THORN Group Ltd.

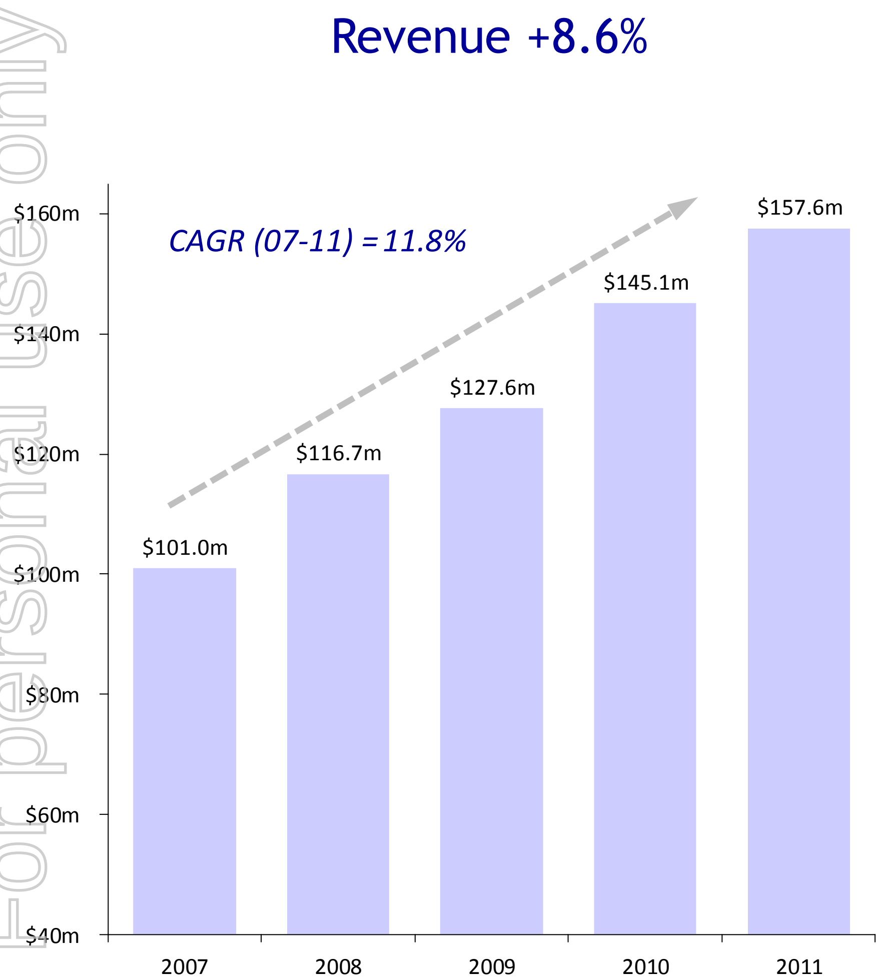
2011 Full Results
24 May 2011

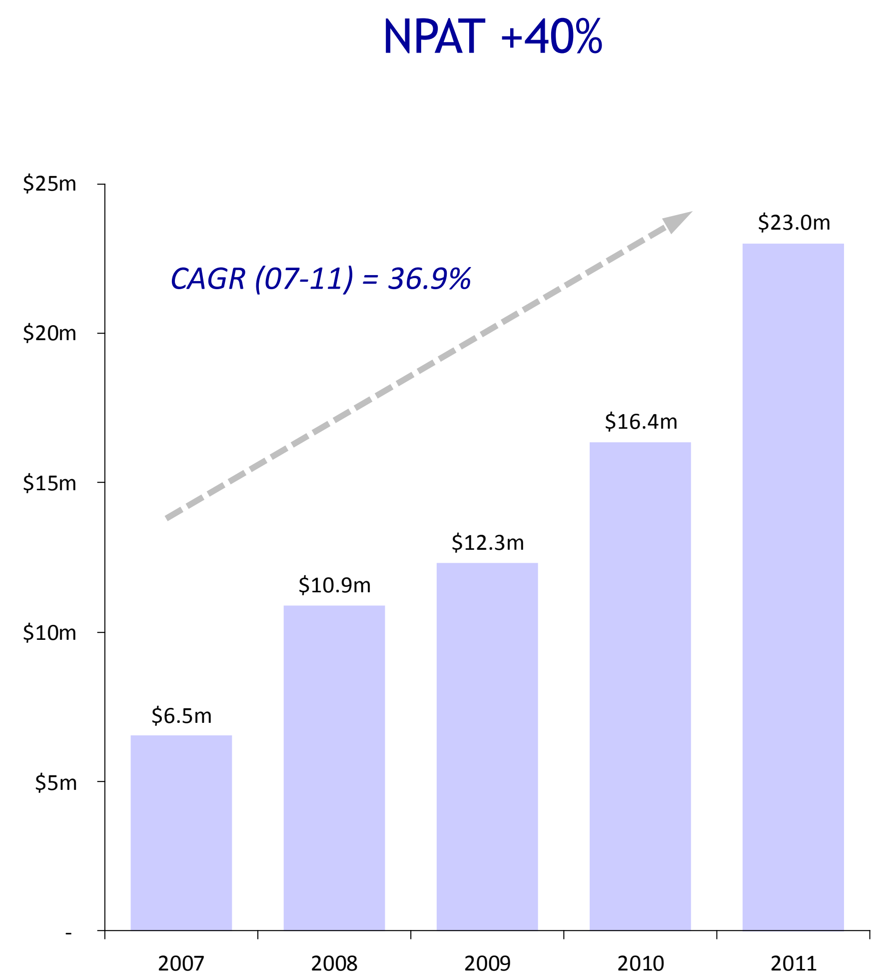
Group Performance Summary

- Normalised Net Profit after Tax up 40% at $23m[1]
- 13% increase in actual Net Profit after Tax to $22m
- Revenue up 8.6%
- 10.5% total customer growth
- EPS of 17.01 cents
- 28.4% net debt/equity ratio
- DPS 8.49cents; a 34% increase
- Consistent low level of rental arrears
- Cashfirst loan book doubled to $12m
- Acquisition of NCML at end March 2011
- Investment in Big Brown Box exited

