

Thorney Technologies Ltd

ABN 66 096 782 188

Corporate information

Company secretary

Craig Smith
Level 39, 55 Collins Street
Melbourne VIC 3000

Principal registered office and postal address

Level 39, 55 Collins Street
Melbourne VIC 3000

ASX code

TEK

Share registry

Computershare Investor Services Pty Limited
Yarra Falls
452 Johnston Street
Abbotsford VIC 3067

Solicitors

Arnold Bloch Leibler
Level 21, 333 Collins Street
Melbourne VIC 3000

Bankers

Australia and New Zealand Banking Group Limited
55 Collins Street
Melbourne VIC 3000

Auditors

Ernst & Young
8 Exhibition Street
Melbourne VIC 3000

Website

www.thorneytechnologies.com.au

Annual General Meeting

The proposed date is Thursday 22 November 2018 but is subject to change. The Company will advise shareholders of meeting details in Mid-October 2018.

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Chairman's letter

TEK continues to deliver growth

Dear fellow shareholder,

I'm delighted to report that for the year ended 30 June 2018, Thorney Technologies Ltd (TEK) has delivered its first full financial year net profit before tax of A\$5.6 million.

Following a comprehensive recapitalisation in January 2017, the 2018 financial year was the first full year under which TEK was managed by the Thorney investment team. I am very pleased with the level of success so far, but we are always striving to do even better.

TEK's net tangible assets (NTA) after tax per share as at 30 June 2018 was 25.0 cents per share (cps) compared to 22.7 cps a year earlier.

The table below summarises TEK's NTA performance since inception.

Period	% growth in NTA
12 months to 30 June 2018	10.1%
14 months to 31 August 2018	21.6%
Since inception	32.7% (20.0% annualised)

During October 2017, TEK successfully raised an additional A\$15 million of investment capital, some of which has already been deployed into new opportunities.

Overall, I remain very pleased with the steady growth in the value of the TEK portfolio. We have worked hard to construct a dynamic portfolio of both listed and unlisted companies which leverages off our extensive global technology relationships and which provides exposure to a range of companies across the entire investment life cycle.

The stand-out contributor to TEK's NTA growth in 2018 was our largest holding, Afterpay Touch Group Limited (APT). On 30 June 2017, the APT share price was \$2.95, whilst at the time of writing, having just comfortably raised over \$100m at \$17.05 per share, the share price is over \$18.00. That is an increase of more than 500% over the past 14 months. APT is an example of an Australian technology company which is expanding globally having entered the US market during the last financial year and having also announced a move into the UK in recent weeks.

Another of TEK's main holdings, Updater Inc (UPD) is seeking shareholder approval to de-list from the ASX and accelerate its global growth ambitions by raising capital from the private market in the US. There is the potential for significant value uplift in UPD if the plan is executed successfully.

In both the cases I've mentioned above, we have been disciplined in locking in some profit. However, I am excited about, and committed to, the journey ahead with these and the other companies in the TEK portfolio.

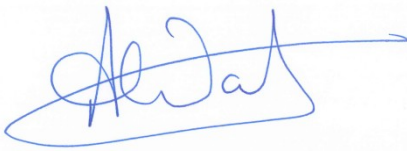
Chairman's letter (continued)

Early in September, I will send you a Chairman's Update which will provide both reporting season highlights from TEK's portfolio companies as well as some of my insights. My team and I will continue to monitor the activities of all the investment portfolio positions as well as seek out new and compelling investments.

All Chairman's Updates can be found on TEK's website, <http://thorneytechnologies.com.au/chairmans-updates/>.

On behalf of my fellow Board members and investment team, I want to thank you for your continued support and interest in TEK and I look forward to a successful year ahead.

Kind regards,

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

Alex Waislitz
Chairman

31 August 2018

Directors' report

The Directors of Thorney Technologies Ltd (TEK or Group) present their report, together with the financial statements for the year ended 30 June 2018 (FY18) and the auditor's report thereon.

1. Directors

The Directors in office during the financial year and at the date of this report were as follows:

Current Directors	Appointed	Position
Alex Waislitz	9 December 2016	Chairman
Jeremy Leibler	9 December 2016	Non-executive director
Alan Fisher	29 August 2014	Non-executive director
Martin Casey	22 June 2016	Non-executive director

Information on directors

Alex Waislitz BEd, LLB, Non-executive Chairman

Alex Waislitz was appointed Chairman Thorney Technologies Ltd on 9 December 2016.

Mr Waislitz is Chairman of Thorney Opportunities Ltd [ASX:TOP] and is the founder and Chairman of Thorney Investment Group (TIG), one of Australia's most successful private investment groups. He has extensive business and capital markets experience and has been on several public company boards.

He is Vice President of the Collingwood Football Club Limited and has been a director since 1998.

He served on the boards of Zoos Victoria Foundation Board and the Victorian State Government Zoological Parks and Gardens between 2010 and 2012. He joined the International Advisory Board of Maccabi World Union in 2012 and is a former member of the International Advisory Board for the MBA program at Ben Gurion University School of Management.

Mr Waislitz has established the Waislitz Foundation and the Waislitz Family Foundation. These registered charities focus on community projects, education, health, indigenous programs and the arts.

Mr Waislitz is a graduate of Monash University in Law and Commerce and a Graduate of the Harvard Business School OPM Program.

Directors' report (continued)

1. Directors (continued)

Information on current directors (continued)

Jeremy Leibler BComm, LLB(Hons), Non-executive Director

Jeremy Leibler was appointed a Director of Thorney Technologies Ltd on 9 December 2016.

Mr Leibler is a partner at Arnold Bloch Leibler specialising in commercial and corporate law with a particular focus on mergers and acquisitions, public and private capital raisings and shareholder activism and board disputes.

In 2015, Mr Leibler was appointed by the Governor General, the Hon Sir Peter Cosgrove, as a member of the Australian Takeovers Panel and is a member of the Corporations Committee of the Business Law Section of the Law Council of Australia and a board member of Leibler Yavneh College.

Alan Fisher BCom, FCA, MAICD, Non-executive Director

Alan Fisher was appointed a Director on 29 August 2014 and served as Chairman until 9 December 2016. He was appointed Chairman of the Audit and Risk Committee on 9 December 2016.

Mr Fisher has extensive and proven experience in restoring and enhancing shareholder value. He spent 24 years at world-leading accounting firm Coopers & Lybrand as Lead Advisory Partner where he headed and grew the Melbourne Corporate Finance Division. Following this tenure, he has spent the last 21 years acting independently as a corporate advisor and professional director specialising in M&A, strategic advice, business restructurings and capital raisings.

Mr Fisher is the current chairman of Centrepont Alliance Limited and IDT Australia Limited and is a director and chair of audit and risk committee of Bionomics Limited.

He has previously held positions as Chief Executive Officer of Pental Limited and as Managing Director of HRL Limited.

Mr Fisher holds a Bachelor of Commerce from Melbourne University, is a Fellow of the Institute of Chartered Accountants and a member of the Australian Institute of Company Directors.

Martin Casey BEc, LLB (Monash), Non-executive Director

Martin Casey was appointed a Director of the Company on 22 June 2016.

Mr Casey is a corporate adviser, with experience as an investment banker and qualified lawyer and he advises a number of clients including Thorney Investment Group.

Mr Casey is a current director of ADG Global Supply Limited and also a partner in VC technology fund Rampersand.

Mr Casey was previously a Director of Corporate Advisory at investment bank Credit Suisse and before that, a partner in an international law firm, (now Norton Rose Fulbright).

Directors' report (continued)

2. Company secretary

Craig Smith B.Bus (Acct), GIA(Cert)

Craig Smith was appointed a Secretary of the Company on 22 June 2016.

Mr Smith has been company secretary of the private Thorney Investment Group since 2009 and the ASX Listed Investment Company, Thorney Opportunities Ltd, since 2013.

He was formerly CFO / Company Secretary of Baxter Group Limited and Tolhurst Noall Limited and was a director of TEK during 2016.

3. Principal activities

Thorney Technologies is an investment company listed on the Australian Securities Exchange [ASX:TEK]. Its principal activity is investing in global, listed and unlisted, technology investments at all phases of the investment lifecycle.

4. Result

The Group's net profit after tax for the 2018 financial year was \$5,564,438 (2017: \$3,278,487).

The net tangible asset backing (NTA) at 30 June 2018 was 25.0 cents per share (cps) (2017: 22.7 cps).

