

# **THORNEY TECHNOLOGIES LTD**

(formerly Australian Renewable Fuels Limited)

**ABN: 66 096 782 188**

## **Appendix 4D**

**&**

## **2017 Half-year financial report**

# Thorney Technologies Ltd

(formerly Australian Renewable Fuels Limited)

ABN 66 096 782 188

## Appendix 4D

For the half-year ended 31 December 2016

*Previous corresponding period: half-year ended 31 December 2015*

### Results for announcement to the market:

	31 Dec 2016 \$A'000	31 Dec 2015 \$A'000	Up/ Down	Movement \$A'000
Revenue from ordinary activities	0	0	-	0
(Loss)/profit from ordinary activities after tax attributable to members	(372)	(16,164)	Up	15,792
Net (loss)/ profit for the period attributable to members	(372)	(16,164)	Up	15,792

No dividends have been declared for the half-year ended 31 December 2016.

<u>Additional information</u>	31 Dec 2016 \$A	31 Dec 2015 \$A
Net tangible assets per ordinary security <sup>1</sup>	(2.29)	8.82

<sup>1</sup> The comparative net tangible asset backing per ordinary security number has been adjusted for the 1:100 Share Consolidation that occurred on 16 December 2016.

This information should be read in conjunction with the 2016 Annual Report of Thorney Technologies Ltd (formerly Australian Renewable Fuels Limited) and any public announcements made in the period by Thorney Technologies Ltd (formerly Australian Renewable Fuels Limited) in accordance with the continuous disclosure requirements of the Corporations Act 2001 and Listing Rules.

This report is based on the consolidated 31 December 2016 half-year financial statements which have been reviewed by Ernst & Young with the independent auditor's report included in the 31 December 2016 half-year financial report.

# Thorney Technologies Ltd

(formerly Australian Renewable Fuels Limited)

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](http://www.thorneytechnologies.com.au)

## Contents

	Page
Chairman's letter .....	4
Directors' report.....	5
Auditor's Independence Declaration .....	7
Statement of comprehensive income for the half-year ended 31 December 2016.....	8
Statement of financial position as at 31 December 2016 .....	9
Statement of changes in equity for the half-year ended 31 December 2016.....	10
Statement of cash flows for the half-year ended 31 December 2016.....	11
Notes to the financial statements .....	12
Directors' declaration .....	24
Independent auditor's review report .....	25

# Thorney Technologies Ltd

(formerly Australian Renewable Fuels Limited)

ABN 66 096 782 188

## Chairman's letter

Dear fellow shareholder,

As you are aware, after raising nearly \$42.5 million in cash and seed investments our Company, Thorney Technology Ltd (TEK), has been successfully relaunched as a listed investment company.

TEK shares recommenced trading on 18 January 2017 at a premium to their issue price.

The December 2016 half-year accounts we attach here reflect the state of play as at 31 December 2016, which of course was before the capital raise and the re-listing of TEK on the ASX.

As such the accounts reflect the deficiency in what was then a corporate shell of the failed bio-diesel business plus an amount of recapitalisation costs incurred up to the end of the reporting period.

Since then the TEK investment team has 'hit the ground running' and is actively engaged in identifying new technology-based investment opportunities.

I look forward to sharing future investment developments with you via the regular communications. To this end I plan to send a more detailed email to shareholders at the end of March 2017 updating you on our activities and progress so far.

For now I want to welcome all shareholders and encourage you to have your email addresses recorded by our Share Registrar, Computershare. This can be done by logging on to [Investor Centre](#) and recording your electronic preferences.

Thank you again for your support of this exciting new company and I look forward to communicating with you again in the near future.

Kind regards,



**Alex Waislitz**  
Chairman

24 February 2017

# Thorney Technologies Ltd

(formerly Australian Renewable Fuels Limited)  
ABN 66 096 782 188

## Directors' report

The Directors of Thorney Technologies Ltd (formerly Australian Renewable Fuels Limited) (TEK, ARW or Company) present the financial report of the Company for the half-year ended 31 December 2016.

The Directors in office during the financial year and at the date of this report (unless otherwise stated) were as follows:

Current Directors	Appointed	Retired	Position
Alex Waislitz <sup>1</sup>	9 December 2016	-	Chairman
Alan Fisher <sup>2</sup>	29 August 2015	-	Non-executive director
Jeremy Leibler	9 December 2016	-	Non-executive director
Martin Casey	22 June 2016	-	Non-executive director
Craig Smith <sup>3</sup>	22 June 2016	9 December 2016	Non-executive director

<sup>1</sup> Alex Waislitz was appointed Chairman on 9 December 2016.

