

Turners delivers 24% increase in HY22 earnings, despite COVID-19 disruption

Key Financial Metrics:

- Revenue \$166.8m +13%
- Normalised NPBT \$24.5m +55%
- NPBT \$23.2m +24%
- NPAT \$16.9m +26%
- Earnings per share 19.6 cps +25%
- Q2 dividend declared at 5.0 cps +25%

Highlights

- Used car market remains resilient, proven by better than expected consumer demand during L3 lockdowns.
- Continued gains in margin and market share during Q1 led to another step up in profit performance from April to July, followed by disrupted Q2 due to COVID-19 lockdowns.
- Benefitted again in most recent lockdown from geographic and earnings diversification.
- Despite COVID-19 lockdowns we have continued to invest and develop our competitive moat, which is positioning us for an even stronger performance post lockdown.
- Expect net profit before tax for FY22 to be in the range of \$40m - \$42m (assuming current L3/L2 restrictions ease over the coming months).
- Based on the current dividend payout policy of 60-70% of NPAT we anticipate full year fully imputed dividends of 22 cents per share based on full year profit before tax of \$40m.
- Our conviction levels are very high to exceed our target for \$45m of NPBT in FY24 and we will revisit our FY24 target at year end.

Turners Automotive Group (NZX/ASX: TRA) delivered strong earnings growth in HY22 despite COVID-19 lockdowns disrupting the second quarter, with the results demonstrating the improvement that has been made in the business over the last few years. The Group's geographic and earnings diversification have underpinned a 24% increase in NPBT and contributed to a strong and sustainable yield.

Todd Hunter, CEO, said: *"The start to our FY22 year could not have been any better. Our plans were well executed by the team and we experienced significant uplift in results up until August with record months for operating profit. We had serious momentum, which was obviously curtailed with the COVID-19 lockdowns. However, we have seen results steadily improve from the second half of August through to October and this gives us confidence that with further easing of restrictions we will see our business perform similar to pre-lockdowns. Despite these current disruptions, our conviction levels are very high to exceed our target of \$45m of NPBT in FY24."*

Financial results

Reported NPBT, which is the basis for Turners' full year guidance, increased 24% to \$23.2m with net profit after tax (NPAT) of \$16.9m, up 26% on the same period last year. Normalised NPBT was up 55% to \$24.5m (refer to reconciliation of reported and normalised numbers on slide 13 of the investor presentation, also published today).

Earnings per share for HY22 were 19.6 cps, up 25% on the previous year. The Board declared a Q1 dividend of 5.0 cps in October and a further 5.0 cps has been declared for Q2, taking HY22 dividends to

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10.0 cps. This reflects the dividend policy to pay-out 60-70% of net profit after tax (NPAT) and represents a 25% uplift on the same time last year.

Grant Baker, Chairman, commented: *"We are really pleased with the first half results and that we continue to demonstrate our ability to deliver strong and sustainable improvements. Our strategy is working, we are growing our profits, delivering improved dividends to shareholders and growing a property portfolio at the same time. It is interesting to look around the world and see investors sitting up and taking notice of businesses that are operating in the used car market. It has reaffirmed what a great business Turners Automotive Group is and how undervalued it is.*

Yet again, our geographic diversification and earnings diversification has come to the fore. We have stuck to our investment plans and I feel strongly that our competitive advantage is only increasing, which gives us real confidence about our ability to keep growing in the future. Obviously, market conditions remain somewhat uncertain, but as restrictions continue to ease we expect our business to perform better than before. Our team have done another great job of navigating our way through this latest set of challenges."

Divisional results

Refer to Appendix.

Disruption extends Turners' competitive advantages

Our commitment and multi-year investment into expanding our digital strategy continues to both build our competitive advantage and deliver results for our bottom line, both in normal and extraordinary operating conditions. Meanwhile, we see that the disruption caused by COVID-19 lockdowns is putting significant pressure on fringe and sub-scale operators in all markets we operate in:

- Our **Auto Retail** strategy of sourcing well, building quality digital and physical networks to deliver great customer outcomes is working very well. Our continued investment in both digital and physical assets is widening our competitive moat further.
- In **Finance** our focus on quality lending, and a quality experience for our loan introducers is our recipe for further growth. We are well prepared for the upcoming changes in consumer lending regulation and what will be a changing interest rate environment.
- In **Insurance** we continue taking a disciplined approach to claims management process and associated costs and ensuring policy pricing is regularly reviewed. System level integration remain a critical part of the distribution and market share growth strategy.
- In **Credit Management** we know the debt load is going to build further. We are ensuring our processes are scalable and the focus on repositioning the business and our processes to be more customer focused in our collection practices (resolution not consequences).

Even through the lockdown period we have continued to develop and widen our competitive moat. This positions us for an even stronger acceleration of performance over the coming years in the post COVID-19 environment.