[1] PCP NPAT contained a one-off tax benefit pertaining to the temporary investment allowance of $3.1m and current period has been normalised for the acquisition costs of $1m relating to NCML

Revenue & NPAT: Strong growth continued

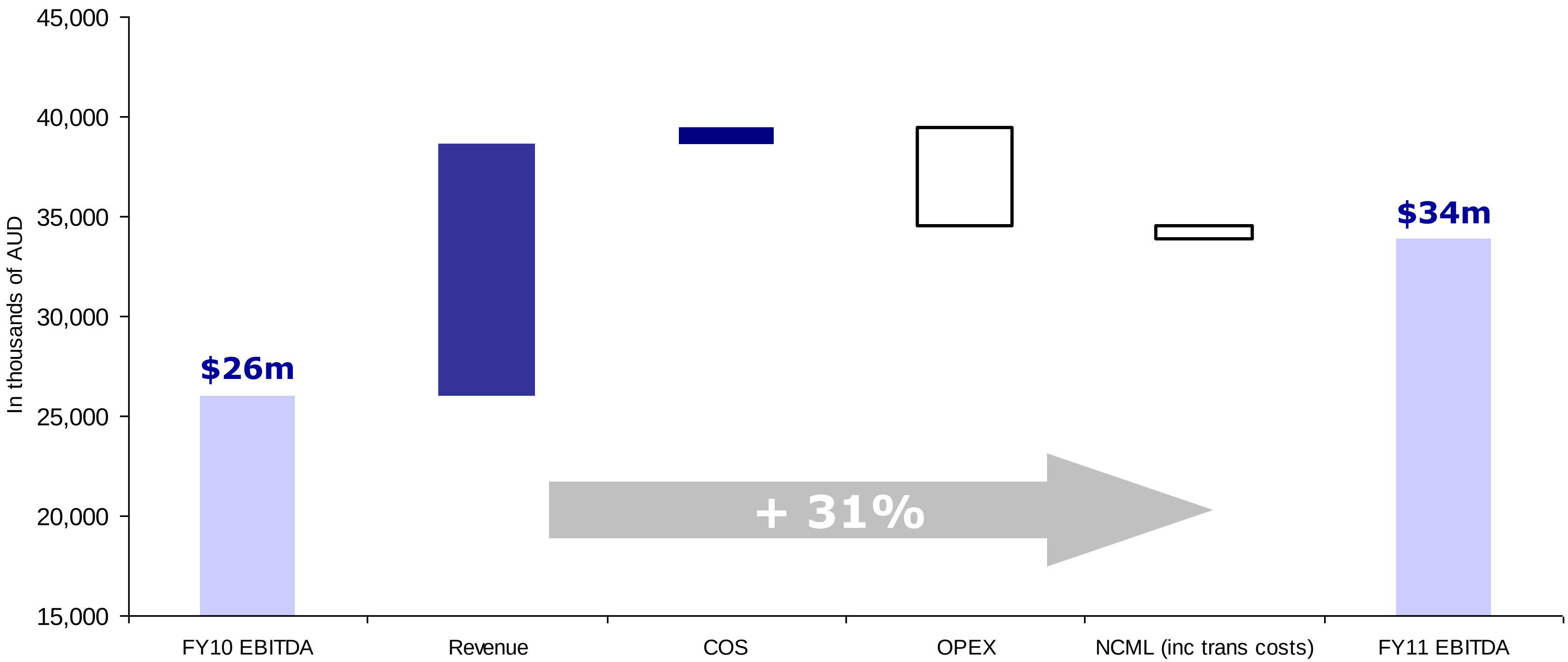




Note - normalised 2010 & 2011 NPAT

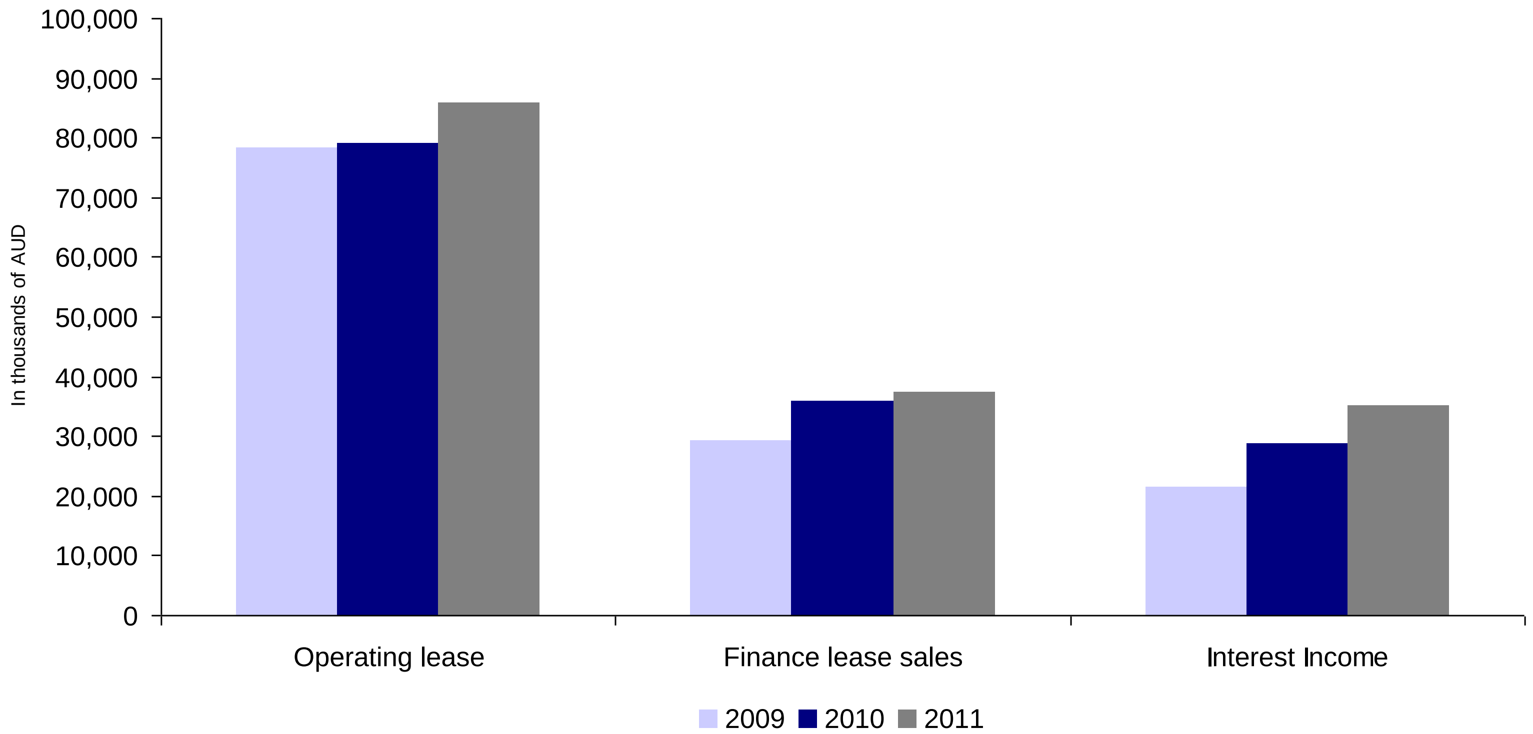
EBITDA: Growth maintained

- Revenue increase of 8.6% main driver
- COS reduced due to import program, AUD performance and general technology deflation
- Gross margin percent expanded to 63.2%
- OPEX increases in-line with the expansion of the business



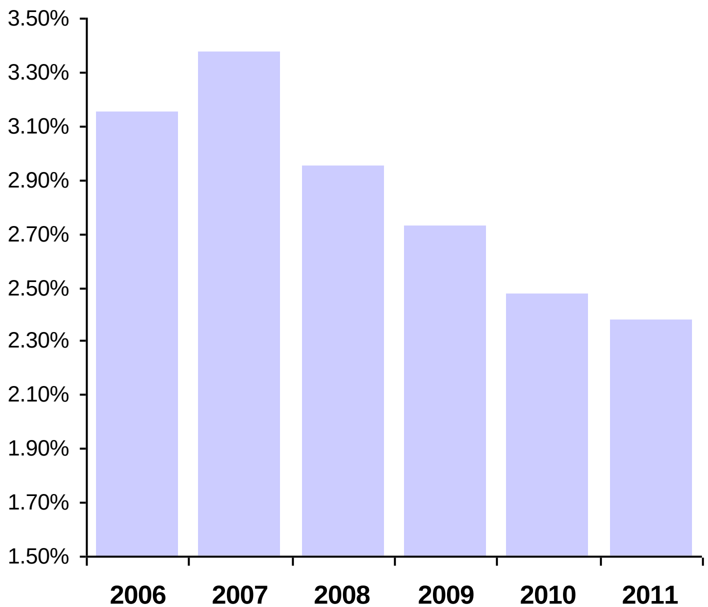
Revenue: Increased in all segments

- Finance lease sales revenue +7%
- Operating lease revenue +9%
- Interest income +19% in-line with growth in finance lease and Cashfirst receivables



Bad Debts: Reflects improvements in business practices

- Impairment charges on the rental book continue to decline as a percent to revenue
- Provisioning movement continues to track in-line with finance lease sales
- Cashfirst bad debt and provisioning in-line with growth in receivables



H1 Comparison: Rental Bad Debt & Asset
Losses as a percentage of customer payments

In thousands of AUD	FY10	FY11
Provisioning		
- Rental	4,599	4,980
- Cashfirst	230	838
Losses incurred:		
— Net Debt	1,196	1,189
— Asset	1,811	2,063
— Cashfirst	532	829
Total	8,368	9,899

OPEX: In-line with business growth

- Headcount increases in-line with growth
- Marketing increased to ‘drive’ new business strategies – significant increase in Cashfirst
- Transport and occupancy impacted by energy/fuel prices and new locations; like for like +2%

