

Thorney Opportunities Ltd

ABN 41 080 167 264

Appendix 4D and 2016 Half-Year Financial Statements

December 2015

APPENDIX 4D (Listing Rule 4.2A3)

Financial statements for the half-year ended 31 December 2015

RESULTS FOR ANNOUNCEMENT TO THE MARKET

(All comparisons to half-year ended
31 December 2015)

	\$'000s	Up/Down	Movement
Revenue from ordinary activities	10,276	Up	75%
Profit (loss) after tax for the year	7,217	Up	86%

Dividend information	Amount per share (cents)	Franked amount per share (cents)	Tax rate for franking credit
2016 Interim dividend per share	0.55	0.55	30%
2015 Final dividend per share	0.50	0.50	30%

2016 Interim dividend dates

Ex-dividend date	15 March 2016
Record date	16 March 2016
DRP Election date	17 March 2016
Final dividend payment date	6 April 2016

A Dividend Reinvestment Plan (DRP) will operate in respect of the *2016 Interim dividend* and no discount will be applied. The last date for receipt of election notices to participate in the DRP is Thursday 17 March 2016.

	31 Dec 2015	31 Dec 2014	Movement
Net tangible asset backing per ordinary share	55.8 cents	48.8 cents	Up 14.3%

This information should be read in conjunction with the 2015 Annual Report of Thorney Opportunities Ltd and any public announcements made in the period by Thorney Opportunities Ltd in accordance with the continuous disclosure requirements of the Corporations Act 2001 and Listing Rules.

This report is based on the 2016 half-year financial statements of Thorney Opportunities Ltd, which have been reviewed by Ernst & Young. The Independent Auditor's Review Report provided by Ernst & Young is included in the 31 December 2015 half-year financial statements.

Company particulars

Thorney Opportunities Ltd is a disclosing entity under the *Corporations Act 2001* and currently considered an investment entity pursuant to ASX Listing Rules. The Company is primarily an investor in listed equities on the Australian securities market.

ASX Code:	TOP
Security:	Thorney Opportunities Ltd fully paid ordinary shares
Directors:	Alex Waislitz, Chairman Ashok Jacob Henry Lanzer AM Dr Gary Weiss
Secretary:	Craig Smith
Country of incorporation	Australia
Registered office:	Level 39, 55 Collins Street Melbourne Vic 3000
Contact details:	Level 39, 55 Collins Street Melbourne Vic 3000 T: + 613 9921 7116 F: + 613 9921 7100 E: craig.smith@thorney.com.au W: www.thorneyopportunities.com.au
Investment Manager:	Thorney Management Services Pty Ltd Level 39, 55 Collins Street Melbourne Vic 3000 AFSL: 444369
Auditor:	Ernst & Young, Melbourne 8 Exhibition Street Melbourne Vic 3000
Share Registry:	Boardroom Pty Limited Level 12, 225 George Street Sydney NSW 2000 T: + 612 9290 9600 F: + 612 9279 0664 W: www.boardroomlimited.com.au For all shareholder related enquiries please contact the share registry.

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Chairman's letter

Dear fellow shareholders,

I am pleased to report that Thorney Opportunities Ltd (TOP) has recorded a net profit after tax (net of management fees) of \$7.217 million for the six months ended 31 December 2015. This pleasing result is up 86% on the prior corresponding period of \$3.877 million.

The Directors have declared an inaugural fully franked 2016 interim dividend of 0.55 cents per share (a 10% increase on the 2015 final dividend paid). TOP shares will trade ex-dividend on 15 March 2016 with the dividend being paid on 6 April 2016.

As at 31 December 2015, TOP's net tangible asset backing per share (NTA) was 55.8 cents which is up 14% on the 31 December 2014 level of 48.8 cents. This represents an increase in the NTA of approximately 38% since *Thorney Management Services* commenced as investment manager for TOP.

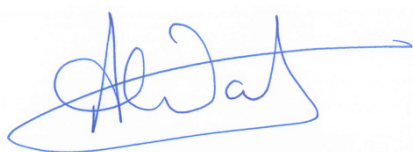
The rise in TOP's NTA has principally been driven by the strong share price performance of two of TOP's portfolio positions, *Service Stream Limited* and *AMA Group Limited*. These two companies have been recognised by the market for their strong management and execution of their business strategy and operating disciplines.