5. Review of operations

Over the course of the financial year ended 30 June 2018 the Group's net tangible assets increased to \$64,247,495 (2017: \$43,946,695). The TEK NTA increased by 10% from 22.7 cps to 25.0 cps during the period.

In October 2017 the Company raised \$15,000,000 (before costs) via a Placement in which the private Thorney Investment Group (TIG) participated with \$3,000,000.

During FY18 the Group purchased trading investments and long term investments for a total cash cost of \$25,269,590 (2017: \$18,192,849).

A number of the investments have been co-investments with TIG. Under Australian corporations law, TIG, TEK and Thorney Opportunities Ltd (TOP) are deemed *associates* which means their holdings are combined when determining the percentage of voting shares owned for substantial holding purposes.

During FY18 TEK became a substantial holder of Micro-X Limited, Yojee Limited and ReadCloud Limited and ceased to be a substantial holder of Dubber Corporation Limited and HUB24 Limited.

In May 2018 TEK held an investment forum in Sydney (jointly with Thorney Opportunities Ltd) and several investee companies presented including GLX Holdings Limited, Credible Labs Inc, Zip Co Limited, ReadCloud Limited and Oventus Medical Limited.

Directors' report (continued)

6. Financial position

The Group's net tangible asset position can be summarised as follows:

	2018	2017
Net tangible assets (\$)	64,247,495	43,946,695
Shares on issue	257,368,627	193,538,840
Net tangible asset backing per share	25.0 cents	22.7 cents

As at 30 June 2018 the Group has cash and cash equivalents of \$19,915,387 (2017: \$20,521,143) which represents 30.4% of total gross assets (2017:44.7%).

7. Prospects

The Board is optimistic that technology focussed investment opportunities, which may be attractive to the Group, will continue to emerge over the coming period.

8. Material business risks

The Group's risk management and compliance framework operated effectively from the commencement of the Investment Management Agreement on 11 January 2017 ensuring that the two identified main areas of risk (investment risk and operational risk) were appropriately monitored and managed.

With an investment mandate with exposures to global listed and unlisted, technology investments across all phases of the investment lifecycle, TEK will always bear investment risk as these assets are not risk free.

9. Changes in state of affairs

TEK raised \$15,000,000 before issue costs in October 2017 via a Placement to sophisticated investors and in which TIG participated. The placement and the participation by TIG were approved by shareholders on 16 October 2017.

10. 2018 Remuneration report (audited)

This report outlines the Key Management Personnel remuneration arrangements of the Group in accordance with the requirements of the *Corporation Act 2001* and its Regulations.

10.1 Key management personnel (KMP)

For the purposes of the report key management personnel are defined as those persons and corporate entities having authority and responsibility for planning, directing and controlling activities of the Group.

For Thorney Technologies Ltd the continuing KMP are the Non-executive directors and the Investment Manager.

Administrators/Liquidators/Receivers (appointed January 2016)

Certain non-controlled subsidiaries were managed by Receivers and Liquidators during the year and their remuneration is included for disclosure purposes only. The amounts shown here are not included in the 2018 financial statements as they are paid out of funds controlled by creditors not the Group.

Directors' report (continued)

10. 2018 Remuneration Report (audited) (continued)

10.1 Key management personnel (continued)

The key management personnel of the Group during or since the end of the financial year were:

Liquidators (and former Administrators)

- PPB Advisory - now part of PwC Australia (Liquidators to non-controlled subsidiaries)

Directors

- Alex Waislitz (Chairman)
- Alan Fisher (Non-executive director)
- Jeremy Leibler (Non-executive director)
- Martin Casey (Non-executive director)

Investment Manager

- Thorney Management Services Pty Ltd (TMS)

Receivers

- Korda Mentha (Receivers to two operating subsidiaries which no longer form part of the TEK group)

10.2 Remuneration of KMP

(a) Remuneration of Liquidators of subsidiaries (and former Administrators)

PPB Advisory are the current Liquidators of Biodiesel Producers Pty Ltd and Australian Renewable Fuels Adelaide Pty Ltd, the former Liquidators of Besok Fuels Pty Ltd and previously the Administrators of the Company and a subsidiary divested by TEK in FY 2017. The remuneration of PPB Advisory was approved by creditors and paid out of a creditors trust with funds not controlled nor owned by the Company. The remuneration paid to the Liquidators during the year, including costs, is as follows:

KMP	Group Company	2018 \$	2017 \$
PPB Advisory	Australian Renewable Fuels Limited	-	116,204
PPB Advisory	Australian Renewable Fuels Picton Pty Ltd	-	1,048
PPB Advisory	Besok Fuels Pty Ltd (In Liquidation)	-	652
PPB Advisory	Total Remuneration	-	117,904

(b) Remuneration of Directors

Non-executive directors are remunerated by the Group. It is the policy of the Board to remunerate those external Directors at market rates commensurate with the responsibilities undertaken by Non-executive Directors.

Non-executive Directors' fees

The external Non-executive Directors' base remuneration is reviewed annually. The amount of base remuneration is not dependent on the satisfaction of a performance condition, or on the performance of the Group, TEK's share price, or dividends paid by TEK.

Directors' report (continued)

10. 2018 Remuneration Report (audited) (continued)

Non-executive Chairman's fees

For his role as Chairman and director of TEK, the Non-executive Chairman, Alex Waislitz, receives zero director's fees and zero retirement benefits.

Retirement benefits for Directors

TEK does not provide retirement benefits (other than superannuation) to the Non-executive Directors. The Investment Manager does not provide retirement benefits (other than superannuation) to the Non-executive Chairman.

Other benefits (including termination) and incentives

TEK does not pay other benefits and incentives to the Non-executive Directors. TEK and the Investment Manager do not pay other benefits and incentives to the Non-executive Chairman.

(c) KMP remuneration tables

Key Management Personnel received the following remuneration amounts:

2018 KMP Remuneration	Short term benefits		Post-employment benefits	Total
	Fees \$	Other \$	Superannuation \$	
<u>Current directors</u>				
Alex Waislitz	0	0	0	0
Alan Fisher	50,000	0	4,750	54,750
Jeremy Leibler ¹	54,750	0	0	54,750
Martin Casey ²	50,000	0	4,750	54,750
Total KMP remuneration	154,750	0	9,500	164,250

¹ Mr Leibler's fees are paid or payable to Arnold Bloch Leibler and exclude GST. Arnold Bloch Leibler is a legal firm of which Mr Leibler is a partner.

² Mr Casey's fees for FY 2017 and FY 2018 were paid and accrued in FY 2018. The KMP's fees for FY 2017 but paid in FY 2018 have been shown in the 2017 KMP table.

2017 KMP Remuneration	Short term benefits		Post-employment benefits	Total
	Salary and fees \$	Other \$	Superannuation \$	
Alex Waislitz	0	0	0	0
Alan Fisher	38,723	0	3,678	42,401
Jeremy Leibler	30,797	0	0	30,797
Martin Casey ²	38,723	0	3,678	42,401
<u>Former KMP</u>				
Anthony Liston	11,375	0	0	11,375
Total KMP remuneration	119,618	0	7,356	126,974

² Mr Casey's fees for FY 2017 were accrued and paid in FY 2018.

There were no short-term cash profit sharing and other bonuses, non-monetary benefits, other post-employment benefits, termination benefits or share based payments to Key Management Personnel for the current or the prior year.

Directors' report (continued)

10. 2018 Remuneration Report (audited) (continued)

(d) Employment agreement

The Non-executive Chairman has an employment agreement with Tiga Trading Pty Ltd, a related body corporate of the Investment Manager, not the Group.

- Commenced as Director on 9 December 2016
- No term of agreement has been set unless the Director is not re-elected by shareholders of TEK
- No base salary or other compensation was received from the Group
- The Director is employed under an employment agreement with Tiga Trading Pty Ltd which will continue indefinitely until terminated

(e) Remuneration of the Investment Manager

The Investment Manager is a corporate entity controlled by Mr Waislitz that has specified authority and responsibility in regard to the management of the Group's investment portfolio and is remunerated by the Group in accordance with the Investment Management Agreement (IMA) between the Group and the Investment Manager.

Remuneration of the Investment Manager has two key components, a Base Fee and a Performance Fee.

