

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

Reporting Period	12 months to 31 March 2016
Previous Reporting Period	12 months to 31 March 2015

	Amount (NZD000s)	Percentage change
Revenue from ordinary activities	171,717	76% increase
Expenses from ordinary activities	(150,166)	90% increase
Profit before tax	21,551	13% increase
Taxation expense	(5,949)	522% increase
Net profit attributable to security holders	15,602	14% decrease

Final Dividend	Amount per security	Imputed amount per security
	NZD\$0.07	NZD\$0.00

Record Date	21 July 2016
Dividend Payment Date	28 July 2016

Comments:	
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# TURNERS LIMITED

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2016

	2016 \$'000	2015 \$'000
<b>Revenue from continuing operations</b>	<b>171,195</b>	90,195
<b>Other income</b>	<b>522</b>	7,098
Cost of goods sold	(58,964)	(22,576)
Interest expense	(11,436)	(7,381)
Movement in impairment provisions	(1,041)	(1,607)
Subcontracted services expense	(6,960)	(2,650)
Employee benefits (short term)	(33,424)	(18,204)
Commission	(7,889)	(6,926)
Advertising expense	(2,118)	(1,593)
Deprecation and amortisation expense	(2,144)	(1,504)
Property and related expenses	(8,877)	(3,922)
Systems maintenance	(1,152)	(526)
Claims	(3,228)	(1,284)
Life fund movement	(953)	(697)
Credit legal fee service expense	(806)	(789)
Other expenses	(11,174)	(9,370)
<b>Net operating profit</b>	<b>21,551</b>	<b>18,264</b>
Share of profit of equity-accounted investment (net of tax)	-	742
<b>Profit/(loss) before taxation</b>	<b>21,551</b>	<b>19,006</b>
Taxation (expense)/ benefit	(5,949)	(956)
<b>Profit for the year</b>	<b>15,602</b>	<b>18,050</b>
<b>Other comprehensive income for the year (which may subsequently be reclassified to profit/loss), net of tax</b>		
Cash flow hedges	(35)	-
Foreign currency translation differences	6	19
<b>Total comprehensive income for the year</b>	<b>15,573</b>	<b>18,069</b>
<b>Profit attributable to:</b>		
- Owners of the parent	15,602	17,960
- Non-controlling interests	-	90
	<b>15,602</b>	<b>18,050</b>
<b>Total comprehensive income attributable to:</b>		
- Owners of the parent	15,573	17,979
- Non-controlling interests	-	90
	<b>15,573</b>	<b>18,069</b>
<b>Earnings per share (cents per share)</b>		
Basic earnings per share	25	33
Diluted earnings per share	24	30

# TURNERS LIMITED

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2016

	Share capital \$'000	Translation reserve \$'000	Cash flow reserve \$'000	Retained earnings \$'000	Non-controlling interest \$'000	Total \$'000
<b>Balance at 31 March 2014</b>	<b>101,417</b>	<b>(42)</b>	<b>-</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)
	<b>33,877</b>	<b>-</b>	<b>-</b>	<b>(4,996)</b>	<b>-</b>	<b>28,881</b>
<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	-	<b>19</b>	<b>-</b>	<b>17,960</b>	<b>90</b>	<b>18,069</b>
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>(23)</b>	<b>-</b>	<b>(14,269)</b>	<b>-</b>	<b>121,002</b>
<i>Transactions with shareholders in their capacity as owners</i>						
Capital contributions	1,161	-	-	-	-	1,161
Share buy-back	(328)	-	-	-	-	(328)
Dividend paid	-	-	-	(7,596)	-	(7,596)
	<b>833</b>	<b>-</b>	<b>-</b>	<b>(7,596)</b>	<b>-</b>	<b>(6,763)</b>
<i>Comprehensive income</i>						
Profit	-	-	-	15,602	-	15,602
Foreign currency translation differences	-	6	-	-	-	6
Cash flow hedge	-	-	(35)	-	-	(35)
Total comprehensive income for the year, net of tax	-	<b>6</b>	<b>(35)</b>	<b>15,602</b>	<b>-</b>	<b>15,573</b>
<b>Balance at 31 March 2016</b>	<b>136,127</b>	<b>(17)</b>	<b>(35)</b>	<b>(6,263)</b>	<b>-</b>	<b>129,812</b>