<sup>2</sup> Alan Fisher retired as Chairman at the *2016 Annual General Meeting* on 9 December 2016.

<sup>3</sup> Director retired from office at the conclusion of the *2016 Annual General Meeting* but remains as Company Secretary.

## Principal activities

The principal activities of the Company for the half-year ended 31 December 2016 were the comprehensive preparations to hold the 2016 Annual General Meeting to seek approvals and then action plans to rename, recapitalise, repurpose and re-list the Company as an investment company with particular focus on technology investments across all phases of the investment lifecycle.

## Review of operations

In January 2016 the former Board placed the Company's operating subsidiaries into Administration.

Following the collapse of these operating businesses, control (of all group assets and liabilities) was transferred to the Administrators and Receivers. The Company did not receive monetary payments in respect of the loss of control of its assets and operating subsidiaries.

In May 2016 a formal Deed of Company Arrangement was executed and the Administrators applied the funds received from Thorney Investment Group to the *ARW Deed Fund* and also took steps to remove and appoint Directors.

The Administrators retired on 22 September 2016 and control reverted to the Directors. From this date Thorney Investment Group funded the day-to-day operations of the Company until completion of the capital raising in January 2017.

In September 2016 the Directors received a proposal from Thorney Investment Group to transform and recapitalise the Company into a managed Listed Investment Company. Full details of these proposals were contained in the *2016 Annual General Meeting* notice of meeting and were approved by shareholders on 9 December 2016.

On 12 October 2016 the Administrators of the subsidiary, Australian Renewable Fuels Picton Pty Ltd, retired and control of the Company reverted to its Director who subsequently purchased this company from the Group.

### Subsequent events

On 13 January 2017 the Company announced it had successfully raised approximately \$42.5 million and issued 167,269,487 ordinary shares at 22 cents each represented by cash of \$36,799,287 and seed investments of \$5,686,840 pursuant to the *Asset Sale Agreement* with Thorney Holdings Proprietary Limited.

The seed investments have been valued and recorded as financial instruments against contributed equity at \$5,811,438 which is a premium of \$124,598 over the agreed price of the shares issued of \$5,686,840, being 22 cents per share for 25,849,273 shares.

The Company's shares re-commenced trading on the ASX on 18 January 2017.

There are no other significant events to report.

### Dividends

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

### Auditor's independence declaration

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

On behalf of the Directors,

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

**Alex Waislitz**  
Chairman

Melbourne, 24 February 2017

## Auditor's Independence Declaration



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

As lead auditor for the review of Thorney Technologies Ltd for the half-year ended 31 December 2016, 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 review; and
- (b) no contraventions of any applicable code of professional conduct in relation to the review.

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

Ernst & Young

Kester Brown  
Partner  
24 February 2017

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## Statement of comprehensive income for the half-year ended 31 December 2016

	Note	December 2016 \$	December 2015 \$
<b>Continuing operations</b>			
Interest received		105	-
<b>Total investment income</b>		105	-
Directors fees		(35,320)	-
Finance costs		(20,023)	-
Fund administration and operational costs		(184,483)	(2,652)
Legal & professional fees		(211,995)	-
Other administrative costs		(10,083)	-
<b>Profit/(loss) before tax</b>		(461,799)	(2,652)
Income tax expense		-	-
<b>Profit/(loss) for the year from continuing operations</b>		(461,799)	(2,652)
<b>Discontinued operations</b>			
Profit/(loss) after tax from discontinued operations	2	89,998	(16,161,361)
<b>Profit/(loss) for the year</b>		(371,801)	(16,164,013)
Other comprehensive income/(loss) for the year net of income tax		-	-
<b>Total comprehensive income/(loss) for the year</b>		(371,801)	(16,164,013)
<u>(Loss) for the year attributable to:</u>			
Owners of the parent		(371,673)	(16,163,893)
Non-controlling interests		(128)	(120)
		(371,801)	(16,164,013)
<u>Total comprehensive (loss) attributable to:</u>			
Owners of the parent		(371,673)	(16,163,893)
Non-controlling interests		(128)	(120)
		(371,801)	(16,164,013)
<b>Earnings per share</b>			
Basic, profit/(loss) for the year attributable to ordinary shareholders of the parent (dollars per share)	4	(0.88)	(0.39)
Diluted, profit/(loss) for the year attributable to ordinary shareholders of the parent (dollars per share)	4	(0.88)	(0.39)
<b>Earnings per share from continuing operations:</b>			
Basic, profit/(loss) from continuing operations attributable to ordinary shareholders of the parent (dollars per share)	4	(1.10)	(0.00)
Diluted, profit/(loss) from continuing operations attributable to ordinary shareholders of the parent (dollars per share)	4	(1.10)	(0.00)

