

| |
|---|
| TURNERS AUTOMOTIVE GROUP LIMITED |
| Results for announcement to the market |

| | |
|---------------------------|----------------------------|
| Reporting Period | 12 months to 31 March 2018 |
| Previous Reporting Period | 12 months to 31 March 2017 |

| | Amount (NZD000s) | Percentage change |
|---|------------------|-------------------|
| Revenue from ordinary activities | 330,470 | 32% increase |
| Expenses from ordinary activities | (299,337) | 32% increase |
| Profit before tax | 31,133 | 26% increase |
| Taxation expense | (7,773) | 10% increase |
| Net profit attributable to security holders | 23,360 | 33% increase |

| Final Dividend | Amount per security | Imputed amount per security |
|----------------|---------------------|-----------------------------|
| | \$0.0500 | \$0.0194 |

| | |
|-----------------------|--------------|
| Record Date | 3 July 2018 |
| Dividend Payment Date | 18 July 2018 |

| | |
|-----------|--|
| Comments: | |
|-----------|--|

TURNERS AUTOMOTIVE GROUP LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2018

| | 2018 | 2017 |
|--|---------------|---------------|
| | \$'000 | \$'000 |
| Revenue from continuing operations | 325,047 | 249,338 |
| Other income | 5,423 | 1,671 |
| Cost of goods sold | (137,332) | (116,997) |
| Interest expense | (14,344) | (11,350) |
| Movement in impairment provisions | (6,380) | (2,026) |
| Subcontracted services expense | (10,777) | (8,520) |
| Employee benefits (short term) | (51,911) | (40,862) |
| Commission | (12,107) | (7,446) |
| Advertising expense | (4,001) | (3,431) |
| Depreciation and amortisation expense | (5,627) | (2,863) |
| Property and related expenses | (10,644) | (9,391) |
| Systems maintenance | (1,822) | (1,468) |
| Claims | (32,021) | (6,491) |
| Life fund movement | (82) | (1,056) |
| Credit legal fee service expense | (844) | (838) |
| Other expenses | (11,445) | (13,639) |
| Profit/(loss) before taxation | 31,133 | 24,631 |
| Taxation (expense)/ benefit | (7,773) | (7,057) |
| Profit for the year | 23,360 | 17,574 |
| Other comprehensive income for the year (which may subsequently be reclassified to profit/loss), net of tax | | |
| Cash flow hedges | (170) | 41 |
| Foreign currency translation differences | 2 | (6) |
| Total comprehensive income for the year | 23,192 | 17,609 |
| Earnings per share (cents per share) | | |
| Basic earnings per share | 29.3 | 25.5 |
| Diluted earnings per share | 28.9 | 25.0 |

Included in other income is \$1.4 million (2017: \$1.2 million) resulting from unrealised gains on the revaluation of assets.

TURNERS AUTOMOTIVE GROUP LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2018

| | Share capital \$'000 | Share options \$'000 | Translation reserve \$'000 | Cash flow reserve \$'000 | Retained earnings \$'000 | Total \$'000 |
|---|----------------------------|----------------------------|----------------------------------|--------------------------------|--------------------------------|-----------------|
| Balance at 31 March 2016 | 136,127 | - | (17) | (35) | (6,263) | 129,812 |
| <i>Transactions with shareholders in their capacity as owners</i> | | | | | | |
| Capital contributions (net of issue costs) | 32,682 | - | - | - | - | 32,682 |
| Fair value options issued | - | 208 | - | - | - | 208 |
| Dividend paid | - | - | - | - | (8,595) | (8,595) |
| Total transactions with shareholders | 32,682 | 208 | - | - | (8,595) | 24,295 |
| <i>Comprehensive income</i> | | | | | | |
| Profit | - | - | - | - | 17,574 | 17,574 |
| Foreign currency translation differences | - | - | (6) | - | - | (6) |
| Cash flow hedge | - | - | - | 41 | - | 41 |
| Total comprehensive income for the year, net of tax | - | - | (6) | 41 | 17,574 | 17,609 |
| Balance at 31 March 2017 | 168,809 | 208 | (23) | 6 | 2,716 | 171,716 |
| <i>Transactions with shareholders in their capacity as owners</i> | | | | | | |
| Capital contributions (net of issue costs) | 30,339 | - | - | - | - | 30,339 |
| Fair value options issued | - | 493 | - | - | - | 493 |
| Dividend paid | - | - | - | - | (11,417) | (11,417) |
| Total transactions with shareholders | 30,339 | 493 | - | - | (11,417) | 19,415 |
| <i>Comprehensive income</i> | | | | | | |
| Profit | - | - | - | - | 23,360 | 23,360 |
| Foreign currency translation differences | - | - | 2 | - | - | 2 |
| Cash flow hedge | - | - | - | (170) | - | (170) |
| Total comprehensive income for the year, net of tax | - | - | 2 | (170) | 23,360 | 23,192 |
| Balance at 31 March 2018 | 199,148 | 701 | (21) | (164) | 14,659 | 214,323 |