A **Base Fee** equal to 0.75% per each half year period of the gross asset value of the Group, payable half-yearly in arrears, calculated as at the last business day of the relevant half-year; and

A **Performance Fee**, the greater of zero and the amount calculated as 20% of the *Increase Amount* for the relevant period. The *Increase Amount* is the movement in the *Measurable Portfolio* value from the previous period plus or minus any applicable adjustments. The Increase Amount is reduced by the amount of Base Fee applicable to the relevant period. *Measurable Portfolio* includes measurable financial assets, including cash. If there is no *Increase Amount* for a financial period, the shortfall is not carried forward and not deducted from any increase in future financial period(s) for the purposes of calculating future Performance Fees.

In respect of the year ended 30 June 2018, the Investment Manager was entitled to fees as follows:

Half Year Period Ended:	Remuneration under IMA paid or payable to TMS	2018 \$	2017 \$
31 December	Base Fee	552,336	-
30 June	Base Fee	491,051	344,596
	Total Base Fees	1,043,387	344,596
31 December	Performance Fee	2,370,337	-
30 June	Performance Fee	-	960,172
	Total Performance Fees	2,370,337	960,172
	Total Remuneration¹	3,413,724	1,304,768

¹ Amounts shown here are GST exclusive

Directors' report (continued)

10. 2018 Remuneration Report (audited) (continued)

(f) Remuneration of Receivers

Partners of Korda Mentha were appointed by secured creditors on 20 January 2016 as Receivers of Biodiesel Producers Pty Ltd and Australian Renewable Fuels Adelaide Pty Ltd. At the date of this report these subsidiaries remain under the control of the Receivers. The remuneration paid to Korda Mentha, the Receivers, during the year, including costs, is as follows:

KMP	Group Company	2018 \$	2017 \$
Korda Mentha	Biodiesel Producers Pty Ltd	341,178	183,348
Korda Mentha	Australian Renewable Fuels Adelaide Pty Ltd	135,384	15,400
Korda Mentha	Total Remuneration	476,562	198,748

(g) History of TEK performance

The table below summarises TEK's key financial performance indicators.

As at 30 June	Earnings \$	EPS (cents per share)	Share price (cents per share)	NTA (cents per share)
2018	5,564,438	2.3	24.5	25.0
2017	3,278,487	3.7	22.0	22.7

Earnings are for discontinued and continuing operations.

Directors' report (continued)

11. Directors' relevant interests

The number of TEK ordinary shares held by KMP in the Group is as follows:

Directors and other key management personnel (KMP)	Balance at 30 June 2016	Acquired during FY17	Balance at 30 June 2017	Acquired during FY18	Balance at 30 June 2018
	Number ¹	Number	Number ²	Number	Number ²
Directors					
Alex Waislitz	112,766	43,349,272	43,462,038	13,617,021	57,079,059
Alan Fisher	1,000	-	1,000	49,000	50,000
Jeremy Leibler	-	169,500	169,500	212,766	382,266
Martin Casey	-	-	-	-	-
Other KMP					
Thorney Management Services Pty Ltd (TMS)	112,766	43,349,272	43,462,038	13,617,021	57,079,059

¹ The brought forward balance for 30 June 2016 has been adjusted for the 1:100 share consolidation that occurred on 16 December 2016

² Holdings include all direct, indirect or associated party ownership

³ Pursuant to the *Corporations Act 2001*, Alex Waislitz and TMS have a deemed relevant interest in the ordinary shares of TEK held by Thorney Holdings Pty Ltd and Tiga Trading Pty Ltd.

There have been no changes in Directors' relevant interests in shares since the end of the financial year. All Directors have duly notified the Australian Securities Exchange in accordance with the *Corporations Act 2001* of changes in their relevant interests during the year.

12. Board and committee meetings

The number of Board meetings, including meetings of Board Committees, held during the year ended 30 June 2018 and the number of those meetings attended by each Director is set out below:

Name of Director	Directors' Meetings		Audit & Risk Committee	
	Eligible	Attended	Eligible	Attended
Alex Waislitz	6	4	4	3
Alan Fisher	6	5	4	4
Jeremy Leibler	6	6	4	4
Martin Casey	6	6	4	4

13. Subsequent events

On 7 August 2018 TEK announced it was undertaking a Minimum Holding Share Buy-Back of shares for holders of share parcels that are valued less than the ASX Listing Rules minimum holding of less than A\$500. The buy-back will close on or around 21 September 2018 and shortly thereafter the shares will be cancelled at an estimated cost to TEK of less than \$29,500.

There were no other significant events at balance date.

Directors' report (continued)

14. Environmental regulations

The Group's operations are no longer subject to environmental regulation under Commonwealth and State legislation in relation to its manufacture of biodiesel following its main operating subsidiaries being placed into administration and receivership in January 2016.

15. Dividends

No dividends have been paid or declared since the start of the financial year.

16. Indemnification and insurance of officers and auditor

TEK has paid insurance premiums in respect of directors' and officers' liability for current and former directors and officers of the Group.

The insurance policies prohibit disclosure of the nature of the liabilities insured against and the amount of the premiums.

To the extent permitted by law, the Group has agreed to indemnify its auditors, Ernst & Young, as part of the terms of its audit engagement agreement against claims by third parties arising from any non-audit services (for an unspecified amount). No payment has been made to indemnify Ernst & Young during or since the financial year.

17. Non-audit services

Details of amounts paid or payable to Ernst & Young for audit services provided during the year are set out in note 14 of this report

There were no non-audit services performed by TEK's auditor, Ernst & Young, during the 2018 financial year.

18. Auditor's independence declaration

The auditor's independence declaration, as required under section 307C of the *Corporations Act 2001*, is set out on page 15.

On behalf of the Directors,



Alex Waislitz
Chairman

Melbourne, 31 August 2018

Corporate governance statement

Thorney Technologies Ltd (Group or TEK) is committed to developing and maintaining an effective system of corporate governance which is commensurate with the size and nature of TEK, its Board and the scope of its operations.

In the *2018 Corporate governance statement*, which is available on the Company's website [here](#), we detail how the Group adheres to the ASX Corporate Governance Principles and Recommendations 3rd Edition. Where there is non-adherence we disclose why TEK considers that it is necessary to take a different approach.

The updated 2018 statement was approved by the Board on 31 August 2018.

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

As lead auditor for the audit of Thorney Technologies Ltd for the financial year ended 30 June 2018, 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 audit; and
- (b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Thorney Technologies Ltd and the entities it controlled during the financial year.



Ernst & Young



Kester Brown
Partner
31 August 2018

Consolidated statement of comprehensive income for the year ended 30 June

	Note	2018 \$	2017 \$
Continuing operations			
Income			
Net changes in fair value of investments	2	8,951,691	4,966,610
Interest received	2	502,055	273,923
Dividend income	2	68,269	11,704
Other income	2	187,722	80
Total investment income	2	9,709,737	5,252,317
Expenses			
Management fees	15	(1,069,472)	(353,211)
Performance fees	15	(2,429,596)	(984,176)
Directors' fees		(221,050)	(66,026)
Finance costs		(266)	(22,061)
Fund administration and operational costs		(138,287)	(204,498)
Legal & professional fees		(229,874)	(397,729)
Other administrative costs		(56,754)	(36,127)
Total expenses		(4,145,299)	(2,063,828)
Profit before tax		5,564,438	3,188,489
Income tax expense	3	-	-
Profit for the year from continuing operations		5,564,438	3,188,489
Discontinued operations			
Profit after tax from discontinued operations		-	89,998
Profit for the year		5,564,438	3,278,487
Other comprehensive income/(loss) for the year net of income tax		-	-
Total comprehensive income/(loss) for the year		5,564,438	3,278,487
Profit for the year attributable to:			
Owners of the parent		5,564,438	3,280,689
Non-controlling interests		-	(2,202)
		5,564,438	3,278,487
Total comprehensive income attributable to:			
Owners of the parent		5,564,438	3,280,689
Non-controlling interests		-	(2,202)
		5,564,438	3,278,487
Earnings per share			
Basic and diluted, profit/(loss) for the year attributable to ordinary shareholders of the parent (cents per share)	11	2.3	3.7
Earnings per share from continuing operations:			
Basic and diluted, profit/(loss) from continuing operations attributable to ordinary shareholders of the parent (cents per share)	11	2.3	3.6

The consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

Consolidated statement of financial position as at 30 June

	Note	2018 \$	2017 \$
ASSETS			
Current assets			
Cash and cash equivalents	4	19,915,387	20,521,143
Financial assets	6	37,889,426	22,490,971
Receivables	7	2,642	86,395
Prepayments		18,088	26,844
Total current assets		57,825,543	43,125,353
Non-current assets			
Financial assets	6	7,647,877	2,820,803
Total non-current assets		7,647,877	2,820,803
TOTAL ASSETS		65,473,420	45,946,156
LIABILITIES			
Current liabilities			
Trade and other payables	8	1,225,925	1,999,461
Total current liabilities		1,225,925	1,999,461
TOTAL LIABILITIES		1,225,925	1,999,461
NET ASSETS		64,247,495	43,946,695
EQUITY			
Issued capital	9	55,994,311	41,257,949
Reserves	10	17,252,420	2,688,746
Accumulated losses		(8,999,236)	-
TOTAL EQUITY		64,247,495	43,946,695

The consolidated statement of financial position should be read in conjunction with the accompanying notes.

