TURNERS AUTOMOTIVE GROUP INTERIM REPORT

FOR THE SIX MONTHS ENDED
30 SEPTEMBER 2017

TURNERS AUTOMOTIVE GROUP IS AN INTEGRATED AUTOMOTIVE FINANCIAL SERVICES GROUP, OFFERING STRENGTH IN THREE KEY AREAS: AUTOMOTIVE RETAIL, FINANCE & INSURANCE AND DEBT MANAGEMENT.

Automotive Retail

Turners is the largest second hand vehicle retailer in New Zealand, operating through a growing group of retailers including Turners Group and Buy Right Cars. This retail presence allows us direct access to buyers and sellers and the opportunity to cross sell our finance and insurance offer.

Finance & Insurance

We work with a network of dealers and brokers to offer simple and attractive finance and insurance products to customers across New Zealand. Our products are primarily focused on the automotive industry including motor vehicle financing, mechanical breakdown and loan repayment insurance.

Debt Management

EC Credit operates across New Zealand and Australia, helping businesses of any size with better management of their credit challenges.

Turners. Automotive Group | Buy Right Cars | OxfordFINANCE | AUTOSURE NEW ZEALAND | EC Credit Control TERMS OF TRADE · DEBT RECOVERY · CREDIT MANAGEMENT

UPCOMING DATES

Record Date for Q2 Dividend	15 December 2017
Dividend Payment Date	22 December 2017
End of 2017 Financial Year	31 March 2018

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HY18 AT A GLANCE

KEY EVENTS

Expanding our Business

Autosure and Buy Right Cars both successfully integrated into the group and contributed full six months of earnings

Strong Divisional Performance

All divisions delivered improvements in revenue and operating profit

Strengthening our Company

ASX dual listing completed

Completion of capital raising: $25m placement (plus $5m SPP completed post-period end) to support growth initiatives

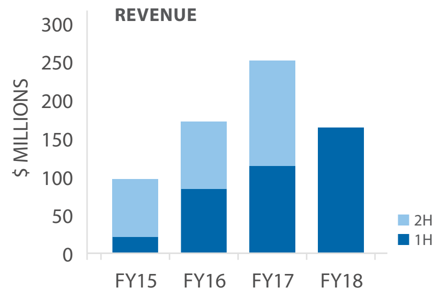
Key Appointments

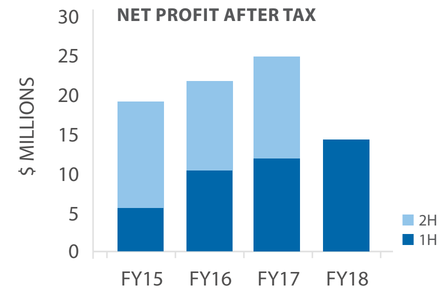
Appointed Greg Hedgepeth as CEO of the Automotive Retail division

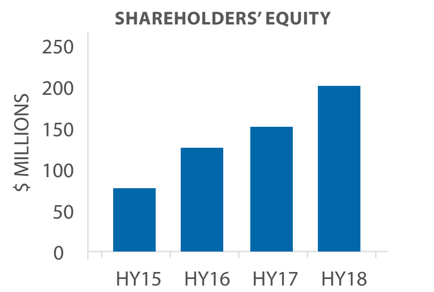
HALF YEAR FINANCIAL SNAPSHOT

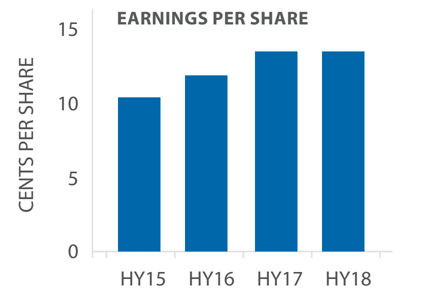
Six months to 30 September 2017

$MILLIONS	HY18	HY17	% CHANGE
Operating Revenue	163.8	113.9	44%
Net Profit Before Tax	14.2	11.8	21%
Net Profit After Tax	10.0	8.5	18%
Finance Receivables	269.2	176.1	53%
Shareholder Funds	200.7	151.3	33%
Half Year Dividends (cps)	6.0	6.0	









Turners Automotive Group Limited delivered a strong half year result with all divisions delivering improvements in revenue and operating profit. The company is benefitting from growing retail sales, an increasing loan book and a scaled up insurance business. Both Buy Right Cars and the Autosure insurance business contributed a full six months of earnings, following their acquisition in FY17.

The Board declared a fully imputed dividend of 3.0 cents per share for Q2, taking total dividends for the FY18 half year to 6.0 cents per share (cps).

HALF YEAR REVIEW

The first half of the 2018 financial year was primarily about getting Turners into shape after several large acquisitions during last year and the rapid growth in the finance book.

Pleasingly, Autosure and Buy Right Cars have both successfully integrated into the group and contributed a full half year of earnings after being acquired in FY17.

In addition to acquisitions, organic growth is coming from:

- Strong used car sales and loan origination across the market
- Finance receivables growth across the Turners, MTF and core loan books; and
- Gross written premium growth from both captive and partner networks.

Revenue was $163.8m for the six months (HY17: $113.9m). Net Profit Before Tax, which is the measure used by Turners as the basis for market guidance, was $14.2m, an increase of 21%, while Net Profit After Tax was $10.0m, up 18.%. Excluding the acquisitions of Buy Right Cars and Autosure, organic growth was 14% which was very pleasing.

Shareholder equity increased to $200.7m as at 30 September 2017, boosted by the $25m capital placement completed in September 2017.

The Board declared a second quarter, fully imputed dividend of 3cps, taking total half year dividends to 6cps.

OPERATING ENVIRONMENT

There was some softening in the used vehicle market during the election period but overall market trends are positive and growth prospects remain strong.

Year on year sales are up across the industry for all vehicle groups – Cars, Trucks & Machinery, and damaged and end of life vehicles.

This is reflected in the growing number of registered motor vehicle dealers, demonstrating the confidence in the industry for further growth moving forward.

