

Thorn Group Limited

ACN 072 507 147

Managing Director's AGM Address

19 AUGUST 2010

Bernard's positive comments are appreciated and I take this opportunity to thank everyone within the organisation for their contribution to what can only be described as an outstanding result, particularly when so many other organisations involved in retail and financial services are finding conditions tough.

A 14% revenue increase coupled with a 10.5% growth in customers, resulting in a 34% rise in profit after tax is truly remarkable given the economic environment and certainly shows the inherent strength of the core rental business, its capacity to prosper under all economic circumstances and the opportunity for further market penetration.

Company strengths

The fundamental strength of the Company's recurring revenue streams and subsequent solid positive cashflows is key to providing a strong platform for continued prosperity and strategic development.

The core Radio Rentals & Rentlo business continues to flourish but most importantly has done so while maintaining best practice in customer assessment, approvals, arrears and bad debt management, which is of paramount importance in ensuring the quality of receivables.

Recent business initiatives

It is pleasing to report that our One Person Branch trial in Batemans Bay NSW met all expectations and as such we are now planning the opening of additional locations across regional Australia. Whilst they each take a year or so to achieve profitability and positive cashflows they are a cost effective means of significantly increasing market penetration in underserviced regional areas and creating a solid base of customers.

In addition we will be embarking on a trial of a kiosk concept in major metropolitan markets during the next 9 months in order to increase penetration in those areas at a substantially lower cost than our standard Full Service Branch model. These will be located in major shopping centres that have high levels of customer traffic.

Each of these initiatives will be managed and supported by a Full Service Branch to ensure optimum operational efficiencies.

Business development

Cashfirst, our unsecured cash loan offering, continues to grow at a steady rate and shows good potential.

BigBrownBox, our internet retail offering, has performed below expectations which is reflective of the tough market conditions being experienced by consumer electronics retailers in general. Margins have eroded significantly over the past 2 years and there is strong industry speculation of further market rationalisation.

Regulatory environment

In regard to the regulatory environment, the introduction of the National Consumer Credit Protection Act is applauded and we are in a comfortable position to meet the new requirements as they are implemented. We also hope that ASIC as the regulator has the resolve and resources to enforce requirements by all participants in the market.

Unfortunately this has not been the case under the previous code and state regulators which enabled a significant number of non-compliant operators to flourish.

Looking forward

We continue to invest strongly in the marketing of our businesses, particularly through TV advertising and are continuing to see some very positive results.

Thorn Group Limited

ACN 072 507 147

A continued focus on operating expense controls along with negligible net debt and strong levels of new business suggest that the 2010/11 year will again be a period of solid growth in profit after tax and overall shareholder returns. Pleasingly results year to date point to a full year profit after tax of around \$19m which is in line with market expectations.

This is in contrast to the general retail market and underlines the Company's ability to succeed in even the toughest of market conditions.

This success is built on the strength of the recurring revenue streams and the core business focus of providing affordable access to basic household goods.

John Hughes
Managing Director

ABOUT THORN GROUP LIMITED (ASX: TGA, www.thorn.com.au)

Thorn Group is a retailing and financial services company and a leader in the household goods rental market. Its core business is Radio Rentals, a brand in Australia since 1937 and now with 70 stores nationally. Other group businesses comprise Thorn Business Services, providing commercial finance for SMEs, Cashfirst for personal loans and www.bigbrownbox.com.au , online retailer. Thorn trades as Radio Rentals in all states and territories except South Australia, where it trades as Rentlo.