The TOP investment portfolio retains approximately 23% in cash or cash equivalents and continues to prudently and diligently assess a number of potential investments in addition to taking advantage of short term trading opportunities.

During March 2016, I plan to send you a detailed shareholder update which I hope will provide some insight on the reported results and developments in the significant investment positions held by TOP as well as my investment outlook for 2016.

I look forward to communicating with you again soon.

Yours sincerely,

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

Alex Waislitz
Chairman

16 February 2016

Director's report

The Directors present their report, together with the financial statements of Thorney Opportunities Ltd (TOP or Company) for the half-year ended 31 December 2015 and the auditor's review report thereon. The financial statements have been reviewed and approved by Directors on the recommendation of the Audit and Risk Committee.

1. Directors

The Directors of TOP in office during the half-year and at the date of this report are as follows:

Director	Position	Classification	Appointment
Alex Waislitz	Chairman	Non-independent	21 November 2013
Henry Lanzer	Director	Non-independent	21 November 2013
Ashok Jacob	Director	Independent	21 November 2013
Dr Gary Weiss	Director ¹	Independent	21 November 2013

2. Principal activities

Thorney Opportunities Ltd is a listed investment company with a flexible investment mandate which focuses primarily on public listed companies and where opportunity exists for latent value to be unlocked over the medium to long term.

3. Review of operations

Profit after tax for the half-year under review was \$7,217,197, an increase of \$3,340,424 on the previous corresponding half-year profit of \$3,876,773.

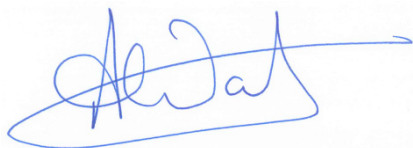
The Net Tangible Asset Backing per share at 31 December 2015 was 55.8 cents per share (2014: 48.8). These figures are after the payment of 0.5 cents per share fully franked dividend during the period (2014: nil).

A final dividend of 0.5 cents per share fully franked was paid during the half-year and an interim dividend of 0.55 cents per share fully franked has been declared by the Board and will be paid on 6 April 2016.

4. Auditor's independence declaration

The Auditor's independence declaration, as required under section 307C of the *Corporations Act 2001*, is set out on the following page.

Signed in accordance with a resolution of directors:



Alex Waislitz
Chairman

Melbourne, 16 February 2016

¹ Lead Independent Director

Auditor's Independence Declaration to the Directors of Thorney Opportunities Limited

As lead auditor for the review of Thorney Opportunities Limited for the half-year ended 31 December 2015, I declare to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (b) no contraventions of any applicable code of professional conduct in relation to the review.



Ernst & Young



Kester Brown
Partner

Melbourne
16 February 2016

Statement of comprehensive income

For the half-year ended 31 December 2015

	Note	December 2015 \$	December 2014 \$
Income			
Net changes in fair value of trading investments		8,215,363	3,945,145
Interest received		860,988	1,419,848
Dividend income		1,114,010	499,155
Other income		86,114	-
Total investment income		10,276,475	5,864,148
Expenses			
Management fees	5	(831,471)	(672,887)
Performance fees	5	(1,861,038)	(999,671)
Directors' fees		(84,863)	(82,271)
Finance costs		(96,043)	(51,129)
Fund administration and operational costs		(65,177)	(44,679)
Legal and professional fees		(87,561)	(96,114)
Other administrative expenses		(33,125)	(40,624)
Total expenses		(3,059,278)	(1,987,375)
Profit before income tax		7,217,197	3,876,773
Income tax (expense)/benefit	2	-	-
Total comprehensive profit for the half-year		7,217,197	3,876,773
Basic and diluted earnings per share	6	4.28	2.30

The Statement of comprehensive income should be read in conjunction with the notes to the half-year financial statements.

