



ACN 072 507 147

NOTICE OF 2013 ANNUAL GENERAL MEETING

NOTICE is hereby given of the 2013 Annual General Meeting of members of Thorn Group Limited (ACN 072 507 147) ("the Company") to be held:

Date: Thursday 22 August 2013

Time: 11.00am (AEST)

Venue: The Four Points by Sheraton Darling Harbour (161 Sussex Street, Sydney, NSW 2000)

ORDINARY BUSINESS

1. Chair's address and Managing Director/ CEO's review of operations

2. Receipt of Annual Financial Report

Receipt of the Company's Financial Report, the Directors' Report and the Auditor's Report for the year ended 31 March 2013.

3. Adoption of Remuneration Report (Resolution 1)

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

"That for the purpose of Section 250R(2) of the *Corporations Act 2001*, and for all other purposes, approval is given for the adoption of the Remuneration Report for the year ended 31 March 2013."

Note: This is an advisory resolution and does not bind the directors or the Company.

Voting Exclusion Statement

In accordance with section 250R of the *Corporations Act 2001* (Cth) ("Corporations Act"), the Company will disregard

any votes cast on Resolution 1 (in any capacity) by or on behalf of:

- (i) a member of the Company's key management personnel whose remuneration details are included in the Remuneration Report; or
- (ii) a closely related party of those persons, unless the vote is cast as a proxy for a person entitled to vote on Resolution 1;
- (iii) in accordance with a direction on the proxy form; or
- (iv) by the Chair of the meeting pursuant to an express authorisation to exercise the proxy.

4. Re-election of Mr David Carter as a director (Resolution 2)

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

"That Mr David Carter, who retires and being eligible offers himself for re-election, be re-elected as a director of the Company."

SPECIAL BUSINESS

5. Directors' Fees Pool (Resolution 3)

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

"That in accordance with Listing Rule 10.17, rule 49(b) of the Company's Constitution and for all other purposes, the maximum aggregate annual remuneration that may be paid by the Company to Non-executive Directors as remuneration for their services be increased by \$100,000, from a maximum sum of \$550,000 per annum to \$650,000 per annum, with effect on and from 1 April 2013."

The Chair of the meeting intends to vote available proxies in favour of this resolution.

Voting Exclusion Statement

The Company will, in accordance with ASX Listing Rule 14.11 and Section 250BD of the Corporations Act, disregard any votes cast on Resolution 3:

- (i) by or on behalf of any Directors and their associates; or
- (ii) as a proxy by a member of the Company's key management personnel or a key management personnel's closely related party,

unless the vote is cast as proxy for a person entitled to vote on Resolution 3:

- (iii) in accordance with a direction on the proxy form; or
- (iv) by the Chair of the meeting pursuant to an express authorisation to exercise the proxy and the shareholder has ticked the box on the proxy form acknowledging that the Chair of the meeting may vote as he decides.

Please refer to the accompanying Explanatory Memorandum attached to this Notice of 2013 Annual General Meeting in relation to agenda items 1 to 5.

By order of the Board



Peter Eaton

Company Secretary
Date: 19 July 2012

VOTING BY PROXY

- (a) **(right to appoint)**: Each shareholder has the right to appoint a proxy to attend and vote for the shareholder at this meeting.
 - (b) **(two proxies)**: To enable a shareholder to divide their voting rights, a shareholder may appoint 2 proxies. Where 2 proxies are appointed:
 - (i) a separate Proxy Form should be used to appoint each proxy; and
 - (ii) the Proxy Form may specify the proportion, or the number, of votes that the proxy may exercise, and if it does not do so the proxy may exercise half of the votes.
 - (c) **(who may be a proxy)**: A shareholder can appoint any other person to be their proxy. A proxy may be an individual or a body corporate and need not be a shareholder of the Company. The proxy appointed can be described in the Proxy Form by an office held, for example, "the Chair of the Meeting".
 - (d) **(signature(s) of individuals)**: In the case of shareholders who are individuals, the Proxy Form must be signed:
 - (i) if the shares are held by one individual, by that shareholder; or
 - (ii) if the shares are held in joint names, by any one of them.
 - (e) **(signatures on behalf of companies)**: In the case of a shareholder who is a company, the Proxy Form must be signed:
 - (i) if it has a sole director who is also sole company secretary, by that director in the appropriate box; or
 - (ii) in the case of any other company, by either 2 directors or a director and company secretary.
 - (f) **(other authorised persons)**: If the person signing the Proxy form is doing so under power of attorney, or is an officer of a company outside of (e) above but authorised to sign the Proxy Form, the power of attorney or other authorisation (or a certified copy of it), as well as the Proxy Form, must be received by the Company by the time and at the place in (g) below.
 - (g) **(lodgement place and deadline)**: A Proxy Form accompanies this notice.
 - (i) To be effective, Proxy Forms (duly completed and signed) must be received by the Company at its registered office:
 - (A) at Computershare Investor Services Pty Limited
GPO Box 242 Melbourne VIC 3001; or
 - (B) by facsimile (within Australia) on 1800 783 447 or (outside Australia) +61 3 9473 2555,
- no later than 11.00am (AEST) Tuesday 20 August 2013.

