

**TURNERS LIMITED****Results for announcement to the market**

Reporting Period	6 months to 30 September 2016	
Previous Reporting Period	6 months to 30 September 2015	
	Amount (NZD000s)	Percentage change
Revenue from ordinary activities	115,088	36%
Operating profit after tax - ordinary activities	8,527	15%
Net profit attributable to security holders	8,561	15%
Interim Dividend	Amount per security	Imputed amount per security
	NZD0.03	NZ\$0.011667
Record Date	16 December 2016	
Dividend Payment Date	23 December 2016	
Comments:		

# TURNERS LIMITED

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2016

	Six months ended 30/09/2016 Unaudited \$'000	Six months ended 30/09/2015 Unaudited \$'000	Year ended 31/03/2016 Audited \$'000
Revenue from continuing operations	114,431	84,469	171,195
Other income	657	52	522
Cost of goods sold	(50,553)	(29,704)	(58,964)
Interest expense	(6,476)	(5,772)	(11,436)
Movement in impairment provisions	(739)	46	(1,041)
Subcontracted services expense	(4,110)	(3,584)	(6,960)
Employee benefits (short term)	(19,220)	(16,915)	(33,424)
Commission	(4,174)	(2,975)	(7,889)
Advertising expense	(1,476)	(982)	(2,118)
Depreciation and amortisation expense	(1,247)	(1,064)	(2,144)
Property and related expenses	(4,392)	(3,877)	(8,877)
Systems maintenance	(709)	(642)	(1,152)
Claims	(2,795)	(1,640)	(3,228)
Life fund movement	(833)	(569)	(953)
Credit legal fee service expense	(374)	(382)	(806)
Other expenses	(6,228)	(6,201)	(11,174)
<b>Profit before taxation</b>	<b>11,762</b>	<b>10,260</b>	<b>21,551</b>
Taxation (expense)/benefit	(3,235)	(2,820)	(5,949)
<b>Profit from continuing operations</b>	<b>8,527</b>	<b>7,440</b>	<b>15,602</b>
<b>Other comprehensive income for the year (which may subsequently be reclassified to profit/loss), net of tax</b>			
Cash flow hedges	35	-	(35)
Foreign currency translation differences	(1)	(8)	6
<b>Total comprehensive income for the year</b>	<b>8,561</b>	<b>7,432</b>	<b>15,573</b>
<b>Earnings per share (cents per share)</b>			
Basic earnings per share	13.40	11.77	24.70
Diluted earnings per share	12.95	11.55	24.13

# TURNERS LIMITED

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2016

	Share Capital \$'000	Translation Reserve \$'000	Cash flow reserve \$'000	Retained Earnings \$'000	Total \$'000
<b>Balance at 1 April 2015 (audited)</b>	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)	(3,785)
	1,161	-	-	(3,785)	(2,624)
<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
<b>Balance at 30 September 2015 (unaudited)</b>	136,455	(31)	-	(10,614)	125,810
<i>Transactions with shareholders in their capacity as owners</i>					
Share buy-back	(328)	-	-	-	(328)
Dividend paid	-	-	-	(3,811)	(3,811)
	(328)	-	-	(3,811)	(4,139)
<i>Comprehensive income</i>					
Profit	-	-	-	8,162	8,162
Foreign currency translation differences	-	14	-	-	14
Cash flow hedge	-	-	(35)	-	(35)
Total comprehensive income for the period, net of tax	-	14	(35)	8,162	8,141
<b>Balance at 31 March 2016 (audited)</b>	136,127	(17)	(35)	(6,263)	129,812
<i>Transactions with shareholders in their capacity as owners</i>					
Capital contributions	19,309	-	-	-	19,309
Dividend paid	-	-	-	(6,361)	(6,361)
	19,309	-	-	(6,361)	12,948
<i>Comprehensive income</i>					
Profit	-	-	-	8,527	8,527
Foreign currency translation differences	-	(1)	-	-	(1)
Cash flow hedge	-	-	35	-	35
Total comprehensive income for the period, net of tax	-	(1)	35	8,527	8,561
<b>Balance at 30 September 2016 (unaudited)</b>	155,436	(18)	-	(4,097)	151,321