Statement of financial position

As at 31 December 2015

	Note	December 2015 \$	June 2015 \$
ASSETS			
Current assets			
Cash and short-term deposits		21,690,301	33,793,023
Financial assets	3	76,073,007	51,340,689
Receivables	3	652	85,891
Other assets	3	46,239	17,270
Total current assets		97,810,199	85,236,873
Non-current assets			
Financial assets	3	10,348,664	10,277,672
Total non-current assets		10,348,664	10,277,672
TOTAL ASSETS		108,158,863	95,514,545
LIABILITIES			
Current liabilities			
Accounts payable and provisions	3	2,848,974	6,695,489
Borrowings	3	10,889,020	852,708
Financial liabilities	3	-	240,240
Total current liabilities		13,737,994	7,788,437
TOTAL LIABILITIES		13,737,994	7,788,437
NET ASSETS		94,420,869	87,726,108
EQUITY			
Issued capital	4	81,294,874	80,975,125
Profits reserve		25,453,526	11,551,886
Accumulated losses		(12,327,531)	(4,800,903)
TOTAL EQUITY		94,420,869	87,726,108

The Statement of financial position should be read in conjunction with the notes to the half-year financial statements.

Statement of changes in equity

For the half-year ended 31 December 2015

	Issued capital \$	Profits Reserve \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2015	80,975,125	11,551,886	(4,800,903)	87,726,108
Profit for the half-year	-	-	7,217,197	7,217,197
Total comprehensive income for the half-year	-	-	7,217,197	7,217,197
Transfer to Profits Reserve	-	14,743,825	(14,743,825)	-
<u>Transactions with shareholders:</u>				
Dividends paid	-	(842,185)	-	(842,185)
Shares issued via dividend reinvestment plan (DRP)	321,568	-	-	321,568
Cost of shares issued	(1,819)	-	-	(1,819)
Total transactions with shareholders	319,749	(842,185)	-	(522,436)
Balance as at 31 December 2015	81,294,874	25,453,526	(12,327,531)	94,420,869

For the half-year ended 31 December 2014

	Issued capital \$	Profits Reserve \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2014	80,945,910	-	(2,622,564)	78,323,346
Profit for the half-year	-	-	3,876,773	3,876,773
Total comprehensive income for the half-year	-	-	3,876,773	3,876,773
Transfer to Profits Reserve	-	3,876,773	(3,876,773)	-
<u>Transactions with shareholders:</u>				
Shares issued – options exercised	9,735	-	-	9,735
Cost of shares issued	(3,008)	-	-	(3,008)
Total transactions with shareholders	6,727	-	-	6,727
Balance as at 31 December 2014	80,952,637	3,876,773	(2,622,564)	82,206,846

The Statement of changes in equity should be read in conjunction with the notes to the half-year financial statements.

Statement of cash flows

For the half-year ended 31 December 2015

	December 2015 \$	December 2014 \$
Cash from operating activities:		
Interest received	927,096	1,441,216
Dividends received	1,114,010	499,155
Proceeds from sale of trading investments	5,564,604	2,614,906
Payments for trading investments	(25,813,076)	(9,802,823)
Payments to suppliers and employees	(3,448,806)	(1,000,592)
Finance costs	(96,043)	(51,129)
Other income received	86,114	-
Net cash (used in)/provided by operating activities	(21,666,101)	(6,299,267)
Cash flows from financing activities:		
Proceeds from borrowings	10,036,312	-
Proceeds from issue of shares	-	9,735
Payment for transaction costs	(1,819)	(3,008)
Dividends paid (net of DRP)	(471,114)	-
Net cash provided by/(used in) financing activities	9,563,379	6,727
Net decrease in cash held	(12,102,722)	(6,292,540)
Cash at the beginning of the year	33,793,023	53,387,315
Cash at the end of the year	21,690,301	47,094,775

The Statement of cash flows should be read in conjunction with the notes to the half-year financial statements.

Notes to the financial statements

The half-year financial statements of Thorney Opportunities Ltd for the half-year ended 31 December 2015 were authorised for issue in accordance with a resolution of the Board of Directors on 16 February 2016.

1. Summary of accounting policies

(a) Basis of preparation

The half-year financial statements are general purpose financial statements that have been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

The half-year financial statements do not include all of the information required for full-year statements. Accordingly, these financial statements should be read in conjunction with the financial statements for the year ended 30 June 2015 and any public announcements made by Thorney Opportunities Ltd during the half-year in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

Changes in Accounting Standards

The accounting policies adopted in the preparation of the financial statements half-year ended 31 December 2015 are consistent with those of the most recent annual financial report. The impact of adopting any amendments to standards was not material.

