

Thorn Group Limited  
(formerly RR Australia Limited)  
and its Controlled Entities  
ACN 072 507 147

Condensed consolidated interim financial report  
30 September 2009

Thorn Group Limited (formerly RR Australia Limited)  
**Directors' Report**  
For the six months ended 30 September 2009

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The directors present their report together with the condensed consolidated interim financial report for the six months ended 30 September 2009 and the review report thereon.

## Directors

The directors of the Company at any time during or since the end of the interim period are:

Name	Period of directorship
<b>Non-executive</b>	
Mr Bernard Carrasco (Chairperson)	Director since 3 November 2006
Mr David Carter	Director since 3 November 2006
Mr Paul Lahiff	Director since 21 May 2007
Mr Peter Henley	Director since 21 May 2007
<b>Executive</b>	
Mr John Hughes (Managing Director and CEO)	Director since 3 November 2006

## Review of Operations

Revenues for the period grew from \$63.3m to \$73.0m, a 15.3% improvement on the previous corresponding period ("PCP"). The growth was principally driven by the continued growth in finance lease revenues from \$24.7m to \$33.0m, a significant 33.6% lift.

The growth in revenues generated a gross profit of \$42.2m, being an 8.8% improvement, which flowed through to a 34.5% increase in earnings before interest and tax at \$11.7m, up from \$8.7m.

Normalised net profit after tax increased to \$8.0m, up 36.2% from \$5.8m. Tax expense was favourably impacted by the temporary investment allowance, whereby the Company has recognised a total deduction of \$2.8m. This resulted in net profit after tax of \$10.8m.

Importantly the result was underpinned by a 7.6% increase in customers. Customer growth was generated in all regions, with strong contributions from regional New South Wales, Tasmania and regional Victoria.

Net cash from operating activities increased from \$19.0m to \$28.8m due to the growth in units on rent and the associated rental dues.

## Lead auditor's independence declaration

The lead auditor's independence declaration is set out in page 3 and forms part of the directors' report for the six months ended 30 September 2009.

Thorn Group Limited (formerly RR Australia Limited)  
**Directors' Report**  
For the six months ended 30 September 2009

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**Rounding off**

The Company is a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with that Class Order, amounts in the financial report and directors' report have been rounded off to the nearest thousand dollars, unless otherwise stated.

Dated at Sydney this 27<sup>th</sup> day of November 2009.

Signed in accordance with a resolution of the directors:



Bernard Carrasco  
Chairman



John Hughes  
Managing Director

Thorn Group Limited (formerly RR Australia Limited)  
**Lead Auditor's Independence Declaration**  
For the six months ended 30 September 2009

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**Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001**

To: the directors of Thorn Group Limited

I declare that, to the best of my knowledge and belief, in relation to the review for the interim period ended 30 September 2009 there have been:

- (i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the review.

LMG

KPMG



Greg Boydell  
*Partner*

Dated at Sydney, this 27<sup>th</sup> day of November 2009

Thorn Group Limited (formerly RR Australia Limited)  
**Condensed consolidated statement of comprehensive income**  
For the six months ended 30 September 2009

<i>In thousands of AUD</i>	<i>Note</i>	<b>30 September 2009</b>	<b>30 September 2008</b>
Revenue		72,965	63,257
Cost of sales		(30,808)	(24,465)
<b>Gross Profit</b>		<b>42,157</b>	<b>38,792</b>
Other income		4	58
Sales and marketing expenses		(21,585)	(20,798)
General and administration expenses		(8,918)	(9,365)
<b>Results from operating activities</b>		<b>11,658</b>	<b>8,687</b>
Financial income		35	130
Financial expenses		(239)	(324)
<b>Net Financing Costs</b>		<b>(204)</b>	<b>(194)</b>
<b>Profit Before Income Tax</b>		<b>11,454</b>	<b>8,493</b>
Income tax expense	9	(664)	(2,662)
<b>Profit For The Period</b>		<b>10,790</b>	<b>5,831</b>
<b>Attributable To:</b>			
Equity holders of the Company			
<b>Earnings Per Share</b>			
Basic earnings per share from continuing operations (cents)	8	8.38	4.56
Diluted earnings per share from continuing operations (cents)	8	8.33	4.50

