance of the TOP investment portfolio over the period. TOP will continue to closely monitor the activities of all the investment portfolio positions as well as seek out new and compelling investments. There are a number of new opportunities currently under review.

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.

A handwritten signature in blue ink, appearing to read 'Alex Waislitz', with a long horizontal flourish extending to the right.

Alex Waislitz
Chairman

28 July 2016