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

## Statement of financial position as at 31 December 2016

	Note	31 December 2016 \$	30 June 2016 \$
<b>Current assets</b>			
Cash and cash equivalents		27,069	259
Trade and other receivables		56,217	-
Prepayments		48,111	-
<b>Total current assets</b>		<b>131,397</b>	<b>259</b>
<b>Non-current assets</b>			
Intangibles	3	479,205	-
<b>Total non-current assets</b>		<b>479,205</b>	<b>-</b>
<b>Total assets</b>		<b>610,602</b>	<b>259</b>
<b>Current liabilities</b>			
Trade and other payables		606,402	-
Borrowings	5	965,742	590,000
<b>Total current liabilities</b>		<b>1,572,144</b>	<b>590,000</b>
<b>Total liabilities</b>		<b>1,572,144</b>	<b>590,000</b>
<b>Net Liabilities</b>		<b>(961,542)</b>	<b>(589,741)</b>
<b>Equity</b>			
Issued capital		19,869,826	19,869,826
Reserves		-	-
Retained Profits/ (Accumulated losses)		(20,523,323)	(20,151,650)
Equity attributable to owners of the company		(653,497)	(281,824)
Non-controlling interests		(308,045)	(307,917)
<b>Total equity / (deficiency)</b>		<b>(961,542)</b>	<b>(589,741)</b>

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

## Statement of changes in equity for the half-year ended 31 December 2016

	Issued capital and contributed equity	Employee share option reserve <sup>(i)</sup>	Accumulated profits / (losses)	Attributable to owners of the parent	Non- controlling interests	Total
	\$	\$	\$	\$	\$	\$
<b>Balance at 1 July 2016</b>	<b>19,869,826</b>	<b>-</b>	<b>(20,151,650)</b>	<b>(281,824)</b>	<b>(307,917)</b>	<b>(589,741)</b>
Profit/(loss) for the period	-	-	(371,673)	(371,673)	(128)	(371,801)
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>(371,673)</b>	<b>(371,673)</b>	<b>(128)</b>	<b>(371,801)</b>
Options expired transferred to accumulated losses	-	-	-	-	-	-
<b>Balance at 31 December 2016</b>	<b>19,869,826</b>	<b>-</b>	<b>(20,523,323)</b>	<b>(653,497)</b>	<b>(308,045)</b>	<b>(961,542)</b>
<b>Balance at 1 July 2015</b>	<b>19,869,826</b>	<b>223,276</b>	<b>84,504</b>	<b>20,177,606</b>	<b>(307,778)</b>	<b>19,869,828</b>
Profit/(loss) for the period	-	-	(16,163,893)	(16,163,893)	(120)	(16,164,013)
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>(16,163,893)</b>	<b>(16,163,893)</b>	<b>(120)</b>	<b>(16,164,013)</b>
Options expired transferred to accumulated losses	-	(223,276)	223,276	-	-	-
<b>Balance at 31 December 2015</b>	<b>19,869,826</b>	<b>-</b>	<b>(15,856,113)</b>	<b>4,013,713</b>	<b>(307,898)</b>	<b>3,705,815</b>

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

(i) The employee share options reserve arises on the grant of options to directors and employees under the share plan. Amounts are recognised in accordance with note 1(j).