Outlook and Guidance

October trading: We saw another step change in FY22 results from April through to July. Our momentum naturally stopped in mid-August due to the nationwide lockdown, and the extended regional lockdowns in Auckland, Waikato and Northland. We did expect trading results to improve over coming months in-line with the easing of restrictions and pleasingly October has already shown strong signs of early recovery. A similar trend has continued into November. October tracked ahead of October 2020, a period where Auckland was in Level 2 for only 7 days before joining the rest of NZ at Level 1:

- Auto retail: October vehicle unit sales ahead of Oct-20
- Finance: new lending materially ahead of Oct-20 levels and arrears at historic lows
- Insurance: new policy sales ahead of Oct-20 levels and claims below expectations.
- Credit: Debt load recovering but collections actions still impacted in lockdown regions

FY22 guidance \$40m - \$42m: Based on the particularly strong Q1, stronger trading following the L4 lockdown, and assuming L3/L2 restrictions ease over coming months, we expect FY22 NPBT to be between \$40m and \$42m. On that basis and with our dividend payout policy of 60-70% of NPAT we anticipate full year fully imputed dividends of a minimum of 22 cents per share.

High conviction on FY24 target: We continue to develop our competitive moat through this time, which is positioning us for an even stronger performance in FY23 and FY24. Our conviction levels for exceeding our medium-term target for FY24 of \$45m NPBT target are very high and we will revisit our FY24 target at year end.

ENDS

About Turners

Turners Automotive Group Limited is an integrated financial services group, primarily operating in the automotive sector www.turnersautogroup.co.nz

For further information, please contact:

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Appendix: Divisional results

Auto Retail: Revenue \$115.1m +20%, Segment Profit \$10.2m +32%

- Revenue grew by 20% to \$115.1m, reflecting the lift in market share and margins in Q1. Our continued focus on “sourcing smarter” has been working well as has the “Tina” brand campaign to help build both buyers and sellers. Investment in additional training and support resource in the finance and insurance space has delivered a significant improvement in our finance conversion rates which have improved to 36% in H1 FY22 cf 29% in H1 FY21.
- Late in Q2 we secured a large supply contract of approximately 3,500 additional units pa with Fleet Partners NZ who have chosen to close down their “AutoSelect” retail yards and transitioned this supply to Turners Cars. This is a material lift in additional consignment units for the Auto Retail division.
- The Auto Retail Division continues to benefit from a diverse geographic footprint, which has been demonstrated during the recent regional Level 3 lockdowns. With a solid plan of new branches coming on stream we expect to see further market share gains over the next 2-3 years.

Finance: Revenue \$25.2m +9%, Segment Profit \$9.9m +30%

- Finance had another outstanding 6 months with loan book growth of 24% over the 12 months to Sept 30 2021. Revenue for HY22 was \$25.2m, up 9% on last year. NPBT was \$9.9m up 30% on the year prior, benefitting from the continued improvement in loan book quality.
- Lending was impacted during August and September (\$21m per month compared to an average of \$27m per month for April through July, including the new monthly lending record of \$32m in July). Hardships increased as expected during the recent lockdowns but peaked at levels of less than 1/3rd of the hardships approved during the 2020 lockdowns. We expect most of these customers to rehabilitate back to full payments within 6 months.
- We have maintained the COVID-19 buffer in arrears provisioning (\$1.4m) to allow for any unexpected degradation in impairment losses in future months.
- Arrears continue to improve as expected due to the structural improvements in the quality of the loan book. Consumer arrears are at historic low levels of 2.7% (6% H1 FY21) and commercial arrears are at 1.2% (3.9% H1 FY21). Based on current trends we expect arrears to track down to 2% over the next year.

Insurance: Revenue \$20.8m -2%, Segment Profit \$5.8m +28%

- Market share gains drove strong policy sales in Q1, but sales were impacted during Q2 lockdown period meaning revenue decreased 2% to \$20.8m. However, NPBT was up 28% to \$5.8m on higher margins, reducing overhead costs and less claims due to less motor vehicle movements in lockdown.

- Claims costs were 13% down on H1 FY21, however emerging signs of parts price inflation and labour rate increases will require adjustments to policy pricing over the coming months. AM Best reaffirmed their Financial Strength rating to B++ (good).
- We have continued to make good progress with distribution agreements and have added MTF as another system integrated partner for reselling the Autosure products. Further opportunities are being actively worked on.

