

Turners.

L I M I T E D

HALF YEAR REPORT
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2015



Turners Limited is an integrated financial services group, primarily operating in the automotive sector and providing strength in three integrated areas.

Turners Group is the largest second hand vehicle retailer in New Zealand and allows us direct access to vehicle buyers and sellers and the opportunity to cross-sell our finance and insurance offer.

We have a portfolio of reputable businesses offering finance and insurance products to customers across New Zealand, including personal, motor vehicle and commercial loans.

In addition, we have a growing presence in the debt management sector in both New Zealand and Australia through our EC Credit business.

UPCOMING DATES

Record Date for Dividend
8 December 2015

Dividend Payment Date
15 December 2015

End of 2016 Financial Year
31 March 2016

Business Snapshot	2
Half Year at a Glance	4
Half Year Review	6
Financial Statements	11



BUSINESS SNAPSHOT

INTEGRATED FINANCIAL SERVICES GROUP WITH A PRIME FOCUS ON THE AUTOMOTIVE SECTOR			
CONTROLLING CUSTOMER ORIGINATION	BUILDING A FINANCE AND INSURANCE ENGINE		DEBT MANAGEMENT SERVICES
Controlling the buying and selling transactions to earn a transactional margin and delivering cross-sell opportunity for Finance and Insurance	Helping customers with simple and attractive finance and insurance products		Helping businesses of any size in New Zealand and Australia with better management of their credit challenges
	FINANCE	INSURANCE	
	  	   	

HALF YEAR 2016 AT A GLANCE

Six months to 30 September 2015

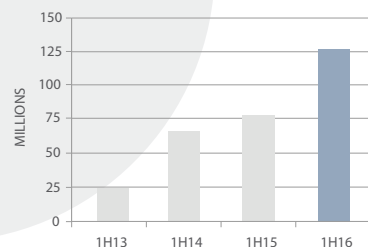
\$ MILLIONS	HY16	HY15	% CHANGE
Operating revenue	84.13	21.65	289%
Net Profit Before Tax	10.26	5.59	83%
Net Profit After Tax	7.44	5.07	47%
Finance Receivables	164.44	92.14	78%
Shareholder Funds	125.81	76.63	64%
Dividend	0.006	0.004	50%

Turners Limited exceeded its guidance and delivered a record result for the 2016 half year, as it benefitted from strategic acquisitions and continuing performance improvements in its existing businesses.

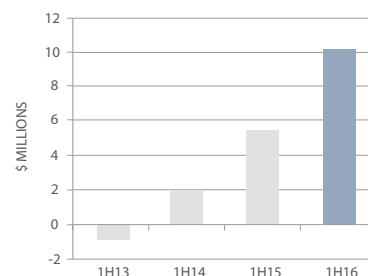
Net Profit After Tax was up 47% on the previous half year to \$7.44 million, with Net Profit Before Tax of \$10.26 million ahead of recent guidance of \$9.50 million. The accounts reflect full tax provision although the group has tax losses to utilise.

Directors declared an increased interim dividend (unimputed) of 0.6 of a cent per share, 50% up on the 2014 interim dividend of 0.4 of a cent per share.

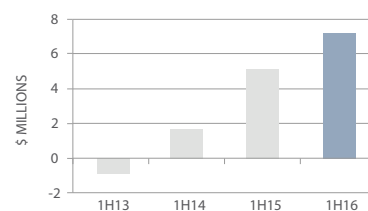
SHAREHOLDERS' EQUITY



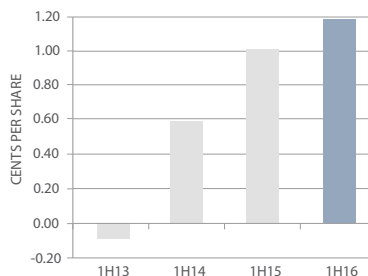
NET PROFIT BEFORE TAX



NET PROFIT AFTER TAX



EARNINGS PER SHARE



SIX MONTH KEY EVENTS

- April 2015** Acquisition of Greenwich Life Insurance Company Limited
- July 2015** Acquisition of Southern Finance Limited
John Roberts joins the Board as an independent director
- August 2015** Issue of shares under the Turners Limited Employee Share Scheme
- September 2015** Acquisition of Christchurch site to accommodate Turners Group's growing truck and machinery business
Announced intention to build shareholding in Motor Trade Finance to better reflect Turners' loan origination

