

ENTITLEMENT OFFER 2011

Fully underwritten \$30 million 1 for 8 pro rata renounceable entitlement offer of 16,232,366 New Shares at an issue price of A\$1.85 per New Share.

Closing date: 5:00pm AEST 30 June 2011

This Offer Booklet is an important document which is accompanied by an Entitlement and Acceptance Form and both should be read in their entirety. This document requires your immediate attention and if you are in any doubt about its contents or the course of action you should take, please contact your professional adviser.

The Offer Booklet is provided for information purposes and is not a prospectus or other disclosure document for the purposes of the Corporations Act. Accordingly, this Offer Booklet does not necessarily contain all of the information

which a prospective investor may require to make an investment decision and it does not contain all of the information which would otherwise be required to be disclosed in a prospectus or other disclosure document.

The New Shares offered under this Offer Booklet have not been registered under the US Securities Act and may not be offered, sold or delivered in the United States or to, or for the account or benefit of, any US Person, except pursuant to applicable exceptions from registration.

THORN GROUP LIMITED ABN 54 072 507 147

Lead Manager and Underwriter

Financial Advisor

Legal Advisor

 **RBS Morgans**


GRESHAM
INVESTMENT HOUSE

 **GREENWICH LEGAL**

IMPORTANT INFORMATION

The Corporations Act allows listed companies to make a pro rata entitlement offer of securities to existing Shareholders without a disclosure document. The Offer to which this Offer Booklet relates complies with the requirements of section 708AA of the Corporations Act as modified by ASIC Class Orders 07/571 and 08/35. Accordingly, the Offer is made without disclosure under Part 6D.2 of the Corporations Act and this Offer Booklet is not required to be lodged or registered with ASIC. This Offer Booklet is provided for information purposes and is not, and does not purport to be, a prospectus or other disclosure document for the purposes of the Corporations Act. Accordingly, this Offer Booklet does not contain all of the information which would otherwise be required to be disclosed in a prospectus or other disclosure document, and does not necessarily contain all of the information which a prospective investor may require to make an investment decision.

This Offer Booklet is dated 16 June 2011. Neither ASIC nor ASX, nor any of their officers or employees takes responsibility for this Offer or the merits of the investment to which this Offer relates.

NOT INVESTMENT ADVICE

You should read this Offer Booklet in its entirety and refer to the releases made by Thorn to ASX before deciding whether to apply for New Shares. In particular, you should consider the risk factors outlined in the Entitlement Offer Presentation in Section 4 and consider these factors in light of your personal circumstances, including financial and taxation issues. The information provided in this Offer Booklet is not financial product advice and has been prepared without taking into account your investment objectives, financial circumstances or particular needs. Thorn is not licensed to provide financial product advice in respect of the New Shares. You should conduct your own independent review, investigation and analysis of the New Shares which are the subject of the Offer. If you are in any doubt as to how to deal with this Offer or have any questions, you should contact your professional adviser without delay. You should obtain any professional advice you require to evaluate the merits and risks of an investment in Thorn before making any investment decision.

OVERSEAS SHAREHOLDERS

This Offer Booklet does not, and is not intended to, constitute an offer, invitation or issue in any place in which, or to any person to whom, it would be unlawful to make such an offer,

invitation or issue. This Offer Booklet has not been, nor will it be, lodged, filed or registered with any regulatory authority under the securities laws of any country. In particular, the New Shares have not been and will not be, registered under the US Securities Act and may not be offered, sold or delivered within the US or to or for the account or benefit of any US Person, except pursuant to applicable exceptions from registration. In addition, hedging transactions with respect to the New Shares may not be conducted unless in accordance with the US Securities Act.

Where it is not practical for Thorn to make an offer to Shareholders in an overseas jurisdiction, having regard to the number of overseas Shareholders, the number and value of the New Shares such Shareholders would be offered, the costs of compliance and the regulatory requirements of the relevant overseas jurisdiction, Thorn has not made offers to Shareholders in that overseas jurisdiction.

Accordingly, subject to certain exceptions, Entitlement and Acceptance Forms will not be sent to Shareholders outside of Australia or New Zealand. The distribution of this Offer Booklet and the accompanying Entitlement and Acceptance Form outside of Australia or New Zealand may be restricted by law and persons who come into possession of this Offer Booklet and the accompanying Entitlement and Acceptance Form should seek advice on and observe those restrictions. Any failure to comply with those restrictions may constitute a violation of applicable securities laws.

Return of a duly completed Entitlement and Acceptance Form (or payment for New Shares pursuant to the terms of the Offer) will be taken by Thorn to constitute a representation that there has been no breach of laws in connection with your ability to participate in the Offer.

ENTITLEMENTS ARE RENOUNCEABLE

The Offer is renounceable, which means that Rights may be traded on ASX or otherwise transferred if Eligible Shareholders do not wish to take up some, or all, of the New Shares to which they are entitled. Trading of Entitlements commenced on ASX on 3 June 2011 and is expected to cease on close of trading on 23 June 2011.

Thorn has appointed a nominee to sell the Entitlements of Shareholders who are ineligible to participate in the Offer. The net proceeds (if any) of the sale of those Entitlements will be forwarded to those Ineligible Shareholders in due course. Please read this Offer Booklet for further details.

NO COOLING OFF ENTITLEMENTS

Cooling off rights do not apply to an investment in New Shares. You cannot withdraw your application once it has been accepted.

FUTURE PERFORMANCE

The pro forma financial information (including past performance information) provided in this Offer Booklet is for information purposes only and is not a forecast or projection of operating results to be expected in any future period. Except as required by law, and only then to the extent so required, neither Thorn nor any other person warrants or guarantees the future performance of Thorn or any return on any investment made pursuant to this Offer Booklet.

FINANCIAL FORECASTS AND OTHER FORWARD LOOKING STATEMENTS

Some of the statements appearing in this Offer Booklet may be in the nature of forward looking statements, including statements of current intention, statements of opinion and predictions as to possible future events. You should be aware that such statements are not statements of fact and there can be no certainty of outcome in relation to the matters to which the statements relate. Forward looking statements are subject to many inherent risks and uncertainties before actual outcomes are achieved. Actual outcomes may differ materially from the events, intentions or results expressed or implied in any forward looking statement in this Offer Booklet. None of Thorn, the persons named in this Offer Booklet or any person involved in the preparation of this Offer Booklet makes any representation or warranty (express or implied) as to the accuracy or likelihood of fulfilment of any forward looking statement, or any intentions or outcomes expressed or implied in any forward looking statement. You are cautioned not to place undue reliance on any forward looking statement having regard to the fact that the outcome may not be achieved.

NO REPRESENTATIONS OTHER THAN AS SET OUT IN THIS OFFER BOOKLET

No person is authorised to give any information or make any representation in connection with the Offer other than as contained in this Offer Booklet. Any information or representation in connection with the Offer not contained in this Offer Booklet is not, and may not be relied upon as having been authorised by Thorn or any of its officers.

RESPONSIBILITY FOR OFFER BOOKLET

This Offer Booklet (including the Entitlement Offer Presentation in Section 4) and the enclosed personalised Entitlement and Acceptance Form have been prepared by Thorn.

No party, including RBS Morgans Corporate Limited or Gresham Advisory Partners Limited, or any other parties referred to in this Offer Booklet (other than Thorn), has authorised or caused the issue of this Offer Booklet, or takes any responsibility for, or makes, any statements, representations or undertakings in the information in this Offer Booklet. To the maximum extent permitted by law, each of the parties referred to in this Offer Booklet (other than Thorn) expressly disclaims any responsibility for any statements in, or omissions from, this Offer Booklet other than, where applicable, references to its name in the Offer Booklet.

DEFINED TERMS

Defined terms and abbreviations used in this Offer Booklet are explained in Section 6.

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CHAIRMAN'S LETTER



Dear Shareholder

I am pleased to invite you to participate in the continuing growth of Thorn Group Limited (**Thorn** or the **Company**) through a pro rata renounceable entitlement offer to raise approximately A\$30 million (**Entitlement Offer** or **Offer**).