Credit Management: Revenue \$5.7m -19%, Segment Profit \$2.1m -31%

- Revenue decreased 19% to \$5.7m, with the impact of COVID-19 again visible in our collections results. Debt load is up 9% for HY22 to \$61m, as particularly NZ Corporate debt load customers get back to the business of collecting. Overall debt collected is in-line with prior year despite the higher debt load, due to restrictions imposed by large customers on collecting from debtors in L3 regions.
- There is an increasing level of commentary about business debt defaults increasing. Credit bureau Centrix reporting Auckland business debt defaults being up 18 per cent this year compared to 2019 in pre-COVID times. This combined with the levels of debt being loaded gives us confidence that we are moving forward into an environment where bad debts are likely to increase and debt collection services will see increasing demand.
- Our transition to a digital-based business is continuing as well as a transforming our collections approach to be more focused on resolution rather than consequence.

Results announcement

Results for announcement to the market		
Name of issuer	Turners Automotive Group Limited	
Report period	6 months to 30 September 2021	
Previous reporting period	6 months to 30 September 2020	
Currency	NZD	
	Amount (000s)	Percentage change
Revenue from continuing operations	\$164,585	17%
Total revenue	\$166,756	13%
Net profit from continuing operations	\$16,867	26%
Total net profit	\$18,375	37%
Interim dividend		
Amount per quoted equity security	\$0.05000000	
Imputed amount per quoted security	\$0.01944444	
Record date	18/01/2022	
Dividend payment date	27/01/2022	
Interim dividend	Current period	Prior comparable period
Net tangible assets per quoted security	\$1.10	\$0.87
A brief explanation of any of the figures above necessary to enable the figures to be understood	Please refer to accompanying Company Announcement	
Authority for this announcement		
Name of person authorised to make this announcement	Barbara Badish	
Contact person for this announcement	Todd Hunter	
Contact phone number	021 722 818	
Contact email address	Todd.Hunter@turners.co.nz	
Date of release through MAP	18/11/2021	

Unaudited financial statements accompany this announcement

TURNERS AUTOMOTIVE GROUP LIMITED
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the six months ended 30 September 2021

		Six months ended 30/09/2021 Unaudited \$'000	Six months ended 30/09/2020 Unaudited \$'000	Year ended 31/03/2021 Audited \$'000
	Note			
Revenue	3	164,585	141,024	296,512
Other income	3	2,171	6,524	7,015
Cost of goods sold		(66,563)	(54,864)	(116,036)
Interest expense		(5,228)	(5,731)	(11,266)
Impairment provision expense		(894)	(2,089)	(3,986)
Subcontracted services expense		(9,841)	(6,583)	(14,888)
Employee benefits (short term)		(27,865)	(26,382)	(52,023)
Commission		(5,400)	(5,887)	(12,721)
Advertising expense		(2,108)	(806)	(2,349)
Depreciation and amortisation expense		(5,248)	(5,771)	(11,418)
Systems maintenance		(1,491)	(874)	(2,365)
Claims		(10,082)	(11,583)	(21,843)
Other expenses		(8,837)	(8,263)	(17,257)
Profit before taxation		23,199	18,715	37,375
Taxation expense		(6,332)	(5,281)	(10,511)
Profit from continuing operations		16,867	13,434	26,864
Other comprehensive income for the period (which may subsequently be reclassified to profit/loss), net of tax				
Cash flow hedges		1,811	(42)	1,023
Revaluation of financial assets at fair value through OCI		(270)	-	(430)
Foreign currency translation differences		(33)	27	33
Total comprehensive income for the period		18,375	13,419	27,490
Earnings per share (cents per share)				
Basic earnings per share	4	19.64	15.70	31.40
Diluted earnings per share	4	19.60	15.79	31.54

TURNERS AUTOMOTIVE GROUP LIMITED
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the six months ended 30 September 2021

	Note	Share Capital \$'000	Share Options Reserve \$'000	Translation Reserve \$'000	Revaluation of financial assets at fair value through OCI \$'000	Cash flow hedge reserve \$'000	Retained Earnings \$'000	Total \$'000
Balance at 31 March 2020 (audited)		204,327	-	(59)	(310)	(975)	20,072	223,055
<i>Transactions with shareholders in their capacity as owners</i>								
Employee share based payments		-	93	-	-	-	-	93
Dividend paid	9	-	-	-	-	-	(5,162)	(5,162)
		-	93	-	-	-	(5,162)	(5,069)
<i>Comprehensive income</i>								
Profit		-	-	-	-	-	13,434	13,434
Other comprehensive income		-	-	27	-	(42)	-	(15)
Total comprehensive income for the period, net of tax		-	-	27	-	(42)	13,434	13,419
Balance at 30 September 2020 (unaudited)		204,327	93	(32)	(310)	(1,017)	28,344	231,405
<i>Transactions with shareholders in their capacity as owners</i>								
Capital buy-back		(30)	-	-	-	-	-	(30)
Employee share based payments		-	162	-	-	-	-	162
Dividend paid	9	-	-	-	-	-	(12,038)	(12,038)
		(30)	162	-	-	-	(12,038)	(11,906)
<i>Comprehensive income</i>								
Profit		-	-	-	-	-	13,430	13,430
Other comprehensive income		-	-	6	(430)	1,065	-	641
Total comprehensive income for the period, net of tax		-	-	6	(430)	1,065	13,430	14,071
Balance at 31 March 2021 (audited)		204,297	255	(26)	(740)	48	29,736	233,570
<i>Transactions with shareholders in their capacity as owners</i>								
Employee share based payments		1,185	(23)	-	-	-	-	1,162
Dividend paid	9	-	-	-	-	-	(5,162)	(5,162)
		1,185	(23)	-	-	-	(5,162)	(4,000)
<i>Comprehensive income</i>								
Profit		-	-	-	-	-	16,867	16,867
Other comprehensive income		-	-	(33)	(270)	1,811	-	1,508
Total comprehensive income for the period, net of tax		-	-	(33)	(270)	1,811	16,867	18,375
Balance at 30 September 2021 (unaudited)		205,482	232	(59)	(1,010)	1,859	41,441	247,945

