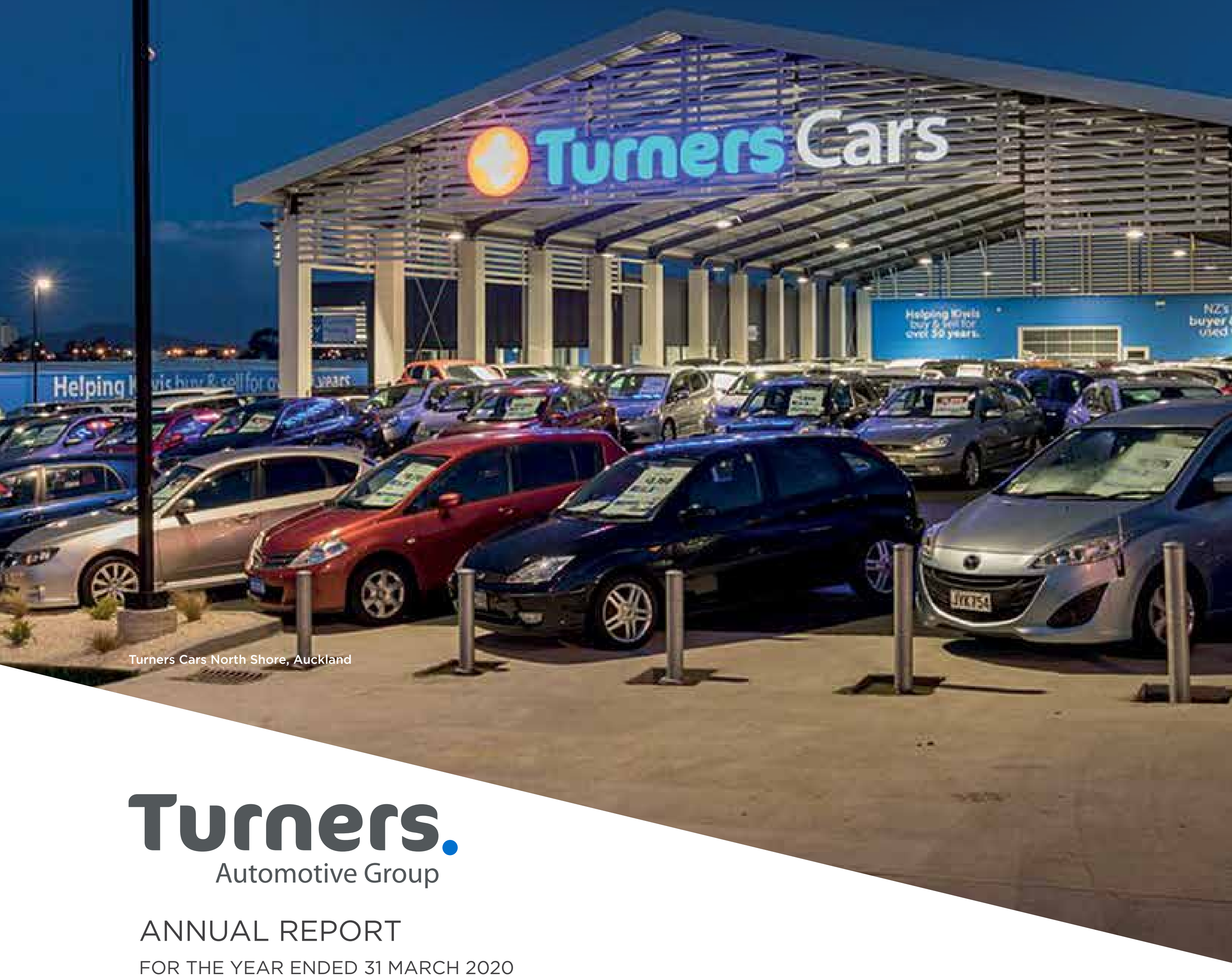
RESILIENT BUSINESS TRUSTED BRANDS



Turners Cars North Shore, Auckland

Turners. Automotive Group

ANNUAL REPORT

FOR THE YEAR ENDED 31 MARCH 2020

On behalf of the Board and management of Turners Automotive Group Limited, we are pleased to present the Annual Report for the financial year ended 31 March 2020.

Grant Baker
Chairman

Todd Hunter
Chief Executive Officer

FY20 AT A GLANCE

LAUNCH OF NEW STRATEGY IN MAY 2019 – SIMPLIFY, DE-RISK AND GROW

SIMPLIFY THE BUSINESS

REBRANDED BUY RIGHT CARS TO TURNERS: Completed in May 2019, leveraging the high levels of awareness and trust in the Turners brand.

DE-RISK THE BUSINESS

CONCLUDED STRATEGIC REVIEW OF OXFORD FINANCE, with ownership retained and focus on reshaping and growing the business.

CONTINUED FOCUS ON HIGH QUALITY BORROWERS, resulting in improved arrears performance.

REFINEMENT OF RISK PRICING: For the insurance and finance businesses.

GROW THE BUSINESS

EXPANSION OF THE RETAIL NETWORK: Relocated North Shore site to new Wairau Valley location, opened new Hamilton site and committed to development of two new Auckland sites and a large new site in Dunedin.

EXPANDED AUTOSURE DISTRIBUTION NETWORK: Agreed strategic distribution agreement with Heartland Bank to sell Autosure insurance products through Heartland's consumer intermediary network.

DIGITAL ADVANTAGE: Continued to invest into technology platform, digital marketing and leveraging data assets.

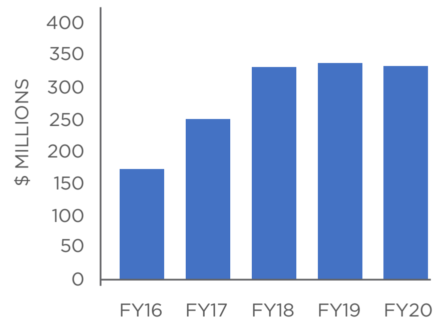
INNOVATION AND VENTURES: Investment into ASX-listed Collaborate Corporation, a tech-focused vehicle subscription business based in Australia. Agreed commercial terms for the launch of Carly vehicle subscription in New Zealand.

FY20 FINANCIAL SNAPSHOT

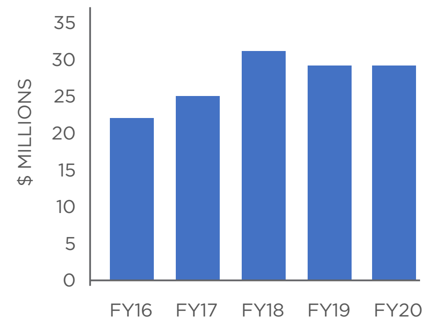
- Final six weeks of the financial year impacted by COVID-19 pandemic and Level 4 lockdown
- Increase in Net Profit Before Tax (NPBT) to $29.1m, in line with pre COVID-19 guidance of $28m to $30m
- Underlying NPBT $28.8m, up 11%
- Net Profit After Tax down 8% to $21.0m
- Solid gains in the finance, insurance & credit management businesses; Auto retail impacted by slowdown in last six weeks of FY20 due to COVID-19
- Group revenue decreased 1% on previous year
- Solid market share gains, within the context of a softening used car market
- Paid 14.0 cents per share in fully imputed dividends for the FY20 year

FINANCIAL SNAPSHOT

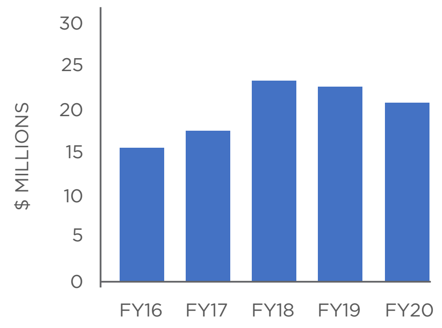
GROUP REVENUE
$332.7M
-1%



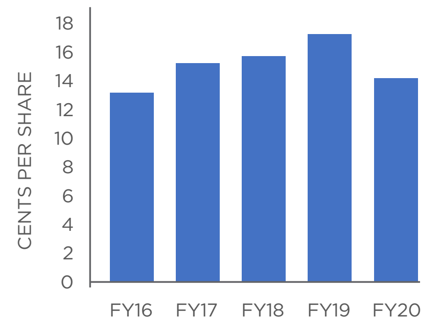
NET PROFIT BEFORE TAX
$29.1M
0%



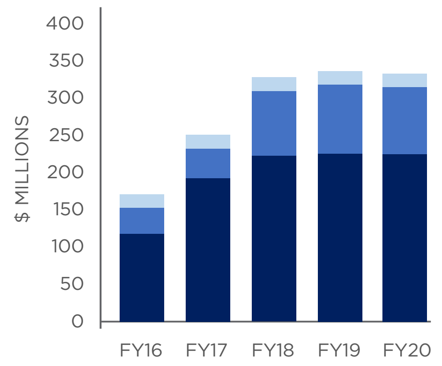
NET PROFIT AFTER TAX
$21.0M
-8%



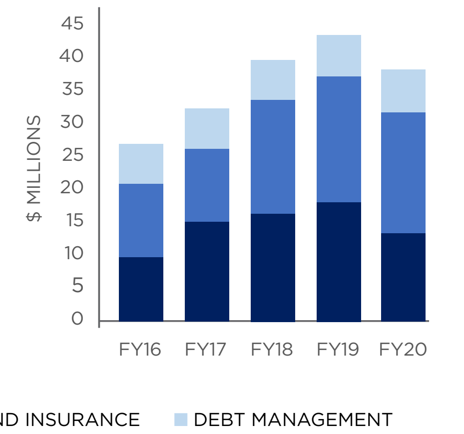
FULL YEAR DIVIDENDS
14.0 CENTS PER SHARE



