

Notice of Annual General Meeting

Thorn Group Limited
ACN 072 507 147

NOTICE is hereby given of the annual general meeting of members of Thorn Group Limited ACN 072 507 147 ('the Company') to be held:

Date: Thursday 25 August 2011

Time: 2.00pm (AEST)

Venue: Four Points by Sheraton (Darling Harbour), 161 Sussex Street, Sydney, New South Wales

Ordinary Business

1. Chairman's address and Chief Executive Officer's Review of Operations

a member of the Company's key management personnel whose remuneration details are included in the remuneration report, or a closely related party of such member. However, a vote may be cast by such person if:

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 2011.

- the person is acting as proxy and the proxy form specifies how the proxy is to vote, and the vote is not cast on behalf of a person who is otherwise excluded from voting on Resolution 1 as described above; or

3. Adoption of Remuneration Report (Resolution 1)

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

'That the Remuneration Report for the year ended 31 March 2011 be adopted.'

- the person is the chair of the meeting voting an undirected proxy which expressly authorises the chair to vote the proxy on a resolution connected with the remuneration of a member of the Company's key management personnel.

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

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

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

Voting Exclusion Statement

In accordance with section 250R of the Corporations Act 2001 (Cth) ('Corporations Act'), a vote on Resolution 1 must not be cast by, or on behalf of,

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

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Special Business

5. Financial assistance by subsidiaries of the Company (Resolution 3)

To consider and, if thought fit, to pass the following resolution as a special resolution:

'That for the purpose of section 260B(2) of the Corporations Act, the giving of financial assistance by the NCML Subsidiaries in the manner described in the Explanatory Memorandum, be approved.'

By order of the Board



Peter Eaton

Company Secretary

Date: 21 July 2011

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 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 shareholders who are companies, the Proxy Form must be signed:
 - (i) if it has a sole director who is also sole company secretary, by that director (and stating that fact next to, or under, the signature on the Proxy Form); 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) (lodgment place and deadline): A Proxy Form accompanies this notice. To be effective, Proxy Forms (duly completed and signed) must be received by the Company at its registered office:
- (i) at Computershare Investor Services Ltd
GPO Box 242 Melbourne VIC 3001; or
 - (ii) by facsimile on +61 3 9473 2555,
 - (iii) for custodians who are subscribers of Intermediary Online, please submit your votes electronically via
www.intermediaryonline.com

no later than 2.00pm (AEST) Tuesday
23 August 2011.

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 23 August 2011.

Explanatory Statement

Ordinary Business

Item 1: Chairman's address and Chief Executive Officer's Review of Operations

The Chairman will make his address and the Chief Executive Officer 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 2011 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 5 to 13 of the Company's Annual Report for the year ended 31 March 2011. 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

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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.

Your directors unanimously recommend that you vote in favour of the resolution in Item 3.

Item 4: Election of David Carter as a director (Resolution 2)

David Carter is a lawyer and corporate advisor who was previously a partner of a major international law firm. Mr Carter has significant experience in corporate, commercial and international law. He is Chairman of TSV Holdings Limited (ASX listed) as well as a director of Cause Connect Ltd, a not for profit company and Glutagen Pty Ltd, an early stage biotech. David 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.

David Carter was appointed as a Director on 3 November 2006.

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

Your Directors (other than Mr Carter) unanimously recommend the re-election of Mr David Carter.

Special Business

Item 5: Financial assistance by subsidiaries of the Company (Resolution 3)

On 23 March 2011, the Company acquired all of the issued share capital in Votrait No. 1537 Pty Limited (ACN 111 280 507) and its subsidiaries, including National Credit Management Limited (each an 'NCML Subsidiary' and collectively the 'NCML Subsidiaries').

To assist in funding the acquisition of the NCML Subsidiaries, Thorn Australia Pty Ltd (the 'Borrower'), a subsidiary of the Company, agreed to borrow funds from Westpac Banking Corporation under an existing facility agreement dated 7 December 2006 as amended by the Letter of Amendment and Restatement of Multi-Option Facility dated 23 March 2011 (the 'Facility Agreement').

It is a requirement of the Facility Agreement that each NCML Subsidiary enters into certain security documents (including a fixed and floating charge, a guarantee and indemnity and other ancillary documents) in relation to the Facility Agreement.

The actions of the NCML Subsidiaries, by entering into the security documents or any refinancing documents, constitute the giving of financial assistance within the meaning of Part 2J.3 of the Corporations Act.