TURNERS AUTOMOTIVE GROUP LIMITED
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 September 2021

		30/09/2021	30/09/2020	31/03/2021
	Note	Unaudited \$'000	Unaudited \$'000	Audited \$'000
Assets				
Cash and cash equivalents	5	14,195	18,864	11,867
Financial assets at fair value through profit or loss				
- Insurance		65,436	62,095	67,465
- Other		13	3,002	2,931
Trade receivables		7,189	8,116	7,155
Inventories		31,924	29,814	30,189
Finance receivables	6	372,315	300,749	330,165
Other receivables, deferred expenses and contract assets		7,958	8,993	8,116
Derivative financial instruments		1,864	-	40
Financial assets at fair value through OCI		300	1,000	570
Reverse annuity mortgages		3,313	4,556	4,152
Property, plant and equipment		66,592	53,623	60,258
Right-of-use assets		21,200	22,711	23,559
Investment property		5,950	5,650	5,950
Intangible assets		165,329	166,630	166,034
Total assets		763,578	685,803	718,451
Liabilities				
Other payables		35,098	35,826	38,243
Contract liabilities		2,289	2,355	2,313
Deferred tax		12,231	9,794	11,297
Tax payable		2,894	3,475	3,453
Derivative financial instruments		-	999	-
Borrowings	7	374,337	314,392	339,611
Lease liabilities		26,181	27,979	28,747
Life investment contract liabilities		8,412	8,112	8,116
Insurance contract liabilities		54,191	51,466	53,101
Total liabilities		515,633	454,398	484,881
Shareholders' equity				
Share capital		205,482	204,327	204,297
Other reserves		1,022	(1,266)	(463)
Retained earnings		41,441	28,344	29,736
Total shareholders' equity		247,945	231,405	233,570
Total shareholders' equity and liabilities		763,578	685,803	718,451
Total assets per share (\$)		8.87	8.02	8.40
Net tangible assets (\$)		1.10	0.87	0.92

TURNERS AUTOMOTIVE GROUP LIMITED
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the six months ended 30 September 2021

	Six months ended 30/09/2021 Unaudited \$'000	Six months ended 30/09/2020 Unaudited \$'000	Year ended 31/03/2021 Audited \$'000
Note			
Cash flows from operating activities			
Interest received	22,980	21,268	41,598
Receipts from customers	143,065	116,170	256,676
Receipt of government subsidies	1,515	5,342	5,247
Interest paid	(4,211)	(4,813)	(9,193)
Interest paid - lease liabilities	(742)	(844)	(1,461)
Payment to suppliers and employees	(140,639)	(90,802)	(222,063)
Income tax paid	(5,960)	(4,705)	(8,166)
Net cash inflow/(outflow) from operating activities before changes in operating assets and liabilities	16,008	41,616	62,638
Net increase in finance receivables	(42,158)	(16,105)	(48,654)
Net decrease in reverse annuity mortgages	974	501	1,134
Net decrease of financial assets at fair value through profit or loss	2,477	733	(4,090)
Net contribution from life investment contracts	16	221	(150)
Changes in operating assets and liabilities arising from cash flow movements	(38,691)	(14,650)	(51,760)
Net cash inflow/(outflow) from operating activities	(22,683)	26,966	10,878
Cash flows from investing activities			
Proceeds from sale of property, plant, equipment and intangibles	550	137	563
Purchase of fixed assets and intangible assets	(8,548)	(3,818)	(8,641)
Purchase of investments	(176)	-	-
Sale of investments	3,420	158	234
Net cash (outflow)/inflow from investing activities	(4,754)	(3,523)	(7,844)
Cash flows from financing activities			
Net bank loan advances/(repayments)	61,571	(29,469)	(392)
Repayment of bond	(25,000)	-	-
Principal elements of lease payments	(2,687)	(2,719)	(6,346)
Proceeds from the issue of shares	1,043	-	-
Dividend paid	(5,162)	(5,162)	(17,200)
Net cash inflow/(outflow) from financing activities	29,765	(37,350)	(23,938)
Net movement in cash and cash equivalents	2,328	(13,907)	(20,904)
Add opening cash and cash equivalents	11,867	32,771	32,771
Closing cash and cash equivalents	14,195	18,864	11,867

