

<b>TURNERS LIMITED</b>
<b>Results for announcement to the market</b>

Reporting Period	12 months to 31 March 2015
Previous Reporting Period	12 months to 31 March 2014

	Amount (NZD000s)	Percentage change
Revenue from ordinary activities	96,596	208% increase
Expenses from ordinary activities	(78,332)	188% increase
Share of profit of equity-accounted investment (net of tax)	742	3% increase
Taxation expense	(956)	130% increase
Operating profit - ordinary activities	18,050	122% increase
Profit from discontinued operations	-	130% decrease
Net profit attributable to security holders	18,050	120% increase

Final Dividend	Amount per security	Imputed amount per security
	NZD\$0.006	NZD\$0.00

Record Date	10 July 2015
Dividend Payment Date	17 July 2015

Comments:	
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# TURNERS LIMITED

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2015

	2015 \$'000	2014 \$'000
<b>Revenue from continuing operations</b>	<b>89,498</b>	<b>31,327</b>
<b>Other income</b>	<b>7,098</b>	<b>-</b>
Cost of goods sold	(22,576)	-
Interest expense	(7,381)	(2,188)
Interest expense present value of optional convertible notes interest instalments to March 2015	-	(1,669)
Movement in impairment provisions	(1,607)	(532)
Subcontracted services expense	(2,650)	-
Employee benefits (short term)	(18,204)	(8,493)
Commission	(6,926)	(4,748)
Advertising expense	(1,593)	(1,195)
Depreciation and amortisation expense	(1,504)	(750)
Property expense	(3,634)	(759)
Other expenses	(12,257)	(6,822)
<b>Net operating profit</b>	<b>18,264</b>	<b>4,171</b>
Share of profit of equity-accounted investment (net of tax)	742	721
<b>Profit/(loss) before taxation</b>	<b>19,006</b>	<b>4,892</b>
Taxation (expense)/ benefit	(956)	3,225
<b>Profit/(loss) from continuing operations</b>	<b>18,050</b>	<b>8,117</b>
<b>Discontinued operations</b>		
Profit from discontinued operation (net of income tax)	-	93
<b>Profit</b>	<b>18,050</b>	<b>8,210</b>
<b>Other comprehensive income for the year (which may subsequently be reclassified to profit/loss), net of tax</b>		
Foreign currency translation differences	19	(35)
<b>Total comprehensive income for the year</b>	<b>18,069</b>	<b>8,175</b>
<b>Profit attributable to:</b>		
- Owners of the parent	17,960	8,117
- Non-controlling interests	90	-
	<b>18,050</b>	<b>8,117</b>
<b>Total comprehensive income attributable to:</b>		
- Owners of the parent	17,979	8,175
- Non-controlling interests	90	-
	<b>18,069</b>	<b>8,175</b>
<b>Earnings per share (cents per share)</b>		
Basic earnings per share	3.28	2.04
Basic earnings per share on continuing operations	3.28	2.02
Diluted earnings per share	3.01	2.04
Diluted earnings per share on continuing operations	3.01	2.02

# TURNERS LIMITED

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2015

	Share Capital \$'000	Share Option Reserve \$'000	Trans- lation Reserve \$'000	Retained Earnings \$'000	Non- cont- rolling interest \$'000	Total \$'000
<b>Balance at 1 April 2013</b>	67,846	884	(7)	(35,533)	-	33,190
<i>Transactions with shareholders in their capacity as owners</i>						
Capital contributions	33,571	(884)	-	-	-	32,687
<i>Comprehensive income</i>						
Profit	-	-	-	8,210	-	8,210
Foreign currency translation differences	-	-	(35)	-	-	(35)
Total comprehensive income for the year, net of tax	-	-	(35)	8,210	-	8,175
<b>Balance at 31 March 2014</b>	<b>101,417</b>	<b>-</b>	<b>(42)</b>	<b>(27,323)</b>	<b>-</b>	<b>74,052</b>
<i>Transactions with shareholders in their capacity as owners</i>						
Capital contributions	34,060	-	-	-	-	34,060
Share buy-back	(183)	-	-	-	-	(183)
Dividend paid	-	-	-	(4,996)	-	(4,996)
	33,877	-	-	(4,996)	-	28,881
<i>Comprehensive income</i>						
Profit	-	-	-	17,960	90	18,050
Foreign currency translation differences	-	-	19	-	-	19
Total comprehensive income for the year, net of tax	-	-	19	17,960	90	18,069
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 that do not result in a loss of control	-	-	-	90	(90)	-
<b>Balance at 31 March 2015</b>	<b>135,294</b>	<b>-</b>	<b>(23)</b>	<b>(14,269)</b>	<b>-</b>	<b>121,002</b>