Consolidated statement of changes in equity for the year ended 30 June

2018	Issued capital \$	Profits reserve \$	Accumulated profits / (losses) \$	Attributable to owners of the parent \$	Non- controlling interests \$	Total \$
Balance at 1 July 2017	41,257,949	2,688,746	-	43,946,695	-	43,946,695
Profit/(loss) for the period	-	-	5,564,438	5,564,438	-	5,564,438
Total comprehensive income	-	-	5,564,438	5,564,438	-	5,564,438
Shares issued under the Offer	15,000,000	-	-	15,000,000	-	15,000,000
Costs of shares issued	(263,638)	-	-	(263,638)	-	(263,638)
Transfers to profit reserve	-	14,563,674	(14,563,674)	-	-	-
Balance at 30 June 2018	55,994,311	17,252,420	(8,999,236)	64,247,495	-	64,247,495

2017	Issued capital \$	Profits reserve \$	Accumulated profits / (losses) \$	Attributable to owners of the parent \$	Non- controlling interests \$	Total \$
Balance at 1 July 2016	19,869,826	-	(20,151,650)	(281,824)	(307,917)	(589,741)
Profit/(loss) for the period	-	-	3,280,689	3,280,689	(2,202)	3,278,487
Total comprehensive income	-	-	3,280,689	3,280,689	(2,202)	3,278,487
Shares issued under the Offer	42,610,729	-	-	42,610,729	-	42,610,729
Costs of share issue	(1,352,780)	-	-	(1,352,780)	-	(1,352,780)
Transfers to profit reserve	-	2,688,746	(2,688,746)	-	-	-
S258F lost capital reduction ⁽¹⁾	(19,869,826)	-	19,869,826	-	-	-
De-registration of a non-wholly-owned subsidiary	-	-	(310,119)	(310,119)	310,119	-
Balance at 30 June 2017	41,257,949	2,688,746	-	43,946,695	-	43,946,695

The consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

⁽¹⁾ TEK reduced its accumulated losses and issued capital by an equal amount via a S258F *Corporations Act 2001* reduction.

Consolidated statement of cash flows for the year ended 30 June

	Note	2018 \$	2017 \$
Cash flows from operating activities			
Interest received		502,055	273,923
Dividends received		68,269	11,704
Proceeds from sale of trading investments		14,721,927	4,055,339
Payments for trading investments		(20,613,632)	(15,372,046)
Payments to suppliers and employees		(5,381,119)	(120,642)
Finance costs paid		(266)	(22,061)
Other		(273)	80
Net cash (used in) operating activities	4(a)	(10,703,039)	(11,173,703)
Cash flows from investing activities			
Payments for long-term investments		(4,655,958)	(2,820,803)
Proceeds from sale of discontinued operations		-	39,998
Net cash (used in) investing activities		(4,655,958)	(2,780,805)
Cash flows from financing activities			
Repayments of borrowings		-	(971,115)
Proceeds from issue of equity		15,000,000	36,799,287
Payment for equity raising transaction costs		(263,638)	(1,352,780)
Net cash provided by financing activities		14,736,362	34,475,392
Net (decrease)/increase in cash and cash equivalents		(622,635)	20,520,884
Cash and cash equivalents at the beginning of the period		20,521,143	259
Effect of movement in exchange rates on cash balances		16,879	-
Cash and cash equivalents at the end of the period	4	19,915,387	20,521,143

The consolidated statement of cash flows should be read in conjunction with the accompanying notes and includes cash flows relating to discontinued operations.

Notes to the Financial Statements

1. Significant accounting policies

Corporate information

The consolidated financial statements of Thorney Technologies Ltd and its subsidiaries (collectively, the Group) for the year ended 30 June 2018 were for issue in accordance with a resolution of the directors on 31 August 2018. Thorney Technologies Ltd (TEK, the Group or the parent) is a Group limited by shares, incorporated and domiciled in Australia. The nature of the operations and principal activities of the Group are described in the director's report.

The Group's investment activities are managed by Thorney Management Services Pty Ltd (TMS or Investment Manager) pursuant to an Investment Management Agreement approved by shareholders.

1.1 Summary of accounting policies

(a) Basis of preparation

The financial statements are general purpose financial statements that have been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards and other authoritative pronouncements of the Accounting Standards Board. The financial statements are presented in Australian Dollars and the Group is a for-profit entity for the purpose of preparing financial statements.

The annual report has also been prepared on a historical cost basis, except for financial assets and financial liabilities held at fair value through profit or loss, that have been measured at fair value.

Statement of compliance

The financial statements have been prepared in accordance with the Australian Accounting Standards as issued by the Australian Accounting Standards Board and International Financial Reporting Standards as issued by the International Accounting Standards Board.

Changes in Accounting Standards

The Group has adopted a number of new and amended Australian Accounting Standards and AASB interpretations for the reporting period, including the following list:

Amendments to Australian Accounting Standards – Recognition of Deferred Tax Assets for Unrealised Losses [AASB 112]

This Standard amends AASB 112 *Income Taxes* (July 2004) and AASB 112 *Income Taxes* (August 2016) to clarify the requirements on recognition of deferred tax assets for unrealised losses on debt instruments measured at fair value.

Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107

This Standard amends AASB 107 *Statement of Cash Flows* (August 2016) to require entities preparing financial statements in accordance with Tier 1 reporting requirements to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

The adoption of these new and amended standards did not have an impact in the reporting of the Group.

Notes to the Financial Statements (continued)

1. Significant accounting policies (continued)

1.1 Summary of accounting policies (continued)

(a) Basis of preparation (continued)

Standards issued that might have an impact but not yet effective

The Group has not applied any Australian Accounting Standards or AASB Interpretations that have been issued as at balance date but are not yet effective for the year ended 30 June 2018 except for AASB 9 (2009) which was adopted in December 2009.

The Group only intends to adopt new standards when they become effective, at the date at which their adoption becomes mandatory. The impact of the standards issued but not yet effective has been assessed and the impact has been identified as not being material. The only standard issued but not yet effective at year end that the Group has determined may have an impact when effective is as follows:

Financial Instruments – Amendments to AASB 9 *Financial Instruments*

AASB 9 (2015) is a new standard which replaces AASB 139 *Financial Instruments: Recognition and Measurement* and supersedes AASB 9 issued in December 2009 (version early adopted by the Group) and AASB 9 (issued in December 2010). AASB 9 (2015) brings together all three aspects of the accounting for financial instruments project: classification and measurement, impairment and hedge accounting. AASB 9 (2015) is effective to the Group from 1 July 2018. The Group did not early adopt this version, although assessed that the impact as not being material. Key changes to AASB 9 (2015) since early adoption in 2009 is discussed below.

Classification and measurement

AASB 9 (2015) includes requirements for a simpler approach for classification and measurement of financial assets compared with the requirements of AASB 139. There are also some changes made in relation to financial liabilities. The main changes are:

Financial assets

Allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument.

Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases.

Financial liabilities

Changes introduced by AASB 9 in respect of financial liabilities are limited to the measurement of liabilities designated at fair value through profit or loss (FVPL) using the fair value option.

Impairment

Impairment was not included in the 2009 version of AASB 9. Lifetime expected credit losses will be determined under the simplified approach. These will not be materially different to the amount determined under AASB 139 impairment requirements.

Notes to the Financial Statements (continued)

1. Significant accounting policies (continued)

1.1 Summary of accounting policies (continued)

(a) Basis of preparation (continued)

Hedge accounting

Hedge accounting was not included in the 2009 version of AASB 9. The Group does not have any existing designated hedging relationships for accounting purposes and therefore does not expect the impact to be material to the Group.