The proceeds of the Offer will be used to provide Thorn with the capacity to take advantage of strategic growth opportunities as they may arise by effectively returning the Company's gearing to the conservative position it held prior to the acquisition of National Credit Management Limited (**NCML**) (announced 18 March 2011).

Thorn has exhibited an ability to grow in both positive and challenging economic environments, and is well poised to continue this growth throughout the coming year. Thorn will continue to develop its core consumer rental business in underserved areas and grow its Cashfirst business through initiatives designed to increase both market penetration and customer retention. In addition, a solid foundation has been laid from which Thorn will continue its organic development of Thorn Business Services, whilst enjoying the positive impact from the expansion of its financial services platform following the acquisition of NCML.

Thorn is offering Eligible Shareholders one (1) fully paid ordinary Share for every eight (8) Shares already held. The Issue Price is A\$1.85 per Share, which 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 renounceable, which means that Entitlements may be traded on ASX or otherwise transferred if Eligible Shareholders do not wish to take up some, or all, of their Entitlement.

New Shares issued under the Entitlement Offer will rank equally with existing ordinary shares on issue. The New Shares are expected to be allotted on 8 July 2011 which is after the record date for the final dividend on 23 June 2011. Accordingly the New Shares will not be entitled to the final dividend of 4.95 cents (for the period ended 31 March 2011).

In addition, Eligible Shareholders may also apply for Additional Shares in excess of their Entitlement³ at the same Issue Price of A\$1.85 per Additional Share. This is an opportunity for Eligible Shareholders to apply for Additional Shares in order to increase their holdings.



The Offer is fully underwritten by RBS Morgans Corporate Limited and will raise approximately A\$30 million.

All Thorn Directors, other than Managing Director, John Hughes, intend to take up their Entitlements in full. Due to other financial commitments John Hughes is not in a position to take up his Entitlements and will seek to sell them on ASX.

Details of the Entitlement Offer and how to participate can be found in this Offer Booklet and I urge you to read this Offer Booklet carefully for further details of this opportunity. Eligible Shareholders who are in any doubt as to how they should respond should consult their stockbroker, accountant or other independent professional adviser.

Thorn has enjoyed very strong Shareholder support since our ASX listing in December 2006, and we are conscious of providing all Shareholders with the opportunity, where possible, to participate in the future growth of our company.

The Board commends this Entitlement Offer to you. We look forward to your consideration of this Offer and your continued support.

Yours faithfully

A handwritten signature in black ink, appearing to read "Bernard Carrasco".

Bernard Carrasco
Chairman

- 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 declared on 24 May 2011 for the year ended 31 March 2011.
- 3 The Lead Manager and Underwriter in consultation with Thorn, in accordance with the terms of the underwriting agreement, reserve the right to issue Additional Shares at their sole and absolute discretion to subscribers for Additional Shares. Additional Shares will only be available to the extent that other Eligible Shareholders do not take up their Entitlements under the Offer.

KEY DATES

EVENT	DATE
Announcement of Offer and lodgement of Appendix 3B and Cleansing Notice with ASX	1 June 2011
Notice of Offer to Shareholders Notice to shareholders containing Appendix 3B information	2 June 2011
'Ex' date for Entitlements / Entitlements trading period begins	3 June 2011
Record Date The date for determining entitlements of Eligible Shareholders to participate in the Offer (7:00pm AEST)	9 June 2011
Offer opens Thorn to send to Eligible Shareholders Offer Booklet including Entitlement and Acceptance Forms	16 June 2011
Entitlements trading period ends Close of trading on ASX (4:00pm AEST)	23 June 2011
Deferred settlement trading begins	24 June 2011
Offer closes Last day for receipt of Entitlement and Acceptance Forms (5:00pm AEST)	30 June 2011
Shortfall notification date	4 July 2011
Shortfall settlement date	7 July 2011
Allotment of New Shares and despatch of holding statements for New Shares	8 July 2011
Normal trading of New Shares begins	11 July 2011

The above timetable is indicative only and subject to change without notice. Thorn reserves the right, subject to the Corporations Act, Listing Rules, the Underwriting Agreement and other applicable laws, to amend any or all of these events, dates and times. In particular, Thorn reserves the right to extend the date for closing of the Entitlement Offer, delay the allotment of New Shares, accept late applications, either generally or in particular cases, or to withdraw the Entitlement Offer without prior notice. Accordingly, Applicants are encouraged to submit their applications as soon as possible after the Entitlement Offer opens. No cooling-off period applies to the Entitlement Offer. The commencement of quotation of New Shares is subject to confirmation from ASX.

I KEY INFORMATION

The information set out in this Section 1 is not intended to be comprehensive and should be read in conjunction with the full text of this Offer Booklet.

1.1. OFFER

This Offer relates to an offer of New Shares under a pro rata renounceable entitlement offer. Under the Offer, Eligible Shareholders are entitled to subscribe for one (1) New Share for every eight (8) Shares held as at 7:00pm AEST on the Record Date (9 June 2011), at the Issue Price of A\$1.85. Eligible Shareholders may also apply for Additional Shares at the Issue Price, as set out on the Entitlement and Acceptance Form.

The Offer opens on 16 June 2011, and the Closing Date and time for acceptances and payments is 5:00pm AEST on 30 June 2011.

The Offer is renounceable, which means that Rights may be traded on ASX or otherwise transferred if Eligible Shareholders do not wish to take up some, or all, of the New Shares to which they are entitled. Trading of Entitlements commenced on ASX on 3 June 2011 and is expected to cease on close of trading on 23 June 2011.

The New Shares will rank equally in all respects with, and will otherwise have the same rights as Thorn's existing Shares. The New Shares are expected to be allotted on 8 July 2011 which is after the record date for the final dividend on 23 June 2011. Accordingly the New Shares will not be entitled to the final dividend of 4.95 cents (for the period ended 31 March 2011).

Further details of the Offer are set out in full in Section 2.

1.2. WHAT YOU NEED TO DO

The number of New Shares to which you are entitled is shown on the accompanying personalised Entitlement and Acceptance Form. You can subscribe for all, or part, of the Entitlement to New Shares specified in the Entitlement and Acceptance Form. In addition, you can subscribe for Additional Shares as set out on the Entitlement and Acceptance Form. See Section 3 for detailed instructions on what you need to do.

1.3. PURPOSES OF THE OFFER AND USE OF PROCEEDS

The Offer is fully underwritten and will result in the issue of 16,232,366 New Shares, raising approximately \$30 million (excluding costs relating to the Offer).

The key purpose of the Offer is to provide Thorn with the capacity to take advantage of strategic growth opportunities as they may arise by effectively returning the Company's gearing to the conservative position it held prior to the acquisition of National Credit Management Limited (announced to the market on 18 March 2011), and is discussed more fully in the Entitlement Offer Presentation in Section 4.

1.4. EFFECTS OF THE OFFER ON THE CAPITAL STRUCTURE OF THORN

There are 129,858,924 Shares in Thorn on issue as at the date of this Offer. After the issue of New Shares under the Offer, there will be approximately 146,091,290 Shares on issue in Thorn.

A more detailed description of the effects of the Offer is contained in Section 4.

1.5. FINANCIAL IMPACT OF THE OFFER

A summary of the financial impact of the Offer on Thorn is contained in the Entitlement Offer Presentation in Section 4.

1.6. RISK FACTORS

An investment in Thorn involves general risks associated with an investment in the share market. The price of any New Shares may rise or fall.

There are also a number of risk factors, both specific to Thorn and of a general nature, which may affect the future operating and financial performance of Thorn and the value of an investment in it. There is a limited discussion of certain of those risks in the Entitlement Offer Presentation in Section 4. Before deciding to invest in Thorn, prospective investors should consider all risk factors carefully.

2 DETAILS OF THE OFFER

2.1. THE OFFER

Thorn is making a pro rata renounceable entitlement offer, offering Eligible Shareholders one (1) New Share for every eight (8) Shares held as at 7:00pm on the Record Date (9 June 2011). All application monies are payable in full on application.