In thousands of AUD	FY10	FY11	Movement
Personnel	28,814	31,275	+8.5%
Marketing	9,554	10,272	+7.5%
IT & Telco	2,327	2,467	+6.0%
Occupancy	6,251	6,614	+5.8%
Transport	5,377	5,875	+9.3%
Other	7,553	8,352	+10.6%
OPEX	**59,876**	**64,855**	**+8.3%**

[1] *NCML acquistion costs and pro-rata operating expenses excluded from the above table*

Balance Sheet: Significant underlying strength

- Net asset growth of 16.1%
- Total tangible assets $134m, a 31% increase
- Debt to equity ratio remains conservative at 28%

Key asset movements	31 Mar 2011 $'000s	Movement $'000s	
Cash	9,038	3,291	• Increase in operating cash • Cash balance favourably impacted by NCML acquisition
Finance lease	56,831	5,956	• 12% book growth • Consistent provisioning policy
Cash loans	12,191	6,664	• Book doubled in 6 months
Rental assets	41,178	5,967	• Growth in operating lease book
PDLs	5,321	5,321	• NCML acquisition

Cashflow: Strength of recurring revenue streams

In thousands of AUD	FY10	FY11	
NPAT	19,495	22,038	
Non cash movements:			
Share based payments	69	662	• New scheme from April 1
Disposal rental assets & PPE	25,811	23,706	• Reversal of non-cash movements
Depreciation	21,397	23,189	• Increase in-line with operating lease revenue
Working capital	(8,905)	(1,879)	• Trade payables and tax payable favourably impacted
Cash generated	**57,867**	**67,716**	• Increase despite signifcant growth in loan book
Investments	(47,628)	(84,961)	• Increase in rental asset purchases & NCML acquisition
Financing	(7,059)	20,536	• Increase in dividends paid & increase in borrowing due to NCML acquisition
Net cash movement	**3,180**	**3,291**	

THORN Group Ltd.

Consumer Rental

radio rentals

rentlo

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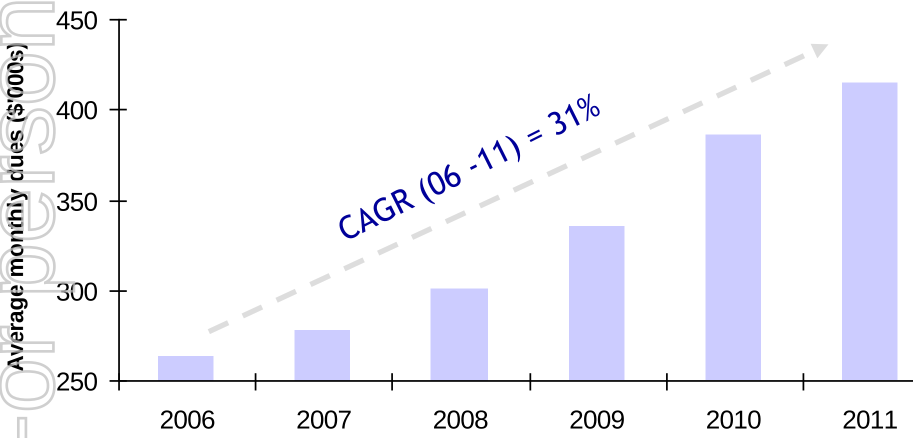
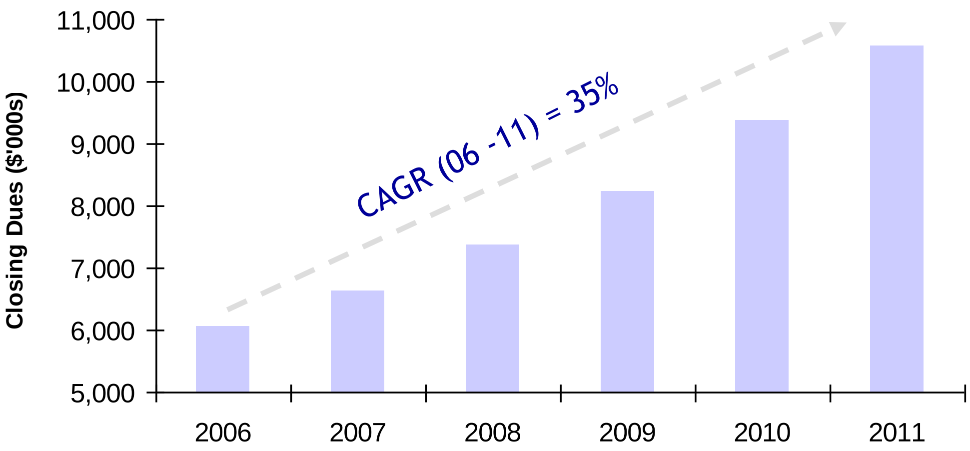
Performance: Excelling in a tough market

- Total installations revenue grew 7.3%
  - Finance leases increased 7.2%
  - Operating leases increased 8.7%
- AUR (average price per unit) increased 1.2% to $47.38

