Turners Limited

ANNUAL REPORT

FOR THE YEAR ENDED 31 MARCH 2015

Every year, our businesses provide thousands of New Zealanders with trusted financial services including personal, motor vehicle and commercial loans, insurance and credit control services. Our recent acquisition of Turners Group NZ, New Zealand's largest second hand vehicle retailer, provides us with direct exposure to vehicle buyers and sellers who are also potential insurance and finance customers.

CONTENTS

FOCUSED ON GROWTH
ADDING VALUE FOR SHAREHOLDERS
BUILDING AN INTEGRATED FINANCIAL SERVICES COMPANY

This year marks a number of milestones for our business, as we celebrate further expansion of our portfolio of businesses, increasing shareholder value and a new name.

The last three years have seen a total transformation of our company. Back in 2010, we developed a strategic plan to rebuild the company after a challenging few years. We rationalised our businesses and services, reduced expenditure and focused on returning the company to profitability.

We identified the potential for growth in the financial services sector, which was undergoing consolidation. We put in place sound policies, practices and processes to improve and grow our existing businesses – Dorchester Finance and Dorchester Insurance - and also actively started to evaluate merger and acquisition opportunities in the market.

Our first acquisition was Mainstream Insurance Solutions in early 2012, leading to a restructure of our insurance business and the launch of a suite of new products, including motor vehicle insurance. Later in 2012, we acquired EC Credit which offers total debt management and credit control services. In 2013 we first invested in Turners Group NZ (previously Turners Auctions), initially taking a strategic stake and then successfully completing a full takeover late last year. Oxford Finance was also added to our portfolio in 2014, expanding our geographical reach in New Zealand.

Our shareholders have been essential to the turnaround of our business, providing support for our growth strategy through a number of capital raisings and capital restructures.

We now have a profitable and growing business with a strong, conservatively geared balance sheet, a supportive shareholder base and an experienced Board and leadership team.

We are moving forward with a new name for our company, Turners Limited. This follows on from our acquisition last year and allows us to take forward Turners' strong brand presence, reputation and heritage.

As we deliver another record net profit to our shareholders, we are continuing to identify and investigate further opportunities for our company. Acquisition growth continues to be an important part of our strategy as we look to deliver earnings per share growth and build value.

On behalf of the Board and management, we are pleased to present the Turners Limited Annual Report for the year ended 31 March 2015.

Grant Baker
Chairman

Paul Byrnes
Executive Director

Turners. LIMITED

Integrated financial services group, primarily operating in the automotive industry, and developing capability in three areas

CONTROLLNG CUSTOMER ORIGINATION	BUILDING A FINANCE AND INSURANCE ENGINE	
Controlling the buying and selling transactions to earn a transactional margin and deliver cross-sell opportunity for Finance and Insurance	*Helping customers with simple and attractive Finance and Insurance products*	
Turners	Dorchester Finance	Oxford FINANCE
New Zealand's leading second hand vehicle and machinery retailer, with thousands of buyers and sellers every year Auctions: Operates in two broad markets – used vehicles and commercial goods Fleet: Vehicles purchased by Turners for resale Finance: Provider of customer finance to assist Turners retail customers with purchasing cars, trucks, plant and machinery	Providing flexible finance solutions for personal and SME customers Personal and Business Lending Pre-approved Finance Flexible Terms to Suit High Approval Rates Simple and Affordable	Providing financial services to dealers, brokers and direct to the public, with approximately 85% of business from motor vehicle finance Car and Vehicle Finance Commercial Lending Personal Loans

DEBT MANAGEMENT SERVICES

Helping businesses of any size in New Zealand and Australia with better management of their credit challenges

Distributing both life and non-life insurance products within the New Zealand market through three customer facing brands

Motor Vehicle Insurance

Loan Repayment Insurance

Mechanical Breakdown Insurance

Guaranteed Asset Protection

EasyLife Insurance

Funeral Plan

StopGap Insurance

QuickCover Insurance

The Funeral Plan

Total debt management and credit control services for New Zealand and Australian customers

Providing debt management services for more than 60,000 customers since 1969

Commercial Debt Collection

Consumer Debt Collection

Terms of Trade Documentation

Credit Reporting

Legal Services

Credit Consultancy

FY15 HIGHLIGHT EVENTS

April 2014	Signed sale and purchase for Oxford Finance Limited
July 2014	Announced proposed takeover offer for 100% of Turners Group NZ (previously Turners Auctions). Offer was lodged in August, opened in September and closed in November 2014 Received commitment of $10 million in new capital from existing shareholders to complete the funding for the takeover
October 2014	Launched $30 million capital raising to partly fund the Turners takeover. Offer closed oversubscribed. Final earn out payment for the EC Credit business
December 2014	Completed the acquisition of 100% of Turners Group NZ. Turners Group NZ delisted from the NZX Main Board.
January 2015	Announced the appointment of Michael Dossor and Antony Vriens to the Board, and the retirement of Greg Peebles
February 2015	Company name changed to Turners Limited (NZX:TNR) Completed buy-back of small shareholdings
March 2015	Settled deferred consideration balance for Oxford Finance

FOLLOWING YEAR END

April 2015	Acquired Greenwich Life Insurance Company Limited
June 2015	Appointment of John Roberts to the Board

We employ more than 500 people in New Zealand and Australia

We helped over 10,000 customers with loans during the year

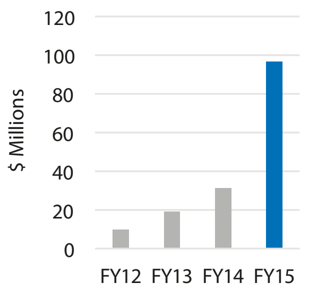
We provided peace of mind to 15,000 plus people with our insurance solutions

We acquired two new businesses during the year, Oxford Finance Limited and Turners Group NZ Limited

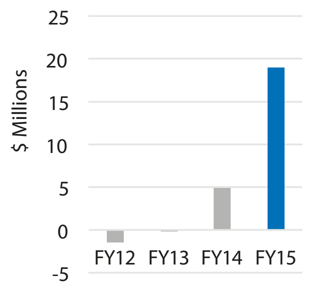
FY15 RESULTS AT A GLANCE

- Revenue grew by 208% to $96.6 million
- Record net profit after tax increased to $18.1 million, up 120%
- Net profit before tax of $19.0 million, including $5.0 million of one-off gains
- Trading profit, excluding one off gains, of $14 million
- Shareholder Funds increased to $121.0 million, up from $74.1 million in FY14
- Earnings per share of 3.28 cents per share, up 61% from FY14
- Total Assets of $329.0 million at year end, up 159%
- Receivables book grew by 279% in FY15 to $142.8 million
- Issued $55.7 million in new capital and bonds to part fund the takeover of Turners Group NZ
- Undertook Share Buyback with purchase of 730,633 shares from 422 shareholders
- Initiated Employee Share Scheme
- Declared a final dividend of 0.6 cents per share taking total FY15 dividend to 1.0 cent per share

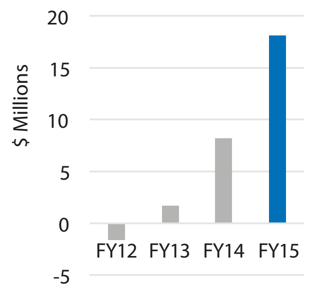
OPERATING REVENUE



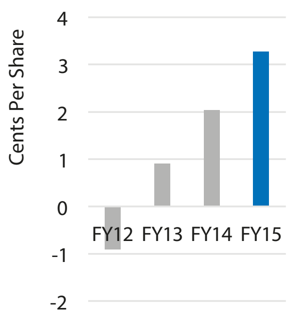
NET PROFIT BEFORE TAX



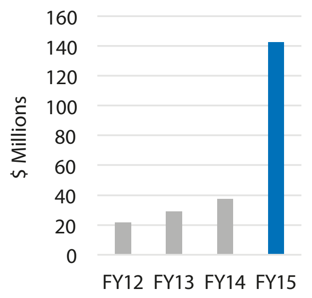
NET PROFIT AFTER TAX



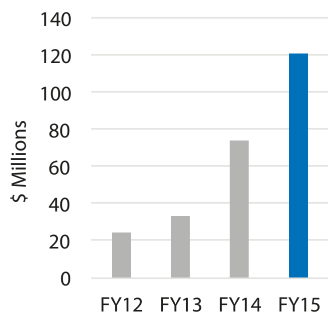
EARNINGS PER SHARE



FINANCE RECEIVABLES



SHAREHOLDERS' EQUITY




Mainstream
INSURANCE

CHAIRMAN AND CEO'S REPORT

The 2015 financial year was a very successful one for our business as we focused on building our organisation with an expanded portfolio of businesses, providing increasing returns and creating value for our shareholders.

An outstanding result of over double last year's record profit was achieved by Turners Limited for the year to 31 March 2015.

A net profit after tax of $18.1 million was recorded, 120% up on the $8.2 million after tax profit for 2014. The result includes a full year of trading for Oxford Finance which was acquired on 1 April 2014 and five months' trading contribution from Turners Group NZ Limited, acquired late last year.

Net profit before tax was $19.0 million. While the group has tax losses to utilise, tax is paid on some profits of businesses recently acquired. The $19.0 million pre-tax profit includes approximately $5.0 million of net one-off gains mostly related to the revaluation of the initial 19.85% holding in the Turners Group NZ Limited business and the write-off of acquisition and transaction costs.

Underlying trading profit before tax, which excludes one-off gains, was $14.0 million and was achieved despite the strong New Zealand dollar adversely impacting EC Credit's Australian earnings and higher reserving required for DPL Insurance as a result of the lower 10 year interest discount rate. These two factors adversely impacted trading profit for the period by around $1 million in total.

The balance sheet at 31 March 2015 shows shareholder funds of $121.0 million, significantly up on last year's $74.1 million. The Equity Ratio (Shareholder Funds to Total Assets) is 37% and Gearing (Debt to Debt plus Shareholder Funds) is 56%.

Directors believe this provides sufficient headroom for us to actively consider further debt funded acquisition opportunities. We would also consider a further capital raising if a compelling larger acquisition came along.

As with all potential acquisitions, we will continue to take a disciplined approach with appropriate due diligence and research to ensure we make the right acquisitions that will create positive shareholder value.

DIVIDEND

Directors have declared a final dividend of 0.6 of a cent per share bringing total dividends for the year to 1.0 cent per share. The unimputed final dividend will be paid on Friday 17 July 2015. For the purposes of determining shareholder entitlements, the record date will be 5.00 pm Friday 10 July 2015.

Dividend policy guidance is an increasing payout of up to around 50% of underlying net profit after tax over the next two years. It is expected that dividends paid after 1 April 2016 will be partially imputed and dividends paid after 1 April 2017 will be fully imputed.

BUSINESS PERFORMANCE

It has been an exciting and eventful year as we have acquired new businesses and integrated them into our group, as well as taken advantage of market and business opportunities within our existing businesses.

All three finance books (Dorchester Finance, Oxford Finance and Turners Finance) performed at or ahead of forecast with acceptable arrears and bad debt write-off metrics maintained over the year. Total receivables increased by $105 million primarily as a result of the Oxford Finance and Turners Group NZ acquisitions.

The EC Credit Australian business has been a profitable addition to our group, and its returns remain strong despite the stronger New Zealand dollar over the year.

Trading performance of Turners Group NZ has not missed a beat following acquisition and it is continuing to generate growing returns.

DPL Insurance delivered an increase in new policy sales of almost 50% over last year.

In line with the group's expansion, a number of of new senior management appointments have recently been made. It is positive that we are able to strengthen the senior leadership team by bringing through executives who have demonstrated excellent performance deserving promotion.

Dorchester Finance

The Dorchester Finance loan book increased by 25% to just over $50 million at year end, despite a competitive market for motor vehicle lending, particularly in greater Auckland. Further growth in new lending is forecast as additional motor vehicle dealers and finance brokers are added to the existing client base and as commercial lending also increases. Bad debts and arrears continue to track within forecast levels.

We are continuing to invest in systems and staff resources. Darryl French, who has been with the group for 10 years and was previously Group Collections and Lending Manager, has been appointed General Manager - Dorchester and Oxford Finance.

Oxford Finance

Oxford Finance was acquired in April 2014 for $12.5 million, with some deferred consideration settled just prior to the 31 March 2015 year end. The business has performed ahead of the pre-acquisition forecast both in terms of profit contribution and book performance. The loan book has increased by 15% to over $55 million at year end. The business operations have been fully integrated and further IT investment is planned to improve operating efficiencies and fully align the financial and lending software application systems with Dorchester Finance.

DPL Insurance

New policy sales increased by almost 50% over last year with motor vehicle dealers being added and new distribution channels opening up for the 'Mainstream' suite of products. We have yet to see the increasing gross written premium reflected in higher profit contribution as we continue to invest in administration resources and IT systems needed to support the planned growth. Higher reserving of around $400,000 was also required at year end as a result of the lower 10 year interest discount rate. This will unwind as we eventually move into a higher interest rate environment. Loss ratios across DPL Insurance product categories are all tracking at forecast levels.

The acquisition of Greenwich Life has been announced since year end. While the acquisition will not have a significant immediate impact on profit for the group, it provides access to a new direct business distribution channel with potential for further growth.

EC Credit

New Zealand contingency collection commission revenue from the bank and institutional client base has remained buoyant. We are starting to see the benefits of the earlier restructure of the Australian area manager sales force. The high New Zealand dollar over the year adversely impacted Australian earnings by around $500,000. The EC Credit Australian business still remains profitable even with the New Zealand dollar at parity levels and the exchange rate has no impact on growth plans for the Australian business. The second and final earn-out payment for the EC Credit business was made in October 2014.

David Wilson was appointed CEO of EC Credit with effect from 1 April 2015. David brings a strong sales ethic and has good industry understanding, having been with the EC Credit business for eight years, most recently as Group Sales Manager. Matthew Harrison, the previous CEO and owner remains on the Turners Limited board.

Turners Group NZ

The trading performance of Turners Group NZ following acquisition in December 2014, as detailed below, has been above forecast and ahead of the corresponding period last year. The rebranding of the business to Turners (previously Turners Auctions) was completed in the year as part of the business' continuing focus away from wholesale towards retail. The development of the multi-channel retail strategy is evolving as planned.

The growth plans for the truck and machinery business is reflected in the development of two new stand-alone premises, with the $4 million purchase of a property in Roscommon Road, Auckland in August 2014 and the development of a new truck and machinery leased site in Christchurch.

Turners Finance loan book grew over 30% to $39 million at financial year-end. Further improvement of finance and insurance attachment rates to motor vehicle loans is expected to continue.

The senior management team at Turners Group NZ are positive and engaged. Todd Hunter, CEO of Turners Group NZ, will be taking on additional responsibilities for the wider group while retaining his role heading up the Turners Group NZ business.

TURNERS GROUP NZ ACQUISITION

A takeover offer for all shares in Turners Group NZ was made in September 2014. Following acceptances representing over 90% of the shareholding in Turners Group NZ, compulsory acquisition provisions of the Takeovers Code were applied and 100% of the shares were acquired by 1 December 2014. The offer consideration to Turners Group NZ shareholders was any combination of $3.00 per share in cash, 2 year 9% p.a. interest bearing Convertible Notes or Dorchester ordinary shares issued at $0.25 per share.

A $30 million capital raising was undertaken in October 2014 to partly fund the takeover and was closed fully subscribed on 24 October 2014.

The total acquisition of the 27.375 million shares on issue in Turners Group NZ Limited was funded as follows:

Shares held by Dorchester pre-takeover	$16.3 million
New Capital Raised (129.8 million shares issued)	$32.5 million
Bonds issued (23.2 million bonds)	$23.2 million
Bank Borrowings	$10.1 million
	$82.1 million

Major shareholders Hugh Green Investments, interests associated with The Business Bakery LP and interests associated with Matthew Harrison were in total issued $7.5 million in new shares and $5.4 million in bonds.

NAME CHANGE FROM DORCHESTER PACIFIC TO TURNERS LIMITED

Following the takeover of Turners, the Board of Dorchester Pacific Limited resolved to change the name of the enlarged group to Turners Limited with effect from 27 February 2015. This followed earlier market research which highlighted the positive values and inherent goodwill associated with the Turners brand.

The Dorchester brand will remain an important asset for the group with Dorchester Finance continuing to grow in the motor vehicle and consumer lending market and the Dorchester Life brand retained and promoted through specialist products distributed by DPL Insurance.

SHARE BUYBACK AND EMPLOYEE SHARE SCHEME

The company announced in November 2014 that it would offer to acquire shareholdings of less than 4,000 shares at the same $0.25 per share price as the October 2014 capital raising. A total of 730,633 shares were subsequently purchased from 422 shareholders in February 2015.

At the same time an Employee Share Scheme for the company's 550 staff was announced with shares in the scheme to be issued at the same price of $0.25 per share. Shares purchased under the scheme are able to be funded by a principal and interest loan over three years. Applications from staff for approximately 5 million shares ($1.25 million) have been received and will be issued by 30 June 2015.

GOVERNANCE

The company's strategy is overseen by a strong Board of directors, who bring a range of complementary skills, industry knowledge and commercial expertise to the table.

We have been pleased to welcome several new directors to the Board this year, including Michael Dossor who represents Bartel Holdings which has a 7% shareholding in Turners Limited, and Antony Vriens as an independent director. Since year end, we have also announced the appointment of John Roberts as an independent director. All three new directors will be put forward for election by shareholders at the next annual meeting.

OUTLOOK

We remain confident in our consistent growth strategy for building an integrated financial services business.

Our first priority is to drive growth through focus and investment in our current businesses. All five trading operations - Dorchester Finance, Oxford Finance, DPL Insurance, EC Credit and Turners Group NZ - have opportunities of increasing sales and market share.

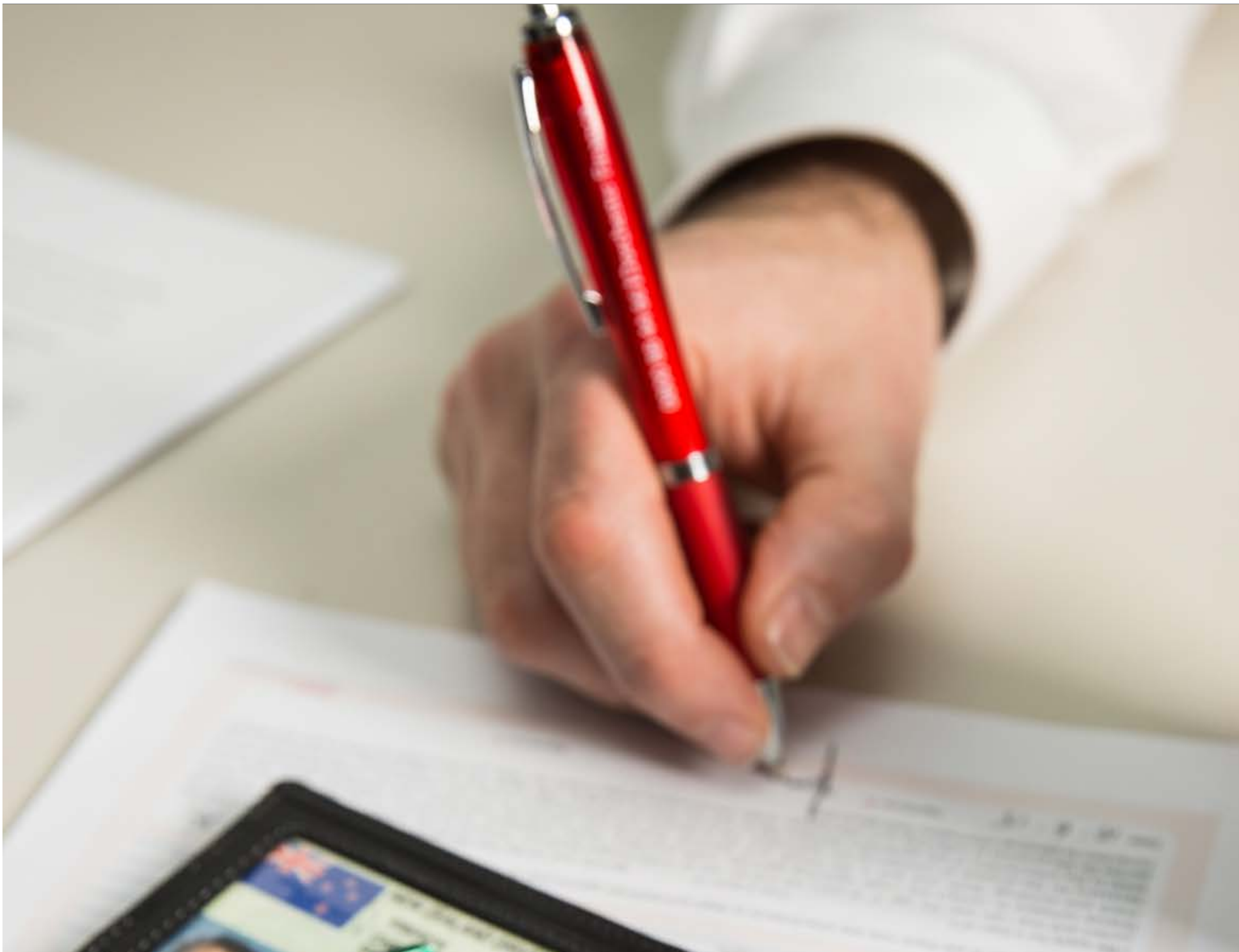
There are also opportunities to leverage integration synergies from a group perspective including cross selling products and development of common systems within the finance and insurance businesses. In addition, we will continue to investigate accretive merger and acquisition opportunities as part of our long term strategy.

For the financial year ending 31 March 2016, we are expecting a trading profit, excluding one-off extraordinary gains, to increase from $14 million to around $20 million, without any contribution from further merger and acquisition activity. We have a portfolio of strong businesses providing sustainable and growing cashflows.