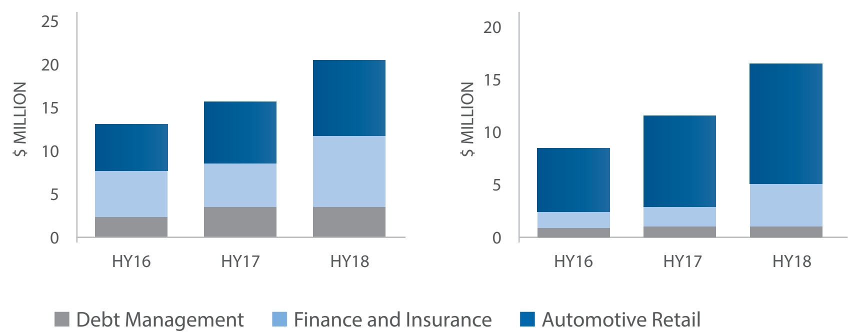
This growth in competition, combined with an increase in the supply of new and used vehicles, is putting some pressure on trading margins and the usual seasonal dip in margins was longer and stronger than expected. However, improvements in trading margins have been reported for both October and November, post-period end.

SECTOR REVIEW

Turners is continuing to grow its vertically integrated business model, which operates across three key divisions – Automotive Retail, Finance & Insurance and Debt Management.

All divisions delivered improvements in revenue and operating profit for the first half year.

SECTOR OPERATING PROFIT **REVENUE**



Automotive Retail
Revenue $113.5m +32%, Op Profit $8.8m +27%

Our focus on retail customers continues to deliver value, and sales to end users through Turners Cars were at 72% of all car purchases in the first half (HY17: 64%).

These sales deliver higher margins and provide more opportunities to sell finance and insurance products. This was reflected in a 23% increase in finance contracts written by Turners and a 22% increase in sales of mechanical breakdown insurance policies.

We are continuing to invest in purpose built sites in targeted locations for the automotive group.

The new Trucks & Machinery sites in Wiri and Palmerston North are now operational, with an additional site being developed in Hamilton. A new site for Cars is being developed in Porirua and is expected to be operational in April 2018; and a property has been acquired for the relocation of the Whangarei branch to larger premises in 2019. A new Buy Right Cars site is also under development in Penrose, adjacent to the main Turners site, and will be operational in the next few weeks.

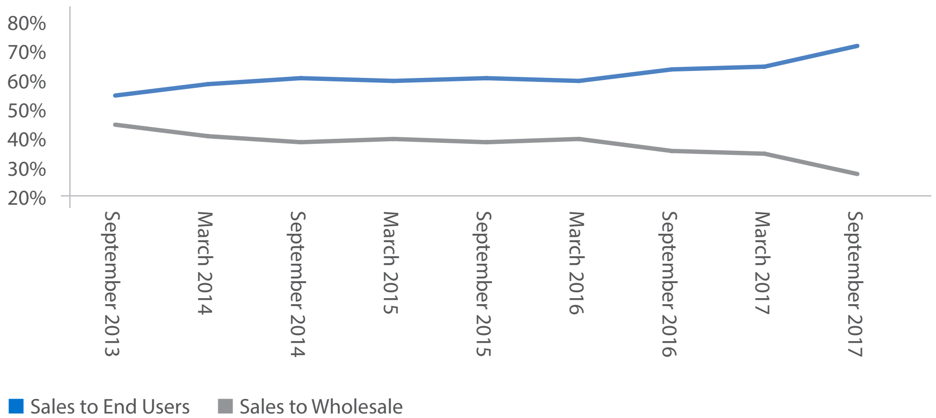
When looking at new sites, for both our Cars and Trucks & Machinery businesses, we consider a number of factors to determine whether we acquire or lease a site, with the aim of securing strategic locations to support further growth.

We are also continuing to progress with the opportunity to provide service, repairs and maintenance by leveraging Autosure's relationship with over 1,500 repairers, and providing these services to vehicle owners in a more cost effective and convenient way. According to Statistics NZ, households spend an average of $780 annually on vehicle parts & accessories, vehicle lubricants, vehicle servicing and repairs.

This fits well within Turners' integrated model and adds the opportunity for customers to be recommended to Turner's own repairer and service network.

We were pleased to welcome Greg Hedgepeth as the new CEO of the Automotive Retail division with operational responsibility for the Turners Group NZ (Turners Auctions) business and Buy Right Cars.

SALES BY CUSTOMER TYPE



FINANCE AND INSURANCE

Combined, Turners finance and insurance divisions provided 24.5% of group revenue and 40% of group operating profit.

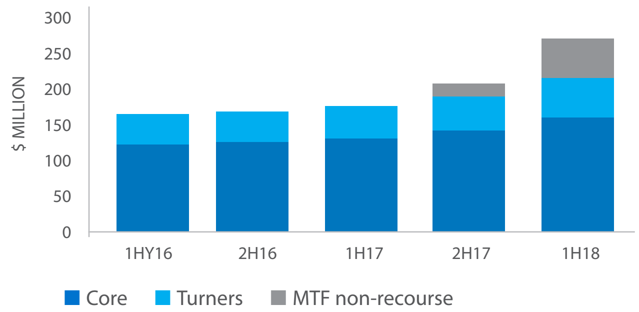
Turners is currently consolidating its finance and insurance businesses into two primary entities, which will deliver scale and operational efficiencies for the group.

Finance

Revenue 17.8m +39%, Op Profit $5.5m +12%

Turners' finance book continues to expand and finance receivables were up 30% since March 2017 to $269m.

FINANCE RECEIVABLES



Funding of new receivables is now primarily through securitisation and approximately 75% of the funds from the recent equity raise will also be used to support the growth of the finance book. We are focused on maximising growth opportunities and improving the quality of lending and collections efforts. The MTF referral channel is working well and, as part of ongoing credit quality management, we have made some adjustments to the credit criteria associated with this channel.

Fintech is becoming an important competitive advantage and we are continuing to enhance our Autoapp online loan approval platform to deliver a faster, better and easier response on loan applications. Integration of insurance into this platform is a key initiative.

The consolidation of our different finance brands into one operating entity "Oxford Finance" is progressing well and we expect this to be complete by the start of FY19. As part of this we are focused on building on our existing referral network of dealers and brokers and encouraging them to write more loans with Oxford Finance.