*The condensed consolidated statement of comprehensive income is to be read in conjunction with the notes to the condensed consolidated interim financial statements set out on pages 8 to 11.*

Thorn Group Limited (formerly RR Australia Limited)  
**Condensed consolidated statement of changes in equity**  
For the six months ended 30 September 2009

*In thousands of AUD*

	<b>Share capital</b>	<b>Retained earnings</b>	<b>Equity remuneration reserve</b>	<b>Total equity</b>
Balance at 1 April 2008	64,517	(3,557)	1,360	62,320
Total recognised income and expense	-	5,831	-	5,831
Amortisation of performance rights	-	-	110	110
Dividends to shareholders	-	(3,174)	-	(3,174)
Balance at 30 September 2008	64,517	(900)	1,470	65,087
Balance at 1 April 2009	64,517	3,169	1,576	69,262
Total recognised income and expense	-	10,790	-	10,790
Amortisation of performance rights	-	-	36	36
Dividends to shareholders	-	(3,743)	-	(3,743)
Balance at 30 September 2009	64,517	10,216	1,612	76,345

*The condensed consolidated statement of changes in equity is to be read in conjunction with the notes to the condensed consolidated interim financial statements set out on pages 8 to 11.*

Thorn Group Limited (formerly RR Australia Limited)  
**Condensed consolidated statement of financial position**  
As at 30 September 2009

<i>In thousands of AUD</i>	<b>30 September 2009</b>	<b>31 March 2009</b>
<b>Assets</b>		
Cash and cash equivalents	816	2,567
Inventory – finished goods	1,902	1,307
Trade and other receivables	22,209	18,954
<b>Total Current Assets</b>	<b>24,927</b>	<b>22,828</b>
Trade and other receivables	28,771	23,773
Deferred tax assets	3,488	3,293
Rental assets	35,884	33,891
Property, plant and equipment	3,463	3,337
Intangible assets	15,604	15,604
<b>Total Non-Current Assets</b>	<b>87,210</b>	<b>79,898</b>
<b>Total Assets</b>	<b>112,137</b>	<b>102,726</b>
<b>Liabilities</b>		
Trade and other payables	23,231	20,652
Employee benefits	3,682	3,358
Loans and borrowings	855	-
Income tax payable	625	2,104
Provisions	414	505
<b>Total Current Liabilities</b>	<b>28,807</b>	<b>26,619</b>
Loans and borrowings	6,000	6,000
Employee benefits	187	182
Provisions	798	663
<b>Total Non-Current Liabilities</b>	<b>6,985</b>	<b>6,845</b>
<b>Total Liabilities</b>	<b>35,792</b>	<b>33,464</b>
<b>Net Assets</b>	<b>76,345</b>	<b>69,262</b>
<b>Equity</b>		
Issued capital	64,517	64,517
Reserves	1,612	1,576
Retained earnings	10,216	3,169
<b>Total Equity</b>	<b>76,345</b>	<b>69,262</b>

*The condensed consolidated statement of financial position is to be read in conjunction with the notes to the condensed consolidated interim financial statements set out on pages 8 to 11.*

Thorn Group Limited (formerly RR Australia Limited)  
**Condensed consolidated statement of cash flows**  
For the six months ended 30 September 2009

<i>In thousands of AUD</i>	<i>Note</i>	<b>30 September 2009</b>	<b>30 September 2008</b>
<b>Cash Flows From Operating Activities</b>			
Cash receipts from customers		70,390	61,685
Cash paid to suppliers and employees		(39,043)	(39,581)
Cash generated from operations		31,347	22,104
Interest paid		(239)	(324)
Interest received		35	130
Income tax paid		(2,339)	(2,866)
<b>Net cash from operating activities</b>	10	<b>28,804</b>	<b>19,044</b>
<b>Cash Flows From Investing Activities</b>			
Proceeds from sale of rental assets		600	550
Acquisition of property, plant and equipment		(859)	(1,276)
Acquisition of rental assets		(27,408)	(20,978)
<b>Net cash used in Investing Activities</b>		<b>(27,667)</b>	<b>(21,704)</b>
<b>Cash Flows From Financing Activities</b>			
Proceeds from borrowings		855	1,000
Dividends paid		(3,743)	(3,174)
<b>Net cash used in Financing Activities</b>		<b>(2,888)</b>	<b>(2,174)</b>
Net increase /(decrease) in cash and cash equivalents		(1,751)	(4,834)
Cash and cash equivalents at 1 April		2,567	4,974
<b>Cash And Cash Equivalents At 30 September</b>		<b>816</b>	<b>140</b>