# TURNERS LIMITED

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2015

	2015	2014
	\$'000	\$'000
<b>Assets</b>		
Cash and cash equivalents	12,339	5,555
Financial assets at fair value through profit or loss	17,350	16,310
Trade receivables	7,394	2,763
Inventory	8,984	-
Finance receivables	142,827	37,726
Other receivables and deferred expenses	5,946	3,043
Reverse annuity mortgages	13,253	17,808
Investment in associate	-	10,209
Property, plant and equipment	8,319	595
Tax receivables	433	-
Deferred tax asset	8,532	6,761
Intangible assets	103,595	25,912
<b>Total assets</b>	<b>328,972</b>	<b>126,682</b>
<b>Liabilities</b>		
Other payables	17,790	6,619
Deferred revenue	7,476	6,733
Tax payables	71	-
Borrowings	156,995	17,565
Life investment contract liabilities	16,378	15,293
Insurance contract liabilities	9,260	6,420
<b>Total liabilities</b>	<b>207,970</b>	<b>52,630</b>
<b>Shareholders' equity</b>		
Share capital	135,294	101,417
Translation reserve	(23)	(42)
Retained earnings	(14,269)	(27,323)
<b>Total shareholders' equity</b>	<b>121,002</b>	<b>74,052</b>
<b>Total shareholders' equity and liabilities</b>	<b>328,972</b>	<b>126,682</b>
Total assets per share (\$ per share)	0.52	0.26
Net tangible asset per share (\$ per share)	0.01	0.08

# TURNERS LIMITED

## CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2015

	2015 \$'000	2014 \$'000
<b>Cash flows from operating activities</b>		
Interest received	20,242	5,830
Receipts from customers	245,377	20,691
Interest paid	(6,928)	(3,373)
Payment to suppliers and employees	(246,409)	(21,108)
Income tax paid	(1,797)	(95)
<b>Net cash outflow from operating activities before changes in operating assets and liabilities</b>	<b>10,485</b>	<b>1,945</b>
Net increase in finance receivables	(18,748)	(9,272)
Net decrease in reverse annuity mortgages	5,996	1,889
Net decrease of financial assets at fair value through profit or loss	1,579	2,423
Net (withdrawals)/contributions from life investment contracts	(626)	(1,429)
<b>Changes in operating assets and liabilities arising from cash flow movements</b>	<b>(11,799)</b>	<b>(6,389)</b>
<b>Net cash (outflow)/inflow from operating activities</b>	<b>(1,314)</b>	<b>(4,444)</b>
<b>Cash flows from investing activities</b>		
Proceeds from sale of property, plant, equipment, intangibles and held for sale assets	123	100
Dividends received from associate	1,710	380
Purchase of property, plant, equipment and intangibles	(1,464)	(230)
Purchase of subsidiaries	(48,382)	(11,747)
<b>Net cash inflow/(outflow) from investing activities</b>	<b>(48,013)</b>	<b>(11,497)</b>
<b>Cash flows from financing activities</b>		
Net bank loan advances/(repayments)	81,282	(5,370)
Proceeds from the issue of shares	16,749	3,998
Proceeds from the conversion of options	-	17,712
Proceeds from the issue of bonds	7,044	-
Repayment of non bank funding	(49,600)	-
Dividend paid	(4,996)	-
<b>Net cash inflow/(outflow) from financing activities</b>	<b>50,479</b>	<b>16,340</b>
<b>Net movement in cash and cash equivalents</b>	<b>1,152</b>	<b>399</b>
Add opening cash and cash equivalents	5,555	5,184
Cash included with purchase of subsidiaries	5,636	-
Translation difference	(4)	(28)
<b>Closing cash and cash equivalents</b>	<b>12,339</b>	<b>5,555</b>
<b>Represented By:</b>		
Cash at bank	12,339	5,555
<b>Closing cash and cash equivalents</b>	<b>12,339</b>	<b>5,555</b>