The number of New Shares to which you are entitled is shown on the accompanying personalised Entitlement and Acceptance Form. Fractional entitlements have been rounded up to the nearest whole New Share. Eligible Shareholders may accept their Entitlement, in whole or in part, by:

- completing and returning the Entitlement and Acceptance Form together with a cheque, bank draft or money order for the applicable amount of the application money; or
- making payment of the applicable amount of the application money using BPAY^{®4},

in each case in accordance with the instructions on the form and so that it is received prior to the Closing Date.

2.2. ADDITIONAL SHARES

You may also apply for Additional Shares as set out on the accompanying Entitlement and Acceptance Form. Additional Shares will be allotted from any Shortfall at the sole and absolute discretion of the Underwriter in consultation with the Directors, subject to the terms of the Underwriting Agreement. Additional Shares may be prorated amongst Shareholders who apply for them, or not allotted at all. You may therefore receive all, some or none of the Additional Shares for which you apply, with any excess applications moneys refunded without interest.

2.3. OPENING AND CLOSING DATES

The Offer will open for receipt of acceptances on 16 June 2011.

The Closing Date and time for acceptances and payments is 5:00pm AEST on 30 June 2011, subject to Thorn varying the Closing Date in accordance with the Corporations Act, Listing Rules and consent of the Underwriter.

⁴ BPAY[®] Registered to BPAY Pty Ltd ABN 69 079 137 518

2.4. WHO IS ENTITLED TO PARTICIPATE IN THE OFFER

Every Eligible Shareholder who is registered as the holder of Shares at 7:00pm AEST on the Record Date (9 June 2011) is entitled to participate in the Offer.

2.5. RIGHTS TRADING

This Offer is renounceable, which means that Eligible Shareholders who do not wish to take up all, or some, of their Entitlement may sell their Rights on ASX or otherwise transfer their Rights. Eligible Shareholders are able to renounce (sell) the Rights which they do not wish to accept in order to realise the value which may attach to their Rights. Information on how Rights may be sold or transferred is set out below in Section 3. The Rights will be quoted on ASX. If you decide not to exercise all or part of your Rights, you should consider whether to renounce your Rights.

2.6. ISSUE OF NEW SHARES

Thorn expects that the New Shares will be issued by no later than 8 July 2011 and holding statements will also be despatched on 8 July 2011.

Issues of New Shares under this Offer will only be made after permission for their quotation on ASX has been granted. Thorn disclaims all liability (to the maximum extent permitted by law) to persons who trade New Shares before the New Shares are quoted on ASX or before receiving their confirmation of issue.

Application moneys will be held in an account until the New Shares are issued. This account will be established and kept by Thorn on behalf of each Eligible Shareholder. If the above condition for the issue of New Shares is not satisfied, the application moneys will be refunded to Eligible Shareholders.

2.7. REFUND OF APPLICATION MONIES

If application money is refundable it will be refunded as soon as reasonably practicable. Interest earned on the application money will be for the benefit of Thorn and will be retained by Thorn irrespective of whether New Shares or Additional Shares are issued.

2.8. UNDERWRITING

The Offer is fully underwritten by RBS Morgans Corporate Limited. This means that the Underwriter will step in and take up any Rights which are not accepted by Eligible Shareholders.

Further details of the Underwriting Agreement are set out in Section 5.2.

2.9. INELIGIBLE SHAREHOLDERS

Thorn has decided that it is unreasonable to extend the Offer to Shareholders who have a registered address in a country outside of Australia or New Zealand (**Ineligible Shareholders**), having regard to the number of Shareholders in such places, and the substantial costs of complying with the legal and regulatory requirements in all of those jurisdictions. This Offer and any accompanying Entitlement and Acceptance Form do not constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer. Shareholders holding Shares on behalf of persons who are resident outside Australia or New Zealand are responsible for ensuring that subscribing for the New Shares under the Offer does not breach regulations in the relevant overseas jurisdiction. Return of a duly completed Entitlement and Acceptance Form will constitute a representation that there has been no breach of such regulations. Where this Offer Booklet has been despatched to Shareholders domiciled outside Australia or New Zealand and where that country's securities code or legislation prohibits or restricts in any way the making of the offers contemplated by the Offer, this Offer Booklet and the accompanying Entitlement and Acceptance Form are provided for information purposes only.

However, in accordance with Listing Rule 7.7.1 and section 708AA (including section 9A) of the Corporations Act, Thorn has appointed a nominee (**Nominee**) to arrange for the sale on ASX of the Rights which would have been granted to Ineligible Shareholders. The Nominee will direct the net proceeds (if any) to Thorn or any other party upon Thorn's instruction to facilitate pro rata payments to Ineligible Shareholders.

The Nominee has the absolute and sole discretion to determine the timing and the price at which the Rights may be sold and the manner in which any sale is made.

Any interest earned on the proceeds of the sale of these Rights will firstly be applied against expenses of such sale, including brokerage, and any balance will accrue to Thorn.

The proceeds of sale (if any) will be paid in Australian dollars to the Ineligible Shareholders for whose benefit the Rights have been sold in proportion to their shareholdings (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 for distributing these proceeds, such proceeds may be retained by Thorn.

Notwithstanding that the Nominee may sell Rights, Ineligible Shareholders may nevertheless receive no 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 of Ineligible Shareholders, or a surplus over the expense of sale cannot be obtained for the Rights that would have been offered to the Ineligible Shareholders, then those Rights will be allowed to lapse.

2.10. TAXATION

The potential tax effects of participating in the Offer will vary between investors. All investors should satisfy themselves of any possible tax consequences by consulting their own professional tax adviser before deciding whether or not to participate in the Offer.

2.11. DECLARATIONS

If you make an application for New Shares under the Entitlement Offer, you will be taken to make the declarations to Thorn that you:

- agree to be bound by the terms of the Entitlement Offer, this Offer Booklet and the provisions of Thorn's constitution;
- authorise Thorn to register you as the holder of the New Shares allotted to you;
- declare that all details and statements in the Entitlement and Acceptance Form are complete and accurate;

- declare that, if you are a natural person, you are over 18 years of age and have full legal capacity and power to perform all your Entitlements and obligations under the Entitlement and Acceptance Form;
- acknowledge that once Thorn receives the Entitlement and Acceptance Form or any payment of application monies (including via BPAY), you may not withdraw it;
- agree to apply for, and be issued up to, the number of New Shares specified in the Entitlement and Acceptance Form, or for which you have submitted payment of any application monies including via BPAY, at the issue price of A\$1.85 per New Share;
- agree to be allotted the number of New Shares (including any Additional Shares) that you apply for;
- authorise Thorn and the Registry and their respective officers or agents, to do anything on your behalf necessary for New Shares to be issued to you, including to act on instructions of the Registry upon using the contact details set out in the Entitlement and Acceptance Form;
- declare that you are an Eligible Shareholder and are otherwise not an Ineligible Shareholder;
- acknowledge that the information contained in this Offer Booklet and the Entitlement and Acceptance Form is not investment advice nor a recommendation that New Shares are suitable for you given your investment objectives, financial situation or particular needs, and is not a prospectus, does not contain all of the information that you may require in order to assess an investment in Thorn and is given in the context of Thorn's past and ongoing continuous disclosure announcements to ASX;
- represent and warrant that the law of any other place does not prohibit you from being given this Offer Booklet and the Entitlement and Acceptance Form, nor does it prohibit you from making an application for New Shares;
- acknowledge the statement of risks in the "Key Risks" section of the Entitlement Offer Presentation in Section 4, and that investments in Thorn are subject to investment risk;
- acknowledge that neither Thorn nor any of the directors, officers, employees, agents, consultants or advisors of Thorn guarantees the performance of Thorn nor do they guarantee the repayment of capital from Thorn;
- have read the Privacy Notification in Section 5.1 of this Offer Booklet and consent to the matters outlined in that notification;
- represent and warrant (for the benefit of Thorn and its affiliates) that you are not in the United States and that you are not, and you are not acting for the account or benefit of, a US Person;
- acknowledge that Entitlements and New Shares have not, and will not be, registered under the US Securities Act or the securities laws of any state or other jurisdictions in the United States, or in any other jurisdiction outside Australia and New Zealand and accordingly, Entitlements may not be taken up, and New Shares may not be offered, sold or otherwise transferred, in the United States or to, or for the account or benefit of, any US Person except in accordance with an available exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and any other applicable securities law;
- agree not to send this Offer Booklet, the Entitlement and Acceptance Form or any other material relating to the Entitlement Offer to any person in the United States or that is, or is acting for the account or benefit of, a US Person; and
- agree to provide (and direct your nominee or custodian to provide) any requested substantiation of your eligibility to participate in the Entitlement Offer and/or of your holding of Shares on the Record Date.