POST PERIOD END

- October 2015** Turners Limited Convertible Bonds listed on the NZX Debt Market
Appointment of Turners Group CEO, Todd Hunter, as Turners Chief Operating Officer
- November 2015** Increased shareholding in Motor Trade Finance to approximately 8%
Capital structure changes announced including a share buyback of holdings under 5,000, compulsory sale of holdings under 1,000 shares and share consolidation of 1 share per 10 currently on issue at financial year end



HALF YEAR REVIEW

We are pleased to report another record six months for Turners Limited, with all our businesses trading ahead of the same period last year. This is a reflection of our successful strategy to build our portfolio through strategic acquisitions, realise growth opportunities within our businesses and leverage cross-selling opportunities across our group.

We have a growing portfolio of reputable businesses, providing us with capabilities in three integrated areas.

CUSTOMER ORIENTATION

Turners Group (previously Turners Auctions) is New Zealand's largest reseller of used cars, trucks and machinery. Our ownership allows us to earn a margin on vehicle transactions and also provides an opportunity to cross-sell our finance and insurance products.

Turners Group had an outstanding second quarter with car sales volumes holding up, margins on both locally sourced and imported vehicles increasing and buoyant truck and machinery sales contributing to higher and sustained sales activity.

Operating profit for the half year was approximately 40% ahead of the previous corresponding (pre-acquisition) period and the Turners Finance loan book increased by 30% to \$42 million as at 30 September.

We have increased our focus on truck and machinery sales and in line with this, we are establishing stand alone premises for trucks and machinery sales. Last year we acquired a new \$4 million site in Auckland, and in the first half of this year, we purchased a \$2.5 million site in Christchurch. The significantly higher used trucks and heavy machinery sales activity has more than justified these property investments.

Our primary focus is on growing our customer base and we are developing a number of online and mobile technology tools to extend our reach and help us provide a better customer experience. Fifty percent of our online traffic is now from a tablet or smartphone and we are about to launch a more mobile friendly version of our website, with better search functionality and a 'you may also like' feature to drive further customer engagement.

Software apps are also being developed to drive further efficiencies within the Turners Group business, such as a vehicle valuation app which has helped double conversion rates. Other internal apps are also helping in the collection and analysis of data, allowing information to be provided to our customers in a more timely manner.

FINANCE AND INSURANCE

Our finance and insurance businesses provide thousands of New Zealanders with trusted financial services including personal, vehicle and commercial loans and insurance products.

In the first half of the year, both Dorchester Finance and Oxford Finance traded at over 20% ahead of the previous corresponding period.

This was despite the more competitive second tier motor vehicle finance market that has evolved with banks and some newer finance companies chasing lending targets and market share.

We were pleased to welcome Southern Finance to our group in August, adding further strength to our finance business. Southern Finance is an established finance company in the used vehicle finance market and has been active in the South Island for close to 20 years with extensive client and referrer networks in Christchurch and throughout the South Island.

The acquisition provides us with an ideal base to grow our market share in the South Island and complements the strength of Dorchester Finance in the greater Auckland area and Oxford Finance in the lower North Island. With integration of the business and systems successfully completed, the focus is now on increasing distribution and new lending through the South Island motor vehicle dealer and broker network.

Total finance receivables across the group increased to \$164 million as at 30 September 2015, up from \$143 million at 31 March 2015 and \$92 million a year ago. Bad debt write-offs and arrears remain at satisfactory levels, and importantly, there is no concentration risk or exposure to the rural or any other specific industry sector.

Technology is expected to play an important role in the further growth of our finance business, and we have invested in IT over the last six months to enhance customer service and improve loan approval turnaround times.

Our insurance businesses are also performing well. Mainstream Insurance is our primary growth opportunity, and the strong uplift in sales of the Mainstream suite of motor vehicle insurance products has continued, with further expansion and increased distribution channels planned for outside the greater Auckland area.

We are working to widen our distribution networks and the acquisition of the Greenwich Life Insurance business in April provides us with greater access to sell our products online and through insurance advisers.

We expect additional insurance business growth through opportunities to develop 'white label' insurance products for distribution partners and new channels. Recent initiatives with Motorplus and Turners branded product reflect our ability to provide underwriting and market support for tailored insurance products.

Growth for both our finance and our insurance businesses will come from developing new products and identifying new channels to market, and increasing sales to targeted customers.

DEBT MANAGEMENT SERVICES

EC Credit Control is a recognised leader in the debt collection and credit management industry, and provides us with access to this sector in both New Zealand and Australia. The business traded comfortably above the previous corresponding period despite the stronger New Zealand dollar.

