

THORNEY TECHNOLOGIES LTD

ABN: 66 096 782 188

Appendix 4D

&

2018 Half-year
financial report

Thorney Technologies Ltd

ABN 66 096 782 188

Appendix 4D

For the half-year ended 31 December 2017

Previous corresponding period: half-year ended 31 December 2016

Results for announcement to the market:

	31 Dec 2017 \$A' 000	31 Dec 2016 \$A' 000	Up/ Down	Movement \$A' 000
Revenue from ordinary activities	14,125	0	Up	14,125
Profit/(Loss) from ordinary activities after tax attributable to members	10,733	(372)	Up	11,105
Net profit/ (loss) for the period attributable to members	10,733	(372)	Up	11,105

No dividends have been declared for the half-year ended 31 December 2017.

<u>Additional information</u>	31 Dec 2017 cents	31 Dec 2016 cents
Net tangible asset backing per ordinary share	27.0	(229)

This information should be read in conjunction with the 2017 Annual Report of Thorney Technologies Ltd and any public announcements made in the period by Thorney Technologies Ltd in accordance with the continuous disclosure requirements of the Corporations Act 2001 and Listing Rules.

This report is based on the consolidated 31 December 2017 half-year financial statements which have been reviewed by Ernst & Young with the independent auditor's report included in the 31 December 2017 half-year financial report.

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

Chairman's letter.....	4
Directors' report.....	5
Auditor's Independence Declaration	7
Consolidated statement of comprehensive income.....	8
Consolidated statement of financial position.....	9
Consolidated statement of changes in equity	10
Consolidated statement of cash flows.....	11
Notes to the consolidated financial statements.....	12
1. Summary of accounting policies.....	12
2. Income tax.....	12
3. Deferred tax.....	13
4. Fair value measurements	13
5. Issued capital.....	14
6. Related party transactions	15
7. Earnings per share.....	15
8. Contingent liabilities	15
9. Subsequent events	15
Directors' declaration	16
Independent auditor's review report.....	17

Thorney Technologies Ltd

ABN 66 096 782 188

Chairman's Letter

Dear fellow shareholders

I am pleased to report that Thorney Technologies Ltd (TEK) has delivered a net profit after tax (net of fees) of \$10,732,847 for the six month period ended 31 December 2017. As TEK was launched and re-commenced trading in January 2017, any comparison to the prior corresponding period is not meaningful.

As at 31 December 2017, TEK's net tangible asset backing per share was approximately 27.0 cents, representing an increase in the period of over 19%, and an increase of approximately 30% since the inception of TEK in January 2017.

There have been a number of operational and investment highlights for TEK during the period, including:

- Successful completion of an equity capital raising in October 2017, which provided TEK with additional deployable investment capital of approximately \$15.0 million (before capital raising fees);
- Significant contributions from investments in Afterpay Touch Group Limited, Updater Inc., Yojee Limited and Oventus Medical Limited; and
- A series of potentially valuable early stage investments which have begun to develop, sourced from TEK's global relationship network.

Following the statutory reporting of all TEK portfolio companies, I intend to send you a Chairman's Update with some additional detail and insight on the reported results and any other significant developments.

We continue to see a number of new opportunities emerging and we intend to maintain our disciplined and patient approach to deploying TEK's investment capital.

I look forward to communicating with you again shortly.

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

27 February 2018

Directors' report

The Directors of Thorney Technologies Ltd (TEK, or Company) present the financial report of the Company for the half-year ended 31 December 2017.

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

Current Directors	Appointed	Position
Alex Waislitz ¹	9 December 2016	Chairman
Alan Fisher ²	29 August 2015	Non-executive director
Jeremy Leibler	9 December 2016	Non-executive director
Martin Casey	22 June 2016	Non-executive director

¹ Alex Waislitz was appointed Chairman on 9 December 2016.

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

Principal activities

Thorney Technologies Ltd 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.

Review of operations

Profit after tax for the half-year under review was \$10,732,847, an increase of \$11,104,648 on the previous corresponding half-year loss of (\$371,801).

