

THORNEY OPPORTUNITIES LTD

ACN 080 167 264

ASX Announcement: **16 February 2015**

ASX Code: **TOP**

APPENDIX 4D AND 2015 HALF-YEAR FINANCIAL STATEMENTS

Thorney Opportunities Ltd

Financial results for the half-year ended 31 December 2014:

Results for announcement to the market

Thorney Opportunities Ltd is pleased to submit its financial statements for the half-year ended 31 December 2014.

In accordance with Listing Rule 4.2A, we enclose for immediate release the following information:

1. Appendix 4D; and
2. Thorney Opportunities Financial Statements for the Half-Year ended 31 December 2014

Please direct enquiries to:

Craig Smith

Company Secretary

T: + 61 3 9921 7116

APPENDIX 4D (Listing Rule 4.2A3)

Financial statements for the half-year ended 31 December 2014

RESULTS FOR ANNOUNCEMENT TO THE MARKET

(All comparisons to half-year ended
31 December 2013)

				\$'000s
Revenue from ordinary activities	Up	481%	to	1,919
Profit (after tax) for the half-year	Up	452%	to	3,877

Dividend information	Amount per shares (cents)	Franked amount per share (cents)	Tax rate for franking credit
2015 Interim dividend per share	Nil	n/a	n/a
2014 Final dividend per share	Nil	n/a	n/a

	31 Dec 2014	31 Dec 2013
Net tangible asset backing per ordinary share	48.8 Cents	47.5 cents

This information should be read in conjunction with the 2014 Annual Financial 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 2014 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 2014 half-year financial statements.

Thorney Opportunities Ltd

ABN 41 080 167 264

2015 Half-Year Financial Statements

December 2014

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 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 7, 207 Kent 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 \$3.9 million for the six months ended 31 December 2014, a significant \$5 million increase over the prior corresponding period loss of \$1.1 million. As at 31 December 2014, the net tangible asset backing was 48.8 cents.

As reported, the NTA as at 31 January 2015 was 49.4 cents. This represents an approximate increase of 18% over the NTA of 41.9 cents (prior to the completion of the recapitalisation) since Thorney commenced as investment manager for TOP in November 2013.

During the six month period ended 31 December 2014, the strength in the NTA has principally been driven by the strong share price performance of two of TOP's portfolio positions, Money3 Corporation Limited and AMA Group Limited. These two positions, in particular, continue to outperform in their respective sectors. During the period, both companies, whilst continuing to grow underlying earnings, have completed strategic, value-adding acquisitions further demonstrating the clear and deliberate execution of their business strategies. TOP believes these companies have further growth opportunities ahead of them and I continue to be excited for these future prospects.

The Board of TOP is particularly pleased with this performance and growth in NTA, especially when considered against a backdrop of continued global market volatility and economic uncertainty which was evident throughout 2014.

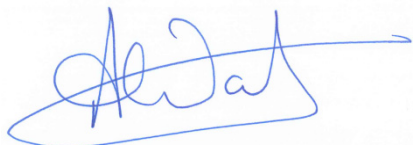
TOP continues to take a cautious investment approach and we have strongly resisted any short term pressures to deploy our funds in the market simply so we can declare we are fully invested.

The TOP investment portfolio retains approximately 50% in cash or cash equivalents whilst prudently and diligently assessing a number of potential investments in addition to taking advantage of some short term trading opportunities.

During March 2015, I will send you a detailed shareholder update which will provide some insight on the reported results for the significant investment positions held by TOP as well as my investment outlook for 2015.

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 2015

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 2014 (FY15) 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:

<u>Name:</u>	<u>Period of Directorship:</u>
Alex Waislitz (Chairman, non-independent)	Director since 21 November 2013
Ashok Jacob (Director, independent)	Director since 21 November 2013
Henry Lanzer (Director, non-independent)	Director since 21 November 2013
Dr Gary Weiss (Director, lead independent)	Director since 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 \$3,876,773, an increase of \$4,977,795 on the previous corresponding half-year loss of \$1,101,022.

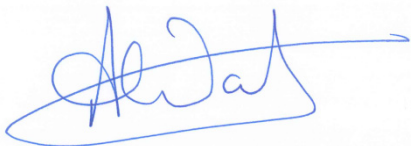
The Net Tangible Asset Backing per share at 31 December 2014 was 48.8 cents per share (2013: 47.5).