3 HOW TO APPLY

3.1. ALTERNATIVES AVAILABLE

If you are an Eligible Shareholder, you may take any of the following actions:

- (a) take up your Entitlement in full;
- (b) take up your Entitlement in full and apply for Additional Shares;
- (c) sell your Rights in full through your stockbroker;
- (d) take up part of your Entitlement and sell the remaining Rights through your stockbroker;
- (e) take up part of your Entitlement and allow the remaining Rights to lapse;
- (f) transfer all or part of your Rights to another person other than through a stockbroker, with or without taking up the balance of your Entitlement; or
- (g) do nothing and let your Rights lapse.

As a result of this Offer, Shareholders who do not take up all of their Entitlement will have their percentage shareholding in Thorn diluted. More information about the effects of the Offer on Thorn and its capital structure is set out in Sections 1.4 and 1.5, and Section 4.

It is the responsibility of Applicants to determine their allocation of New Shares prior to trading in the New Shares. The sale by Applicants of New Shares prior to the receipt of a holding statement is at the Applicant's own risk.

3.2. ENQUIRIES

If you have any questions about your Entitlement to New Shares, please contact:

- Computershare Investor Services Pty Limited on 1300 581 952 (within Australia) and +61 3 9415 4831 (outside Australia) between 8:30am and 5:30pm (AEST) Monday to Friday;
- Thorn on (02) 9101 5000; or
- Your stockbroker or professional adviser.

3.3. WHAT YOU NEED TO DO

Set out below are instructions on the actions you should take depending on how you want to respond to the Offer.

(a) Take up your Entitlement in full

If you wish to take up all of your Entitlement, either:

- (i) complete and return the Entitlement and Acceptance Form together with a cheque, bank draft or money order for the applicable amount of the application money; or
- (ii) make payment of the applicable amount of the application money using BPAY,

in each case in accordance with the instructions on the form.

(b) Take up your Entitlement in full and apply for Additional Shares

If you wish to take up all of your Entitlement and apply for Additional Shares, either:

- (i) complete and return the Entitlement and Acceptance Form together with a cheque, bank draft or money order for the applicable amount of the application money (for your Entitlements plus the amount you wish to subscribe for Additional Shares); or
- (ii) make payment of the applicable amount of the application money (for your Entitlements plus the amount you wish to subscribe for Additional Shares) using BPAY,

in each case in accordance with the instructions on the form. There is no assurance that you will be allocated any Additional Shares.

(c) Sell your Rights in full through your stockbroker

If you wish to sell all your Rights through your stockbroker, you should instruct your stockbroker personally and provide details as requested from the Entitlement and Acceptance Form. There is no guarantee that you will be able to sell your Rights.

Rights trading on ASX is expected to commence on 3 June 2011 and cease on 23 June 2011.

(d) Take up part of your Entitlement and sell the remaining Rights through your stockbroker

If you wish to take up part of your Entitlement and sell the remaining Rights through your stockbroker:

- (i) in respect of the Rights to be sold, instruct your stockbroker personally and provide details as requested from the Entitlement and Acceptance Form. Rights trading on ASX is expected to commence on 3 June 2011 and cease on 23 June 2011. There is no guarantee that you will be able to sell your Rights; and
- (ii) in respect of any part of your Entitlement you are taking up:

(A) complete and return the Entitlement and Acceptance Form together with a cheque, bank draft or money order for the applicable amount of the application money (for the number of New Shares you wish to take up); or

(B) make payment of the applicable amount of the application money using BPAY,

in each case in accordance with the instructions on the form.

(e) Take up part of your Entitlement and allow the remaining Rights to lapse

If you wish to take up part of your Entitlement under the Offer and allow the remaining Rights to lapse, either:

(i) complete and return the slip attached to the Entitlement and Acceptance Form together with a cheque, bank draft or money order for the applicable amount of the application money (for the number of New Shares you wish to take up); or

(ii) make payment of the applicable amount of the application money (for the number of New Shares you wish to take up) using BPAY,

in each case in accordance with the instructions on the form.

(f) Transfer all or part of your Rights to another person other than through your stockbroker, with or without taking up the balance of your Entitlement

You may elect to transfer all or part of your Rights to another person other than through a stockbroker provided that the purchaser is not an Ineligible Shareholder (or would not be an Ineligible Shareholder if the purchaser was the registered holder of Thorn shares).

To do this you must:

(i) in respect of the Rights to be sold, complete and return a Standard Renunciation Form (available from your stockbroker or the Share Registry (contact on 1300 581 952 (within Australia) and +61 3 9415 4831 (outside Australia) between 8:30am and 5:30pm (AEST) Monday to Friday)) to the Share Registry in accordance with the instructions on the Standard Renunciation Form; and

(ii) in respect of any part of your Entitlement you are taking up, either:

(A) complete and return the Entitlement and Acceptance Form together with a cheque, bank draft or money order for the applicable amount of the application money (for the number of New Shares you wish to take up); or

(B) make payment of the applicable amount of the application money (for the number of New Shares you wish to take up) using BPAY,

in each case in accordance with the instructions on the form.

If the Share Registry receives both a completed Standard Renunciation Form and an application for New Shares in respect of the same Rights, the renunciation will be given effect in priority to the application.

(g) Do nothing and let your Rights lapse

If you do nothing, your Rights will lapse and you will receive no benefit. Although you will continue to own the same number of Thorn shares, your percentage shareholding in Thorn will be diluted.

3.4. PAYMENT

Entitlement and Acceptance Forms must be accompanied by payment in full of the Issue Price per New Share subscribed for. Payments must be made by 5:00pm AEST on 30 June 2011. Payments will only be accepted in Australian currency and as follows:

- BPAY using the BPAY biller code and customer reference number set out on your personalised Entitlement and Acceptance Form;
- cheque drawn on and payable at any Australian bank;
- bank draft drawn on and payable at any Australian bank; or
- money order.

If you require further information in relation to using BPAY please contact your bank, credit union or building society. If you are applying for New Shares and your payment is being made by BPAY you do not need to return your Entitlement and Acceptance Form. Your payment must be received by no later than 5:00 pm AEST on 30 June 2011. Applicants should be aware that their own financial institution may implement earlier cut off times with regards to electronic payment and should therefore take this into consideration when making payment. It is the responsibility of the Applicant to ensure that funds submitted through BPAY are received by 5:00 pm AEST on 30 June 2011.

Cheques, bank drafts or money orders should be made payable to 'Thorn Group Limited – Entitlement Offer' and crossed 'Not Negotiable'. You should ensure that sufficient funds are held in relevant account(s) to cover the application payment. If the amount of your cheque for your application payment is insufficient to pay in full for the number of New Shares you have applied for, you will be taken to have applied for such lower or higher number of whole New Shares as your cleared application payment will pay for. Cash payments will not be accepted.

4 ENTITLEMENT OFFER PRESENTATION

4.1. PRESENTATION



Renounceable Entitlement Offer 1 June 2011

Important Notice – Disclaimer

The attached presentation materials (the *Materials*) have been prepared by Thorn Group Limited (*Thorn* or the *Company*) in relation to the Company's proposed offer of new shares (*New Shares*) in the Company under section 708AA of the Corporations Act 2001 (Cth) as notionally modified by ASIC Class Order CO 08/35 (*Act*) (*Entitlement Offer* or *Offer*).