TURNERS AUTOMOTIVE GROUP LIMITED
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the six months ended 30 September 2021

	Six months ended 30/09/2021 Unaudited \$'000	Six months ended 30/09/2020 Unaudited \$'000	Year ended 31/03/2021 Audited \$'000
RECONCILIATION OF NET SURPLUS WITH CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(loss)	16,867	13,434	26,864
Adjustment for non-cash items			
Impairment charge on finance receivables, reverse annuity mortgages and other receivables	894	2,089	3,986
Net loss/(profit) on sale fixed assets	(544)	52	(689)
Depreciation and amortisation	5,248	5,771	11,418
Capitalised reverse annuity mortgage interest	(150)	(219)	(403)
Deferred revenues	986	(639)	52
Fair value adjustments on assets/liabilities at fair value through profit and loss	(520)	(1,043)	(1,582)
Net annuity and premium change to policyholders accounts	280	819	1,194
Non-cash long term employee benefits	-	93	-
Non-cash adjustments to finance receivables effective interest rates	(13)	(56)	(86)
Deferred expenses	(2,926)	(680)	(1,850)
Fair value adjustment on investment property	-	-	(300)
Gain on modification of a lease	(23)	(1,133)	(1,132)
COVID-19 rent concessions	(139)	(780)	(780)
Adjustment for movements in working capital			
Net decrease/(increase) receivables and pre-payments	186	464	1,515
Net decrease/(increase) in inventories	1,150	14,557	14,182
Net increase/(decrease) in payables	(5,127)	7,008	6,955
Net increase/(decrease) in contract liabilities	(531)	1,462	1,365
Net increase in finance receivables	(42,158)	(16,105)	(48,654)
Net decrease in reverse annuity mortgages	974	501	1,134
Net decrease of insurance assets at fair value through profit or loss	2,477	733	(4,090)
Net contributions/(withdrawals) from life investment contracts	16	221	(150)
Net decrease in deferred tax liability	934	(286)	1,248
Net increase/(decrease) in tax payable	(564)	703	681
Net cash inflow/(outflow) from operating activities	(22,683)	26,966	10,878

TURNERS AUTOMOTIVE GROUP LIMITED

1. ACCOUNTING POLICIES AND SIGNIFICANT JUDGEMENT, ESTIMATES AND ASSUMPTIONS

The same accounting policies included in the Group's Annual Report for the year ended 31 March 2021 have been applied when preparing these financial statements.

These consolidated condensed 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 Accounting Standard 34 Interim Financial reporting ('NZ IAS 34') and International Accounting Standard 34 Interim Financial Reporting ('IAS 34'). The Group is a Tier 1 for-profit entity in accordance with XRB A1 Application of the Accounting Standards Framework.

The same significant judgments, estimates and assumptions (including basis of segmentation and the fair value measurement) included in the notes to the financial statements in the Group's Annual Report for the year to 31 March 2021 have been applied to these 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 2021.

2. SEGMENTAL INFORMATION

OPERATING SEGMENTS

Revenue	Total segment revenue 30/09/2021 Unaudited \$'000	Inter- segment revenue 30/09/2021 Unaudited \$'000	Revenue from external customers 30/09/2021 Unaudited \$'000	Total segment revenue 30/09/2020 Unaudited \$'000	Inter- segment revenue 30/09/2020 Unaudited \$'000	Revenue from external customers 30/09/2020 Unaudited \$'000	Total segment revenue 31/03/2021 Audited \$'000	Inter- segment revenue 31/03/2021 Audited \$'000	Revenue from external customers 31/03/2021 Audited \$'000
Automotive retail	117,994	(2,850)	115,144	98,044	(1,896)	96,148	204,991	(4,080)	200,911
Finance	25,190	-	25,190	23,164	-	23,164	47,862	-	47,862
Insurance	21,527	(776)	20,751	21,696	(548)	21,148	43,175	(1,262)	41,913
Credit management	5,655	-	5,655	7,022	-	7,022	12,762	-	12,762
Corporate & other	16	-	16	66	-	66	82	(3)	79
	170,382	(3,626)	166,756	149,992	(2,444)	147,548	308,872	(5,345)	303,527