We would like to thank our very capable staff who have helped deliver this year's record results. A particular thanks goes to those staff who have joined the Turners Limited group this year, both for their support and for ensuring a seamless transition.

We would also like to thank our shareholders for their demonstrated support for our strategy. The Board remains focussed on further growth, higher earnings and improving shareholder returns.

G K Baker	**P A Byrnes**
CHAIRMAN	CEO/DEPUTY CHAIRMAN



Dorchester
Finance

DORCHESTER FINANCE

24 Employees
Auckland Head Office

Dorchester Finance provides flexible finance solutions for personal and SME customers.

The majority of lending is for motor vehicle loans to consumers (65%) arranged through dealers and brokers. The remainder is commercial lending for plant and equipment, property, working capital and leasing.

THE FINANCE MARKET

Increasing consumer and business confidence is driving demand for finance. This is increasing the demand for motor vehicle purchases and other consumer purchases as well as financing assets for business growth.

The market is competitive with a number of new businesses and other lending organisations entering the tier 2 market where Dorchester Finance mainly operates.

Dorchester Finance differentiates itself by offering tailored solutions, more flexibility and has a focus on delivering simple, easy to understand finance solutions.

FY15 HIGHLIGHTS

Growth was the main focus for the business in FY15, with the development of additional products and an expanding network of dealers and brokers.

- Growth of the dealer and broker network and expansion of origination channels
- Launched new products including revolving credit product and lease product for commercial customers
- Expanded the sales and lending team
- Built the finance book by 25% to just over $50 million

OUTLOOK AND GROWTH OPPORTUNITIES

Grow Market Share Without Compromising Loan Book Performance
Add additional dealers and brokers to existing client base

Develop more tailored solutions for existing dealers and brokers to meet their needs

Build reputation as credible commercial lender for SME customers

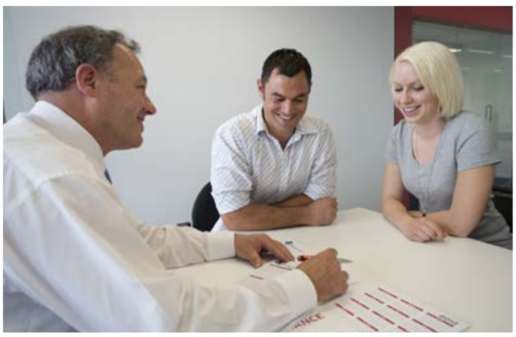
Identify Different Origination Channel Partners
Identify additional opportunities to provide specialised finance solutions

Further Investment into IT and Infrastructure
Enhance services for customers and improve approval turnaround times

Continue to update the website, particularly for mobile and tablet devices, to make the customer experience as simple and user friendly as possible

Lease Finance
Investigate opportunity to expand lease offering

Leverage Group Synergies
Identify opportunities to provide finance to existing and new customers across the wider group



OxfordFINANCE

OXFORD FINANCE

27 Employees
Levin Head Office

Oxford Finance is a medium sized lender providing financial services to dealers, brokers and direct to the public. The company has a growing client base and approximately 85% of business is from motor vehicle lending.

Oxford Finance has been in operation for 27 years and has grown from a small company providing financial services to its local Levin community to a business that now provides financial services to clients across New Zealand.

THE FINANCE MARKET

There were record numbers of vehicles sold in New Zealand during 2014-15, as increased consumer and business confidence drove sales. Increased trade in and motor vehicle import activity resulted in higher levels of motor vehicle loans written by Oxford Finance.

Market competition is increasing and Oxford Finance is meeting the challenge by focusing on customer service and building on its longstanding relationships with dealers and brokers. Three specialised business development managers work closely with dealers and brokers to ensure Oxford Finance remains competitive and continues to meet their needs.

FY15 HIGHLIGHTS

During the year, Oxford Finance was focused on driving business as well as a successful transition into the Turners Limited organisation and identifying synergies and opportunities within the group.

- Focus on building dealer and broker network, resulting in an increased amount of business written
- Year on year growth in the loan book of 15%
- Strong focus on cost reduction with good efficiencies achieved across the business
- Further alignment with dealers to provide more tailored services

OUTLOOK AND GROWTH OPPORTUNITIES

Invest into Infrastructure
Upgrade current software platform

Develop common IT systems with Dorchester Finance to create further efficiencies

Expand Offer
Identify opportunities to cross sell Dorchester Finance lending services and Mainstream Insurance products to existing customers

Increase commercial lending to SME customers and through new origination channels

Focus on Customer Service
Continue to upskill staff and build lasting relationships with quality existing customers

Expand Dealer and Broker Network
Expand the number of dealers and brokers in the existing geographical regions and further expand into the South Island

DPL Insurance

Dorchester Life

GREENWICH LIFE INSURANCE

Mainstream INSURANCE

DPL INSURANCE

11 Employees
Auckland Head Office

DPL Insurance Limited distributes both life and non-life insurance products within the New Zealand market through three customer facing brands:

Mainstream Insurance provides consumer vehicle and finance related insurance products to the motor industry.

Dorchester Life and ***Greenwich Life*** provide easy to transact, guaranteed acceptance life insurance products distributed through intermediated insurance advisers.

THE INSURANCE MARKET

The insurance market is fragmented, with a number of large and small players. An influx of new entrants has seen providers looking to differentiate themselves through more specialised products, customer service and online points of sale offerings.

With a focus on customer service and innovation, DPL Insurance is well positioned to offer specialised products in its key markets.

FY15 HIGHLIGHTS

During the year, DPL Insurance focused on building brand awareness and driving sales growth through its distribution channels; developing greater automation and efficiency of administration systems and operation functions; and the continual enhancement of the product range.

- Strong organic sales which continued to strengthen during the year, particularly for the Mainstream Insurance brand
- Acquisition of the Greenwich Life Insurance business which has boosted the life insurance portfolio and provided greater links and products set for the intermediated Adviser market
- The white-labelling of insurance products for two key distribution partners
- Development and launch of a new Mechanical Breakdown Insurance product, MBI – Drive, which gives customers greater range and more flexible premium payment options
- New additional functionality developed in both POS and administration systems which has improved and simplified the user experience while enhancing the data quality and underwriting control

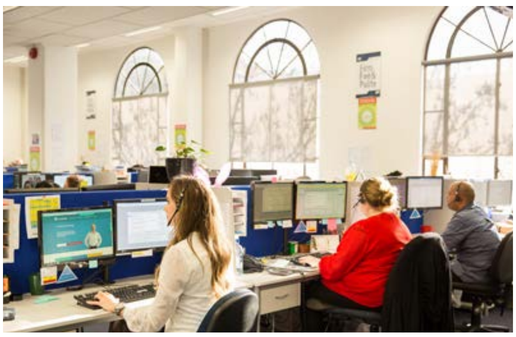
OUTLOOK AND GROWTH OPPORTUNITIES

Expand Distribution Channels
Through increasing and diversifying distribution networks and channels, particularly for motor vehicle insurance outside of Auckland

Continued Acquisition Growth
Take advantage of industry consolidation to acquire bolt on insurance portfolios and products

Leverage Group Synergies
Realise synergies and work with businesses within Turners Limited on potential joint opportunities

Drive Efficiencies
Continue to refine and enhance operations systems and processes to support growth



EC Credit Control
TERMS OF TRADE - DEBT RECOVERY - CREDIT MANAGEMENT

EC CREDIT CONTROL

148 Employees and independent sales agents
Napier Head Office and office in Sydney

EC Credit Control (ECCC) is a recognised leader in the debt collection and credit management industries. Operating since 1989, ECCC provides a total credit management solution to the SME market as well as a collection facility to major corporate businesses, including trading banks, government departments, manufacturing and other sectors.

In New Zealand, ECCC is recognised as a major player in the collections industry for corporate collections. Within the SME industry, ECCC is seen as experts in the writing of Terms of Trade and the implementation of best practice credit solutions.

THE OPERATING ENVIRONMENT

Education is a main focus for the industry, with many SME businesses not seeing the need for credit control and debt management services until they are faced with customers who have gone into liquidation or bankruptcy.

ECCC works closely with business associations and advisors to educate and advise businesses on the benefits of having effective credit management processes in place.

In the SME market, there is little competition to ECCC's 'one stop shop' offer. Nationwide coverage and personalised customer service is also a competitive advantage for ECCC.

FY15 HIGHLIGHTS

During the year, ECCC focused on expanding its exposure into the SME market in Australia as well as growing its presence in the Australian corporate sector.

In New Zealand, the drive was to encourage existing and new clients to use more of ECCC's services and to increase debt loading from each client.

- Steady increase of new clients
- Continuing firm sales of debt collection services and increased sale of Terms of Trade product
- Development of marketing materials, including customer video to explain new PPS legislation in Australia and its impact on businesses
- Consolidated position as a leader in the collection industry for banking clients

OUTLOOK AND GROWTH OPPORTUNITIES

Expand Offer
Develop new services and offers to assist businesses with credit control and debt management

Build Australian Customer Base
Take on more medium to large clients to boost collections revenue, while continuing to provide excellent service to existing clients

Strengthen the Business
Establish a strong management team and build internal culture by introducing initiatives to position ECCC as an employer of choice

Leverage Group Synergies
Identify opportunities to provide ECCC services to businesses within Turners Limited portfolio

Drive Efficiencies
Better utilisation of IT systems and databases


2004 Holden C
$137
per
week
Estimate only. Standard credit criteria apply.
Vehicle Details
2004 Holden Commodore V8
Automatic
Imported
12 Aug 2015
68130 Kms
Petrol
Yes
Turners
Safety
Scan here for more details!
We buy, we sell, we finance
Comments & Features
NOT AVAILABLE
Fuel economy information is not available for this vehicle

Turners

TURNERS GROUP NZ

320 Employees

Auckland Head Office in Penrose with 12 branches around New Zealand

Turners Group NZ (Turners) is the leader in the second hand car, truck and machinery market in New Zealand and uses a variety of channels to buy and sell goods to wholesale and retail customers.

Turners is a growth business with an exciting strategy in place - Source More product for sale and resale; Sell More product through a variety of retail and wholesale channels; and Write More Finance.

THE USED VEHICLE MARKET

There are approximately 1.3 million used vehicle transactions every year in the New Zealand market, including end of life vehicles. Currently, Turners holds less than 10% of this highly fragmented market. There is an enormous opportunity for Turners to grow market share by creating more opportunities to source and sell used vehicles, particularly in the retail sector.

The Christchurch rebuild has driven up demand for quality used trucks and machinery and the high New Zealand dollar in the past year has made it a good time to replace aging fleets. An influx of overseas used vehicle imports has put pressure on pricing and translated into the highest number of used vehicle transactions in New Zealand since 2007 and the start of the GFC.

FY15 HIGHLIGHTS

The primary focus for Turners was the continued development and implementation of its successful multi-channel retail strategy with a number of new initiatives.

- Record sales result across the business, including in used trucks and heavy machinery and in fleet sales (where Turners buys vehicles for resale)
- Development of two new specialist Truck and Machinery sites in Auckland and Christchurch
- Rebranding of Turners Auctions to Turners reflecting the evolution of the company to a multi-channel sales model
- Continued positive growth in finance book and insurance sales

OUTLOOK AND GROWTH OPPORTUNITIES

Continuous Focus on Multi-Channel Retail Strategy
Continue to develop and refine sales and marketing channels, particularly online, to provide an enhanced experience for retail customers

Development of Mobile Technology
Increase the move towards a paperless business with new mobile apps for internal use, to drive trading efficiencies and improve processes

Build Trucks and Machinery Sales: Enhanced focus on opportunity in trucks and heavy machinery sales

Leverage Group Synergies
Cross-sell other products and services within the Turners Limited portfolio of businesses

OUR BOARD OF DIRECTORS

The Turners Limited Board of directors consists of eight directors, of whom three are independent, four are non-executive and one is an executive director. Each Turners Limited director is a skilled and experienced business person. Each director provides value by making quality contributions to corporate governance matters, conceptual thinking, strategic planning, policies and providing guidance to management.

1. John Gosney *Non-executive Director, Appointed May 2008*

John Gosney is a professional company director with extensive management experience and a background in finance and investment. He joined the Dorchester Board in May 2008 and represents the interests of Hugh Green Investments which has a 22.44% shareholding in Turners Limited. John is a director of a number of private companies and has interests in commercial and industrial property. John holds a Bachelor of Commerce and Masters of Business Administration from Otago University.

2. Michael Dossor *Non- executive Director, Appointed January 2015*

Michael Dossor was chairman of Turners Group NZ from 2003 until its takeover by Turners Limited in November 2014. He joined the Turners Limited board in January 2015 and will stand for election by shareholders at the next annual meeting. Michael was managing director of Turners and Growers before retiring in 2005 and during which time Turners Group NZ was separated and listed. He remains a director of Turners and Growers and is a director of McKay Shipping. Michael represents the interest of the investment company Bartel Holdings Limited, which has a 7.01% shareholding in Turners Limited. Michael holds a Diploma in Agriculture.

3. John Roberts *Independent Director, Appointed June 2015*

John Roberts has extensive experience in the financial services industry having held the role of Managing Director of credit bureau Veda International for 10 years during which time the Veda Advantage business was successfully listed on the ASX. John previously had over 15 years in advertising agencies with CEO roles with Saatchi & Saatchi in New Zealand and Asia Pacific before heading up Master Card in New Zealand for three years. John holds Accounting and Business Studies qualifications.

4. Antony Vriens *Independent Director, Appointed January 2015*

Antony Vriens has been a director and Chairman of Turners' insurance subsidiary DPL Insurance since 2012. He joined the Turners Limited board in January 2015 and will stand for election by shareholders at the next annual meeting. Antony is a highly experienced and commercial financial service professional with demonstrated success as a senior executive and consultant in insurance and wealth management businesses within Australia and New Zealand. Antony holds a Masters in Business Administration and a medical degree (MBCHB).

5. Matthew Harrison *Non-executive Director, Appointed December 2012*

Matthew Harrison is managing director of EC Credit Control, the debt recovery business acquired in 2012. He joined EC Credit Control in 1998 following senior sales and administration roles in the courier industry. Matthew was appointed to the Turners Limited Board in 2012 and has an associated shareholding of 7.02% in Turners Limited. He is also a director of a number of private companies. Matthew holds a Bachelor of Commerce in Economics from Otago University.

6. Grant Baker *Non-executive Chairman, Appointed September 2009*

Grant Baker is a founding Partner of venture capital firm The Business Bakery, which together has a 19.85% shareholding in Turners. He has wide experience at a senior level in both public and private New Zealand companies. He has been Chairman since September 2009. Grant is also chairman of The Gastro Intestinal Cancer Institute and a director of Trilogy Natural Products Ltd and Moa Group Ltd.

7. Paul Byrnes *Deputy Chairman and CEO, Appointed February 2004*

Paul Byrnes is a professional director and investor with 25 years' experience in senior and CEO roles in private and listed companies. His career has included the management buyout of previously listed Holeproof Industries, consulting and participation in merger and acquisition opportunities and business 'turnaround' management. Paul was appointed CEO and Executive Director of Dorchester Pacific in May 2008 and has a shareholding of 5.25% in Turners Limited. He is chairman of power company Top Energy and a director of listed Hellaby Holdings. Paul is a Chartered Accountant and holds a Bachelor of Commerce degree from the University of Auckland.

8. Kevin Brewer *Independent Director, Appointed December 2012*

Kevin Brewer is a business consultant with a background in merchant banking, mergers and acquisitions and corporate advisory with Bancorp and KPMG in New Zealand and Australia. He has held senior GM and CEO roles in SKY CITY Entertainment Group including responsibility for the Adelaide business. He is chair of the Anglican Trust for Women and Children, chair of Audit and Risk for YHA New Zealand and a director and advisory board member of a number of private companies. Kevin is a Chartered Accountant and holds a Post Graduate Diploma in Marketing from the University of Auckland.

OUR LEADERSHIP TEAM

1. Barbara Badish
Chief Financial Officer, Turners Limited

Barbara joined Turners Limited in 2010 at the time of the Capital Restructure Plan for Dorchester Pacific. Barbara has held senior management positions in the financial services, banking and accounting sectors in companies both in New Zealand and overseas including Geneva Finance, HSBC and KPMG. Barbara is a full member of the New Zealand Institute of Chartered Accountants.

2. Darryl French
General Manager, Dorchester and Oxford Finance

Darryl joined Turners Limited in 2002 and during his time in the company has worked in the roles of Credit and Recovery Manager and Group Operations Manager. He was appointed to his current role in April 2015. Darryl's career has spanned over 24 years in the banking and finance sector in senior roles in consumer lending, commercial lending, credit control and debt recovery including 12 years with Westpac Banking Group.

3. James Searle
General Manager, DPL Insurance

James is responsible for operational performance and development of life and consumer (vehicle and finance related) insurance products. James has over 25 years' experience in the New Zealand insurance industry having worked across underwriting, portfolio management, relationship management and marketing roles for major insurance companies including IAG and Lumley General Insurance. James holds a Graduate Diploma in Business Studies (marketing).

4. David Wilson
Chief Executive Officer, EC Credit Control

Dave joined EC Credit in 2007 and was previously in the role of Group Sales Manager. He was appointed to his current role in April 2015. Dave has worked in the credit management industry since 2001 and has over 20 years' experience and held senior positions in banking, finance and recruitment industries. Dave holds a Bachelor of Commerce from Massey University.

5. Todd Hunter
Chief Executive Officer, Turners Group NZ

Todd joined Turners Group NZ in 2006 and during his time at the company has worked in the roles of Chief Operating Officer (COO) and General Manager of Sales and Marketing. He was appointed Chief Executive of Turners Group NZ in August 2013. Before joining Turners, Todd worked at Microsoft Corporation, Ernst and Young and NZ Post in senior sales and marketing roles. Todd is a full member of the New Zealand Institute of Chartered Accountants.

6. Aaron Saunders
Chief Financial Officer, Turners Group NZ

Aaron joined Turners Group NZ in 2006. He has a strong background in financial and management accounting, at both a strategic and operating level in local and international markets. Over the last 20 years, Aaron has worked across a broad range of company sizes and industries including vehicle importation and distribution, broadcasting and the finance sector. Aaron is a full member of the New Zealand Institute of Chartered Accountants.

Turners. LIMITED

FINANCIAL REPORTS

FOR THE YEAR ENDED 31 MARCH 2015

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staplesrodway
CHARTERED ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF

TURNERS LIMITED (FORMERLY DORCHESTER PACIFIC LIMITED)

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Turners Limited (formerly Dorchester Pacific Limited) and its subsidiaries (together the 'Group') on pages 30 to 79, which comprise the consolidated statement of financial position of the Group as at 31 March 2015, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Financial Statements

The directors are responsible for the preparation and fair presentation of these consolidated financial statements in accordance with New Zealand Equivalents to International Financial Reporting Standards and International Financial Reporting Standards and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal controls relevant to the Group's preparation of consolidated financial statements that give a true and fair view of the matters to which they relate in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, as well as evaluating the presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Other than in our capacity as auditor and providers of other assurance services we have no relationship with, or interests in, the Group. These services have not impaired our independence as auditors of the Group.

INDEPENDENT AUDITOR'S REPORT cont.

for the year ended 31 March 2015

Opinion

In our opinion, the consolidated financial statements on pages 30 to 79 present fairly, in all material respects, the consolidated financial position of the Group as at 31 March 2015 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with New Zealand Equivalents to International Financial Reporting Standards and International Financial Reporting Standards.

Matters Relating to the Electronic Presentation of the Audited Financial Statements

This audit report relates to the financial statements of Turners Limited (formerly Dorchester Pacific Limited) and its subsidiaries (together the 'Group') for the year ended 31 March 2015 included on Turners Limited's website. The Group's Board of Directors is responsible for the maintenance and integrity of Turners Limited's website. We have not been engaged to report on the integrity of Turners Limited's website. We accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

The audit report refers only to the financial statements named above. It does not provide an opinion on any other information which may have been hyper linked to / from these financial statements. If readers of this report are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the audited financial statements and related audit report dated 22 June 2015 to confirm the information included in the audited financial statements presented on this website.