By accepting, accessing or reviewing the Materials, or attending any associated presentation or briefing, each reviewer (the *Recipient*) agrees to be bound by the following conditions.

The Materials are not a prospectus or other regulated document under Australian law or under any other law. It is for information purposes only. The offer booklet for the Entitlement Offer is available following its lodgement with ASX Limited. A Recipient who wishes to participate in the Entitlement Offer should consider the offer booklet in deciding whether to apply for New Shares under the Entitlement Offer. Anyone who wants to apply for New Shares under the Offer will need to apply in accordance with the instructions on the Entitlement and Acceptance Form which will accompany the offer booklet.

The Materials do not purport to contain all the information that prospective investors may require in evaluating a possible investment in the Company nor do they contain all the information which would be required in a prospectus prepared in accordance with the requirements of the Act. Statements in this document are made only as of the date of this document unless otherwise stated and the information in this document remains subject to change without notice. Thorn are not responsible for providing updated information to any Recipient and make no representation or warranty, express or implied, as to the accuracy, reliability or completeness of any statement or information in the Materials.

The Materials are being made available to Recipients for information purposes only without taking account individual objectives, financial situation or needs. Before a Recipient makes a decision to subscribe for New Shares they must determine for themselves if they are eligible to participate in the Offer and whether to obtain professional advice as to whether the investment is appropriate for their particular needs, investment objectives and financial situation.

The Materials outline background information in relation to the Company for consideration and assessment by the Recipient. The Materials are intended to provide the Recipient with high-level information only concerning Thorn and transactions undertaken to allow the Recipient to consider whether to conduct their own enquiries into, and receive their own independent advice in connection with the Company, with a view to participating in the Entitlement Offer. There is no cooling off period in respect of any of the investments in the Company.

Important Notice – Disclaimer continued

The Materials contain certain "forward-looking statements". The words "anticipate", "believe", "will", "expect", "project", "forecast", "estimate", "likely", "intend", "should", "could", "may", "target", "plan" and other similar expressions are intended to identify forward-looking statements. Indications of, and guidance on, future earnings and financial position and performance are also forward-looking statements. Any forecast or other forward-looking statement contained in this presentation is subject to known and unknown risks and uncertainties and may involve significant elements of subjective judgment and assumptions as to future events which may or may not be correct. While due care and attention have been used in the preparation of forecast information, such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of the Company, that may cause actual results to differ materially from those expressed or implied in such statements. There can be no assurance that actual outcomes will not differ materially from these statements. You are cautioned not to place undue reliance on forward-looking statements.

The Recipient acknowledges that neither it, the Company nor Underwriter for the Offer intends that the Company and Underwriter and any of their respective related bodies corporate and other affiliates, officers, employees, consultants and agents act or be responsible as a fiduciary to the Recipient, its officers, employees, consultants, agents, securityholders, creditors or any other person. The Recipient and each of the Company and Underwriter (on behalf of their respective related bodies corporate and other affiliates, officers, employees, consultants and agents), by accepting and providing the Materials respectively, expressly disclaims any fiduciary relationship and agree that it is responsible for making its own independent judgments with respect to any capital raising, other transaction and any other matters arising in connection with the Materials.

No action has been taken to register shares of the Company or otherwise permit a public offering of the New Shares in any jurisdiction outside of Australia and New Zealand. This presentation does not constitute an offer to sell, or the solicitation of an offer to buy, any New Shares in the United States or to any "US person" (as defined in Regulation S under the U.S. Securities Act of 1933, as amended "the Securities Act"). Shares may not be offered or sold in the United States absent registration or an exemption from registration. The New Shares to be offered and sold in the Entitlement Offer have not been and will not be registered under the Securities Act, or under the securities laws of any state or other jurisdiction of the United States.

1. Capital Raising Overview

Overview

Structure

- 1 for 8 renounceable entitlement offer at \$1.85 per share to raise approximately \$30 million
- The offer represents:
 - 8.9% discount to the adjusted closing price¹ of \$2.03 on 31 May 2011
 - 8.0% discount to the adjusted theoretical ex-rights price² (TERP) of \$2.01 as at 31 May 2011
- Offer fully underwritten by RBS Morgans Corporate Limited

Rationale

- Provide Thorn with the flexibility to actively pursue its strategic initiatives and fund future growth opportunities
- Strengthen Thorn's balance sheet and return gearing to the conservative position it had prior to the acquisition of National Credit Management Limited (NCML)

Timetable

- Offer opens 16 June 2011
- Record date to determine Entitlement of 7:00pm AEST on 9 June 2011
- Offer closes 5:00pm AEST on 30 June 2011

1. Adjusted closing price represents closing price of \$2.08 less 4.95 cent final dividend for the year ended 31 March 2011. Adjusted closing price used as the New Shares are not entitled to the final dividend.

2. Adjusted TERP represents the TERP of \$2.06 less 4.95 cent final dividend for the year ended 31 March 2011. Adjusted TERP used as the New Shares are not entitled to the final dividend.

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THORN
Group Ltd.

2. Thorn Investment Highlights

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THORN
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Company Strengths and Investment Highlights

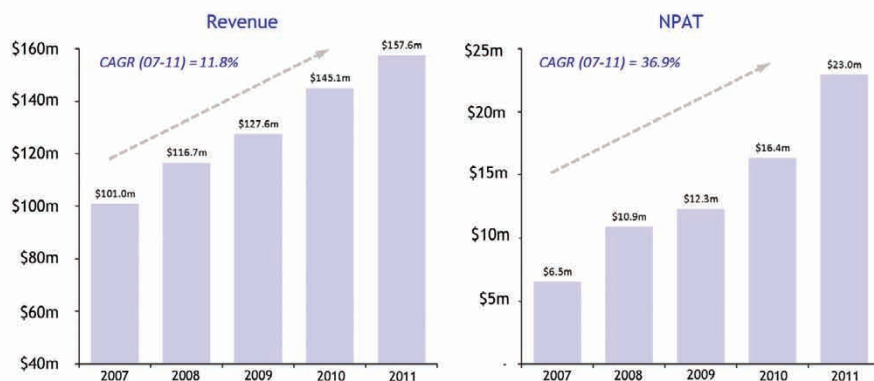
- ✓ Outstanding earnings performance
- ✓ Superior shareholder returns
- ✓ Tight financial controls and arrears management
- ✓ Core rental operations underpin performance
- ✓ Extensive strategic opportunities providing potential for further growth and diversity

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Group Ltd.

Outstanding Earnings Performance

- Solid track record
- Ability to grow in both positive and challenging economic environments
- Revenue growth of 8.6% to \$157.6 million
- Normalised NPAT growth of 40% to \$23.0 million

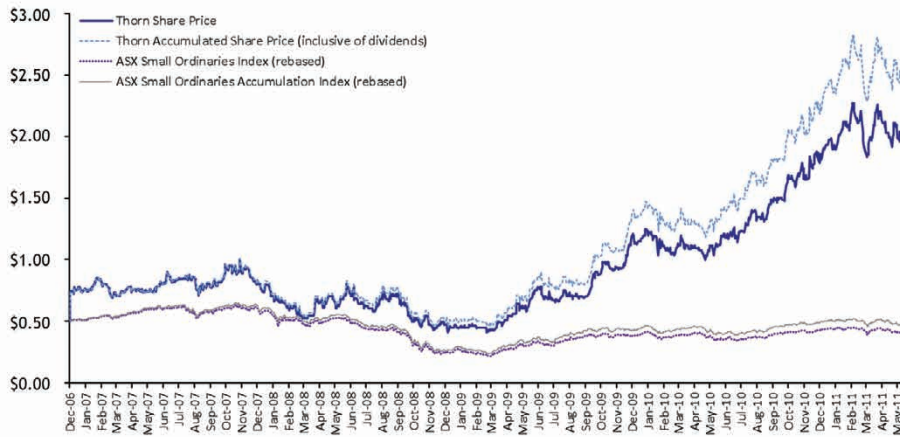


8

THORN
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Superior Shareholder Returns