Operating profit	30/09/2021 Unaudited \$'000	30/09/2020 Unaudited \$'000	31/03/2021 Audited \$'000
Automotive retail	10,225	7,773	15,415
Finance	9,949	7,629	15,816
Insurance	5,813	4,539	9,350
Credit management	2,050	2,986	5,087
Corporate & other	(4,838)	(4,212)	(8,293)
Profit/(loss) before taxation	23,199	18,715	37,375
Income tax	(6,332)	(5,281)	(10,511)
Profit attributable to shareholders	16,867	13,434	26,864

TURNERS AUTOMOTIVE GROUP LIMITED

	Interest revenue			Interest expense			Depreciation and amortisation expenses		
	30/09/2021	30/09/2020	31/03/2021	30/09/2021	30/09/2020	31/03/2021	30/09/2021	30/09/2020	31/03/2021
	Unaudited	Unaudited	Audited	Unaudited	Unaudited	Audited	Unaudited	Unaudited	Audited
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Automotive retail	160	832	1,208	(799)	(1,209)	(2,144)	(3,962)	(4,524)	(8,891)
Finance	21,507	19,939	40,466	(2,707)	(2,723)	(5,503)	(385)	(412)	(782)
Insurance	518	936	1,654	(37)	(42)	(82)	(651)	(596)	(1,286)
Credit management	1	-	1	(12)	(17)	(30)	(168)	(153)	(289)
Corporate & other	-	3	3	(1,673)	(1,743)	(3,510)	(82)	(86)	(170)
	22,186	21,710	43,332	(5,228)	(5,734)	(11,269)	(5,248)	(5,771)	(11,418)
Eliminations	-	(3)	(3)	-	3	3	-	-	-
	22,186	21,707	43,329	(5,228)	(5,731)	(11,266)	(5,248)	(5,771)	(11,418)

Other material non-cash items

	Revenue/(expenses)		
	30/09/2021	30/09/2020	31/03/2021
	Unaudited	Unaudited	Audited
	\$'000	\$'000	\$'000
Automotive retail - gain on modification of a lease	23	1,133	1,132
Automotive retail - impairment provisions	(65)	152	229
Finance - impairment provisions	(814)	(2,226)	(4,185)
Insurance - reverse annuity mortgage interest	150	219	403

2.2 SEGMENT ASSETS AND LIABILITIES

	Segment assets			Segment liabilities		
	30/09/2021	30/09/2020	31/03/2021	30/09/2021	30/09/2020	31/03/2021
	Unaudited	Unaudited	Audited	Unaudited	Unaudited	Audited
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Automotive retail	114,103	110,056	110,818	66,301	69,942	67,552
Finance	397,254	321,778	351,185	308,208	248,717	271,383
Insurance	136,447	137,034	139,583	75,640	72,664	75,022
Credit management	31,915	41,320	31,151	4,608	8,429	5,298
Corporate & other	204,037	188,914	190,439	81,052	72,066	71,134
	883,756	799,102	823,176	535,809	471,818	490,389
Eliminations	(120,178)	(113,299)	(104,725)	(20,176)	(17,420)	(5,508)
	763,578	685,803	718,451	515,633	454,398	484,881

Five reportable segments have been identified as follows:

Automotive retail - remarketing (motor vehicles, trucks, heavy machinery and commercial goods) and purchasing goods for sale.

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

Credit management - collection services, credit management and debt recovery services to the corporate and SME sectors. Geographically the collections services segment business activities are located in New Zealand and Australia.

Insurance - marketing and administration of a range of life and consumer insurance and saving products.

Corporate & other - corporate centre.

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3. REVENUE

Revenue includes:

	Six months ended 30/09/2021 Unaudited \$'000	Six months ended 30/09/2020 Unaudited \$'000	Year ended 31/03/2021 Audited \$'000
Interest income	22,186	21,707	43,329
Sales of goods	85,003	65,747	143,065
Commission and other sales revenue	28,906	25,468	54,237
Loan fee income	1,872	1,403	3,320
Insurance and life investment contract income	19,025	18,674	37,248
Collection income	5,519	6,293	12,198
Bad debts recovered	618	430	937
Other revenue	1,456	1,302	2,178
	164,585	141,024	296,512

Other income includes:

Gain on sale of investments	502	6	10
Revaluation gain on investment property	-	-	300
Dividend income	45	4	172
Gain on sale of property, plant and equipment	86	39	154
Government subsidies	1,515	5,342	5,247
Gain on modification of a lease	23	1,133	1,132
	2,171	6,524	7,015

Revenue from contracts with customers

Over time

Automotive retail

Commission and other sales revenue	17,573	13,458	23,352
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Insurance

Motor vehicle insurance commissions	500	940	1,731
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	18,073	14,398	25,083
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At a point in time