SECTOR REVENUE



SECTOR OPERATING PROFIT



OUR CHANGING LANDSCAPE

Turners Cars Palmerston North

MARKET DYNAMICS AND TRENDS

The used car market is evolving and we are positioning ourselves to take advantage of the opportunities this brings. We are excited about our potential in this changing environment.

CUSTOMER-CENTRIC: Customers are more informed and delivering great customer outcomes is essential to survive and prosper.

DATA AND TECHNOLOGY: Big data and technology are changing how and where we do business.

ONLINE EXPERIENCE: More of the customer experience is transitioning online, particularly for finance and insurance.

AGGREGATOR AND COMPARISON SITES are proliferating.

REGULATION AND COMPLIANCE across all our businesses is increasing.

INDUSTRY CONSOLIDATION is inevitable and we are in the midst of this right now.

DISRUPTION FROM ALTERNATIVE OWNERSHIP MODELS which could see people moving away from owning one, two or more cars per household, to flexible ownership and subscription models.

The used car market is evolving and we are positioning ourselves to take advantage of the opportunities this brings.

OUR STRATEGIC THEMES FOR FY21

STRATEGIC THEMES FOR FY21

1. **Opportunity to Accelerate Market Share** We are in a position to realise any new opportunities that arise from a disrupted market and expect to accelerate the market share gains that have been made in recent years. We will concentrate on increasing our market share through optimising our existing branch network, creating new consignment relationships, expanding our retail footprint and taking advantage of market consolidation.

2. **Leverage Our Scale and Brand Equity**
Our scale offers multiple advantages, giving us greater buying power, greater strength and greater access to capital. Our highly trusted Turners brand will become even more relevant in the new economy. Turners is consistently NZ's leading used auto retail brand, according to independent market research, and recently received the 2020 Readers Digest Trusted Brand Award as New Zealand's most trusted used car dealer.

3. **Playing to Our Strengths**
Diversified Business: Turners is a purposefully diversified business. Each business has different business cycles and delivers a balance of annuity vs activity based revenue. Geographical diversification also allows the business to redeploy inventory if there are any localised lockdowns going forward or regional demand differences.

4. **Digital Advantage**
We are committed to creating competitive advantage from technology investments and will double down on these efforts to further broaden our technology advantage. A key differentiator for our business is the Turners' digital platform which is the #2 most visited auto website in NZ behind TradeMe.

5. **Balance Sheet Capacity to Support Growth**
Our balance sheet is a major competitive advantage, and will enable continued growth in a consolidating market. We are well positioned from a funding and capital perspective to take advantage of growth opportunities in the future.

OUR STRATEGY

TURNERS' STRATEGY IS BASED ON OUR STRENGTHS AND THE OPPORTUNITIES THAT EXIST FOR OUR BUSINESS.

The industry is changing and we are taking action to ensure we are well positioned to take advantage of future trends. The Automotive Retail sector remains our primary focus.

OUR AMBITION

For Turners to be New Zealand's best place to buy and sell vehicles, delivering high customer satisfaction every time.

OUR STRENGTHS

- Unrivalled reach and scale
- High profile, trusted Turners' brand
- Diversified businesses
- Strong balance sheet
- Large customer base
- Rich data assets
- Digital advantage

OUR STRATEGY

SIMPLIFY THE BUSINESS
Focus on core products and businesses that deliver value and future opportunities.

DE-RISK THE BUSINESS
- Continue to write high quality loans through early adoption and refinement of comprehensive credit reporting
- Actively engage with regulators in regards to compliance and regulatory change
- Focus on low risk loan origination rather than underwriting a broader range of credit risks

GROW THE BUSINESS
- Continue to expand the auto retail footprint across New Zealand
- Shift marketing investment into digital platforms
- Leverage data analytics to transact smarter
- Evolve the customer experience in person and online
- Look for innovation opportunities within the auto sector

OUTCOMES

A WINNING CUSTOMER EXPERIENCE, A MORE EFFICIENT AND FOCUSED BUSINESS, HIGHER MARGINS AND LOWER RISK, AND INCREASING VALUE FOR OUR SHAREHOLDERS.

Chief Executive Officer, Todd Hunter and Chairman, Grant Baker

CHAIR AND CEO'S REPORT

OUT OF CHALLENGE AND ADVERSITY COMES NEW OPPORTUNITIES FOR THOSE BUSINESSES POSITIONED AND READY TO TAKE ADVANTAGE OF IT.

Turners is the largest used vehicle retailer in the country, with unrivalled reach, scale and national brand awareness. Our strength is in Automotive Retail and we are the largest and most trusted brand in the industry.

Our focus for FY20 was very much on organically growing underlying earnings and we achieved this in three out of our four businesses and were on track for a full house until COVID-19 hit.

Given the impact of the pandemic in the last six weeks of the financial year, we were pleased with the results. Year on year, we were slightly ahead on reported Net Profit Before Tax at $29.1m and we delivered strong growth in underlying earnings, which were up 11% to $28.8m.

The COVID environment has highlighted the value of a diversified portfolio of businesses, and the inherent "annuity" nature of three of those businesses. Three of our four businesses (Oxford Finance, Autosure Insurance and EC Credit Control) were profitable even during the L3/L4 lockdown period.

We launched our new strategy in May 2019, with a focus on three key themes – Simplify, De-Risk and Grow our Business. These directed our actions for most of the year.

We are creating a more streamlined and cost efficient business, growing our market share in sectors where we have a dominant position and building on our strengths to position our businesses as the preferred choice for our customers.

Key achievements include our investment into ASX-listed Collaborate Corporation, a tech-focused car-sharing and vehicle subscription business based in Australia; the continuation of our property strategy with the development and opening of two new sites with a further four planned for FY21; and the completion of the Oxford Finance strategic review.

THE USED CAR ECONOMY

The softening noted in the second half of the FY19 year continued into FY20, further compounded by the COVID-19 impact at the end of FY20. However, underlying demand remains robust driven by New Zealand's aging fleet, with hundreds of thousands of cars needing replacement over the next few years.

New Zealand's vehicle fleet continues to age. Around 950,000 vehicles (20% of light vehicles) are at or very near the scrapping age, which is around 19.5 years for an import and 17.5 years for a New Zealand-new car. More cars are now exiting the fleet due to the cost of repairs and a stricter Warrant of Fitness regime.

The NZ used vehicle market is still very fragmented, however, consolidation is underway. Dealer numbers have been in decline for the last two years and we expect this to accelerate further over the next 12 to 24 months. We know this is a good time to be pushing hard for gains in retail market share and we are well positioned to take advantage of this.

We will focus on building our market share by growing our customer base and adding value to customers through our 'one stop shop' offer and customer experience.

OPERATIONAL PERFORMANCE

AUTOMOTIVE RETAIL (TURNERS GROUP)

Revenue: $224.9m 0%
Operating Profit: $13.8m -24%

Turners' strategy of retail optimisation and the continued transition of wholesale to retail is continuing to deliver growth in retail market share. Throughout FY20 we observed a softening of the used car market due to reduced consumer confidence and this decline was suddenly exacerbated during late February and March 2020 due to the COVID-19 pandemic.

There was a cyclical reduction in consignment vehicles (down 26%) through the Turners business in FY20, however, this reduction was somewhat offset by an increase in sales of owned inventory (up 6%) with average gross profits per unit up 12% to $529.