Growth opportunities include building the Australian corporate and bank customer base for contingency collection revenue. Once again, we are investing into developing IT and information systems to improve collection efficiency in both the New Zealand and Australian SME markets and provide better service to our customers.

LEADERSHIP AND GOVERNANCE

We have further strengthened the Turners Limited senior leadership team with the appointment of Todd Hunter as Chief Operating Officer and Campbell Smith to the new position of General Manager Sales and Channel Development.

Todd has been with Turners Group NZ for nine years and was appointed CEO of that business in 2013. He will retain that role, in conjunction with additional responsibility for the wider group.

Campbell Smith joins Turners Limited from Westpac New Zealand, where he held positions as commercial manager in business banking, and in corporate and institutional banking. Campbell will be responsible for identifying new lending channels and opportunities to market and sell Turners finance products.

In addition, we welcomed John Roberts to the Board in July 2015. John has extensive experience in the finance sector and until recently was managing director of credit bureau, Veda Advantage. His appointment adds further depth to the expertise and skills of the Turners Limited Board.

CAPITAL STRUCTURE

We recently announced a number of changes to our capital structure, which directors believe will strengthen the register and provide confidence around the ongoing growth and sustainable earnings of the group.

We considered and took independent advice on a number of capital and structural options and decided the following approach would best serve our shareholders and should deliver positive share price signalling to the market for the benefit of all shareholders.

- Share buyback of holdings under 5,000 shares at \$0.30 per share, with the Offer mailed at the end of November and payments expected to be made around 18 December 2015
- Compulsory sale of minimum holdings of under 1,000 shares
- Following the buyback and immediately prior to 31 March 2016, a share consolidation of 1 share per 10 currently on issue

DIVIDEND

Directors declared an increased interim dividend of 0.6 of a cent per share, 50% up on the 2014 interim dividend of 0.4 of a cent per share.

The current dividend policy of a pay out of between 50% and 55% of underlying tax paid profits is expected to continue. The directors believe this dividend yield is sustainable and we intend to move to a quarterly dividend following the final dividend for the year ending 31 March 2016. It is expected that dividends paid after July 2016 will carry full imputation credits.

OUTLOOK

Trading has continued at forecast levels in the second half of the year to date and pleasingly, all businesses are contributing to the strong trading performance. The announced capital initiatives, as detailed above, have addressed a number of capital structure issues. The balance sheet remains relatively conservatively geared and the business is in a strong position overall.

Current market guidance for the 12 months to 31 March 2016 is a net profit before tax of \$20.0 million, and we expect to at least achieve, and are more likely to exceed, this profit forecast.

Our aspirations are for significant further growth and greater scale particularly in our finance and insurance activities. Inevitably this will involve further acquisitions and we are actively considering merger and acquisition opportunities consistent with our strategy and which will create positive shareholder value.



Paul Byrnes
CEO/Deputy Chairman



Grant Baker
Chairman

Turners.

LIMITED

INTERIM FINANCIAL REPORTS FOR THE 6 MONTHS ENDED 30 SEPTEMBER 2015

CONTENTS

Condensed consolidated statement of	12
comprehensive income	
Condensed consolidated statement of	13
changes in equity	
Condensed consolidated statement of	14
financial position	
Condensed consolidated statement of cash flows	15
Notice to the interim financial statements.....	17

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2015

		Six months ended 30/09/2015 Unaudited \$'000	Six months ended 30/09/2014 Unaudited \$'000	Year ended 31/03/2015 Audited \$'000
	Note			
Revenue from continuing operations	3	84,079	21,652	89,498
Other income		52	-	7,098
Cost of goods sold		(29,704)	-	(22,576)
Interest expense		(5,772)	(2,236)	(7,381)
Movement in impairment provisions		46	(685)	(1,607)
Subcontracted services expense		(3,584)	-	(2,650)
Employee benefits (short term)		(16,915)	(5,222)	(18,204)
Commission		(3,154)	(2,655)	(6,926)
Advertising expense		(495)	(556)	(1,593)
Depreciation and amortisation expense		(1,064)	(354)	(1,504)
Property expense		(3,867)	(403)	(3,634)
Other expenses		(9,362)	(4,397)	(12,257)
Net operating profit		10,260	5,144	18,264
Share of profit of equity-accounted investment (net of tax)		-	450	742
Profit before taxation		10,260	5,594	19,006
Taxation expense		(2,820)	(529)	(956)
Profit from continuing operations		7,440	5,065	18,050
Other comprehensive income for the year (which may subsequently be reclassified to profit/loss), net of tax				
Foreign currency translation differences		(8)	(17)	19
Total comprehensive income for the year		7,432	5,048	18,069
Profit attributable to:				
- Owners of the parent		7,440	5,065	17,960
- Non-controlling interests		-	-	90
		7,440	5,065	18,050
Total comprehensive income attributable to:				
- Owners of the parent		7,432	5,048	17,979
- Non-controlling interests		-	-	90
		7,432	5,048	18,069
Earnings per share (cents per share)				
Basic earnings per share		1.18	1.03	3.28
Basic earnings per share on continuing operations		1.18	1.03	3.28
Diluted earnings per share		2.20	1.03	3.01
Diluted earnings per share on continuing operations		2.20	1.03	3.01