## Statement of cash flows for the half-year ended 31 December 2016

	December 2016 \$	December 2015 \$
<b>Cash flows from operating activities</b>		
Receipts from customers	-	26,319,564
Payments to suppliers and employees	(298,542)	(25,150,560)
Interest received	103	4
Interest paid	-	(807,252)
Net cash provided by / (used in) operating activities	(298,439)	361,756
<b>Cash flows from investing activities</b>		
Payments for plant and equipment	-	(699,574)
Proceeds from sale of discontinued operations	40,000	
Net cash generated from / (used in) investing activities	40,000	(699,574)
<b>Cash flows from financing activities</b>		
Proceeds from borrowings	445,719	-
Repayment of borrowings	(40,000)	
Payment for equity raising transaction costs	(120,470)	
Net cash provided by financing activities	285,249	-
Net increase/(decrease) in cash and cash equivalents	26,810	(337,818)
Cash and cash equivalents at the beginning of the period	259	1,736,289
Effect of movement in exchange rates on cash balances	-	957
<b>Cash and cash equivalents at the end of the period</b>	<b>27,069</b>	<b>1,399,428</b>

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

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## Notes to the financial statements

### 1. Significant accounting policies

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#### General information

Thorney Technologies Ltd (formerly Australian Renewable Fuels Limited) is a listed public company incorporated in Australia. The addresses of its registered office and principal place of business are disclosed in the introduction to the half-year report. The principal activities of the Company and its subsidiaries are described in the Directors' report.

#### Statement of compliance

These financial statements are general purpose financial statements which have been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* the *Corporations Act 2001*.

The financial statements comprise the condensed consolidated financial statements of the Group. For the purposes of preparing the financial statements, the Company is a for-profit entity. The half-year financial statements do not include all of the information required for full year financial statements. Accordingly, these financial statements should be read in conjunction with the financial statements for the year ended 30 June 2016 and any public announcements made by Thorney Technologies Ltd (or Australian Renewable Fuels Limited) during the half-year in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The financial statements were authorised for issue by the Directors on 24 February 2017.

#### Basis of preparation

The condensed consolidated financial statements have been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments that are measured at revalued amounts or fair values, as explained in the accounting policies below. Historical cost is generally based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The accounting policies adopted in the preparation of the financial statements for the half-year ended 31 December 2016 are consistent with those of the most recent annual financial report, except as noted. The impact of adopting any amendments to standards was not material.

#### Going concern

As at 31 December 2016 the Company had a net deficiency of \$961,542 (2015: \$3,705,815 net equity).

The Directors received a letter from Tiga Trading Pty Ltd dated 22 September 2016 which states financial support will be provided to the Company to meet liabilities as and when they fall due. This financial support lasts at least until the earlier of 31 December 2017 and the completion of a capital raising by Thorney Technologies Ltd (formerly Australian Renewable Fuels Limited) as proposed by Thorney Investment Group.

## 1. Significant accounting policies (continued)

### Going concern (continued)

On 13 December 2016 the Company announced it had subscriptions in excess of \$25 million which surpassed the minimum subscription threshold under the Prospectus. The Offer completed in January 2017 with the Company raising approximately \$42.5 million in cash and seed investments. Refer to note 9. The related party loan to Tiga Trading Pty Ltd was repaid in full during January 2017 following the receipt of cash proceeds upon issue of shares. Refer to note 5.

At the date of this report and having considered the above factors, the Directors believe that the Group will be able to continue as a going concern.

### Critical accounting estimates and judgements

#### *Fair value less costs to sell 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.

### Standards and interpretations issued not yet adopted

At the date of authorisation of the financial statements, the Standards and Interpretations listed below were in issue but not yet effective. The impact of the below Standards and Interpretations has not yet been determined.

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 2016-1 'Amendments to Australian Accounting Standards – Recognition of Deferred Tax Assets for Unrealised Losses'	1 January 2017	30 June 2018
AASB 2016-2 'Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107'	1 January 2017	30 June 2018
AASB 15 'Revenue from Contracts with Customers' and AASB 2016-5 'Amendments to Australian Accounting Standards arising from AASB 15'	1 January 2018	30 June 2019
AASB 2016-2 'Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101'	1 January 2016	30 June 2017
AASB 16 'Leases'	1 January 2019	30 June 2020

AASB 9 'Financial Instruments', and the relevant amending standards have been adopted for the financial year ending 30 June 2017.

## 1. Significant accounting policies (continued)

The following significant accounting policies have been adopted in the preparation and presentation of the financial report:

### (a) Basis of consolidation

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

- 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 Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company 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.

### (b) Cash and cash equivalents

Cash comprises cash on hand, cash at call, short-term deposits and cash in secured fixed term deposits held as security for the provision of bank guarantees. Cash equivalents are 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.

**1. Significant accounting policies (continued)****(c) Employee benefits**

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave when it is probable that settlement will be required and they are capable of being measured reliably.