**TURNERS LIMITED**  
**CONDENSED CONSOLIDATED STATEMENT**  
**OF FINANCIAL POSITION**  
**As at 30 September 2016**

	30/09/2016	30/09/2015	31/03/2016
	Unaudited	Unaudited	Audited
	\$'000	\$'000	\$'000
<b>Assets</b>			
Cash and cash equivalents	15,268	13,019	13,810
Financial assets at fair value through profit or loss			
- Insurance	16,058	15,545	15,813
- Other	2,841	365	2,642
Trade receivables	10,114	13,163	9,575
Inventory	44,028	7,820	14,156
Finance receivables	176,052	164,436	167,598
Other receivables and deferred expenses	12,028	4,553	8,505
Reverse annuity mortgages	9,769	11,872	9,734
Property, plant and equipment	13,856	8,663	11,108
Investment property	3,500	-	-
Tax receivables	-	18	-
Deferred tax asset	3,274	5,310	4,024
Intangible assets	119,297	105,145	105,338
<b>Total assets</b>	<b>426,085</b>	<b>349,909</b>	<b>362,303</b>
<b>Liabilities</b>			
Other payables	38,779	21,136	22,270
Deferred revenue	5,738	7,597	6,049
Tax payable	276	403	990
Derivative financial instrument	-	-	49
Borrowings	198,849	168,948	174,816
Life investment contract liabilities	15,862	15,498	15,629
Life insurance contract liabilities	15,260	10,517	12,688
<b>Total liabilities</b>	<b>274,764</b>	<b>224,099</b>	<b>232,491</b>
<b>Shareholders' equity</b>			
Share capital	155,436	136,455	136,127
Translation reserve	(18)	(31)	(52)
Retained earnings	(4,097)	(10,614)	(6,263)
<b>Total shareholders' equity</b>	<b>151,321</b>	<b>125,810</b>	<b>129,812</b>
<b>Total shareholders' equity and liabilities</b>	<b>426,085</b>	<b>349,909</b>	<b>362,303</b>
Total assets per share (\$)	<b>6.09</b>	5.51	5.71
Net tangible assets (\$)	<b>0.41</b>	0.24	0.32

# TURNERS LIMITED

## CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 September 2016

	Six months ended 30/09/2016 Unaudited \$'000	Six months ended 30/09/2015 Unaudited \$'000	Year ended 31/03/2016 Audited \$'000
<b>Cash flows from operating activities</b>			
Interest received	16,096	13,083	25,303
Receipts from customers	96,386	290,309	138,586
Interest paid	(6,452)	(4,814)	(7,712)
Payment to suppliers and employees	(92,752)	(285,424)	(136,694)
Income tax paid	(3,268)	841	(659)
<b>Net cash inflow/(outflow) from operating activities before changes in operating assets and liabilities</b>	<b>10,010</b>	<b>13,995</b>	<b>18,824</b>
Net increase in finance receivables	(9,569)	(8,785)	(11,638)
Net decrease in reverse annuity mortgages	413	1,439	4,623
Sale of insurance assets at fair value through profit and loss	751	1,910	2,173
Net contribution from life investment contracts	(90)	(394)	(992)
<b>Changes in operating assets and liabilities arising from cash flow movements</b>	<b>(8,495)</b>	<b>(5,830)</b>	<b>(5,834)</b>
<b>Net cash (outflow)/inflow from operating activities</b>	<b>1,515</b>	<b>8,165</b>	<b>12,990</b>
<b>Cash flows from investing activities</b>			
Proceeds from sale of property, plant, equipment and intangibles	163	244	320
Purchase of fixed assets and intangible assets	(2,763)	(1,372)	(5,141)
Purchase of subsidiaries	(29,344)	(4,856)	(6,715)
<b>Net cash inflow from investing activities</b>	<b>(31,944)</b>	<b>(5,984)</b>	<b>(11,536)</b>
<b>Cash flows from financing activities</b>			
Net bank loan advances/(repayments)	18,450	1,400	7,056
Proceeds of share issue	-	466	139
Proceeds from the issue of bonds	19,784	-	-
Dividend paid	(6,361)	(3,785)	(7,596)
<b>Net cash inflow/(outflow) from financing activities</b>	<b>31,873</b>	<b>(1,919)</b>	<b>(401)</b>
<b>Net movement in cash and cash equivalents</b>	<b>1,444</b>	<b>262</b>	<b>1,053</b>
<b>Add opening cash and cash equivalents</b>	<b>13,810</b>	<b>12,339</b>	<b>12,339</b>
Cash included with purchase of subsidiaries	-	409	409
Translation difference	14	9	9
<b>Closing cash and cash equivalents</b>	<b>15,268</b>	<b>13,019</b>	<b>13,810</b>