(b) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Group and entities (including structured entities) controlled by the Group and its subsidiaries. Control is achieved when the Group:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Group and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Group and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

1.2 Accounting judgements and estimates

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the amounts recognised in the financial statements. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

The significant accounting policies have been consistently applied in the current financial year and the comparative period, unless otherwise stated. Where necessary, comparative information has been re-presented to be consistent with current period disclosures.

Fair value of financial instruments

When the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

Notes to the Financial Statements (continued)

1. Significant accounting policies (continued)

(b) Basis of consolidation (continued)

Discontinued operations

The Company was placed into administration on 20 January 2016 and its operating subsidiaries were placed into administration on 21 January 2016. The effect of the appointment of Administrators was that from this date these subsidiaries were no longer under the control of the parent entity and that all exposures, rights and involvements had been transferred to the Administrators. The Directors no longer had the ability to exercise powers to affect investor returns over these companies and hence ceased to consolidate the subsidiaries from this date. The Directors are anticipating zero consideration as any net proceeds from the wind up of these Companies will belong to the note holders and employees.

1.3 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below.

a) Financial instruments

(i) Classification

The Group classifies its financial assets and financial liabilities into the categories below in accordance with AASB 9.

Financial assets and liabilities at fair value through profit or loss

The Group has two discrete portfolios of securities, the long-term portfolio and the trading portfolio.

The long-term portfolio relates to holdings of securities which the Directors intend to retain on a long term basis. The long-term portfolio is recognised as a non-current asset in the statement of financial position.

The trading portfolio comprises securities acquired principally for the purpose of generating a profit from short-term fluctuation in price. The trading portfolio is recognised as a current asset in the statement of financial position. All derivatives are classified as held for trading.

Other financial liabilities

This category includes all financial liabilities, other than those classified as at fair value through profit or loss. Other financial liabilities are measured at their nominal amounts. Amounts are generally settled within 30 days of being recognised as other financial liabilities. Given the short-term nature of other financial liabilities, the nominal amount approximates fair value.

(ii) Recognition

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the marketplace are recognised on the trade date, i.e. the date that the Group commits to purchase or sell the asset.

Notes to the Financial Statements (continued)

1. Significant accounting policies (continued)

1.3 Summary of significant accounting policies (continued)

a) Financial instruments (continued)

(iii) De-recognition

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised where:

- i. The rights to receive cash flows from the asset have expired or
- ii. The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement and
- ii. Either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

The Group derecognises a financial liability when the obligation under the liability is discharged, cancelled or expires.

(iv) Initial measurement

Both the long-term and trading portfolios are classified at initial recognition as financial assets at fair value through profit or loss. All transaction costs for such instruments are recognised directly in profit or loss.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value presented in the statement of profit or loss.

Dividend income earned on investments held at fair value through profit or loss is recognised in the statement of comprehensive income.

Loans and receivables and financial liabilities (other than those classified as at fair value through profit or loss) are measured initially at their fair value plus any directly attributable incremental costs of acquisition or issue.

For financial assets and liabilities where the fair value at initial recognition does not equal the transaction price, the Group recognises the difference in the statement of comprehensive income, unless specified otherwise.

(v) Subsequent measurement

After initial measurement, the Group remeasures financial instruments which are classified as at fair value through profit or loss at fair value (see Note 5). Subsequent changes in the fair value of those financial instruments are recorded in 'Change in fair value of financial assets and liabilities at fair value through profit or loss'. Interest earned is recorded in 'Interest revenue' according to the terms of the contract. Dividend revenue is recorded in 'Dividend revenue'.

Notes to the Financial Statements (continued)

1. Significant accounting policies (continued)

1.3 Summary of significant accounting policies (continued)

b) Fair value measurement

The Group measures financial assets and liabilities at fair value through profit or loss, such as equity securities and debt instruments, at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1	Quoted (unadjusted) market prices in active markets for identical assets or liabilities
Level 2	Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
Level 3	Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

c) Functional and presentation currency

The Group's functional and presentation currency is the Australian Dollar, which is the currency of the primary economic environment in which it operates. The Group's performance is evaluated and its liquidity is managed in Australian Dollars. Therefore, the Australian Dollar is considered as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions.

d) Interest revenue and expense

Interest earned on financial assets classified as 'at fair value through the profit or loss' is recorded in 'Interest revenue' according to the terms of the contract.

Notes to the Financial Statements (continued)

1. Significant accounting policies (continued)

1.3 Summary of significant accounting policies (continued)

e) Dividend revenue

Dividend revenue is recognised when the Group's right to receive the payment is established. Dividend revenue is presented gross of any non-recoverable withholding taxes, which are disclosed separately as tax expense in the Statement of profit and loss.

f) Fees, commissions and other expenses

Except where included in the effective interest calculation (for financial instruments carried at amortised cost), fees and commissions are recognised on an accrual basis. Legal and audit fees are included within 'Legal and professional fees', and are recorded on an accrual basis.

g) Cash, and cash equivalents

Cash and cash equivalents in the Statement of financial position comprise cash on hand, demand deposits, short term deposits in banks with original maturities of three months or less and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purpose of the Statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

h) Taxes

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date where the Group operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- i. When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- ii. In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Notes to the Financial Statements (continued)

1. Significant accounting policies (continued)

1.3 Summary of significant accounting policies (continued)

i) Due to and due from brokers

Amounts due to brokers (refer to Note 8) are payables for securities purchased (in a regular way transaction) that have been contracted for but not yet delivered on the reporting date. Refer to the accounting policy for 'other financial liabilities' for recognition and measurement of these amounts.

Amounts due from brokers include margin accounts and receivables for securities sold (in a regular way transaction) that have been contracted for but not yet delivered on the reporting date. Refer to accounting policy for 'loans and receivables' for recognition and measurement of these amounts.

j) Profits reserve

The profits reserve is made up of amounts transferred from current and retained earnings that are preserved for future dividend payments.

k) Goods and services tax (GST)

Revenue, expenses and assets are recognised net of the amount of GST except:

- i. When the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- ii. Receivables and payables are stated with the amount of GST included.

Reduced input tax credits (RITC) recoverable by the Group from the ATO are recognised as a receivable in the Statement of financial position.

Cash flows are included in the Statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority is classified as part of operating cash flows.

l) Performance Fee

The Performance Fee is calculated in accordance with the Investment Management Agreement and accrued at each half year end. If the Increase Amount in any six month period is positive then a Performance Fee of 20% of the adjusted Increase Amount is accrued and paid to the Investment Manager within 60 days on production of a tax invoice. If there is no increase amount the shortfall is not carried forward or deducted in future periods when calculating future performance fees.

Notes to the Financial Statements (continued)

2. Total investment income

The major components of investment income in the Statement of comprehensive income are:

	2018 \$	2017 \$
Realised gains	5,030,665	825,505
Unrealised gains	3,921,026	4,158,629
Unrealised FX gains/(losses)	187,722	(17,524)
Interest income	502,055	273,923
Dividend income	68,269	11,704
Other income	-	80
Total investment income	9,709,737	5,252,317

3. Income tax

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

	2018 \$	2017 \$
Profit before income tax expense	5,564,438	3,278,487
Prima facie tax expense on profit from ordinary activities before income tax expense at 27.5% (2017: 27.5%)	(1,530,220)	(901,584)
Deferred income tax (expense)		
- Imputation credits converted to losses	8,656	(742)
- Imputation credits on dividends received	(2,380)	-
Other (non-deductible)/non-assessable expenses	72,712	-
Assessable income	(664,489)	-
Debt forgiveness – Convertible note	(3,826,971)	-
Initial recognition of deferred tax asset on tax losses	5,942,692	902,326
Income tax expense recognised in the Statement of comprehensive income	-	-
Deferred tax		
Trading stock	(3,922,446)	(1,252,136)
Long term financial assets	202,118	4,101
Business establishment costs	500,018	564,777
Other	17,473	23,375
Losses available for offsetting against future taxable income	22,561,339	23,818,217
Net deferred tax asset not recognised	19,358,502	23,158,334

At 30 June 2018 the Group has estimated unused gross revenue tax losses of \$82,041,233 (2017: \$94,001,932) 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)