We have a particular focus on optimisation of our property network. Following year end, a decision was made to leave the main Penrose "supersite" in December 2020. Around the same time, we will bring on stream new retail sites in Westgate and Mt Richmond which will enable a better retail experience for our customers. Penrose was established as a wholesale auction facility twenty years ago and is no longer appropriate both in terms of a cost base or customer experience.

We have successfully integrated the Buy Right cars business into the Turners' car business over the year. We started with the brand consolidation early in FY20 and the integration has now been extended to core IT and operational systems which will enable further efficiencies.

BuyNow retail sales were down around 0.5% year on year, which we were pleased with considering the impact of COVID-19. A new Dunedin branch at double the previous footprint, and new sites in Westgate and Mt Richmond, should see further gains made in retail sales over the next one to two years, depending on the speed of recovery in the economy.

Damaged vehicle units were up 12% with some good gains from existing insurance vendors and the benefit from one-off events like the Timaru hail storm and flood damaged cars from Sky City.

FINANCE (OXFORD FINANCE)

Revenue: $45.7m +4%
Operating Profit: $12.2m +10%

The Finance business had an excellent year with operating profit increasing 10% to $12.2m. This reflects our increasing focus on lending to higher quality borrowers. We introduced 3-tier risk pricing in August 2019 which has enabled us to be much more targeted towards high quality borrowers and tighten up at the lower end of the quality range. Premium Tier risk now accounts for 11% of our total existing book and is around 30-40% of new lending each month. Instalment arrears on Premium Tier business is tracking at around 0.01% compared to Tier 2 instalment arrears at 5.6%.

The introduction of comprehensive credit reporting alongside negative reporting is proving to be a strong combination of data to help us profile borrowers.

The Turners Cars loan origination is going well and we are earning more margin in the Group as a result of this. Turners Cars' ledger is now up to $52m and is performing exceptionally well on lending quality metrics.

We also completed the strategic review process for Oxford Finance during the year and, whilst there was significant interest above the book value of the business, in the Board's view, the offers received did not fully reflect the intrinsic value of Oxford Finance, both today and especially factoring in the planned organic growth. We are pleased to have such a strong annuity business within the Group at this time and have funding and equity capacity to continue growing this business over the next few years.

INSURANCE (AUTOSURE)

Revenue: $44.1m -9%
Operating Profit: $6.2m -25%

Insurance revenue declined in FY20 reflecting a one-off gain from property sale in the prior year ($3.0m), and further risk optimisation we are running through the portfolio. General Gross Written Premium (GWP) was down 7% to $36.8m as a result of market conditions and focusing on lower risk portfolios and vehicles.

Pleasingly, underlying profit (which excludes the gain on property sale in FY19) increased due to continued improvements in risk pricing and reduction in claims loss ratios, resulting from a new insurance software system, as well as procurement initiatives. The combined claims loss ratio for FY20 was 62% (FY19: 64%), while the MBI loss ratio was 66% (FY19: 75%).

All originators have now been transitioned to a new retail policy generation system and we continue to review dealers' portfolio performance for risk pricing.

Our Reserve Bank Culture and Conduct Review work was completed with a number of initiatives implemented, ensuring we are closer to end users and better understand customer outcomes and experience.

The distribution partnership announced between Heartland Bank and our respective brands, Autosure and MARAC, is now implemented and working well. We are working on similar models of distribution with a number of other organisations which involve deep integration of our insurance system into their front end sales system. This is an area where we will continue to invest.

CREDIT MANAGEMENT (EC CREDIT CONTROL)

Revenue: $17.9m -1%
Operating Profit: $6.5m +3%

EC Credit Control's performance was in line with the previous year. Although debt load was down 5% for the year, the debt collected was up 14%, driven mostly out of improved collections from Australian SME clients and Corporate NZ clients. Commission earned from debt collected increased 11% to $10.0m.

Our traction with customers connecting to EC Credit via Xero and MYOB continues to gather momentum with over 420 customers now connected and loading debt worth over $3m during FY20.

The team responded quickly to the COVID situation and all Work From Home systems operated at 100 percent. We worked closely with our large corporate customers to help manage their reputational risk with debt collection work during lockdown and we are expecting a significant increase in debt loaded from these customers in the medium term. We have already seen a lift in debt load from SME customers in the first quarter of FY21.

As we did with Oxford Finance, we will also conduct a strategic review of EC Credit in the next 12-24 months.

DIGITAL, DATA AND DISRUPTION

In all our businesses, digital initiatives are being prioritised.

We are continuing to invest in digital marketing and data. We have several projects underway in the areas of lead management and automated communications. This investment enables us to better identify users on our website and be more targeted in subsequent communications with them.

We have also implemented an automated digital communications project which allows a more strategic and targeted approach to people who are looking to buy or sell through Turners.

We are working on two major data projects which will help us in the area of pricing vehicles and identifying credit risk. Both these projects leverage "off-the-shelf" cloud-based data tools, including machine-learning. The proof of concept results are promising and we know there is a significant opportunity in vehicle purchasing to help identify and limit our "bad buys", as there is in the finance business with identifying and limiting our "bad lending".

We were planning to launch a car subscription service in March this year, however, progress has been impeded by COVID-19. We have subsequently made the decision to brand the business under the Turners brand umbrella due to its high trust, strong brand value and recognition. We are working directly with Collaborate in Australia to get the subscription platform set up for NZ and now expect Turners Car Subscription to be up and running in Q2 FY21.

DIVIDEND AND SHARE BUY BACK PROGRAMME

In March 2020, the Board deferred the Q3 dividend payment as a cautionary step due to the uncertainty surrounding the length of a L4/L3 lockdown. In June 2020, with a better understanding of how the business was tracking, the Board declared a final fully imputed dividend incorporating the Q3 deferred dividend of 6.0 cents per share, resulting in full year dividends of 14.0 cps. The Board believes this level of pay out best ensures our ability to navigate the volatility of the current environment, and also the optionality to take advantage of any upcoming opportunities.

The Board's intention at this stage is to continue dividend payouts for FY21 in line with the current policy level of 60-70% of net profit after tax.

The Board continues to believe that the share price does not appropriately reflect the fundamentals of the business and recommenced the share buyback programme in August and September 2019. Approximately, 1.4 million shares were bought and cancelled, equating to 1.6% of shares on issue.

RESPONDING TO COVID-19

The impact of the COVID-19 pandemic began to be seen on our business in February 2020. While we have now moved to a 'new normal', we would like to acknowledge and thank our team for their efforts during this challenging time. They have been committed, understanding, and prepared to go above and beyond in difficult circumstances. We would also like to thank those landlords and business partners who extended a helping hand during the early part of lockdown…this was greatly appreciated.

The sudden change brought about by the COVID-19 lockdown required dynamic planning and execution urgency. The speed at which we were able to respond was a testament to the skills in our IT group but also the technology investments we have made over the last few years.

We had a very simple approach to our response to the situation.

We reacted to make sure that, as a business, we were in a position to survive a three to six month lockdown and prepare for a potentially longer restricted trading environment. We took a "cash is king" approach to this.

We then had to start rethinking the business. Our primary objective was to resume trading as soon as possible, in a way that safely managed the risk to our people and our customers. We initiated a successful contactless, 100% online trading programme and, even during the Level 4 and 3 lockdown, we were able to sell 600 vehicles online. The ability to sell uninspected vehicles online at scale for the first time demonstrates the high trust and awareness of the Turners brand and given its popularity, we plan to continue with this online service.

This ability to continue trading allowed us to avoid a dilutive capital raise.

We knew that economic conditions were likely to change for some people, so we needed to think about our risk in the finance book and adjust our lending criteria accordingly. We also knew that strong trusted brands would have a sizeable opportunity in a post-lockdown world.

We are now in the rebuilding phase and focusing on the opportunities. This will require disciplined cost control, leveraging our strong online platform, continuing to invest in technology where it makes sense and building our market share in all our respective businesses.

SOCIAL RESPONSIBILITY

Our drive to create a better business encompasses not only delivering returns to our shareholders, but also supporting our people, our communities and our environment.

We believe that creating a long lasting, sustainable and profitable business also delivers benefits for our people, by providing employment in regions throughout New Zealand. At no other time has the importance of supporting our people been more evident than during the lockdown. We were able to keep many staff working from home and financially supported those who were unable to work.

Health and safety remains a priority and we moved quickly to create new ways of working, to keep our people and our customers safe during this time, with the launch of our BuySafe initiative.

We are committed to ethical and fair conduct, which is particularly relevant given the industries we operate in. We believe in not only doing the right thing for business, but also the right thing for our customers and our people.