# TURNERS LIMITED

## CONSOLIDATED STATEMENT OF CASH FLOWS (CONT)

For the year ended 31 March 2015

### RECONCILIATION OF NET SURPLUS WITH CASH FLOWS FROM OPERATING ACTIVITIES

	2015	2014
	\$'000	\$'000
Profit or loss	18,050	8,210
<b>Adjustment for non-cash items</b>		
Impairment (charge)/ release on finance receivables, reverse annuity mortgages and other receivables	1,594	532
Net (profit)/loss on sale fixed assets	112	-
Depreciation and amortisation	1,504	750
Capitalised reverse annuity mortgage interest	(1,376)	(1,657)
Deferred revenues	1,465	(1,101)
Financial assets at fair value through profit and loss	(2,603)	(1,371)
Net annuity and premium change to policyholder accounts	1,711	1,575
Equity accounted income	(742)	(721)
Revaluation gain on acquisition of associate	(7,060)	-
Translation difference	-	(98)
Non-cash long term employee benefits	(78)	-
Non-cash adjustment to finance receivables effective interest rates	78	-
Fair value adjustment on investments	66	-
Deferred expenses	(189)	-
<b>Adjustment for movements in working capital</b>		
Net (increase)/decrease in receivables and pre-payments	(340)	(1,936)
Net (increase)/decrease in inventories	(442)	-
Net (increase)/decrease in current tax receivables	(7)	-
Net increase/(decrease) in payables	(402)	250
Net increase in finance receivables	(18,748)	(9,272)
Net decrease in reverse annuity mortgages	5,996	1,889
Net decrease of insurance assets at fair value through profit or loss	1,579	2,423
Decrease in assets classified as available for sale	-	831
Net (withdrawals)/contributions from life investment contracts	(626)	(1,429)
Net increase in deferred tax	(834)	(3,319)
Net increase in provisions	(22)	-
<b>Net cash inflow/(outflow) from operating activities</b>	<b>(1,314)</b>	<b>(4,444)</b>

# TURNERS LIMITED

## SEGMENTAL INFORMATION

### For the year ended 31 March 2015

Management has determined the operating segments based on the reports reviewed by the Board of Directors that are used to make strategic decisions. Geographically the business is located in New Zealand and Australia.

During the financial year the Group purchased Oxford Finance Limited and Turners Group NZ Limited (refer Acquisitions of subsidiaries). Oxford Finance Limited has been included in the finance segment and Turners Group NZ Limited is reported in three segments; auctions, fleet and finance.

Six reportable segment have been identified as follows:

Auctions - remarketing motor vehicles, trucks, heavy machinery and commercial goods.

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

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

Fleet - purchasing motor vehicles and commercial goods for resale.

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
	2015	2015	2015	2014	2014	2014
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Auctions	16,851	(2,489)	14,362	-	-	-
Collection Services - New Zealand	12,672	(2,958)	9,714	11,159	-	11,159
Collection Services - Australia	8,533	-	8,533	8,684	(2,825)	5,859
Finance	23,440	(277)	23,163	6,869	-	6,869
Fleet	26,347	-	26,347	-	-	-
Insurance	6,243	-	6,243	4,976	-	4,976
Corporate & Other	8,234	-	8,234	2,464	-	2,464
	102,320	(5,724)	96,596	34,152	(2,825)	31,327
<b>Operating profit</b>				<b>2015</b>	<b>2014</b>	
				<b>\$'000</b>	<b>\$'000</b>	
Auctions				829	-	
Collection Services - New Zealand				4,684	3,153	
Collection Services - Australia				223	348	
Finance				5,156	3,360	
Fleet				1,048	-	
Insurance				799	1,189	
Corporate & Other				5,525	(3,879)	
Operating profit				18,264	4,171	
Share of profit of equity-accounted investment (net of tax)				742	721	
<b>Profit/(loss) before taxation</b>				<b>19,006</b>	<b>4,892</b>	
Income tax				(956)	3,225	
<b>Profit/(loss) from continuing operations</b>				<b>18,050</b>	<b>8,117</b>	
Profit from discontinued operation (net of income tax)				-	93	
<b>Net profit attributable to shareholders</b>				<b>18,050</b>	<b>8,210</b>	