4. Cash and short-term deposits

	2018 \$	2017 \$
Cash at bank	19,915,387	20,521,143
Total cash and short-term deposits	19,915,387	20,521,143

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between 1 day and 90 days, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates. The carrying value of cash and short-term deposits approximates Fair Value.

a) Reconciliation of net profit/(loss) after tax to net cash provided by operating activities:

	2018 \$	2017 \$
Profit for the year	5,564,438	3,278,487
Adjustments for non-cash items:		
Loss of control of discontinued operations	-	(50,000)
Unrealised component of change in fair value of investments	(3,921,026)	(4,141,105)
FX revaluation	(187,995)	-
Changes in Assets & Liabilities:		
Decrease/(increase) in receivables	83,753	(126,393)
(Decrease)/increase in creditors & accrued expenses	(773,536)	2,430,576
(Increase) in financial assets	(11,477,429)	(12,538,424)
Decrease/(increase) in other assets	8,756	(26,844)
Net cash (used in) operating activities	(10,703,039)	(11,173,703)

5. Fair value measurements

To reflect the source of valuation inputs used when determining the fair value of its financial assets and financial liabilities, the Group uses the fair value hierarchy prescribed in AASB 13:

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.
Level 3:	valuation techniques using non-market observable data with the fair value for investments based on inputs determined by Directors' valuation

Notes to the Financial Statements (continued)

5. Fair value measurements (continued)

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

	2018 \$	2017 \$
Assets measured at fair value		
Level 1: Listed equities	36,529,879	22,328,358
Level 2: Unlisted equities ¹	111,420	-
Level 3: Loan notes ² , unlisted equities ²	8,896,004	2,983,416
Total financial assets	45,537,303	25,311,774
Total current	37,889,426	22,490,971
Total non-current	7,647,877	2,820,803
Liabilities measured at fair value		
Level 1: -	-	-
Level 2: -	-	-
Level 3: -	-	-
Total financial liabilities	-	-

¹ Unlisted equities (level 2) relates to crypto-currencies held which are valued at the latest trading price in the crypto-currency trading platform.

² Loan notes and unlisted equities (level 3) are valued at recent transaction price, adjusted for changes in value, which equates to fair value. The value of loan notes and unlisted equities (level 3) may increase or decrease depending on the success of start-up operations, and revenue growth.

For assets and liabilities that are recognised at fair value on a recurring basis, the Group 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:	Loan Notes	Unlisted equities	Total
Balance at 1 July 2017	1,350,067	1,633,349	2,983,416
Unrealised loss recognised in Statement of comprehensive income	(487,527)	(230,743)	(718,270)
Conversion of loan notes to unlisted equities	(504,099)	504,099	-
Purchases of financial assets	1,653,609	4,977,249	6,630,858
Balance at 30 June 2018	2,012,050	6,883,954	8,896,004
Balance at 1 July 2016	-	-	-
Unrealised loss recognised in Statement of comprehensive income	(13,480)	(5,094)	(18,574)
Purchases of financial assets	1,363,547	1,638,443	3,001,990
Balance at 30 June 2017	1,350,067	1,633,349	2,983,416

Notes to the Financial Statements (continued)

6. Financial assets

	2018 \$	2017 \$
Financial assets at fair value through profit and loss		
Listed equities ¹	36,529,879	22,328,358
Unlisted equities ²	111,420	1,633,349
Loan notes ² , unlisted equities ²	8,896,004	1,350,067
Total financial assets	45,537,303	25,311,774
Total current	37,889,426	22,490,971
Total non-current	7,647,877	2,820,803

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, calculated with inputs deemed to be Level 3 under the Fair Value hierarchy as prescribed in AASB 13.

7. Receivables (current)

	2018 \$	2017 \$
Sundry debtor	-	12,710
GST	2,642	73,685
Total receivables	2,642	86,395

Outstanding settlements include amounts due from brokers for settlement of securities sold and are settled within 2 days of the transaction. The carrying value of Receivables approximates Fair Value.

8. Payables (current)

	2018 \$	2017 \$
Management fee payable	503,327	353,211
Performance fee payable	-	984,176
Sundry creditors and accruals	167,539	597,029
Outstanding settlements	555,059	-
Amount payable to Thorney Omega Pty Ltd	-	65,045
Total payables	1,225,925	1,999,461

Payables are non-interest bearing and unsecured.

The Management Fee and Performance Fee are paid within 60 days of receiving an invoice from the Investment Manager. Sundry creditors are generally paid in accordance with the terms negotiated with each individual creditor. Outstanding settlements include amounts due to brokers for settlement of security purchases and are settled within 2 days of the transaction.

The carrying value of Payables approximates Fair Value.

Notes to the Financial Statements (continued)

9. Issued capital

	2018 Number of shares	2017 Number of shares	2018 \$	2017 \$
(a) Ordinary shares				
Balance at 1 July	193,538,840	41,956,145	41,257,949	19,869,826
1:100 share consolidation ¹	-	(41,536,065)	-	-
S258 reduction ²	-	-	-	(19,869,826)
Ordinary shares issued	63,829,787	193,118,760	15,000,000	42,610,729
Costs of share issue	-	-	(263,638)	(1,352,780)
Total issued and authorised capital	257,368,627	193,538,840	55,994,311	41,257,949

¹ The shareholders approved a 1:100 share consolidation at the 2016 Annual general meeting. The consolidation was completed on 16 December 2016.

² TEK reduced its accumulated losses and contributed equity by an equal amount via a S258F Corporations Act 2001 reduction. Refer note 11.

(b) Terms and conditions:

Ordinary shares

Ordinary shares entitle the holder to receive dividends as declared and the proceeds on winding up the Company in proportion to the number of and amounts paid up on shares held. Ordinary shares entitle their holder to one vote, either in person, or by proxy, at a meeting of the Company.

10. Reserve

	2018 \$	2017 \$
Profits reserve	17,252,420	2,688,746
<u>Movement in profits reserve:</u>		
Balance at 1 July	2,688,746	-
Transfers from retained earnings	14,563,674	2,688,746
Balance at 30 June	17,252,420	2,688,746

The profits reserve details an amount preserved for future dividend payments.

11. Earnings per share

	June 2018	June 2017
Earnings/(loss) attributable to owners of Thorney Technologies Ltd:		
- Continuing operations	5,564,438	3,188,487
- Discontinued operations	-	89,998
- Total	5,564,438	3,278,485
Weighted average number of shares¹		
- Basic and diluted	239,303,923	89,836,711
Basic and diluted earnings/(loss) per share (cents)		
- Continuing operations	2.3	3.5
- Discontinued operations	-	0.2
- Total	2.3	3.7

¹ The weighted average number of shares used in calculating earnings per share has been adjusted for the 1:100 Share Consolidation that occurred on 16 December 2016.

Notes to the Financial Statements (continued)

12. Segment information

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

13. Key management personnel compensation

Key management is defined as Directors, other key management personnel and the Administrators and Receivers as referred to in the remuneration report.

The aggregate compensation made to key management personnel of the Group is set out below:

	2018 \$	2017 \$
Short-term employee benefits	193,473	80,895
Post-employment benefits - superannuation	13,179	3,678
Total key management personnel compensation	206,652	84,573
FY 2017 director fees paid in FY 2018	(42,401)	42,401
Reconciliation to KMP Remuneration tables in Directors' report	164,250	126,974
Base fees	1,043,387	353,211
Performance fees	2,370,337	984,176
Total remuneration of Investment Manager	3,413,724	1,337,387
The remuneration of administrators and receivers is included for disclosure purposes only. The amounts shown here are not included in the 2018 financial statements as they are paid out of funds controlled by creditors not the Group.		
¹ Administrators fees and costs	-	117,904
² Receivers fees and costs	476,562	198,748
Total key management personnel compensation paid by former secured and unsecured creditors	476,562	401,225

¹ The remuneration of the Administrators was calculated on a time basis at hourly rates. These rates were voted on and approved by creditors.

² The remuneration of the Receivers was calculated on a time basis at hourly rates. These rates are the standard scheduled rates agreed between the Receivers and their appointor under the terms of their registered security.

14. Auditor's remuneration

	2018 \$	2017 \$
Remuneration of the auditor for:		
Audit and review of financial reports	67,980	66,000
Other services	-	60,000
	67,980	126,000

15. Related party transactions

The Group has entered into an investment management agreement (IMA) with Thorney Management Services Pty Ltd (TMS) for a period of 10 years and expiring 11 January 2027. Under the IMA TMS is entitled to a base fee and a performance fee which is calculated for each six month period.