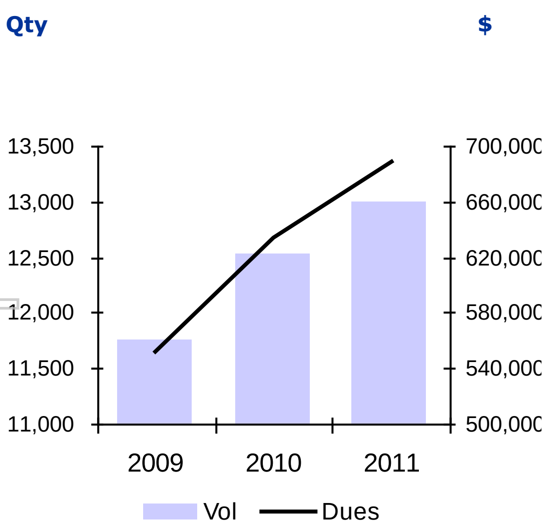




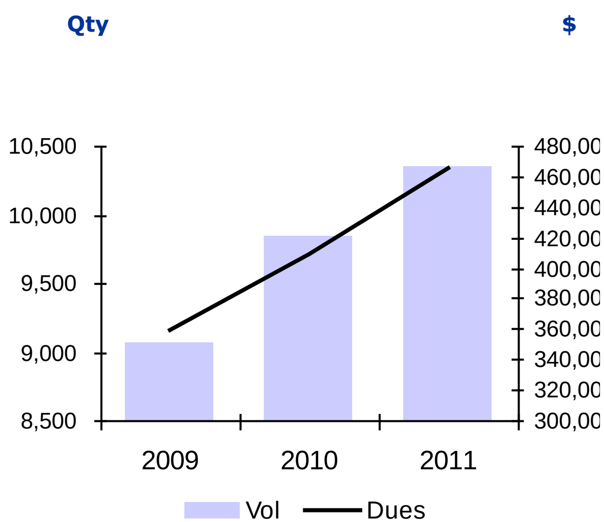
Trading: Operating Leases

- Strong demand for household ‘necessities’ – reflects tough economic conditions
- Whitegoods up 10% - strongest growth in larger/higher featured products
- Furniture up 36% - now a key segment of consistent growth