No dividend was paid or declared during the half-year (2013: \$nil)

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 2015

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

In relation to our review of the financial report of Thorney Opportunities Ltd for the half-year ended 31 December 2014, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.



Ernst & Young



Kester Brown
Partner

Melbourne
16 February 2015

Statement of comprehensive income

For the half-year ended 31 December 2014

	Note	December 2014 \$	December 2013 \$
Income			
Net changes in fair value of trading investments		3,945,145	(455,583)
Interest received		1,419,848	330,259
Dividend income		499,155	-
Total investment income/(loss)		5,864,148	(125,324)
Expenses			
Management fees	6	(672,887)	(129,694)
Performance fees	6	(999,671)	-
Directors' fees		(82,271)	(46,940)
Finance costs		(51,129)	-
Fund administration and operational costs		(44,679)	(20,467)
Legal and professional fees		(96,114)	(30,765)
Other administrative expenses		(40,624)	(28,794)
Total expenses before significant items		(1,987,375)	(256,660)
Significant items			
Restructuring costs		-	(719,038)
Profit/(loss) before income tax		3,876,773	(1,101,022)
Income tax (expense)/benefit	2	-	-
Total comprehensive profit/(loss) for the half-year		3,876,773	(1,101,022)
Basic and diluted (loss)/earnings per share	7	2.30	(2.22)

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 2014

	Note	December 2014 \$	June 2014 \$
ASSETS			
Current assets			
Cash and short-term deposits		47,094,775	53,387,315
Financial assets	4	29,989,204	17,064,268
Receivables		251,652	272,907
Other assets		63,460	25,477
Total current assets		77,399,091	70,749,967
Non-current assets			
Financial assets	4	10,130,877	10,000,000
Total non-current assets		10,130,877	10,000,000
TOTAL ASSETS		87,529,968	80,749,967
LIABILITIES			
Current liabilities			
Accounts payable and provisions		1,784,998	811,247
Borrowings	5	3,504,349	1,615,374
Financial liabilities		33,775	-
Total current liabilities		5,323,122	2,426,621
TOTAL LIABILITIES		5,323,122	2,426,621
NET ASSETS		82,206,846	78,323,346
EQUITY			
Issued capital		80,952,637	80,945,910
Profits reserve		3,876,773	-
Accumulated losses		(2,622,564)	(2,622,564)
TOTAL EQUITY		82,206,846	78,323,346

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 2014

	Issued capital \$	Reserves \$	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	-	-	-	-
Balance as at 31 December 2014	80,952,637	3,876,773	(2,622,564)	82,206,846

For the half-year ended 31 December 2013

	Issued capital \$	Reserves \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2013	79,109,240	299,790	(64,968,144)	14,440,886
AASB 9 opening balance carrying amount adjustment		(299,790)	299,790	-
Loss for the half-year	-	-	(1,101,022)	(1,101,022)
Total comprehensive income for the half-year	-	-	(1,101,022)	(1,101,022)
<u>Transactions with shareholders:</u>				
Shares issued	63,246,048	-	-	63,246,048
Cost of shares issued	(1,416,060)	-	-	(1,416,060)
S258F capital reduction	(64,715,000)	-	64,715,000	-
Total transactions with shareholders	(2,885,012)		64,715,000	61,829,988
Balance as at 31 December 2013	76,224,228	-	(1,054,376)	75,169,852

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 2014

	December 2014 \$	December 2013 \$
Cash from operating activities:		
Interest received	1,441,216	145,432
Dividends received	499,155	-
Proceeds from sale of trading investments	2,614,906	82,800
Payments for trading investments	(9,802,823)	(561,977)
Payments to suppliers and employees	(1,000,592)	(882,802)
Finance costs	(51,129)	-
Net cash (used in)/provided by operating activities	(6,299,267)	(1,216,547)
Cash flows from financing activities:		
Proceeds from issue of shares	9,735	63,246,048
Payment for transaction costs	(3,008)	(1,077,829)
Net cash provided by/(used in) financing activities	6,727	62,168,219
Net (decrease)/increase in cash held	(6,292,540)	60,951,672
Cash at the beginning of the year	53,387,315	11,115,579
Cash at the end of the year	47,094,775	72,067,251

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 2014 were authorised for issue in accordance with a resolution of the Board of Directors on 16 February 2015.