# TURNERS LIMITED

## CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 September 2016

	Six months ended 30/09/2016 Unaudited \$'000	Six months ended 30/09/2015 Unaudited \$'000	Year ended 31/03/2016 Audited \$'000
<b>RECONCILIATION OF NET SURPLUS WITH CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit/(loss)	8,527	7,440	15,602
<b>Adjustment for Non-cash items</b>			
Movement in impairment provisions	739	(46)	1,041
Net loss on sale of fixed assets	(24)	(20)	(40)
Depreciation and amortisation	1,247	1,064	2,144
Capitalised reverse annuity mortgage interest	(456)	(585)	(1,112)
Deferred revenues	2,508	1,790	1,468
Change in value of financial assets at fair value through profit or loss	(114)	1	(1,201)
Net annuity and premium change to policyholders accounts	(1,183)	(486)	243
Non-cash long term employee benefits	323	188	25
Non-cash adjustments to finance receivables effective interest rates	(14)	74	129
Deferred expenses	45	770	(244)
<b>Adjustment for Movements in Working Capital</b>			
Net increase receivables and pre-payments	(3,860)	(4,297)	(4,799)
Net decrease/(increase) in inventories	(2,870)	1,164	(5,172)
Net decrease/(increase) in current tax receivable	-	371	699
Net increase/(decrease) in payables	5,178	3,291	5,473
Net increase in finance receivables	(9,569)	(8,785)	(11,638)
Net decrease in reverse annuity mortgages	413	1,439	4,623
Net decrease of insurance assets at fair value through profit or loss	751	1,910	2,173
Net contributions from life investment contracts	(90)	(394)	(992)
Net decrease/(increase) in deferred tax	(33)	3,291	4,591
Net increase in provisions	(3)	(15)	(23)
<b>Net Cash inflow/(outflow) from Operating Activities</b>	<b>1,515</b>	<b>8,165</b>	<b>12,990</b>

# TURNERS LIMITED

## SEGMENTAL INFORMATION

### OPERATING SEGMENTS

Revenue	30/09/2016			30/09/2015			31/03/2016		
	Total segment revenue	Inter-segment revenue	Revenue from external customers	Total segment revenue	Inter-segment revenue	Revenue from external customers	Total segment revenue	Inter-segment revenue	Revenue from external customers
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited	Audited	Audited
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Automotive retail	87,016	(674)	86,342	60,150	(203)	59,947	118,640	(866)	117,774
Finance	12,801	(121)	12,680	10,451	(5)	10,446	24,415	(27)	24,388
Insurance	6,125	-	6,125	5,034	-	5,034	10,577	-	10,577
Collection Services - New Zealand	6,932	(1,836)	5,096	5,754	(1,709)	4,045	13,014	(3,238)	9,776
Collection Services - Australia	4,721	-	4,721	4,531	-	4,531	8,555	-	8,555
Corporate & Other	293	(169)	124	518	-	518	647	-	647
	<b>117,888</b>	<b>(2,800)</b>	<b>115,088</b>	<b>86,438</b>	<b>(1,917)</b>	<b>84,521</b>	<b>175,848</b>	<b>(4,131)</b>	<b>171,717</b>
<b>Operating profit</b>							<b>30/09/2016</b>	<b>30/09/2015</b>	<b>31/03/2016</b>
							<b>Unaudited</b>	<b>Unaudited</b>	<b>Audited</b>
							<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Automotive retail							6,918	5,263	10,009
Finance							4,937	4,608	9,786
Insurance							130	678	1,398
Collection Services - New Zealand							3,279	2,140	5,823
Collection Services - Australia							116	113	213
Corporate & Other							(3,618)	(2,542)	(5,678)
Profit/(loss) before taxation							11,762	10,260	21,551
Income tax							(3,235)	(2,820)	(5,949)
Profit attributable to shareholders							8,527	7,440	15,602