TURNERS AUTOMOTIVE GROUP LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2018

| | Note | 2018 \$'000 | 2017 \$'000 |
|--|------|----------------|----------------|
| Assets | | | |
| Cash and cash equivalents | 1 | 25,145 | 69,069 |
| Financial assets at fair value through profit or loss | 1 | 53,378 | 10,320 |
| Trade receivables | | 13,423 | 12,663 |
| Inventories | | 38,596 | 44,642 |
| Finance receivables | | 289,799 | 207,143 |
| Derivative financial instruments | | - | 88 |
| Other receivables and deferred expenses | | 9,900 | 8,489 |
| Reverse annuity mortgages | | 9,997 | 9,222 |
| Investment property | | 4,820 | 4,000 |
| Property, plant and equipment | | 35,945 | 18,909 |
| Intangible assets | | 170,982 | 172,088 |
| Total assets | | 651,985 | 556,633 |
| Liabilities | | | |
| Other payables | | 35,195 | 28,091 |
| Financial liability at fair value through profit or loss | | 226 | 7,611 |
| Deferred revenue | | 5,506 | 5,624 |
| Tax payables | | 5,029 | 1,808 |
| Derivative financial instruments | | 111 | - |
| Deferred tax | | 18,466 | 20,173 |
| Borrowings | | 317,373 | 265,889 |
| Life investment contract liabilities | | 7,127 | 12,847 |
| Insurance contract liabilities | | 48,629 | 42,874 |
| Total liabilities | | 437,662 | 384,917 |
| Shareholders' equity | | | |
| Share capital | | 199,148 | 168,809 |
| Other reserves | | 516 | 191 |
| Retained earnings | | 14,659 | 2,716 |
| Total shareholders' equity | | 214,323 | 171,716 |
| Total shareholders' equity and liabilities | | 651,985 | 556,633 |
| Total assets per share (\$ per share) | | 7.69 | 7.47 |
| Net tangible asset per share (\$ per share) | | 0.73 | 0.27 |

Note 1

The Group's insurance business is required to comply with the solvency standards for licensed insurers issued by the Reserve Bank of New Zealand. The solvency standards specify the level of assets the insurance business is required to hold in order to meet solvency requirements, consequently all cash and cash equivalents and term deposits, disclosed in financial assets through the profit or loss, held in the insurance business may not be available for use by the wider Group. DPL Insurance's cash and cash equivalents at 31 March 2018 were \$9.2m (2017: \$55.6m) and term deposits at 31 March 2018 were \$42.5m (2017: \$nil).

Cash and cash equivalents at 31 March 2018 of \$4.9m (2017: \$2.1m) belong to the Turners Marque Trust 1 are not available to the Group.

TURNERS AUTOMOTIVE GROUP LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2018