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 2014 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 2014 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 major components of income tax expense in the Statement of comprehensive income are:

	December 2014	December 2013
Income/(Loss) before income tax expense	3,876,773	(1,101,022)
Prima facie tax expense on profit from ordinary activities before income tax expense at 30% (2013: 30%)	1,163,032	(330,307)
Carried forward tax losses (utilised) / increased	(1,163,032)	330,307
Income tax expense recognised in the Statement of profit or loss	-	-

At 31 December 2014, the Company has estimated unused gross capital tax losses of \$30,714,116 and gross revenue tax losses of \$27,442,603 that are available to offset against future taxable capital and revenue profits, subject to continuing to meet relevant statutory tests.

3. 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.

Notes to the financial statements continued

4. Financial assets

	December 2014	June 2014
Financial assets at fair value through profit or loss		
Listed equities ¹	29,989,204	17,064,268
Long term financial assets ²	10,130,877	10,000,000
Total financial assets	40,120,081	27,064,268
Total current	29,989,204	17,064,268
Total non-current	10,130,877	10,000,000

¹ Measured at fair value using quoted market prices which are deemed a Level 1 input under the Fair Value hierarchy as prescribed in AASB 13.

² Measured at fair value using a discounted cash flow model, calculated with inputs deemed to be Level 3 under the Fair Value hierarchy as prescribed in AASB 13. Key inputs to the discounted cash flow model include the principal value of unlisted interest bearing securities of \$10m, a coupon rate of 9% and a discount rate of 8.83% (30 June 2014: 9.32%). A 1% increase (decrease) in the discount rate would result in a decrease (increase) in fair value by approximately \$270,000.

Reconciliation of recurring fair value measurements categorised within Level 3 of the fair value hierarchy:

Non-current financial assets:	Bonds	Options	Total
Balance at 1 July 2014	9,500,000	500,000	10,000,000
Unrealised gain recognised in Statement of comprehensive income	630,877	2,000,000	2,630,877
Reclassification to current financial assets and Level 1	-	(2,500,000)	(2,500,000)
Balance at 31 December 2014	10,130,877	-	10,130,877
Balance at 1 July 2013	-	-	-
Acquisition of financial instruments	9,500,000	500,000	10,000,000
Balance at 30 June 2014	9,500,000	500,000	10,000,000

5. Borrowings

The Company operates a *Prime Broker* account with UBS AG, Australia Branch. UBS provides services including borrowing and lending of securities, settlement of third party transactions and cash loans.

Notes to the financial statements continued

6. 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 2014 and 2013:

	Services and reimbursements from related parties ¹	
	2014 \$	2013 \$
<u>Entities with significant influence over the Company:</u>		
Thorney Holdings Pty Ltd	-	250,000
Thorney Management Services Pty Ltd ¹	656,475	126,531
Tiga Trading Pty Ltd	26,000	-
<u>Related parties of key management personnel of the Company:</u>		
Arnold Bloch Leibler	1,376	6,178

All amounts are shown exclusive of GST

¹ An estimate of performance fees payable to the Investment Manager, Thorney Management Services Pty Ltd, of \$975,289 has been made in the financial accounts for the half-year ended 31 December 2014 (2013: \$nil).

7. Earnings per share

	December 2014	December 2013
Basic and diluted earnings per share (cents)	2.30	(2.22)
Earnings used in calculating basic and diluted earnings per share (\$)	3,876,773	(1,101,022)
	2014 Number of Shares	2013 Number of shares
Weighted average number of ordinary shares used in calculating basic and diluted earnings per share	168,375,562	49,624,766

At 31 December 2014 there were 84,069,288 unexercised options. The unexercised options have been excluded from the diluted earnings per share calculation as they are anti-dilutive.

8. Dividends

No dividends were paid or declared in the year ended 31 December 2014.

9. Contingent liabilities

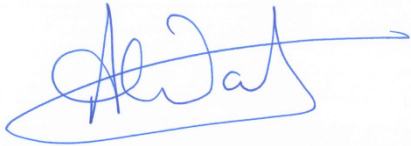
The Company has no contingent liabilities as at 31 December 2014.

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 2014 are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the financial position as at 31 December 2014 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 2015

To the Directors of the Board

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 2014, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, 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 half-year 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 a conclusion 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 2014 and its performance for the half-year ended on that date; 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 audit of the annual 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. We confirm that the Auditor's Independence Declaration would be in the same terms if given to the directors as at the time of this auditor's 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 Ltd is not in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the company's financial position as at 31 December 2014 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.



Ernst & Young



Kester Brown
Partner

Melbourne
16 February 2015