We are conscious that we operate in a sector which has a high carbon footprint. We believe that some of the initiatives we are taking will help reduce this impact, from having more staff working from home, through to car subscription services and offering electric vehicles for sale. We also take sustainability into account when building new sites and premises, with solar panels currently being trialled on the roof of our Hamilton dealership.

FY21 OUTLOOK

As with many businesses there are many unknowns in our operating environment, over the next 12 to 24 months. However, the long term dynamics of the used car industry remain robust and an attractive opportunity for Turners.

We have identified five strategic themes, which will help us navigate this environment and have outlined these on page 8.

In summary, we will be looking to:

1. Accelerate market share growth
2. Leverage our scale and brand equity
3. Benefit from the diversification of our business
4. Invest to build our digital advantage
5. Leverage our balance sheet capacity to support growth opportunities

We have full confidence in our strategy, our businesses and our teams to deliver an improving performance for all our stakeholders, from our customers through to our shareholders. The pandemic has hastened our move to become a more cost efficient, more resilient and more focused business. This will benefit Turners as we look to grow our business and take advantage of opportunities.

Our thanks go to all our customers, suppliers and business partners, and especially to our people, who have helped us overcome the recent challenges and positioned us for an exciting future. We look forward to our shareholders sharing this journey with us.

Grant Baker
Chairman

Todd Hunter
Chief Executive Officer

We are now in the rebuilding phase and focusing on the opportunities. This will require disciplined cost control, leveraging our strong online platform, continuing to invest in technology where it makes sense and building our market share in all our respective businesses.

OUR BUSINESS

RESPONDING TO THE COVID-19 CHALLENGE

The sudden change brought about by COVID-19 required dynamic planning and execution urgency. The speed at which we were able to adapt our business was a testament to the technology investments we have made over the last few years.

REACT

ENSURE SURVIVAL OF THE BUSINESS, 'CASH IS KING' APPROACH

- Safety of staff and customers a priority
- Rapid Working From Home setup completed
- Hiring freeze implemented
- Annual leave utilised, where appropriate
- Accessed Government Wage Subsidy support
- All permanent team members retained
- Reduction in pay for senior management and directors for 3-month period
- All costs reviewed and discretionary spend halted
- Deferred capital expenditure
- Established what was possible eg. Essential service, selling cars online
- Daily reporting on critical KPIs established

RETHINK

ASSESS AND EVALUATE, POSITION FOR THE 'NEW NORMAL', AVOID A DILUTIVE CAPITAL RAISE

- Online purchasing and contactless delivery implemented
- WFH on a more permanent basis
- Customers reverting to trusted brands
- Assessing the challenges of growing unemployment, weakening demand and softening prices
- Close communication with funder
- Avoided a dilutive capital raise

REBUILD

EYES ON THE PRIZE AND PREPARE FOR OPPORTUNITIES

- Disciplined cost control
- Continue to offer 100% online customer experience
- Review credit risk scoring
- Enhance distribution in insurance
- Push the trust and strength in our brands
- Significant opportunity to build market share in all our businesses
- Leverage strong balance sheet to take advantage of opportunities

LEADING CHANGE

In FY20, we acquired a 12% stake in ASX-listed Collaborate Corp. Collaborate's core business centres around the rapidly evolving car sharing market with DriveMyCar, Australia's leading peer-to-peer car rental business, complemented by Carly, Australia's first truly flexible car subscription offering, which launched in March 2019.

This investment provides an exciting opportunity for Turners to participate in the rapid growth of the 'Sharing Economy' as it relates to transportation and changing consumer preferences.

Alternative vehicle ownership models are on the rise internationally, and vehicle subscription programmes could account for nearly 10% of all new vehicle sales in the US and Europe by 2025. In developed markets like the UK and the US, subscription-based ownership models have already crossed 10% of monthly household incomes, driven in large part by the benefits experienced by consumers such as greater flexibility and a reduction in costs incurred including the purchase of vehicles, parking, insurance, fuel and maintenance[1].

We are excited about Turner's future as we position ourselves for the long term projected changes in the traditional retail car market. New concepts such as peer to peer car rentals and car sharing are a part of the future and provide a new revenue opportunity for car dealers and other industry players.

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https://www.forbes.com/sites/sarwantsingh/2018/07/30/your-next-car-could-be-a-flexible-subscription-model/#2ec7ac4f4ffa

> "New concepts such as peer to peer car rentals and car sharing are a part of the future and provide a new revenue opportunity for car dealers and other industry players."

Turners Cars BuySafe

Making it safe & easy for our customers to buy from home

As Level Three approached, the opportunity to commence a contactless, safe and trusted online retail service became a reality. Turners' BuySafe program was designed to sell vehicles under the operational restrictions of Level 3 while keeping our staff and our customers safe.

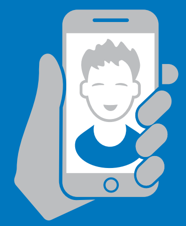
BuySafe builds on the existing online research and buying capabilities of Turners and added in new innovations such as virtual test drives via phone video calling, remote finance approvals, a 5-day money back guarantee and a contactless handover process.

A impactful marketing campaign was launched to highlight that customers could purchase vehicles through a safe, 100% contactless process, and to give customers the confidence to do so. Designed to be a simple checklist of the vehicle buying journey, each step of the process was outlined in the online campaign, with the emphasis being on safety. And not just from a health perspective. Buying a car without a physical inspection can be daunting for most. The addition of the 5-Day money back guarantee was made to give customers 'buying safety'. This gave the ultimate confidence to buy – a no questions asked return policy.

The BuySafe program is still running for any who require it. And the 5-Day money back guarantee has been made available on over half our stock for all customers through the retail channel.

SAFETY FIRST

CHOOSE YOUR CAR



VIRTUAL TEST DRIVE

CONTACTLESS ONLINE BUYING

MONEY BACK GUARANTEE

CONTACTLESS HANDOVER

*Not all vehicles have this offer. Terms and conditions apply.

A impactful marketing campaign was launched to highlight that customers could purchase vehicles through a safe, 100% contactless process, and to give customers the confidence to do so.

FY20 FINANCIAL COMMENTARY

This financial commentary should be read in conjunction with the full financial statements and Notes to the Financial Statements in the FY20 Annual Report.

REVENUE

Revenues were stable compared to the prior year. The gains being made by Auto Retail prior to February were offset by the COVID-19 impact. Finance revenues increased due to the increase in origination from Turners Cars and third-party originators. Insurance revenues reflected fewer policies sold as a result of market conditions and further tweaks to risk pricing.

NET PROFIT BEFORE TAX (NPBT)

Reported NPBT of $29.1m was in line with guidance of $28-$30m and stable on FY19 NPBT of $29.0m. The year on year decrease for Auto Retail reflects the property settlement in the prior year which provided a contribution of $3.4m. The improvement in Finance was driven by higher quality new loans and the resulting improved arrears performance. In addition, a COVID-19 overlay of $1m has been applied to finance receivable provisioning to mitigate any potential increase in credit losses over the next 12 months. The Insurance result reflects the positive progress in claims ratios which have continued to offset reduced policy sales.

Excluding IFRS 16 changes and strategic review costs in FY20, and property revaluations/sales and the Buy Right Cars brand write off in FY19, Underlying NPBT was up 11% year on year. This increase was driven by gains made in the Insurance, Finance and Credit divisions, partially offset by a small drop in Auto Retail due to COVID-19.

$MILLIONS	FY20	FY19	VAR
Reported profit before tax	**29.1**	**29.0**	**0.3%**
Oxford strategic review costs	0.2	-	
IFRS 16 Lease Accounting changes	(0.5)	-	
Christchurch property revaluation	-	(0.8)	
Property Settlement – Albany site	-	(3.4)	
Brand Write-Off (Buy Right Cars)	-	4.6	
Sale of property	-	(3.4)	
Underlying operating result	**28.8**	**26.0**	**11%**

NET PROFIT AFTER TAX (NPAT)

Net profit after tax (NPAT) was $21.0m (FY19: $22.7m).

Reported earnings per share was down 8% to 24.4 cents per share largely reflecting a higher effective tax rate in FY20.

DIVIDEND

Turners paid fully imputed dividends for the FY20 year of 14.0 cents per share. In March 2020, the Board deferred the Q3 dividend payment as a cautionary step due to the uncertainty surrounding the length of a L4/L3 lockdown. In June 2020, with a better understanding of the impact on the business and the trading environment, the Board declared a final fully imputed dividend incorporating the Q3 deferred dividend of 6.0 cents per share, resulting in full year dividends of 14.0 cps.

