

Thorn Group Limited

ACN 072 507 147



2 June 2011

Dear Shareholder,

Renounceable entitlement offer to raise approximately A\$30 million

Thorn Group Limited (*Thorn* or the *Company*) has announced a fully underwritten pro rata renounceable entitlement offer (*Entitlement Offer* or *Offer*) of one (1) new ordinary share (*New Shares*) for every eight (8) existing Thorn shares (*Entitlement*) to raise approximately A\$30 million at an issue price of A\$1.85 per share (*Issue Price*).

The proceeds of the Offer will be used to provide Thorn with the capacity to take advantage of strategic growth opportunities as they may arise by effectively returning the Company's gearing to the conservative position it held prior to the acquisition of National Credit Management Limited (announced 18 March 2011).

All Thorn shareholders with a registered address in Australia or New Zealand at 7:00pm on the Record Date (9 June 2011) will be entitled to participate in the Entitlement Offer (*Eligible Shareholders*), subject to the terms and conditions set out in the Offer Booklet for the Offer.

Details of the Offer will be set out in the Offer Booklet to be lodged with the Australian Securities Exchange (**ASX**) on 16 June 2011. A copy of the Offer Booklet will be made available on the ASX website at www.asx.com.au, and on Thorn's website at www.thorn.com.au on that date. Eligible Shareholders will also be mailed an Offer Booklet together with a personalised Entitlement and Acceptance Form by no later than 16 June 2011. Shareholders whose registered address is not in Australia or New Zealand will not be sent an Offer Booklet.

Key information regarding the Offer

Eligible Shareholders will be entitled to acquire one (1) New Share for every eight (8) existing Thorn shares held. Fractional entitlements to New Shares will be rounded up. The Entitlement Offer is renounceable, which means that rights may be traded on ASX or otherwise transferred if shareholders do not wish to take up some, or all, of their Entitlement. Rights trading will start on 3 June 2011 and end on 23 June 2011.

The Issue Price represents an 8.9% discount to the adjusted last closing price¹ of Thorn shares on 31 May 2011 (A\$2.03 per share) and an 8.0% discount to the adjusted theoretical ex-rights price (*TERP*)² (A\$2.01 per share).

The Offer is fully underwritten by RBS Morgans Corporate Limited (*Underwriter*).

1 The New Shares issued pursuant to the Offer are not entitled to the 4.95 cent final dividend declared on 24 May 2011 for the year ended 31 March 2011. The adjusted closing price represents the last closing price of \$2.08 less the 4.95 cent final dividend for the year ended 31 March 2011.

2 The adjusted TERP represents the TERP of \$2.06 less the 4.95 cent final dividend for the year ended 31 March 2011.

Eligible Shareholders will also have the opportunity to apply for New Shares in addition to their Entitlements (**Additional Shares**) at the Issue Price. In the event that Eligible Shareholders do not take up their Entitlements in full, the Underwriter in consultation with the Directors, subject to the terms of the underwriting agreement, reserve the right to issue New Shares at their sole and absolute discretion to subscribers for Additional Shares.

Upon successful completion of the Offer, Thorn expects its issued capital to be:

Description	Shares ³
Shares on issue prior to the Offer	129,858,924
Shares issued pursuant to the Offer	16,232,366
Total Shares on issue after completion of the Offer	146,091,290

New Shares issued under the Entitlement Offer will rank equally with existing ordinary shares on issue. The New Shares are expected to be allotted on 8 July 2011 which is after the record date for the final dividend on 23 June 2011. Accordingly the New Shares will not be entitled to the final dividend of 4.95 cents (for the period ended 31 March 2011).

