

THORNEY OPPORTUNITIES LTD

ACN 080 167 264

14 March 2017

Dear fellow TOP shareholder

Welcome to the first Chairman's Update for 2017.

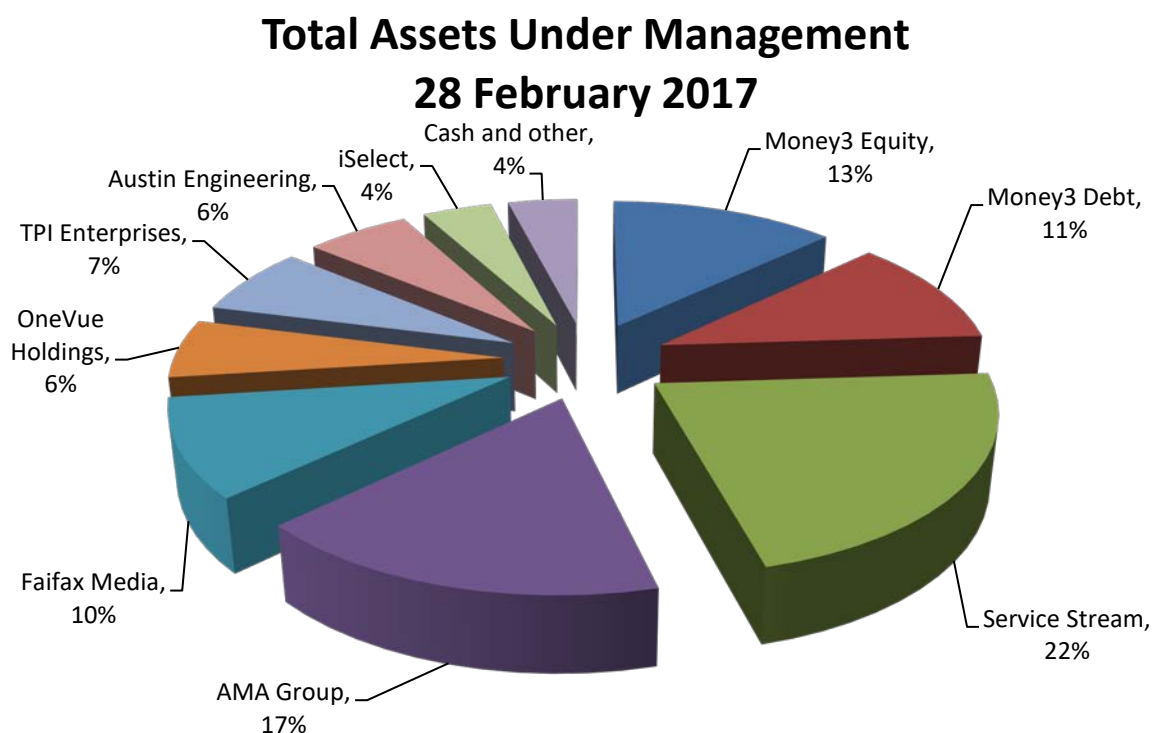
As announced last month, Thorney Opportunities Ltd (TOP) generated an increase in net profit after tax (net of management fees) of 127% over the prior corresponding period for the six months ended 31 December 2016.

By any measure this was an outstanding performance especially given it was during a time of continued financial markets volatility and uncertainty about the political scenario in the USA.

With the reporting season complete, all of TOP's portfolio companies have now lodged their financial results for the first half of financial year 2017, or, in one case, for the 2016 full financial year. Overall, I'm pleased with both the results and the strategic direction of the TOP portfolio companies.

PORTFOLIO COMPOSITION

The pie chart below illustrates the diversification which exists in the TOP portfolio.