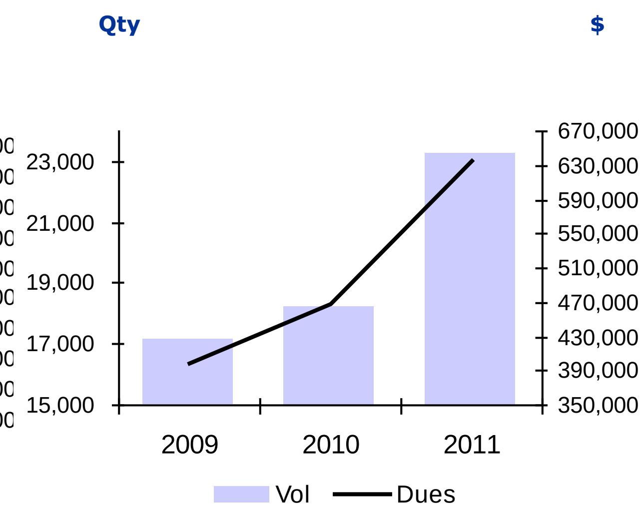
Refrigeration



Washing machines

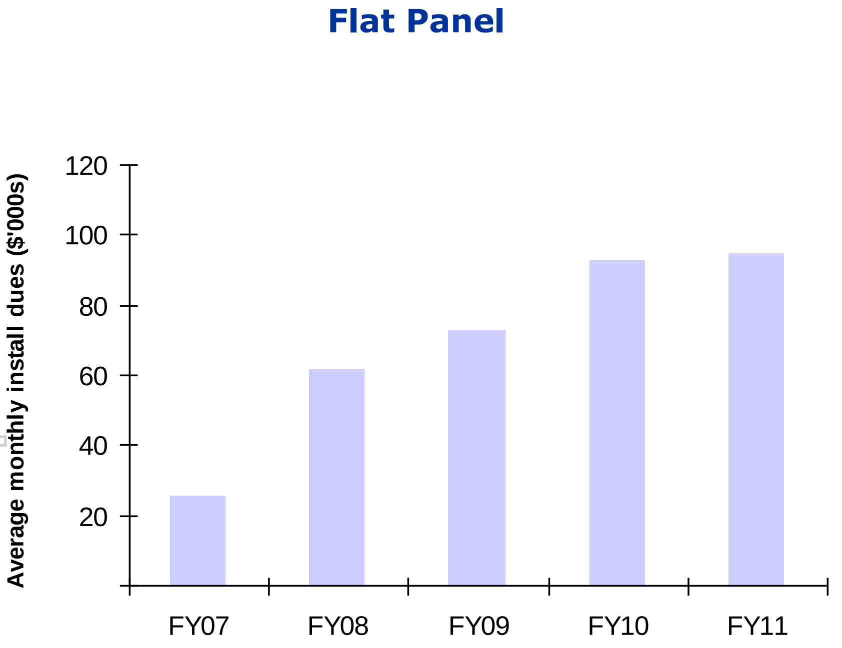


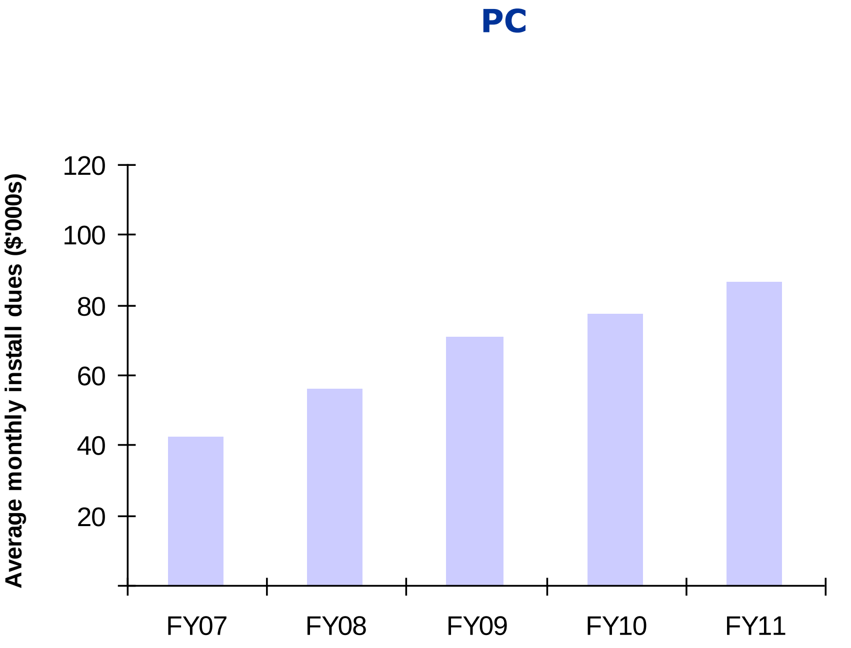
Furniture



Trading: Finance Leases

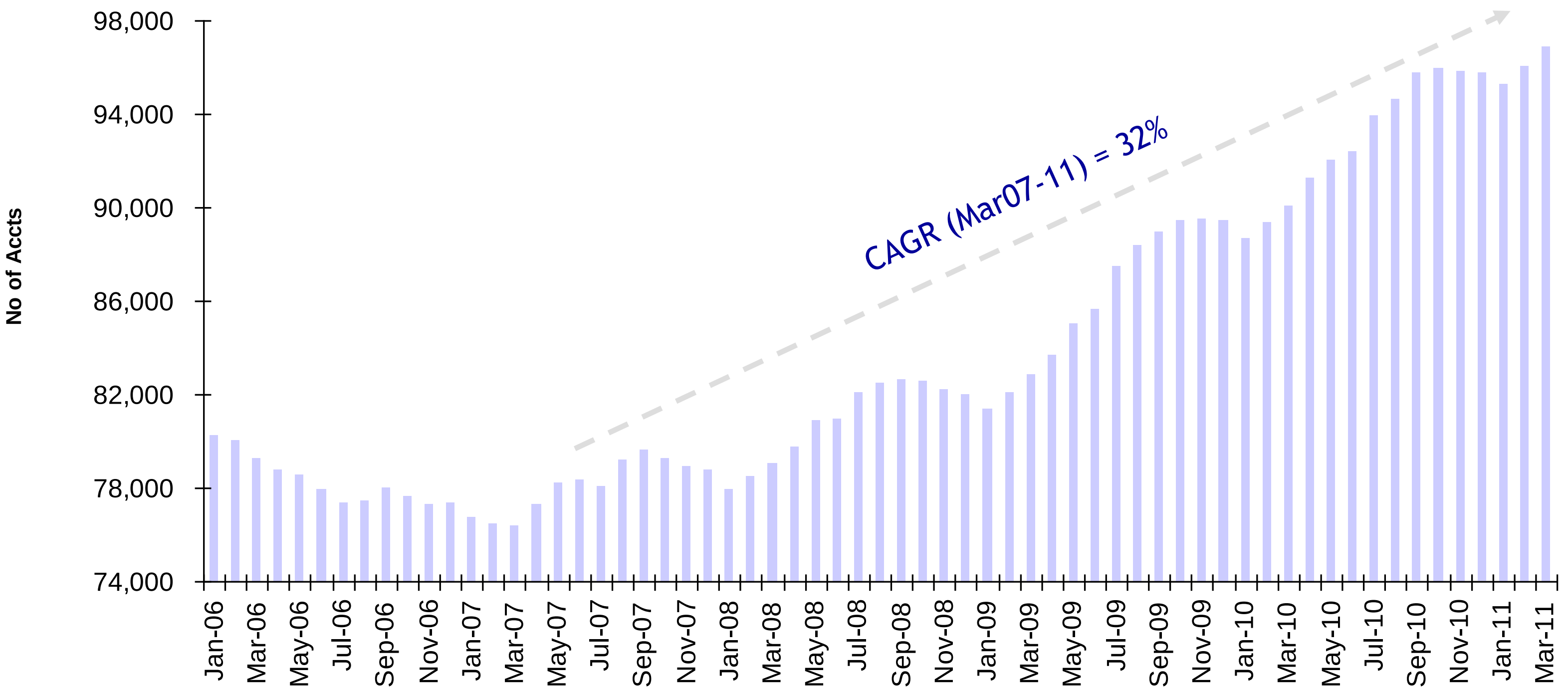
- Demand for flat panels (FP) and PCs remains solid – driven by ‘upgrades’
- Thorn brand providing positive outcomes – 20% of 2nd half installs