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2015

	Share Capital \$'000	Translation Reserve \$'000	Retained Earnings \$'000	Non-controlling interest \$'000	Total \$'000
Balance at 1 April 2014 (audited)	101,417	(42)	(27,323)	-	74,052
<i>Transactions with shareholders in their capacity as owners</i>					
Dividend paid	-	-	(2,470)	-	(2,470)
	-	-	(2,470)	-	(2,470)
<i>Comprehensive income</i>					
Profit	-	-	5,065	-	5,065
Foreign currency translation differences	-	(17)	-	-	(17)
Total comprehensive income for the period, net of tax	-	(17)	5,065	-	5,048
Balance at 30 September 2014 (unaudited)	101,417	(59)	(24,728)	-	76,630
<i>Transactions with shareholders in their capacity as owners</i>					
Capital contributions	34,060	-	-	-	34,060
Share buy-back	(183)	-	-	-	(183)
Dividend paid	-	-	(2,526)	-	(2,526)
	33,877	-	(2,526)	-	31,351
<i>Comprehensive income</i>					
Profit	-	-	12,895	90	12,985
Foreign currency translation differences	-	36	-	-	36
Total comprehensive income for the period, net of tax	-	36	12,895	90	118,424
Non-controlling interest arising on business combination	-	-	-	10,832	10,832
Acquisition of non-controlling interest	-	-	90	(10,922)	(10,832)
Total changes in ownership interests in subsidiaries	-	-	90	(90)	-
Balance at 31 March 2015 (audited)	135,294	(23)	(14,269)	-	121,002
<i>Transactions with shareholders in their capacity as owners</i>					
Capital contributions	1,161	-	-	-	1,161
Dividend paid	-	-	(3,785)	-	(2,470)
	1,161	-	(3,785)	-	3,631
<i>Comprehensive income</i>					
Profit	-	-	7,440	-	7,440
Foreign currency translation differences	-	(8)	-	-	(8)
Total comprehensive income for the period, net of tax	-	(8)	7,440	-	7,432
Balance at 30 September 2015 (unaudited)	136,455	(31)	(10,614)	-	125,810

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2015

	Note	30/09/2015 Unaudited \$'000	30/09/2014 Unaudited \$'000	31/03/2015 Audited \$'000
Assets				
Cash and cash equivalents		13,019	8,654	12,339
Financial assets at fair value through profit or loss				
- Insurance		15,545	16,260	16,985
- Other		365	365	365
Trade receivables		13,163	-	7,394
Inventory		7,820	-	8,984
Finance receivables	4	164,436	92,136	142,827
Other receivables and deferred expenses		4,553	7,063	5,946
Reverse annuity mortgages	4	11,872	16,383	13,253
Investment in associate		-	9,791	-
Property, plant and equipment		8,663	901	8,319
Tax receivables		18	-	433
Deferred tax asset		5,310	7,018	8,532
Intangible assets		105,145	33,312	103,595
Total assets		349,909	191,883	328,972
Liabilities				
Other payables		21,136	11,407	17,790
Deferred revenue		7,597	6,187	7,476
Tax payable		403	-	71
Borrowings		168,948	74,224	156,995
Life investment contract liabilities		15,498	15,713	16,378
Life insurance contract liabilities		10,517	7,722	9,260
Total liabilities		224,099	115,253	207,970
Shareholders' equity				
Share capital		136,455	101,417	135,294
Translation reserve		(31)	(59)	(23)
Retained earnings		(10,614)	(24,728)	(14,269)
Total shareholders' equity		125,810	76,630	121,002
Total shareholders' equity and liabilities		349,909	191,883	328,972



