

Thorn Group Limited

ACN 072 507 147

ASX ANNOUNCEMENT

27th November 2009
Sydney Australia

Thorn Group records a significant increase in First Half Net Profit after Tax and a solid Full Year result is expected.

- Normalised Net Profit after Tax up 36.2%
- Revenue up 15.3%
- 7.6% customer growth
- EBIT lift of 34.5%
- EPS of 8.38 cents, an 83.8% increase
- 9% debt/equity ratio
- BigBrownBox.com.au and Cashfirst strategies gaining impetus

Thorn Group Limited (ASX: TGA), today announced an 86.2% increase in half year Net Profit after Tax of \$10.8m, compared to the prior year result of \$5.8m which was positively impacted by a one-off tax benefit of \$2.8m.

Excluding the tax benefit, normalised Net Profit after Tax lifted 36.2% to \$8.0m up from \$5.8m and again emphasizes the power and resilience of the business model. The Company reconfirmed its previous projection of a normalised Net Profit after Tax of \$14.3m to \$14.8m for the Full Year ending 31st March 2010.

Total revenues for the period grew to \$73.0m up from \$63.3m, a 15.3% lift on the previous corresponding period and was driven by a 7.6% growth in the core rental customer base and was consistent across all trading regions. Thorn trades as Radio Rentals in all states and territories except South Australia, where it trades as Rentlo.

The boost in total revenues generated a gross profit of \$42.2m being an 8.8% increase on the prior corresponding period. This flowed through to a 34.5% increase in earnings before interest and tax at \$11.7m and resulted in normalised net profit after tax improving 36.2%, to \$8.0m up from \$5.8m.

Managing Director, John Hughes commented that “whichever way you look at it, this is a very positive result, particularly considering the economic conditions that have prevailed during the period and our investment in strategic growth initiatives. The inherent strength of the recurring revenue streams within our core rental business, coupled with significant customer growth, an unabated demand for PCs and flat panel televisions along with solid increases in whitegoods and furniture really stands us in good stead.”

“On the other side of the ledger it is also pleasing to report that late payments from customers continue at historical lows, which is borne out of both our long-term focus on matching customer affordability with their needs and improvements in our payment and collection processes” he said.

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In commenting about Big Brown Box, Thorn's internet retail initiative, Mr Hughes said that "Big Brown Box is really starting to gain some momentum and it is great to see a good steady increase in sales together with very positive customer feedback, particularly from those people in regional areas."

Thorn's other strategic initiative, Cashfirst, which provides term loans of between \$1,000 and \$3,000, completed the period with a loan book just above the \$3m mark; however results generated from a new marketing program launched in September would indicate that it is likely to grow to over \$4m by the end of the financial year in March, whilst maintaining arrears and write-offs within budget.

The Company has declared a fully franked interim dividend of 2.56 cents per share to be paid on 14 January 2010. The record date for determining the entitlement is 21 December 2009.

For further information please contact:

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