Liabilities recognised in respect of employee benefits expected to be settled within 12 months, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Liabilities recognised in respect of employee benefits which are not expected to be settled within 12 months are measured as the present value of the estimated future cash outflows to be made by the Group in respect of services provided by employees up to reporting date.

Management judgement is applied in determining the following key assumptions used in the calculation of long service leave at balance date:

- Future increases in wages and salaries;
- Future on cost rates; and
- Experience of employee departures and period of service.

Management judgement is applied in determining the following key assumptions used in the calculation of annual leave at balance date:

- Future increases in wages and salaries;
- Future on cost rates;
- Experience of employee departures; and
- Experience of employee annual leave taken in relevant period.

**(d) Financial assets**

Investments are recognised and derecognised on trade date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, net of transaction costs except for those financial assets classified as at fair value through profit or loss which are initially measured at fair value.

Subsequent to initial recognition, investments in subsidiaries are measured at cost in the Company financial statements.

Other financial assets are classified in the following categories: financial assets 'at fair value through profit or loss', 'held-to-maturity investments', 'available-for-sale' financial assets, and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

**1. Significant accounting policies (continued)****(d) Financial assets (continued)***At fair value through profit or loss*

An instrument is classified as at fair value through profit or loss if it is held for trading or is designated as such upon initial recognition. Financial Instruments are designated at fair value through profit or loss if the Group manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Group's investment strategy. Upon initial recognition, the attributable transaction costs are recognised in profit or loss when incurred. Financial instruments that are at fair value through profit or loss are measured at fair value, and changes therein are recognised in profit or loss.

*Available-for-sale financial assets*

Listed investments in equity securities are classified as available-for-sale financial assets. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses, and foreign exchange gains and losses are recognised as a separate component of equity. When an investment is derecognised, the cumulative gain or loss in equity is transferred to profit or loss.

*Loans and receivables*

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest rate method less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the effect of discounting is immaterial.

*Impairment of financial assets*

Financial assets, other than those at fair value through profit or loss (FVTPL), are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

**(e) Foreign currency**

The individual financial statements of each Group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in Australian dollars ('\$'), which is the functional currency of Thorney Technologies Ltd (formerly Australian Renewable Fuels Limited), and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing on that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

**1. Significant accounting policies (continued)****(f) Income taxes**

Income tax expense represents the sum of the tax currently payable and deferred tax.

**(g) Provisions**

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

**(h) Revenue**

Revenue is measured at the fair value of the consideration received or receivable, and is recognised to the extent that it is probable that the economic benefits will flow to the entity and the revenue can be reliably measured.

*Sale of goods*

Revenue from the sale of goods is recognised when the goods are delivered and titles have passed, at which time the Group has transferred to the buyer the significant risks and rewards of ownership of the goods.

*Interest income*

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount at initial recognition.

*Government grants*

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government assistance which does not have conditions attached specifically relating to the operating activities of the entity is recognised in accordance with the accounting policies above.

**1. Significant accounting policies (continued)****(i) Goods and services tax**

Revenues, expenses and assets are recognised net of the amount of goods and services tax ('GST'), except:

- i. where the amount of GST incurred is not recoverable from the Australian Taxation Office, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
- ii. for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the Australian Taxation Office is included as part of receivables or payables.

Cash flows are included in the cash flow statement on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the Australian Taxation Authority is classified as operating cash flows.

**(j) Share-based payments**

Equity-settled share-based payments with employees and others providing similar services are measured at the fair value of the equity instrument at the grant date.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

**(k) Earnings per share**

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

**(l) Lease payments**

Assets held under finance leases are initially recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

**1. Significant accounting policies (continued)****(1) Lease payments (continued)**

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs. Contingent rentals are recognised as expenses in the periods in which they are incurred.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefits of incentives are recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

**(m) Fair Value**

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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account when pricing the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of AASB 2, leasing transactions that are within the scope of AASB 117, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in AASB 2 or value in use in AASB 136.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

## 2. Discontinued operations

On 22 January 2016, the Directors announced to the ASX that they had placed the Company and its operating subsidiaries into voluntary administration.

The effect of the appointment of administrators for Australian Renewable Fuels Adelaide Pty Ltd, Australian Renewable Fuels Picton Pty Ltd (Picton), Biodiesel Producers Pty Ltd and Besok Fuels Pty Ltd 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. For the period ending 31 December 2015, discontinued operations relate to the production of biodiesel by these companies.