*The condensed consolidated statement of cash flows is to be read in conjunction with the notes to the condensed consolidated interim financial statements set out on pages 8 to 11.*

Thorn Group Limited (formerly RR Australia Limited)  
**Notes to the condensed consolidated interim financial statements**  
For the six months ended 30 September 2009

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**1. Reporting entity**

Thorn Group Limited (the 'Company') is a company domiciled in Australia. The condensed consolidated interim financial statements of the Company as at and for the six months ended 30 September 2009 comprises the Company and its subsidiaries (together referred to as the "Group").

The consolidated financial statements of the Group for the year ended 31 March 2009 are available upon request from the Company's registered office at: Level 1 47 Rickard Road Bankstown NSW 2200, or on the Company's website: [www.thorn.com.au](http://www.thorn.com.au).

**2. Statement of compliance**

The condensed consolidated interim financial statements have been prepared in accordance with IAS 34 *Interim Financial Reporting*. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated annual financial statements of the Group as at and for the year ended 31 March 2009.

These condensed consolidated interim financial statements were approved by the Board of Directors on 27 November 2009.

**3. Significant accounting policies**

The accounting policies applied by the Group in these condensed consolidated interim financial statements are the same as those applied by the Group in its consolidated annual financial statements as at and for the year ended 31 March 2009.

**4. Estimates**

The preparation of the interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated annual financial statements for the year ended 31 March 2009.

Thorn Group Limited (formerly RR Australia Limited)  
**Notes to the condensed consolidated interim financial statements**  
For the six months ended 30 September 2009

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**5. Segment reporting**

The consolidated group operates predominately in one industry, being the rental and sale of browngoods, whitegoods, PC's and furniture products, and operates in one geographic segment, Australia. All revenues are generated externally.

**6. Subsequent events**

On 27 November 2009, the Directors declared a fully franked dividend of 2.56 cents per share. The dividend will be paid on 14 January 2010. The dividend has not been provided for in the 30 September 2009 condensed consolidated interim financial statements.

**7. Dividends**

<b>Six months ended 30 September 2009</b>			
	<b>Cents per share</b>	<b>Total \$'000s</b>	<b>Date paid / payable</b>
<b>Recognised Amounts</b>			
Final Dividend	2.91 cents	3,743	23 Jul 2009
<b>Unrecognised Amounts</b>			
Interim Dividend	2.56 cents	3,295	14 Jan 2010
<b>Six months ended 30 September 2008</b>			
	<b>Cents per share</b>	<b>Total \$'000s</b>	<b>Date paid / payable</b>
<b>Recognised Amounts</b>			
Final Dividend	2.48 cents	3,174	25 Jul 2008
<b>Unrecognised Amounts</b>			
Interim Dividend	1.88 cents	2,420	16 Jan 2009

All of the above dividend payments were franked to 100% at the 30% corporate income tax rate.

Thorn Group Limited (formerly RR Australia Limited)  
**Notes to the condensed consolidated interim financial statements**  
For the six months ended 30 September 2009

**8. Earnings per share**

**Basic earnings per share**

The calculation of basic earnings per share for the six months ended 30 September 2009 was based on profit attributable to ordinary shareholders of \$10,790,000 (2008: \$5,831,000) and a weighted average number of ordinary shares of 128,726,203 (2008: 127,981,250).

**Diluted earnings per share**

The calculation of diluted earnings per share for the six months ended 30 September 2009 was based on profit attributable to ordinary shareholders of \$10,790,000 (2008: \$5,831,000) and a weighted average number of ordinary shares of 129,460,000 (2008: 129,460,000), which includes performance rights granted.