| | 2018 | 2017 |
|---|------------------|-----------------|
| | \$'000 | \$'000 |
| Cash flows from operating activities | | |
| Interest received | 41,925 | 27,909 |
| Receipts from customers | 281,031 | 216,948 |
| Interest paid | (9,609) | (8,237) |
| Payment to suppliers and employees | (265,806) | (216,489) |
| Income tax paid | (6,142) | (5,044) |
| Net cash inflow from operating activities before changes in operating assets and liabilities | 41,399 | 15,087 |
| Net increase in finance receivables | (75,248) | (36,403) |
| Net decrease in reverse annuity mortgages | 66 | 1,246 |
| Net decrease of financial assets at fair value through profit or loss | (41,937) | 9,156 |
| Net (withdrawals)/contributions from life investment contracts | (5,765) | (2,645) |
| Changes in operating assets and liabilities arising from cash flow movements | (122,884) | (28,646) |
| Net cash (outflow)/inflow from operating activities | (81,485) | (13,559) |
| Cash flows from investing activities | | |
| Proceeds from sale of property, plant, equipment, intangibles and held for sale assets | 3,944 | 340 |
| Purchase of property, plant, equipment and intangibles | (22,698) | (8,401) |
| Purchase of subsidiaries and investments | (3,754) | (63,346) |
| Net cash inflow/(outflow) from investing activities | (22,508) | (71,407) |
| Cash flows from financing activities | | |
| Net bank loan advances/(repayments) | 39,005 | 82,288 |
| Proceeds from the issue of shares | 29,656 | 13,374 |
| Proceeds from the issue of bonds | - | 19,784 |
| Other borrowings | 2,837 | - |
| Dividend paid | (11,417) | (8,595) |
| Net cash inflow/(outflow) from financing activities | 60,081 | 106,851 |
| Net movement in cash and cash equivalents | (43,912) | 21,885 |
| Add opening cash and cash equivalents | 69,069 | 13,810 |
| Cash included with purchase of subsidiaries | - | 33,378 |
| Translation difference | (12) | (4) |
| Closing cash and cash equivalents | 25,145 | 69,069 |
| Represented By: | | |
| Cash at bank | 25,145 | 69,069 |
| Closing cash and cash equivalents | 25,145 | 69,069 |

TURNERS AUTOMOTIVE LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS (CONT)

For the year ended 31 March 2018

RECONCILIATION OF NET SURPLUS WITH CASH FLOWS FROM OPERATING ACTIVITIES

| | 2018 | 2017 |
|---|-----------------|-----------------|
| | \$'000 | \$'000 |
| Profit or loss | 23,360 | 17,574 |
| Adjustment for non-cash items | | |
| Impairment charge on finance receivables, reverse annuity mortgages and other receivables | 6,390 | 2,026 |
| Net (profit)/loss on sale of property, plant and equipment | (1,000) | (84) |
| Depreciation and amortisation | 5,627 | 2,863 |
| Capitalised reverse annuity mortgage interest | (869) | (885) |
| Deferred revenues | 917 | 4,678 |
| Financial assets at fair value through profit and loss | (1,139) | (1,012) |
| Net annuity and premium change to policyholder accounts | 45 | (137) |
| Non-cash long term employee benefits | 516 | 179 |
| Non-cash adjustment to finance receivables effective interest rates | 109 | 83 |
| Deferred expenses | (7,135) | (3,901) |
| Fair value adjustment on investment property | (820) | (500) |
| Fair value adjustment to contingent consideration | (2,845) | - |
| Adjustment for movements in working capital | | |
| Net (increase)/decrease in receivables and pre-payments | 1,009 | (6,518) |
| Net (increase)/decrease in inventories | 5,958 | (3,585) |
| Net increase in current tax payable | 1,881 | 2,159 |
| Net increase/(decrease) in payables | 9,761 | 2,071 |
| Net increase in finance receivables | (75,248) | (36,403) |
| Net decrease in reverse annuity mortgages | 66 | 1,246 |
| Net decrease of insurance assets at fair value through profit or loss | (41,937) | 9,156 |
| Net (withdrawals)/contributions from life investment contracts | (5,765) | (2,645) |
| Net increase in deferred tax | (366) | 76 |
| Net cash inflow/(outflow) from operating activities | (81,485) | (13,559) |

TURNERS AUTOMOTIVE GROUP LIMITED

SEGMENTAL INFORMATION

For the year ended 31 March 2018

Management has determined the operating segments based on the components of Turners Automotive Group Limited and its subsidiaries (the Group) that engage in business activities, which have discrete financial information available and whose operating results are regularly reviewed by the Group's chief operating decision maker. The chief operating decision maker has been identified as the Board of Directors. The Board of Directors makes decisions about how resources are allocated to the segments and assesses their performance. Geographically the Group's business activities are located in New Zealand and Australia.

