

THORNEY OPPORTUNITIES LTD

ACN 080 167 264

23 March 2016

Dear fellow shareholder,

I am writing to update you on some of the key investment positions in TOP's portfolio.

Overall, I am very encouraged by the results of the companies in the TOP portfolio. Pleasingly, there were few surprises and in most cases, it is clear that management are focusing diligently on the execution of their respective business strategies.

As I've explained previously, the TOP investment philosophy has always been 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 broader market to take note and reward investors.

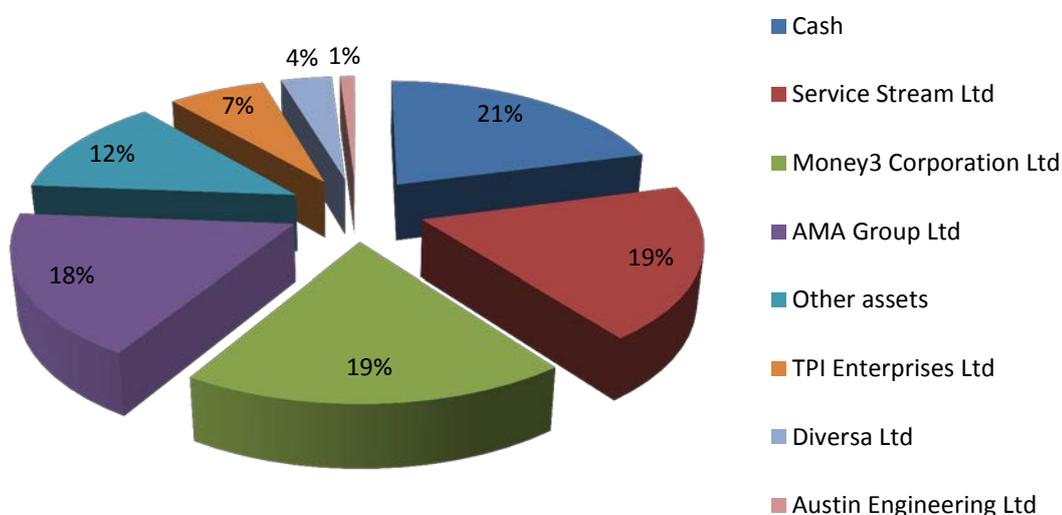
I am confident that our core positions will continue to deliver value accretion for TOP shareholders over time. I remain committed to encourage Boards and Management to pursue initiatives that drive long term value.

TOP Portfolio Summary

As at 29 February 2016, the TOP portfolio, based on total assets, can be illustrated as follows:

TOP Assets Under Management

February 2016

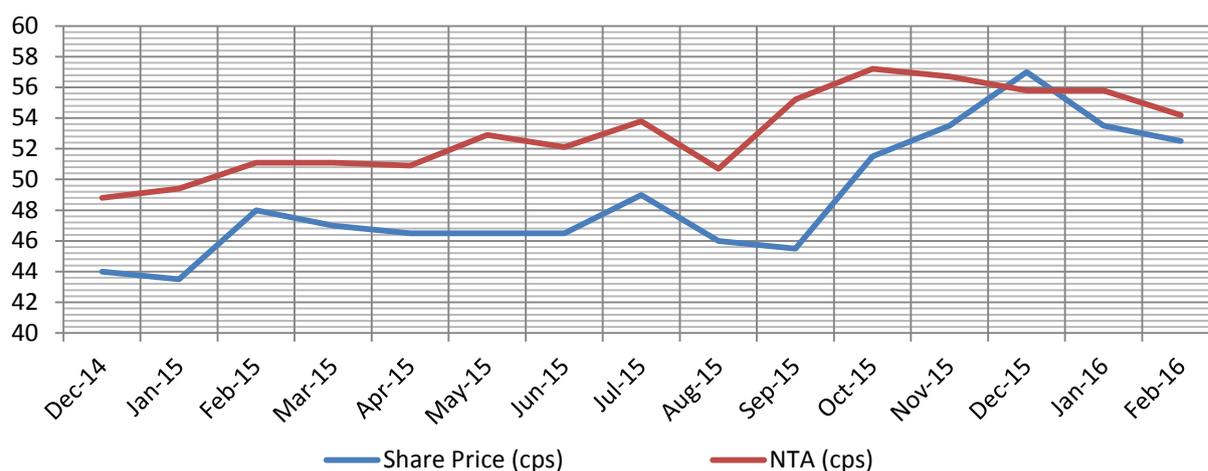


Since the beginning of 2015, the TOP net tangible assets (NTA) per share has increased by approximately 11% strongly outperforming the broader market indices. For example the ASX 200 Index has declined by 9.8% over the same period. I should note that the TOP NTA has strengthened further during March 2016.

It has also been pleasing to see that the TOP share price has increased to better reflect the underlying value in the investment portfolio, although it is still trading at a discount.

The chart below provides a comparison of the TOP NTA versus the TOP share price since 31 December 2014. At the time of writing the TOP share price is 52.5 cents, a 3.1% discount to the NTA as at 29 February 2016.

TOP NTA v Share Price



In the section below, I have summarised some of the pertinent points from the recent half year reports issued by the companies which represent these major positions in the TOP portfolio. I would encourage you to read the full versions of their reports lodged on the ASX.

Our two largest equity investment positions, SSM and AMA, are currently showing unrealised gains of more than \$23 million.

Service Stream Limited (SSM)

TOP, holds 9.1% of SSM and its associate, Thorney International Pty Ltd, holds 20.5% representing a combined relevant interest of 29.6% in the company.

During the first half of FY2016, SSM has continued to deliver positive earnings growth, the foundations of which were, in part, provided by the recapitalisation of SSM, anchored by TOP in 2014. Profit after tax increased 15% demonstrating the disciplined operating framework implemented by the management team.

SSM has enjoyed a strong period of contract renewals with key customers, which has provided positive future earnings visibility. The balance sheet is in an excellent state and the Board have declared an increase in the interim dividend. In addition, the Board announced a return of capital to shareholders in the amount of 5 cents per share, subject to shareholder approval. The meeting of shareholders to approve the capital return is anticipated to be in May. TOP maintains its positive disposition towards SSM and the credible job being done by the Board and management.

AMA Group Limited (AMA)

TOP holds approximately 5% of the smash repair and automotive aftercare group AMA.

TOP is delighted to see that the market re-rated AMA resulting in share price growth of more than 100% since December 2014. The most significant strategic achievement during the period was the announcement and subsequent completion of the acquisition of Gemini Accident Repair Centres Pty Ltd (Gemini), Australia's largest accident repair group. The re-rating has been due largely to the very effective implementation of operating business and capital management initiatives led by Ray Malone, AMA's Executive Chairman and largest shareholder.

AMA delivered revenue growth of 155% compared to the prior corresponding period as well as normalised EBITDA and profit after tax growth of 87% and 23%, respectively. AMA also announced an inaugural interim dividend, yet another example of the Board's confidence in the outlook for future performance.

The acquisition of Gemini by AMA delivers a national accident repair group footprint and considerable opportunity for further scale benefits. Gemini's Executive Chairman, Andy Hopkins has joined the Board of the combined group and is Chief Executive Officer of the AMA panels business. Andy brings a wealth of experience and will enhance the management depth as AMA looks to grow.

TOP is optimistic about the outlook for AMA as it completes the integration of Gemini and looks to benefit from the earnings contribution over the balance of the financial year. AMA has issued FY2016 EBITDA guidance of \$28-29 million reflecting the contribution anticipated from revenue and cost synergies in the second half.

Some observations about some of TOP's other relevant investments are below.

Money3 Corporation Limited (MNY)

TOP, holds 5.5% of MNY and its associate, Tiga Trading Pty Ltd, holds 5.5% representing a combined relevant interest of about 11% in the company together with a combined holding of \$15 million of bonds as well as listed options.

MNY's financial performance over the six months to 31 December 2015 has been outstanding despite a series of challenges and distractions. A 45% increase in revenue when compared to the prior corresponding period drove EBITDA and profit after tax to increase by 45% and 37%, respectively, and led to the Board having confidence to increase the interim dividend by 10%.