- (ii) For custodians who are subscribers of Intermediary Online, please submit your votes electronically via www.intermediaryonline.com no later than 11.00am (AEST) Tuesday 20 August 2013.

A proxy is not revoked by the relevant member attending and taking part in the meeting unless the member actually votes at the meeting on the resolution for which the proxy is proposed to be used.

Shareholders who appoint a proxy should consider how they wish to direct the proxy to vote, that is, whether the shareholder wishes the proxy to vote "for" or "against", or abstain from voting, on each resolution, or whether to leave the decision to the appointed proxy after discussion at the meeting.

THE CHAIR OF THE ANNUAL GENERAL MEETING ACTING AS PROXY

You may appoint the Chair of the Annual General Meeting as your proxy. The Chair of the meeting is deemed to be appointed where a signed proxy form is returned which does not contain the name of the proxy.

If a member directs the Chair of the meeting how to vote on an item of business, on a poll, the Chair must vote in accordance with the direction.

For proxies without voting instructions that are exercisable by the Chair of the meeting, the Chair intends to vote all available proxies in favour of each resolution.

In relation to each of the remuneration-related resolutions (being Resolutions 1 and 3), if the Chair of the meeting is appointed as your proxy, and you have not directed your proxy how to vote on the relevant resolution, please note that:

- **by completing and returning the proxy form you will be expressly authorising the Chair of the meeting to exercise your undirected proxy on these resolutions even though they are connected with the remuneration of the Company's key management personnel; and**
- **the Chair of the meeting will not be able to vote your proxy on Resolution 3 unless you also tick the box in Step 2 of the proxy form.**

SHAREHOLDERS WHO ARE ENTITLED TO VOTE

For the purposes of this meeting and in accordance with regulation 7.11.37 of the Corporations Regulations 2001, the Directors have determined that a person's entitlement to vote at the meeting will be the entitlement of that person set out in the register of members as at 7.00pm (AEST) on Tuesday 20 August 2013.

Explanatory Memorandum

ORDINARY BUSINESS

Item 1: Chair's address and Managing Director/CEO's review of operations

The Chair of the meeting will make his address and the Managing Director/CEO will present a review of the Company's operations.

Item 2: Receipt of Annual Financial Report

As required by the *Corporations Act 2001* (Cth) ("Corporations Act"), the Financial Report, the Directors' Report and the Auditor's Report for the year ended 31 March 2013 will be laid before the meeting. There is no requirement for a formal resolution on this item. However, the Chair of the meeting will allow a reasonable opportunity for the shareholders as a whole at the meeting to ask questions about, or make comments on, those reports.

Shareholders should refer below in relation to asking questions directed to the auditor.

Item 3: Adoption of Remuneration Report (Resolution 1)

The Remuneration Report is set out, under the heading "Remuneration Report", on pages 4 to 13 of the Company's Annual Report for the year ended 31 March 2013. The Remuneration Report:

- (a) provides discussion of the board's policy on remuneration of directors and senior managers and the relationship between such policy and the Company's performance; and
- (b) sets out prescribed information in relation to the directors and senior managers, including their fixed remuneration and any performance related remuneration.

The Chair of the meeting will allow a reasonable opportunity for the shareholders as a whole at the meeting to ask questions about, or make comments on, the Remuneration Report.

Under section 250R(3) of the Corporations Act, the vote on the resolution to adopt the Remuneration Report is advisory only and does not bind the directors or the Company.

Under the Corporations Act and pursuant to provisions known generally as the "two strikes rule", the result of the vote on this resolution may affect the Company's 2014 Annual General Meeting. If 25% or more of votes cast on this resolution are voted against the resolution (constituting the "first strike"), a resolution on whether to hold a further meeting to spill the Board (a "spill resolution"), as required by the Corporations Act, would be put to shareholders if a "second strike" were to occur at the 2014 Annual

General Meeting. Such a spill resolution would be included in the 2014 Notice of Meeting.

Recommendation

Your Directors unanimously recommend that you vote in favour of Resolution 1.