# TURNERS LIMITED

## SEGMENTAL INFORMATION (CONT)

For the year ended 31 March 2015

Segment assets and liabilities	Assets		Liabilities	
	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000
Auctions	33,518	-	19,754	-
Collection Services - New Zealand	18,852	12,000	10,900	7,609
Collection Services - Australia	986	1,729	1,188	1,370
Finance	149,894	37,953	118,696	20,713
Fleet	10,408	-	8,128	-
Insurance	34,267	28,805	26,158	21,495
Corporate & Other	228,091	101,550	54,560	35,212
	476,016	182,037	239,384	86,399
Eliminations	(147,044)	(55,355)	(31,414)	(33,769)
	328,972	126,682	207,970	52,630

	Interest revenue		Interest expense		Depreciation and amortisation expense	
	2015	2014	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Auctions	94	-	-	-	(779)	-
Collection Services - New Zealand	6	2	-	-	(333)	(109)
Collection Services - Australia	-	2	-	-	(2)	(26)
Finance	19,341	5,559	(4,792)	-	(180)	(121)
Fleet	7	-	(160)	-	(8)	-
Insurance	718	729	(9)	(9)	(128)	(114)
Corporate & Other	883	1,125	(2,857)	(2,179)	(74)	(380)
	21,049	7,417	(7,818)	(2,188)	(1,504)	(750)
Eliminations	-	-	437	-	-	-
	21,049	7,417	(7,381)	(2,188)	(1,504)	(750)

Acquisition of property, plant & equipment, intangible assets and other non-current assets	Business combinations		Other	
	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000
Auctions	9,152	-	1,178	-
Collection Services - New Zealand	-	-	40	54
Collection Services - Australia	-	-	1	-
Finance	417	-	121	32
Fleet	35	-	48	-
Insurance	-	-	66	56
Corporate & Other	-	-	10	88
	9,604	-	1,464	230

Inventory	Business combinations		Other	
	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000
Auctions	-	-	-	-
Collection Services - New Zealand	-	-	-	-
Collection Services - Australia	-	-	-	-
Finance	-	-	-	-
Fleet	9,770	-	8,984	-
Insurance	-	-	-	-
Corporate & Other	-	-	-	-
	9,770	-	8,984	-



# TURNERS LIMITED

## ACQUISITION OF SUBSIDIARIES

For the year ended 31 March 2015

### Oxford Finance Limited

On 1 April 2014, the Group acquired 100% of the equity in Oxford Finance Limited, a Levin based finance company. The acquisition strengthened the Group's Finance business with loan portfolio metrics in line with the Dorchester Finance's receivables book and significantly increased the Group's Finance business geographic presence outside of the Auckland and Hamilton regions.

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

	2015 \$'000
<b>Consideration transferred</b>	
Amount settled in cash on settlement date	6,836
Fair value of future payments	4,701
Fair value of contingent consideration	942
<b>Total</b>	<b>12,479</b>
<b>Identified assets acquired and liabilities assumed</b>	
Cash and cash equivalents	1,266
Finance receivables	49,953
Trade and other receivables	472
Property, plant and equipment	344
Software	29
Deferred tax	249
Trade and other payables	(1,329)
Non bank borrowings	(46,100)
<b>Identifiable net assets</b>	<b>4,884</b>
<b>Goodwill on acquisition</b>	<b>7,595</b>
Consideration transferred settled in cash	6,836
Cash and cash equivalents acquired	(1,266)
<b>Net cash outflow on acquisition</b>	<b>5,570</b>
Acquisition costs charged to expenses	180
<b>Net cash paid relating to the acquisition</b>	<b>5,750</b>

### Fair value of future payments and fair value of contingent consideration

The purchase agreement included an earn-out arrangement whereby the purchase price could be reduced if the earnings targets for the year to 31 March 2015 were not met. The \$942,000 fair value initially recognised for the contingent consideration represents the present value of the Group's probability weighted estimate of the future settlement. It reflects management's estimate of a weighted range of probable outcomes and was discounted using a rate of 6%.

The full purchase price was settled on 27 March 2015.