G.K. Baker
Chairman



P.A. Byrnes
Executive Director

Authorised for issue on 19 November 2015

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2015

	Six months ended 30/09/2015 Unaudited \$'000	Six months ended 30/09/2014 Unaudited \$'000	Year ended 31/03/2015 Audited \$'000
Cash flows from operating activities			
Interest received	13,083	7,919	20,242
Receipts from customers	290,309	12,475	245,377
Interest paid	(4,814)	(2,478)	(6,928)
Payment to suppliers and employees	(285,424)	(13,231)	(246,409)
Income tax paid	841	(701)	(1,797)
Net cash inflow/(outflow) from operating activities before changes in operating assets and liabilities	13,995	3,984	10,485
Net increase in finance receivables	(8,785)	(5,095)	(18,748)
Net decrease in reverse annuity mortgages	1,439	2,173	5,996
Sale of insurance assets at fair value through profit and loss	1,910	696	1,579
Net contribution from life investment contracts	(394)	(164)	(626)
Changes in operating assets and liabilities arising from cash flow movements	(5,830)	(2,390)	(11,799)
Net cash (outflow)/inflow from operating activities	8,165	1,594	(1,314)
Cash flows from investing activities			
Proceeds from sale of property, plant, equipment and intangibles	244	-	123
Dividend received from associate	-	868	1,710
Purchase of fixed assets and intangible assets	(1,372)	(131)	(1,464)
Purchase of subsidiaries	(4,856)	(8,592)	(48,382)
Net cash inflow from investing activities	(5,984)	(7,855)	(48,013)
Cash flows from financing activities			
Net bank loan advances/(repayments)	1,400	10,559	81,282
Proceeds of share issue	466	-	16,749
Proceeds from the issue of bonds	-	-	7,044
Repayment of non bank funding	-	-	(49,600)
Dividend paid	(3,785)	(2,470)	(4,996)
Net cash inflow/(outflow) from financing activities	(1,919)	8,089	50,479
Net movement in cash and cash equivalents	262	1,828	1,152
Add opening cash and cash equivalents	12,339	5,555	5,555
Cash included with purchase of subsidiaries	409	1,266	5,636
Translation difference	9	5	(4)
Closing cash and cash equivalents	13,019	8,654	12,339

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2015

	Six months ended 30/09/2015 Unaudited \$'000	Six months ended 30/09/2014 Unaudited \$'000	Year ended 31/03/2015 Audited \$'000
RECONCILIATION OF NET SURPLUS WITH CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(loss)	7,440	5,065	18,050
Adjustment for Non-cash items			
Impairment charge on finance receivables and reverse annuity mortgages	(46)	685	1,594
Net loss on sale of fixed assets	(20)	11	112
Depreciation and amortisation	1,064	354	1,504
Capitalised reverse annuity mortgage interest	(585)	(758)	(1,376)
Deferred revenues	1,790	(546)	1,465
Change in value of financial assets at fair value through profit or loss	1	(427)	(2,603)
Net annuity and premium change to policyholders accounts	(486)	719	1,711
Equity accounted income	-	(450)	(742)
Revaluation gain on acquisition of associate	-	-	(7,060)
Non-cash long term employee benefits	188	-	(78)
Non-cash adjustments to finance receivables effective interest rates	74	-	78
Fair value adjustment on investments	-	-	66
Deferred expenses	770	-	(189)
Adjustment for Movements in Working Capital			
Net increase receivables and pre-payments	(4,297)	(175)	(340)
Net decrease/(increase) in inventories	1,164	-	(442)
Net decrease/(increase) in current tax receivable	371	-	(7)
Net increase/(decrease) in payables	3,291	(487)	(402)
Net increase in finance receivables	(8,785)	(5,095)	(18,748)
Net decrease in reverse annuity mortgages	1,439	2,173	5,996
Net decrease of insurance assets at fair value through profit or loss	1,910	696	1,579
Net contributions from life investment contracts	(394)	(164)	(626)
Net decrease/(increase) in deferred tax	3,291	(7)	(834)
Net increase in provisions	(15)	-	(22)
Net Cash inflow/(outflow) from Operating Activities	8,165	1,594	(1,314)

NOTES TO THE INTERIM FINANCIAL STATEMENTS

For the six months ended 30 September 2015

1. BASIS OF PRESENTATION AND ACCOUNTING POLICIES

These unaudited consolidated condensed interim financial statements of Turners Limited formerly Dorchester Pacific Limited (the Company) and its subsidiaries (the Group) have been prepared in accordance with NZ IAS 34: Interim Financial Reporting Standard.