For FY 2018 a base fee was paid to TMS for 1H 2018 of \$552,337 (1H 2017: \$nil) and payable to TMS for 2H 2018 of \$491,051 (2H 2017: \$344,596).

For FY 2018 a performance fee was paid to TMS for 1H 2018 of \$2,370,337 (1H 2017: \$nil) earned on the calculated increase amount of the portfolio for the six month period ending 31 December 2017 (1H 2018) of \$11,851,687 (1H 2017: \$nil). For 2H 2018 the performance fee was \$nil (2H 2017: \$960,172) as the 2H 2018 increase amount was \$nil (2H 2017: \$4,800,858).

Tiga Trading Pty Ltd (TTPL), a related body corporate of TMS, employs personnel to provide Group secretarial and financial accounts preparation services to Thorney Technologies Ltd. These services are provided on commercial terms and total \$52,000 for 2018 (2017: \$52,000).

As at 30 June 2018 TEK has a payable of \$Nil (2017: \$65,045) to Thorney Omega Pty Ltd (THY0), a related body corporate of TMS. Certain investments are held in trust on behalf of TEK by the following related parties THY0, TTPL, Thistle Custodians Pty Ltd (THSC) and Martin Casey.

During the period, TTPL engaged Bridgewater Capital Pty Ltd, an advisory firm of which Martin Casey is a director, to provide a range of services and TMS has sought reimbursement for work performed relating to the Group totalling \$16,500 (2017: \$36,000).

TMS, TTPL, THY0, THSC, Thorney Holdings Proprietary Limited and Thorney Investment Group Australia Pty Ltd are related bodies corporate controlled by Alex Waislitz by virtue of 608(1) of the Corporations Act (2001).

During the year, the Group engaged Arnold Bloch Leibler, a legal firm of which Jeremy Leibler is a partner, to provide legal advice totalling \$97,638 (2017: \$378,367).

In accordance with the terms of Mr Leibler's appointment, a payment of \$54,750 (2017: \$30,797) was paid or payable to Arnold Bloch Leibler as remuneration for his role as a Director of the TEK up until 30 June 2018.

All amounts above are shown ex GST.

16. Financial risk management

The Group's objective in managing risk is the creation and protection of shareholder value. Risk is inherent in the Group's activities but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. The process of risk management is critical to the Group's continuing profitability. The Group is exposed to credit risk, liquidity risk and market risk (which includes interest rate risk and equity price risk) arising from the financial instruments it holds.

(a) Credit risk

Credit risk is the risk that the counterparty to a financial instrument will cause a financial loss for the Group by failing to discharge an obligation.

The Group is exposed to the risk of credit-related losses that can occur as a result of a counterparty or issuer being unable or unwilling to honour its contractual obligations. These credit exposures exist within financing relationships, derivatives and other transactions.

Where the Group has counterparty exposure the Investment Manager monitors the counterparty in order to assess its ability to meet its interest and principal obligations.

It is the Group's policy to enter into financial instruments with reputable counterparties. The Investment Manager closely monitors the creditworthiness of the Group's counterparties (e.g. brokers, custodian, banks etc.) by reviewing their credit ratings, financial statements and press releases on a regular basis.

(b) Liquidity risk

Liquidity risk is defined as the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities. Liquidity risk arises because of the possibility that the Group could be required to pay its liabilities earlier than expected.

The Group invests primarily in marketable securities and other financial instruments, which under normal market conditions are readily convertible to cash. Unlisted securities and other unlisted financial instruments are generally less readily convertible into cash as listed investments.

In addition, the Group has no borrowings and has a daily policy to monitor and maintain sufficient cash and cash equivalents to meet normal operating requirements.

(c) Currency risk

The Group has exposure to foreign currency denominated cash and borrowings and also other financial assets and liabilities denominated in foreign currencies as it invests in listed and unlisted international and Australian companies.

Notes to the Financial Statements (continued)

16. Financial risk management (continued)

(c) Currency risk (continued)

Therefore the Group is exposed to movements in the exchange rate of the Australian dollar relative to foreign currencies.

The Group's total net exposure to fluctuations in foreign currency exchange rates at the Statement of Financial Position date is:

<i>All amounts stated in AUD equivalents</i>	2018 \$	2017 \$
Assets and Liabilities as fair value		
US Dollars	4,336,802	1,168,371
Total	4,336,802	1,168,371

At balance date, had the Australian dollar weakened by 10% against the foreign currencies in which the Group holds foreign currency denominated monetary assets and liabilities (receivables, investments and borrowings), with all other variables held constant, the impact of monetary assets and liabilities on the Group's equity and net profit after tax would have been:

Australian dollar weakens by 10%	2018 \$	2017 \$
US Dollars	433,680	116,837
Total	433,680	116,837

A 10% increase in the Australian dollar against the foreign currencies above would have an equal and opposite impact on the Group's equity and net profit. Currency movements may not be correlated.

Had the Australian dollar strengthened by 10% against the foreign currencies in which the Group holds total foreign currency denominated monetary assets and liabilities with all other variables held constant, total equity and net profit after tax would have increased by \$116,837 (2017: \$116,837). A 10% decline in the Australian dollar would have had an equal and opposite impact.

Assets and liabilities in the Statement of Financial Position exposed to foreign currencies:

<i>All amounts stated in AUD equivalents</i>	2018 \$	2017 \$
Assets exposed to foreign currencies	4,336,802	1,233,416
Assets not exposed to foreign currencies	61,136,618	44,712,740
Assets as per Statement of financial position	65,473,420	45,946,156
Liabilities exposed to foreign currencies	-	65,045
Liabilities not exposed to foreign currencies	1,225,925	1,934,416
Liabilities as per Statement of financial position	1,225,925	1,999,461
Net assets exposed to foreign currencies	4,336,802	1,168,371
Net assets not exposed to foreign currencies	59,910,693	42,778,324
Net assets as per Statement of financial position	64,247,495	43,946,695

Notes to the Financial Statements (continued)

16. Financial risk management continued

Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates and equity prices. As TEK is a listed investment company with a flexible investment mandate, the TEK will always be subject to market risks as the prices of its investment fluctuates with the market.

The Group's listed equity securities are susceptible to market price risk arising from uncertainties about future values of the investments. The Group manages the equity price risk through adherence to its investment policy and objectives.

At the reporting date, the exposure to listed equity securities at fair value was \$36,529,878 (2017: \$22,328,358). A decrease of 10% in share value of securities held could have an impact of approximately \$3,652,988 (2017: \$2,232,836) on the income or equity attributable to the Group, depending on whether the decline is significant or prolonged. An increase in 10% in share value of securities held would have a similar favourable impact on income and equity.

Interest risk

The Group is not materially exposed to interest rate risk as all of its cash investments and borrowings are short term for a fixed interest rate.

17. Contingent assets and liabilities

The Group has no contingent assets or liabilities as at 30 June 2018.

Notes to the Financial Statements (continued)

18. Subsidiaries

The parent entity of the Group is Thorney Technologies Ltd, which has the subsidiaries detailed in the following table.

Name of entity	Controller (as at signing date)	Country of Incorporation	Ownership	
			2018 %	2017 %
Parent entity				
Thorney Technologies Ltd	Directors	Australia		
Subsidiaries				
Biodiesel Producers Pty Ltd	Receivers	Australia	100	100
Australian Renewable Fuels Adelaide Pty Ltd	Receivers	Australia	100	100
Besok Fuels Pty Ltd	Deregistered	Australia	-	100
AR Fuels US LLC	Directors	USA	100	100
58 Jarque Pty Ltd	Directors	Australia	100	100

All 100% owned Australian entities are part of the tax consolidated group. Subsidiaries that are 100% owned but under control of Administrators or Receivers are, for tax purposes, still included in the tax consolidated group. Entities under control of the Directors are continuing operations. AR Fuels US LLC remains a dormant subsidiary.

The Group has no significant restrictions on its ability to access or use the assets and settle the liabilities of the Group.

During the financial year ended 30 June 2018, the Group did not enter into any contractual arrangements that could require the parent or its subsidiaries to provide financial support to one of the consolidated entities (2017: \$Nil).

Furthermore, neither the parent nor its subsidiaries have provided non-contractual financial or other support to one of the consolidated entities during the financial year (2017: \$Nil).