Under section 260A(1) of the Corporations Act, any such financial assistance must be approved by the shareholders of each NCML Subsidiary, by a special resolution passed at a general meeting of that company. In addition, as the NCML Subsidiaries are subsidiaries of the Company which is listed on ASX, under section 260B(2) of the Corporations Act, the financial assistance must also be approved by a special resolution passed at a general meeting of shareholders of the Company. As the ultimate holding company of the NCML Subsidiaries, the financial assistance relating to the NCML Subsidiaries cannot be provided without approval of shareholders of the Company.

Shareholder approval

Pursuant to, and for the purposes of, sections 260A(1) and 260B(2) of the Corporations Act, shareholders are asked to approve, by special resolution, the giving by the NCML Subsidiaries of the financial assistance described above (with further information set out in Schedule 1 to this Explanatory Memorandum).

Board recommendation

The Directors unanimously recommend shareholders vote in favour of the resolution in Item 5.

Further information Shareholders may require, pursuant to Section 260B(4) of the Corporations Act, in respect of the proposed provision of financial assistance by the NCML Subsidiaries, can be found in Schedule 1 to this Explanatory Memorandum.

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 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.

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Schedule 1

Material Information for Shareholders regarding Financial Assistance

Introduction

This Schedule to the Explanatory Memorandum has been prepared to assist the shareholders of the Company in understanding Item 5 (Resolution 3) of the Notice of Annual General Meeting.

In accordance with section 260B(4) of the Corporations Act, it contains information known to the Company that is material to deciding how to vote on Resolution 3 as set out in the accompanying Notice of Annual General Meeting.

Reasons for the Proposal for Financial Assistance

Thorn Australia Pty Ltd (the 'Borrower') agreed to borrow funds from Westpac Banking Corporation (the 'Financier') under a facility agreement dated 7 December 2006 as amended by the Letter of Amendment and Restatement of Multi-Option Facility dated 23 March 2011 (the 'Facility Agreement'). The Facility Agreement was negotiated between the Borrower and the Financier at arms length.

The Borrower on-lent borrowed funds to the Company for the purpose of funding the purchase of 100% of the issued shares in Votrait No. 1537 Pty Limited (ACN 111 280 507) ('Votrait') at prices and on terms that were commercially negotiated and on arms length (the 'Acquisition'). Under the Acquisition the Company acquired Votrait and its subsidiaries, being:

- (a) National Credit Management Limited (ACN 008 281 123);
- (b) A.C.N. 119 211 317 Pty Ltd (ACN 119 211 317); and
- (c) Hudson Legal Pty Ltd (ACN 119 216 643),

(each an 'NCML Subsidiary' and collectively with Votrait the 'NCML Subsidiaries').

It is a condition of the facility that each NCML Subsidiary provides financial assistance, as described below, in support of the obligations of the Borrower and the Company under the Facility Agreement.

Security previously provided by the Borrower and others

The following security and credit support has been provided by the Borrower and others:

- (a) the Fixed and Floating Charge (registration number 1072897) dated 12 August 2004 granted by the Borrower in favour of the Financier;
- (b) the Fixed and Floating Charge (registration number 1072899) dated 12 August 2004 granted by the Company in favour of the Financier;
- (c) the Guarantee and Indemnity dated 12 August 2004 granted by the Borrower and the Company in favour of the Financier; and
- (d) the Guarantee and Indemnity (undated) granted by the Borrower and Eclipse Retail Rental Pty Ltd in favour of the Financier.

Particulars of Financial Assistance proposed to be given

The Facility Agreement requires that, among other group companies, each NCML Subsidiary grants a fixed and floating charge and a guarantee and indemnity as set out below.

- (a) Cross Guarantee

Each NCML Subsidiary proposes to give a cross guarantee of, and indemnity for, the obligations of the Borrower and the Company in connection with the Facility Agreement ('Guarantee'). The Guarantee shall remain in force and effect until

all moneys, obligations and liabilities have been paid, discharged or satisfied.

(b) Fixed and floating charge

The obligations under the Guarantee will be secured by a fixed and floating charge granted by each NCML Subsidiary in favour of the Financier ('Charge').

(c) Real property mortgage

If required under the Facility Agreement, execute a registrable real property mortgage or mortgages over its real property interests (if any).