Legislation in New Zealand governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Staples Rodway

STAPLES RODWAY AUCKLAND
AUCKLAND

22 June 2015

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 March 2015

	Notes	**2015 $'000**	2014 $'000
Revenue from continuing operations	7	**89,498**	31,327
Other income	7	**7,098**	-
Cost of goods sold		**(22,576)**	-
Interest expense	7	**(7,381)**	(2,188)
Interest expense present value of optional convertible notes interest instalments to March 2015		**-**	(1,669)
Movement in impairment provisions	7	**(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	7	**(1,504)**	(750)
Property expense		**(3,634)**	(759)
Other expenses		**(12,257)**	(6,822)
Net operating profit		**18,264**	4,171
Share of profit of equity-accounted investment (net of tax)	18	**742**	721
Profit before taxation		**19,006**	4,892
Taxation (expense)/benefit	8	**(956)**	3,225
Profit from continuing operations		**18,050**	8,117
Discontinued operations			
Profit from discontinued operation (net of income tax)	9	**-**	93
Profit		**18,050**	8,210
Other comprehensive income for the year (which may subsequently be reclassified to profit/loss), net of tax			
Foreign currency translation differences		**19**	(35)
Total comprehensive income for the year		**18,069**	8,175
Profit attributable to:			
- Owners of the parent		**17,960**	8,210
- Non-controlling interests		**90**	-
		18,050	8,210
Total comprehensive income attributable to:			
- Owners of the parent		**17,979**	8,175
- Non-controlling interests		**90**	-
		18,069	8,175
Earnings per share (cents per share)			
Basic earnings per share	10	**3.28**	2.04
Basic earnings per share on continuing operations	10	**3.28**	2.02
Diluted earnings per share	10	**3.01**	2.04
Diluted earnings per share on continuing operations	10	**3.01**	2.02

The accompanying notes form part of these financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the year ended 31 March 2015

	Notes	Share Capital $'000	Share Option Reserve $'000	Translation Reserve $'000	Retained Earnings $'000	Non-controlling interest $'000	Total $'000
Balance at 1 April 2013		67,846	884	(7)	(35,533)	-	33,190
Transactions with shareholders in their capacity as owners							
Capital contributions	27	33,571	(884)	-	-	-	32,687
Comprehensive income							
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
Balance at 31 March 2014		101,417	-	(42)	(27,323)	-	74,052
Transactions with shareholders in their capacity as owners							
Capital contributions	27	**34,060**	**-**	**-**	**-**	**-**	**34,060**
Share buy-back	27	**(183)**	**-**	**-**	**-**	**-**	**(183)**
Dividend paid	28	**-**	**-**	**-**	**(4,996)**	**-**	**(4,996)**
		33,877	**-**	**-**	**(4,996)**	**-**	**28,881**
Comprehensive income							
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	19	**-**	**-**	**-**	**-**	**10,832**	**10,832**
Acquisition of non -controlling interest	19	**-**	**-**	**-**	**90**	**(10,922)**	**(10,832)**
Total changes in ownership interests in subsidiaries that do not result in a loss of control		**-**	**-**	**-**	**90**	**(90)**	**-**
Balance at 31 March 2015		**135,294**	**-**	**(23)**	**(14,269)**	**-**	**121,002**

The accompanying notes form part of these financial statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

for the year ended 31 March 2015

	Notes	2015 $'000	2014 $'000
Assets			
Cash and cash equivalents	11	**12,339**	5,555
Financial assets at fair value through profit or loss	12	**17,350**	16,310
Trade receivables	13	**7,394**	2,763
Inventory	14	**8,984**	-
Finance receivables	15	**142,827**	37,726
Other receivables and deferred expenses	16	**5,946**	3,043
Reverse annuity mortgages	17	**13,253**	17,808
Investment in associate	18	**-**	10,209
Property, plant and equipment	20	**8,319**	595
Tax receivables		**433**	-
Deferred tax asset	21	**8,532**	6,761
Intangible assets	22	**103,595**	25,912
Total assets		**328,972**	126,682
Liabilities			
Other payables	24	**17,790**	6,619
Deferred revenue	25	**7,476**	6,733
Tax payables		**71**	-
Borrowings	26	**156,995**	17,565
Life investment contract liabilities	34	**16,378**	15,293
Insurance contract liabilities	34	**9,260**	6,420
Total liabilities		**207,970**	52,630
Shareholders' equity			
Share capital	27	**135,294**	101,417
Translation reserve		**(23)**	(42)
Retained earnings		**(14,269)**	(27,323)
Total shareholders' equity		**121,002**	74,052
Total shareholders' equity and liabilities		**328,972**	126,682

For and on behalf of the Board

G.K. Baker
Chairman Director

P.A. Byrnes
Executive Director

Authorised for issue on 22 June 2015

The accompanying notes form part of these financial statements

CONSOLIDATED STATEMENT OF CASH FLOW

for the year ended 31 March 2015

	Notes	2015 $'000	2014 $'000
Cash flows from operating activities			
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)
Net cash outflow from operating activities before changes in operating assets and liabilities		**10,485**	1,945
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)
Changes in operating assets and liabilities arising from cash flow movements		**(11,799)**	(6,389)
Net cash (outflow)/inflow from operating activities	30	**(1,314)**	(4,444)
Cash flows from investing activities			
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)
Net cash inflow/(outflow) from investing activities		**(48,013)**	(11,497)
Cash flows from financing activities			
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)**	-
Net cash inflow/(outflow) from financing activities		**50,479**	16,340
Net movement in cash and cash equivalents		**1,152**	399
Add opening cash and cash equivalents		**5,555**	5,184
Cash included with purchase of subsidiaries		**5,636**	-
Translation difference		**(4)**	(28)
Closing cash and cash equivalents		**12,339**	5,555
Represented By:			
Cash at bank	11	**12,339**	5,555
Closing cash and cash equivalents		**12,339**	5,555

The accompanying notes form part of these financial statements

1. REPORTING ENTITY

Turners Limited, formerly Dorchester Pacific Limited, ('the Company') is incorporated and domiciled in New Zealand. Turners Limited is registered under the Companies Act 1993.

Turners Limited is a FMC reporting entity for the purposes of the Financial Markets Conduct Act 2013.

The consolidated financial statements of Turners Limited and its subsidiaries (together ' the Group') have been prepared in accordance with the Companies Act 1993 and the Financial Markets Conduct Act 2013.

The Company's subsidiaries are listed in note19.

The Group is a for profit entity.

The Group's principal activity are:

- financial services (the Group offers loans, insurance products and credit collection services);
- the auction of motor vehicles, commercial goods, trucks and heavy machinery; and
- the purchase of motor vehicles and commercial goods for resale.

The financial statements were authorised for issue by the directors on 22 June 2015.

2. BASIS OF PREPARATION

2.1 Statement of Compliance

These financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand ('NZ GAAP'). They comply with New Zealand Equivalents to International Financial Reporting Standards ('NZ IFRS') and other applicable Financial Reporting Standards, as appropriate for profit oriented entities. These financial statements also comply with International Financial Reporting Standards ('IFRS').

2.2 Basis of measurement

The financial report has been prepared under the historical cost convention, as modified by revaluations for certain classes of assets and liabilities to fair value and life insurance contract liabilities and related assets to net present value as described in the accounting policies below.

2.3 Functional and Presentation Currency and Rounding

These financial statements are presented in New Zealand Dollars ($) which is the Company's functional currency. All values are rounded to the nearest thousand ($000), except when otherwise indicated.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by Group entities.

3.1 *New standards and interpretation*

Adoption of new and amended accounting standards that are mandatory for first time adoption.

No new standards, amendments and interpretations to existing standards are mandatory for the first time for the financial period ended 31 March 2015.

The following new standards, amendments and interpretations are issued but not yet effective for the Group's accounting periods beginning on or after 1 April 2014 or later periods. The Group has not early adopted them.

NZ IFRS 9 'Financial Instruments'

NZ IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. NZ IFRS 9 was issued in November 2009 and October 2010. It replaces the parts of NZ IAS 39 that relate to the classification and measurement of financial instruments. NZ IFRS 9 requires financial assets to be classified into two measurement categories: those measured as at fair value and those measured at amortised cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the NZ IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. The Group is yet to assess NZ IFRS 9's full impact and intends to adopt NZ IFRS 9 no later than the accounting period beginning on or after 1 January 2018.

NZ IFRS 15 'Revenue from Contracts with Customers'

NZ IFRS 15 'Revenue from Contracts with Customers' provides a five-step model to be applied to the recognition of revenue arising from contracts with customers:

- identify the contract with the customer;
- identify the performance obligations in the contract;
- determine the transaction price;
- allocate the transaction price to the performance obligations in the contract; and
- recognise revenue when (or as) the entity satisfies a performance obligation.

NOTES TO FINANCIAL STATEMENTS
for the year ended 31 March 2015

NZ IFRS 15 also introduces new disclosures about revenue.

The Group is yet to assess NZ IFRS 15's full impact and intends to adopt NZ IFRS 15 no later than the accounting period beginning on or after 1 January 2019.

NZ IFRS 4 (Amendments to Appendix C of NZ IFRS 4 Insurance Contracts - Life Insurance Entities)
NZ IFRS 4 (Amendments to Appendix C of NZ IFRS 4 Insurance Contracts - Life Insurance Entities), 'Insurance Contracts'. The amendments are consistent with the Amendments to the Insurance (Prudential Supervision) Act 2010, Appendix C of NZ IFRS 4 now requires disclosures in relation to the statutory funds of life insurance entities under that Act. In addition, entities are now required to disclose disaggregated information for each life fund (previously entities distinguished only between investment linked business and non-investment linked business). The Company has assessed that the adoption of NZ IFRS 4 (Amendments) will have a disclosure only impact on the Group's financial statements. The Group intends to adopt NZ IFRS 4 (Amendments to Appendix C of NZ IFRS 4 Insurance Contracts - Life Insurance Entities no later than the accounting period beginning on or after 1 July 2014.

3.2 *Basis of consolidation*
Business combinations
Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The Group measures goodwill at the acquisition date as:
- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the aquiree; plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree; less
- the net recognised amount of the identifiable assets acquired and liabilities assumed.

When an excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognised in profit or loss or other comprehensive income as appropriate.

Acquisition of non-controlling interests
Acquisitions of non-controlling interests are accounted for as transactions with owners in their capacity as owners and therefore no goodwill is recognised as a result. Adjustments to non-controlling interests arising from transactions that do not involve the loss of control are based on a proportionate amount of the net assets of the subsidiary.

Subsidiaries
Subsidiaries are all entities controlled by the Group. The financial statements of subsidiaries are included in consolidated financial statements from the date that control commences until the date that control ceases.

Loss of control
On loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on loss of control is recognised in profit or loss. If the Group retains an interest in the previous subsidiary, the interest is measured at fair value at the date control is lost. Subsequently it is accounted for as an equity-accounted investee or as an available for sale assets depending on the influence retained.

Investments in associates (equity accounted investees)
Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20% and 50% of the voting power of another entity.

Investments in associates are accounted for using the equity method and are recognised initially at cost. The cost of the investment includes transaction costs. The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of equity accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

Transactions eliminated on consolidation
Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

3.3 *Foreign currency*
Foreign currency transactions
Transactions in foreign currencies are translated to the respective functional currency of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in

the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured based on historical costs are translated using the exchange rate at the date of the transaction.
Foreign currency differences arising on retranslation are recognised in profit or loss.

Foreign operations
The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to New Zealand Dollars at exchange rates at the reporting date. The income and expenses of foreign operations are translated to New Zealand Dollars at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income, and presented in the foreign currency translation reserve (translation reserve) in equity. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture, that includes a foreign operation, while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and are presented in the translation reserve in equity.

3.4 Revenue and expense recognition
Revenue is recognised to the extent that it is probable that economic benefits will flow to the Group and that the revenue can be reliably measured. The principal sources of revenue are interest income, fees, commissions, and insurance premium income.

Sales of goods
Sales of goods comprise sales of motor vehicle and commercial goods owned by the Group. Sales of goods are recognised when the customer gains control of the goods.

Sales of services and commission expense
Sales of service comprise auction commission and other auction revenue, collection income, fee and commission revenue. Sales of service and commission expenses are recognised in the accounting period in which the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided.

Interest income and expense
Financial instruments are classified in the manner described in policy 3.5. Some are measured by reference to amortised cost, others by reference to fair value.

For financial instruments measured at amortised cost, the effective interest method is used to measure the interest income or expense recognised in profit or loss. For financial instruments measured at fair value, interest income or expense is recognised on an accrual basis.

The effective interest method calculates the amortised cost of a financial asset or financial liability and allocates the interest income or interest expense over the relevant period. The calculation includes all fees paid or received and directly related transaction costs that are an integral part of the effective interest rate. The interest income or expense is allocated over the life of the instrument and is measured for inclusion in profit and loss by applying the effective interest rate to the instruments amortised cost.

Lending and funding - fees and commissions
Lending fee income (such as booking and establishment fees) that is integral to the effective yield of a loan held at amortised cost is capitalised as part of the amortised cost and deferred over the life of the loan using the effective interest method. Lending fees not directly related to the origination of a loan are recognised over the period of service.

Incremental and directly attributable costs (such as commissions) associated with the origination of a financial asset (such as loans) and financial liabilities (such as borrowings) are capitalised as part of the amortised cost and deferred over the life of the financial instrument using the effective interest method.

Premium income and acquisition costs
Premium income on long-term insurance contracts is recognised on an accrual basis. Premium income on temporary life insurance contracts and short-term motor vehicle contracts is recognised in the period in which the premium is earned during the term of the contract.

The proportion of premiums not earned in the profit or loss at the reporting date is recognised in the balance sheet as unearned premium liability.

Under life investment contracts deposits are received from policyholders which are then invested on behalf of the policyholders. No premium income is recognised as revenue. Fees deducted from members' accounts are accounted for as fee income.

Commissions and other acquisition costs that vary with and are related to securing new and renewing existing insurance contracts are effectively deferred and amortised over the life of the policy, where product profitability can support the recovery of acquisition costs.

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Commissions and other acquisition costs that vary with and are directly related to securing new life investment contracts are capitalised as a deferred acquisition cost asset. All other acquisition costs are recognised as expenses in profit or loss when incurred. The deferred acquisition cost asset is subsequently amortised over the life of the contracts and recognised in profit or loss.

Voucher income
Pre-paid debt recovery voucher income is recognised when the voucher is redeemed or after a period of time based on historical redemption patterns. Estimates are readjusted as necessary based on movements in the actual redemption patterns.

Other income
Dividend income is recorded in the profit or loss when the Group's right to receive the dividend is established. Realised and unrealised gains and losses from re-measurement of financial Instruments at fair value through profit or loss are included in other operating income and life insurance income.

Claims expense
Claims expenses represent claim payments adjusted for the movement in the outstanding claims liability.

Insurance contract claims are recognised when a liability has been established. Claims under life investment contracts represent withdrawals of investment deposits and are recognised as a reduction in the life investment contract liabilities.

Other expense recognition
All other expenses are recognised in profit or loss as incurred.

3.5 Financial assets
The Group classifies its investments in the following categories: financial assets at fair value through profit or loss, loans and receivables, held to maturity investments and available for sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at every reporting date.

Financial assets at fair value through profit or loss
This category has two sub categories: financial assets held for trading, and those designated at fair value through profit or loss at inception. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Derivatives are also categorised as held for trading unless they are designated as hedges.

The Group's financial assets at fair value through profit or loss comprise investment in unitised funds, fixed interest securities, term deposits and fair value of foreign exchange derivatives.

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of selling the receivable.

The Group's loans and receivables comprise cash and cash equivalents, trade receivables, finance receivables, reverse annuity mortgages and other receivables.

Held to maturity investments
Held to maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity.

The Group does not have any financial assets classified as held to maturity.

Available for sale financial assets
Available for sale financial assets are non-derivatives, principally equity securities, that are either designated in this category or not classified in any of the other categories.

The Group does not have any financial assets classified as available for sale.

Purchases and sales of investments are recognised on trade date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in profit or loss. Investments in equity instruments that do not have a quoted market price in an active market and whose fair values cannot be reliably measured are recognised and subsequently carried at cost.

Investments are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Available for sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and held to maturity investments are carried at amortised cost using the effective interest method. Realised and unrealised gains and losses arising from changes in the fair value of financial assets at fair value through profit or loss are included in profit or loss in the period in which they arise. Unrealised gains and losses arising from changes in the fair value of securities classified as available for sale are recognised in other comprehensive income, except for foreign exchange movements on monetary assets, which are recognised in

profit or loss. When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments are included in profit or loss as gains and losses from investment securities.
The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models refined to reflect the issuer's specific circumstances. Investments in equity instruments that do not have a quoted market price in an active market and whose fair values cannot be reliably measured are recognised and subsequently carried at cost.

The Group assesses at each balance date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered in determining whether the securities are impaired. If any such evidence exists for available for sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in profit or loss. Impairment losses recognised in profit or loss on equity instruments are not reversed through profit or loss.

3.6 Cash and cash equivalents
Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings on the statement of financial position.

3.7 Finance and trade receivables
Receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

Collectability of receivables is reviewed on an ongoing basis. Individual debts which are known to be uncollectible are written off. A provision for impairment of receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered objective evidence of impairment.

The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The amount of the provision is recognised in profit or loss.

If, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the previously recognised impairment loss is reversed and the reversal is recognised in profit or loss.

Subsequent recoveries of amounts written off are recognised in profit or loss.

3.8 Trade and other payables
These amounts represent unsecured liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. As trade and other payables as usually paid within 30 days, they are carried at face value.

3.9 Borrowings
Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

3.10 Derivative financial instruments and hedge accounting
The Group uses derivative financial instruments (forward exchange contracts and interest rate swaps) to hedge its risks associated with foreign currency and interest rate fluctuations. In the money derivative financial instruments are financial assets, while out of the money derivative financial instruments are financial liabilities.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as either; (1) hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge); or (2) hedges of highly probable forecast transactions (cash flow hedges); or (c) hedges of a net investment in a foreign operation (net investment hedge).

The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in fair values or cash flows of hedged items.

Cash flow hedge
The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss. Amounts accumulated in equity are reclassified in profit or loss in the periods when the hedged item affects profit or loss (for instance when the forecast sale that is hedged takes place). However, when the forecast transaction that is hedged results in the recognition of a non-financial asset (for example,

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inventory), the gains and losses previously deferred in equity are transferred from equity and included in the measurement of the initial cost or carrying amount of the asset.

When a hedging instrument expires or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to profit or loss.

Derivatives that do not qualify for hedge accounting
Certain derivative instruments do not qualify for hedge accounting or hedge accounting has not been adopted in relation to them. Changes in the fair value of these derivative instruments are recognised immediately in profit or loss.

3.11 Insurance contracts
Insurance contracts are those contracts that transfer significant insurance risk and are accounted for in accordance with the requirements of NZ IFRS 4 Insurance Contracts. The Group issues the following insurance contracts:

- Long-term insurance contracts with fixed and guaranteed terms, these contracts insure events associated with human life (for example, death) over a long duration;
- Temporary life insurance contracts covering death disablement, disability and redundancy risks; and
- Short term motor vehicle contracts covering comprehensive, third party and mechanical breakdown risks.

The liability for insurance contracts has been determined in accordance with Appendix C of NZ IFRS 4 Insurance Contracts and Professional Standard No 3 of the New Zealand Society of Actuaries. In terms of these standards, the liability is determined using the methodology referred to as Margin on Service (MoS). Under MoS the excess premium received over claims and expenses, 'the profit margin', is recognised over the life of the contract in a manner that reflects the pattern of risk accepted from the policyholder 'the service'.

3.12 Life investment contracts
Life investment contracts are those contracts with minimal insurance risk and are accounted for in accordance with NZ IAS 18 Revenue and NZ IAS 39 Financial instruments: Recognition and Measurement (refer note 3.5). The life investment contacts are unit-linked and fair value of a unit linked contract is determined using the current unit values that reflect the fair value of the financial assets backing the contract, multiplied by the number of units attributable to the contract holder.

3.13 Inventories
Inventories comprise primarily motor vehicles held for sale and are stated at the lower of cost or net realisable value. Costs comprises purchase price, shipping cost, compliance cost and other sundry related costs. Estimated selling prices are based upon recent observed vehicle sales prices for comparable vehicles. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

3.14 Property, plant and equipment
Property, plant and equipment are recognised in the statement of financial position at cost less accumulated depreciation and impairment losses. Land is not depreciated. Depreciation is calculated on all other property, plant and equipment on a diminishing value or straight-line basis to allocate the costs, net of any residual amounts, over their useful lives. The rates for the following asset classes are:

	Diminishing value	Straight line
Leasehold improvements, furniture and fittings, office equipment	7.5 - 60.0%	3 - 15 years
Computer equipment	31.2 - 48.0%	3 - 5 years
Motor vehicles and equipment	26.0 – 31.2%	3 -7 years
Signs and flags	-	3 – 12 years

3.15 Intangible assets
Intangible assets comprise goodwill, acquired separable corporate brands, acquired customer relationships and computer software. Goodwill and corporate brands are indefinite life intangibles subject to annual impairment testing.

Goodwill represents the excess of fair value attributed to investments in subsidiaries over the fair value of the underlying net assets, including intangible assets, at the date of acquisition.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose, identified according to operating segment.

Corporate brands and customer relationships acquired as part of a business combination are capitalised separately from goodwill as intangible assets if their value can be measured reliably on initial recognition and it is probable that the expected future economic benefits that are attributable to the asset will flow to the Group.

The carrying value of corporate brands is reviewed at least annually for impairment.

Corporate relationship assets are amortised on the straight line basis over the expected life (3 – 5 years) of the relationship.

Computer software is recognised in the statement of financial position at cost less accumulated amortisation and impairment losses.

Direct costs associated with the purchase and installation of software licences and the development of software for internal use are capitalised where project success is probable and the capitalisation criteria is met. Cost associated with planning and evaluating computer software and maintaining a system after implementation are expensed. Computer software costs are amortised on a diminishing value basis (rate of 50%) or on a straight-line basis (one to five years).

3.16 Leases in which the Group is lessee
Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

3.17 Leases in which the Group is lessor
Leases of plant and equipment, where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are transferred to the entity are classified as finance leases. Finance leases are capitalised at the lease's inception at the lower of the fair value of the leased asset and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to the asset. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

When the leased asset is subject to a sale and lease back arrangement and the lease meets the definition of a finance lease, in substance the arrangement is a loan secured over the leased asset. In this situation the arrangement is classified as a loan and is included within finance receivables.

3.18 Taxation
Income tax for the period comprises current and deferred tax. Current and deferred tax are recognised as an expense or income in the profit or loss, except when they relate to items that are recognised outside profit or loss (whether in other comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss.

Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at balance date after taking advantage of all allowable deductions under current taxation legislation and any adjustment to tax liabilities in respect of previous years.

Deferred tax is provided using the liability method, providing for temporary differences between the amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the amount of assets and liabilities, using tax rates enacted or substantively enacted as at balance date.

Deferred taxation assets arising from temporary differences or income tax losses, are recognised only to the extent that it is probable that a future taxable profit will be available against which the asset can be utilised. Deferred taxation assets are reduced to the extent that it is no longer probable that the related tax asset will be realised. Any reduction is recognised in profit or loss.

3.19 Impairment of non-financial assets
Intangible assets that have an indefinite useful life are not subject to amortisation and are tested for impairment annually or more frequently if events or changes in circumstances indicate that they might be impaired. Intangible assets not yet available for use are tested for impairment annually or more frequently if events or changes in circumstances indicate that they might be impaired.

Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The Group conducts an annual internal review of asset values, which is used as a source of information to assess for any indicators of impairment. External factors, such as changes in expected future processes, technology and economic conditions, are also monitored for indicators of impairment. If any indication of impairment exists, an estimate of the asset's recoverable amount is calculated.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Value in use is determined by estimating future cash flows from the use and ultimate disposal of the asset and discounting these to their present value using a pre-tax discount rate that reflects current market rates and the risks specific to the asset. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Impairment losses directly reduce the carrying amount of assets and are recognised in profit or loss.

Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

3.20 Managed funds and other fiduciary activities
DPL Insurance Limited, a wholly owned subsidiary, acted as a promoter for a number of superannuation funds with assets managed by a third party investment manager. The assets and liabilities of these funds are included in the financial statements.
Arrangements exist to ensure the activities of the superannuation funds are managed independently from the other activities of the company.

3.21 Employee benefits
Wages, salaries and annual leave
Liabilities for wages, salaries and annual leave are recognised in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled.

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Long service leave
The liability for long service leave is recognised in the provision for employee benefits and measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Profit sharing and bonus plans
The Group recognises a liability and an expense for bonuses and profit-sharing based on a formula that takes into consideration the profit attributable to the Company's shareholders after certain adjustments. The Group recognises an accrual where contractually obliged or where there is a practice that has created a constructive obligation.

Superannuation plans
The Group pays contributions to superannuation plans, such as Kiwisaver. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as an employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

3.22 Segment reporting
Management has determined the operating segments based on the reports reviewed by the Board of Directors that are used to make strategic decisions.

3.23 Discontinued operations
A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations that has been disposed of or is held for sale. When an operation is classified as a discontinued operation the comparative statement of comprehensive income is restated as if the operation had been discontinued from the start of the comparative period.

3.24 Statement of cash flows
The statement of cash flows has been prepared using the direct approach modified by netting certain cash flows in order to provide more meaningful disclosure to better reflect the activities of the Group's customers or the party providing funding to the Group than those of the Group. These include reverse annuity mortgages, finance receivables, borrowings and secured notes.

4. Use of Estimates and Judgements
In preparing the financial statements in accordance with NZ GAAP management has made judgements, estimates and assumptions that affect the application of accounting policies and about the future that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The principal areas of judgement in preparing these financial statements are set out below.

Provision for impairment on financial assets
An impairment loss is recognised when there is objective evidence that a financial asset is impaired. Management specifically reviews its loan and receivables financial assets and analyses historical bad debts, customer concentrations, customer creditworthiness, current economic trends and changes in the customer payment terms when making a judgment to evaluate the adequacy of the allowance for impairment losses. Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics and adjusted as necessary on the basis of current observable data to reflect the effect of current conditions. If the expectation is different from the estimation, such difference will impact the carrying value of receivables (refer notes 7 and 15).

Fair value of financial instruments
The fair value of financial instruments that are not quoted in active markets are determined using discounted cash flow models. To the extent practical, models use observable data however normal volatilities require management to make estimates. Changes in assumptions about these factors could affect the reported fair values of financial instruments (refer note 12).

Business combinations
Management uses valuation techniques to determine the fair values of the various elements of a business combination. Judgement is used in the determination of the fair value of the consideration and the value on intangible assets arising on acquisition (for example corporate brands and customer relationships) The fair value of contingent consideration is dependent on the outcome of many variables that affect future profitability (see note 19).

Deferred tax asset
The Group has recorded a deferred tax asset in its statement of financial position as at 31 March 2015. Significant judgement is required in determining the utilisation of deferred tax asset is probable. The Directors have reviewed the forecast earnings of the Group and have determined that the utilisation of the deferred tax is probable (refer note 21).

Impairment of goodwill
The carrying value of goodwill is assessed at least annually to ensure that it is not impaired. Performing this assessment generally requires management to estimate future cash flows to be generated by the related investment or cash-generating unit, which entails making judgements, including the expected rate of growth of revenues, margins expected to be achieved and the appropriate discount rate to apply when valuing future cash flows (refer note 22).

Impairment of corporate brands
The carrying value of brand is assessed at least annually to ensure that it is not impaired. Performing this assessment generally requires management to estimate future cash flows to be generated by the related investment or cash-generating units, which entails making judgements, including the expected rate of growth of revenues, margins expected to be achieved and the appropriate discount rate to apply when valuing future cash flows (refer note 22).

Liabilities arising from claims made under insurance contracts
Liabilities arising from claims made under insurance contracts are estimated based on the terms of cover provided under an insurance contract.

The estimation of the ultimate liability arising from claims made under insurance contracts is based on a number of actuarial techniques that analyse experience, trends and other relevant factors. The estimate process involves using Group specific data, relevant industry data and general economic data, including but not limited to, claim frequencies, average claim sizes and historical trends (refer note 34A).

Unredeemed voucher liabilities
The Group's estimate of the unredeemed voucher liability is based on historic redemption patterns. Changes in the redemption pattern of unredeemed vouchers could affect the reported value of this liability (note 25).

5. Financial risk management
The financial condition and operating results of the Group are affected by a number of key financial and non-financial risks. Financial risks include credit risk, liquidity risk and market risk. The non-financial risks include insurance risk which is covered in note 34.

5.1 Credit risk
Credit risk is the risk of financial loss to the Group if a counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's cash and cash equivalents, derivative financial instruments, financial assets at fair value through profit or loss (excluding equities held in unitised funds), trade receivables, finance receivables, reverse annuity mortgages, and other receivables.

The Group’s cash and cash equivalents, derivative financial instruments and financial assets at fair value through profit or loss (excluding equities in unitised funds) are place with registered banks or invested in government stock.

Management assesses the credit quality of trade customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on these assessments. The use of credit limits by trade customers is regularly monitored by management. Sales to public customers are settled in cash, bank cheques or using major credit cards, mitigating the credit risk.

To manage credit on finance receivables the Group performs credit evaluations on all customers requiring advances. The approval process considers a number of factors including: borrower’s past performance, ability to repay, amount of money to be borrowed against the security and the creditworthiness of the guarantor/co-borrower involved.

The Group operates a lending policy with various levels of authority depending on the size of the loan. A lending and credit committee operates and overdue loans are assessed on a regular basis by this body.

Risk grades categorise loans according to the degree of risk of financial loss faced and focuses management on the attendant risks. The current risk grading framework consists of three grades reflecting varying degrees of risk of default and the availability of collateral or other credit risk mitigation. They are as follows:
- neither past due or impaired - compliance with all terms, good security value, and no adverse events affecting the borrower;
- past due but not impaired - payments past due, compliance with most of the terms, concerns over security value, concerns over future events that may affect the borrower; and
- impaired - non-compliance with terms or evidence of impairment of security held, or adverse event affecting the borrower.

The Group implements guidelines on the acceptability of specific classes of collateral or credit risk mitigation. The principal collateral types for finance receivables are:
- mortgages over properties, with the maximum loan to value rate being 75%;
- mortgages over houses for reverse annuity mortgages;
- charges over vehicle stock for dealer floorplans;
- chattel paper where the Group acts as a wholesale funder;
- charges over business assets such as equipment; and
- charges over motor vehicles.

For motor vehicle and equipment finance receivables, estimates of the value of collateral are assessed at the time of borrowing, and are not updated unless the receivable is being assessed for specific impairment. The allowance for impairment includes the Group's estimate of the value of collateral held.

For Life investment linked contracts the investments credit risk is appropriate for each particular product and the risk is borne by the policy holder. There is no significant risk assumed by the Group.

5.2 Market Risk
Market risk is the risk that changes in market prices, such as interest rates, foreign exchange rates and equity prices, will affect the Group's income or the value of its holdings of financial instruments.

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5.2.1 Insurance business
For the investment linked policies the market risk is transferred to the policy holder. The Group earns fees on investment linked policies that are based on the amount of assets invested and it may receive lower fees should markets fall. Asset allocation for investment linked policies is decided by the Policy Holder.
In the other insurance business, market risk arises when there is a mismatch between the insurance policy liabilities and the assets backing those liabilities. Refer to note 34K for insurance liabilities interest rate sensitivity. The insurance business has no significant currency and equity risk.

5.2.2 Interest rate risk
Interest rate risk is the risk of loss to the Group arising from adverse changes in interest rates. The Group's financing activities are exposed to interest rate risk in respect of its interest earning assets and interest bearing liabilities. Changes to interest rates can impact the Group's financial results by affecting the interest spread earned on these assets and liabilities.

Interest rates are managed by assessing the demand for funds, new lending, expected debt repayments and maintaining a portfolio of financial assets and liabilities with a sufficient spread between the Group's lending and borrowing activities. Exposure to interest rates is monitored by the Board of Directors on a monthly basis.

The interest rates earned on finance receivables are fixed over the term of the contract. When approving interest rates for individual loan advances, interest rate risk is measured in accordance with the approved lending policy. Turners Finance Limited borrows at fixed rates to fund finance receivables. The terms and the amounts of the finance payables are matched to each corresponding finance receivable, for which the lending rates are also fixed at inception, thus eliminating the cash flow interest rate risk on these financial instruments

The table below summarises the sensitivity of the Group’s financial assets and liabilities to interest rate risk.

	Carrying amount $’000	-1% Profit $’000	-1% Equity $’000	+1% Profit $’000	+1% Equity $’000
2015					
Financial Assets					
Cash and cash equivalents	**12,339**	**(123)**	**(89)**	**123**	**89**
Financial assets at fair value through profit or loss	**877**	**(9)**	**(6)**	**9**	**6**
Finance receivables	**142,827**	**(1,046)**	**(753)**	**1,046**	**753**
Reverse annuity mortgages	**13,253**	**(133)**	**(96)**	**133**	**96**
Financial Liabilities					
Derivative cash flow hedges	**-**	**-**	**-**	**-**	**-**
Borrowings	**156,995**	**1,183**	**852**	**(1,183)**	**(852)**
Total increase/(decrease)		**(128)**	**(92)**	**128**	**92**
2014					
Financial Assets					
Cash and cash equivalents	5,555	(56)	(40)	56	40
Financial assets at fair value through profit or loss	948	(44)	(32)	38	27
Finance receivables	37,726	(377)	(272)	377	272
Reverse annuity mortgages	17,808	(178)	(128)	178	128
Financial Liabilities					
Borrowings	17,565	176	126	(176)	(126)
Total increase/(decrease)		(479)	(346)	473	341

5.2.3 Currency risk
The Group is exposed to currency risk arising from various currency exposures, primarily with respect to the Australian Dollars (‘AUD’) and Japanese Yen (‘JPY’). Currency risk arises from the future commercial transactions, recognised assets and liabilities and net investment in foreign operations.

To ensure the net exposure to EC Credit Control (Aust) Pty Ltd, which has AUD as its functional currency, is kept to an acceptable level, the Group has a comprehensive transfer pricing policy and converts the AUD unredeemed voucher liability (refer note 25) into a NZD liability by selling the AUD liability to the New Zealand entity that will be providing the relevant services to settle the liability when the voucher is redeemed.

To limit its exposure to JPY, the Group hedges the anticipated cash flows (mainly purchased inventory) when the commitment is made. All projected purchases qualify as ‘highly probable’ forecast transactions for hedge accounting purposes.

The table below summarises the Group’s financial exposure to currency risk.

in NZD'000	2015 NZ$'000	2014 NZ$'000
Net exposure to AUD	**203**	(1,372)
Net exposure to JPY	**-**	-

The table below summaries the Group's sensitivity to +/- 10% foreign exchange fluctuations.

In NZD'000	-10% Profit	-10% Equity	+10% Profit	+10% Equity
2015				
AUD	**-**	**20**	**-**	**(18)**
JPY	**-**	**97**	**-**	**(80)**
2014				
AUD	(82)	(57)	125	87

5.2.4 Liquidity risk
Liquidity risk is the risk that the Group will not be able to meet its obligations associated with financial liabilities as they fall due.

The Group endeavours to maintain sufficient funds to meet its commitments based on forecasted cash flow requirements. Management actively manages the lending and borrowing portfolios to ensure the net exposure to liquidity risk is minimised. The exposure is reviewed on an on-going basis from daily procedures to monthly reporting as part of the Group's liquidity management process.

The liquidity risk for cash flows payable on the life investment contracts liabilities that are unit linked contracts is managed by holding a pool of readily tradable investment assets (included in financial assets at fair value through profit or loss) and deposits on call. The liability and supporting assets have been excluded from the maturity analysis below because there is no contractual or expected maturity date for the life investment contracts and the readily tradable investment assets offset any liquidity risk. The liquidity risk on other insurance cash flows is managed by holding at least 25% of the insurance business assets in liquid assets such as cash and cash equivalents.

The table below analyses the Group's financial liabilities and net settled derivative financial instruments into relevant maturity groupings based on the remaining period to at the reporting date to contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Call $'000	0-6 months $'000	7-12 months $'000	13-24 months $'000	25-60 months $'000	60+ months $'000	Total $'000
2015							
Other payables	**-**	**15,766**	**-**	**-**	**-**	**-**	**15,766**
Derivative cash flow hedges	**-**	**1,207**	**-**	**-**	**-**	**-**	**1,207**
Borrowings	**-**	**62,656**	**37,539**	**42,146**	**23,274**	**11,916**	**177,531**
	-	**79,629**	**37,539**	**42,146**	**23,274**	**11,916**	**194,504**
Expected undiscounted cash flows:							
Other payables	**-**	**15,766**	**-**	**-**	**-**	**-**	**15,766**
Derivative cash flow hedges	**-**	**1,207**	**-**	**-**	**-**	**-**	**1,207**
Borrowings	**-**	**14,016**	**14,247**	**45,853**	**31,559**	**120,528**	**226,203**
	-	**30,989**	**14,247**	**45,853**	**31,559**	**120,528**	**243,176**
2014							
Other payables	-	553	3,887	-	-	-	4,440
Borrowings	-	359	3,761	10,251	3,600		17,971
	-	912	7,648	10,251	3,600	-	22,411
Expected undiscounted cash flows:							
Other payables	-	553	3,887	-	-	-	4,440
Borrowings	-	359	3,761	10,251	3,600		17,971
	-	912	7,648	10,251	3,600	-	22,411

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for the year ended 31 March 2015

5.2.5 Financial instruments by category

Carrying value	**2015** **$'000**	2014 $'000
Financial assets		
Financial assets at fair value through profit or loss	**17,350**	16,310
Loans and receivables		
Cash and cash equivalents	**12,339**	5,555
Trade receivables	**7,394**	2,763
Finance receivables	**142,827**	37,726
Other receivables and deferred expenses	**2,860**	1,372
Reverse annuity mortgages	**13,253**	17,808
	196,023	81,534
Financial liabilities		
Other payables	**15,766**	4,440
Borrowings	**156,995**	17,565
	172,761	22,005

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

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.

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.

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
2015				
Financial assets:				
Financial assets at fair value through profit or loss - Insurance	**512**	**16,473**	**-**	**16,985**
Financial assets at fair value through profit or loss - Other	**365**	**-**	**-**	**365**
Derivatives used for hedging	**-**	**-**	**-**	**-**
	877	**16,473**	**-**	**17,350**
2014				
Financial assets:				
Financial assets at fair value through profit or loss - Insurance	529	15,362	-	15,891
Financial assets at fair value through profit or loss - Other	419	-	-	419
	948	15,362	-	16,310

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 and foreign exchange derivative contracts based on quoted market price.

Derivatives used for hedging

The fair value of forward exchange contracts is determined using forward exchange rates at balance date, with the resulting value discounted to present value.

6. SEGMENTAL INFORMATION

6.1 DESCRIPTION OF SEGMENTS

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 note 19). 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 segments 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.

6.2 OPERATING SEGMENTS

Revenue	Total segment revenue **2015** **$'000**	Inter-segment revenue **2015** **$'000**	Revenue from external customers **2015** **$'000**	Total segment revenue 2014 $'000	Inter-segment revenue 2014 $'000	Revenue from external customers 2014 $'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

Operating profit	**2015** **$'000**	2014 $'000
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
Profit/(loss) before taxation	**19,006**	4,892
Income tax	**(956)**	3,225
Profit/(loss) from continuing operations	**18,050**	8,117
Profit from discontinued operation (net of income tax)	**-**	93
Net profit attributable to shareholders	**18,050**	8,210

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	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)

6.3 SEGMENT ASSETS AND LIABILITIES

	Segment assets		Segment 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

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**	-

7. PROFIT BEFORE TAX

	Notes	2015 $'000	2014 $'000
Revenue from continuing operations includes:			
Interest income			
Bank accounts, short term deposits and investments		**366**	217
Finance receivables		**19,308**	5,559
Reverse annuity mortgages		**1,375**	1,641
Total Interest Income		**21,049**	7,417
Other revenue			
Sales of goods		**26,340**	-
Commission and other auction revenue		**14,471**	-
Finance related insurance commissions		**612**	-
Loan fee income		**1,668**	336
Life insurance and life investment contract income		**5,475**	4,247
Collection income		**18,241**	17,015
Bad debts recovered		**1,165**	979
Foreign exchange gain		**-**	1,087
Other revenue		**477**	246
Total Other Revenue		**68,449**	23,910
Total Operating Revenue		**89,498**	31,327
Other income includes:			
Revaluation gain on stepped acquisition in Turners Group NZ Limited		**7,058**	-
Dividend income		**30**	-
Gain of sale of property, plant and equipment		**10**	-
		7,098	-
Interest expense			
Bank borrowings and other		**6,491**	1,695
Bonds		**890**	-
Optional convertible notes		**-**	493
Total Interest Expense		**7,381**	2,188
Movement in impairment provisions			
Provisions for:			
Specific impaired finance receivables	15	**20**	(437)
Collective impairment provision for finance receivables	15	**207**	(460)
Collective impairment on reverse annuity mortgages	17	**5**	(23)
Finance receivables bad debts written off		**1,375**	1,452
Movement		**1,607**	532
Net operating profit includes the following specific expenses			
Depreciation			
- Plant, equipment & motor vehicles		**193**	13
- Leasehold improvements, furniture, fittings & office equipment		**268**	108
- Computer equipment		**190**	94
- Signs & flags		**56**	-
Amortisation of software		**546**	234
Amortisation of corporate relationships		**251**	301
		1,504	750
Tax advisory fees		**113**	68
Donations		**11**	-
Directors' fees		**353**	379
Post-employment benefits		**451**	205
Loss on sale of property, plant and equipment		**121**	-

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	2015 $'000	2014 $'000
Fees paid to auditor		
Staples Rodway Auckland (auditor of the Group)		
Audit of financial statements		
Audit of annual financial statements	**204**	215
Other services		
Other assurance services		
- audit of DPL Insurance Limited solvency return	**3**	3
- audit of Turners Limited share registry	**1**	1
- Special purposes audit for Turners Limited in relation to financial information in the Simplified Disclosure Prospectus	**9**	-
- Agreed Upon Procedures in relation to the EC Credit Control Limited final acquisition payment	**6**	-
- Agreed Upon Procedures in relation to the EC Credit Control Limited trust account	**3**	-
- To act as scrutineer at annual meeting	**-**	2
Total other services	**22**	6
Total fees paid to Staples Rodway Auckland	**226**	221

	2015 $'000	2014 $'000
PwC Auckland (component auditors of Turners Group NZ Limited and its subsidiaries)		
Audit of financial statements		
Audit and review of financial statements	**52**	-
Provision of licence for financial reporting software	**2**	-
Total fees paid to PwC Auckland	**54**	-

8. TAXATION

	2015 $'000	2014 $'000
Net operating profit before taxation (including discontinued operations)	**18,264**	4,264
Income tax expense at prevailing rates	**(5,117)**	(1,233)
Tax impact of income not subject to tax	**2,237**	120
Tax impact of expenses not deductible for tax purposes	**(194)**	(18)
Tax assets recognised	**2,107**	4,356
Under provision in prior years	**11**	-
Taxation (expense)/benefit	**(956)**	3,225
Comprising:		
Current	**(1,461)**	(135)
Deferred	**516**	3,360
Under provision in prior years	**(11)**	-
	(956)	3,225

9. DISCONTINUED OPERATIONS

There are no assets in this category as at 31 March 2015 (2014: Nil). The last asset in this category, a block of land in west Auckland was sold in the previous financial year with a settlement date of 1 May 2014 and the balance outstanding reclassified as a receivable at 31 March 2014.

Results of discontinued operations	2015 $'000	2014 $'000
Revenue	**-**	144
Expenses	**-**	(51)
Results from operating activities	**-**	93
Taxation	**-**	-
Results from operating activities (net of income tax)	**-**	93
Basic earnings/(loss) per share (cents)	**-**	0.02

	2015 $'000	2014 $'000
Cash flows from discontinued operation:		
Cash flows from operating activities	**-**	(46)
Cash flows from investing activities	**-**	100
Cash flows from financing activities	**-**	-
Net cash from/(used in) discontinued operation	**-**	54

	2,015 $'000	2,014 $'000
Effect of disposal on the financial position of the Group		
Assets classified as held for resale	**-**	-
Cash and cash equivalents	**-**	-
Other payables	**-**	-
Net identifiable assets and liabilities	**-**	-
Consideration received, satisfied in cash	**-**	-

10. EARNINGS PER SHARE

Basic earnings per share
The calculation of basic earnings per share at 31 March was based on the profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding as follows:

	2015 $'000	2014 $'000
Profit from continuing operations	**18,050**	8,117
Discontinued operations	**-**	93
Profit/(loss)	**18,050**	8,210
Weighted average number of ordinary shares at 31 March	**550,772,568**	402,741,350
Basic earnings per share (cents per share)	**3.28**	2.04
Basic earnings per share on continuing operations (cents per share)	**3.28**	2.02
Weighted number of shares		
Opening balance	**493,971,377**	208,263,598
Shares issued for the purchase of insurance assets	**688,948**	443,666
Shares issued on the conversion of options	**-**	175,469,495
Shares issued to institutional investors	**7,870,685**	12,833,329
Shares issued for the purchase of ECCC	**2,362,898**	5,731,262
Shares issued as part of the capital raising	**19,168,745**	-
Shares issued for the purchase of Turners	**25,341,870**	-
Shares issued in lieu of Turners' special dividend	**1,488,149**	-
Treasury shares	**(120,104)**	-
	550,772,568	402,741,350

Diluted earnings per share
The calculation of diluted earnings per share at 31 March was based on the diluted profit attributable to shareholders and a diluted weighted average number of ordinary shares outstanding as follows:

Continuing operations	**18,050**	8,117
Add: interest expense relating to optional convertible bonds, net of tax	**869**	-
Continuing operations (diluted)	**18,919**	8,117
Discontinued operations	**-**	93
Net profit/(loss) attributable to ordinary shareholders (diluted)	**18,919**	8,210
Weighted number of ordinary shares (diluted)		
Weighted average number of shares (basic)	**550,772,568**	402,741,350
Effect of the conversion of bonds	**77,435,263**	-
Weighted average number of shares (diluted)	**628,207,831**	402,741,350
Diluted earnings per share (cents per share)	**3.01**	2.04
Diluted earnings per share on continuing operations (cents per share)	**3.01**	2.02

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11. CASH AND CASH EQUIVALENTS

	2015 $'000	2014 $'000
The carrying value of cash and cash equivalents are denominated in the following currencies:		
Australian dollars	**111**	98
New Zealand dollars	**12,228**	5,457
	12,339	5,555

The carrying amount for cash and cash equivalents equals fair value.