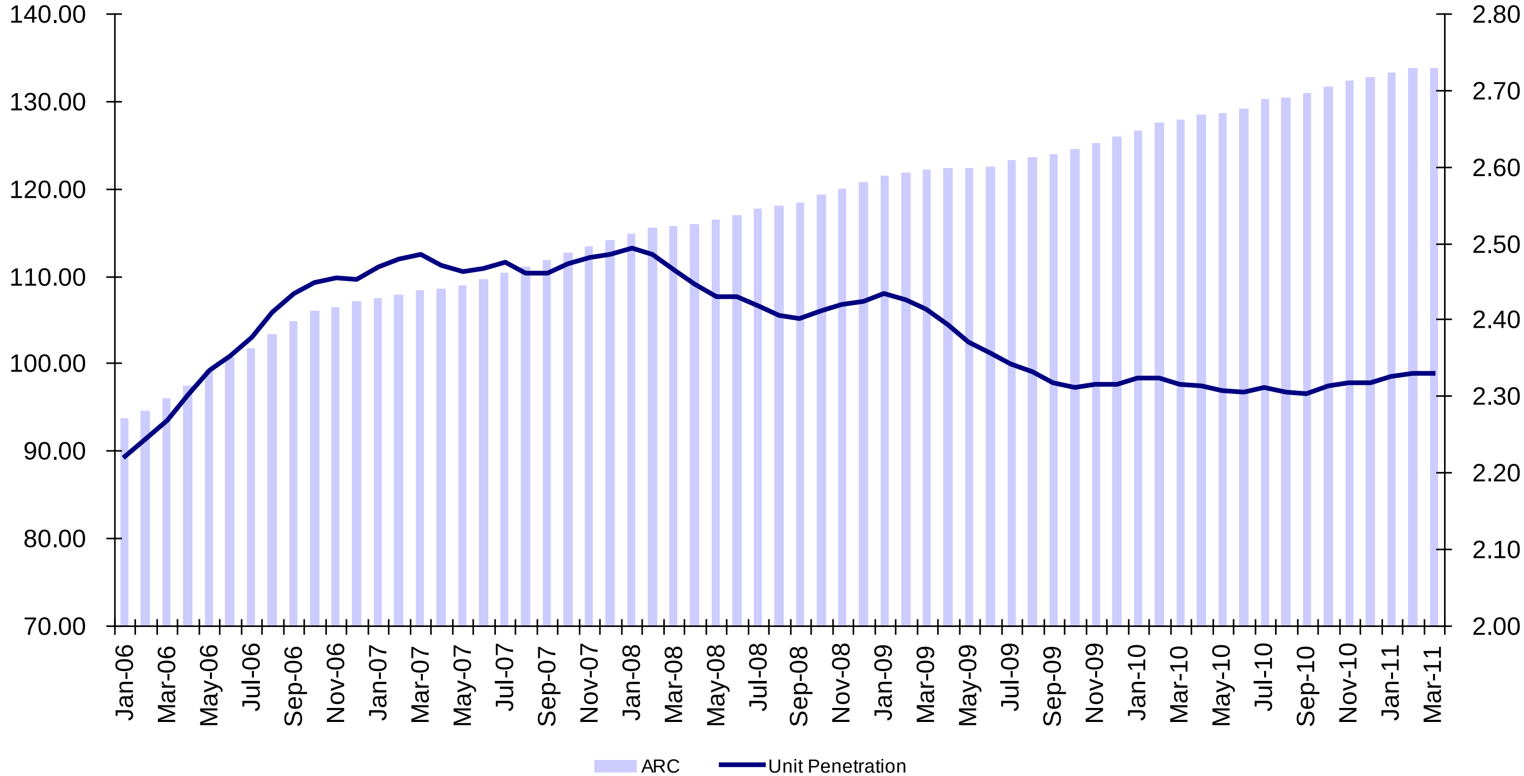
Customer Growth: 7.5%

- 7.5% customer growth versus 8.8% LY
- 40% take-up rate of a new contract at completion of existing contract maintained
- Customer base now heading towards 100,000