# TURNERS LIMITED

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2016

	2016 \$'000	2015 \$'000
<b>Assets</b>		
Cash and cash equivalents	13,810	12,339
Financial assets at fair value through profit or loss	18,455	17,350
Trade receivables	9,575	7,394
Inventory	14,156	8,984
Finance receivables	167,598	142,827
Other receivables and deferred expenses	8,505	5,946
Reverse annuity mortgages	9,734	13,253
Property, plant and equipment	11,108	8,319
Tax receivables	-	433
Deferred tax asset	4,024	8,532
Intangible assets	105,338	103,595
<b>Total assets</b>	<b>362,303</b>	<b>328,972</b>
<b>Liabilities</b>		
Other payables	22,270	17,790
Deferred revenue	6,049	7,476
Tax payables	990	71
Derivative financial instruments	49	-
Borrowings	174,816	156,995
Life investment contract liabilities	15,629	16,378
Insurance contract liabilities	12,688	9,260
<b>Total liabilities</b>	<b>232,491</b>	<b>207,970</b>
<b>Shareholders' equity</b>		
Share capital	136,127	135,294
Other reserves	(52)	(23)
Retained earnings	(6,263)	(14,269)
<b>Total shareholders' equity</b>	<b>129,812</b>	<b>121,002</b>
<b>Total shareholders' equity and liabilities</b>	<b>362,303</b>	<b>328,972</b>
Total assets per share (\$ per share)	5.71	5.22
Net tangible asset per share (\$ per share)	3.99	3.44

# TURNERS LIMITED

## CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2016

	2016 \$'000	2015 \$'000
<b>Cash flows from operating activities</b>		
Interest received	25,303	18,960
Receipts from customers	138,586	68,409
Interest paid	(7,712)	(5,646)
Payment to suppliers and employees	(136,694)	(69,441)
Income tax paid	(659)	(1,797)
<b>Net cash outflow from operating activities before changes in operating assets and liabilities</b>	<b>18,824</b>	<b>10,485</b>
Net increase in finance receivables	(11,638)	(18,748)
Net decrease in reverse annuity mortgages	4,623	5,996
Net decrease of financial assets at fair value through profit or loss	2,173	1,579
Net (withdrawals)/contributions from life investment contracts	(992)	(626)
<b>Changes in operating assets and liabilities arising from cash flow movements</b>	<b>(5,834)</b>	<b>(11,799)</b>
<b>Net cash (outflow)/inflow from operating activities</b>	<b>12,990</b>	<b>(1,314)</b>
<b>Cash flows from investing activities</b>		
Proceeds from sale of property, plant, equipment, intangibles and held for sale assets	320	123
Dividends received from associate	-	1,710
Purchase of property, plant, equipment and intangibles	(5,141)	(1,464)
Purchase of subsidiaries and investments	(6,715)	(48,382)
<b>Net cash inflow/(outflow) from investing activities</b>	<b>(11,536)</b>	<b>(48,013)</b>
<b>Cash flows from financing activities</b>		
Net bank loan advances/(repayments)	7,056	81,282
Proceeds from the issue of shares	139	16,749
Proceeds from the issue of bonds	-	7,044
Repayment of non bank funding	-	(49,600)
Dividend paid	(7,596)	(4,996)
<b>Net cash inflow/(outflow) from financing activities</b>	<b>(401)</b>	<b>50,479</b>
<b>Net movement in cash and cash equivalents</b>	<b>1,053</b>	<b>1,152</b>
Add opening cash and cash equivalents	12,339	5,555
Cash included with purchase of subsidiaries	409	5,636
Translation difference	9	(4)
<b>Closing cash and cash equivalents</b>	<b>13,810</b>	<b>12,339</b>
<b>Represented By:</b>		
Cash at bank	13,810	12,339
<b>Closing cash and cash equivalents</b>	<b>13,810</b>	<b>12,339</b>