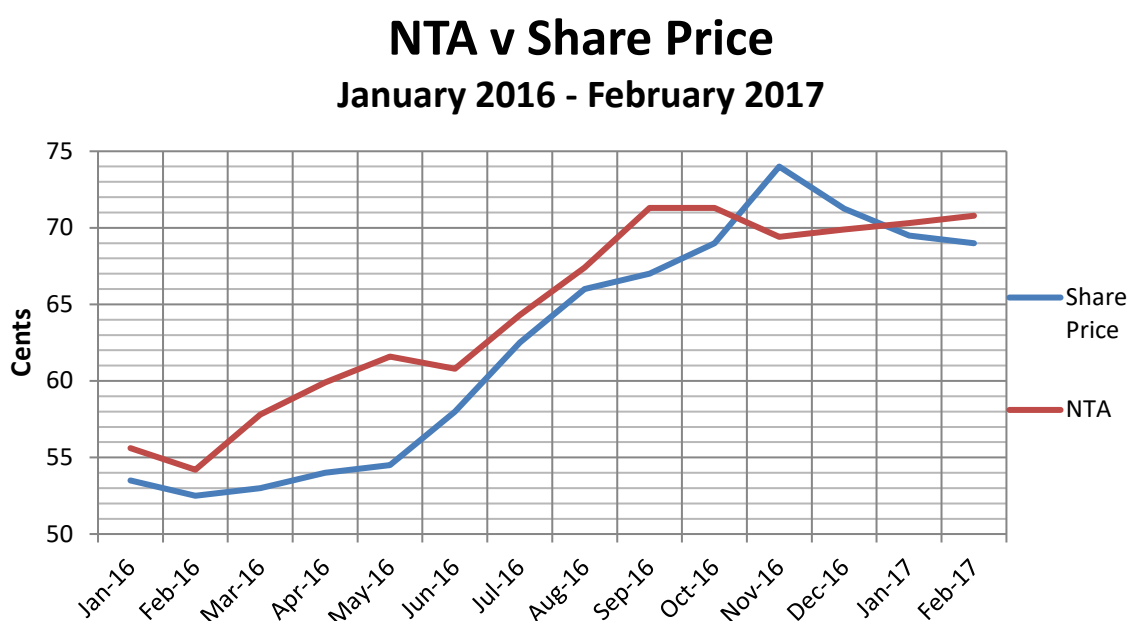
TOP's earliest investments, Service Stream Limited, Money3 Corporation Limited and AMA Group Limited, continue to represent the largest proportion of TOP's total assets base. This is in part due to their ongoing success in achieving strategic milestones, greater maturity in their earnings and continued re-rating by the market since TOP first invested in them.

I believe there is still considerable growth and value upside ahead for these companies and, for your interest, have attached some recent broker analyst reports which support that view [here](#).

Of course, as we have done in the past, TOP will continue to take opportunities to crystallise profits and adjust our portfolio positions at times we judge appropriate.

PEFORMANCE

The chart below illustrates the TOP net tangible assets per share (NTA) versus the TOP share price since January 2016.



Having long been a vocal advocate for narrowing the trading discount between a listed investment company's NTA and its share price, I'm delighted that the market has responded, and in TOP's case at least, this gap has closed.

RESULTS SNAPSHOT

Below I have summarised some of the key points as I see them from the TOP portfolio companies' recent results:

Service Stream Limited: strong result, robust balance sheet with A\$40m+ of net cash, quality management team and Board, good pipeline of further spending from key customers, increased dividend. The company announced an acquisition on March 6. Despite the market's initial negative reaction because of related party issues, we are very confident the deal is a good strategic move and will prove to be earnings accretive.

Money3 Corporation Limited: record result, FY2017 earnings upgrade, auto-lending business now biggest division and gaining market share, management and Board stability, increased funding facility available, continued dividends.

AMA Group Limited: strong earnings momentum, further growth from continued consolidation in the automotive panel repair sector, good dividend and experienced management team. The company continues to demonstrate an impressive ability to extract costs while it expands.

Austin Engineering Limited: balance sheet stability achieved, evidence now suggesting that the replacement capex cycle has commenced, Board and management depth with sector experience now added, improving market sentiment towards mining services sector, M&A activity in the sector increasing.

OneVue Holdings Limited: merger with Diversa Limited completed with integration well underway, focus on delivery of efficiencies and value accretion. The company still needs to put more effort into educating investors about its growing market position and upside potential.

Fairfax Media Limited: Management has now announced the long overdue proposal to demerge part of the Domain group into a separate entity. Further details to come, but I am encouraged that the Board and management has listened to key shareholders and I see considerable upside potential for the share price.

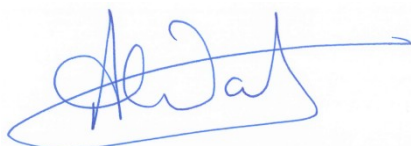
iSelect Limited: solid result, restoration of brand and earnings story continues, robust balance sheet, share buyback is ongoing and further growth in earnings and market re-rating is anticipated.

TPI Enterprises Limited: full year result demonstrated some success in achieving strategic objectives including granting of crucial import licences. Company is poised for ramp-up of processing and sales, however, still more work and results are required to achieve a market re-rating after disappointing IPO. Delays have weakened TPI's balance sheet but we continue to believe in TPI's long term potential.

In summary I continue to be optimistic about the TOP investment portfolio and the maturity of the major positions we hold, but of course the TOP management team is always pursuing further opportunities to grow value for all shareholders.

I look forward to communicating with you again before mid-year.

Best regards



Alex Waislitz
Chairman