The maximum exposure to credit risk at the reporting date is the carrying value of cash and cash equivalents. The Group undertakes all of its banking transactions with major banks and financial institutions.

12. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2015 $'000	2014 $'000
Insurance:		
Investments in unitised funds	**16,473**	15,362
Fixed Interest securities - Government Stock	**512**	529
Other:		
Term deposits	**365**	365
Fair value of foreign exchange derivative contract	**-**	54
Total	**17,350**	16,310
Investments in unitised funds comprise:		
New Zealand and overseas equities	**6,874**	6,662
Fixed Interest securities	**2,268**	2,711
Cash	**2,545**	1,807
New Zealand and overseas property securities	**4,786**	4,182
Total	**16,473**	15,362
Investments with external investment managers		
OnePath (NZ) Limited (formerly ING (NZ) Ltd) - Unitised Funds	**16,473**	15,362

Fixed interest securities and term deposit are all current assets. Investments in unlisted units represents the investments of the life investment contracts (refer 34G). There is no current/non-current split for investment in unitised funds because the timing of the realisation is not known.

The carrying amounts of the financial assets at fair value through profit or loss, excluding investments in unitised funds, are denominated in the following currencies:

Australian dollars	**4**	5
New Zealand dollars	**873**	943
	877	948

Interest rate and foreign exchange risk

A summarised analysis of the sensitivity of financial assets at fair value through profit or loss, excluding investments in unitised funds, to interest rate risk and foreign exchange risk can be found in note 5.2.2 and note 5.2.3.

Credit risk

The maximum exposure to credit risk at the reporting date is the carrying value of financial assets at fair value through profit or loss, excluding investments in unitised funds. The financial assets in this category are invested in government bonds or term deposits with banks. For Life investment linked contracts (investment in unitised funds) the investments credit risk is borne by the policy holder, there is no significant credit risk assumed by the Group.

Refer to note 5 for more information on the risk management policies of the Group.

13. TRADE RECEIVABLES

	2015 $'000	2014 $'000
Neither past due nor impaired	**6,077**	1,955
Past due but not impaired	**1,287**	808
Impaired	**141**	43
	7,505	2,806
Impairment provision	**(111)**	(43)
Net trade receivables	**7,394**	2,763

Trade receivables is a current asset.

Impaired receivables
If a trade receivable falls overdue and the Group is unable to enter into an arrangement to recover the amount owed then the receivable is classified as impaired.

The age of impaired trade receivables is as follows:		
Past due up to 30 days	**5**	-
Past due 30 – 60 days	**27**	-
Past due 60 – 90 days	**1**	-
Past due 90+ days	**108**	43
	141	43

	2015 $'000	2014 $'000
The age of past due but not impaired trade receivables is as follows:		
Past due up to 30 days	**867**	168
Past due 30 – 60 days	**215**	399
Past due 60 – 90 days	**95**	114
Past due 90+ days	**110**	127
	1,287	808

Movement in the impairment provision:		
Opening balance	**43**	-
Acquisition impairment balance	**41**	-
Impairment charge/(release) included in other operating expenses	**160**	112
Amounts written off	**(133)**	(69)
	111	43

Amounts charged to the impairment provision are generally written off when there is no expectation of recovering additional cash.

The carrying amounts of the Group's trade receivables are denominated in the following currencies:		
Australian dollars	**844**	767
New Zealand dollars	**6,550**	1,996
	7,394	2,763

Interest rate and foreign exchange risk
A summarised analysis of the sensitivity of trade receivables to interest rate risk and foreign exchange risk can be found in note 5.2.2 and note 5.2.3.

Fair value and credit risk
Due to the short-term nature of trade receivables, their carrying value is assumed to approximate their fair value. The maximum exposure to credit risk at the reporting date is the carrying amount of trade receivables. Credit risk is concentrated predominantly in New Zealand within the motor trade sector and private household sector, there is no concentration of credit risk on any individual customer.

Refer to note 5 for more information on the risk management policies of the Group.

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14. INVENTORY

	2015 $'000	2014 $'000
Motor vehicles	**8,972**	-
Commercial goods	**12**	-
	8,984	-

Inventory is a current asset.

Movement in the provision for write-downs of inventories to net realisable value	**94**	-

15. FINANCE RECEIVABLES

	2015 $'000	2014 $'000
Commercial loans	**16,943**	7,940
Consumer loans	**127,008**	30,791
Property development & investment loans	**6,400**	4,481
Gross finance receivables	**150,351**	43,212
Specific impairment provision	**(2,505)**	(2,061)
Collective impairment provision	**(4,481)**	(3,459)
Deferred fee revenue and commission expenses	**(538)**	34
	142,827	37,726
Current	**74,174**	20,960
Non-current	**68,653**	16,766
	142,827	37,726

Impaired finance receivables
Gross finance receivables are summarised as follows:

Neither past due nor impaired	**131,088**	32,015
Past due but not impaired	**13,691**	6,457
Impaired	**5,572**	4,740
Gross	**150,351**	43,212

The age of impaired finance receivables is as follows:

Past due up to 30 days	**-**	-
Past due 30 – 60 days	**-**	-
Past due 60 – 90 days	**-**	-
Past due 90+ days	**5,572**	4,740
	5,572	4,740

The age of past due but not impaired finance receivables is as follows:

Past due up to 30 days	**7,407**	1,937
Past due 30 – 60 days	**1,688**	780
Past due 60 – 90 days	**584**	103
Past due 90+ days	**4,012**	3,637
	13,691	6,457

Specific impaired financial receivables

Opening balance	**4,740**	4,911
Acquisition impaired financial receivables	**972**	-
Additions	**162**	175
Amounts now collectively assessed	**(25)**	-
Amounts recovered	**(33)**	(189)
Amounts written off	**(244)**	(157)
	5,572	4,740

Movement in the impairment provisions:

	2015 $'000	2014 $'000
Specific impairment provision		
Opening balance	**2,061**	2,498
Acquisition impairment balance	**424**	-
Impairment charge/(release) through profit or loss	**20**	(437)
Amounts written off	**-**	-
	2,505	2,061
Collective impairment provision		
Opening balance	**3,459**	3,919
Acquisition impairment balance	**815**	-
Impairment charge/(release) through profit or loss	**207**	(460)
Amounts written off	**-**	-
	4,481	3,459
Total impairment provision	**6,986**	5,520

Interest rate and foreign exchange risk
A summarised analysis of the sensitivity of finance receivables to interest rate risk can be found in note 5.2.2.

The Group's finance receivables are all denominated in NZD.

Fair value and credit risk

	Carrying amount 2015 $'000	Fair value 2015 $'000	Carrying amount 2014 $'000	Fair value 2014 $'000
Finance receivables	**142,827**	**143,454**	37,726	37,726

The fair values are based on cash flows discounted using a weighted average interest rate of 16.23% (2014: 18.0%).

The maximum exposure to credit risk is represented by the carrying amount of finance receivables which is net of any provision for impairment. The reported credit risk exposure does not take into account the fair value of any collateral, in event of the counterparties failing to meet their contractual obligation.

Refer to note 5 for more information on the risk management policies of the Group.

16. OTHER RECEIVABLES AND DEFERRED EXPENSES

	2015 $'000	2014 $'000
Deferred acquisition costs	**2,976**	1,604
Other receivables and prepayments	**2,970**	1,439
	5,946	3,043
Current	**4,616**	2,793
Non-current	**1,330**	250
	5,946	3,043
Carrying amount of financial assets included in other receivables	**2,860**	1,372

The carrying amounts of the financial assets included in other receivables are denominated in the following currencies:

Australian dollars	**4**	15
New Zealand dollars	**2,856**	1,357
	2,860	1,372

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Interest rate and foreign exchange risk

A summarised analysis of the sensitivity of financial assets included in other receivables to interest rate risk and foreign exchange risk can be found in note 5.2.2 and note 5.2.3.

Fair value and credit risk

The carrying value of these receivables is assumed to approximate their fair value. The maximum exposure to credit risk at the reporting date is the fair value of the financial assets included in other receivables. There is no concentration of credit risk to any individual customer or sector.

Refer to note 5 for more information on the risk management policies of the Group.

17. REVERSE ANNUITY MORTGAGES

	2015 $'000	2014 $'000
Securing bank borrowing (refer note 26)	**4,940**	11,317
DPL Insurance Limited RAMs (unencumbered)	**8,365**	6,589
Total reverse annuity mortgages	**13,305**	17,906
Deferred fee revenue and commission expenses	**(18)**	(69)
Provision for impairment	**(34)**	(29)
	13,253	17,808
Current	**1,603**	3,709
Non-current	**11,650**	14,099
	13,253	17,808
Movement in provisions for impairment		
Opening balance	**29**	6
Impairment charge/(release) through profit or loss	**5**	23
	34	29

Interest rate and foreign exchange risk

A summarised analysis of the sensitivity of reverse annuity mortgages to interest rate risk can be found in note 5.2.2.

The Group's reverse mortgage annuities are all denominated in NZD.

Fair value and credit risk

	Carrying amount 2015 $'000	**Fair value 2015 $'000**	Carrying amount 2014 $'000	Fair value 2014 $'000
Reverse annuity mortgages	**13,253**	**15,041**	17,808	20,049

The fair value of 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.

The maximum exposure to credit risk is represented by the carrying amount of reverse annuity mortgages which is net of any provision for impairment. The reported credit risk exposure does not take into account the fair value of any collateral, in event of the counterparties failing to meet their contractual obligation. All reverse annuity mortgages are secured by residential property in New Zealand.

18. INVESTMENT IN ASSOCIATE

In 2014 the Group held a 19.85% voting and equity interest in Turners Group NZ Limited. Although the Group held less than 20% of the equity shares and less than 20% of the voting power of Turners Group NZ Limited, the Group was considered to exercise significant influence by virtue of having a director on the Turners Group NZ Limited's board. During the year under review Turners Group NZ Limited became a wholly owned subsidiary (refer note 19). Prior to becoming a wholly owned subsidiary, Turners Group NZ Limited reporting date was 31 December.

Movement in the carrying amount of the Group's investment in associate:

	2015 **$'000**	2014 $'000
Balance 1 April	**10,209**	-
New investments	**-**	9,868
Share of profits of associate	**742**	721
Share of dividends	**(1,710)**	(380)
Associated derecognised on becoming a subsidiary	**(9,241)**	-
	-	10,209

Summarised financial information in respect of the Group's associate is set out below:

Consolidated balance sheet as at 31 December	2013 $'000
Total assets	57,016
Total liabilities	38,448
Net assets	18,568
Group's share of net assets of associate	3,685

Consolidated statement of comprehensive income	**8 months Oct 2014 $'000**	12 months Dec 2013 $'000
Total revenue	**87,043**	89,435
Profit for the period	**3,737**	4,817
Group's share of associates profits	**742**	721

The purchase consideration for Turners Auctions Limited can be analysed as follows:

	2014 $'000
Consideration paid	9,868
Company's share of net assets	3,545
Goodwill arising on acquisition	6,323

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for the year ended 31 March 2015

19. INVESTMENT IN SUBSIDIARIES

		Ownership Interest Held	
		2015	2014
Subsidiary			
Dorchester Finance Limited	Finance	**100.0%**	100.0%
EC Credit Control (NZ) Limited	Collection services	**100.0%**	100.0%
EC Credit Control (Aust) Pty Limited	Collection services	**100.0%**	100.0%
Dorchester RAMS Limited	Reverse annuity mortgages	**100.0%**	100.0%
DPL Insurance Limited	Assurance	**100.0%**	100.0%
Dorchester Life Management Limited	Trustee for superannuation funds	**100.0%**	100.0%
Dorchester Life Trustees Limited	Trustee for retirement plans	**100.0%**	100.0%
Dorchester Staff Share Plan Trustees Limited	Trustee	**100.0%**	100.0%
Dorchester Hotel Property Trust Management Limited	Hotel property management	**100.0%**	100.0%
Estate Management Services Limited	Collection services	**100.0%**	100.0%
EC Web Services Limited	Web services	**66.6%**	66.6%
Payment Management Services Limited	Collection services	**100.0%**	100.0%
Turners Group NZ Limited	Auctions	**100.0%**	19.9%
Turners Fleet Limited	Vehicle and commercial goods trade	**100.0%**	19.9%
Turners Finance Limited	Finance	**100.0%**	19.9%
Smart Group Services Limited	Dormant	**100.0%**	19.9%
Turners International Holdings Limited	Dormant	**100.0%**	19.9%
Turners Technology Solutions Limited	Dormant	**100.0%**	19.9%
Turners Auto Auctions Incorporated	Dormant	**100.0%**	19.9%
Turners Smart Auto Centre Limited	Dormant	**100.0%**	19.9%

All subsidiaries have a balance date of 31 March and, with the exception of EC Credit Control (Aust) Pty Limited (incorporated in Australia) and Turners Auto Auctions Incorporated (incorporated in Canada), all subsidiaries are incorporated in New Zealand.

Dorchester Hotel Property Trust Trading Limited ("DHPTTL") is a wholly owned subsidiary of Dorchester Hotel Property Trust Management Limited. DHPTTL is a special purpose entity established to manage the operations of the properties held by the Dorchester Property Trust and as such it does not meet the control test under NZ IFRS 10. It is therefore not a subsidiary and is not included in the Group financial statements.

Acquisition of businesses in the year ending 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 strengthens the Group's Finance business with loan portfolio metrics in line with the Dorchester Finance's receivables book and significantly increases 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
Consideration transferred	
Amount settled in cash on settlement date	**6,836**
Fair value of future payments	**4,701**
Fair value of contingent consideration	**942**
Total	**12,479**
Identified assets acquired and liabilities assumed	
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)**
Borrowings	**(46,100)**
Identifiable net assets	**4,884**
Goodwill on acquisition	**7,595**

	2015 $'000
Consideration transferred settled in cash	**6,836**
Cash and cash equivalents acquired	**(1,266)**
Net cash outflow on acquisition	**5,570**
Acquisition costs charged to expenses	**180**
Net cash paid relating to the acquisition	**5,750**

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. There was no material difference between managements estimate of the amount due and the amount settled.

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 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
Consideration transferred	
Cash	**27,016**
Ordinary shares (51,582,972)	**12,896**
Bonds (15,083,457)	**15,083**
Total	**54,995**
Fair value of equity interest in Turners Group NZ Limited before the business combination	**16,299**
Total consideration	**71,294**
Identified assets acquired and liabilities assumed	
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)**
Identifiable net assets	**13,667**

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for the year ended 31 March 2015

	2015 $'000
Non-controlling interest	**(10,832)**
Brand	**45,600**
Goodwill	**22,859**
Total	**73,309**
Consideration transferred settled in cash	**27,016**
Cash and cash equivalents acquired	**(4,370)**
Net cash outflow on acquisition	**22,646**
Acquisition costs charged to expenses	**(675)**
Net cash paid relating to the acquisition	**21,971**

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.

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**
Consideration paid to non-controlling interests	
Cash	**(7,095)**
Ordinary shares (10,536,240)	**(2,634)**
Bonds (402,564)	**(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.

20. PROPERTY, PLANT & EQUIPMENT

	Land $'000	Plant, equipment & motor vehicles $'000	Leasehold improvements, furniture, fittings & office equipment $'000	Computer equipment $'000	Signs & flags $'000	Total $'000
2015						
At cost	**-**	**70**	**1,161**	**1,681**	**-**	**2,912**
Accumulated depreciation	**-**	**(48)**	**(744)**	**(1,525)**	**-**	**(2,317)**
Opening carrying amount	**-**	**22**	**417**	**156**	**-**	**595**
Additions - business combinations	**4,210**	**1,280**	**1,569**	**219**	**174**	**7,452**
Additions	**52**	**212**	**358**	**366**	**194**	**1,182**
Disposals, transfers & translation difference	**-**	**(128)**	**(32)**	**(15)**	**(28)**	**(203)**
Depreciation	**-**	**(193)**	**(268)**	**(190)**	**(56)**	**(707)**
Closing carrying amount	**4,262**	**1,193**	**2,044**	**536**	**284**	**8,319**
At cost	**4,262**	**1,419**	**2,946**	**1,992**	**340**	**10,959**
Accumulated depreciation	**-**	**(226)**	**(902)**	**(1,456)**	**(56)**	**(2,640)**
Closing carrying amount	**4,262**	**1,193**	**2,044**	**536**	**284**	**8,319**
2014						
At cost	-	70	1,108	1,611	-	2,789
Accumulated depreciation	-	(35)	(636)	(1,431)	-	(2,102)
Opening carrying amount	-	35	472	180	-	687
Additions	-	-	57	70	-	127
Disposals and transfers	-	-	(4)	-	-	(4)
Depreciation	-	(13)	(108)	(94)	-	(215)
Closing carrying amount	-	22	417	156	-	595
At cost	-	70	1,161	1,681	-	2,912
Accumulated depreciation	-	(48)	(744)	(1,525)	-	(2,317)
Closing carrying amount	-	22	417	156	-	595

NOTES TO FINANCIAL STATEMENTS
for the year ended 31 March 2015

21. TAXATION

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current assets against current liabilities and when the deferred income taxes relate to the same fiscal authority. The movement on the deferred tax account is as follows:

	2015	2014
	$'000	$'000
Deferred tax		
Opening balance	**6,761**	3,317
Deferred tax acquired	**1,246**	-
Tax payment converted to losses	**9**	84
Charge to profit or loss	**516**	3,360
Closing balance	**8,532**	6,761

The deferred tax asset is attributable to the following item:		
Tax losses	**4,970**	5,209
Prepaid tax	**2,805**	-
Loan impairment provision	**1,956**	1,552
Insurance deductible reserves	**(2,012)**	-
Provisions and accruals	**813**	-
	8,532	6,761

Deferred tax asset to be recovered after more than 12 months	**4,430**	3,401
Deferred tax asset to be recovered within 12 months	**4,102**	3,360

The deferred tax asset has been recognised at 28%, the tax rate at which it is expected to reverse.

There are no unrecognised deferred tax balances at 31 March 2015. Deferred tax assets of $4.0m relating to tax losses have not been recognised in the Group's statement of financial position at 31 March 2014. The unrecognised deferred tax assets have been determined based on a tax rate of 28%.

The Group's forecast earnings support the recognition of a deferred tax asset. As previously noted, significant judgement is required in determining whether the utilisation of this assets is probable. Should the Group not earn sufficient taxable profit to utilise the deferred tax asset the Group will need to write off the deferred tax asset to the profit or loss.

Imputation credit memorandum account

Opening balance	**187**	2
Income tax payments/(refunds received)	**1,599**	39
Imputation credits received	**666**	148
Imputation credits utilised	**-**	(2)
	2,452	187

Policy holder tax losses

The policy holder tax losses carried forward at 31 March 2015 are $3,944,000 (2014: $3,676,000).

The policy holder taxation losses are only available to be offset against future policy holder income.

22. INTANGIBLE ASSETS

	2015 $'000	2014 $'000
Brand		
Opening carrying amount at cost	**-**	-
Addition (Turners Group NZ Limited)	**45,600**	-
Closing carrying amount	**45,600**	-
Goodwill		
Opening carrying amount at cost	**25,012**	24,921
Addition (Oxford Finance and Turners Group NZ, refer note 19)	**30,454**	-
Foreign exchange adjustment	**18**	91
Closing carrying amount	**55,484**	25,012
Software		
At cost	**1,818**	1,716
Accumulated amortisation	**(1,555)**	(1,321)
Opening carrying amount	**263**	395
Additions - business combinations	**2,152**	-
Additions	**282**	102
Disposals and transfers	**(26)**	-
Amortisation	**(546)**	(234)
Closing carrying amount	**2,125**	263
At cost	**3,844**	1,818
Accumulated amortisation	**(1,719)**	(1,555)
Closing carrying amount	**2,125**	263
Corporate relationships		
Opening balance	**637**	938
Amortisation	**(251)**	(301)
Impairment	**-**	-
Closing carrying amount	**386**	637
At cost	**1,089**	1,089
Accumulated amortisation and impairment provision	**(703)**	(452)
Closing carrying amount	**386**	637
Total intangible assets carrying amount	**103,595**	25,912

The impairment and amortisation is recognised in other operating expenses in profit or loss.

Impairment testing for cash-generating units containing goodwill

For the purpose of impairment testing, goodwill is allocated to the Group's segment which represents the lowest level within the Group at which the goodwill is monitored for internal management purposes.