A notable achievement by MNY during the period was the completion, in December 2015, of an equity capital raising, delivering approximately \$20 million of deployable capital and providing the company with the necessary financial funding and flexibility for further growth. Both TOP and Tiga Trading participated in completing this equity raising for MNY.

At the end of January 2016, MNY announced a series of changes to the Board of Directors. TOP is confident that these changes will provide stability and allow MNY's management team to focus solely on the business.

These achievements provide MNY with the financial and governance platform to allow it to continue transforming itself from a short term lender to a scalable diversified financial services company focusing on short and medium term secured loans.

Austin Engineering Group Limited (ANG)

TOP, along with its associates, Thorney Holdings Pty Ltd and Thorney International Pty Ltd, has a relevant interest of over 14% in ANG.

It is fair to say that the timing of TOP's investment in ANG was too early given that the headwinds facing companies operating in the resources sector globally remain strong.

That being said, the factors affecting the performance of ANG cannot be solely attributed to the macroeconomic environment. The Board and management of ANG must take some responsibility for the material decline in value felt by all shareholders. It is clear that change is starting to occur with the announced resignation of the CEO.

TOP maintains its watching brief on both the activity in the sector and sentiment towards companies such as ANG. Whilst the outlook remains complicated, I do believe that ANG has products and services which are world class and will benefit from any positive shift in the maintenance and replacement cycle.

Diversa Group Limited (DVA)

TOP has a shareholding interest in DVA of over 12%.

DVA has continued to quietly and efficiently pursue its business objectives, delivering key metrics strongly above the prior corresponding period. The results from each of DVA's key business segments demonstrated growth, largely attributable to recent acquisitions. There was also impressive organic growth in the level of client funds under management across the business.

Since 31 December 2015, DVA has announced the appointment of Ron Dewhurst to the Board as Chairman following a distinguished and successful career across numerous leadership positions in the financial services sector globally. He replaces Stephen Bizzell whom remains as a non-executive director and a significant shareholder in DVA. I welcome this appointment to the Board of DVA and look forward to supporting Ron in his leadership role.

DVA confirmed its full year revenue and earnings guidance.

TPI Enterprises Limited (TPE)

TOP and its associate, Tiga Trading Pty Ltd, have a combined shareholding interest in TPE of about 6%.

TPE has successfully achieved a number of milestones including the building, commissioning and receiving of a licence to operate a new processing facility in Melbourne, making the first shipments from the new facility and the establishment of diversified geographic crop sources, including in the northern hemisphere.

It is important to recognise that TPE is one of only a handful of firms globally which are licensed to manufacture poppy straw concentrate. We continue to believe that TPE is well placed to serve and benefit from strongly growing world demand. Recent corporate activity in the sector including the reported sale by *Johnson & Johnson* of its Tasmanian Alkaloids subsidiary has highlighted the high level of interest in poppy processing for the legal narcotics market.

It is clear that TPE's early life as a listed company has been a steep learning curve for all associated with it. TOP will continue to closely monitor the activities of TPE and look to assist the Board and management in more effectively communicating its key messages and achievements to investors.

Potential TOP Technology LIC

As reported in the media late last year I am investigating the launch of a new Listed Investment Company (LIC) to focus on technology-based investment opportunities. While we have not made a final decision to proceed, I believe the climate for such a fund has improved with the recent pull back in technology share prices globally and the Turnbull Government's commitment to the innovation sector. Of course, existing TOP shareholders will be given every opportunity to invest in the new LIC if we proceed. I will keep you informed of our progress.

Outlook

Despite some recent stability I believe there remains significant volatility and downside risk in markets globally. As a result I remain happy to sit with TOP's core portfolio positions and with the levels of cash we are holding to take advantage of potential value opportunities when they arise. We are patient investors and our aim is to deliver superior investment performance for our shareholders over the medium to long term. I believe our NTA performance to date demonstrates the benefits of this approach.

I hope that this update has provided you with greater insight into the investments and activities of TOP. I remain enthusiastic about TOP's future prospects.

I look forward to communicating with you again shortly.

Best regards,

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

Alex Waislitz
Chairman