- Total shareholder return of c.417%¹ since listing
- Significant outperformance of broader market (ASX Small Ordinaries)



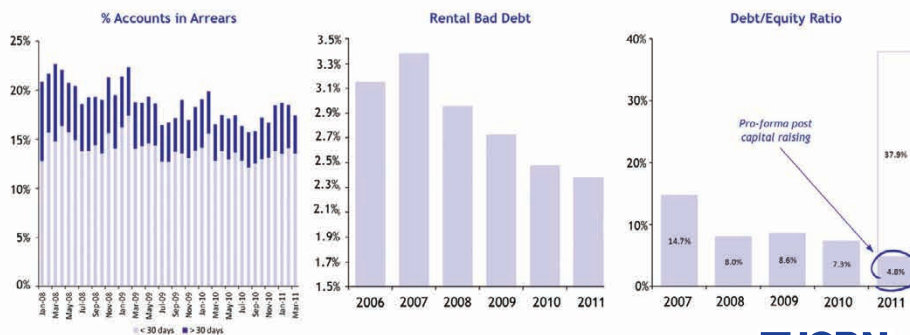
1. Total shareholder return calculated off IPO offer price of \$0.50. Source: IRESS.



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Tight Financial Controls and Arrears Management

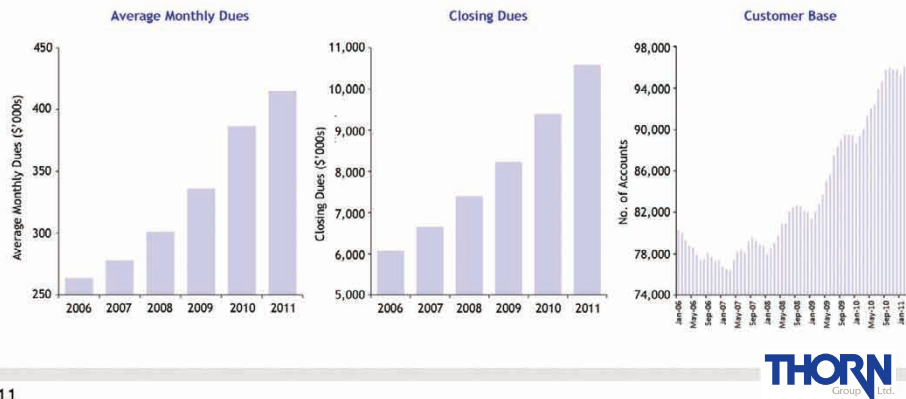
- Focus on “Responsible Rental Policy”, providing products that suit a customer’s needs and budget
- Consistent low levels of rental arrears
- Cashfirst loan book has grown substantially whilst applying a measured approach to loan approvals
- Conservative pro-forma balance sheet (zero net debt; 4.8% debt to equity ratio)



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Core Rental Operations Underpin Performance

- ❑ Leading provider of 'essential' household goods to a growing cash & credit constrained market
- ❑ Nationwide store network and growing customer base (approaching 100,000)
- ❑ Rent ,Try, \$1 Buy!™ continues to increase earnings through extended contract lengths and decreasing disconnections



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Growth Opportunities

- ❑ **Radio Rentals/Rentlo:**
 - Increased market presence in high potential unserved/underserved areas:
 - 'One Person Branches' in regional areas
 - 'Kiosks' in metropolitan areas
 - Store redevelopment program
- ❑ **Cashfirst:**
 - Increased market penetration
 - Increased retention - loyalty programs and reduced rates
 - Expansion of offering
- ❑ **Thorn Business Services:**
 - Continuation of organic development strategies
 - Unsatisfied demand in <\$100k deal area

THORN Group Ltd.

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Growth Opportunity - NCML

- ❑ A leading national provider of integrated receivables management services
- ❑ Acquired in late March 2011 for \$31.4 million¹
- ❑ In FY2010, NCML recorded revenue of \$21.3 million and EBIT of \$6.2 million

Commercial Collection Services

- Underrepresented in NSW and Queensland - prospective clients identified
- Expansion of service offering
- Further development of Hudson Legal

Consumer Collection Services

- Increased activity with key clients through further development of strategic relationships
- Tenders for major government contracts

Purchased Debt Ledgers

- Favourable industry trends will drive growth
- 'Selective' purchases
- Potential to charge interest (standard industry practice) with IT upgrade

Potential for future acquisitions

1. Final consideration after deducting cash that remained in the business at acquisition

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3. Financial Overview

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FY2011 Results

- ❑ Normalised NPAT up 40% at \$23.0 million (pre NCML acquisition costs)
- ❑ 13% increase in Net Profit After Tax to \$22.0 million
- ❑ Revenue up 8.6%
- ❑ 10.5% total customer growth
- ❑ EPS of 17.01 cents, a 32% increase
- ❑ Fully franked DPS of 8.49 cents, a 34% increase
- ❑ Consistent low levels of rental arrears
- ❑ Cashfirst loan book doubles to \$12.2 million
- ❑ Investment in Big Brown Box exited

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Pro-Forma Balance Sheet

Balance Sheet (A\$000's)	31 March 2011	Capital Raising	Pro Forma
Cash	9,038	-	9,038
Trade and other receivables	75,942	-	75,942
Rental assets	41,178	-	41,178
Intangibles	38,721	-	38,721
Other	6,962	-	6,962
Total Assets	171,841	-	171,841
Trade and other payables	28,845	-	28,845
Borrowings	36,000	(30,030)	5,970
Other	11,993	-	11,993
Total Liabilities	76,838	(30,030)	46,808
Equity	95,003	30,030	125,033
Capital Structure			
Net Debt/(Cash)	26,962	-	(3,068)
Shares Outstanding	129.9m	16.2m	146.1m
Financial Ratios			
Debt/Equity Ratio	37.9%	-	4.8%
Net Debt/Equity Ratio	28.4%	-	(2.5%)

- ❑ Strengthens Thorn's balance sheet
- ❑ Net cash position
- ❑ Gearing returned to the conservative position held prior to the acquisition of NCML
- ❑ Debt to equity ratio reduced from 37.9% to 4.8%
- ❑ Provides Thorn with the financial flexibility to actively pursue strategic initiatives and fund future growth opportunities

Note: Thorn balance sheet is the audited balance sheet as at 31 March 2011. \$30m amount raised excludes costs associated with the capital raising.

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Company Outlook

“The new financial year has commenced in line with expectations and subject to current economic conditions remaining stable, the Company expects a substantial increase in earnings in the financial year ending 31 March 2012 due to a full year contribution from the acquisition of NCML and solid organic earnings growth from the existing business”

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Group Ltd.

4. Capital Raising Information

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THORN
Group Ltd.

Overview of the Entitlement Offer

Offer Size & Structure

- \$30 million fully underwritten 1 for 8 renounceable entitlement offer
- Entitlements may be traded on ASX
- Top-up facility for eligible shareholders to apply for additional shares in excess of their entitlement (dependent on shortfall and Underwriter and Board discretion)

Issue Price

- Fixed Issue Price of \$1.85 per New Share
 - 8.9% discount to the adjusted closing price¹ of \$2.03 on 31 May 2011
 - 8.0% discount to the adjusted TERP² of \$2.01 as at 31 May 2011

Timing

- Offer opens on 16 June 2011
- Record date to determine Entitlement of 7:00pm AEST on 9 June 2011
- Offer closes 5:00pm AEST on 30 June 2011

1. Adjusted closing price represents closing price of \$2.08 less 4.95 cent final dividend for the year ended 31 March 2011. Adjusted closing price used as the New Shares are not entitled to the final dividend.

2. Adjusted TERP represents the TERP of \$2.06 less 4.95 cent final dividend for the year ended 31 March 2011. Adjusted TERP used as the New Shares are not entitled to the final dividend.