The Net Tangible Asset Backing per share at 31 December 2017 was 27.0 cents per share (2016: loss per share 229 cents).

During the period, TEK raised \$15,000,000 under an Offer to sophisticated investors by way of two placements, priced at \$0.235 cents per share. The Company issued 27,659,574 shares under Placement Offer 1 on 27 September 2017 and issued 36,170,213 shares under Placement Offer 2 on 19 October 2017. The share issues, which included the participation of Thorney Holdings and certain directors in Placement Offer 2, were approved by shareholders on 18 October 2017.

Subsequent events

As at 31 December 2017, TEK held 837,500 shares in GetSwift Limited (GSW) valued at \$3.70 per share. On Monday 26 February 2018, the GSW share price closed at \$0.67, following a series of disclosures made by GSW since 31 December 2017.

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 flourish extending to the right.

Alex Waislitz
Chairman

Melbourne, 27 February 2018

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 2017, 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

Melbourne
27 February 2018

Consolidated statement of comprehensive income for the half-year ended 31 December 2017

	Note	December 2017 \$	December 2016 \$
Continuing operations			
Interest received		254,825	105
Dividends		55,444	-
Realised gains		1,952,934	-
Unrealised gains		11,861,381	-
Total investment income		14,124,584	105
Management fees		(566,145)	-
Performance fees		(2,429,596)	-
Directors' fees		(141,188)	(35,320)
Finance costs		(238)	(20,023)
Fund administration and operational costs		(94,870)	(184,483)
Legal & professional fees		(130,825)	(211,995)
Other administrative costs		(28,875)	(10,083)
Profit/(loss) before tax		10,732,847	(461,799)
Income tax expense	2	-	-
Profit/(loss) for the year from continuing operations		10,732,847	(461,799)
Discontinued operations			
Profit/(loss) after tax from discontinued operations		-	89,998
Profit/(loss) for the year		10,732,847	(371,801)
Other comprehensive income/(loss) for the year net of income tax		-	-
Total comprehensive income/(loss) for the period		10,732,847	(371,801)
<u>Income/(Loss) for the year attributable to:</u>			
Owners of the parent		10,732,847	(371,673)
Non-controlling interests		-	(128)
		10,732,847	(371,801)
<u>Total comprehensive income/(loss) attributable to:</u>			
Owners of the parent		10,732,847	(371,673)
Non-controlling interests		-	(128)
		10,732,847	(371,801)
Basic and diluted earnings per share	7	4.84	(0.88)

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 31 December 2017

	Note	31 December 2017 \$	30 June 2017 \$
Current assets			
Cash and cash equivalents		23,420,218	20,521,143
Financial assets	4	44,366,037	22,490,971
Trade and other receivables		71,749	86,395
Prepayments		58,077	26,844
Total current assets		67,916,081	43,125,353
Non-current assets			
Financial assets	4	5,728,828	2,820,803
Total non-current assets		5,728,828	2,820,803
Total assets		73,644,909	45,946,156
Current liabilities			
Trade and other payables		4,229,004	1,999,461
Total current liabilities		4,229,004	1,999,461
Total liabilities		4,229,004	1,999,461
Net assets		69,415,905	43,946,695
Equity			
Issued capital	5	55,994,312	41,257,949
Reserves		13,421,593	2,688,746
Total equity		69,415,905	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 half-year ended 31 December 2017

	Issued capital \$	Profit 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	-	-	10,732,847	10,732,847	-	10,732,847
Total comprehensive income for the period	-	-	10,732,847	10,732,847	-	10,732,847
Issued shares	15,000,000	-	-	15,000,000	-	15,000,000
Cost of issue of shares	(263,637)	-	-	(263,637)	-	(263,637)
Transfer to Profit reserve	-	10,732,847	(10,732,847)	-	-	-
Balance at 31 December 2017	55,994,312	13,421,593	-	69,415,905	-	69,415,905
Balance at 1 July 2016	19,869,826	-	(20,151,650)	(281,824)	(307,917)	(589,741)
Profit/(loss) for the period	-	-	(371,673)	(371,673)	(128)	(371,801)
Total comprehensive income for the period	-	-	(371,673)	(371,673)	(128)	(371,801)
Balance at 31 December 2016	19,869,826	-	(20,523,323)	(653,497)	(308,045)	(961,542)