2. Income tax

The income tax expense attributable to the year differs from the prima facie amount payable on the profit before tax. The difference is reconciled as follows:

	December 2015	December 2014
Profit before income tax expense	7,217,197	3,876,773
Prima facie tax expense on profit from ordinary activities before income tax expense at 30% (2014: 30%)	(2,165,159)	(1,163,032)
Deferred income tax expense		
- Origination and reversal of temporary differences	4,081,359	1,709,185
- Imputation credits on dividends received	(136,742)	(64,177)
Carried forward tax losses increased	(1,779,458)	(481,976)
Income tax expense recognised in the Statement of profit or loss	-	-
	December 2015	June 2015
Deferred tax		
Trading stock	7,632,356	3,622,316
Business establishment costs	(363,795)	(437,125)
Other	(48,736)	(12,610)
Deferred tax liability	7,219,825	3,172,581
Benefit of tax losses brought to account	(7,219,825)	(3,172,581)
Net deferred tax	-	-

At 31 December 2015, the Company has estimated unused gross capital tax losses of \$30,714,116 (June 2015: \$30,714,116) and gross revenue tax losses of \$33,469,020 (June 2015: \$26,018,137) that are available to offset against future taxable capital and revenue profits, subject to continuing to meet relevant statutory tests.

Notes to the financial statements continued

3. Fair value measurements

The Company classifies the fair value measurements of its financial assets and financial liabilities using the fair value hierarchy prescribed in AASB 13, to reflect the source of valuation inputs used when determining the fair value:

- Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities. The fair value of these investments is based on the last sale price for the security as quoted on the relevant exchange;
- Level 2: valuation techniques using market observable inputs, either directly or indirectly. The fair value of assets and liabilities with short-term maturities are valued at the amount at which the asset or liability could be exchanged in a current transaction between willing parties; and
- Level 3: valuation techniques using non-market observable data with the fair value for investments based on inputs determined by Directors' valuation.

The fair value measurement hierarchy of the Company's financial assets and financial liabilities is as follows:

	December 2015	June 2015
Assets measured at fair value		
Level 1: Listed equities	75,073,007	44,334,439
Level 2: Receivables ¹ , prepayments ¹ , unlisted equities	46,891	7,109,411
Level 3: Bonds ² , listed options ³	11,348,664	10,277,672
Total financial assets	86,468,562	61,721,522
Total current	76,119,898	51,443,850
Total non-current	10,348,664	10,277,672
Liabilities measured at fair value		
Level 1: Listed equities	-	240,240
Level 2: Payables ¹ , borrowings ⁴	13,737,994	7,548,197
Level 3: -	-	-
Total financial liabilities	13,737,994	7,788,437

¹ Given the short maturities, the fair value of the assets and liabilities are recognised at the face value on the invoice.

² Bonds are valued using a discounted cash flow model.

³ Listed options are valued using a Black-Scholes option pricing model (due to lack of trading activity during the period).

⁴ Borrowings are valued using bank valuation.

For assets and liabilities that are recognised at fair value on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. Reconciliation of recurring fair value measurements categorised within Level 3 is as follows:

Financial assets:	Bonds	Options	Total
Balance at 1 July 2015	10,277,672	-	10,277,672
Unrealised gain recognised in Statement of comprehensive income	70,992	-	70,992
Transfers from Level 1	-	1,000,000	1,000,000
Balance at 31 December 2015	10,348,664	1,000,000	11,348,664
Balance at 1 July 2014	9,500,000	500,000	10,000,000
Unrealised gain recognised in Statement of comprehensive income	77,672	2,000,000	2,777,672
Transfers to Level 1 (and current financial assets)	-	(2,500,000)	(2,500,000)
Balance at 30 June 2015	10,277,672	-	10,277,672

