



**The culture of Thorn Group over its near 80 year history has involved a close connection between the company, its customers and communities. Independent market research of Radio Rentals customers commissioned this year demonstrates the outstanding qualities of Thorn's culture. Research showed just over 97 per cent of respondents said Radio Rentals treated them with dignity and respect. There is more about outcomes of this research in our report and it is very supportive of the way in which we meet customer needs. The growth of Thorn Business Finance reflects a similar attention to meeting the needs of small to medium sized businesses.**

### RESULTS AND DIVIDEND

While FY16 revenue was up 3.5 per cent to \$304 million, reported net profit after tax was 34 per cent lower at \$20.1 million due to three one-off significant items. These items are detailed elsewhere in the report but essentially relate to the closure of Thorn Financial Services, impairment of goodwill in NCML and a provision in relation to customer credits. Other factors affecting results were engaging with a government inquiry into the industry and the ASIC review resulting in unexpected costs. Without these significant one-off items, underlying profit was similar to last year. During the year, the Board and management considered a review of Group businesses. This identified that the two principal operations, consumer leasing and business finance, generated good returns and offered growth potential over the longer term. The Board considers the outcomes of this review and underlying profit performance warrant a higher payout ratio this year to keep dividend closely in line with last year, with full year dividends being 11.5 cents a share, compared with 11.75 cents in FY15, all fully franked.

### BOARD

Last year we welcomed two new Board members, David Foster and Andrew Stevens, and their skills have complemented those of Peter Henley, Stephen Kulmar and our Managing Director, James Marshall. The Board has taken a role in seeking to expand the senior management team to broaden support for the Managing Director, with new appointments filling the roles of Chief Risk Officer, General Counsel and Chief Operating Officer, all intended to boost Thorn's capability and excellence in the services we provide. At our annual meeting this year, long standing director, Peter Henley, will retire. Peter has been a director for nine years, joining in Thorn's first year as an ASX listed company, and has been a valued colleague and adviser. We sincerely thank him for his years of service and wish him well for the future. In July we were fortunate in welcoming as a new director, Belinda Gibson. Ms Gibson has had a distinguished legal career, having been a corporate and securities partner with global law firm, Mallesons Stephen Jaques, for 20 years. In 2007 she became commissioner and subsequently deputy chairman of ASIC, leaving in 2013 to establish her independent corporate advisory business. Ms Gibson is presently a non-executive director of Citigroup Pty Ltd, chairs the AMP Advice Review Panel, is a member of the Chief Executive Women board of directors and chairs the CEW Scholarship Committee and is a Trustee of the Australian Museum. We look forward to her contribution and participation as a director of Thorn.

**THORN'S CULTURE OVER NEARLY 80 YEARS HISTORY HAS INVOLVED A CLOSE CONNECTION BETWEEN THE COMPANY, ITS CUSTOMERS AND COMMUNITIES**

**WE THANK ALL OUR STAFF FOR  
THEIR ADHERENCE TO THORN'S  
VALUES AND VISION AND THE  
RESPECTFUL WAY IN WHICH  
THEY TREAT OUR CUSTOMERS**

**GOVERNANCE**

Thorn's Board remains focused on the interests of stakeholders while seeking to deliver both attractive returns for investors into the future and sound corporate governance. Our principles of corporate governance and remuneration, by which we seek to combine incentive and rewards, are set out in the financial section of this report.

**PEOPLE**

On behalf of the Board, I would like to commend Thorn's Managing Director, James Marshall, as he has continued to perform his role with dedication and commitment. He is supported by a strong group of senior executives who are passionate about the business and ensuring all our customers have positive experiences. Our entire staff deserve acknowledgement and thanks for their adherence to Thorn's values and vision and especially in the respectful way they treat our customers. I also want to thank our shareholders for their support through our experiences this year and trust this will continue as we strive to meet their expectations.



JOYCELYN MORTON  
Chair