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Overview of the Entitlement Offer (continued)

Ranking & Dividend

- New Shares will be fully paid ordinary shares and will rank equally with Thorn's existing issued shares
- New Shares will not be eligible for Thorn's final dividend of 4.95 cents declared on 24 May 2011

Underwriter

- RBS Morgans Corporate Limited is Lead Manager and Underwriter to the Offer

Director Support

- All Thorn Directors, other than Managing Director, John Hughes, intend to take up their full Entitlements under the Offer
- Due to other financial commitments John Hughes is not in a position to take up his Entitlements and will seek to sell them on ASX

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Indicative Timetable

Key Events	Date
Announcement	1 June 2011
708AA cleansing notice and Appendix 3B lodged with ASX	1 June 2011
Shares commence trading ex-Rights	3 June 2011
Rights trading commences	3 June 2011
Record Date	7:00pm AEST on 9 June 2011
Offer opens	16 June 2011
Offer Booklet and acceptance forms despatched	16 June 2011
Rights trading finishes	4:00pm AEST on 23 June 2011
Deferred settlement trading	24 June 2011
Offer closes	5:00pm AEST on 30 June 2011
ASX notified of under subscription	5 July 2011
Despatch date of shareholder statements	8 July 2011
Normal trading commences	11 July 2011

Note: The above timetable is indicative only and subject to change without notice.



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Ineligible Shareholders

- Ineligible Shareholders are those Shareholders with registered addresses outside of Australia or New Zealand as at the Record Date. Thorn has decided not to make an offer to these Shareholders in accordance with the Corporations Act and the ASX Listing Rules. Entitlement and Acceptance Forms are not being sent to Ineligible Shareholders
- Thorn has appointed a nominee for Ineligible Shareholders
- Thorn will issue the nominee with the Entitlements that would have been available for subscription by Ineligible Shareholders had they been eligible to participate in the Entitlement Offer
- The nominee will endeavour to sell the Entitlements of these Ineligible Shareholders to purchasers that are sophisticated investors for the purposes of s708(8) if the Corporations Act or professional investors for the purposes of s708(11) of the Corporations Act
- Thorn will remit the proceeds of any such sales (net of expenses) proportionately to Ineligible Shareholders



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5. Key Risks

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Key Risks

An investment in Thorn will be accompanied by various risks. Some of these risks are specific to the Company while others relate to investing in shares in general. This section describes a range of risks associated with an investment in Thorn. The risks outlined should not be considered exhaustive of the risks faced by Thorn and its investors.

If any of the following risks eventuate, either in whole or in combination, the value of your investment in Thorn may decline or be lost.

GENERAL RISKS

Share Market Risks

There are risks associated with investing in shares. On completion of the Entitlement Offer, Thorn shares may trade on the ASX at prices lower or higher than the offer price. The price at which Thorn shares trade on the ASX will be affected by the financial performance of the Company and by external factors which are out of the control of the Directors and the Company such as overall economic and market conditions and investor perspectives on the retail and financial services industries.

General Economic Conditions and Outlook

The operating and financial performance of Thorn is influenced by a number of economic and business conditions in Australia and overseas including levels of consumer spending, inflation, interest rates, access to debt and capital markets and government fiscal, monetary and regulatory policies, national or international political and economic stability. Any changes to general economic conditions can impact on Thorn's business or financial condition.

Liquidity

There is no guarantee that an active market in the Company's shares will continue, or that the price of the shares will increase. There may be relatively many or few buyers at any given time which may increase share price volatility.

Tax Risk and Other Laws

Changes to relevant taxes, laws and regulations, accounting standards or other administrative regimes within Australia and overseas may adversely affect the financial performance of Thorn.

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Key Risks

SPECIFIC RISKS

Increase in Competition

Increased competition could result in reduced operating margins, price reductions, under-utilisation of assets and loss of market share. If this was to occur, it may have an adverse impact on the operating and financial performance and financial position of Thorn.

Operating Performance

The operating performance of Thorn is materially dependent on the Rent Try Buy Proposition and can also be affected by the success of new product lines from time to time.

Key Personnel

Loss of any key personnel could have an adverse impact on the Company's performance.

Operating Leverage

Thorn's operating model implies a relatively high fixed cost base and therefore a reduction in installments or increase in disconnections over any given period can have an adverse affect on the Company's financial performance.

Centrelink Arrangements

A portion of Thorn's business is undertaken through an arrangement with the Commonwealth Government which provides direct payment on behalf of welfare recipients receiving Centrelink benefits. Any change to this arrangement may adversely affect the Company's installation rates, collection profile and bad debts and therefore financial performance.

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THORN
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Key Risks

SPECIFIC RISKS (CONTINUED)

Regulation

The industry in which Thorn operates is highly regulated. One of the key regulations which impacts Thorn Group's operations is the National Credit Code. Compliance and regulatory issues can arise under such an environment which could adversely affect the Company's operations. Any changes to regulations may also impact on operations.

Future Capital Requirements

There can be no guarantee that additional capital or liquidity will not be required by Thorn in the future. Such raisings can be dilutive to shareholders.

Company Reputation and Brand Name

The success of the Company is reliant on its reputation and brand name. Any factors that diminish Thorn's reputation or brand name could impede its ability to compete successfully and may adversely affect its future business plans.

Customer Satisfaction and Loyalty

As a customer service business, Thorn is dependent on customer satisfaction and loyalty. Any decline in customer satisfaction or loyalty could adversely impact on the financial performance and/or the share price of Thorn.

Acquisition Risk

There is a risk that Thorn may discover liabilities or defects associated with its recent acquisition of National Credit Management Limited that were not identified through due diligence or for which there is no protection for Thorn under relevant warranties included in the sale agreement. Furthermore, Thorn may fail to successfully recover under warranties that were set out in the sale agreement. There is also a risk that the operational assumptions on which the acquisition was made do not materialise. This could adversely affect the financial performance or position of the Company.

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THORN
Group Ltd.

Key Risks

SPECIFIC RISKS (CONTINUED)

Unemployment Risk

The operations, profitability and financial position of National Credit Management Limited are impacted by the general level of unemployment prevailing in the economy. To the extent that unemployment increases, this may adversely impact on the level of debtor collections undertaken by National Credit Management Limited.

Purchased Debt Ledger Risk

National Credit Management Limited is involved in the purchasing of debt ledgers. Risks involved with purchasing debt ledgers that may adversely impact the profitability and financial position of Thorn include the potential impact to earnings and asset carrying values as a result of collections taking more time to recover, or the recovered amount being less than anticipated.

Delinquency Risk

Thorn is exposed to its customers' ability and willingness to meet their payment obligations during the term of their contracts. Should the level or quantum of defaults be higher than that assumed by Thorn or experienced by Thorn historically, it could have an adverse impact on the financial performance and prospects of Thorn.

Currency Risk

Thorn is exposed to movements in currencies particularly with respect to the US Dollar. Depreciation of the Australian dollar relative to the US could increase Thorn's costs of goods sold expense and correspondingly impact earnings margins if Thorn was unable to pass on the increased costs via increased rental rates to consumers.

Underwriting

The Underwriter may terminate its obligations under the underwriting agreement on the occurrence of certain customary events. Thorn reserves the right to withdraw the Offer in its sole and absolute discretion and will consider doing so if the Underwriter terminates its obligations. If it does so, shareholders and other investors who have purchased entitlements on market will not be able to exercise their rights and the rights will cease to have value.

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4.2. CAPITAL STRUCTURE

This table shows the number of issued Shares at the date of the Offer and the total number of issued Shares at the close of the Offer:

<i>Ordinary Shares</i>	<i>Number*</i>
Issued Shares at the date of the Offer	129,858,924
New Shares offered under the Offer	16,232,366
Total issued Shares on close of the Offer	146,091,290

* The number of New Shares to be issued under the Offer, and the total number of issued Shares on the close of the Offer, are necessarily approximate as individual Shareholdings will be rounded when calculating Entitlements.

5 ADDITIONAL INFORMATION

5.1. PRIVACY NOTIFICATION

By accepting the Offer, each Eligible Shareholder acknowledges that they have received and read this Offer.