Automotive retail

Sales of goods	85,003	65,747	143,065
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Auction commissions	11,333	12,010	23,313
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Credit management

Collection income	3,772	5,470	10,021
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Voucher income	40	734	495
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	100,148	83,961	176,894
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4. SHARE CAPITAL AND EARNINGS PER SHARE

	30/09/2021 Unaudited	30/09/2020 Unaudited	31/03/2021 Audited
Number of ordinary shares			
Opening balance	85,544,248	85,554,710	85,554,710
Shares issued for staff options	525,000	-	-
Shares purchased and cancelled under the share buy back	-	-	(10,462)
	86,069,248	85,554,710	85,544,248

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Basic earnings per share

The calculation of basic earnings per share at 30 September and 31 March was based on the profit attributable to ordinary shareholders and weighted average number of ordinary shares outstanding, as follows:

	Six months ended 30/09/2021 Unaudited	Six months ended 30/09/2020 Unaudited	Year ended 31/03/2021 Audited
Profit for the Period (\$'000)	16,867	13,434	26,864
Weighted average number of ordinary shares at the end of the period	85,868,428	85,554,710	85,551,356
Basic earnings per share (cents per share)	19.64	15.70	31.40

Weighted number of shares

Opening balance	85,544,248	85,554,710	85,554,710
Shares issued for staff options	324,180	-	-
Shares purchased and cancelled under the share buy back	-	-	(3,354)
	85,868,428	85,554,710	85,551,356

Diluted earnings per share

The calculation of diluted earnings per share at 30 September and 31 March was based on the diluted profit attributable to shareholders and a diluted weighted average number of ordinary shares outstanding as follows:

	Six months ended 30/09/2021 Unaudited	Six months ended 30/09/2020 Unaudited	Year ended 31/03/2021 Audited
Continuing operations (\$'000)	16,867	13,434	26,864
Add: Long term incentive expense relation to options (\$'000)	118	93	255
Profit for the year (\$'000)	16,985	13,527	27,119

Weighted number of ordinary shares (diluted)

Weighted average number of shares (basic)	85,868,428	85,554,710	85,551,356
Effect of the exercise of options	798,736	122,943	420,482
Weighted average number of shares (diluted)	86,667,164	85,677,653	85,971,838

Diluted earnings per share (cents per share)	19.60	15.79	31.54
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5. CASH AND CASH EQUIVALENTS

	30/09/2021 Unaudited \$'000	30/09/2020 Unaudited \$'000	31/03/2021 Audited \$'000
Cash and cash equivalents	14,195	18,864	11,867

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 2021 were \$1.7m (30 September 2020: \$4.7m; 31 March 2021: \$0.7m).

Cash and cash equivalents at 30 September 2021 of \$3.3m (30 September 2020: \$4.3m; 31 March 2021: \$3.6m) belongs to the Turners Marque Warehouse Trust 1 and is not available to the Group.

6. FINANCE RECEIVABLES

	30/09/2021 Unaudited \$'000	30/09/2020 Unaudited \$'000	31/03/2021 Audited \$'000
Gross finance receivables	375,520	311,851	337,613
Deferred fee revenue and commission expenses	11,871	8,154	9,742
Provision for impairment	(13,665)	(18,245)	(15,779)
COVID-19 impairment provision	(1,411)	(1,011)	(1,411)
	372,315	300,749	330,165
Fair value	370,009	300,282	328,675

The fair values are based on cash flows discounted using a weighted average interest rate of 11.42 (30 September 2020: 12.98%; 31 March 2021: 13.81%).

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Securitisation

The Group has a wholesale funding facility with the Bank of New Zealand (BNZ) under which it securitises finance receivables through The Turners Marque Warehouse Trust 1 (the Trust). Under the facility, BNZ provides funding to the Trust secured by finance receivables sold to the Trust from the finance segment. The facility is for a 24 month term that will be renewed annually. The facility is for \$276m.

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's 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 \$116.0m finance receivables were sold to the Trust (30 September 2020: \$58.4m; 31 March 2021: \$187.4m). As at 30 September 2021 the carrying value of financial receivables in the Trust was \$296.8m (30 September 2020: \$211.0m; 31 March 2020: \$266.8m).

7. BORROWINGS

	30/09/2021 Unaudited \$'000	30/09/2020 Unaudited \$'000	31/03/2021 Audited \$'000
Secured bank borrowings	373,466	282,851	311,928
Deferred borrowing costs	-	(62)	(4)
	373,466	282,789	311,924
Non-bank borrowings			
Motor Trade Finance	871	6,751	2,761
Bonds	-	25,000	25,000
Deferred issue costs	-	(148)	(74)
	-	24,852	24,926
Total borrowings	374,337	314,392	339,611
Fair value	374,337	314,602	339,700

Secured bank borrowings

The Group has a syndicated funding facility with the Bank of New Zealand and ASB Bank, a self liquidating trade finance facility and a term loan with ASB Bank and securitisation facility with the Bank of New Zealand.