Item 4: Re-election of Mr David Carter as a director (Resolution 2)

Mr Carter is a lawyer and corporate adviser who was previously a partner of a major international law firm. Mr Carter currently runs his own legal and corporate advisory practice. Mr Carter has significant experience in corporate governance, M&A, commercial and international law. He has been a board member of a number of ASX listed companies and is currently a director of Glutagen Pty Ltd, an early stage biotech. Mr Carter holds a Bachelor of Economics degree, Bachelor of Laws (Hons) degree, Masters of Laws degree from Monash University and a Bachelor of Civil Law degree from Oxford University. He is a member of the Australian Institute of Company Directors.

Mr Carter was appointed as a Director on 3 November 2006 and as Chair of the Board on 1 October 2011.

Mr Carter is an independent non-executive Director and is the Chair of the Remuneration and Nomination Committee and a member of the Audit, Risk and Compliance Committee.

Recommendation

Your Directors (other than Mr Carter) unanimously recommend that you vote in favour of Resolution 2.

SPECIAL BUSINESS

As previously announced to shareholders on 10 July 2013, Mr Paul Lahiff will retire at the conclusion of the 2013 Annual General Meeting in accordance with rotational retirement provisions contained in Clause 48(a) of the Company's Constitution and ASX Listing Rule 14.4. Mr Lahiff will not be seeking re-election.

The Board wishes to thank Mr Lahiff for his substantial contribution to the Company.

The Board is presently considering the appointment of a suitable candidate to replace Mr Lahiff.

Item 5: Directors' Fees Pool (Resolution 3)

The proposal before the meeting is to increase the maximum aggregate annual remuneration payable to Non-executive Directors as remuneration for their services ("Fee Pool") by \$100,000, from \$550,000 per annum to \$650,000 per annum (inclusive of superannuation contributions), with effect on and from 1 April 2013. Approval is being sought pursuant to rule 49(b) of the Company's Constitution, Listing Rule 10.17 and for all other purposes. The current Fee Pool limit has not been increased since it was approved by shareholders at the 2010 Annual General Meeting.

Fees paid to Non-executive Directors out of the Fee Pool are reviewed periodically to ensure that they are appropriate. Details of fees paid to Non-executive Directors for the year ended 31 March 2013 are provided in the Remuneration Report at page 8 of the Company's Annual Report for the year ended 31 March 2013.

While the Board is not currently proposing to further increase its size (other than the appointment of a suitable candidate to replace Mr Lahiff, who will retire at the conclusion of the 2013 Annual General Meeting – see the note above), the proposed Fee Pool will provide the Board with strategic flexibility to make additional Board appointments should it wish to do so. It will also provide flexibility to allow for payment of appropriate Non-executive Director fees over time and taking into account the increasing time and responsibilities required of Non-executive Directors generally and in particular with regard to:

- **increasing corporate governance complexity and other compliance requirements; and**
- **the increasing geographical diversification of the business and growth in the size and scope of the Company's strategic business interests.**

The proposed increase in the Fee Pool will ensure that fees can be set at a sufficiently competitive rate to attract and retain non-executive Directors of the necessary qualifications and calibre, having regard to fees paid by comparable companies listed on the ASX.

It is not intended to distribute all of the proposed Fee Pool, if approved, in the current financial year.

Recommendation

Given their interest in the subject matter of this resolution, the Board makes no recommendation to shareholders on Resolution 3.

Questions and comments on management of the Company and items of ordinary and special business

The Chair of the meeting will allow a reasonable opportunity for the shareholders as a whole at the meeting to ask questions about, or make comments on, the management of the Company and the items of ordinary and special business set out in the Notice of 2013 Annual General Meeting.

In addition, shareholders may submit written questions to the Company no later than the fifth business day before the day on which the meeting is held.

Questions to the auditor

Any shareholder may submit to the Company a written question directed to the Company's auditor KPMG if the question is relevant to:

- (a) the content of the Auditor's Report to be considered at the meeting; or
- (b) the conduct of the audit of the annual Financial Report to be considered at the meeting.

Any relevant written question must be received by the Company no later than the fifth business day before the day on which the meeting is held.

The Chair of the meeting will allow a reasonable opportunity for the shareholders as a whole at the meeting to ask the auditor or the auditor's representatives questions relevant to:

- (a) the conduct of the audit;
- (b) the preparation and content of the Auditor's Report;
- (c) the accounting policies adopted by the Company in relation to the preparation of the financial statements; and
- (d) the independence of the auditor in relation to the conduct of the audit.

This page has been left blank intentionally.