Key Offer dates

Event	Date
Announcement of Offer	1 June 2011
Shares commence trading ex-Rights	3 June 2011
Rights trading commences	3 June 2011
Record Date	7:00pm AEST on 9 June 2011
Offer opening date	16 June 2011
Rights trading finishes	4:00pm AEST on 23 June 2011
Trading on ASX of New Shares on a deferred settlement basis	24 June 2011
Offer closing date	5:00pm AEST on 30 June 2011
Despatch of holding statements	8 July 2011
Trading on ASX of New Shares on a normal settlement basis	11 July 2011

NOTE: The above timetable is indicative only and subject to change without notice. Thorn reserves the right, subject to the Corporations Act, ASX Listing Rules, the underwriting agreement with the Underwriter and other applicable laws, to amend any or all of these events, dates and times. In particular, Thorn reserves the right to extend the date for closing of the Entitlement Offer, delay the allotment of securities, accept late applications, either generally or in particular cases, or to withdraw the Entitlement Offer without prior notice. Accordingly, applicants are encouraged to submit their applications as soon as possible after the Entitlement Offer opens. No cooling-off period applies to the Entitlement Offer. The commencement of quotation of New Shares is subject to confirmation from ASX.

Accepting the Offer

If you wish to accept the offer to subscribe for your pro-rata Entitlement of New Shares under the Offer (**Rights**), or apply for any Additional Shares, please complete and return the personalised Entitlement and Acceptance Form accompanying the Offer Booklet, which will be sent to you and provide the appropriate application monies (for your Rights plus the amount you wish to subscribe for Additional Shares (if any)) or, alternatively, pay the application monies by BPAY. The Entitlement and Acceptance Form and application monies must be received by no later than 5:00pm AEST on 30 June 2011. If you are paying by BPAY you do not need to return the Entitlement and Acceptance Form.

³ The number of New Shares to be issued under the Offer, and the total number of issued shares on the close of the Offer, are necessarily approximate as individual shareholdings will be rounded when calculating entitlements.

Selling your Rights

If you wish to sell some or all of your Rights on ASX, please contact your broker as soon as possible. You can seek to sell your Rights on ASX from 3 June 2011. All sales on ASX must be effected by 23 June 2011, when the Rights trading period ends. There is no guarantee that you will be able to sell your Rights. If you wish to take up all or some of your Rights not sold on ASX, you will need to follow the instructions in the "Accepting the Offer" section above.

Transferring your Rights

If you are an Eligible Shareholder on the Company's issuer sponsored sub-register and you wish to transfer all or some of your rights to another person who is also an Eligible Shareholder or a person with a registered address in Australia or New Zealand, other than on ASX, you will need to complete and return a Renunciation and Acceptance Form (available from your stockbroker or Computershare Investor Services Pty Limited (**Registry**) (contact on 1300 850 505 between 8:30am and 5:00pm (AEST) Monday to Friday)) and the transferee's application monies in relation to the Rights you wish to transfer. The Renunciation and Acceptance Form must be received no later than 5:00pm AEST on 30 June 2011. If the Registry receives both a completed Renunciation and Acceptance Form and an Entitlement and Acceptance Form in respect of the same Rights, the renunciation will take priority over the acceptance.

If you are an Eligible Shareholder on the CHESS sub-register, as either buyer or seller, you must contact the sponsoring broker to effect the transfer. The Registry is unable to transfer the Rights either to or from a CHESS Holding.

If you wish to take up all or some of your Rights that you have not transferred, you need to follow the instructions in the "Accepting the Offer" section above.

Doing nothing with your Rights

If you decide not to sell all or some of your Rights and do not take up all or some of your Rights before 5:00pm AEST on 30 June 2011 or if you do nothing, you will continue to own the same number of shares in Thorn but your interest in Thorn will be diluted and you will receive no value for your Rights.

Important information

The provision of this document is not, and should not be considered as, financial product advice. Please read the Offer Booklet in full before deciding whether to invest in the Entitlement Offer. In particular, you should consider the risk factors (summarised in the Entitlement Offer Presentation included in the Offer Booklet) that could affect the financial performance and position of Thorn in light of your investment objectives, financial situation and particular needs (including financial and tax issues) and seek investment advice from your financial or other professional advisers.

Please also have regard to other publicly available information about Thorn, including ASX announcements, which can be found at the ASX website www.asx.com.au and Thorn's website www.thorn.com.au.

If you have any questions in relation to any of the above matters, please contact:

- the Registry (Computershare Investor Services Pty Limited) on 1300 850 505 between 8:30am and 5:00pm (AEST) Monday to Friday;
- Thorn on (02) 9101 5000; or
- your stockbroker or professional adviser.

Yours sincerely



John Hughes
Managing Director