# TURNERS LIMITED

## CONSOLIDATED STATEMENT OF CASH FLOWS (CONT)

For the year ended 31 March 2016

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

	2016	2015
	\$'000	\$'000
Profit or loss	15,602	18,050
<b>Adjustment for non-cash items</b>		
Impairment (charge)/ release on finance receivables, reverse annuity mortgages and other receivables	1,041	1,594
Net (profit)/loss on sale fixed assets	(40)	112
Depreciation and amortisation	2,144	1,504
Capitalised reverse annuity mortgage interest	(1,112)	(1,376)
Deferred revenues	1,468	1,465
Financial assets at fair value through profit and loss	(1,201)	(2,603)
Net annuity and premium change to policyholder accounts	243	1,711
Equity accounted income	-	(742)
Revaluation gain on acquisition of associate	-	(7,060)
Non-cash long term employee benefits	25	(78)
Non-cash adjustment to finance receivables effective interest rates	129	78
Fair value adjustment on investments	-	66
Deferred expenses	(244)	(189)
<b>Adjustment for movements in working capital</b>		
Net (increase)/decrease in receivables and pre-payments	(4,799)	(340)
Net (increase)/decrease in inventories	(5,172)	(442)
Net (increase)/decrease in current tax receivables	10	(7)
Net increase/(decrease) in payables	5,473	(402)
Net increase in finance receivables	(11,638)	(18,748)
Net decrease in reverse annuity mortgages	4,623	5,996
Net decrease of insurance assets at fair value through profit or loss	2,173	1,579
Net (withdrawals)/contributions from life investment contracts	(992)	(626)
Net increase in deferred tax	5,280	(834)
Net increase in provisions	(23)	(22)
<b>Net cash inflow/(outflow) from operating activities</b>	<b>12,990</b>	<b>(1,314)</b>

# TURNERS LIMITED

## SEGMENTAL INFORMATION

For the year ended 31 March 2016

Management has determined the operating segments based on the components of Turners 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.

During the financial year the Group acquired Southern Finance Limited (refer Acquisitions of subsidiaries) (2015: Oxford Finance Limited). Southern Finance Limited has been aggregated into the 'finance' segment as Southern Finance Limited (2015: Oxford Finance Limited), together with Dorchester Finance Limited and Oxford Finance Limited (2015: together with Dorchester Finance Limited), operate in the finance industry providing asset based finance to consumers and SME's.

Five reportable segment have been identified as follows:

Auctions & Fleet - 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.

For financial reporting purposes in the prior year, Turners Limited elected to retain the segment disclosures previously presented by the legacy Turners Group NZ Limited group. In the current year, in line with the information presented to Turners Limited's Board of Directors, the legacy Turners Group NZ Limited group has been reported as a single operating segment. The reportable segment disclosure has been restated to reflect Turners Limited's current reportable segment structure.

### OPERATING SEGMENTS

Revenue	Revenue			Revenue		
	Total segment revenue	Inter-segment revenue	from external customers	Total segment revenue	Inter-segment revenue	from external customers
	2016	2016	2016	2015	2015	2015
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Auctions & fleet	118,640	(866)	117,774	44,399	-	44,399
Finance	24,415	(27)	24,388	19,512	-	19,512
Collection services - New Zealand	13,014	(3,238)	9,776	12,672	(2,958)	9,714
Collection services - Australia	8,555	-	8,555	8,533	-	8,533
Insurance	10,577	-	10,577	6,940	-	6,940
Corporate & other	647	-	647	8,195	-	8,195
	175,848	(4,131)	171,717	100,251	(2,958)	97,293
<b>Operating profit</b>					<b>2016</b>	<b>2015</b>
					<b>\$'000</b>	<b>\$'000</b>
Auctions & fleet					10,009	3,145
Finance					9,786	6,024
Collection services - New Zealand					5,823	4,684
Collection services - Australia					213	223
Insurance					1,398	799
Corporate & other					(5,678)	3,389
Operating profit					21,551	18,264
Share of profit of equity-accounted investment (net of tax)					-	742
<b>Profit/(loss) before taxation</b>					<b>21,551</b>	<b>19,006</b>
Income tax					(5,949)	(956)
<b>Net profit attributable to shareholders</b>					<b>15,602</b>	<b>18,050</b>