No businesses were acquired in the financial year ending 31 March 2018. During the financial year ending 31 March 2017, the Group acquired the business of Buy Right Cars and Autosure. Buy Right Cars has been aggregated into the 'Automotive retail' segment as Buy Right Cars, together with Turners Group NZ Limited, operate in the automotive sector remarketing motor vehicles and other related activity. Autosure has been aggregated into the 'Insurance segment' as Autosure, together with DPL Insurance, operate in the insurance market, marketing and administering consumer insurance products and other related activity.

Five reportable segment have been identified as follows:

Automotive retail - remarketing (motor vehicles, trucks, heavy machinery and commercial goods) and purchasing goods for sale (motor vehicles and commercial goods) and related asset based finance to consumers.

Collection services - collection services, credit management and debt recovery services to the corporate and SME sectors.

Geographically the collections services segment business activities are located in New Zealand and Australia.

Finance - provides asset based finance to consumers and SME's.

Insurance - marketing and administration of a range of life and consumer insurance and superannuation products.

Corporate & other - corporate centre.

OPERATING SEGMENTS

| Revenue | Revenue | | | Revenue | | |
|--|---------|---------|-----------|---------|---------------|---------------|
| | Total | Inter- | from | Total | Inter- | from |
| | segment | segment | external | segment | segment | external |
| | revenue | revenue | customers | revenue | revenue | customers |
| | 2018 | 2018 | 2018 | 2017 | 2017 | 2017 |
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Automotive retail | 226,434 | (3,222) | 223,212 | 193,472 | (783) | 192,689 |
| Finance | 39,747 | - | 39,747 | 26,818 | - | 26,818 |
| Collection services - New Zealand | 13,075 | (3,886) | 9,189 | 13,127 | (3,804) | 9,323 |
| Collection services - Australia | 9,488 | - | 9,488 | 9,783 | - | 9,783 |
| Insurance | 46,923 | - | 46,923 | 12,255 | - | 12,255 |
| Corporate & other | 1,911 | - | 1,911 | 466 | (325) | 141 |
| | 337,578 | (7,108) | 330,470 | 255,921 | (4,912) | 251,009 |
| Operating profit | | | | | 2018 | 2017 |
| | | | | | \$'000 | \$'000 |
| Automotive retail | | | | | 16,550 | 15,397 |
| Finance | | | | | 11,735 | 10,156 |
| Collection services - New Zealand | | | | | 5,845 | 6,006 |
| Collection services - Australia | | | | | 224 | 239 |
| Insurance | | | | | 5,731 | 928 |
| Corporate & other | | | | | (8,952) | (8,095) |
| Profit/(loss) before taxation | | | | | 31,133 | 24,631 |
| Income tax | | | | | (7,773) | (7,057) |
| Net profit attributable to shareholders | | | | | 23,360 | 17,574 |

TURNERS AUTOMOTIVE GROUP LIMITED

SEGMENTAL INFORMATION (CONT)

For the year ended 31 March 2018

| | Interest revenue | | Interest expense | | Depreciation and amortisation expense | |
|-----------------------------------|------------------|--------|------------------|----------|--|---------|
| | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Automotive retail | 9,311 | 7,590 | (4,767) | (3,753) | (2,351) | (2,286) |
| Finance | 34,432 | 22,907 | (5,829) | (3,648) | (348) | (329) |
| Collection services - New Zealand | 12 | 13 | - | - | (91) | (92) |
| Collection services - Australia | - | - | - | - | (2) | - |
| Insurance | 1,997 | 875 | - | - | (681) | (91) |
| Corporate & other | 22 | 418 | (4,438) | (4,274) | (2,154) | (65) |
| | 45,774 | 31,803 | (15,034) | (11,675) | (5,627) | (2,863) |
| Eliminations | (690) | (325) | 690 | 325 | - | - |
| | 45,084 | 31,478 | (14,344) | (11,350) | (5,627) | (2,863) |