For the period ending 31 December 2016, discontinued operations relate to the sale of the Picton subsidiary to a third party. On 12 October 2016 the Administrators of Picton retired and control reverted to its director who subsequently purchased this company from the Group via an entity he controlled.

The profit and loss results for six months ended 31 December are as follows:

	December 2016 \$	December 2015 \$
Revenue from discontinued operations	-	25,518,893
Cost of goods sold	-	(20,370,987)
Gross profit	-	5,147,906
Other indirect costs	-	(5,432,397)
Total result up until 31 December	-	(284,491)
Impairment loss recognised on the remeasurement to fair value less costs to distribute	-	(15,876,870)
Loss before tax on discontinued operations	-	(16,161,361)
Tax on discontinued operations	-	-
<b>Loss after tax from discontinued operations</b>	-	<b>(16,161,361)</b>
Gain on disposal of discontinued operations	89,998	-
Income tax on gain on disposal	-	-
<b>Profit after tax on disposal of discontinued operations</b>	<b>89,998</b>	<b>-</b>

The cash flows for six months ended 31 December are as follows:

	December 2016 \$	December 2015 \$
Cash flows from operating activities	-	364,408
Cash flows from investing activities	40,000	(699,574)
Cash flows from financing activities	-	-
<b>Net cash flows from / (used in) discontinued operations</b>	<b>40,000</b>	<b>(335,166)</b>

### 3. Intangible assets

	December 2016 \$	June 2016 \$
Equity issue costs <sup>1</sup>	479,205	-
	<b>479,205</b>	-

<sup>1</sup> Equity issue costs will be offset against contributed equity in January 2017 following the completion of the capital raising by the Company. Refer to note 9 for further details.

### 4. Earnings per share

	December 2016 \$	December 2015 \$
<b>Earnings per share from all operations</b>		
Basic earnings profit/(loss) per share	(0.88)	(0.39)
Diluted earnings profit/(loss) per share	(0.88)	(0.39)
<b>Earnings per share from continuing operations</b>		
Basic earnings profit/(loss) per share	(1.10)	(0.00)
Diluted earnings profit/(loss) per share	(1.10)	(0.00)
<i>(i) Basic earnings per share</i>		
(Loss) from all operations attributable to owners of the parent	(371,673)	(16,163,893)
(Loss) from continuing operations attributable to owners of the parent	(461,799)	(2,652)
	<b>2016 Number</b>	<b>2015 Number</b>
Weighted average number of ordinary shares for the purposes of basic earnings per share <sup>(i)(ii)</sup>	420,080	420,080

#### *(ii) Diluted earnings/(loss) per share*

The weighted average number of ordinary shares for the purposes of diluted earnings per share reconciles to the weighted average number of ordinary shares used in the calculation of basic earnings per share as follows:

	2016 Number	2015 Number
Weighted average number of ordinary shares used in the calculation of basic earnings per share <sup>(ii)</sup>	420,080	420,080
Employee share options <sup>(i)</sup>	-	-
<b>Weighted average number of ordinary shares used in the calculation of diluted earnings per share<sup>(ii)</sup></b>	<b>420,080</b>	<b>420,080</b>

- (i) All remaining Employee Share Options lapsed in the financial year ended 30 June 2016. During the year ended 30 June 2016, the options were considered anti-dilutive given the Company was in a loss-making position.
- (ii) The weighted average number of ordinary shares used in calculating earnings per share has been adjusted for the 1:100 Share Consolidation that occurred on 16 December 2016. This has not been adjusted in the comparative column.

## 5. Related party transactions

In May 2016, the Administrator signed Deeds of Company Arrangement (DOCAs) with Tiga Trading Pty Ltd (TTPL), a company controlled by the Thorney Investment Group. Under the terms of the DOCAs, TTPL advanced a total of \$590,000 to the Administrators Trust for the benefit of creditors of the Company.

TTPL has continued to fund the Company's operations and has provided a letter of financial support which lasts until at least the earlier of a completion of a capital raising by the Company and 31 December 2017.

As at 31 December 2016 the balance owing to TTPL had increased to \$965,742 due to costs of the *2016 Annual General Meeting* and expenses incurred with the recapitalisation and re-listing proposals. The loan accrues interest at a 500 bps margin over the Reserve Bank cash rate. The loan was repaid in full from the cash received under the equity raising during January 2017 being principal of \$949,239 and interest of \$21,876. Refer to note 9.

The Company 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.

For the half-year ended 31 December 2016 no fees were due or payable.