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, Turners Finance Limited and EC Credit (Aust.) Limited. The Group's securitisation financing arrangement is described under finance receivables.

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.

MTF provides finance to Turners Finance Limited to fund the finance receivables. The MTF funding is secured by a chattel security over the Turners Finance Limited's customer's asset securing the finance receivable and by a general security over the assets of Turners Finance Limited.

Turners Finance Limited has also 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 the current and prior financial year.

Bonds

On 1 October 2018 Turners Automotive Group issued secured subordinated fixed rate bonds and were fully repaid on 30 September 2021. Interest was fixed at 5.5% and was paid quarterly in arrears in equal amounts. The bonds ranked behind the indebtedness owing under the bank facilities and were guaranteed by Turners Automotive Group Limited, Oxford Finance Limited, Buy Right Cars (2016) Limited, EC Credit (NZ) Limited, Estate Management Services Limited, Payment Management Services Limited, EC Web Services Limited, Turners Group NZ Limited, Turners Fleet Limited and Turners Property Holdings Limited.

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8. ASSETS AND LIABILITIES CARRIED AT FAIR VALUE

The fair value of financial assets and liabilities carried at fair value are summarised in the table below. The methods used to calculate fair value are the same as those applied when preparing the Group's Annual Report for the year ended 31 March 2021 (refer note 5.5 in the Annual Report for the year ended 31 March 2021).

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
30/09/2021 (unaudited)				
Fair value assets:				
Financial assets at fair value through profit or loss - insurance	-	8,436	-	8,436
Financial assets at fair value through profit or loss - investment in equities	-	13	-	13
Financial assets at fair value through profit or loss - term deposits	57,000	-	-	57,000
Investment property	-	-	5,950	5,950
Derivative financial instruments	-	1,864	-	1,864
	57,000	10,313	5,950	73,263
30/09/2020 (unaudited)				
Fair value assets:				
Financial assets at fair value through profit or loss - insurance	-	8,262	-	8,262
Financial assets at fair value through profit or loss - investment in equities	-	3,002	-	3,002
Financial assets at fair value through profit or loss - term deposits	53,833	-	-	53,833
Investment property	-	-	5,650	5,650
	53,833	11,264	5,650	70,747
Fair value liabilities:				
Derivative financial instruments	-	999	-	999
31/03/2021 (audited)				
Fair value assets:				
Financial assets at fair value through profit or loss - insurance	-	8,254	-	8,254
Financial assets at fair value through profit or loss - investment in equities	-	2,931	-	2,931
Financial assets at fair value through profit or loss - term deposits	59,211	-	-	59,211
Investment property	-	-	5,950	5,950
Derivative financial instruments	-	40	-	40
	59,211	11,225	5,950	76,386

9. DIVIDENDS

	Six months ended 30/09/2021 Unaudited \$'000	Six months ended 30/09/2020 Unaudited \$'000	Year ended 31/03/2021 Audited \$'000
Final dividend of \$0.06 for the year ended 31 March 2021 (31 March 2020 of \$0.06) per fully paid ordinary share, imputed paid on 28 July 2021 (24 July 2020).	5,162	5,162	5,162
Quarterly dividend for the year ended 31 March 2021 of \$0.04 per fully paid ordinary share, imputed, paid on 22 October 2020.	-	-	3,440
Quarterly dividend for the year ended 31 March 2021 of \$0.04 per fully paid ordinary share, imputed, paid on 28 January 2021.	-	-	3,438
Quarterly dividend for the year ended 31 March 2021 of \$0.06 per fully paid ordinary share, imputed, paid on 30 March 2021	-	-	5,160
Total dividends provided for or paid	5,162	5,162	17,200

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 out of retained earnings at 30 September 2021 (30 September 2020; 31 March 2021, but not recognised as a liability at the end of the period:

Final dividend for the year ended 31 March 2021: \$0.06 per fully paid ordinary share, imputed, payable on 28 July 2021.	-	-	5,162
Quarterly dividend for the year ended 31 March 2022 of \$0.05 (31 March 2021: \$0.04) per fully paid ordinary share, imputed, payable on 28 October 2021(2021: 22 October 2020).	4,328	3,440	-
Quarterly dividend for the year ended 31 March 2022 of \$0.05 (31 March 2021: \$0.04) per fully paid ordinary share, imputed, payable on 27 January 2022 (2021: 28 January 2021).	4,303	3,438	-

10. CONTINGENT LIABILITY

Buy Right Cars

The claim brought against the Company by the vendor of the business disputing the quantum of the final earn out was dismissed. The case was appealed and settled on 4 November 2021.