| Other material non-cash items | Revenue | | Expenses | |
|---|---------|--------|----------|---------|
| | 2018 | 2017 | 2018 | 2017 |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Automotive retail - impairment provisions | - | - | (423) | (297) |
| Finance - impairment provisions | - | - | (5,929) | (1,710) |
| Insurance - impairment provisions | - | - | (28) | (16) |
| Corporate & Other - impairment provisions | - | - | - | - |
| Collection services - New Zealand - deferred revenue | 433 | 1,061 | - | - |
| Insurance - Reverse annuity mortgage interest | 869 | 825 | - | - |
| Corporate & other - Reverse annuity mortgage interest | - | 60 | - | (3) |
| | 1,302 | 1,946 | (6,380) | (2,026) |

| Segment assets and liabilities | Assets | | Liabilities | |
|-----------------------------------|-----------|-----------|-------------|---------|
| | 2018 | 2017 | 2018 | 2017 |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Automotive retail | 152,006 | 134,160 | 115,071 | 103,821 |
| Finance | 255,937 | 174,134 | 199,374 | 126,528 |
| Collection services - New Zealand | 27,115 | 25,974 | 5,756 | 9,246 |
| Collection services - Australia | 1,665 | 1,908 | 1,181 | 890 |
| Insurance | 124,611 | 118,722 | 69,466 | 66,503 |
| Corporate & other | 298,912 | 266,403 | 89,443 | 79,169 |
| | 860,246 | 721,301 | 480,291 | 386,157 |
| Eliminations | (208,261) | (164,668) | (42,629) | (1,240) |
| | 651,985 | 556,633 | 437,662 | 384,917 |

Acquisition of property, plant & equipment, intangible assets and other non-current assets

| | Business combinations | | Other | |
|-----------------------------------|-----------------------|--------|--------|--------|
| | 2018 | 2017 | 2018 | 2017 |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Automotive retail | - | 1,958 | 21,515 | 7,578 |
| Finance | - | - | 418 | 403 |
| Collection services - New Zealand | - | - | 140 | 82 |
| Collection services - Australia | - | - | - | - |
| Insurance | - | 887 | 8,384 | 377 |
| Corporate & Other | - | - | 10 | 61 |
| | - | 2,845 | 30,467 | 8,501 |

TURNERS AUTOMOTIVE GROUP LIMITED

SEGMENTAL INFORMATION (CONT)

For the year ended 31 March 2018

Automotive retail segment analysis

| | Revenue | | | Revenue | | |
|----------------|----------|----------|-----------|----------|----------|-----------|
| | Total | Inter- | from | Total | Inter- | from |
| | division | division | external | division | division | external |
| | revenue | revenue | customers | revenue | revenue | customers |
| 2018 | 2018 | 2018 | 2017 | 2017 | 2017 | |
| \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | |
| Auctions | 41,655 | (472) | 41,183 | 38,169 | (272) | 37,897 |
| Finance | 14,711 | (143) | 14,568 | 12,700 | - | 12,700 |
| Fleet | 108,047 | - | 108,047 | 97,858 | - | 97,858 |
| Buy Right Cars | 62,021 | (2,607) | 59,414 | 44,745 | (511) | 44,234 |
| | 226,434 | (3,222) | 223,212 | 193,472 | (783) | 192,689 |

Operating profit

| | 2018 | 2017 |
|----------------|--------|--------|
| | \$'000 | \$'000 |
| Auctions | 3,410 | 2,442 |
| Finance | 5,724 | 4,916 |
| Fleet | 4,970 | 4,932 |
| Buy Right Cars | 2,446 | 3,107 |
| | 16,550 | 15,397 |

Division assets and liabilities

| | Assets | | Liabilities | |
|----------------|---------|---------|-------------|---------|
| | 2018 | 2017 | 2018 | 2017 |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Auctions | 44,395 | 30,386 | 24,038 | 13,044 |
| Finance | 66,294 | 55,506 | 60,133 | 50,694 |
| Fleet | 14,595 | 20,546 | 8,373 | 14,876 |
| Buy Right Cars | 28,549 | 29,450 | 23,045 | 25,724 |
| | 153,833 | 135,888 | 115,589 | 104,338 |
| Eliminations | (1,827) | (1,728) | (518) | (517) |
| | 152,006 | 134,160 | 115,071 | 103,821 |