TTPL, a related entity of TMS, employs personnel to provide company secretarial and financial accounts preparation services to Thorney Technologies Ltd. These services are provided on commercial terms and total \$15,699 for the half-year 2016 (2015: \$nil).

Thorney Holdings Proprietary Limited entered into an *Asset Sale Agreement* to purchase equity in Thorney Technologies Ltd in exchange for seed investments. Details of this transaction were included in the 2016 Notice of Annual General Meeting and approved by shareholders on 9 December 2016.

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 Company totalling \$31,900, including GST (2015: \$nil).

TMS, TTPL, 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).

For the purposes of AASB 101 and AASB 124, the parent and ultimate parent of Thorney Technologies Ltd is Thorney Investment Group Australia Pty Ltd.

During the year, the Company engaged Arnold Bloch Leibler, a legal firm of which Jeremy Leibler is a partner, to provide legal advice totalling \$377,356 (2015: \$nil).

In accordance with the terms of Mr Leibler's appointment, a payment of \$3,764 was paid or payable to Arnold Bloch Leibler as remuneration for his role as a Director of the Company up until 31 December 2016.

## 6. Segment information

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At 31 December 2016 the Directors were transforming the business into a managed listed investment company with special focus on technology investments. Shareholders approved the transition at the *2016 Annual General Meeting* on 9 December 2016. There were no other activities during the period.

As the Company will be managed as a whole it will be considered to have a single operating segment. There will be no further division by the Directors when making strategic, investment or resource allocation decisions.

## 7. Commitments

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On 10 November 2016 the Company executed an Asset Sale Agreement (ASA) with Thorney Holdings Proprietary Limited (and other Thorney Investment Group entities) to purchase seed assets in exchange for issuing ordinary shares in Thorney Technologies Ltd. The ASA was approved by shareholders and the Company announced on 16 December 2016 that the transaction would proceed and completion date for this contract would occur in January 2017.

The market value of the commitment as at 31 December 2016 was \$5,860,678.

## 8. Contingent assets and liabilities

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The Company has no contingent assets or liabilities as at 31 December 2016.

## 9. Subsequent events

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On 13 January 2017 the Company announced it had successfully raised approximately \$42.5 million and issued 167,269,487 ordinary shares at 22 cents each represented by cash of \$36,799,287 and seed investments of \$5,686,840 pursuant to the *Asset Sale Agreement* with Thorney Holdings Proprietary Limited.

The seed investments have been valued and recorded as financial instruments against contributed equity at \$5,811,438 which is a premium of \$124,598 over the agreed price of the shares issued of \$5,686,840, being 22 cents per share for 25,849,273 shares.

The Company's shares re-commenced trading on the ASX on 18 January 2017.

There are no other significant events to report.

## Directors' declaration

In accordance with a resolution of directors of Thorney Technologies Ltd (formerly Australian Renewable Fuels Limited), I state that:

1. In the opinion of the Directors:

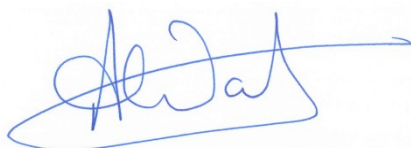
(a) the financial statements and notes of Thorney Technologies Ltd (formerly Australian Renewable Fuels Limited) for the half-year ended 31 December 2016 are in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the financial position as at 31 December 2016 and of its performance for the half-year ended on that date; and

(ii) complying with Accounting Standards and the *Corporations Regulations 2001*;

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Board,



**Alex Waislitz**  
Chairman

Melbourne, 24 February 2017

## Independent auditor's review report



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To the Members of Thorney Technologies Ltd

### Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Thorney Technologies Ltd, which comprises the statement of financial position as at 31 December 2016, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

### Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal controls as the directors determine are necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the company's financial position as at 31 December 2016 and its performance for the half-year ended; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Thorney Technologies Ltd, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the Directors' Report.



## Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Thorney Technologies Ltd is not in accordance with the *Corporations Act 2001*, including:

- i. giving a true and fair view of the company's financial position as at 31 December 2016 and of its performance for the half-year ended; and
- ii. complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A handwritten signature in black ink, appearing to read 'Ernst &amp; Young', is shown above a faint rectangular stamp.

Ernst & Young

A handwritten signature in black ink, appearing to read 'Kester Brown', is shown above a faint rectangular stamp.

Kester Brown  
Partner

Melbourne  
24 February 2017