### Identified assets acquired and liabilities assumed

The fair value of finance receivables and borrowings was determined using the income approach, discounting future estimated cash flows by an appropriate discount factor. The fair value of all other assets and liabilities was determined using the cost approach.

### Goodwill

Goodwill of \$7.6 million 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 year to 31 March 2015, Oxford Finance contributed revenue of \$11.0 million and profit of \$3.6 million to the Group's consolidated results.

# TURNERS LIMITED

## ACQUISITION OF SUBSIDIARIES (CONT)

### For the year ended 31 March 2015

#### Turners Group NZ Limited

On 28 July 2014, the Company announced it had entered into a Lock Up Agreement with a 20.8% shareholder in Turners Group NZ Limited, an associated company in which Group had a 19.85% holding, and advised that it intended to make a full takeover offer for 100% of Turners Group NZ Limited's equity securities under Rule 8 of the Takeovers Code. Finance and insurance on motor vehicles are key drivers in both businesses. On 17 October 2014, the Company purchased 18,331,261 shares in Turners Group NZ Limited taking its shareholding to 86.8%

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

	2015 \$'000
<b>Consideration transferred</b>	
Cash	27,016
Ordinary shares (51,582,972)	12,896
Bonds (15,083,457)	15,083
<b>Total</b>	<b>54,995</b>
Fair value of equity interest in Turners Group NZ Limited before the business combination	16,299
<b>Total consideration</b>	<b>71,294</b>
<b>Identified assets acquired and liabilities assumed</b>	
Cash and cash equivalents	4,370
Inventories	9,770
Finance receivables	34,910
Trade and other receivables	5,887
Property, plant and equipment	7,108
Software	2,123
Deferred tax	997
Trade and other payables	(16,310)
Borrowings	(35,188)
<b>Identifiable net assets</b>	<b>13,667</b>
Non-controlling interest	(10,832)
Brand	45,600
Goodwill	22,859
<b>Total</b>	<b>71,294</b>
Consideration transferred settled in cash	27,016
Cash and cash equivalents acquired	(4,370)
<b>Net cash outflow on acquisition</b>	<b>22,646</b>
Acquisition costs charged to expenses	(675)
<b>Net cash paid relating to the acquisition</b>	<b>21,971</b>

#### Equity instruments and bonds issued

The fair value of the ordinary shares purchased and ordinary shares and bonds issued was determined using the market approach which arrives at fair value of an asset or liability by obtaining consensus of what others in the market-place have judged it to be.

#### Identified assets acquired and liabilities assumed

The fair value of finance receivables and borrowings was determined using the income approach, discounting future estimated cash flows by an appropriate discount factor. The fair value of brand was determined by an independent valuer using the income approach and by applying the discounted cash flow valuation method. The fair value of all other assets and liabilities was determined using the cost approach.

#### Goodwill

Goodwill of \$22.9 million is primarily related to growth expectations, expected future profitability and the substantial skill and expertise of the work force.

# TURNERS LIMITED

## ACQUISITION OF SUBSIDIARIES (CONT)

### For the year ended 31 March 2015

#### *Transaction with non-controlling interests*

On 27 November 2014, the Group acquired the remaining 13.2% of the issued shares of Turners Group NZ Limited for a purchase of consideration of \$10.8 million. The Group now holds a 100% of the equity share capital of Turners Group NZ Limited. The Group derecognised non-controlling interests of \$10.9 million and recorded an increase in equity attributable to owners of the parent of \$90,000. The effect of the ownership interest in Turners Group NZ Limited on the equity attributable owners of the Company during the year is summarised as follows:

	2015 \$'000
Carrying amount of non-controlling interests	10,922
<i>Consideration paid to non-controlling interests</i>	
Cash	(7,095)
Ordinary shares (10,536,240)	(2,634)
Bonds (1,103,052)	(1,103)
Profit on purchase	90

#### **Contribution to Group results**

In the five months to 31 March 2015 the business contributed revenue of \$44.4 million and profit of \$3.1 million to the Group's consolidated results. If the acquisition had occurred on 1 April 2014, management estimates that the contribution to the Group consolidated revenue would have been \$106.6 million and the contribution to the Group consolidated profit for the year would have been \$7.4 million. In determining these amounts, management has assumed the fair value adjustments, determined provisionally, that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 April 2014.