The Company is registered under the Companies Act 1993, listed on the New Zealand Exchange and is a FMC reporting entity for the purposes of the Financial Markets Conduct Act 2013.

The unaudited consolidated condensed interim financial statements of the Group for the six months ended 30 September 2015 have been prepared using the same accounting policies and methods of computation as, and should be read in conjunction with the financial statements and related notes included in the Group's annual report for the year ended 31 March 2015.

The same significant judgments, estimates and assumptions (including basis of segmentation) included in the notes to the financial statements in the Group's Annual Report for the year to 31 March 2015 have been applied to these interim financial statements. The business does not experience notable seasonal variations. There has been no change to the basis of segmentation from that applied at 31 March 2015.

To ensure consistency with audited figures, 30 September 2014 comparatives have been regrouped where appropriate.

NOTES TO THE INTERIM FINANCIAL STATEMENTS

For the six months ended 30 September 2015

2. SEGMENTAL INFORMATION

2.1 OPERATING SEGMENTS

Revenue	Total	Inter-	Revenue	Total	Inter-	Revenue	Total	Inter-	Revenue
	segment	segment	from	segment	segment	from	segment	segment	from
	revenue	revenue	external	revenue	revenue	external	revenue	revenue	external
	30/09/2015	30/09/2015	customers	30/09/2014	30/09/2014	customers	31/03/2015	31/03/2015	customers
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited	Audited	Audited
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Auctions	24,090	(3,700)	20,390	-	-	-	16,851	(2,489)	14,362
Collection Services - New Zealand	5,931	(1,709)	4,222	6,420	(1,712)	4,708	12,672	(2,958)	9,714
Collection Services - Australia	4,531	-	4,531	4,737	-	4,737	8,533	-	8,533
Finance	16,029	(656)	15,373	8,530	-	8,530	23,440	(277)	23,163
Fleet	34,780	-	34,780	-	-	-	26,347	-	26,347
Insurance	4,466	-	4,466	3,007	-	3,007	6,243	-	6,243
Corporate & Other	369	-	369	670	-	670	8,234	-	8,234
	90,196	(6,065)	84,131	23,364	(1,712)	21,652	102,320	(5,724)	96,596
Operating profit							30/09/2015	30/09/2014	31/03/2015
							Unaudited	Unaudited	Audited
							\$'000	\$'000	\$'000
Auctions							2,578	-	829
Collection Services - New Zealand							2,140	1,950	4,684
Collection Services - Australia							113	120	223
Finance							6,468	3,032	5,156
Fleet							1,458	-	1,048
Insurance							678	499	799
Corporate & Other							(3,175)	(457)	5,525
Operating profit							10,260	5,144	18,264
Share of profit of equity accounted investment (net of tax)							-	450	742
Profit/(loss) before taxation							10,260	5,594	19,006
Income tax							(2,820)	(529)	(956)
Profit attributable to shareholders							7,440	5,065	18,050
2.2 SEGMENT ASSETS AND LIABILITIES									
							Segment assets	Segment liabilities	
	30/09/2015	30/09/2014	31/03/2015	30/09/2015	30/09/2014	31/03/2015	Unaudited	Unaudited	Audited
	Unaudited	Unaudited	Audited	Unaudited	Unaudited	Audited	\$'000	\$'000	\$'000
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000			
Auctions	32,243	-	33,518	19,403	-	19,754			
Collection Services - New Zealand	19,534	16,833	18,852	9,537	8,896	10,900			
Collection Services - Australia	1,207	1,547	986	802	-	1,188			
Finance	179,042	94,909	149,894	141,303	72,763	118,696			
Fleet	8,440	-	10,408	5,118	-	8,128			
Insurance	25,929	31,921	34,267	27,334	24,110	26,158			
Corporate & Other	229,369	118,313	228,091	55,782	33,208	54,560			
	495,764	263,523	476,016	259,279	138,977	239,384			
Eliminations	(145,855)	(71,640)	(147,044)	(35,180)	(23,724)	(31,414)			
	349,909	191,883	328,972	224,099	115,253	207,970			

