

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 to raise approximately A\$30 million at an issue price of A\$1.85 per share (*Issue Price*).

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.

The record date for the Offer is 9 June 2011. The Offer is open to Shareholders at the record date whose registered address is in Australia or New Zealand. According to our Share registry records, the registered address for your holding is not in Australia or New Zealand and therefore, you are not eligible to participate in the Entitlement Offer.

In accordance with ASX Listing Rule 7.7.1, Thorn has decided that it is unreasonable to extend the Offer to Shareholders with a registered address outside of Australia and New Zealand having to regard to:

- the number of Shareholders outside of Australia and New Zealand;
- the number and value of New Shares that would be offered to Shareholders outside of Australia and New Zealand; and
- the cost of complying with the legal requirements, and requirements of regulatory authorities, in the overseas jurisdictions.

Consequently, Thorn has arranged to sell your rights to subscribe for New Shares through RBS Morgans Corporate Limited (the *Nominee*) in Australia. The net proceeds (if any) from the sale of your rights under the Offer will be sent to you at your registered address.

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.

The Nominee will have the absolute and sole discretion to determine the timing and the price at which your rights may be sold and the manner in which any sale is made. Any interest earned on the proceeds of the sale of rights will firstly be applied against the expenses of the sale, including brokerage, and any balance will accrue to Thorn.

The proceeds of sale (if any) will be paid in Australian dollars to you in proportion to your shareholding (after deducting brokerage commission and other expenses). If any such net proceeds of sale are less than the reasonable costs that would be incurred by Thorn in distributing those proceeds, the proceeds may be retained by Thorn. Notwithstanding that the Nominee may sell your rights, you may not receive any net proceeds if the costs of the sale are greater than the sale proceeds.

Neither Thorn nor the Nominee will be liable for a failure to sell rights or to sell rights at any particular price. If, in the reasonable opinion of the Nominee, there is no viable market for the rights, or a surplus over the expenses of the sale cannot be obtained, then the rights will be allowed to lapse.

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

- Computershare Investor Services Pty Limited on +61 3 9415 4000 between 8:30am and 5:00pm (AEST) Monday to Friday;
- Thorn on (02) 9101 5000; or
- your stockbroker or professional adviser.

Yours sincerely

A handwritten signature in black ink, appearing to be 'JH', with a long horizontal flourish extending to the right.

John Hughes
Managing Director