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

Consolidated statement of cash flows for the half-year ended 31 December 2017

	December 2017 \$	December 2016 \$
Cash flows from operating activities		
Interest received	254,825	103
Interest paid	(238)	-
Dividends received	55,444	-
Proceeds from sale of trading investments	5,560,953	-
Payments for trading investments	(12,092,134)	-
Payment to suppliers and employees	(2,239,607)	(298,542)
Net cash (used in) operating activities	(8,460,757)	(298,439)
Cash flows from investing activities		
Proceeds from sale of discontinued operations	-	40,000
Payment for long-term investments	(3,376,531)	-
Net cash generated from / (used in) investing activities	(3,376,531)	40,000
Cash flows from financing activities		
Proceeds from borrowings	-	445,719
Repayment of borrowings	-	(40,000)
Proceeds from issue of shares	15,000,000	-
Payment for equity raising transaction costs	(263,637)	(120,470)
Net cash provided by financing activities	14,736,363	285,249
Net increase in cash and cash equivalents	2,899,075	26,810
Cash and cash equivalents at the beginning of the period	20,521,143	259
Cash and cash equivalents at the end of the period	23,420,218	27,069

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 consolidated financial statements

The half-year consolidated financial statements of Thorney Technology Ltd for the half-year ended 31 December 2017 were authorised for issue in accordance with a resolution of the Board of Directors on 27 February 2018.

1. Summary of accounting policies

(a) Basis of preparation

The half-year consolidated financial statements are general purpose financial statements that have been prepared in accordance with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Act 2001.

The half-year consolidated financial statements do not include all of the information required for full-year statements. Accordingly, these financial statements should be read in conjunction with the consolidated financial statements for the year ended 30 June 2017 and any public announcements made by Thorney Technologies Ltd during the half-year in accordance with the continuous disclosure requirements of the Corporations Act 2001 and the ASX Listing Rules.

Changes in Accounting Standards

The accounting policies adopted in the preparation of the consolidated financial statements half-year ended 31 December 2017 are consistent with those of the most recent annual financial report. The impact of adopting any amendments to standards was not material.

2. Income tax

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

	December 2017	December 2016
Profit before income tax expense	10,732,847	(371,801)
Prima facie tax expense on profit from ordinary activities before income tax (expense)/ benefit at 27.5% (2016: 30%)	(2,951,533)	111,540
Deferred income tax expense		
- Imputation credits on dividends received	(6,535)	-
Recognition of loss to offset deferred tax liability	2,958,068	(111,540)
Income tax expense recognised in the consolidated statement of profit or loss	-	-

3. Deferred tax

	December 2017	June 2017
Deferred tax		
Financial assets	(4,847,923)	(1,252,136)
Business establishment costs	548,298	564,777
Other	20,323	27,476
Unrecouped revenue losses	22,605,861	23,818,217
Net deferred tax asset not recognised	18,326,559	23,158,334

At 31 December 2017, the Company has estimated unused gross revenue tax losses of \$82,177,207 (June 2017: \$79,391,583) that are available to offset against future taxable capital and revenue profits, subject to continuing to meet relevant statutory tests.

4 Fair value measurements

To reflect the source of valuation inputs used when determining the fair value of its financial assets and financial liabilities, the Company 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. The fair value of assets and liabilities with short-term maturities are valued at the amount at which the asset or liability could be exchanged in a current transaction between willing parties; and
- Level 3: valuation techniques using non-market observable data with the fair value for investments based on inputs determined by Directors' valuation.