Insurance
Revenue $22.4m +345%, Op Profit $2.6m (HY17: $0.1m)

The Autosure business has provided the scale required for Turners to operate competitively and efficiently in the automotive insurance sector.

Autosure's in-force policies were transferred to Turners at 31 March 2017 and the Autosure products now represent approximately 70% of Turners' insurance business.

Pleasingly, Gross Written Premiums are well ahead of expectations YTD. In conjunction with close monitoring of risk profiles and claims management, we have a conservative approach to claims reserves which continue to build over and above actual losses.

Innovation is key to our success in this sector and we have a number of new initiatives including a dealer loyalty share scheme to reward finance and insurance referrals, new electric vehicle breakdown cover and the development of a refreshed loan repayment product for retail customers. In addition, we are spending significant effort in data analysis to better understand claims and pricing by portfolio and vehicle category.

We are also integrating our insurance businesses into a single operating entity. This is progressing well and is expected to be completed in FY19.

Debt Management
Revenue $10.2m +4%, Op Profit $3.4m (HY17: $3.4m)

EC Credit Control continues to perform well and remains highly cash generative.

Debt load from key corporate accounts continues to increase, reflecting the positive collections result we achieve for these customers. To drive further efficiencies, we are building the analytics capability in the contact centre and new Auto Dialler software has been introduced with encouraging results. This technology is improving our efficiency and the number of customer connects we can actually make and we expect a positive impact from the software on second half collections results.

EC Credit has also established a partnership with IODM, an Australian based online automated accounts receivable solution provider, to resell IODM products and become their debt collection partner in Australia and NZ.

On the investor front, we completed the dual listing on the ASX, in response to the growing interest from Australian investors, and completed a $25m placement with a further $5m raised post period end through a Share Purchase Plan. The board has reflected on the oversubscribed Share Purchase Plan and acknowledges shareholder feedback received on the merits of a significantly higher rights issue component.

A STRONG PLATFORM FOR GROWTH

Turners has the funding and capability to continue building scale and increasing share in each of the sectors in which we operate.

The business is in a strong financial position after the recent $30m capital raise. Funding remains an important area of focus for Turners. As our loan book grows, it becomes ever more important to ensure we are accessing the most cost effective funding possible.

The securitisation programme is now in effect with $114m utilised out of a $150m approved facility. This is our largest source of funds and we are currently working to extend this limit with the BNZ.

We are also looking at diversifying our bank funding to reduce our reliance on just one bank and to increase our access to funds.

OUTLOOK

For the second half of FY18, we will be focused on product and service innovation; expanding our retail presence in both Cars and Trucks & Machinery; and developing a bundled approach to finance and insurance; and building on existing capability to offer servicing and maintenance.

An uplift is expected in the second half in line with annual trends and we remain firmly on track to deliver a Net Profit Before Tax of between $29m and $31m for the full year. This represents an 18% to 26% increase on FY17, or 10 to 14% excluding acquisitions.

The automotive sector continues to remain buoyant and Turners is well positioned to keep delivering profit growth for shareholders into the future.

Todd Hunter
CEO

Grant Baker
Chairman

INTERIM FINANCIAL REPORTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2017

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2017

	Note	Six months ended 30/09/2017 Unaudited $'000	Six months ended 30/09/2016 Unaudited $'000	Year ended 31/03/2017 Audited $'000
Revenue from continuing operations	3	162,979	113,292	249,338
Other income		863	657	1,671
Cost of goods sold		(71,430)	(50,553)	(116,997)
Interest expense		(6,532)	(5,642)	(11,350)
Impairment provision expense		(2,276)	(739)	(2,026)
Subcontracted services expense		(5,375)	(4,110)	(8,520)
Employee benefits (short term)		(25,589)	(19,220)	(40,862)
Commission		(5,439)	(3,469)	(7,446)
Advertising expense		(1,905)	(1,476)	(3,431)
Depreciation and amortisation expense		(2,689)	(1,247)	(2,863)
Property and related expenses		(5,118)	(4,392)	(9,391)
Systems maintenance		(870)	(709)	(1,468)
Claims		(15,920)	(3,195)	(6,491)
Movement in life insurance liabilities		(25)	(833)	(1,056)
Credit legal fee service expense		(548)	(374)	(838)
Other expenses		(5,882)	(6,228)	(13,639)
Profit before taxation		14,244	11,762	24,631
Taxation expense		(4,213)	(3,235)	(7,057)
Profit from continuing operations		10,031	8,527	17,574
Other comprehensive income for the period (which may subsequently be reclassified to profit/loss), net of tax				
Cash flow hedges		(43)	35	41
Foreign currency translation differences		-	(1)	(6)
Total comprehensive income for the period		9,988	8,561	17,609
Earnings per share (cents per share)				
Basic earnings per share		13.36	13.40	25.49
Diluted earnings per share		13.24	12.95	25.03

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2017

	Share Capital $'000	Share Options $'000	Translation Reserve $'000	Cash flow reserve $'000	Retained Earnings $'000	Total $'000
Balance at 31 March 2016 (audited)	136,127	-	(17)	(35)	(6,263)	129,812
Transactions with shareholders in their capacity as owners						
Capital contributions (net of issue costs)	19,309	-	-	-	-	19,309
Dividend paid	-	-	-	-	(6,361)	(6,361)
	19,309	-	-	-	(6,361)	12,948
Comprehensive income						
Profit	-	-	-	-	8,527	8,527
Other comprehensive income	-	-	(1)	35	-	34
Total comprehensive income for the period, net of tax	-	-	(1)	35	8,527	8,561
Balance at 30 September 2016 (unaudited)	155,436	-	(18)	-	(4,097)	151,321
Transactions with shareholders in their capacity as owners						
Capital contributions (net of issue costs)	13,373	-	-	-	-	13,373
Share based payments	-	208	-	-	-	208
Dividend paid	-	-	-	-	(2,234)	(2,234)
	13,373	208	-	-	(2,234)	11,347
Comprehensive income						
Profit	-	-	-	-	9,047	9,047
Other comprehensive income	-	-	(5)	6	-	1
Total comprehensive income for the period, net of tax	-	-	(5)	6	9,047	9,048
Balance at 31 March 2017 (audited)	168,809	208	(23)	6	2,716	171,716
Transactions with shareholders in their capacity as owners						
Capital contributions (net of issue costs)	**25,149**	**-**	**-**	**-**	**-**	**25,149**
Share based payments	**-**	**217**	**-**	**-**	**-**	**217**
Dividend paid	**-**	**-**	**-**	**-**	**(6,334)**	**(6,334)**
	25,149	**217**	**-**	**-**	**(6,334)**	**19,032**
Comprehensive income						
Profit	**-**	**-**	**-**	**-**	**10,031**	**10,031**
Other comprehensive income	**-**	**-**	**-**	**(43)**	**-**	**(43)**
Total comprehensive income for the period, net of tax	**-**	**-**	**-**	**(43)**	**10,031**	**9,988**
Balance at 30 September 2017 (unaudited)	**193,958**	**425**	**(23)**	**(37)**	**6,413**	**200,736**

