

THORNEY OPPORTUNITIES LTD

ACN 080 167 264

ASX Announcement: **25 November 2014**

ASX Code: **TOP**

2014 ANNUAL GENERAL MEETING CHAIRMAN'S ADDRESS

In accordance with ASX Listing Rule 3.13.3., please find attached a copy of the Chairman's Address.

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Chairman's address

It has been a year of great change for the company and one which has set the platform for our future growth.

As I communicated to you on a number of occasions during the year, mixed economic signals globally and uncertainty in the Australian share market have resulted in TOP taking a very cautious investment approach.

We have strongly resisted any short term pressures to deploy our funds in the market simply so we can declare we are fully invested.

With the Australian share market suffering its worst day in 18 months last week and growing predictions of a flat performance in the coming year, I remain firmly convinced that extreme caution has been the best strategy. It has resulted in TOP having a robust balance sheet with considerable capital at our disposal.

TOP continues to hold almost 60% of our investment portfolio in cash or cash equivalents while prudently and diligently assessing a number of potential investments and taking advantage of some short term trading opportunities.

I acknowledge that some shareholders may believe we are not moving quickly enough. But TOP was never conceived to be an "overnight sensation"

Our focus remains on producing absolute returns over the medium to long term through careful selection of investments at prices that represent value and the potential to outperform over time.

This approach requires unwavering patience and discipline. It is the same approach which has seen the private Thorney Investment Group produce strong returns and growth over the past two decades.

As I mentioned in my last shareholder update the TOP team is continually analysing many potential opportunities. Successful investment is just as much about the deals you say no to as those you proceed with.

Apart from a number of opportunistic trading positions, we have made only one strategic investment in recent months. Alongside the private Thorney Investment Group we have taken a position in **Austin Engineering Limited**.

Austin Engineering is a global designer and manufacturer of customised dump truck bodies, buckets and ancillary products used in the mining industry in countries including Australia, Indonesia and in South America. Austin also provides on and off-site repair and maintenance services.

Whilst the mining services sector has come under significant pressure and Austin has not been immune, we believe Austin is well-placed to benefit from the on-going expenditure in the sector. Continuing sales to companies like BHP, RIO and several large South American

Chairman's address continued

producers underscores how Austin will still benefit from sales of necessary consumables like trays, buckets and ancillary equipment to those leading mining companies whose production is still robust despite lower commodity prices.

We also believe the combined TOP and Thorney stake of 11% in Austin may prove to be strategic, given Austin's 21% shareholder Bradken's historic interest in acquiring the company. We remain confident in Austin's management and have been buying more shares at recent lower levels. We think the better companies in the mining services sector will get significant uplift when the sector recovers. We expect Austin to be one of these and see it as a 2016 recovery story.

TOP also remains very comfortable with our other key investment positions in Service Stream Limited, Money3 Corporation Limited and AMA Group Limited, investments which have been completed in our first year.

In fact, we have taken advantage of share price weakness to increase some of our holdings.

I will now provide a brief comment on each investment.

Service Stream Limited provides design and installation services to the mobile and fixed communications and electricity, water and gas infrastructure sectors.

TOP owns approximately 8.3% of Service Stream which is a key service provider to the NBN rollout. With the recapitalisation completed earlier in the year, a new Chief Executive Officer and new bank facilities negotiated, Service Stream is well-placed to win a larger volume of NBN rollout contract work. This has been confirmed by a series of contract renewals during the last few months.

Recent comments by the Chairman of Service Stream at its AGM have reinforced TOP's optimism in its investment and the outlook for the company.

We invested in Service Stream for the long term as we believe in its business model and intellectual property. We are supportive of the new management especially as the new CEO was an internal appointment who we believe has the capabilities and skills to grow shareholder value.

Money3 Corporation Limited is another company in which TOP has invested alongside the private Thorney Group. Money3 operates in the rapidly growing non-bank consumer finance area with a particular focus on auto finance.

TOP's main exposure to Money3 is represented by its subscription for \$10m of a \$30m secured unlisted bond. The bonds pay an attractive 9% per annum over a four year term and provide entitlements to options over ordinary shares at a price of \$1.30 for the four year period. It's interesting to note the current share price of around \$1.40 putting the options already in the money with several years left to run. In addition to the options, TOP owns a 2.4% interest in the ordinary shares of Money3.

Chairman's address continued

We like Money3 because it is growing successfully in its space and it has a strong, passionate, equity-owning management team who have ambitions to become a leading player in their sector. The Money3 AGM is scheduled to be held tomorrow and we are optimistic about a positive update on its operations.

AMA Group Limited also focuses on the auto sector but it operates in the smash repair and wholesale vehicle after-care and accessories market. TOP owns approximately 6.3% of AMA .

AMA has completed a number of strategic initiatives during the past 12 months including the establishment of commercial banking facilities which positions the company to continue to pursue consolidation opportunities in the panel repair sector. At AMA's recent AGM, it provided an outline of the opportunities it sees in this sector. TOP is excited to be on this journey with AMA and its management team, led by a dynamic CEO who has a significant equity stake.

As reported to you during the year TOP has also retained its "inherited" stake in Australian Renewable Fuels. While our holding is not financially material, we continue to be supportive of the Company's efforts in its ongoing discussions with the Federal Government on proposed changes to its biodiesel excise regime.

While it has been a frustratingly slow process dealing with government, ARW management has continued to take many operational efficiency and cost reduction steps which have enabled the company to operate profitably despite the uncertain outlook.

So in summary ladies and gentlemen, I remain very confident that TOP's analytical, value driven, patient approach to investing is the correct one, and the one that will deliver the best results for all TOP shareholders over time.

My confidence has led me to personally increasing my holdings of TOP shares in recent months taking advantage of the share price discount to the net tangible assets. I now own some 30.24% of TOP so we are very much in this journey together.

I would like to thank my fellow board members for their support and guidance over the course of this first year of TOP.

I would also like to thank all shareholders for your support and I look forward to continuing this journey with you.

Alex Waislitz

Chairman

Thorney Opportunities Ltd

25 November 2014