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

	December 2017	June 2017
Assets measured at fair value		
Level 1: Listed equities	43,757,609	22,328,358
Level 2: Receivables ² , Prepayments ²	129,826	113,239
Level 3: Long-term financial assets ¹	6,337,256	2,983,416
Total financial assets	50,224,691	25,425,013
Total current	44,495,863	22,604,210
Total non-current	5,728,828	2,820,803
Liabilities measured at fair value		
Level 1: Derivative financial instruments	-	-
Level 2: Payables ²	4,229,004	1,999,461
Level 3: -	-	-
Total financial liabilities	4,229,004	1,999,461

¹ Long-term financial assets are valued using 'the *International Private Equity and Venture Capital Valuation Guidelines*'. The valuation techniques adopted include a Market Approach, an Income Approach and a Replacement Cost Approach.

² Given the short maturities, the fair value of the assets and liabilities are recognised at the face value on the invoice.

4 Fair value measurements (continued)

For assets and liabilities that are recognised at fair value on a recurring basis, the Company 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 gain/(loss) recognised in Statement of comprehensive income	155,123	(9,191)	145,932
Purchases of long-term financial assets	948,315	2,259,593	3,207,908
Balance at 31 December 2017	2,453,505	3,883,751	6,337,256
Balance at 1 July 2016	-	-	-
Purchases of long-term financial assets	1,350,067	1,633,349	2,983,416
Balance at 30 June 2017	1,350,067	1,633,349	2,983,416

5. Issued capital

	December 2017 Number of shares	June 2017 Number of shares	December 2017 \$	June 2017 \$
Ordinary shares				
Balance at 1 July	193,538,840	41,956,145	41,257,949	19,869,826
1:100 share consolidation	-	(41,536,065)	-	-
S258 reduction	-	-	-	(19,869,826)
Ordinary shares issued	63,829,787	193,118,760	15,000,000	42,610,729
Share issue costs (net of tax)	-	-	(263,637)	(1,352,780)
Total issued capital	257,368,627	193,538,840	55,994,312	41,257,949

6. Related party transactions

The following table provides the total amount of transactions which have been entered into with related parties during the six months ended 31 December 2017 and 2016:

	Services from and transactions with related parties	
	December 2017 \$	December 2016 \$
All related party transaction amounts are shown exclusive of GST:		
<i>Entities with significant influence over the Company:</i>		
Thorney Management Services Pty Ltd	2,922,674	-
TIGA Trading Pty Ltd	26,000	47,599
<i>Related parties of key management personnel of the Company:</i>		
Arnold Bloch Leibler	49,111	381,120
Martin Casey ¹	83,700	-

¹ Effective 1 July 2017, the Company entered into new arrangements with the Director with respect to director's fees and agreed to an amount for additional workload involved in the capital raisings during the 2018 half-year.

7. Earnings per share

	December 2017	December 2016
Basic and diluted earnings per share (cents)	4.84	(0.88)
Earnings used in calculating basic and diluted earnings per share (\$)	10,732,847	(371,801)
	2017 Number of Shares	2016 Number of shares
Weighted average number of ordinary shares used in calculating basic and diluted earnings per share	221,533,752	420,080

8. Contingent liabilities

The Company has no contingent liabilities as at 31 December 2017 (2016: nil).

9. Subsequent events

As at 31 December 2017, TEK held 837,500 shares in GetSwift Limited (GSW) valued at \$3.70 per share. On Monday 26 February 2018, the GSW share price closed at \$0.67, following a series of disclosures made by GSW since 31 December 2017.

Directors' declaration

In accordance with a resolution of 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 half-year ended 31 December 2017 are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the financial position as at 31 December 2017 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, 27 February 2018

Independent Auditor's Review Report to the Members of Thorney Technologies Ltd

Report on the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of Thorney Technologies Ltd (the Company) and its subsidiaries (collectively the Group), which comprises the statement of financial position as at 31 December 2017, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half-year financial report of the Group is not in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the consolidated financial position of the Group as at 31 December 2017 and of its consolidated financial performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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 control as the directors determine is 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, anything has come to our attention that causes us to believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's consolidated financial position as at 31 December 2017 and its consolidated financial performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Group, 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*.



Ernst & Young



Kester Brown
Partner

Melbourne
27 February 2018