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

For the six months ended 30 September 2017

	Note	Unaudited $'000	Unaudited $'000	Audited $'000
Assets				
Cash and cash equivalents	4	**69,472**	14,903	69,069
Financial assets at fair value through profit or loss				
- Insurance		**7,345**	16,058	7,190
- Other		**3,620**	3,206	3,130
Trade receivables		**17,538**	10,114	12,663
Inventory		**42,143**	44,028	44,642
Finance receivables	5	**269,229**	176,052	207,143
Derivative financial instruments		**-**	-	88
Other receivables and deferred expenses		**7,945**	8,328	8,489
Reverse annuity mortgages	5	**8,967**	9,769	9,222
Investment property		**4,000**	3,500	4,000
Property, plant and equipment		**23,736**	13,856	18,909
Intangible assets		**171,527**	133,269	172,088
Total assets		**625,522**	433,083	556,633
Liabilities				
Other payables		**35,164**	33,025	28,091
Financial liability at fair value through profit or loss		**2,767**	5,754	7,611
Deferred revenue		**5,766**	5,738	5,624
Deferred tax		**20,044**	10,698	20,173
Tax payable		**1,681**	276	1,808
Derivative financial instruments		**43**	-	-
Borrowings		**306,786**	198,849	265,889
Life investment contract liabilities		**8,079**	15,862	12,847
Insurance contract liabilities		**44,456**	11,560	42,874
Total liabilities		**424,786**	281,762	384,917
Shareholders' equity				
Share capital		**193,958**	155,436	168,809
Other reserves		**365**	(18)	191
Retained earnings		**6,413**	(4,097)	2,716
Total shareholders' equity		**200,736**	151,321	171,716
Total shareholders' equity and liabilities		**625,522**	433,083	556,633

G.K. Baker
Chairman

P.A.Byrnes
Executive Director

Authorised for issue on 28 November 2017

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2017

	Six months ended 30/09/2017 Unaudited $'000	Six months ended 30/09/2016 Unaudited $'000	Year ended 31/03/2017 Audited $'000
Cash flows from operating activities			
Interest received	**18,873**	15,254	27,909
Receipts from customers	**138,972**	96,386	216,948
Interest paid	**(5,896)**	(5,610)	(8,237)
Payment to suppliers and employees	**(132,000)**	(92,752)	(216,489)
Income tax paid	**(4,465)**	(3,268)	(5,044)
Net cash inflow/(outflow) from operating activities before changes in operating assets and liabilities	**15,484**	10,010	15,087
Net increase in finance receivables	**(54,372)**	(9,569)	(36,403)
Net decrease in reverse annuity mortgages	**672**	413	1,246
Net decrease of financial assets at fair value through profit or loss	**305**	386	9,156
Net contribution from life investment contracts	**(4,877)**	(90)	(2,645)
Changes in operating assets and liabilities arising from cash flow movements	**(58,272)**	(8,860)	(28,646)
Net cash (outflow)/inflow from operating activities	**(42,788)**	1,150	(13,559)
Cash flows from investing activities			
Proceeds from sale of property, plant, equipment and intangibles	**152**	163	340
Purchase of fixed assets and intangible assets	**(6,116)**	(2,763)	(8,401)
Purchase of subsidiaries	**(3,733)**	(29,344)	(63,346)
Net cash (outflow)/inflow from investing activities	**(9,697)**	(31,944)	(71,407)
Cash flows from financing activities			
Net bank loan advances/(repayments)	**34,756**	18,450	82,288
Proceeds of share issue	**24,466**	-	13,374
Proceeds from the issue of bonds	**-**	19,784	19,784
Dividend paid	**(6,334)**	(6,361)	(8,595)
Net cash inflow/(outflow) from financing activities	**52,888**	31,873	106,851
Net movement in cash and cash equivalents	**403**	1,079	21,885
Add opening cash and cash equivalents	**69,069**	13,810	13,810
Cash included with purchase of subsidiaries	**-**	-	33,378
Translation difference	**-**	14	(4)
Closing cash and cash equivalents	**69,472**	14,903	69,069

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the six months ended 30 September 2017

	Six months ended 30/09/2017 Unaudited $'000	Six months ended 30/09/2016 Unaudited $'000	Year ended 31/03/2017 Audited $'000
RECONCILIATION OF NET SURPLUS WITH CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(loss)	**10,031**	8,527	17,574
Adjustment for Non-cash items			
Movement in impairment provisions	**2,281**	739	2,026
Net (profit)/loss on sale of fixed assets	**(227)**	(24)	(84)
Depreciation and amortisation	**2,689**	1,247	2,863
Capitalised reverse annuity mortgage interest	**(432)**	(456)	(885)
Deferred revenues	**282**	2,508	4,678
Change in value of financial assets at fair value through profit or loss	**(929)**	(114)	(1,012)
Net annuity and premium change to policyholders accounts	**109**	(1,183)	(137)
Non-cash long term employee benefits	**238**	323	179
Non-cash adjustments to finance receivables effective interest rates	**51**	(14)	83
Deferred expenses	**(5,909)**	45	(3,901)
Adjustment for Movements in Working Capital			
Net increase receivables and pre-payments	**(1,823)**	(3,860)	(6,518)
Net decrease/(increase) in inventories	**2,578**	(2,870)	(3,585)
Net decrease/(increase) in current tax receivable	**(266)**	-	2,159
Net increase/(decrease) in payables	**6,797**	5,178	1,575
Net increase in finance receivables	**(54,372)**	(9,569)	(36,403)
Net decrease in reverse annuity mortgages	**672**	413	1,246
Net decrease of insurance assets at fair value through profit or loss	**305**	386	9,156
Net contributions from life investment contracts	**(4,877)**	(90)	(2,645)
Net decrease/(increase) in deferred tax	**1,214**	(33)	76
Net increase in tax payable	**(1,200)**	(3)	(4)
Net Cash inflow/(outflow) from Operating Activities	**(42,788)**	1,150	(13,559)