(d) Other

Each NCML Subsidiary may also execute, or accede to, any document ancillary to, or in connection with, the Facility Agreement, any new facilities agreement and any guarantee, indemnity or security interest given in connection with the Facility Agreement, any new facilities agreement and any related document, (together, the 'Security Documents').

Refinancing

The Borrower, the Company and any NCML Subsidiary may arrange refinancing and additional financing facilities (including working capital facilities) of an amount to be determined in the future, from time to time. In order to secure and regulate the obligations of the Borrower and any applicable subsidiary or related entity of it in relation to such financing facilities, the Borrower, the Company and any NCML Subsidiary and any subsidiary of the Borrower, the Company or any NCML Subsidiary may, from time to time:

- (a) execute, or accede to, a new facilities agreement as an obligor:
 - (i) on substantially the same terms as the Facility Agreement; or
 - (ii) on terms approved by the board or members (or both) at the relevant time;
- (b) give one or more of a guarantee, indemnity or

security interest over its assets (whether by way of mortgage, fixed or floating (or both) charge or otherwise) to secure each obligor's obligations under any new facilities agreement and any related document; and

- (c) execute, or accede to, any document in connection with or ancillary to, any new facilities agreement or guarantee, indemnity or security interest given in connection with any new facilities agreement and any related document, ('Refinance').

Explanation of Principle of Financial Assistance

The provision of the Security Documents by the NCML Subsidiaries and any Refinance or any amendment or replacement documents of any of the Facility Agreement, the Security Documents and any Refinance by the NCML Subsidiaries for the purpose of securing the obligations of the Borrower or the Company under the Facility Agreement may amount to financial assistance, in connection with the Acquisition, for the purpose of section 260A of the Corporations Act.

Under section 260A of the Corporations Act a company may financially assist a person to acquire shares in the company or a holding company of the company only if:

- (a) giving the assistance does not materially prejudice:
 - (i) the interests of the company or its shareholders; or
 - (ii) the company's ability to pay its creditors; or
- (b) the assistance is approved by shareholders under section 260B of the Corporations Act, or
- (c) the assistance is exempted under section 260C of the Corporations Act.

The directors of each NCML Subsidiary have resolved to seek the approval of the shareholders of the relevant NCML Subsidiary to the provision of the financial assistance by the NCML Subsidiaries.

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In addition, pursuant to s260B(2) of the Corporations Act, as each NCML Subsidiary is a subsidiary of the Company and the Company is a listed domestic corporation, the members of the Company must pass a special resolution approving the financial assistance to be given by the NCML Subsidiaries.

The directors of the Company have resolved to seek the approval of the shareholders of the Company to the provision of the financial assistance.

The resolution to be passed by the members of the Company is set out in Item 5 of the Special Business of the Notice of Annual General Meeting.

Effect of the Proposed Financial Assistance

If the Borrower, the Company or any NCML Subsidiary does not repay the facility in full when due and payable, then each guarantor of the debt under the Guarantee and each security provider under the Security Documents will be jointly and severally obliged to meet the liability.

You should be aware that:

- (a) entry into the Security Documents by the NCML Subsidiary and including any Refinance may, in the future, either limit their ability to secure loan funding from a third party debt provider, or increase the cost of such funding; and
- (b) if an NCML Subsidiary was called upon to meet the entire amount of the facility it is unlikely that it would be able to do so.

Directors' Reasons for Supporting the Resolution

Provision of the Security Documents by the NCML Subsidiaries is a condition of the Facility Agreement.

Given the availability of the funds under the facility to the Borrower, the Company and the NCML Subsidiaries, the directors of the Company have no reason at this time to believe that the NCML Subsidiaries will not be able to pay their debts as and when they fall due.

For these reasons, the directors of the Company believe that the entry into of the Security Documents by the NCML Subsidiaries is in the best interests of each NCML Subsidiary.

Notice to ASIC

Copies of the Notice of Annual General Meeting and this Explanatory Statement were lodged with ASIC before being sent to the members, in accordance with section 260B(5) of the Corporations Act.

Disclosure

The Company considers this statement to contain all material information known to it that could reasonably be required by a member in deciding how to vote on the proposed resolution other than information that would be unreasonable to require a company to disclose because the company has previously disclosed that information to the member.

Inspection of documents

Copies of the Facility Agreement, the Security Documents and documents relating to the Acquisition are available for inspection by members on request of the Company.