As a Shareholder, Thorn and the Share Registry have already collected certain personal information from you. If you apply for New Shares, Thorn and the Share Registry may update that personal information or collect additional personal information. Such information will be used to assess your acceptance of New Shares, service your needs as a Shareholder, provide facilities and services that you request and carry out appropriate administration. By accepting the Offer, you agree that Thorn and the Share Registry may disclose your personal information for purposes related to your Shareholding to its agents, contractors and service providers including those listed below or as otherwise authorised under the Privacy Act:

- the Underwriter in order to assess your acceptance of New Shares;
- the Share Registry for ongoing administration of the register;
- printers and mailing houses for the purposes of preparation and distribution of Shareholder statements and for handling of mail; and
- ASX and other regulatory authorities.

The Corporations Act requires Thorn to include information about each Shareholder (including name, address and details of the Shares held) in its public register. The information contained in Thorn's public register is also used to facilitate payments and corporate communications (including Thorn's financial results, annual reports and other information that Thorn wishes to communicate to its shareholders) and compliance by Thorn with legal and regulatory requirements.

If you are paying by cheque, bank draft or money order and do not provide the information required on the Entitlement and Acceptance Form, Thorn may not be able to accept or process your form.

Under the Privacy Act, you may request access to your personal information held by (or on behalf of) Thorn and the Share Registry. You can request access to your personal information by contacting Thorn through the Share Registry as follows:

Privacy Officer
Computershare Investor Services Pty Limited
GPO Box 7045
Sydney NSW 2001

A fee may be charged by the Share Registry for access to your personal information.

5.2. UNDERWRITING AGREEMENT

The Underwriter has agreed to fully underwrite the Offer. The Underwriting Agreement between the Underwriter and Thorn was executed on 1 June 2011. The Underwriting Agreement contains the following key terms (unless the context requires otherwise, defined terms in this Section 5.2 have the same meaning as given to them in the Underwriting Agreement):

- under the terms of the Underwriting Agreement, the Underwriter is entitled to a Management Fee of 0.50% (plus GST) of the Rights Issue Amount and an Underwriting Fee of 2.00% of the Rights Issue Amount. Additionally, the Company must pay or reimburse the Underwriter for its reasonable legal and other costs of and incidental to the Offer. The Underwriter may appoint sub-underwriters to sub-underwrite the Offer. The Underwriter is responsible for paying all sub-underwriting fees, handling fees, brokerage and other charges incurred by them in procuring Valid Applications;
- if there is a Shortfall, the Underwriter must, by 7 July 2011, lodge or cause to be lodged with the Company applications for the Shortfall Shares comprising the Shortfall (including the application money);
- the Company has made a number of representations and warranties under the Underwriting Agreement, including that the Offer complies with the requirements of the Corporations Act and that the Company has complied with its continuous disclosure requirements. The Company has indemnified the Underwriter and their Directors, officers, employees and advisers against losses arising if these representations and warranties are wrong; and
- the Underwriter may terminate the Underwriting Agreement and be released from its obligations on the happening of a number of events that the Company considers are usual for an underwriting agreement of this type.

5.3. COST OF THE OFFER

If the Offer proceeds, the total estimated costs of the Offer, including underwriting fees, registry fees, legal fees, fees for other advisers, Offer Booklet design, printing, postage and other miscellaneous expenses, will be approximately \$950,000.

5.4. DIRECTORS' SHAREHOLDINGS

All Thorn Directors, other than Managing Director, John Hughes, intend to take up their Entitlements in full. Due to other financial commitments John Hughes is not in a position to take up his Entitlements and will seek to sell them on ASX.

The current shareholdings of Directors are as set out in the 2011 Annual Report, and subsequent ASX Appendix 3Y's lodged with ASX.

6 DEFINED TERMS

Additional Shares

means Shares applied for by Shareholders in addition to Entitlements.

Applicant

means a person who has applied to subscribe for New Shares under the Offer.

ASIC

means the Australian Securities and Investments Commission.

ASX

means ASX Limited.

Board

means the board of Directors of Thorn.

Closing Date

means the last date for accepting an offer for New Shares, being 5:00pm AEST on 30 June 2011.

Corporations Act

means the Corporations Act 2001 (Cth).

Directors

means the directors of Thorn.

Eligible Shareholders

means a holder of Shares who is registered as a holder of Shares as at 7:00pm AEST on the Record Date and who is not an Ineligible Shareholder.

and **Eligible Shareholder**

means any one of those Eligible Shareholders.

Entitlement

means the entitlement to subscribe for New Shares offered to a holder of Rights.

Entitlement and Acceptance Form

means the form accompanying this Offer, which is particularised for the relevant Eligible Shareholder.

Entitlement Offer or Offer

means the offer made of one (1) New Share for every eight (8) Shares held by an Eligible Shareholder on the Record Date.

Ineligible Shareholder

a person will be an Ineligible Shareholder if that person has a registered address which is not in Australia or New Zealand.

Issue Price

means the issue price of A\$1.85 per New Share.

Listing Rules

means the official listing rules of ASX.

New Share

means a Share to be issued pursuant to this Offer at the Issue Price.

Privacy Act

means the Privacy Act 1988 (Cth).

Record Date

means 7:00pm AEST on 9 June 2011.

Right

means the right to subscribe for one (1) New Share for every eight (8) Shares held by an Eligible Shareholder on the Record Date and Rights has a corresponding meaning.

Share

means a fully paid ordinary share in the capital of Thorn and Shares has a corresponding meaning.

Shareholders

means the registered holders of Shares as at the Record Date.

Share Registry

means Computershare Investor Services Pty Limited of Level 4, 60 Carrington Street Sydney NSW 2000.

Shortfall

means the number of underwritten New Shares for which Valid Applications have not been received before the Closing Date.

Thorn or Company

means Thorn Group Limited.

Underwriter

means RBS Morgans Corporate Limited.

Underwriting Agreement

means the underwriting agreement between the Underwriter and Thorn dated 1 June 2011.

US Securities Act

means the Securities Act of 1933.

US Person

has the meaning give to it in the US Securities Act.

Valid Applications

means applications of New Shares properly completed and complying with the requirements set out in this Offer Booklet.

ASX ANNOUNCEMENT

Thorn Group Limited

ACN 072 507 147

ASX ANNOUNCEMENT

1 June 2011

ENTITLEMENT OFFER – TIMETABLE AMENDMENT

Thorn Group Limited (ASX: TGA) advises that it has extended the period for rights trading under its pro rata renounceable entitlement offer (**Offer**) announced today. Rights trading will commence on 3 June 2011 and end on 23 June 2011, with trading on the ASX of new shares on a deferred settlement basis to commence on 24 June 2011. The amended timetable for the Offer is set out below.

Amended timetable

Event	Date
Announcement of Offer	1 June 2011
Shares commence trading ex-rights	3 June 2011
Rights trading commences	3 June 2011
Record date	7:00pm AEST on 9 June 2011
Offer opening date	16 June 2011
Rights trading finishes	4:00pm AEST 23 June 2011
Trading on ASX of new shares on a deferred settlement basis	24 June 2011
Offer closing date	5:00pm AEST 30 June 2011
Despatch of holding statements	8 July 2011
Trading on ASX of new shares on a normal settlement basis	11 July 2011

This timetable is indicative only and may be changed subject to the *Corporations Act 2001* (Cth) and the ASX Listing Rules.

For further information please contact:

John Hughes
Managing Director
Telephone: 02 9101 5044 or 0414 970 150

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 over 80 outlets nationally (Thorn trades as Radio Rentals in all states and territories except South Australia, where it trades as Rentlo). Other group businesses comprise Thorn Business Services, providing commercial finance for SMEs, Cashfirst, providing personal loans up to \$5,000, and National Credit Management Limited, a full service receivables management company.

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Thorn Group Limited
Level 1
47 Rickard Road
Bankstown NSW 2200
www.thorn.com.au

Telephone: +61 2 9101 5000
Facimile: +61 2 9101 5033