NOTES TO THE INTERIM FINANCIAL STATEMENTS
For the six months ended 30 September 2017

1. BASIS OF PRESENTATION AND ACCOUNTING POLICIES

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

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

The unaudited consolidated condensed interim financial statements of the Group for the six months ended 30 September 2017 have been prepared using the same accounting policies and methods of computation as, and should be read in conjunction with the financial statements and related notes included in the Group's annual report for the year ended 31 March 2017.

The same significant judgments, estimates and assumptions (including basis of segmentation) included in the notes to the financial statements in the Group's Annual Report for the year to 31 March 2017 have been applied to these interim financial statements. The business does not experience notable seasonal variations. There has been no change to the basis of segmentation from that applied at 31 March 2017.

To ensure consistency with audited figures, 30 September 2016 comparatives have been regrouped where appropriate

NOTES TO THE INTERIM FINANCIAL STATEMENTS
For the six months ended 30 September 2017

2. SEGMENTAL INFORMATION

2.1 OPERATING SEGMENTS

Revenue	Total segment revenue	Inter-segment revenue	Revenue from external customers	Total segment revenue	Inter-segment revenue	Revenue from external customers	Total segment revenue	Inter-segment revenue	Revenue from external customers
	30/09/2017	**30/09/2017**	**30/09/2017**	30/09/2016	30/09/2016	30/09/2016	31/03/2017	31/03/2017	31/03/2017
	Unaudited	**Unaudited**	**Unaudited**	Unaudited	Unaudited	Unaudited	Audited	Audited	Audited
	$'000	**$'000**	**$'000**	$'000	$'000	$'000	$'000	$'000	$'000
Automotive retail	**115,694**	**(2,211)**	**113,483**	86,182	-	86,182	193,472	(783)	192,689
Finance	**17,791**	**-**	**17,791**	12,801	-	12,801	26,818	-	26,818
Collection Services - New Zealand	**6,978**	**(2,171)**	**4,807**	6,932	(1,836)	5,096	13,127	(3,804)	9,323
Collection Services - Australia	**5,382**	**-**	**5,382**	4,721	-	4,721	9,783	-	9,783
Insurance	**22,369**	**-**	**22,369**	5,025	-	5,025	12,255	-	12,255
Corporate & Other	**10**	**-**	**10**	293	(169)	124	466	(325)	141
	168,224	**(4,382)**	**163,842**	115,954	(2,005)	113,949	255,921	(4,912)	251,009

Operating profit	**30/09/2017**	30/09/2016	31/03/2017
	Unaudited	Unaudited	Audited
	$'000	$'000	$'000
Automotive retail	**8,771**	6,918	15,397
Finance	**5,537**	4,937	10,156
Collection Services - New Zealand	**3,285**	3,279	6,006
Collection Services - Australia	**128**	116	239
Insurance	**2,627**	130	928
Corporate & Other	**(6,104)**	(3,618)	(8,095)
Profit/(loss) before taxation	**14,244**	11,762	24,631
Income tax	**(4,213)**	(3,235)	(7,057)
Profit attributable to shareholders	**10,031**	8,527	17,574

		Interest revenue			Interest expense			Depreciation and amortisation expenses	
	30/09/2017	30/09/2016	31/03/2017	**30/09/2017**	30/09/2016	31/03/2017	**30/09/2017**	30/09/2016	31/03/2017
	Unaudited	Unaudited	Audited	**Unaudited**	Unaudited	Audited	**Unaudited**	Unaudited	Audited
	$'000	$'000	$'000	**$'000**	$'000	$'000	**$'000**	$'000	$'000
Automotive retail	**4,289**	3,735	7,590	**2,302**	1,812	3,753	**1,242**	1,010	2,286
Finance	**15,710**	11,079	22,907	**2,643**	1,915	3,648	**152**	122	329
Collection Services - New Zealand	**5**	4	13	**-**	1	-	**39**	42	92
Collection Services - Australia	**-**	-	-	**-**	-	-	**1**	-	-
Insurance	**993**	415	875	**-**	-	-	**105**	43	91
Corporate & Other	**9**	247	418	**1,748**	2,083	4,274	**1,150**	30	65
	21,006	15,480	31,803	**6,693**	5,811	11,675	**2,689**	1,247	2,863
Eliminations	**(161)**	(169)	(325)	**(161)**	(169)	(325)	**-**	-	-
	20,845	15,311	31,478	**6,532**	5,642	11,350	**2,689**	1,247	2,863

NOTES TO THE INTERIM FINANCIAL STATEMENTS
For the six months ended 30 September 2017

2. SEGMENTAL INFORMATION

2.1 OPERATING SEGMENTS (continued)

Other material non-cash items

	Revenue			Expenses		
	30/09/2017 Unaudited $'000	30/09/2016 Unaudited $'000	31/03/2017 Audited $'000	**30/09/2017 Unaudited $'000**	30/09/2016 Unaudited $'000	31/03/2017 Audited $'000
Automotive retail - impairment provisions	**-**	-	-	**207**	121	297
Finance - impairment provisions	**-**	-	-	**2,016**	601	1,710
Insurance - impairment provisions	**-**	-	-	**53**	14	16
Automotive retail - revaluation of investment	**590**	523	729	**-**	-	-
Finance - investment property	**-**	-	500	**-**	-	-
Collection services - New Zealand - deferred revenue	**241**	597	1,061	**-**	-	-
Insurance - reverse annuity mortgage interest	**432**	396	825	**-**	-	-
Corporate & Other - reverse annuity mortgage interest	**-**	60	60	**-**	-	-
	1,263	1,576	3,175	**2,276**	736	2,023