The aggregate carrying amounts of goodwill allocated to each unit are as follows:

Allocated to the insurance segment	**1,025**	1,025
Allocated to collection services (EC Credit Control)	**24,005**	23,987
Allocated to the finance segment	**7,595**	-
Allocated to the auctions and fleet segments	**22,859**	-
	55,484	25,012

The recoverable amounts of the units are based on value in use calculations. Value in use was determined based on the following key assumptions:

NOTES TO FINANCIAL STATEMENTS
for the year ended 31 March 2015

Cash flows were extrapolated using a constant growth rate of 2% (2014: 2.5% - 5.0%) for 10 years. A pre-tax discount rate of 10% (2014: 12.1% - 13.0%) was applied in determining the recoverable amount. The discount rate was estimated based on a weighted average cost of capital of similar listed companies.

Sensitivity Analysis
In assessing the impairment testing for cash generating units containing goodwill, sensitivity analyses were done. This included changing the growth rate to 0.0% (2014: 0.0%) and changing the discount rate to 14.5% (2014: 15.0%). This analysis did not produce any indicators of impairment.

23. ASSETS CLASSIFIED AS HELD FOR SALE AND DISCONTINUED OPERATIONS

	2015	2014
	$'000	$'000
Opening balance	**-**	831
Disposals	**-**	(831)
Increase in valuations	**-**	-
Total disposal group	**-**	-

24. OTHER PAYABLES

	2015	2014
	$'000	$'000
Accounts payable	**9,578**	367
Employee entitlements (short term)	**2,708**	582
Employee entitlements (long term)	**201**	-
Other payables and accruals	**5,303**	1,783
Deferred consideration	**-**	3,887
	17,790	6,619

Carrying value of financial liabilities in other payables	**15,766**	4,440

The carrying amounts of the Group's financial liabilities in other payables are denominated in the following currencies:

Japanese Yen	**94**	-
Australian dollars	**277**	194
New Zealand dollars	**15,395**	4,246
	15,766	4,440

Interest rate and foreign exchange risk
A summarised analysis of the sensitivity of financial liabilities included in other payables to interest rate risk and foreign exchange risk can be found in note 5.2.2 and note 5.2.3.

Fair value
Due to the short-term nature of the financial liabilities in other payables, their carrying value is assumed to approximate their fair value.

25. DEFERRED REVENUE

	2015	2014
	$'000	$'000
Unredeemed vouchers	**5,118**	6,667
Prepaid income	**2,358**	-
Insurance investment	**-**	66
	7,476	6,733

26. BORROWINGS

	2015 $'000	2014 $'000
Secured bank borrowings	**95,729**	17,782
Deferred borrowing costs	**(578)**	(217)
	95,151	17,565
Non-bank borrowings - Motor Trade Finance	**38,666**	-
Bonds	**23,231**	-
Deferred issue costs	**(53)**	-
	23,178	-
Total borrowings	**156,995**	17,565
Current	**110,954**	3,931
Non-current	**46,041**	13,634
	156,995	17,565

Secured bank borrowings

The bank borrowings are secured by a first-ranking general security agreement over the assets of the Company and its subsidiaries, excluding DPL Insurance Limited and Turners Finance Limited. Current interest rates are variable and average 5.94% (2014: 5.68%).

Motor Trade Finance

Turners Finance Limited is a shareholder of a motor trade based company called Motor Trade Finance Limited (MTF). MTF provides the services of a finance company, including funding, on a full recourse basis back to its shareholders. The carrying value of the investment is $218,000 which has been included within other receivables.

MTF provides finance to Turners Finance Limited to fund the finance receivables.

Turners Finance has given undertakings to MTF as the nature and conduct of its business, and overall quality of the finance receivables and aggregate. Turners Finance has complied with these undertakings in 2015.

Bonds

The bonds are secured by a general security agreement over the assets of the Company and its subsidiaries, excluding DPL Insurance Limited, Turners Group NZ Limited, Turners Finance Limited, Turners Fleet Limited, Smart Group Services Limited, Turners International Holding Limited, Turners Technology Solutions Limited, Turners Auto Auctions Incorporated and Turners Smart Auto Centre Limited, and rank behind secured bank borrowings.

The bonds have a maturity date of 30 September 2016 and bondholders have the option to convert their bonds into shares or be repaid in cash.

Foreign currency risk

The carrying amounts of the Group's borrowings are denominated in the following currencies:

	2015	2014
Australian dollars	**-**	1,941
New Zealand dollars	**156,995**	15,624
	156,995	17,565

Fair value	Carrying amount **2015** **$'000**	Fair value **2015** **$'000**	Carrying amount 2014 $'000	Fair value 2014 $'000
Borrowings	**156,995**	**157,626**	17,565	17,782

The fair values are based on cash flows discounted using a weighted average borrowing rate of 6.90% (2014: 5.68%).

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for the year ended 31 March 2015

	2015 $'000	2014 $'000
Contractual repricing dates		
1 year or less	**110,954**	3,931
Over 1 to 2 years	**36,404**	10,251
Over 2 to 5 years	**10,268**	3,600
	157,626	17,782

27. SHARE CAPITAL

	2015	2014
Number of ordinary shares		
Opening balance	**493,971,377**	208,263,598
Shares issued on the conversion of options	**-**	134,098,835
Shares issued to institutional investors	**18,900,000**	16,378,199
Shares issued for the purchase of ECCC (refer note 29)	**6,955,304**	14,628,745
Shares issued for the purchase of insurance assets (refer note 29)	**722,603**	602,000
Shares issued on conversion of optional convertible notes	**-**	110,000,000
Shares issued on conversion of options issued for the purchase of ECCC (refer 29)	**-**	10,000,000
Shares issued to part fund the Turners Group NZ Limited takeover	**45,254,209**	-
Shares issued for the purchase of Turners (refer note 19)	**62,119,212**	-
Shares issued in lieu of Turners Group NZ's special dividend (refer note 19)	**3,573,516**	-
Treasury shares	**(730,633)**	-
Total issued and authorised capital	**630,765,588**	493,971,377

	2015 $'000	2014 $'000
Dollar value of ordinary shares		
Opening balance	**101,417**	67,846
Shares issued on the conversion of options	**-**	17,206
Shares issued to institutional investors	**4,725**	3,998
Shares issued for the purchase of ECCC	**1,794**	-
Shares issued on conversion of optional convertible notes	**-**	10,777
Shares issued on conversion of options issued for the purchase of ECCC	**-**	1,590
Shares issued as part of capital raising	**11,314**	-
Shares issued for the purchase of Turners	**15,530**	-
Shares issued in lieu of Turners Group NZ's special dividend	**893**	-
Treasury shares	**(183)**	-
Share issue costs	**(196)**	-
Total issued capital	**135,294**	101,417

At the Annual Meeting on 17 September 2014, shareholders approved the issue of shares at $0.25 per share up to a maximum of $30.0 million to part fund the takeover of Turners Group NZ Limited. The shares were issued to institutional investors, Turners Group NZ Limited shareholders and existing shareholders.

Ordinary shares are fully paid with no par value. All ordinary shares have equal voting rights and share equally in dividends and surplus on winding up.

Share options

On 17 June 2013 134,098,835 options issued in August 2010 were exercised, August 2010 options not exercised on that date were cancelled. The 10,000,000 options issued as part of the consideration for the purchase of the business of EC Credit Control were exercised on 30 August 2013. All options were exercised at a price of $0.125.

	2015 '000	2014 '000
Number of options outstanding		
Opening balance	**-**	160,191
Exercised during the period	**-**	(144,099)
Forfeited during the period	**-**	(16,092)
Outstanding at the end of the period	**-**	-

Capital management

The Group's capital consists of share capital, translation reserve and retained earnings. The Board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowing and the advantages and security afforded by a sound capital position. The allocation of capital between its specific business operations and activities is, to a large extent, driven by optimisation of the return on the capital allocated. The process of allocating capital to specific operations and activities is undertaken independently of those responsible for the operation. The Group's strategies in respect of capital management and allocation are reviewed regularly by the Board of Directors.

The Group's funding covenants include minimum equity ratios. There have been no breaches of covenants. In addition to the above, the life insurance company is required to retain equity for solvency purposes, refer note 34F.

28. DIVIDENDS

	2015 $'000	2014 $'000
Final dividend for the year ended 31 March 2014 of $0.005 (31 March 2013: $0.0) per fully paid ordinary share, un-imputed, paid on 23 July 2014	**2,470**	-
Interim dividend for the year ended 31 March 2015 of $0.004 (31 March 2014: $0.0) per fully paid ordinary share, un-imputed, paid on 18 December 2014.	**2,526**	-
	4,996	

Dividends not recognised at year end

In addition to the above dividends, in 2015 after year end the directors recommended the payment of a final dividend of $0.006 (31 March 2014: $0.005) per fully paid ordinary share, un-imputed, payable on 17 July 2015 (23 July 2014).	**3,784**	2,470

29. TRANSACTIONS WITH RELATED PARTIES

Major shareholders, directors and closely related persons to them are considered related parties of the Group.

Optional convertible notes

In 2012, 110,000,000 optional convertible notes with an issue price of $0.10 were approved for issue. 100,000,000 were allocated to major shareholders and partners in the Business Bakery LP (a major shareholder) as listed below. The notes were converted into ordinary shares on 30 August 2013.

2014	Number of shares issued	Interest paid on notes $'000
Hugh Green Investments Limited	40,000,000	774
The Business Bakery LP	10,000,000	193
Paul Byrnes	20,000,000	387
Baker Investment Trust No 2	20,000,000	387
Ross Venture Trust	5,000,000	97
Sinclair Investment Trust	5,000,000	97
	100,000,000	1,935

NOTES TO FINANCIAL STATEMENTS
for the year ended 31 March 2015

Shares

During the financial year the Company issued shares to part fund the acquisition of Turners Group NZ Limited (refer note 19) and 30,003,520 shares were issued to major shareholders, close members of the family of major shareholders and partners in the Business Bakery LP (major shareholder) as listed below.

2015	Number of shares issued	$'000
Hugh Green Investments Limited	**14,400,000**	**3,600**
Montezemolo Holdings Limited	**8,707,520**	**2,177**
Harrigens Trustees Limited	**4,800,000**	**1,200**
Sinclair Investment Trust	**1,600,000**	**400**
Ross Venture Trust	**296,000**	**74**
Sam and William Harrison	**200,000**	**50**
	30,003,520	**7,501**

Bonds

During the financial year the Company issued bonds to part fund the takeover of Turners Group NZ Limited (refer note 19) and 5,379,120 were allocated to major shareholders, close members of the family of major shareholders and partners in the Business Bakery LP (a major shareholder) as listed below.

2015	Number of bonds issued	Interest paid on bonds $'000
Hugh Green Investments Limited	**2,400,000**	**90**
Montezemolo Holdings Limited	**1,929,120**	**72**
Harrigens Trustees Limited	**800,000**	**30**
Sinclair Investment Trust	**200,000**	**7**
Sam and William Harrison	**50,000**	**2**
	5,379,120	**201**

Purchase of Turners Group NZ Limited

As part of the settlement of the Takeover Offer for Turners Group NZ Limited, the Company issued 41,044,836 shares at $0.25 each and 6,840,804 bonds at $1.00 each to Bartel Holding Limited, a major shareholder of Turners Group NZ Limited, who after the settlement of the Take Over Offer became a major shareholder in the Company. Interest of $256,000 was paid to Bartel Holdings Limited on the bonds during the year.

A further 3,182,875 shares at $0.25 were issued to Bartel Holdings Limited in lieu of the Turners Group NZ Limited special dividend.

EC Credit

With effect from 1 October 2012 the Group purchased the business of EC Credit Control Limited with the consideration settled in cash, shares and options. As part of the contingent consideration 6,955,304 shares at $0.258 per share (2014:14,628,745 shares at $0.125 per share) were issued and $1,794,000 (2014: $1,879,000) paid to Harrigens Trustees Limited, a company associated with Matthew Harrison a director of the Company. In 2014 Harrigens Trustees Limited converted the 10,000,000 options issued as part of the initial consideration, into ordinary shares at a conversion price of $0.125 per share.

Mainstream Insurance Solutions Limited (MISL)

In April 2012, Dorchester Pacific Limited purchased the trademarks and intellectual property of MSIL, a company related to James Searle (General Manager, DPL Insurance) and Greg Main (Previously CEO, DPL Insurance) by issuing 500,000 shares at $0.10 each. Under the terms of the sale and purchase agreement, further shares up to a maximum of 1,500,000 shares could be issued. During the year 722,603 (2014: 602,000) shares were issued to MSIL in settlement of the tranche 2 payment. Refer note 27.

Harrison Property Holdings Limited (HPHL)

The premises leased by the Group in Napier was owned by a HPHL, a company related to Matthew Harrison, a director of the Company. The building was sold to an unrelated party on 30 June 2014. During the year ended 31 March 2015 rent and opex paid to HPHL was $43,000 (2014:$169,000).

Key management personnel compensation

The key management personnel are all the Directors of the Company and Group General Managers. Compensation of key management personnel for the years ended 31 March 2015 and 31 March 2014 was as follows:

($'000)	Short-term benefits $'000	Post-employment benefits $'000	Other long-term benefits $'000	Share-based payments $'000	Total $'000
Year ended 31 March 2015	**1,945**	**-**	**25**	**-**	**1,970**
Year ended 31 March 2014	1,285	-	-	-	1,285

A loan of $375,000 (2014: $375,000) made to the chief executive officer, $125,000 bearing interest at 7% and $250,000 bearing interest at 5% (2014:$125,000 at 7% and $250,000 at 5%) with a repayment date of 31 March 2017, was outstanding at balance date.

Key management personnel that resigned during the year ended 31 March 2015 received no termination benefits and were paid only contractual employment obligations. Key management do not have any post employment entitlements.

Directors that resigned during the year did not receive any termination benefits and directors do not have any post employment entitlements.

The Group has no transactions or loans with key management personnel, other than what is reported above and detailed in the shareholder and statutory information section on pages 80 to 83. Directors fees are detailed in note 7 and in the shareholder and statutory information section. The details of the director share purchases are included in the statutory and shareholder information section.

30. RECONCILIATION OF NET SURPLUS WITH CASH FLOWS FROM OPERATING ACTIVITIES

	2015 $'000	2014 $'000
Profit or loss	**18,050**	8,210
Adjustment for non-cash items		
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)**	-
Adjustment for movements in working capital	**-**	-
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)**	-
	(1,314)	(4,444)

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for the year ended 31 March 2015

31. COMMITMENTS AND CONTINGENT LIABILITIES

	2015 $'000	2014 $'000
Operating lease commitments under non-cancellable operating leases:		
Not later than 1 year	**6,653**	782
1-2 years	**6,367**	543
2-5 years	**14,917**	1,652
5+ years	**3,268**	324
	31,205	3,301

The Group leases premises, plant and equipment. The lease commitments include onerous lease obligations of $nil (2014: $84,0000) for which a provision has been raised in other payables. Operating leases held over properties give the Group the right to renew the lease subject to a redetermination of the lease rental by the lessor.

There are no options to purchase in respect of plant and equipment held under operating lease.

Capital Expenditure:

The Group does not currently have any approved capital expenditure commitments at reporting date (2014: nil).

Loan Commitments:

The Group has no material undrawn credit commitments at reporting date (2014: nil).

Contingent Liabilities:

The Group has no other material contingent liabilities at reporting date (2014: nil).

32. SUBSEQUENT EVENTS AFTER BALANCE DATE

Staff Share Scheme

On 21 May 2015, the Group invited employees to participate in an employee share scheme. Shares under the scheme are to be issued at $0.25 per ordinary share and may either be paid for in cash or funded by a loan at an interest rate of 5% with a term not exceeding 36 months. The shares will be issued in late June.

33. COMPARISONS TO FORECASTS

Prospective Group financial statements for the year ended 31 March 2015 were included in the Capital Reconstruction Plan Offer Document 2010.

Consolidated statement of comprehensive income	Actual $'000	Unaudited Prospective Information $'000	Variance $'000
Revenue	**96,596**	37,337	59,259
Interest expense	**(7,381)**	(3,942)	(3,439)
Impairment (charge)/release on finance receivables, reverse annuity mortgages and other receivables	**(1,607)**	(604)	(1,003)
Other operating expenses	**(69,344)**	(21,859)	(47,485)
Net operating profit	**18,264**	10,932	7,332
Share of profit of equity-accounted investment (net of tax)	**742**	-	742
Profit before taxation	**19,006**	10,932	8,074
Taxation expense	**(956)**	(3,061)	2,105
Profit from continuing operations	**18,050**	7,871	10,179
Consolidated summary balance sheet			
Assets			
Cash and cash equivalents	**12,339**	12,205	134
Financial assets at fair value through profit or loss	**17,350**	82,853	(65,503)
Inventory	**8,984**	-	8,984
Finance receivables	**142,827**	70,927	71,900
Reverse annuity mortgages	**13,253**	15,992	(2,739)
Other assets	**133,786**	5,046	128,740
Total assets	**328,539**	187,023	141,516
Liabilities			
Borrowings	**156,995**	33,918	123,077
Insurance contract and life investment contract liabilities	**25,638**	84,889	(59,251)
Other liabilities	**25,337**	17,958	7,379
Total liabilities	**207,970**	136,765	71,205
Shareholders' equity	**121,002**	50,258	70,744
Total shareholders' equity and liabilities	**328,972**	187,023	141,949
Consolidated summary cash flow			
Net cash outflow from operating activities	**(1,314)**	14,450	(15,764)
Net cash inflow from investing activities	**(48,013)**	-	(48,013)
Net cash inflow from financing activities	**50,479**	(6,540)	57,019
Net movement in cash and cash equivalents	**1,152**	7,910	(6,758)

The Offer Document 2010 included prospective financial statements for years to 31 March 2015. The profit for the current year of $18.1 million was $10.2 million above the forecast of profit of $7.9 million.

As previously advised changes in circumstances have rendered the prospective financial information irrelevant and are largely responsible for the variances in the consolidated statement of comprehensive income, the consolidated summary balance sheet and consolidated summary cash flows. The following changes in circumstances have occurred:

- the Group, in response to the new regulatory environment, has restructured its insurance and savings business from the then business described in the Offer Document;
- the Group has purchased the business asset and liabilities of EC Credit Control;
- the Group has purchased 100% of the equity in Turners Group NZ Limited;
- the Group has purchased 100% of the equity in Oxford Finance Limited; and
- the Group's funding structure is different from that included in the Offer Document.

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for the year ended 31 March 2015

Prospective Group financial statements for the year ended 31 March 2014 were included in the Capital Reconstruction Plan Offer Document 2010.

Consolidated statement of comprehensive income	Actual $'000	Unaudited Prospective Information $'000	Variance $'000
Revenue	**31,327**	33,975	(2,648)
Interest expense	**(3,857)**	(4,254)	397
Impairment (charge)/release on finance receivables, reverse annuity mortgages and other receivables	**(532)**	(4,449)	3,917
Other operating expenses	**(22,767)**	(16,675)	(6,092)
Net operating profit	**4,171**	8,597	(4,426)
Share of profit of equity-accounted investment (net of tax)	**721**	-	721
Profit before taxation	**4,892**	8,597	(3,705)
Taxation expense	**3,225**	(2,407)	5,632
Profit from continuing operations	**8,117**	6,190	1,927
Consolidated summary balance sheet			
Assets			
Cash and cash equivalents	**5,555**	4,295	1,260
Financial assets at fair value through profit and loss	**16,310**	63,437	(47,127)
Finance receivables	**37,726**	75,393	(37,667)
Reverse annuity mortgages	**17,808**	17,298	510
Other	**49,283**	4,360	44,923
Total assets	**126,682**	164,783	(38,101)
Liabilities			
Borrowings	**17,565**	40,875	(23,310)
Insurance contract and life investment contract liabilities	**21,713**	65,473	(43,760)
Other liabilities	**13,352**	14,642	(1,290)
Total liabilities	**52,630**	120,990	(68,360)
Total shareholders' equity	**74,052**	43,793	30,259
Total shareholders' equity and liabilities	**126,682**	164,783	(38,101)
Consolidated summary cash flow			
Net cash outflow from operating activities	**(4,444)**	(7,788)	3,344
Net cash inflow from investing activities	**(11,497)**	-	(11,497)
Net cash inflow from financing activities	**16,340**	8,870	7,470
Net movement in cash and cash equivalents	**399**	1,082	(683)

The Offer Document 2010 included prospective financial statements for years to 31 March 2015. The profit before taxation for the year to March 2014 of $4.9 million was $3.7 million below the forecast of profit before taxation of $8.6 million. Included in income is an unanticipated one off gain of $0.3 million resulting from an early buy-back of the secured notes.

As previously advised changes in circumstances have rendered the prospective financial information irrelevant and are largely responsible for the variances in the consolidated statement of comprehensive income, the consolidated summary balance sheet and consolidated summary cash flows.

- the Group, in response to the new regulatory environment, has restructured its insurance and savings business from the then business described in the Offer Document;
- the Group has purchased the business asset and liabilities of EC Credit Control; and
- the Group's funding structure is different from that included in the Offer Document.

34. Insurance related disclosures

A. Actuarial policies and methods

The actuarial report on life insurance contract liabilities and prudential reserves for the current reporting period was prepared as at 31 March 2015 by Peter Davies, a Fellow of the New Zealand Society of Actuaries. The value of life insurance contract liabilities has been determined in accordance with Professional Standard No. 20 of the New Zealand Society of Actuaries. After making appropriate checks, the actuary was satisfied as to the accuracy of the data from which the amount of policy liabilities has been determined.