Notes to the financial statements continued

4. Issued capital

	December 2015 Number of shares	June 2015 Number of shares	December 2015 \$	June 2015 \$
(a) Ordinary shares				
Balance at 1 July	168,436,720	168,363,261	80,975,125	80,945,910
Ordinary shares issued	-	73,459	-	38,941
Shares issued under DRP	698,933	-	321,568	-
Share issue costs (net of tax)	-	-	(1,819)	(9,726)
Total issued and authorised capital	169,135,653	168,436,720	81,294,874	80,975,125

5. Related party transactions

The following table provides the total amount of transactions which have been entered into with related parties during the six months ended 31 December 2015 and 2014:

Services and reimbursements from related parties ¹	December 2015 \$	December 2014 \$
<u>Entities with significant influence over the Company:</u>		
Thorney Management Services Pty Ltd ¹	811,191	656,475
Tiga Trading Pty Ltd	26,000	26,000
<u>Related parties of key management personnel of the Company:</u>		
Arnold Bloch Leibler	-	1,376

All amounts are shown exclusive of GST

¹ An estimate of performance fees payable to the Investment Manager, Thorney Management Services Pty Ltd, of \$1,815,647 has been made in the financial accounts for the half-year ended 31 December 2015 (2014: \$975,289).

6. Earnings per share

	December 2015	December 2014
Basic and diluted earnings per share (cents)	4.28	2.30
Earnings used in calculating basic and diluted earnings per share (\$)	7,217,197	3,876,773
	2015 Number of Shares	2014 Number of shares
Weighted average number of ordinary shares used in calculating basic and diluted earnings per share	168,736,805	168,375,562

At 31 December 2014 there were 84,069,288 unexercised options. The unexercised options were excluded from the diluted earnings per share calculation as they were anti-dilutive. The options lapsed on 22 April 2015.

Notes to the financial statements continued

7. Dividends

Dividends paid and payable by the Company during the half-year:

	December 2015	December 2014
(a) Final Dividend FY 2015 A fully franked dividend of 0.5 cents per share for the year ended 30 June 2015 was paid on 14 October 2015	842,185	-
(b) Interim Dividend FY 2016 not recognised at half-year end Since the end of the half-year, the Directors have declared a 0.55 cents per share fully franked dividend which has not been recognised as a liability at the end of the half-year	930,246	-

8. Financial reporting by segments

The Company is managed as a whole and is considered to have a single operating segment. There is no further division of the Company or internal segment reporting used by the Directors when making strategic, investment or resource allocation decisions.

The Company's assets are located entirely in Australia or are listed on the Australian Securities Exchange

9. Contingent liabilities

The Company has no contingent liabilities as at 31 December 2015 (2014: nil).

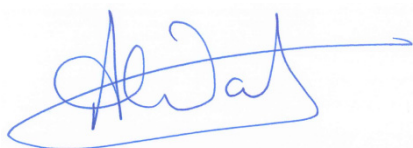
Directors' declaration

In accordance with a resolution of directors of Thorney Opportunities Ltd, I state that:

1. In the opinion of the Directors:

- (a) the financial statements and notes of Thorney Opportunities Ltd for the half-year ended 31 December 2015 are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the financial position as at 31 December 2015 and of its performance for the half-year ended on that date; and
 - (ii) complying with Accounting Standards and the *Corporations Regulations 2001*;
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Board,



Alex Waislitz
Chairman

Melbourne, 16 February 2016

To the members of Thorney Opportunities Ltd

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Thorney Opportunities Ltd, which comprises the statement of financial position as at 31 December 2015, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended, notes comprising a summary of significant accounting policies and other explanatory information, and the Directors' declaration.

Directors' Responsibility for the Half-Year Financial Report

The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the Directors determine are necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the company's financial position as at 31 December 2015 and its performance for the half-year ended; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Thorney Opportunities Ltd, ASRE 2410 requires that we comply with the ethical requirements relevant to the review of the half-year financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the Directors of the Company a written Auditor's Independence Declaration, a copy of which is included in the Directors' Report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Thorney Opportunities Limited is not in accordance with the Corporations Act 2001, including:

- i giving a true and fair view of the Company's financial position as at 31 December 2015 and of its performance for the half-year ended; and
- ii complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*



Ernst & Young



Kester Brown
Partner

Melbourne
16 February 2016