2.2 SEGMENT ASSETS AND LIABILITIES

	Segment assets			Segment liabilities		
	30/09/2017 Unaudited $'000	30/09/2016 Unaudited $'000	31/03/2017 Audited $'000	**30/09/2017 Unaudited $'000**	30/09/2016 Unaudited $'000	31/03/2017 Audited $'000
Automotive retail	**140,406**	119,932	134,160	**108,698**	95,565	103,821
Finance	**228,077**	143,886	174,134	**178,439**	99,215	126,528
Collection Services - New Zealand	**26,625**	28,163	25,974	**7,824**	13,908	9,246
Collection Services - Australia	**1,852**	1,570	1,908	**758**	683	890
Insurance	**117,862**	43,030	118,722	**64,413**	33,980	66,503
Corporate & Other	**285,026**	280,569	266,403	**72,386**	101,430	79,169
	799,848	617,150	721,301	**432,518**	344,781	386,157
Eliminations	**(174,326)**	(184,067)	(164,668)	**(7,732)**	(63,019)	(1,240)
	625,522	433,083	556,633	**424,786**	281,762	384,917

2.3 AUTOMOTIVE RETAIL SEGMENT ANALYSIS

	Total segment revenue **30/09/2017 Unaudited $'000**	Inter-segment revenue **30/09/2017 Unaudited $'000**	Revenue from external customers **30/09/2017 Unaudited $'000**	Total segment revenue 30/09/2016 Unaudited $'000	Inter-segment revenue 30/09/2016 Unaudited $'000	Revenue from external customers 30/09/2016 Unaudited $'000	Total segment revenue 31/03/2017 Audited $'000	Inter-segment revenue 31/03/2017 Audited $'000	Revenue from external customers 31/03/2017 Audited $'000
Auctions	**21,899**	**(607)**	**21,292**	18,851	-	18,851	38,169	(272)	37,897
Finance	**7,313**	**(194)**	**7,119**	7,109	-	7,109	12,700	-	12,700
Fleet	**56,114**	**-**	**56,114**	49,216	-	49,216	97,858	-	97,858
Buy Right Cars	**30,368**	**(1,410)**	**28,958**	11,006	-	11,006	44,745	(511)	44,234
	115,694	**(2,211)**	**113,483**	86,182	-	86,182	193,472	(783)	192,689

NOTES TO THE INTERIM FINANCIAL STATEMENTS
For the six months ended 30 September 2017

2. SEGMENTAL INFORMATION

2.3 AUTOMOTIVE RETAIL SEGMENT ANALYSIS (continued)

Operating profit	30/09/2017 Unaudited $'000	30/09/2016 Unaudited $'000	31/03/2017 Audited $'000
Auctions	**2,459**	1,508	2,442
Finance	**2,956**	2,525	4,916
Fleet	**1,993**	2,207	4,932
Buy Right Cars	**1,363**	678	3,107
	8,771	6,918	15,397

Division assets and liabilities		Assets			Liabilities	
	30/09/2017 Unaudited $'000	30/09/2016 Unaudited $'000	31/03/2017 Audited $'000	**30/09/2017 Unaudited $'000**	30/09/2016 Unaudited $'000	31/03/2017 Audited $'000
Auctions	**26,583**	21,102	30,386	**7,194**	4,815	13,044
Finance	**61,463**	50,621	55,506	**58,319**	48,496	50,694
Fleet	**20,651**	14,025	20,546	**16,565**	10,333	14,876
Buy Right Cars	**31,709**	34,184	29,450	**26,620**	31,921	25,724
	140,406	119,932	135,888	**108,698**	95,565	104,338
Eliminations	**-**	-	(1,728)	**-**	-	(517)
	140,406	119,932	134,160	**108,698**	95,565	103,821

NOTES TO THE INTERIM FINANCIAL STATEMENTS
For the six months ended 30 September 2017

3. REVENUE

Revenue from continuing operations includes:

	30/09/2017 Unaudited $'000	30/09/2016 Unaudited $'000	31/03/2017 Audited $'000
Interest income	**20,845**	15,311	31,478
Sales of goods	**83,928**	59,532	139,153
Commission and other auction revenue	**22,499**	20,087	37,942
Finance related insurance commissions	**2,401**	1,148	6,839
Loan fee income	**1,244**	1,038	2,187
Insurance and life investment contract income	**21,299**	5,402	10,467
Collection income	**10,090**	9,813	19,093
Bad debts recovered	**529**	538	1,058
Other revenue	**144**	423	1,121
	162,979	113,292	249,338
Other income includes:			
Revaluation gain on investments	**590**	523	1229
Dividend income	**105**	103	358
Gain of sale of property, plant and equipment	**168**	31	84
	863	657	1,671

4. CASH AND CASH EQUIVALENTS

	30/09/2017 Unaudited $'000	30/09/2016 Unaudited $'000	31/03/2017 Audited $'000
Cash and cash equivalents	**69,472**	14,903	69,069

The Group's insurance business is required to comply with the solvency standards for licensed insurers issued by the Reserve Bank of New Zealand. The solvency standards specify the level of assets the insurance business is required to hold in order to meet solvency requirements, consequently all cash and cash equivalents held in the insurance business may not be available for use by the wider Group. The Group's insurance business' cash and cash equivalents at 30 September 2017 were $48.1m (30 September 2016: $6.2m; 31 March 2017: $55.6m).

Cash and cash equivalents at 30 September 2017 of $8.0m (30 September 2016 :$nil; 31 March 2017 : $2.1m) belongs to the Turners Marque Warehouse Trust 1 and is not available to the Group.