BALANCE SHEET

Turners has a strong balance sheet and is well positioned from a funding and capital perspective to take advantage of growth opportunities into the future. The primary changes in the balance sheet in FY20 were as follows:

- Cash and cash equivalents: Just prior to year end, Turners increased its cash balances by pre-emptively drawing down on facilities to ensure sufficient liquidity through the Level 4 lockdown. These precautionary drawings have now been repaid.
- Inventory: The increase in inventory reflects the COVID-19 slowdown and lockdown in March.
- The change in Finance Receivables reflects quality growth in Oxford Finance, offset by the rundown in the MTF non-recourse ledger.
- The increase in Property, Plant and Equipment is due to the development of new sites in Whangarei and North Shore and the Mt Richmond purchase.
- Shareholder equity decreased to $223m as at 31 March 2020 due to the share buyback and impact of IFRS 16 Leases on retained earnings.

FUNDING AND LIQUIDITY

Turners' funding remains at conservative levels. As at 31 March 2020, Turners' funding capacity was $428m with $78m undrawn. Sixty nine percent or $242m of this debt relates to finance receivables funding within Oxford Finance. During March 2020, the BNZ increased the limit for the securitisation warehouse facility from $200m to $250m (including capital contribution from TRA) to provide the headroom for further growth in the finance book. The remaining 31% of debt ($108m) relates to borrowings associated with property, inventory and the $25m Bond program.

FIVE YEAR FINANCIAL PERFORMANCE

$MILLIONS	FY16	FY17	FY18	FY19	FY20
Operating Revenue	170.3	251.0	330.5	336.6	332.7
Net Profit Before Tax (Operating Profit)	21.6	24.6	31.1	29.0	29.1
Net Profit After Tax	15.6	17.6	23.4	22.7	21.0
Earnings Per Share	24.7	25.5	29.3	26.2	24.4
Dividends Per Share	13.0	14.5	15.5	17.0	14.0
Financial Position					
Finance Receivables	167.6	207.1	289.8	290.0	293.0
Total Assets	367.1	556.6	651.7	654.2	708.4
Borrowings	174.8	265.9	317.4	312.9	350.4
Shareholder Funds	129.8	171.7	214.3	226.4	223.1
Shares on issue (millions as at 31 March)	63.4	74.5	84.8	86.9	85.6

THE BOARD

GRANT BAKER
Non-executive Chairman | Appointed September 2009

Grant Baker has wide experience at a senior level in both public and private New Zealand companies. He has been involved in a number of successful ventures, including 42 Below vodka and Trilogy International.

With a 7.13% shareholding, Grant is a long term committed investor in Turners Automotive Group and has been Chairman of Turners Automotive Group since September 2009. As an avid collector of specialist vehicles and motor racing enthusiast, both as a competitor and as a backer of young up and coming drivers, he is passionate about the strong Turners brand and its focus on cars.

PAUL BYRNES
Deputy Chairman and Independent Director | Appointed February 2004

Paul Byrnes is a chartered accountant, a professional director and an investor with over 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 (now Turners Automotive Group), handing over the CEO role to Todd Hunter in June 2016. Paul is entrepreneurial at heart but combines this with a wealth of top class governance experience (Top Energy and Hellaby Holdings) and the real world CEO experience of bringing a finance company positively out of the GFC. Paul has a 2.90% shareholding in Turners Automotive Group.

MATTHEW HARRISON
Non-executive Director | Appointed December 2012

Matthew Harrison has extensive management experience and a background in finance and business administration. He is the former Managing Director of EC Credit Control, the debt recovery business acquired in 2012 and has great experience dealing with credit cycles and credit management. He joined EC Credit Control in 1998, following senior management roles in the courier industry. Matthew joined the Turners Automotive Group Board in 2012 and represents his family interests, which have a 7.65% combined holding in the company. Matthew is a self-confessed "car nut" and has owned some very special cars over the years including a McLaren P1. He is very enthusiastic about the future of Turners and, given his large shareholding and love for automobiles, is strongly committed to seeing Turners continue its successful journey.

ALISTAIR PETRIE
Non-executive Director | Appointed February 2016

Alistair Petrie has over 15 years of senior management experience in both private and listed companies in the agribusiness sector. He has extensive knowledge in sales and marketing in both international and domestic environments, which is particularly useful for some of the challenges and opportunities Turners has importing vehicles from Japan. He has a number of directorships with companies that have a focus on growth and innovation, and he represents the interests of Bartel Holdings, which has a 11.17% shareholding in Turners Automotive Group. Alistair worked for many years at Turners & Growers, the original parent company of Turners Auctions, which provides a nice connection at Board level back to those foundational brand values of "trust and integrity". Alistair has a BSC (hons) from Newcastle Upon Tyne university and an EMBA from Melbourne University.

JOHN ROBERTS
Independent Director | Appointed July 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, with CEO roles with Saatchi & Saatchi in New Zealand and Asia Pacific, before heading up MasterCard in New Zealand for three years. John is currently a director of Centrix, a leading credit rating agency in NZ, and this keeps him connected with the financial sector and the NZ credit cycle. John's advertising and branding experience has been invaluable across a number of projects within the business and he continues to add value and thought leadership around the use of data and analytics, drawing on his Veda NZ experience.

ANTONY VRIENS
Independent Director | Appointed January 2015

Antony Vriens has been a director and chairman of Turners' insurance subsidiary, DPL Insurance (now Autosure), since 2012. He is a highly experienced financial services industry professional, with demonstrated success as a senior executive and consultant in insurance and wealth management businesses across Asia Australia and New Zealand. He brings a hands on, practical and commercial approach and a strong technology focus to his Board role. His relationships across the insurance industry and regulators are highly valuable to the Turners business and his collaborative approach is embraced by both the Board and management.

MARTIN BERRY
Independent Director | Appointed August 2018

Martin Berry is a seasoned global financial services executive having run large international businesses for the likes of ANZ, Citibank, Barclays and Standard Chartered. He later focused on more entrepreneurial ventures with a successful track record of having built, acquired and sold several companies with values in excess of USD 500m. Martin later founded and now runs venture capital firm d:tribe capital out of Singapore investing in early stage tech companies across Asia-Pacific.

LEADERSHIP TEAM

Todd Hunter
Chief Executive Officer

Aaron Saunders
Group Chief Financial Officer

Simon Gould-Thorpe
Group Chief Information Officer

Greg Hedgepeth
CEO Turners Automotive Retail

James Searle
Group General Manager
Insurance

David Wilson
CEO
EC Credit Control

Jeremy Rooke
General Manager Digital Strategy

Todd Hunter
Chief Executive Officer

Todd is a strong and experienced senior executive, with a background in marketing, sales and accounting in both large global and domestic businesses. Before joining Turners Auction in 2006 Todd worked for Microsoft NZ and Ernst and Young. He was appointed CEO of NZX listed Turners Auctions in 2013, and took on the CEO role for the wider Turners Automotive Group in 2016. Todd is a chartered accountant and holds a Bachelor and Diploma of Commerce from Auckland University.

Aaron Saunders
Group Chief Financial Officer

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 and holds a Bachelor of Commerce from Auckland University.

Simon Gould-Thorpe
Group Chief Information Officer

Simon joined Turners in 2010. With over 30 years' experience in IT, he has led dynamic and innovative IT Teams to success across a wide range of industries. His current role has seen the delivery of significant advancements to assist Turners business transformation, including the development of new core systems and the introduction of key business and process automation. Turners IT utilizes leading technologies and follows best practice IT management including DevOps and Agile methodologies.

Greg Hedgepeth
CEO Turners Automotive Retail

Greg joined Turners in 2017 as CEO of the Automotive Retail Division, with responsibility for Turners Cars, Trucks & Machinery and the Damaged & End of Life business. He is an experienced automotive executive and has previously held a number of senior roles with BMW Group NZ and Armstrong Motor Group, one of NZ's largest private owned retail automotive networks. With a Bachelor of Commerce from Auckland University and a number of years working for Saatchis both in NZ and the US, Greg brings a strong sales and marketing focus to his role.

James Searle
Group General Manager 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.

David Wilson
CEO EC Credit Control

Dave joined EC Credit in 2007 and was appointed to his current role in April 2015. He has over 20 years' experience in the banking, finance and recruitment industries, and has worked in the credit management industry since 2001. Dave has a Diploma in Business Studies.