	30 September 2009	30 September 2008
<b>Basic earnings per share</b>		
<i>In cents</i>		
From continuing operations	8.38	4.56
<b>Diluted earnings per share</b>		
<i>In cents</i>		
From continuing operations	8.33	4.50

**9. Income Tax Expense**

***Recognised in the Statement of Comprehensive Income***

	30 September 2009	30 September 2008
<i>In thousands of AUD</i>		
<b>Current tax expense</b>		
Current year	809	1,327
Adjustment for prior years	51	138
<b>Deferred tax expense</b>		
Origination and reversal of temporary differences	(196)	1,197
<b>Total income tax expense in statement of comprehensive income</b>	664	2,662

***Numerical reconciliation between tax expense and pre-tax accounting profit***

	30 September 2009	30 September 2008
<i>In thousands of AUD</i>		
Profit before tax	11,454	8,493
Prima facie income tax using the domestic corporation tax rate of 30% (2008: 30%)	3,436	2,548
Change in income tax expense due to:		
Investment allowance	(2,843)	-
Sundry items	20	(24)
Under / (Over) provided in prior years	51	138
Income tax expense on pre-tax accounting profit	664	2,662

Thorn Group Limited (formerly RR Australia Limited)  
**Notes to the condensed consolidated interim financial statements**  
For the six months ended 30 September 2009

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**10. Reconciliation of Cash Flows from Operating Activities**

*In thousands of AUD*

	<b>30 September 2009</b>	<b>30 September 2008</b>
<b>Cash flows from operating activities</b>		
Profit for the period	10,790	5,831
<i>Adjustments for:</i>		
Depreciation	10,767	10,378
Equity settled transactions	36	110
Disposal of rental assets	14,780	10,513
<b>Operating profit before changes in working capital and provisions</b>	<b>36,373</b>	<b>26,832</b>
(Increase) / Decrease in inventory	(595)	-
(Increase) / Decrease in trade and other receivables	(8,253)	(6,724)
(Increase) / Decrease in deferred tax assets	(195)	1,175
Increase / (Decrease) in income tax liability	(1,479)	(1,379)
Increase / (Decrease) in trade and other payables	2,579	(1,203)
Increase / (Decrease) in provisions and employee benefits	374	343
<b>Net cash from operating activities</b>	<b>28,804</b>	<b>19,044</b>

Thorn Group Limited (formerly RR Australia Limited)  
**Directors' Declaration**  
For the six months ended 30 September 2009

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In the opinion of the directors of Thorn Group Limited (the Company):

1. the financial statements and notes set out on pages 4 to 11, are in accordance with the Corporations Act 2001 including:
  - (a) giving a true and fair view of the Group's financial position as at 30 September 2009 and of its performance for the six month period ended on that date; and
  - (b) complying with Australian Accounting Standard including the Australian Accounting Interpretation and the Corporations Regulations 2001; and
2. there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.
3. the directors have been given the declarations required by section 295 of the Corporations Act 2001 from the chief executive officer and chief financial officer for the interim period ended 30 September 2009.

Signed in accordance with a resolution of the directors



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Bernard Carrasco  
*Chairman*

Dated at Sydney, this 27<sup>th</sup> day of November 2009

**Thorn Group Limited (formerly RR Australia Limited)**  
**Independent Auditor's Review Report**  
For the six months ended 30 September 2009

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**Independent Auditor's Review Report to the members of Thorn Group Limited**

We have reviewed the accompanying interim financial report of Thorn Group Limited, which comprises the condensed consolidated statement of financial position as at 30 September 2009, condensed consolidated interim statement of comprehensive income, condensed consolidated interim statement of changes in equity and condensed consolidated interim cash flow statement for the interim period ended on that date, a statement of significant accounting policies and other explanatory notes 1 to 10 and the directors' declaration of the Group comprising the Company and the entities it controlled at the interim period's end or from time to time during the interim period.

**Directors' responsibility for the financial report**

The directors of the Company are responsible for the preparation and fair presentation of the interim financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the interim financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

**Auditor's responsibility**

Our responsibility is to express a conclusion on the interim financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of Interim and Other Financial Reports Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the interim financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 30 September 2009 and its performance for the interim period ended on that date; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of Thorn Group Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of an interim 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*.

Thorn Group Limited (formerly RR Australia Limited)  
**Independent Auditor's Review Report**  
For the six months ended 30 September 2009

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**Conclusion**

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the interim financial report of Thorn Group Limited is not in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the Group's financial position as at 30 September 2009 and of its performance for the interim period ended on that date; and

(b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

EPMG

KPMG



Greg Boydell  
*Partner*

Dated at Sydney, this 27th day of November 2009