### 2.2 SEGMENT ASSETS AND LIABILITIES

	Segment assets			Segment liabilities		
	30/09/2016	30/09/2015	31/03/2016	30/09/2016	30/09/2015	31/03/2016
	Unaudited	Unaudited	Audited	Unaudited	Unaudited	Audited
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Automotive retail	119,341	88,445	83,092	95,497	70,171	62,625
Finance	143,886	131,280	152,320	99,215	95,653	113,736
Insurance	43,030	35,929	39,018	33,980	27,334	30,310
Collection Services - New Zealand	28,163	19,534	25,533	13,908	9,537	13,991
Collection Services - Australia	1,570	1,207	1,641	683	802	1,346
Corporate & Other	280,569	219,369	219,114	101,430	55,782	50,668
	<b>616,559</b>	<b>495,764</b>	<b>520,718</b>	<b>344,713</b>	<b>259,279</b>	<b>272,676</b>
Eliminations	(190,474)	(145,855)	(158,415)	(69,949)	(35,180)	(40,185)
	<b>426,085</b>	<b>349,909</b>	<b>362,303</b>	<b>274,764</b>	<b>224,099</b>	<b>232,491</b>

Five reportable segment have been identified as follows: **Automotive retail** (previously 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; **Finance** - asset based finance to consumers and SME's through intermediated channels eg. Dealers, Brokers; **Insurance** - marketing and administration of a range of life and consumer insurance and superannuation products; **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); and **Corporate & other** - corporate centre.

# TURNERS LIMITED

## ACQUISITION OF BUY RIGHT CARS LIMITED

On 29 July 2016, the Group purchased the business of Buy Right Cars Limited, an Auckland based used motor vehicle import and dealership network. The acquisition significantly increases the Group's footprint and presence in the key Auckland market and achieves a number of the Group's strategic objectives, including stepping up imports of used vehicle, achieving better control of the motor vehicle compliance process and control over origination in the finance and insurance businesses as a high percentage of their car sales are financed.

The following summarises the provisional values attributed to the consideration transferred and the provisional amounts of assets and liabilities assumed at the acquisition date:

	29/07/2016
	\$'000
<b><i>Fair value of consideration transferred</i></b>	
Cash	29,344
Ordinary shares (614,000)	1,854
Contingent consideration	5,754
	<u>36,952</u>
<b><i>Identified assets acquired and liabilities assumed</i></b>	
Inventories	27,125
Fixed assets	1,958
Other assets	12
Payables	(5,511)
Identifiable net assets	<u>23,584</u>
Intangibles on acquisition	<u>13,368</u>
Consideration transferred settled in cash	29,344
Acquisition costs charged to expenses	172
Net cash paid relating to acquisition	<u>29,516</u>

### *Identified assets acquired and liabilities assumed*

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

### *Intangible assets*

The intangible asset of \$13.4m is primarily related to growth expectation, expected future profitability, synergistic opportunities, particularly in finance and insurance and extended foot print in the used car market and brand.

### *Contribution to Group results*

In the six months to 30 September 2016 the business contributed revenue of \$11.0 million and profit of \$0.7 million to the Group's consolidated results.