Jeremy Rooke
General Manager Digital Strategy

Jeremy joined Turners Automotive Group in 2009. His role involves leading the application of new technologies, business models and channels to enable and expand Turners' digital capabilities. Jeremey holds degrees in Law and Arts, and prior to Turners, worked as a business analyst and projects manager on several large transformative IT programmes, most notably in the insurance sector.

Turners Cars New Lynn

Turners
Automotive Group

FINANCIAL REPORTS

FOR THE YEAR ENDED 31 MARCH 2020

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Turners Automotive Group Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Turners Automotive Group Limited and its subsidiaries ('the Group') on pages 35 to 93, which comprise the consolidated statement of financial position as at 31 March 2020, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 March 2020, and 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 ('NZ IFRS') and International Financial Reporting Standards ('IFRS').

Our report is made solely to the Shareholders of the Group. Our audit work has been undertaken so that we might state to the Shareholders of the Group those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Shareholders of the Group as a body, for our audit work, for our report or for the opinions we have formed.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) ('ISAs (NZ)'). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with Professional and Ethical Standard 1 (Revised) *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)* issued by the New Zealand Auditing and Assurance Standards Board and the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* ('IESBA Code'), and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other than in our capacity as auditor and provider of other assurance services we have no relationship with, or interests in, Turners Automotive Group Limited or any of its subsidiaries. The provision of these other assurance services has not impaired our independence.

In addition to this, principals and employees of our firm deal with the Group on normal terms within the ordinary course of trading activities of the business of the Group. This has not impaired our independence.

Emphasis of Matter – Increased level of inherent uncertainty in the significant accounting estimates and judgments applied by Management in the preparation of these financial statements, arising from the ongoing global pandemic of coronavirus disease 2019

We draw attention to Note 4 of the Group's consolidated financial statements, which describes the impact of the ongoing global pandemic of the novel coronavirus disease 2019 ('COVID-19') and Management's assessment of and responses to the pandemic. Since March 2020, the COVID-19 pandemic has lowered overall economic activity and confidence, resulting in significant volatility and instability in financial markets and economic uncertainty. Consequently, there has been an increase in the level of inherent uncertainty in the critical accounting estimates and judgements applied by Management in the preparation of these consolidated financial statements, described in Note 4 of the Group's consolidated financial statements. As at the date of the signing of these consolidated financial statements, all reasonably known and available information with respect to the COVID-19 pandemic has been taken into consideration in the critical accounting estimates and judgements applied by Management, and all reasonably determinable adjustments have been made in preparing these consolidated financial statements.

Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our audit addressed the key audit matter
Impairment testing of Goodwill and Other Indefinite Life Intangible Assets As disclosed in Note 21 of the Group's consolidated financial statements the Group has goodwill of $92.5m allocated across four of the Group's cash-generating units ('CGUs') and brand assets of $67.1m allocated across two of those CGUs. Goodwill and brand assets were significant to our audit due to the size of the assets and the subjectivity, complexity and uncertainty inherent in the measurement of the recoverable amount of these CGUs for the purpose of the required annual impairment test. The measurement of a CGUs recoverable amount includes the assessment and calculation of its 'value in-use'. Management has completed the annual impairment test for each of these four CGUs as at 31 March 2020. During the year ended 31 March 2020, the Buy Right Cars and Turners Group NZ CGUs were amalgamated to reflect the lowest level within the Group at which goodwill is monitored for internal management purposes.	Our audit procedures among others included: • Evaluating Management's determination of the Group's four CGUs based on our understanding of the nature of the Group's business and the economic environment in which the segments operate. We also analysed the internal reporting of the Group to assess how the CGUs are monitored and reported. • Evaluating the competence, capabilities, objectivity and expertise of Management's external valuation expert and the appropriateness of the expert's work as audit evidence for the relevant assertions. • Challenging Management's assumptions and estimates used to determine the recoverable value of its indefinite life intangible assets, including those relating to forecasted revenue, cost, capital expenditure and discount rates, by adjusting for future events and corroborating the key market

Key Audit Matter	How our audit addressed the key audit matter
Management has engaged an external valuation expert to assist in the annual impairment testing of the four CGUs. This annual impairment test involves complex and subjective estimation and judgement by Management on the future performance of the CGUs, discount rates applied to future cash flow forecasts, and future market or economic conditions.	related assumptions to external data (including the consideration of the impact of the COVID-19 pandemic). Procedures included: o Evaluating the logic of the value-in-use calculations supporting Management's annual impairment test and testing the mathematical accuracy of these calculations; o Evaluating Management's process regarding the preparation and review of forecasts; o Comparing forecasts to Board approved forecasts; o Evaluating the historical accuracy of the Group's forecasting to actual historical performance; o Challenging and evaluating the forecast growth assumptions; o Evaluating the inputs to the calculation of the discount rates applied; o Engaging our own internal valuation experts to evaluate the logic of the value-in-use calculation and the inputs to the calculation of the discount rates applied; o Evaluating Management's sensitivity analysis for reasonably possible changes in key assumptions; and o Performing our own sensitivity analyses for reasonably possible changes in key assumptions, the two main assumptions being: the discount rate and forecast growth assumptions. • Evaluating the related disclosures about indefinite life intangible assets which are included in Note 21 in the Group's consolidated financial statements.
Valuation of Finance Receivables including the adoption of NZ IFRS 9 *Financial Instruments* As disclosed in Note 14 of the Group's consolidated financial statements, the Group has finance receivable assets of $293.0m. Finance receivable assets were significant to our audit due to the size of the assets and the subjectivity, complexity and uncertainty inherent in the recognition of expected credit losses and the amount of those expected credit losses. Management has prepared expected credit losses models to complete its assessment of expected credit losses for the Group's finance receivables as at 31 March 2020. This assessment involves complex and subjective estimation and judgement by Management on credit risk and the future cash flows of the finance receivables.	Our audit procedures among others included: • Evaluating the design and operating effectiveness of the key controls over finance receivable origination, ongoing administration and expected credit losses model data and calculations. • Selecting a representative sample of finance receivables and agreeing these finance receivables to the signed loan agreement and client acceptance documents on origination. • Challenging and evaluating Management's logic, key assumptions, and calculation of its expected credit losses models against the requirements specified in NZ IFRS 9 for recognising expected credit losses on financial assets. • For individually assessed finance receivables, examining those finance receivables and forming our own judgements as to whether the expected credit losses provision recognised by Management was appropriate (including the consideration of the impact of the COVID-19 pandemic on the expected credit losses provision). • For the collectively assessed finance receivables, challenging and evaluating the logic of Management's expected credit losses models and the key assumptions used with our own experience (including the consideration of the impact of the COVID-19 pandemic on key assumptions). Also, testing key inputs used in the expected credit losses models and the mathematical accuracy of the calculations within the models.

Key Audit Matter	How our audit addressed the key audit matter
	• Evaluating the changes made to the provisioning model to capture the effect of the changing economic environment at 31 March 2020 compared to the economic environment at the date when the historical data used to determine the expected credit losses was collected (described in Note 4 to the Group's consolidated financial statements). • Evaluating the disclosures related to finance receivable assets, and the risks attached to them, which are included in Note 5 and 14 in the Group's consolidated financial statements.
Valuation of Insurance Contract Liabilities As disclosed in Note 35 of the Group's consolidated financial statements the Group has insurance contract liabilities of $51.4m. The Group's insurance contract liabilities were significant to our audit due to the size of the liabilities and the subjectivity, complexity and uncertainty inherent in estimating the impact of claims events that have occurred but for which the eventual outcome remains uncertain. Management has engaged an external actuarial expert to estimate the Group's insurance contract liabilities as at 31 March 2020.	Our audit procedures among others included: • Evaluating the design and operating effectiveness of the key controls over insurance contract origination, ongoing administration, claims management and reporting and the integrity of the related data. • Evaluating the competence, capabilities, objectivity and expertise of Management's external actuarial expert and the appropriateness of the expert's work as audit evidence for the relevant assertions. • Agreeing the data provided to Management's external actuarial expert to the Group's records. • Engaging our own actuarial expert to assist in understanding and evaluating: o the work and findings of the Group's external actuarial expert engaged by Management; and o the Group's actuarial methods and assumptions to assist us in challenging the appropriateness of actuarial methods and assumptions used by Management. • Assessing the selection of methods and assumptions with a view to identify management bias. • Evaluating the related disclosures about insurance contract liabilities, and the risks attached to them, which are included in Note 35 in the Group's consolidated financial statements.
Adoption of NZ IFRS 16 Leases As disclosed in Note 32 of the Group's consolidated financial statements, the Group has adopted NZ IFRS 16 *Leases* from 1 April 2019, using the retrospective approach. This has resulted in the recognition of a right-of-use asset of $24.9m and a lease liability of $32.5m as at 31 March 2020. The adoption of NZ IFRS 16 was significant to our audit due to the size of the assets and liabilities recognised, complexity of applying the new standard and the assumptions required by Management for the calculation of the lease balances. Management has completed calculations of the lease balances for all leases as at 1 April 2019 (upon adoption) and as at 31 March 2020. These calculations require estimates regarding the lease term and the discount rate.	Our audit procedures, among others, included: • Assessing Management's process relating to the identification, recording, recognition and measurement of leases within the scope of NZ IFRS 16. • Assessing Management's judgements made in applying allowable practical expedients against the requirements of NZ IFRS 16. • Evaluating the key assumptions used by Management, including the incremental borrowing rates applied to the lease portfolio. • For a sample of leases: o Agreeing key inputs in the lease calculation to the underlying lease agreement; o Recalculating the lease liability and right-of-use asset based on the key inputs noted above and