NOTES TO THE INTERIM FINANCIAL STATEMENTS

For the six months ended 30 September 2015

3. REVENUE**Revenue from continuing operations includes:**

	30/09/2015	30/09/2014	31/03/2015
	Unaudited	Unaudited	Audited
	\$'000	\$'000	\$'000
Interest income	13,168	8,574	21,049
Sales of goods	34,775	-	26,340
Commission and other auction revenue	20,608	-	14,471
Finance related insurance commissions	888	-	612
Loan fee income	907	279	1,668
Life insurance and life investment contract income	4,039	2,669	5,475
Collection income	8,750	9,443	18,241
Bad debts recovered	600	552	1,165
Other revenue	344	135	477
	84,079	21,652	89,498
<i>Other income includes:</i>			
Revaluation gain on stepped acquisition in Turners Group NZ Limited	-	-	7,058
Dividend income	14	-	30
Gain of sale of property, plant and equipment	38	-	10
	52	-	7,098

4. FINANCE RECEIVABLES AND REVERSE ANNUITY MORTGAGES

	30/09/2015	30/09/2014	31/03/2015
	Unaudited	Unaudited	Audited
	\$'000	\$'000	\$'000
Gross finance receivables	172,145	98,750	150,351
Deferred fee revenue and commission expenses	(1,072)	(328)	(538)
Provision for impairment	(6,637)	(6,286)	(6,986)
	164,436	92,136	142,827
Reverse annuity mortgages	8,432	5,683	4,940
Reverse annuity mortgages secured by bank lending	3,493	10,792	8,365
Total reverse annuity mortgages	11,925	16,475	13,305
Deferred fee revenue and commission expenses	(10)	(54)	(18)
Provision for impairment	(43)	(38)	(34)
	11,872	16,383	13,253
<i>Fair value</i>			
Finance receivables	164,845	93,597	143,454
Reverse annuity mortgages	13,386	20,412	15,041

The fair value of finance receivables are based on cash flows discounted using a weighted average interest rate of 15.56% (30 September 2014: 16.28% and 31 March 2015: 16.23%) and the fair value for reverse annuity mortgages is estimated using a discounted cash flow model based on a current market interest rate for similar products after making allowances for impairment.

NOTES TO THE INTERIM FINANCIAL STATEMENTS

For the six months ended 30 September 2015

5. DIVIDENDS

	Six months ended 30/09/2015 \$'000	Six months ended 30/09/2014 \$'000	Year ended 31/03/2015 \$'000
Final dividend to the year ended 31 March 2015 of 0.6 cents (2014: \$0.005) per fully paid share, un-imputed, paid on 17 July 2015 (2014: 23 July 2014).	3,785	2,470	2,470
Interim dividend for the year ended 31 March 2015 of \$0.004 (2014: \$0.00) per fully paid share, un-imputed paid on 18 December 2014.	-	-	2,526
Total dividends provided for or paid	3,785	2,470	4,996

Dividends not recognised at the end of the half year:

In addition to the above dividends, since the end of the period the directors have recommended the payment of an interim dividend of \$0.006 (2014: \$0.004) per fully paid share, un-imputed. The aggregate amount of the proposed dividend expected to be paid on 15 December 2015 out of retained earnings at 30 September 2015, but not recognised as a liability at the end of the period, is	3,812	2,526	3,785
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6. ACQUISITION OF SOUTHERN FINANCE LIMITED

On 31 July 2015, the Group acquired 100% of the equity in Southern Finance Limited, a Christchurch based finance company. The acquisition strengthens the Group's Finance business with loan portfolio metrics in line with the Group's receivables book and significantly increases the Group's Finance business geographic presence on the South Island.

The following summarises the major classes of consideration transferred, and the recognised amounts of assets acquired and liabilities assumed at the acquisition date:

<i>Fair value of consideration transferred</i>		31/07/2015
Amount settled in cash on settlement date		\$'000
		4,856
<i>Identified assets acquired and liabilities assumed</i>		
Cash and cash equivalents		409
Finance receivables		9,527
Trade and other receivables		56
Fixed assets		171
Intangible assets		69
Trade and other payables		(253)
Borrowings		(6,800)
Identifiable net assets		3,179
Goodwill on acquisition		1,677

NOTES TO THE INTERIM FINANCIAL STATEMENTS

For the six months ended 30 September 2015

6. ACQUISITION OF SOUTHERN FINANCE LIMITED (continued)

	\$'000
Consideration transferred settled in cash	4,856
Cash and cash equivalent acquired	(409)
Net cash outflow on acquisition	4,447
Acquisition costs charged to expenses	56
Net cash paid relating to acquisition	4,503

Borrowings

Borrowings represents bank borrowing with a first ranking security deed over the assets of the Southern Finance Limited

Identified assets acquired and liabilities assumed

The carrying value of the assets were considered to be a fair representation of the replacement cost.

