



14 November 2011

SECURITIES TRADING POLICY REVIEW

Attached is a copy of the Thorn Group Limited Securities Trading Policy, which is being lodged under the requirements of Listing Rule 12.10.

The Company's Securities Trading Policy has been reviewed and a deletion made in respect of the definition of 'prohibited periods' in the one month period prior to the Company's AGM. This reflects the operation at all times of the Continuous Disclosure requirements and the Insider Trading provisions of the Corporations Act. The Securities Trading Policy has also been extended to cover the prohibition on hedging of incentive remuneration

For and on behalf of the Board

Peter Eaton
Company Secretary

Securities Trading Policy

Buying and Selling securities in Thorn Group Limited (Company)

1. Introduction

Directors, key management personnel and employees of Thorn Group Limited (**you**) are encouraged to be long-term holders of the Company's shares.

The purpose of this policy is to assist you to avoid conduct known as 'insider trading'. In some respects, the Company's policy extends beyond the strict requirements of the *Corporations Act 2001* (Cth) (the **Corporations Act**).

Key management personnel are as disclosed in the Company's most recent Annual Report and as may be subsequently varied during any current financial year.

2. What is Insider Trading?

2.1 Prohibition

In broad terms, you will be guilty of insider trading if:

- (a) you possess information which is not generally available to the market and, if it were generally available to the market, would be likely to have a material effect on the price or value of the Company's securities (ie, information that is 'price sensitive'); and
- (b) you:
 - (i) buy or sell securities in the Company (which includes shares, options and warrants);
 - (ii) procure someone else to buy or sell securities in the Company; or
 - (iii) pass on that information to a third party where you know, or ought reasonably to know, that the third party would be likely to buy or sell the securities or procure someone else to buy or sell the securities of the Company.

Note: Information is *generally available* where it is:

- readily observable; or
- made known in a manner that would, or would be likely to, bring it to the attention of people who commonly invest in the Company's securities or securities of a kind similar to the Company's securities, and a reasonable period has elapsed to allow the information to be disseminated; or
- able to be deduced, concluded or inferred from those types of information.

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2.2 Penalties

Insider trading is a criminal offence.

The criminal penalties for a breach of the insider trading prohibition include:

- for an individual – a fine of up to \$220,000 and a jail term of up to 5 years; and
- for a corporation – a fine of up to \$1,100,000.

In addition, the insider trader, and any other persons involved in the contravention, may also be liable to compensate third parties for any resulting loss.

2.3 Examples of price sensitive information

The following are possible examples of price sensitive information which, if it has not already been disclosed to the market and if it were made available to the market, may be likely to affect materially the price of the Company's securities:

- the Company considering a major acquisition or disposal of assets;
- the threat of major litigation against the Company;
- the Company's financial results materially exceeding (or falling short of) the market's expectations;
- a significant new development proposal;
- the likely granting (or loss) of a major contract or government approval;
- a proposed dividend or change in dividend policy;
- a proposed new share issue; or
- a significant change in senior management.

2.4 Dealing through third parties

You can still be guilty of insider trading in relation to the Company's securities even though you are not the actual person who bought or sold the securities. The prohibition extends to:

- dealings by directors and employees through nominees, agents or other associates, such as family members, family trusts and family companies; and
- directors and employees procuring third parties to deal in the Company's securities, which includes inducing or encouraging those third parties to deal.

2.5 Information however obtained

It does not matter how or where you obtain the information - it does not have to be obtained from the Company to constitute inside information.

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2.6 Employee share schemes

In Australia, the insider trading prohibition does not apply to:

- (a) applications for; and
- (b) acquisitions under those applications of,

the Company's securities by employees of the Company or any of its related bodies corporate made under employee share and option plans.

This means that in Australia, the insider trading prohibition **will not** apply to the acquisition by any employees of the Company's securities (including the exercise of options to subscribe for shares in the Company) under any of the Company's employee share and option plans.

However, the prohibition **will** apply to any subsequent disposal by those employees of shares in the Company acquired under those employee share or option plans.

Furthermore, employees may only offer or dispose of their shares to persons residing in Australia, or otherwise in accordance with the securities laws applicable in their country.

3. Guidelines for Trading in the Company's Securities

3.1 General rule

You should not buy or sell securities in the Company when you are in possession of price sensitive information relating to the Company which is not generally available to the market.

3.2 No short-term trading in the Company's securities

It is also contrary to Company policy for you to be engaged in short-term trading of the Company's securities.

3.3 Safest times to deal in the Company's securities

The only appropriate time for you to acquire or sell the Company's shares is when you are not in possession of price sensitive information which is not generally available to the market.

In addition, to avoid any adverse inference being drawn of unfair dealing, directors, key management personnel and employees must not deal, without the prior consent of the Board of Directors, in the Company's shares during the month immediately before the release of the Company's half-yearly or yearly results.

These periods are 'prohibited periods'

3.4 Circumstances where trading is or may be permitted

- (a) Appendix A attached to this Policy sets out circumstances where trading in the Company's securities is not affected by the operation of this Policy. However, notification still applies where applicable

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- (b) Appendix B attached to this Policy sets out exceptional circumstances where trading in the Company's securities may be considered acceptable and prior written clearance may be granted.

4. Disclosure Policy

Any director or key management personnel wishing to buy or sell the Company's securities or exercise options over the Company's shares must advise the Chairman of their intention to do so **before** buying or selling the securities or exercising options. The Chairman must advise the Chairman of the Audit, Risk and Compliance Committee. This notification obligation operates at all times.