Overview of MoS methodology

MoS is designed to recognise profits on life insurance contracts as services are provided to policyholders and income is received. Profits are deferred and amortised over the life of the policy, whereas losses are recognised immediately. Services used to determine profit recognition include the cost of expected claims, maintaining policies, and investment management. The policy service for each of the major product groupings that is used to defer and amortise the profit over the life of the policies are called profit carriers. Life insurance contract liabilities are generally determined as the present value of all future expected payments, expenses, taxes and profit margins reduced by the present value of all future expected premiums. Profit margins for participating businesses are set in relation to the value of supporting assets

MoS profit comprises the following components:

(i) Planned margins of revenues over expenses

At the time of writing a policy and at each balance date, best estimate assumptions are used to determine all expected future payments and premiums. Where actual experience replicates best estimate assumptions, the expected profit margin will be released to profit over the life of the policy.

(ii) The difference between actual and assumed experience

Experience profits/(losses) are realised where actual experience differs from best estimate assumptions. Instances giving rise to experience profits/(losses) include variations in claims, expenses, mortality, discontinuance and investment returns. For example, an experience profit will emerge when the expenses of maintaining all in-force business in a year are lower than the best estimate assumption in respect of those expenses.

(iii) Changes to underlying assumptions

Assumptions used for measuring life insurance contract liabilities are reviewed each year. Where the review leads to a change in assumptions, the change is deemed to have occurred from the end of the year, except for changes in discount rates which are recognised in the year that the rates are changed.

The financial effect of all other changes to the assumptions underlying the measurement of life insurance contract liabilities made during the reporting period is recognised in profit or loss over the future reporting periods during which services are provided to policyholders.

(iv) Loss recognition on groups of related products

If based on best estimate assumptions, written business for a group of related products is expected to be unprofitable, the total expected loss for that related product group is recognised in profit or loss immediately. When loss making business becomes profitable previously recognised losses are reversed.

(v) Investment earnings on assets in excess of policy liabilities

Profits are generated from investment assets which are in excess of those required to meet policyholder liabilities. Investment earnings are directly influenced by market conditions and as such this component of MoS profit will vary from year to year.

The key assumptions used in determining policy liabilities are as follows:

a) *Discount Rates*

Discount rates used to determine the life insurance contract liabilities are based on an appropriate risk-free rate of return, taking account of the term of the insurance contracts. Tax was deducted at the rate of 28% on investment earnings net of investment expenses (2014: 28%). The net discount rates assumed were as follows:

	2015	**2014**
Whole of life and endowment policies (including funeral plan)	Treasury risk-free rates*	3.29%
Term insurance policies	Not applicable	Not applicable
Caring plan funeral benefit policies	Not applicable	Not applicable
Annuity policies	Treasury risk-free rates*	3.29%
Consumer credit and key person loan protection	Not applicable	Not applicable

* There are two changes that take place over the year. Firstly, using Treasury rates is a change of methodology and the opening policy liabilities are re-calculated and profit-margins re-set at the start of the year using the Treasury risk-free rates at 31st March 2014. The updated Treasury rates are then used at March 2015. Illustrative forward rates for the respective valuations are as follows:

Cash-flows in year	March 2014	3.77% per annum net of tax
	March 2015	2.43% per annum net of tax

b) *Inflation Rates*

In determining the future expected rate of return, general inflation was assumed to continue into the future at 2.0% per annum (2014: 2.0%).

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for the year ended 31 March 2015

c) *Mortality Rates*
Rates of mortality were assumed as follows:
For underwritten whole of life, endowment and term insurance policies: NZ97 (2014: NZ97).
For guaranteed issue regular premium funeral plans: NZ97 multiplied by a factor to reflect higher mortality at younger ages.
For annuities and Reverse Mortgages the Directors assumed mortality according to the PA(90) table, reduced by four years (but assuming no age reduction for the Cook Islands Annuity Pension Plan) (2014: PA(90) table, reduced by four years, no age reduction for Cook Islands).

d) *Profit Carriers*
The policies were divided into major product groups with profit carriers as follows:

Major product groups	*Carrier*
Participating whole of life and endowment policies	Policyholder bonuses
Non participating whole of life and endowment	Policies premiums
Lump sum funeral benefit policies (caring plan)	Not applicable
Term insurance policies	Premiums
Funeral Plan Policies (Regular premium guaranteed issue)	Claims
Annuities	Annuity payments
Consumer credit / lifestyle	Premiums
Motor business	Not applicable
Accidental death & redundancy – stop gap	Not applicable
Accidental death regular & single premium	Not applicable

e) *Investment and Maintenance Expenses*
The maintenance expense and general growth and development expense allowances assumed for the main classes of business were as follows:

Endowments	$201 per policy per annum (2014: $190)
Funeral plans	$50 per policy per annum (2014: $47)
Term life plans (for loss recognition)	$101 per policy per annum (2014: $95)
Consumer credit plans (for loss recognition)	$50 per policy per annum (2014: $47)
Annuity plans	$201 per policy per annum (2014: $190)

Investment management expenses were assumed to be 1.0% (2014: 1.0%) of policy liabilities.

f) *Inflation and Automatic Indexation of Benefits*
Maintenance expenses are assumed to increase 2.0% per annum (2014: 2.0%). Investment management expenses are assumed to remain a constant percentage of funds under management.

g) *Taxation*
The assumed future tax rates reflects the corporate tax rate applying in New Zealand with effect from 1 April 2011. The calculations have been carried out on the basis of current life insurance income tax legislation.

h) *Rates of Discontinuance*
Rates of discontinuance are assumed to be 5.0% for whole of life, endowment and term insurance business (2014: 5.0%), and nil for annuity pension plan business (2014: nil).

For the Funeral plan the rates of discontinuance are based on company experience, beginning at 15% in year 1 and reducing ultimately to 8% per annum (2014: 15% in year 1 reducing ultimately to 2% per annum).

i) *Surrender Values*
The Company's current basis of calculating surrender values is assumed to continue in the future.

j) *Rates of Future Supportable Participating Benefits*
Rates of bonus supported by the participating fund are simple annual bonuses of $0.00 (2014: $0.00) per $1,000 of sum assured on endowment policies.

k) *Impact of changes in assumptions*
The impact of the change in the discount rate is an increase in policy liabilities of $310,919 (2014: $314,149 reduction).
The impact of the revised expense assumptions is an increase in policy liabilities of $3,960 (2014: $12,543).

l) *Crediting Policy Adopted for Future Supportable Participating Benefits*
For participating business the Company's policy is to distribute profits arising such that over long periods the returns to policy holders are commensurate with the investment returns achieved on relevant assets, together with other sources of profit arising from this business. In applying the policyholders' share of distributions to provide bonuses, consideration is given to achieving equity between generations of policyholders and equity between the various classes and sizes of policies in force. Assumed future bonus rates included in policyholder liabilities were set such that the present value of policyholder liabilities, allowing for the shareholders' right to participate in distributions, equals the value of assets supporting the business, however this is now a negative value due to increased maintenance expense and accordingly a zero supportable bonus has been assumed in this valuation.

B. Surplus after taxation from insurance activities arose from:

	2015	2014
	$'000	$'000
Insurance Contracts		
Planned margin of revenues over expenses	**34**	19
Change in valuation assumptions	**(1)**	(12)
Change in discount rate: 5.24% to 3.37% (2014: 3.15% to 4.57%)*	**(311)**	319
Difference between actual and assumed experience	**138**	(91)
Life investments contracts		
Difference between actual and assumed experience	**696**	174
Investment returns on assets in excess of		
Insurance contract and investment contract liabilities	**243**	743
Surplus after taxation attributable to insurance activities	**799**	1,152

*In 2015 Treasury risk-free rates were used as the discount rates, 2014 government bond rates (refer note 34A discount rates).

The disclosure of the components of operating profit after tax expense are required to be separated between policyholders' and shareholders' interests. We have included only one column, as any policy holder profits are an expense of the Group and not attributable to the Shareholder.

It is not currently possible to identify all experience variances separately for life investment contracts. The difference between actual and assumed experience for life insurance contracts therefore includes some variances relating to life investment contracts.

C. Insurance and investment contract income

	2015	2014
	$'000	$'000
Insurance contract premiums	**4,962**	2,963
Reinsurance revenues	**10**	10
Investment revenue	**2,702**	1,479
Less: investment revenue paid to life insurance investment contracts	**(2,548)**	(1,329)
Other Revenues	**739**	1,124
Total insurance and investment contract income	**5,865**	4,247
Investment Income		
Equity securities	**1,245**	1,083
Fixed interest securities	**1,108**	115
Property investments	**349**	281
	2,702	1,479

Included within equity securities is dividend income of $Nil (2014: $Nil) and included within fixed interest securities is interest income of $Nil (2014: $Nil). Included within total Investment Income is net realised and unrealised gains/(losses) on securities at fair value through profit or loss of $2,702,000 (2014: $1,479,000).

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D. Insurance related expenses

	2015	2014
	$'000	$'000
Insurance contract claims	**1,331**	568
Reinsurance expenses	**165**	72
Insurance contracts		
Policy acquisition expenses - commission costs	**2,524**	1,512
Deferred acquisition cost amortisation	**(711)**	(395)
Total insurance contract related expenses	**1,813**	1,117
Life investment contracts		
Investment management expenses	**83**	80
Net change in life insurance contract liabilities	**341**	10
Net operating profit includes the following specific expenses		
Audit fees for the audit of financial statements	**81**	65
Rental and lease costs	**100**	109
Amortisation of intangible assets	**90**	88
Depreciation	**28**	26
Employee benefits	**1,159**	1,140

E. Taxation

Income tax losses on policyholder base

The policy holder tax losses carried forward at 31 March 2015 are $3,944,486 (2014: $3,676,782).

Imputation credit memorandum account

The policyholder imputation credit account has a closing balance at 31 March 2015 of $Nil (2014: $Nil).

F. DPL Insurance Limited solvency calculation

In terms of the Insurance (Prudential Supervision) Act 2010, DPL Insurance Limited must comply with the Solvency Standard for Life Insurance Business issued by the Reserve Bank of New Zealand in August 2011. DPL Insurance Limited is required to hold minimum solvency capital of $5.0 million and have a solvency margin of at least $1.

	2015	2014
	$'000	$'000
Actual solvency capital	**7,701**	6,905
Calculated minimum solvency capital	**4,880**	4,302
Coverage ratio on calculated margin (times)	**1.58**	1.61
Overall minimum capital requirement	**5,000**	5,000
Solvency margin on overall minimum requirement	**2,701**	1,905
Coverage ratio on overall minimum requirement (times)	**1.54**	1.38
Non-life insurance		
Actual solvency capital	**1,563**	1,304
Calculated minimum solvency capital	**857**	473
Solvency margin on calculated minimum requirement	**706**	831
Life insurance		
Actual solvency capital	**6,138**	5,601
Calculated minimum solvency capital	**4,023**	3,829
Solvency margin on calculated minimum requirement	**2,115**	1,772

G. Policyholder liabilities

	2015 $'000	2014 $'000
Insurance contract liabilities		
Opening life insurance contract liabilities	**6,420**	4,681
Increase / (decrease) in life insurance contract liabilities recognised in profit or loss	**830**	(353)
Increase / (decrease) in premium revenues recognised in profit or loss	**2,321**	1,773
Increase / (decrease) in interest income recognised in profit or loss	**(311)**	319
Closing insurance contract liabilities	**9,260**	6,420

Policyholder liabilities contain the following components:

	2015 $'000	2014 $'000
Future policy benefits	**12,559**	11,373
Future bonuses	**-**	-
Future expenses	**965**	594
Future profit margins	**1,571**	586
Balance of future premiums	**(5,837)**	(6,135)
Re-insurance	**2**	2
Cost of bonus	**-**	-
	9,260	6,420

	2015 $'000	2014 $'000
Life insurance contracts with a discretionary participation feature - the amount of the liabilities that relates to guarantees	**367**	336
Unit-linked policyholder liabilities relating to assured returns of funds invested are:		
Other contracts with a fixed or guaranteed termination value - current termination value	**2,928**	2,774
Life investment contracts at fair value through profit or loss		
Opening life investment contracts at fair value through profit or loss	**15,293**	16,370
Increase / (decrease) in life investment contract liabilities recognised through profit or loss	**2,401**	1,177
Deposit premium	**3,246**	3,969
Withdrawals	**(3,934)**	(5,397)
Activity, plan, and establishment fees	**(628)**	(826)
Closing life investment contract liabilities	**16,378**	15,293
Opening deferred income reserve	**66**	291
Recognised in profit or loss	**(63)**	(225)
Closing deferred income reserve	**3**	66
Life investment contract liabilities held by the life insurance	**16,381**	15,359

The benefits offered under the Group's unit-linked investment contracts are based on the returns of selected equities and debt securities. This investment mix is unique, and it cannot be associated to an individual benchmark index with a sufficiently high correlation. All financial liabilities at fair value through profit and loss are designated by the Group to be in this measurement category. The liabilities originated from unit-linked contracts are measured with reference to their respective underlying assets of these contracts. Changes in the credit risk of the underlying assets do not impact the measurement of the unit-linked liabilities. The maturity value of these financial liabilities is determined by the fair value of the linked assets, at maturity date.

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H. Policyholder liabilities comprise

	2015	2014
	$'000	$'000
Annuities	**1,698**	1,691
Endowment	**367**	334
Whole of Life	**1,135**	1,240
Provision for bonuses and future margins	**1,571**	584
Consumer Credit Protection & key person loan protection	**4,379**	2,469
Accidental death/redundancy	**39**	42
Term Life	**34**	15
Claims provisions	**50**	45
Deferred commissions - Superlife & Superbond	**3**	66
Superlife policies	**7,625**	7,428
Life Bond policies - life bond reserve	**-**	11
Superannuation funds:		
Super Bond Retirement Plan	**8,540**	7,615
Invincible Superannuation Fund	**128**	179
Save and Invest Group Superannuation Plan	**72**	60
	25,641	21,779

The policy liabilities in respect of annuities, endowment, whole of life, term life, super life and life bond have been established in accordance with the policy conditions and maintained at a level equivalent to obligations due to policy holders as maturity or partial benefits.

Dorchester Life Management Limited, as administrator for a number of superannuation funds, and Dorchester Life Trustees Limited, as trustee of Super Bond Retirement Plan, invest in a life policy issued to the trustees by DPL Insurance Limited. During the year the Company received premiums, paid claims and invested the funds for the superannuation schemes outlined above. All investments and bank accounts of these funds are recorded in the name of DPL Insurance Limited.

I. Disaggregated information

The business undertaken and policies accepted by DPL Insurance Limited are a combination of investment linked and non-investment linked. Investment linked business is business for which the life insurer issues a contract where the benefit amount is directly linked to the market value of the investments held in the particular investment linked fund. Non-investment linked business is life insurance business other than investment linked business.

	Investment linked	Non – investment linked	Total
	$'000	$'000	$'000
2015			
Premium income	**-**	**4,962**	**4,962**
Investment income	**2,702**	**718**	**3,420**
Claims expense	**-**	**(1,189)**	**(1,189)**
Other operating revenue	**-**	**749**	**749**
Other operating expenses	**(147)**	**(4,595)**	**(4,742)**
Investment revenues allocated to policyholders	**(2,401)**	**-**	**(2,401)**
Net profit before taxation	**154**	**645**	**799**
Net profit after taxation	**154**	**645**	**799**
Policy liabilities	**16,378**	**9,260**	**25,638**
Investment assets	**16,473**	**12,469**	**28,942**
Other assets	**10**	**5,315**	**5,325**
Other liabilities	**3**	**517**	**520**
Retained earnings	**789**	**3,782**	**4,571**

	Investment linked $'000	Non – investment linked $'000	Total $'000
2014			
Premium income	-	2,963	2,963
Investment income	1,479	729	2,208
Claims expense	-	(432)	(432)
Other operating revenue	-	1,124	1,124
Other operating expenses	(177)	(3,382)	(3,559)
Investment revenues allocated to policyholders	(1,152)	-	(1,152)
Net profit before taxation	150	1,002	1,152
Net profit after taxation	150	1,002	1,152
Policy liabilities	15,293	6,420	21,713
Investment assets	15,362	7,033	22,395
Other assets	200	7,296	7,496
Other liabilities	66	804	870
Retained earnings	635	3,137	3,772

The above information is disclosed prior to the elimination of any related party transactions or balances.

J. Managed Funds and other Fiduciary Activities

DPL Insurance Limited acted as a promoter for a number of superannuation funds with assets managed by a third party investment manager. The assets and liabilities of these funds are not included in the financial statements. Arrangements exist to ensure the activities of the superannuation funds are managed independently from the other activities of the company.

K. Insurance Risk

The insurance business of the Group involves a number of financial and non-financial risks. The financial risks are covered in note 5. Key objectives in managing insurance risk are:

(i) To ensure sound business practices are in place for underwriting risks and claims management;
(ii) To achieve a target return on capital that is invested in order to take on insurance risk; and
(iii) To ensure solvency and capital requirements are met.

Life insurance

The life insurance business of the Group involves a number of non-financial risks concerned with the pricing, acceptance and management of the mortality, and longevity risks accepted from policyholders. These risks are controlled through the use of underwriting procedures and adequate premium rates and policy charges, all of which are approved by the Actuary. Tight controls are also maintained over claims management practices to ensure the correct and timely payment of insurance claims.

Terms and conditions of life insurance contracts

The nature of the terms of the insurance contracts written by the Group is such that certain external variables can be identified on which related cash flows for claim payments depend. The tables below provide an overview of the key variables upon which the amount of related cash flows are dependent.

Type of contract	**Details of the contract workings**	**Nature of compensation for claims**	**Key variables affecting cash flows**
Non-participating life insurance contracts with fixed and guaranteed terms	Benefits paid on death or maturity are fixed and guaranteed and not at the discretion of the issuer	Benefits, defined by the insurance contract, are determined by the contract and are not directly affected by the performance of underlying assets or the performance of the contracts as whole	Mortality, lapses, expenses and market earnings on assets backing the liabilities
Life insurance contracts with discretionary participating benefits (endowment and whole of life)	These policies include a clearly defined initial guaranteed sum assured which is payable on death. The guaranteed amount is a multiple of the amount that is increased throughout the duration of the policy by the addition of regular bonuses annually which, once added, are not removed. Regular bonuses are also added retrospectively	Benefits arising from the discretionary participation feature are based on the performance of a specified pool of contracts or a specified type of contract.	Mortality, lapses, expenses and market earnings on assets backing the liabilities
Life Annuity Contracts	These policies provide guaranteed regular payments to the life assured	The amount of the payment is set at inception of the policy	Longevity, expenses and market earnings on assets backing the liabilities

NOTES TO FINANCIAL STATEMENTS
for the year ended 31 March 2015

Non-life insurance
The risk management activities include prudent underwriting, pricing, and management of risk, together with claims management, reserving and investment management. The objective of these disciplines is to enhance the financial performance of the insurance operations and to ensure sound business practices are in place for underwriting risks and claims management.

Claims
Variations in claim levels will affect reported profit and equity. The impact may be magnified if the variation leads to a change in actuarial assumptions which cannot be absorbed within the present value of planned margins for a group of related products. Insurance risk may arise through the reassessment of the incidence of claims, the trend of future claims and the effect of unforeseen diseases or epidemics. Insurance risk is controlled by ensuring underwriting standards adequately identify potential risk, retaining the right to amend premiums on risk policies where appropriate. The experience of the Group's life insurance business is reviewed regularly.

Concentration of insurance risk
The Group does not believe it has any major geographic concentration of insurance risk. The Group's policies aims to reduce concentration risk by maintaining a portfolio of policyholders with a broad spread of insurance risk types, ages, sexes, occupation classes and geographic locations. The group uses reinsurance to limit the insurance risk exposure for any one individual.

Sensitivity Analysis
The liabilities included in the reported results are calculated using certain assumptions about key variables as disclosed above. Sensitivity analysis is conducted to assess the impact of actual experience being different to that assumed in the calculation of liabilities. Movements in any variable will impact the profit and net assets of the Group. The tables below describe how a change in actual experience relative to that expected will affect next financial year's expected shareholder profit.

Variable	**Impact of movement in underlying variable**
Expense risk	An increase in the level or inflationary growth of expenses over assumed levels will decrease profit and shareholders' equity
Interest rate risk	Depending on the profile of the investment portfolio, the investment income of the Group will decrease as interest rates decrease. This may be offset to an extent by changes in the market value of fixed interest investments. The impact on profit and shareholder equity depends on the relative profiles of assets and liabilities, to the extent that these are not matched
Mortality rates	For insurance contracts providing death benefits, greater mortality rates would lead to higher levels of claims, increasing associated claims cost and therefore reducing profit and shareholder equity
Discontinuance	The impact of discontinuance rate assumption depends on a range of factors including the type of contract, the surrender value basis (where applicable) and the duration in force. For example, an increase in discontinuance rates at earlier durations of life insurance contracts usually has a negative effect on profit and shareholder equity. However, due to the interplay between the factors, there is not always an adverse outcome from an increase in discontinuance rates
Market Risk	For benefits which are not contractually linked to the underlying assets, the Group is exposed to Market Risk

The table below illustrates how changes in key assumptions would impact the reported profit and liabilities of the Group.

Change in key assumptions ($'000)	Effect on policy liabilities	Effect on future profit
2015		
Market risks		
Increase in interest rates of 1%	**(815)**	**(103)**
Decrease in interest rates of 1%	**939**	**116**
Insurance risks		
Increase in expenses of 10%	**1**	**(214)**
Decrease in expenses of 10%	**(1)**	**214**
Decrease in mortality by 10%		
Increase in mortality by 10%	**(4)**	**(1,211)**
Worsening of discontinuance rate by 10%	**36**	**1,387**
Improvement in discontinuance rate by 10%	**-**	**(278)**
2014		
Market risks		
Increase in interest rates of 1%	(815)	(37)
Decrease in interest rates of 1%	941	41
Insurance risks		
Increase in expenses of 10%	1	(237)
Decrease in expenses of 10%	(1)	237
Decrease in mortality by 10%	867	(488)
Increase in mortality by 10%	34	1,551
Worsening of discontinuance rate by 10%	-	291
Improvement in discontinuance rate by 10%	-	(313)

Directors' remuneration and other benefits

	Directors' fees $
Grant Baker	82,000
Kevin Brewer	50,000
Paul Byrnes	50,000
Michael Dossor (appointed 12 January 2015)	12,500
John Gosney	50,000
Matthew Harrison	25,000
Antony Vriens (appointed 12 January 2015)	3,750
Gregory Peebles (retired 12 January 2015)	66,667

During the year ended 31 March 2015 Mr Byrnes was an Executive for Turners Limited and has been remunerated for his services on a consultancy basis. The total fees paid for the year ended 31 March 2015 were $523,525 GST exclusive (2014: $290,000 GST exclusive).