Key Audit Matter	How our audit addressed the key audit matter
	compared our recalculations to the balances recognised by the Group; and o Checking the appropriateness of the classification of the lease liability between current and non-current based on the remaining term of the lease. • Evaluating the related disclosures about leases which are included in Note 32 in the Group's consolidated financial statements.

Other Information

The Directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 31 March 2020 (but does not include the consolidated financial statements and our auditor's report thereon).

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed , we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Consolidated Financial Statements

The Directors are responsible on behalf of the Group for the preparation and fair presentation of the consolidated financial statements in accordance with NZ IFRS and IFRS, and for such internal control as the Directors determine is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Directors are responsible on behalf of the Group for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that

includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (NZ) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs (NZ), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the use of the going concern basis of accounting by the Directors and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent fairly the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

INDEPENDENT AUDITOR'S REPORT cont.
for the year ended 31 March 2020

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STAPLES RODWAY

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Matters Relating to the Electronic Presentation of the Audited Consolidated Financial Statements

This audit report relates to the consolidated financial statements of Turners Automotive Group Limited and its subsidiaries for the year ended 31 March 2020 included on Turners Automotive Group Limited's website. The Directors of Turners Automotive Group Limited are responsible for the maintenance and integrity of Turners Automotive Group Limited's website. We have not been engaged to report on the integrity of Turners Automotive Group Limited's website. We accept no responsibility for any changes that may have occurred to the consolidated financial statements since they were initially presented on the website.

The audit report refers only to the consolidated financial statements named above. It does not provide an opinion on any other information which may have been hyper linked to or from these consolidated 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 consolidated financial statements and related audit report dated 30 July 2020 to confirm the information included in the audited consolidated financial statements presented on this website.

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

The engagement partner on the audit resulting in this independent auditor's report is N S de Frere.

Baker Tilly Staples Rodway

BAKER TILLY STAPLES RODWAY AUCKLAND

Auckland, New Zealand

30 July 2020

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 March 2020

	Notes	2020 $'000	2019 $'000
Revenue	7	**332,174**	328,358
Other income	7	**500**	8,221
Cost of goods sold		**(135,003)**	(133,126)
Interest expense	7	**(14,853)**	(14,952)
Impairment provision expense	7	**(6,044)**	(7,892)
Subcontracted services expense		**(17,149)**	(12,888)
Employee benefits (short term)		**(55,458)**	(52,756)
Commission		**(13,368)**	(14,581)
Advertising expense		**(2,743)**	(3,918)
Depreciation and amortisation expense	7	**(11,919)**	(5,785)
Property and related expenses		**(1,688)**	(10,945)
Systems maintenance		**(1,747)**	(1,471)
Claims		**(25,952)**	(26,804)
Movement in life insurance liabilities	35	**(836)**	(718)
Insurance deferred acquisition costs		**(701)**	(423)
Impairment of intangible brand asset		**-**	(4,300)
Other expenses		**(16,148)**	(16,971)
Profit before taxation		**29,065**	29,049
Taxation (expense)/benefit	8	**(8,112)**	(6,330)
Profit for the year		**20,953**	22,719
Other comprehensive income for the year (which may subsequently be reclassified to profit/loss), net of tax			
Cash flow hedges		**(447)**	(364)
Revaluation of financial assets at fair value through OCI		**(310)**	-
Foreign currency translation differences		**(12)**	(26)
Total other comprehensive income		**(769)**	(390)
Total comprehensive income for the year		**20,184**	22,329
Earnings per share (cents per share)			
Basic earnings per share	9	**24.35**	**26.21**
Diluted earnings per share	9	**24.35**	**27.28**

The accompanying notes form part of these financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 March 2020

	Notes	Share capital $'000	Share options $'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 2018		199,148	701	(21)	-	(164)	14,659	214,323
Change in accounting policies								
Impact of the implementation of NZ IFRS 15		-	-	-	-	-	(345)	(345)
Impact of the implementation of NZ IFRS 9		-	-	-	-	-	(2,292)	(2,292)
		-	-	-		-	(2,637)	(2,637)
Balance at 1 April 2018 (restated)		199,148	701	(21)	-	(164)	12,022	211,686
Transactions with shareholders in their capacity as owners								
Capital contributions (net of issue costs)	27	13,388	-	-	-	-	-	13,388
Capital buy back	27	(6,141)	-	-	-	-	-	(6,141)
Employee share based payments	28	-	326	-	-	-	-	326
Dividend paid	29	-	-	-	-	-	(15,214)	(15,214)
Total transactions with shareholders in their capacity as owners		7,247	326	-	-	-	(15,214)	(7,641)
Comprehensive income								
Profit		-	-	-	-	-	22,719	22,719
Other comprehensive income		-	-	(26)	-	(364)	-	(390)
Total comprehensive income for the year, net of tax		-	-	(26)	-	(364)	22,719	22,329
Balance at 31 March 2019		**206,395**	**1,027**	**(47)**	**-**	**(528)**	**19,527**	**226,374**
Change in accounting policy								
Impact of the implementation of NZ IFRS 16	32	-	-	-	-	-	(5,666)	(5,666)
Balance at 1 April 2019 (restated)		**206,395**	**1,027**	**(47)**	**-**	**(528)**	**13,861**	**220,708**
Transactions with shareholders in their capacity as owners								
Capital contributions (net of issue costs)	27	97	-	-	-	-	-	97
Capital buy-back	27	(3,192)	-	-	-	-	-	(3,192)
Cancellation of options	28	1,027	(1,027)	-	-	-	-	-
Dividend paid	29	-	-	-	-	-	(14,742)	(14,742)
Total transactions with shareholders		(2,068)	(1,027)	-	-	-	(14,742)	(17,837)
Comprehensive income								
Profit		-	-	-	-	-	20,953	20,953
Other comprehensive income		-	-	(12)	(310)	(447)	-	(769)
Total comprehensive income for the year, net of tax		-	-	(12)	(310)	(447)	20,953	20,184
Balance at 31 March 2020		**204,327**	**-**	**(59)**	**(310)**	**(975)**	**20,072**	**223,055**

The accompanying notes form part of these financial statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

for the year ended 31 March 2020

	Notes	**2020 $'000**	2019 $'000
Assets			
Cash and cash equivalents	10	**32,771**	15,866
Financial assets at fair value through profit or loss	11	**64,988**	66,252
Trade receivables	12	**8,609**	12,471
Inventories	13	**44,371**	38,859
Finance receivables	14	**293,037**	290,017
Other receivables, deferred expenses and contract assets	15	**8,572**	10,955
Reverse annuity mortgages	16	**4,913**	8,294
Investment property	17	**5,650**	5,650
Financial assets at fair value through OCI	18	**1,000**	-
Property, plant and equipment	20	**52,788**	39,084
Right-of-use assets	32	**24,850**	-
Intangible assets	21	**166,843**	166,734
Total assets		**708,392**	654,182
Liabilities			
Other payables	22	**28,048**	33,906
Financial liability at fair value through profit or loss	23	**-**	116
Contract liabilities	24	**2,085**	2,642
Deferred tax	25	**10,080**	13,918
Tax payables		**2,772**	4,570
Derivative financial instruments		**985**	524
Borrowings	26	**350,364**	312,863
Lease liabilities	32	**32,511**	-
Life investment contract liabilities	35	**7,072**	7,484
Insurance contract liabilities	35	**51,420**	51,785
Total liabilities		**485,337**	427,808
Shareholders' equity			
Share capital	27	**204,327**	206,395
Other reserves		**(1,344)**	452
Retained earnings		**20,072**	19,527
Total shareholders' equity		**223,055**	226,374
Total shareholders' equity and liabilities		**708,392**	654,182