5. FINANCE RECEIVABLES AND REVERSE ANNUITY MORTGAGES

	30/09/2017 Unaudited $'000	30/09/2016 Unaudited $'000	31/03/2017 Audited $'000
Gross finance receivables	**272,525**	183,153	213,130
Deferred fee revenue and commission expenses	**4,410**	(1,346)	41
Provision for impairment	**(7,706)**	(5,755)	(6,028)
	269,229	176,052	207,143

NOTES TO THE INTERIM FINANCIAL STATEMENTS
For the six months ended 30 September 2017

5. FINANCE RECEIVABLES AND REVERSE ANNUITY MORTGAGES (continued)

	30/09/2017 Unaudited $'000	30/09/2016 Unaudited $'000	31/03/2017 Audited $'000
Reverse annuity mortgages	**9,050**	9,831	9,291
Provision for impairment	**(83)**	(62)	(69)
	8,967	9,769	9,222
Fair value			
Finance receivables	**263,963**	175,727	206,786
Reverse annuity mortgages	**11,854**	13,400	10,721

The fair value of finance receivables are based on cash flows discounted using a weighted average interest rate of 15.38% (30 September 2016: 15.98% and 31 March 2017: 15.51%) and the fair value for reverse annuity mortgages is estimated using a discounted cash flow model based on a current market interest rate for similar products after making allowances for impairment.

Securitisation

The Group has a wholesale funding facility with the Bank of New Zealand (BNZ) under which it securtises finance receivables through The Turners Marque Warehouse Trust 1 (the Trust). Under the facility, BNZ provide funding to the Trust secured by finance receivables sold to the Trust from the finance sector. The facility is for a 24 month term that will be renewed annually. The facility is for $150m

The Trust is a special purpose entity set up solely for the purpose of purchasing finance receivables from the finance sector with the BNZ funding up to 92% of the purchase price with the balance funded by sub-ordinated notes from the Group. The New Zealand Guardian Trust Company Limited has been appointed Trustee for the Trust and NZGT Security Trustee Limited as the security trustee. The Company is the sole beneficiary.

The Group has the power over the Trust, exposure, or rights, to variable returns from its involvement with the Trust and the ability to use its power over the Trust to affect the amount of the Group's returns from the Trust. Consequently the Group controls the Trust and has consolidated the Trust into the Group financial statements.

The Group retains substantially all the risks and rewards relating to the finance receivables sold and therefore the finance receivables do not qualify for derecognition and remain on the Group's consolidated statement of financial position

During the reporting period $80.3m finance receivables were sold to the Trust (30 September 2016: $nil; 31 March 2017: $74.8m). As at 30 September 2017 the carrying value of financial receivables in the Trust was $117.6m (30 September 2016: $nil; 31 March 2017: $73.0m).

NOTES TO THE INTERIM FINANCIAL STATEMENTS
For the six months ended 30 September 2017

6. DIVIDENDS

	Six months ended 30/09/2017 $'000	Six months ended 30/09/2016 $'000	Year ended 31/03/2017 $'000
Interim dividend for the year ended 31 March 2017 of $0.03 (2016: $0.00) per fully paid share, imputed paid on 30 September 2016.	**-**	1,921	1,921
Interim dividend for the year ended 31 March 2017 of $0.03 (2016: $0.006) per fully paid share, imputed paid on 23 December 2016 (15 December 2015, un-imputed).	**-**	-	2,234
Interim dividend for the year ended 31 March 2017 of $0.04 (2016: $0.00) per fully paid share, imputed paid on 12 April 2017.	**2,980**	-	-
Final dividend to the year ended 31 March 2017 of 0.045 cents (2016: $0.07) per fully paid share, imputed, paid on 21 July 2017 (2016: 28 July 2016, un-imputed)	**3,354**	4,440	4,440
Total dividends provided for or paid	**6,334**	6,361	8,595

Dividends not recognised at the end of the half year

In addition to the above dividends, since the end of the period the directors have recommended the payment of the following dividends expected to be paid our of retained earnings at 30 September 2017, bur not recognised as a liability at the end of the period:

Interim dividend for the year ended 31 March 2018 of $0.03 (2016: $0.00) per fully paid share, fully imputed paid on 3 November 2017.	**2,540**	-	-
An interim dividend for the year ended 31 March 2018 of $0.03 per fully paid share, fully imputed, (2016: $0.03), payable on 22 December 2007 (2016: 23 December 2016).	**2,540**	2,234	2,234

7. FAIR VALUE DISCLOSURES

As at 30 September 2017, 30 September 2016 and 31 March 2017, the carrying value of cash and cash equivalents, other receivables and other payables approximate their fair values due to the short-term nature of the financial assets or liabilities.

Fair value of borrowings	**30/09/2017 Unaudited $'000**	30/09/2016 Unaudited $'000	31/03/2017 Audited $'000
Fair value	**306,969**	199,254	266,416
Carrying value	**306,786**	198,849	265,889

The fair value of borrowings is based on cash flows discounted using a weighted average interest rate of 4.39% (30 September 2016: 5.0% and 31 March 2017: 4.65%).

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

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

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

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

NOTES TO THE INTERIM FINANCIAL STATEMENTS
For the six months ended 30 September 2017

7. FAIR VALUE DISCLOSURES (continued)

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

30 September 2017	**Level 1 $'000**	**Level 2 $'000**	**Level 3 $'000**	**Total $'000**
Financial assets:				
Financial assets at fair value through profit or loss - insurance	**-**	**7,345**	**-**	**7,345**
Financial assets at fair value through profit or loss - investment equities	**-**	**3,620**	**-**	**3,620**
Investment property	-	**-**	**4,000**	**4,000**
	-	**10,965**	**4,000**	**14,965**
Financial liabilities:				
Derivative cash flow hedges	**-**	**43**	**-**	**43**
Financial liability at fair value through profit or loss	**-**	**-**	**2,767**	**2,767**
	-	**43**	**2,767**	**2,810**

30 September 2016	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Financial assets:				
Financial assets at fair value through profit or loss - insurance	-	16,058	-	16,058
Financial assets at fair value through profit or loss - investment equities	-	2,800	-	2,800
Financial assets at fair value through profit or loss - other	406	-	-	406
	406	18,858	-	19,264
Financial liabilities:				
Financial liability at fair value through profit or loss	-	-	5,754	5,754

31 March 2017	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Financial assets:				
Financial assets at fair value through profit or loss - insurance	-	7,190	-	7,190
Financial assets at fair value through profit or loss - investment equities	-	3,008	-	3,008
Financial assets at fair value through profit or loss - term deposits	122	-	-	122
Investment property	-	-	4,000	4,000
Derivative cash flow hedges	-	88	-	88
	122	10,286	4,000	14,408
Financial liabilities:				
Financial liability at fair value through profit or loss	-	-	7,611	7,611

NOTES TO THE INTERIM FINANCIAL STATEMENTS
For the six months ended 30 September 2017

7. FAIR VALUE DISCLOSURES (continued)

Fair value insurance

The financial assets in this category back life investment contract liabilities and are investments in managed funds. The fair value of the investments in the managed funds are determined by reference to published exit prices, being the redemption price based on the market price quoted by the fund manager, ANZ Investments Limited.