19. Parent entity information

The Consolidated statement of financial position presented in the 2018 Annual report materially approximates that of the parent entity TEK.

No further disclosures are deemed material to this financial report. Refer to note 18.

20. Subsequent events

On 7 August 2018 TEK announced it was undertaking a Minimum Holding Share Buy-Back of shares for holders of share parcels that are valued less than the ASX Listing Rules minimum holding of less than A\$500. The buy-back will close on or around 21 September 2018 and shortly thereafter the shares will be cancelled at an estimated cost to the Group of less than \$29,500.

There were no other significant events at balance date.

Directors declaration

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

1. In the opinion of the directors:
 - a. the financial statements and notes of Thorney Technologies Ltd for the financial year ended 30 June 2018 are in accordance with the *Corporations Act 2001*, including:
 - i. giving a true and fair view of the consolidated entity's financial position as at 30 June 2018 and of its performance for the year ended on that date; and
 - ii. complying with Accounting Standards and the *Corporations Regulations 2001*;
 - b. the financial statements and notes also comply with International Financial Reporting Standards as disclosed in Note 1; and
 - c. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration has been made after receiving the declarations required to be made to the directors by the executives in accordance with section 295A of the *Corporations Act 2001* for the financial year ended 30 June 2018.

On behalf of the Board,



Alex Waislitz
Chairman

Melbourne, 31 August 2018

Independent Auditor's Report

To the Members of Thorney Technologies Ltd

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Thorney Technologies Ltd (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 30 June 2018, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the consolidated financial position of the Group as at 30 June 2018 and of its consolidated financial performance for the year ended on that date; and
- (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial report. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying Financial Report.

Fair value measurement and existence of investments and related disclosures

Why significant	How this matter was addressed in the audit
The Group invests in listed and unlisted financial assets which are carried at fair value on the statement of financial position. The investment portfolio at year end was comprised of \$36.5m in quoted equity investments, and \$9.0m in unlisted investments in start-up companies. The valuation and existence of the investment portfolio was a key audit matter because investments represent the principal element of the Group's total assets. In addition to the above, the valuation of unlisted investments is a key audit matter because of the degree of judgement involved in valuing these investments. The fair value of these investments are determined using the 'price of recent transaction' technique, adjusted for any changes in value. The value of unlisted investments may increase or decrease depending on the success of the start-up operations. Refer to Note 6 to the financial report for the Investments disclosure.	Our audit procedures included the following: <i>Listed investments</i> - Agreed the quantity of all quoted equity investments held at year end to asset custodian statements, and further agreed prices to market closing prices. - Obtained and considered the assurance report that describes the effectiveness of the operational processes and controls of the Group's asset custodian. <i>Unlisted investments</i> - Assessed the valuation methodology used to calculate the fair value of unlisted investments, and agreed inputs to underlying support, including recent capital raisings - Considered whether there were any indicators to suggest fair values were not appropriate. Assessed the adequacy of the disclosures included in Note 6 <i>Financial Assets</i>.

Investment management and performance fees

Why significant	How this matter was addressed in the audit
The Group pays its Investment Manager, Thorney Management Services Pty Ltd (TMS) a base management fee of 0.75% of gross assets and a performance fee of 20% of the increase in net asset value net of base fee for the year, as stipulated in the Investment Management Agreement (IMA). The base management fee and performance fee are calculated on a half-yearly basis. For the year ended 30 June 2018, \$1,070,000 of base management fee and \$2,429,000 of performance fee was recognised. The measurement of investment management and performance fees was a key audit matter because it is of interest to key stakeholders as these fees are significant expenses that reduce the net tangible assets of the Group. Refer to Note 15 of the financial statements.	Our audit procedures included the following: - Determined whether the calculation of the base management fee and performance fee expenses was made in accordance with the IMA. - Agreed key inputs used in the management fee and performance fee calculations, including gross assets in the case of management fees, and the net asset increase in the case of performance fees, to the consolidated statement of financial position. - Recalculated the management fee and performance fee and compared the recalculated amounts to the expenses recognised in the consolidated statement of comprehensive income.

Information Other than the Financial Report and Auditor's Report Thereon

The Directors are responsible for the other information. The other information comprises the information in the Group's Annual Report for the year ended 30 June 2018, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based upon the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Directors' Responsibilities for the 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 control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated to the Directors, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Audit of the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 9 to 13 of the Directors' Report for the year ended 30 June 2018.

In our opinion, the Remuneration Report of Thorney Technologies Ltd for the year ended 30 June 2018, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.



Ernst & Young



Kester Brown
Partner

Melbourne
31 August 2018

Additional shareholder information

As at 30 August 2017

Voting rights

All ordinary shares carry one vote per share without restriction.

Distribution of shareholders

Category	Ordinary shareholders
1 – 1,000 shares	1,228
1001 – 5,000 shares	173
5001 – 10,000 shares	145
10,001 – 100,000 shares	785
100,001 or more shares	321
Total number of holders	2,652
Number of shareholders holding less than a marketable parcel	1,268

20 largest shareholders of ordinary shares

Name	Number of shares	% of issued capital
THORNEY HOLDINGS PROPRIETARY LIMITED	57,044,226	22.16
RUBI HOLDINGS PTY LTD <JOHN RUBINO S/F A/C>	25,183,592	9.79
FIFTY SECOND CELEBRATION PTY LTD <MCBAIN FAMILY A/C>	6,278,611	2.44
HSBC CUSTODY NOMINEES <AUSTRALIA LIMITED	6,055,150	2.35
TAMIT NOMINEES PTY LTD <ITESCU FAMILY A/C>	4,545,455	1.77
FRANK COSTA SUPERANNUATION PTY LTD <SHIRLEY COSTA SUPER FUND A/C>	4,400,387	1.71
WASHINGTON H SOUL PATTINSON & + CO LTD	4,130,875	1.61
THIRTY-FIFTH CELEBRATION PTY LTD <JC MCBAIN SUPER FUND A/C>	3,699,781	1.44
LANGBURGH PTY LTD <THE MARC BESEN FAMILY A/C>	3,545,455	1.38
VENN MILNER SUPERANNUATION PTY LTD	3,000,000	1.17
NCBF PTY LTD <N&C O'BRIEN FAMILY FDN A/C>	2,275,000	0.88
MR SILVIO SALOM + MRS METTE SALOM <SALOM SUPER FUND A/C>	2,275,000	0.88
BOND STREET CUSTODIANS LIMITED <OCON - D64298 A/C>	2,272,728	0.88
NETWEALTH INVESTMENTS LIMITED <WRAP SERVICES A/C>	1,959,684	0.76
MR ROBERT VELLETRI + MRS FRANCINE VELLETRI <ROBERT VELLETRI S/F A/C>	1,909,091	0.74
MR JOHN VINCENT TOOHEY + MRS ANNE TOOHEY <TOOHEY FAMILY SUPER A/C>	1,888,520	0.73
AUST EXECUTOR TRUSTEES LTD <GFFD>	1,615,697	0.63
DEMETA PTY LTD	1,470,000	0.57
CS FOURTH NOMINEES PTY LIMITED <HSBC CUST NOM AU LTD 11 A/C>	1,467,728	0.57
KAPHMY PTY LTD	1,360,000	0.53

Substantial shareholders

Name	Number of shares	% of voting Power
THORNEY HOLDINGS PROPRIETARY LIMITED	57,079,059	22.16
RUBI HOLDINGS PTY LTD <JOHN RUBINO S/F A/C>	25,183,592	9.79

Additional shareholder information (continued)

Additional shareholder information (continued)

List of investments

	Market value as at 30 June 2018 \$
Afterpay Touch Group Ltd	10,116,700
ReadCloud Ltd	2,726,698
Updater Inc.	2,687,305
OneVue Holdings Ltd	2,560,136
Yojee Ltd	2,528,900
Credible Labs Inc.	1,697,085
Mesoblast Ltd	1,628,000
zipMoney Ltd	1,505,237
NEXTDC Ltd	1,331,256
Oventus Medical Ltd	1,325,695
Imugene Ltd	1,085,000
Raiz Invest Ltd	895,585
Xref Ltd	793,496
Aglive Group Ltd	750,000
Daisee Pty Ltd	750,000
Livehire Ltd	627,204
Spookfish Ltd	399,802
Other listed investments	4,983,200
Other unlisted investments	7,146,004
Total investments	45,537,303