Directors and those key management personnel **must not** buy or sell the Company's securities or exercise their options until the Chairman or Chairman of the Audit, Risk and Compliance Committee (as applicable) has indicated that there is no objection under the Company's Securities Trading Policy to the proposed transaction. It is important to note that even where the Chairman or Chairman of the Audit, Risk and Compliance Committee (as applicable) has indicated that there is no objection, the Director or key management personnel who proposes to buy or sell the Company's securities **must not** trade in the securities if he or she possesses price sensitive information which is not generally available to the market.

This procedure should prevent potential embarrassment and adverse publicity relating to trading in the Company's securities when, for example, there may be important corporate information (whether or not material in a legal context) not publicly released, or when projected financial results may deviate from market expectations.

5. Prohibition on hedging of incentive remuneration

Directors and key management personnel and their closely related parties are prohibited from entering into arrangements on or after 1 July 2011, irrespective of whether the remuneration is for services rendered before or after that date, that limit the exposure of directors or key management personnel to risk relating to an element of their remuneration that has not yet vested or has vested but remains subject to a holding lock.

Directors and key management personnel who contravene will commit an offence. A director or a member of key management personnel will also commit an offence if a closely related party hedges the director's or key management personnel's remuneration and the applicable director or member of the key management personnel is reckless as to the contravention.

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6. ASX Notification by Directors

Directors should note that the Corporations Act obliges a director to notify ASX within 14 days*after any dealing in the Company's securities (either personally or through a third party) which results in a change in the relevant interests of the director in the Company's securities.

In addition, under the ASX Listing Rules the Company is required to notify the ASX of such dealings within 5 business days of such dealings taking place. Directors have agreed with the Company to provide notice of such dealings to the Company as soon as possible after such dealing to enable the Company to comply with its obligations under the Listing Rules. A notice given by the Company to the ASX under the ASX Listing Rules (ASX Appendix 3Y as amended 1 January 2011) satisfies the director's obligation to notify ASX under the Corporations Act.

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APPENDIX A CIRCUMSTANCES WHERE TRADING IS EXCLUDED FROM OPERATION OF THE SECURITIES TRADING POLICY

'Restricted person' means any person affected by this Securities Trading Policy

1. Transfers of securities already held in a superannuation fund or other saving scheme (eg Family Trust) in which the restricted person is a beneficiary;
2. An investment in, or trading in units of, a fund or other scheme (other than a scheme only investing in the Company) where the assets of the fund or other scheme are invested at the discretion of a third party;
3. Where a restricted person is a trustee, trading in the Company's securities by that trust provided the restricted person is not a beneficiary of the trust and any decision to trade during a prohibited period is taken by the other trustees or by the investment managers independently of the restricted person;
4. Undertakings to accept, or the acceptance of, a takeover offer;
5. Trading under an offer or invitation made to all or most of the shareholders, such as, a rights issue, a security purchase plan, a dividend reinvestment plan and an equal access buy-back, where the plan that determines the timing and structure of the offer has been approved by the Board. This includes decisions relating to whether or not to take up the entitlements and the sale of entitlements required to provide for the take up of the balance of entitlements under a renounceable pro rata issue;
6. A disposal of securities in the Company that is the result of a secured lender exercising their rights, eg under a margin lending arrangement.
7. The exercise (but not the sale of securities following exercise) of an option or a right under an employee incentive scheme, or the conversion of a convertible security, where the final date for the exercise of the option or right, or the conversion of the security, falls during a prohibited period and the Company has been in an exceptionally long prohibited period or the Company has had a number of consecutive prohibited periods and the restricted person could not reasonably have been expected to exercise at a time when free to do so; and
8. Trading under a non-discretionary trading plan for which prior written clearance has been provided in accordance with procedures set out in the trading policy and where
 - i) the restricted person did not enter into the plan or amend the plan during a prohibited period
 - ii) the trading plan does not permit the restricted person to exercise any influence or discretion over how, when, or whether to trade; and
 - iii) the restricted person is not permitted to cancel the trading plan or cancel or otherwise vary the terms of his or her participation in the trading plan during a prohibited period other than in exceptional circumstances.

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APPENDIX B EXCEPTIONAL CIRCUMSTANCES WHERE TRADING MAY BE CONSIDERED DURING A PROHIBITED PERIOD

'Restricted person' means any person affected by this Securities Trading Policy

- A A restricted person may be given prior written clearance to sell Company's securities by the Board of Directors during a prohibited period, where the restricted person is in severe financial hardship or there are other exceptional circumstances. Consideration will not be given to such clearance where the restricted person is in possession of inside information in relation to the Company.
- B Such exceptional circumstances may include:
- (a) Satisfaction of a tax liability where the person has no other means of satisfying the liability. Generally, a tax liability arising from an employee incentive scheme would not be considered an exceptional circumstance.
 - (b) A requirement under a court order or under court enforceable undertakings, eg in a bona fide family settlement, to transfer or sell the Company's securities
 - (c) Circumstances where the person satisfies the Board of Directors that they are in severe financial hardship or that their circumstances are otherwise exceptional and their only reasonable course open to them is to sell the person's holding of Company's securities.
- C Prior written clearance for a specific sale of Company securities is only to be given by the Board of Directors. The period in which the sale must be effected should be no longer than 3 business days. Prior written clearance may be provided by signed letter or by email.

Reviewed 2 November 2011