Fair value assets - investment in equities

The fair value of the investment in equities has been estimated by reference to recent transactions with MTF shares.

Fair value liability - term deposits and fixed interest securities

Term deposits are recognised at fair value based on quoted bid market price.

Fair value - investment property

The fair value of investment property at 31 March 2017 was determined by an independent registered valuer using the comparable sales methodology.

This is a level 3 fair value measurement and the key unobservable assumption used in determining the consideration is the probable sales price. A change in sales price of +/- 5% would increase/(decrease) the total fair value and profit or loss by $0.2m/($0.2m).

Financial liability at fair value through profit or loss – contingent consideration

The fair value of the contingent consideration was determined using estimates of the expected pay out discounted at current borrowing rates.

These financial liabilities are exposed to interest rate risk as disclosed above.

Buy Right Cars

At the 30 September 2016, the contingent consideration at acquisition date was provisionally recognised at $5.8m. At 31 March 2017, the contingent consideration at acquisition date was revised to $6.3m and re-measured to $6.8m at 31 March 2017. At 30 September 2017, following the July 2017 earn out payment, the contingent consideration was remeasured to $2.8m.

The fair value estimate, at acquisition date, of the contingent consideration was determined by discounting the probability adjusted earn out consideration of $6.8m by 4.8%.

This is a level 3 fair value measurement and the key unobservable assumptions used in determining the probability adjusted earn out consideration was the probability of achieving 65% to 150% of the annual net profit performance target established in the sales and purchase agreement for the two earn out periods.

At 30 September 2017 a release of $0.4m was recognised in the profit or loss for the contingent consideration arrangement as the assumed probability adjusted earn out consideration for the second period changed from $3.4m to $3.0m, there was no change to the discount rate. Assuming all other variables are held constant, and an increase in net profit before tax of 1% for the earn out period, the contingent consideration would increase by $30,000.

At 31 March 2017, a charge of $0.5m was recognised in profit or loss for the contingent consideration arrangement as the assumed probability adjusted earn out consideration was increased from $3.4m to $3.5m and the discount rate changed from 4.8%to 4.55%. Assuming all other variables are held constant, and an increase in net profit before tax of 1% in each earn out period, the contingent consideration would increase by $68,000.

Autosure

At acquisition date contingent consideration of $0.8m was recognised and not re-measured at 31 March 2017 as the acquisition took place on that date. The maximum consideration to be paid is $1.0m. There was no change to the fair value at 30 September 2017.

NOTES TO THE INTERIM FINANCIAL STATEMENTS
For the six months ended 30 September 2017

7. FAIR VALUE DISCLOSURES (continued)

The fair value estimate, at acquisition date, of the contingent consideration was determined by discounting the probability adjusted earn out consideration of $ 0.8m by 4.55%.

This is a level 3 fair value measurement and the key unobservable assumptions used in determining the probability adjusted earn out consideration was the probability of achieving 96% to 100% of the gross written premium target established in the sales and purchase agreement.

Future development may require further revisions to the contingent considerations for Buy Right Cars and Autosure.

Derivative cash flow hedge

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

Reconciliation of recurring level 3 fair value movements:	**30/09/2017**	30/09/2016	31/03/2017
Assets	**Unaudited**	Unaudited	Audited
	$'000	$'000	$'000
Opening balance	**4,000**	-	-
Transfer from finance receivables (exercise security interest)	**-**	-	3,500
Revaluation at reporting date - investment property	**-**	-	500
Closing balance	**4,000**	-	4000
Liabilities			
Opening balance	**7,611**	-	-
On acquisition contingent consideration - Buy Right Cars	**-**	5,754	6,342
On acquisition contingent consideration - Autosure	**-**	-	775
Payment of period one and part of period two earn out consideration	**(4,416)**	-	-
Revaluation at reporting date - Buy Right Cars	**(428)**	-	494
Closing balance	**2,767**	**5,754**	7,611

8. COMMITMENT & CONTINGENT LIABILITIES

The Group had no capital commitment at 30 September 2017 (30 September 2016: $4.4m; 31 March 2017: $3.4m, principally relating to the purchase of the land).

9. SUBSEQUENT EVENTS AFTER BALANCE DATE

30 September 2017

There were no material events subsequent to balance date.

30 September 2016

Autosure

On 21 November 2016, the Group announced it had reached an agreement to purchase the Autosure business including the Autosure brand, mechanical breakdown and payment protection insurance portfolios for a consideration of $34.0m. Settlement occurred on 1 December 2016, with the transfer of the in-force portfolio by 31 March 2017, subject to Reserve Bank approval.

MTF exclusive partnership

On 15 November 2016, the Group announced that it had signed and exclusive partnership with Motor Trade Finance (MTF) to provide a non-recourse lending product to MTF's network of franchisees and dealers.

DIRECTORY

DIRECTORS
Grant Baker
Chairman
Appointed10 September 2009

Paul Byrnes
Deputy chairman & executive director
Appointed 2 February 2004

Matthew Harrison
Non-executive director
Appointed 12 December 2012

Alistair Petrie
Non-executive director
Appointed 24 February 2016

John Roberts
Independent Director
Appointed 1 July 2015

Antony Vriens
Independent Director
Appointed 12 January 2015

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AUDITOR
Staples Rodway

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