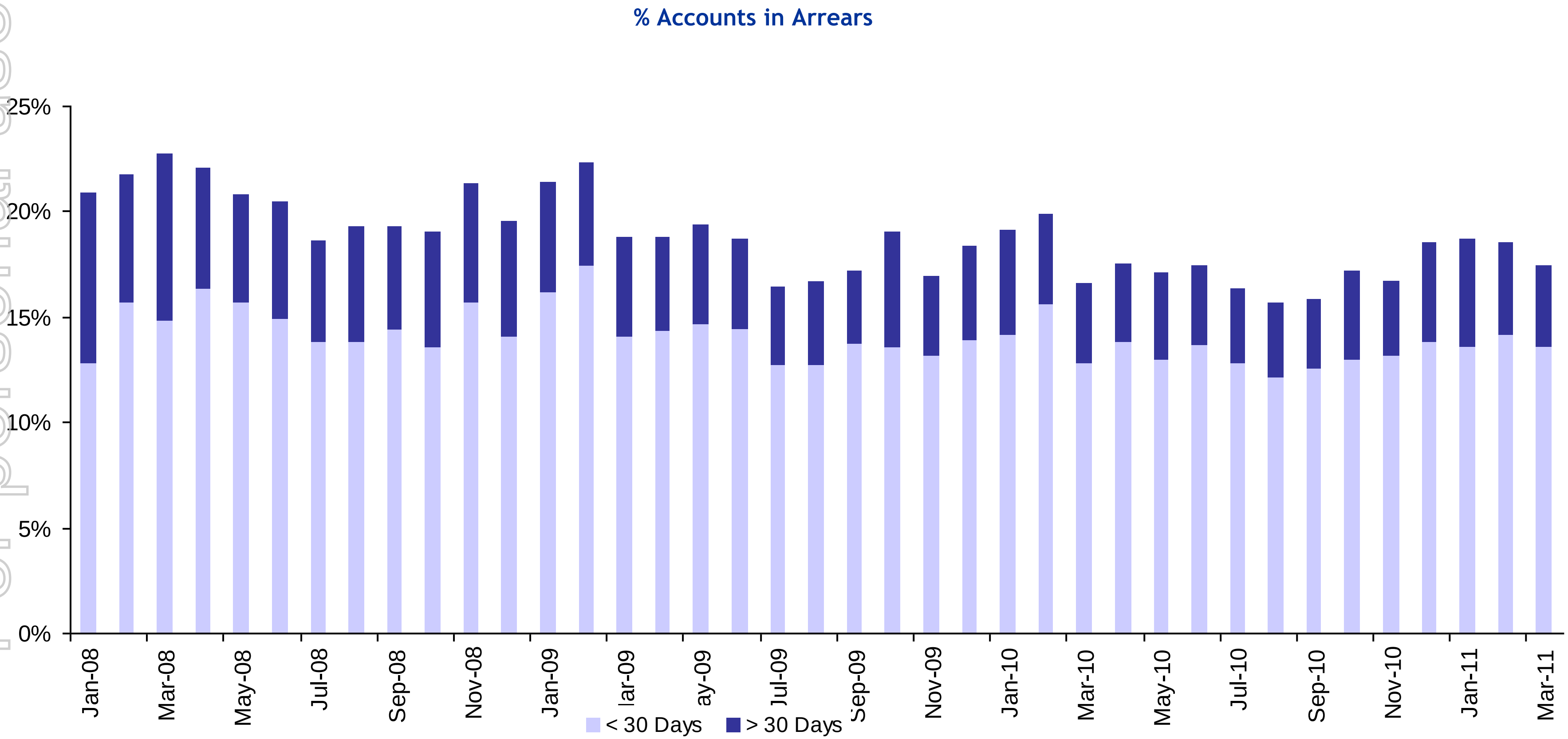
Customer Growth: 7.5%

- 4.6% growth in average payment per month to $133.76
- Average units per customer steady at 2.33
- Attracting 'new' customers & increased average contract length



Account Delinquencies: Continued low levels

- Focus on providing product that suits a customer's needs and budget
- Strict guidelines for customer approvals and payment limits
- Benefit of 'Responsible Rental Policy'



Opportunities for Growth

- Soft economic conditions & increased cost of living
- Growing acceptance of rental – Rent, Try, $1 Buy!™ is key advantage
- Store redevelopment program:
  - 'Lifestyle' format – final 20 stores to be completed by mid calendar 2012
- Increased market presence in high potential unserviced/underserviced areas:
  - 'One Person Branches' in regional areas
  - Kiosks in key metropolitan areas
  - Showrooms in selected metro and regional areas
  - All initiatives showing strong results to-date
  - Up to 10 additional outlets in FY2012 dependent on quality of available locations

cashfirst™ : Loan book reaches critical mass

Performance

- Driven by national Pay TV campaign
- Doubling of loan book to $12m
- Account base of over 7,000 customers
- 80% of business written with new customers
- Approval rates continue to run at 15-20%
- Write-offs improving to 11.4% of average book, down from 14.5% last year
- New proposition, with discounted interest rate, introduced for customers who have completed a full loan term

Opportunities for Growth

- Increased market penetration – national TV advertising
- Increased retention – loyalty program with reduced rates
- Expansion of offering

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: Foundations laid for development

Performance

- Relaunched in April 2010
- Development of:
  - Vendor and preferred supplier relationships in key market segments
  - Expanded range of financial products and services
  - Additional sales resources
- TABs remain cornerstone customers

Opportunities for growth

- New GM appointed with strong industry experience
- Continuation of organic development strategies
- Considerable market demand in <$100k deal area

National Credit Management Limited :Overview

Background

- A leading national provider of integrated receivables management services
- In FY2010 (June Y/E) generated:
  - $21.3m in revenue
  - $6.2m in EBIT
- Enables expansion of Thorn's financial services platform and diversification
- Focus on high quality corporate clients with long term relationships
- Expands debtor management expertise & increases knowledge base

Transaction highlights

- Final purchase price of $31.4m
- 5 times EBIT multiple on 2010 actuals
- Expected to be EPS accretive in FY2012[1]

[1] *Pre amortisation of intangibles*

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National Credit Management Limited :Growth Potential

Commercial Collection Services	Consumer Collection Services	Purchased Debt ledgers
• Underrepresented in NSW and Queensland - prospective clients identified • Expansion of service offering • Further development of Hudson Legal	• Increased activity with key clients through further development of strategic relationships • Tenders for major government contracts	• Favourable industry trends will drive growth • 'Selective' purchases • Potential to charge interest (standard industry practice) with IT upgrade

Potential for future acquisitions

THORN Group Ltd.

Overview of Thorn Group

THORN Group Ltd.

	Consumer	Commercial
Equipment	radio rentals rentlo	THORN Business Services
Financial Services	cashfirst	National Credit Management Limited

Company Strengths and Outlook

- Leading provider of ‘essential’ household goods to a growing cash & credit constrained market
- Strong recurring revenue streams that generate significant operating cash
- Sound consumer rental businesses with opportunity to further develop in underserviced areas
- Emerging commercial business in underserviced market
- Conservative debt to equity
- Ability to grow in both positive and challenging economic environments

The company expects a substantial increase in earnings FY2012 due to a full year contribution from NCML and solid organic earnings growth from the existing business