# TURNERS LIMITED

## SEGMENTAL INFORMATION (CONT)

For the year ended 31 March 2016

Segment assets and liabilities	Assets		Liabilities	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Auctions & fleet	83,092	70,986	62,625	54,948
Finance	152,320	124,325	113,736	94,940
Collection services - New Zealand	25,533	25,651	13,991	16,713
Collection services - Australia	1,641	986	1,346	1,188
Insurance	39,018	34,269	30,310	26,160
Corporate & other	219,114	228,107	50,668	53,948
	520,718	484,324	272,676	247,897
Eliminations	(158,415)	(155,352)	(40,185)	(39,927)
	362,303	328,972	232,491	207,970

	Interest revenue		Interest expense		Depreciation and amortisation expense	
	2016	2015	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Auctions & fleet	7,261	2,781	(3,393)	(1,301)	(1,769)	(795)
Finance	21,182	16,661	(4,379)	(4,198)	(173)	(173)
Collection services - New Zealand	6	6	(161)	-	(68)	(333)
Collection services - Australia	-	-	(12)	-	(2)	(2)
Insurance	822	718	(2)	(9)	(78)	(128)
Corporate & other	448	883	(3,577)	(1,873)	(54)	(73)
	29,719	21,049	(11,524)	(7,381)	(2,144)	(1,504)
Eliminations	(88)	-	88	-	-	-
	29,631	21,049	(11,436)	(7,381)	(2,144)	(1,504)

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

	Business combinations		Other	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Auctions & fleet	-	9,229	6,555	1,233
Finance	171	373	176	115
Collection services - New Zealand	-	-	75	40
Collection services - Australia	-	-	-	1
Insurance	-	-	108	66
Corporate & Other	-	-	88	10
	171	9,602	7,002	1,465

Inventory	Business combinations		Other	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Auctions & fleet	-	9,770	14,156	8,984
Finance	-	-	-	-
Collection services - New Zealand	-	-	-	-
Collection services - Australia	-	-	-	-
Insurance	-	-	-	-
Corporate & Other	-	-	-	-
	-	9,770	14,156	8,984



# TURNERS LIMITED

## ACQUISITION OF SUBSIDIARIES

### For the year ended 31 March 2016

#### 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.

	31 July 2015
	\$'000
<b><i>Fair value of consideration transferred</i></b>	
Amount settled in cash on settlement date	4,856
<b><i>Identified assets acquired and liabilities assumed</i></b>	
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
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 eight months to 31 March 2016 the business contributed revenue of \$1.2 million and profit of \$350,000 to the Group's consolidated results. If the acquisition had occurred on 1 April 2015, management estimates that the contribution to the Group consolidated revenue would have been \$1.8 million and the contribution to the Group consolidated profit for the year would have been \$525,000. 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 2015.

#### **SHARE CONSOLIDATION, EARNINGS PER SHARE AND ASSETS PER SHARE**

On 25 February 2016, Turners Limited announced that every 10 shares held in the Company on 22 March 2016 would be consolidated into 1 share, with all fractional entitlements rounded to the nearest whole number of shares ( and fractional entitlement to half a share being rounded up).

Earnings per share and asset per share has been calculated as if the share consolidation had occurred on the 1 April 2014.