Goodwill

Goodwill of \$1,677,000 is primarily related to growth expectations, expected future profitability and the substantial skill and expertise of the work force.

Contribution to Group results

In the six months to 30 September 2015 the business contributed revenue of \$0.3 million and profit of \$0.1 million to the Group's consolidated results.

7. FAIR VALUE DISCLOSURES

As at 30 September 2015, 30 September 2014 and 31 March 2015, the carrying value of cash and cash equivalents, other receivables and other payables approximate their fair values due to the short-term nature of the financial assets or liabilities.

<i>Fair value of borrowings</i>	30/09/2015	30/09/2014	31/03/2015
	Unaudited	Unaudited	Audited
	\$'000	\$'000	\$'000
Fair value	169,248	74,224	157,626
Carrying value	168,948	74,224	156,995

The fair value of borrowings is based on cash flows discounted using a weighted average interest rate of 6.45% (30 September 2014: 6.45% and 31 March 2015: 6.90%).

Fair value of financial assets and liabilities carried at fair value are determined as follows:

Level 1 the fair value is calculated using quoted prices in active markets.

Level 2 the fair value is estimated using inputs other than quoted prices in level 1 that are observable for the assets or liability, either directly (as prices) or indirectly (derived from prices).

Level 3 the fair value is estimated using inputs for the asset or liability that are not based on observable market data.

NOTES TO THE INTERIM FINANCIAL STATEMENTS

For the six months ended 30 September 2015

7. FAIR VALUE DISCLOSURES (continued)

The fair value of financial assets and liabilities carried at fair value as well as the methods used to calculate fair value are summarised in the table below.

30 September 2015	Level 1	Level 2	Level 3	Total
	\$'000	\$'000	\$'000	\$'000
Financial assets:				
Financial assets at fair value through profit of loss - insurance	-	15,545	-	15,545
Financial assets at fair value through profit of loss - other	365	-	-	365
	365	15,545	3,785	2,835

30 September 2014	Level 1	Level 2	Level 3	Total
	\$'000	\$'000	\$'000	\$'000
Financial assets:				
Financial assets at fair value through profit of loss - insurance	521	15,739	-	16,260
Financial assets at fair value through profit of loss - other	365	-	-	365
	886	15,739	-	16,625

31 March 2015	Level 1	Level 2	Level 3	Total
	\$'000	\$'000	\$'000	\$'000
Financial assets:				
Financial assets at fair value through profit of loss - insurance	512	16,473	-	16,985
Financial assets at fair value through profit of loss - other	365	-	-	365
	877	16,473	-	17,350

Financial assets insurance

The financial assets in this category have been designated at inception as fair value through profit or loss because they back life insurance contract liabilities or life investment contract liabilities. Purchases and sales of these securities are recorded on a trade basis. Insurance investments include:

- Shares in Listed Companies and Managed Funds - shares and managed funds are recognised at fair value based on the bid market price quoted by the stock exchange or fund manager.
- Fixed Interest Securities - fixed interest securities are recognised at fair value based on quoted bid market price.

Financial assets other

Financial assets trading are performance bonds deposited with high quality credit institutions at current market prices.

8. CONTINGENT LIABILITIES

There are no contingent liabilities at 30 September 2015 (30 September 2014: Nil; 31 March 2015: Nil).

9. SUBSEQUENT EVENTS AFTER BALANCE DATE

Motor Trade Finance

After 30 September 2015, The Group, through its subsidiary, Turners Finance Limited, made an offer to purchase up to 20% of the ordinary shares in Motor Trade Finances (MTF). Following settlement of the offer Turners Finance, together with its existing holding in MTF, holds 7.6% of the ordinary shares of MTF.

CORPORATE DIRECTORY

DIRECTORS

Grant Baker
Chairman
Appointed 10 September 2009

Paul Byrnes
Executive director
Appointed 2 February 2004

Michael Dossor
Non-executive director
Appointed 12 January 2015

John Gosney
Non-executive director
Appointed 21 May 2008

Matthew Harrison
Executive director
Appointed 12 December 2012

John Roberts
Independent director
Appointed 1 July 2015

Antony Vriens
Independent Director
Appointed 17 February 2011

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NOTES

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AUDITORS

Staples Rodway



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