During the year ended 31 March 2015 Mr Harrison was an Executive for EC Credit Control (New Zealand) Limited and has been remunerated for services on a consultancy basis. The total fees paid for the year to 31 March 2015 were $275,000 GST exclusive (2014: $275,000 GST exclusive).

During the year ended 31 March 2015 Mr Gosney received an additional $20,000 (2014: $20,000) in fees for his services as director of Dorchester Hotel Property Trust Management Limited and $1,250 (2014: $nil) in fees for services as chairman of the Lending and Credit Committee.

During the year ended 31 March 2015 Mr Vriens received an additional $60,000 in fees for his services as chairman of DPL Insurance Limited.

During the year ended 31 March 2015 Mr Peebles received an additional $12,500 (2014: $15,000) in fees for his services as chairman of the Audit and Risk Management Committee (2015; $8,333; 2014: $10,000) and as chairman of the Lending and Credit Committee (2015: $4,167; 2014: $5,000).

Entries recorded in the interests register
Loans
A loan of $375,000 (2014: $375,000) to Mr Byrnes, $125,000 bearing interest at 7% and $250,000 bearing interest at 5% (2014:$125,000 at 7% and $250,000 at 5%) with a repayment date of 31 March 2017, was outstanding at 31 March 2015.

Dealings in Turners Limited shares by Directors

	Date of transaction	Shares acquired/(disposed)	Consideration (received)/paid $	Nature of relevant interest
Grant Baker	30/10/2014	8,707,520	2,176,880	Shares held in associated company
Kevin Brewer	05/08/2014	200,000	47,000	Shares held in associated family trust
Matthew Harrison	30/10/2014	4,800,000	1,200,000	Shares held in associated family trust
Matthew Harrison	08/11/2014	14,628,745	1,794,468	Shares held in associated family trust

Directors' relevant interest in quoted shares

	Shares
Grant Baker and Matthew Harrison	84,617,226
Grant Baker	28,707,520
Kevin Brewer	200,000
Paul Byrnes	33,098,937
Michael Dossor	-
John Gosney	-
Matthew Harrison	44,262,248
Antony Vriens	-

SHAREHOLDER AND STATUTORY INFORMATION

Other Directorships
Mr Baker, Mr Byrnes and Mr Gosney are directors of Turners Staff Share Plan Trustees Limited which acts as Trustee of the Employee Share Purchase Scheme Trust.

The following represents the interests of directors in other companies as disclosed to the Company and entered in the Interests Register:

Grant Baker
The Business Bakery LP
Trilogy International Limited
Moa Group Limited
GI Cancer Institute (NZ) Limited

Kevin Brewer
Youth Hostels Association of NZ
Anglican Trust for Women & Children
Reporting Reality Limited

Paul Byrnes
Hellaby Holdings Limited
Top Energy Limited (including wholly owned subsidiaries)

Michael Dossor
Allan Blair Properties Limited
Bartel Holdings Limited
Comtrad Holdings Limited
Hunter Grain Limited
McKay Shipping Limited
Turners & Growers Limited
Henergy Cage-Free Limited

John Gosney
Mikano Limited
Mikano Holdings Limited
Heliport Lease Holdings Limited
Hugh Green Investments Limited and group companies
St John Balanced Property Fund Limited
Poronui Investments Limited
KJTR Holdings Limited
Goldridge Resorts Limited

Matthew Harrison
Harrigens Trustees Limited
Harrison Property Holdings Limited

Employee remuneration
During the year ended 31 March 2015, the number of employees or former employees of the Group, not being directors of Turners Limited, who received remuneration and other benefits in their capacity as employees, the value of which exceeded $100.000 for the year was as follows:

	Number of employees	
Remuneration range	**2015**	**2014**
100,000 - 109,999	1	-
110,000 - 119,999	2	2
120,000 - 129,999	1	2
130,000 - 139,999	1	-
140,000 - 149,999	3	2
150,000 - 159,999	1	1
160,000 - 169,999	-	1
170,000 - 179,999	1	-
180,000 - 189,999	-	1
190,000 - 199,999	1	-
210,000 - 219,999	2	2
220,000 - 229,999	1	-
230,000 - 239,999	1	2
240,000 - 249,999	1	-

SHAREHOLDER AND STATUTORY INFORMATION

STOCK EXCHANGE LISTING

The Company's shares are listed on the NZX Main Board (NZSX) operated by NZX Limited (NZX).

PRINCIPAL ORDINARY SHAREHOLDERS AS AT 31 MAY 2015

The following table shows the names and holdings of the 20 largest holdings of quoted ordinary shares (TNR) of the Company.

Rank	Name	Units	% of Issued Capital
1	Hugh Green Investments Limited	141,573,401	22.44
2	The Business Bakery LP	44,617,226	7.07
3	Harrigens Trustees Limited	44,262,248	7.02
4	Bartel Holdings Limited	44,227,711	7.01
5	The Business Bakery LP No 2 Account	40,000,000	6.34
6	Paul Anthony Byrnes	33,098,937	5.25
7	Montezemolo Holding Limited	28,707,520	4.55
8	John Jeffers Harrison	16,333,333	2.59
9	National Nominees New Zealand Limited - NZCSD <NNLZ90>	15,000,000	2.38
10	Accident Compensation Corporation - NZCSD <ACCI40>	10,001,327	1.59
11	Paul Bernard Mora and Mary Innes Mora	10,000,000	1.59
12	New Zealand Permanent Trustees Limited - NZCSD <NZPT43>	7,000,000	1.11
13	Glenn Arthur Duncraft	6,600,000	1.05
14	Sinclair Investment Trust	6,600,000	1.05
15	FNZ Custodians Limited	6,195,154	0.98
16	Custodial Services Limited <A/C 3>	6,118,471	0.97
17	Ross Venture Trust	5,296,000	0.84
18	Custodial Services Limited <A/C 4>	3,751,271	0.59
19	Aratas Investment Trust	2,800,000	0.44
20	Custodial Services Limited <A/C 18>	3,409,509	0.54

SPREAD OF ORDINARY SHAREHOLDERS AS AT 31 MAY 2015

Range	Total Holders	Units	% of Issued Capital
1 – 999	462	214,213	0.03
1,000 - 1,999	421	573,699	0.09
2,000 - 4,999	998	3,260,580	0.52
5,000 - 9,999	1,053	7,236,073	1.15
10,000 - 49,999	1,672	35,191,532	5.58
50,000 - 99,999	278	17,924,929	2.84
100,000 - 499,999	254	47,530,036	7.54
500,000 - 999,000	25	17,293,473	2.74
1,000,000 plus	35	501,541,073	79.51
Total	5,198	630,765,608	100.00

	Shareholders		Shares	
Domicile of Ordinary Shareholders	Number	%	Number	%
New Zealand	5,019	96.56	623,573,732	98.86
Australia	72	1.39	1,728,825	0.27
Other	107	2.06	5,463,051	0.87
Total	5,198	100.00	630,765,608	100.00

SHAREHOLDER AND STATUTORY INFORMATION

Substantial Product Holders

The following information is given pursuant to section 293 of the Financial Markets Conduct Act 2013.

As at 31 March 2015 the following shareholders are registered by the company as Substantial Product Holders in the Company, having disclosed a relevant interest in quoted voting products under the Financial Markets Conduct Act 2013.

	Number of Shares	%
Hugh Green Investments Ltd	141,573,401	22.44
The Business Bakery LP	84,617,226	13.42
Harrigens Trustees Limited	44,262,248	7.02
Bartel Holdings Limited	44,227,711	7.01
Paul Byrnes	33,098,937	5.25

The total number of quoted voting products of the company on issue at 31 March 2015 was 630,765,588 paid ordinary shares.

TURNERS LIMITED CORPORATE GOVERNANCE REPORT

The Turners Limited Board of Directors is responsible for setting the strategic direction of the Company, overseeing the financial and operational controls of the business, putting in place appropriate risk management strategies and policies and enhancing its value for shareholders in accordance with good corporate governance principles.

The Board of Directors has adopted a corporate governance code ("Code"). The governance structure and practices encourage the highest standards of ethical conduct and provide accountability and control systems commensurate with the risks involved.

The Code and governance practices for the year ended 31 March 2015 are generally consistent with the principles identified in the "Corporate Governance in New Zealand Principles and Guidelines" issued by the Financial Markets Authority in December 2014. We have used these principles as the basis of our FY15 Corporate Governance Report.

Our governance practices for the year ended 31 March 2015 comply with the NZX Corporate Governance Best Practice Code excepting a formal procedure for the assessment of board performance which the Board intends to develop. Additionally, the Board does not have a separate remuneration committee or nomination committee as it believes these matters are the responsibility of the full Board.

The company will continue to monitor best practice in the governance area and update its policies to ensure it maintains the most appropriate standards.

The Corporate Governance Code and key policies are available on the Turners Limited website: www.turnerslimited.co.nz

ETHICAL STANDARDS:
The Board recognises that high ethical standards and behaviours are central to good corporate governance and it is committed to the observance of a written Code of Ethics for the Group.

The Code of Ethics is the framework of standards by which the directors, employees, contractors for personal services and advisers of Turners Limited and its related companies are expected to conduct their professional lives and has been approved by the Board.

The Code of Ethics is intended to facilitate decisions that are consistent with Group values, business goals and legal and policy obligations, thereby enhancing performance outcomes.

The Code of Ethics addresses conflicts of interest, receipt of gifts, corporate opportunities, confidentiality, behaviours, use of group assets and information, compliance with laws and policies, delegated authority, additional Director responsibilities, information for the Board and reporting concerns.

The Code of Ethics was last reviewed by the Board in February 2014.

The Board believes that all Directors conformed to the Code of Ethics during the 2015 financial year.

BOARD COMPOSITION AND PERFORMANCE:
Each Turners Limited director is a skilled and experienced business person. Each director provides value by making quality contributions to corporate governance matters, conceptual thinking, strategic planning, policies and providing guidance to management. Together, they reflect diversity, balance, cohesion and match the demands facing the Group.

Section 3 of the Turners Limited Corporate Governance Code provides guidelines which address appointments to the Board, Board membership, disclosure of interests, conflicts of interest and openness to review.

The Code also outlines the role and responsibilities of the Chair and of directors and identifies procedures to ensure that the Board meets regularly, conducts its meetings in an efficient and effective manner and that each director is fully empowered to perform his or her duties as a director of the Group and to fully participate in meetings of the Board.

The number of elected directors and the procedure for their retirement and re-election at annual meetings of shareholders is set out in the Constitution of the Company. The Board is responsible for identifying and recommending candidates. Directors may also be nominated by shareholders under Listing Rule 3.3.2 .The Board takes into consideration tenure, capability and skills when reviewing Board composition and new appointments.

Directors receive information and have access to senior management to allow them to make qualified decisions and add to Board discussions on matters pertaining to the company.

The Board supports the separation of the positions of chief executive and Chair of the Board.

The Board at the 31 March 2015 was comprised of two independent directors, one executive director and four non-executive directors, who are elected based on the value they bring to the Board and against set criteria detailed in the Code.

TURNERS LIMITED CORPORATE GOVERNANCE REPORT

As at 31 March 2015 the Board was as follows:

Grant Baker	Chairman
Kevin Brewer	Independent Director
Paul Byrnes	Deputy Chairman and Executive Director
Michael Dossor	Non-executive Director
John Gosney	Non-executive Director
Matthew Harrison	Non-executive Director
Antony Vriens	Independent Director

Since 31 March 2015, the Company has announced the appointment of John Roberts as an independent director. Profiles of board members are shown on pages 22 and 23.

In order for a director to be independent, the Board has determined that he or she must not be an executive of Turners Limited and must have no disqualifying relationship. The Board follows the guidelines of the NZX Listing Rules.

- The Board has determined that Kevin Brewer and Antony Vriens are independent.
- Grant Baker is a representative of The Business Bakery LP which, together with associates, has a 19.85% shareholding in Turners Limited and is therefore not independent.
- Paul Byrnes is an executive within Turners Limited and is therefore not independent.
- Michael Dossor is a representative of Bartel Holdings which has a 7.01% shareholding in Turners Limited, and is therefore not independent
- John Gosney is a director of Hugh Green Investments Limited which has a 22.44% shareholding in Turners Limited and represents their interests. He is therefore not independent.
- Matthew Harrison is a representative of the Harrison Family who has a 9.65% shareholding in Turners Limited, and is therefore not independent.

Directors' Meetings
The number of meetings attended by directors during the year is detailed in the following table.

Director	Board Meeting	Audit	Lending and Credit
Grant Baker	10		
Kevin Brewer	11	2	1
Paul Byrnes	11		
John Gosney	10	2	1
Matthew Harrison	11		
Gregory Peebles (retired 12 January 2015)	6	1	
Michael Dossor (appointed 12 January 2015)	2		
Antony Vriens (appointed 12 January 2015)	2	1	

Diversity and Inclusion
Turners Limited supports diversity and inclusion across its businesses and recognises the value of different viewpoints and perspectives offered by people of different backgrounds, age, experience, race and gender. As at 31 March 2015, the gender balance of Turners Limited's directors and senior management was follows:

	Directors 2015	Officers 2015	Directors 2014	Officers 2014
Females	-	2	-	1
Males	7	5	6	2
Total	7	7	6	3

An Officer is defined as corporate senior management and business unit leaders. The company does not currently have a Diversity Policy.

BOARD COMMITTEES
The use of Committees allows issues requiring detailed consideration to be dealt with separately by members of the Board with specialist knowledge and experience, thereby enhancing the efficiency and effectiveness of the Board. However the Board retains ultimate responsibility for the functions of its Committees and determines their responsibilities.

The Board has constituted two standing Committees being the Audit and Risk Management Committee and the Lending and Credit Committee. Due to the size of the Company's Board, matters normally dealt with by the remuneration and the nominations committees are dealt with by the full Board.

Audit and Risk Management Committee
The role of the Audit and Risk Management Committee is to assist the Board in carrying out its responsibilities under the Companies Act 1993 and the Financial Reporting Act 1993 regarding accountancy practices, policies and controls relative to the Company's financial position and make appropriate enquiry into the audits of the Company's financial statements.

This responsibility includes providing the Board with additional assurance about the quality and reliability of the financial information issued publicly by the Company.

A written charter outlines the Audit and Risk Management Committee's delegated authority, duties, responsibilities and relationship with the Board. The charter is included as an appendix in the Group's Corporate Governance Code which is available on the company's website.

The Audit and Risk Management Committee shall comprise a majority of independent directors and at least one director who is a chartered accountant or has another recognised form of financial expertise. Committee members as at 31 March 2015 are Kevin Brewer (Chair), Antony Vriens and John Gosney. It met twice during the financial year. In addition, the External Auditor of the Company attends meetings of the Audit Committee.

Lending and Credit Committee
The Lending and Credit Committee reviews the lending and credit policies of Dorchester Finance Limited. It is also responsible for the approval of lending policies, the approval/decline of loan applications in terms of approval authority and reviews the recovery of overdue loans and doubtful debt provisions in order to ensure that provisioning is satisfactory.

The Lending and Credit Committee members as at 31 March 2015 are John Gosney (Chair), Kevin Brewer and Matthew Harrison. It met once during the financial year.

REPORTING AND DISCLOSURE

Turners Limited directors are committed to keeping investors and the market informed of all material information about the company and its performance and ensures compliance with legislative and NZX listing rules.

The release of material information is guided by the Reporting and Disclosure section on the Group's Corporate Governance Code which is available to view on the company's website.

The Board is responsible for ensuring that the financial statements give a true and fair view of the financial position of the company and have been prepared using appropriate accounting policies, consistently applied and supported by reasonable judgements and estimates and for ensuring all relevant financial reporting and accounting standards have been followed.

For the financial year ended 31 March 2015, the directors believe that proper accounting records have been kept which enable, with reasonable accuracy, the determination of the financial position of the Company and the Group and facilitate compliance of the financial statements with the Financial Reporting Act 1993.

REMUNERATION

The Board promotes the alignment of the interests of the directors, the CEO and management with the long term interests of shareholders. Remuneration policies and structure are reviewed regularly to ensure remuneration of management and directors is fair and reasonable in a competitive market for the skills, knowledge and experience required by the Group.

The Board recognises that it is desirable that executive (including executive director) remuneration should include an element dependent upon the performance of both the Group and the individual, and should be clearly differentiated from non-executive director remuneration.

Details of directors and executives' remuneration and entitlements for the 2015 financial year are detailed on pages 68 and 80 of the Annual Report.

The Turners Limited Corporate Governance Code includes a Remuneration Policy. Due to the size of the Company's Board, matters normally dealt with by a Remuneration Committee are dealt with by the full Board.

Remuneration of Directors
The amount currently being paid to each non-executive director (other than the Chairman and Antony Vriens) of the Company is $50,000 per annum. The Chairman is currently paid $82,000 per annum. Antony Vriens is paid $15,000 per annum in addition to fees paid in his capacity of Chairman of DPL Insurance Limited.

Under the NZX Listing Rule 3.5.2, the Board may only make a payment to a director upon cessation or retirement from the office with shareholder approval. Turners Limited's policy is in line with best practice guidelines from the New Zealand Institute of Directors, and no directors appointed after 2000 are entitled to retirement payments.

Remuneration of Executives
Executive remuneration consists of a fixed base salary and a variable short term bonus paid annually. Bonuses are paid against targets agreed with executives at the commencement of the year and are based on profitability, growth and personal objectives.

TURNERS LIMITED CORPORATE GOVERNANCE REPORT

RISK MANAGEMENT
Turners Limited is committed to proactively managing risk. While this is the responsibility of the entire Board, the Audit and Risk Management Committee assists the Board and provides additional oversight in regards to the risk management framework and monitoring compliance with that framework. The Board's approach to risk management is incorporated into the Audit and Risk Committee Charter.

AUDITOR
The Board's approach to the appointment and oversight of the external auditor are outlined in section 9 of the Turners Limited Corporate Governance Code and ensure that audit independence is maintained, both in fact and appearance, such that Turner's Limited external financial reporting is viewed as being highly reliable and credible.

The Audit and Risk Management Committee provides additional oversight of the external auditor, reviews the quality and cost of the audit undertaken by the company's external auditors and provides a formal channel of communication between the Board, senior management and external auditors. The Committee also assesses the auditor's independence on an annual basis.

For the financial year ended 31 March 2015, Staples Rodway was the external auditor for Turners Limited. Staples Rodway were first appointed as external auditor in 1999 and were automatically re-appointed under the Companies Act 1993 at the 2014 Turners Limited annual meeting.

The amount of fees paid to Staples Rodway for audit and other services is identified on page 49 of the 2015 Annual Report.

SHAREHOLDER RELATIONS
The Board is committed to open dialogue and to facilitating engagement with shareholders. In each year, the company provides shareholders with an annual and interim report and keeps shareholders updated on material events through disclosure to the NZX. The company maintains a comprehensive website which provides access to key corporate governance documents, copies of all major announcements, company reports and presentations. Shareholders are encouraged to attend the annual meeting and may raise matters for discussion at this event. Shareholders have the ultimate control in corporate governance by voting directors on or off the Board.

STAKEHOLDER INTERESTS
The company has a wide range of stakeholders and maintains open channels of communication for all audiences, including shareholders, brokers and the investing community, as well as our staff, suppliers and customers.

CORPORATE DIRECTORY AND SHAREHOLDER INFORMATION

DIRECTORS
Grant Baker
Chairman
Appointed10 September 2009

Kevin Brewer
Independent director
Appointed 12 December 2012

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
Non-executive director
Appointed 12 December 2012

Antony Vriens
Independent Director
Appointed 12 January 2015

Appointment after 31 March 2015
The Company has announced that John Roberts will be joining the Board on 1 July 2015, as an independent director.

REGISTERED OFFICE
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Facsimile: +16 9 308 4982
Email enquiries: info@turnerslimited.co.nz
Web: www.turnerslimited.co.nz

AUDITOR
Staples Rodway

BANKERS
Bank of New Zealand

SOLICITORS
Chapman Tripp

SHAREHOLDER INFORMATION

COMPANY PUBLICATIONS
The Company informs investors of the Company's business and operations by issuing an Annual Report, an Interim Report and releasing announcements on the NZX's website.

Financial calendar	
Half year results announced	November
Half year report	December
Interim dividend paid	December
End of financial year	31 March
Annual results announced	May
Annual report	June
Final dividend paid	July

SHARE REGISTER
Computershare Investor Services Limited
Level 2, 159 Hurstmere Road, Takapuna, Auckland
Private Bag 92119, Auckland 1142, New Zealand
Telephone: +64 9 488 8777
Facsimile: +64 9 488 8787

ENQUIRIES
Shareholders with enquiries about transactions, change of address or dividend payments should contact Computershare Investor Services on +64 9 488 8777. Other questions should be directed to the Company at the registered address.

STOCK EXCHANGE
The Company's shares trade on the NZSX operated by the NZX under the code TNR. The minimum marketable parcel on the NZX is 50 shares.

This annual report is dated 22 June 2015 and is signed on behalf of the board by:

G.K. Baker
Chairman

P.A. Byrnes
Executive Director

Turners. LIMITED

Dorchester Finance

Oxford FINANCE

DPL Insurance

EC Credit Control
TERMS OF TRADE - DEBT RECOVERY - CREDIT MANAGEMENT

Turners

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