For and on behalf of the Board

G.K. Baker
Chairman Director

P.A. Byrnes
Deputy chairman

Authorised for issue on 30 July 2020

The accompanying notes form part of these financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS
for the year ended 31 March 2020

	Notes	2020 $'000	2019 $'000
Cash flows from operating activities			
Interest received		**43,874**	45,023
Receipts from customers		**289,275**	279,472
Interest paid		**(12,856)**	(12,184)
Payment to suppliers and employees		**(285,795)**	(272,052)
Income tax paid		**(11,460)**	(10,752)
Net cash outflow from operating activities before changes in operating assets and liabilities		**23,038**	29,507
Net increase in finance receivables		**(27,826)**	(34,926)
Net decrease in reverse annuity mortgages		**3,964**	2,545
Net (increase)/decrease of financial assets at fair value through profit or loss		**704**	(12,163)
Net (withdrawals)/contributions from life investment contracts		**88**	16
Changes in operating assets and liabilities arising from cash flow movements		**(23,070)**	(44,528)
Net cash (outflow)/inflow from operating activities	31	**(32)**	(15,021)
Cash flows from investing activities			
Proceeds from sale of property, plant, equipment and intangibles		**913**	9,388
Purchase of property, plant, equipment and intangibles		**(19,245)**	(12,753)
Purchase of investments		**(1,310)**	41
Sale of investments		**473**	-
Net cash inflow/(outflow) from investing activities		**(19,169)**	(3,324)
Cash flows from financing activities			
Net bank loan advances/(repayments)		**61,038**	20,570
Principal elements of lease payments		**(6,998)**	-
Proceeds from the issue of shares		**(3,192)**	7,100
Proceeds from the issue of bonds		**-**	(561)
Other borrowings		**-**	(2,837)
Dividend paid		**(14,742)**	(15,214)
Net cash inflow/(outflow) from financing activities		**36,106**	9,058
Net movement in cash and cash equivalents		**16,905**	(9,287)
Add opening cash and cash equivalents		**15,866**	25,145
Translation difference		**-**	8
Closing cash and cash equivalents		**32,771**	15,866
Represented By:			
Cash at bank	10	**32,771**	15,866
Closing cash and cash equivalents		**32,771**	15,866

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2020

1. REPORTING ENTITY
Turners Automotive Group Limited, ('the Company') is incorporated and domiciled in New Zealand. Turners Automotive Group Limited is registered under the Companies Act 1993.

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

The consolidated financial statements of Turners Automotive Group 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 Group is a for profit entity.

The Group's principal activities are:
- automotive retail (second hand vehicle retailer)
- finance and insurance (loans and insurance products); and
- credit management (collection services).

The financial statements were authorised for issue by the directors on 30 July 2020.

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
Except as detailed in note 32, 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 Adoption of new and revised Standards and Interpretations
New standards and amendments and interpretations to existing standards that came into effect during the current accounting period beginning on 1 April 2019 that materially impact the Group's financial statements are as follows:
- NZ IFRS 16 *'Leases'*.

The other standards did not have a material impact on the Group's financial statements and did not require retrospective adjustment.

Refer to note 32 for the impact of implementing this new standard.

3.2 New standards and amendments and interpretations to existing standards that are not yet effective for the current accounting period beginning on 1 April 2019
The following relevant standards and interpretations have been issued at the reporting date but are not yet effective.

NZ IFRS 17 Insurance Contracts
NZ IFRS 17, 'Insurance Contracts', will replace NZ IFRS 4, 'Insurance Contracts'. Under the NZ IFRS 17, insurance contract liabilities will be calculated at the present value of future insurance cash flows with a provision for risk. The discount rate applied will reflect current interest rates. If the present value of future cash flows would produce a gain at the time an insurance contract is issued, the model would also require a "contractual service margin" to offset the day 1 gain. The contractual service margin would be amortised over the life of the insurance contract. There would also be a new income statement presentation for insurance contracts, including a revised definition of revenue and additional disclosure requirements. NZ IFRS 17 will also have accommodations for certain specific types of insurance contracts. Short-duration insurance contracts will be permitted to use a simplified unearned premium liability model until a claim is incurred. For some contracts, in which the cash flows are linked to underlying items, the liability value will reflect that linkage.

The effective date is annual reporting periods beginning on or after 1 January 2021.

The Group is yet to assess the impact of NZ IFRS 17. The Group intends to adopt NZ IFRS 17 no later than the financial year beginning 1 April 2021.

3.3 Basis of consolidation

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.

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.

3.4 *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 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.

3.5 *Revenue and expense recognition*
The principal sources of revenue are sales of goods, sales of service, interest income, fees, commissions, and insurance premium income.

3.5.1 Revenue from contracts with customers
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. This normally occurs on receipt of a deposit, full payment or approval of financing.

Sales-related warranties associated with goods cannot be purchased separately and they serve as an assurance that the products sold comply with agreed-upon specifications and cover the standard period established by legislation. There is no material amount of variable consideration under these contracts nor is there the existence of a significant financing component.

Sales of service
Auction commission is recognised at a point in time in the accounting period in which the service is rendered. Payment for services is normally deducted from the proceeds from the sale. Other than those provided by legislation no warranties are provided by the Group. There is no material amount of variable consideration under these contracts nor is there the existence of a significant financing component.

Other sales revenue comprises services rendered preparing the asset for sale and commission earned on the sale of third party products. Services rendered while preparing the asset for sale are recognised over time in the accounting period in which the service is rendered, and a contract asset is recognised for amounts relating to services rendered not yet invoiced. Payment for services rendered are either deducted from the proceeds from the sale or raised as a trade receivable. Other than those provided by legislation no warranties are provided by the Group. There are no rebates or volume discounts. Commissions earned on the sale of third party products is recognised at a point in time when the sale is made. Payment is usually received when the sale is made. Other than those provided by legislation no warranties are provided by the Group. There are no rebates or volume discounts.

Collection income, which is largely fees and commission earned for collecting debt on behalf of third parties and the sale of customised terms of trade documents, is recognised at a point in time in the accounting period in which the service is rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total service to be provided. Payment is either deducted from the monies collected or raised as trade receivable and therefore a contract liability is recognised over the period in which the services are performed representing the Group's right to consideration for the services performed to date. If the consideration promised includes a variable amount for rebates, refunds or credit, then the Group estimates the amount of variable consideration, to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur, and recognises a contract liability. Other than those provided by legislation no warranties are provided by the Group. Costs to obtain contracts such as commissions are recognised as contract assets and incurred when the related revenue for the contract is released to profit or loss.

Voucher income
Voucher income is the proceeds from the sale of a voucher that on presentation entitles the holder to either load a debt for collection or register of a security on the Personal Property Securities Register ('PPSR'). Voucher income is recognised, at a point in time, when the voucher is redeemed and the debtor's information is loaded into the collection system or a security is registered on the PPSR. Payment is normally received when the voucher is sold, and voucher income is initially recognised as a contract liability. For those vouchers that are unredeemed, voucher income is recognised after a period of time based on historical non-redemption patterns. Estimates are readjusted as necessary based on movements in the actual non-redemption patterns. Other than those provided by legislation no warranties are provided

by the Group. There is no material amount of variable consideration under these contracts nor is there the existence of a significant financing component. Costs to obtain contracts such as commissions are recognised as contract assets and incurred when the related revenue for the contract is released to profit or loss.

3.5.2 Financial instruments
Interest income and expense
Interest income and expense is recognised in the profit or loss using the effective interest method.

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 (account maintenance fee) 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.

3.5.3 Insurance Contracts
Premium income and acquisition costs
Recurring premiums on life insurance contracts are recognised as revenue when payable by the policyholder. Where policies provide for the payment of amounts of premiums on specific due dates, such premiums are recognised as revenue when due. Unpaid premiums are only recognised as revenue during the days of grace and are not recognised where policies are deemed to have lapsed at reporting date.

General insurance premiums comprise the total premiums payable for the whole period of cover provided by contracts entered into during the reporting period and are recognised on the date on which the policy commences. Premiums include any adjustments arising in the reporting period for premium receivables written in respect of business written in prior accounting periods. Premiums collected by intermediaries, but not yet received, are assessed based on known sales and are included in written premium.

Unearned premiums are those proportion of premiums written in a year that relate to periods of risk after the reporting date. Unearned premiums are calculated on a daily pro rata basis. The proportion attributable to subsequent periods is deferred as a provision for unearned premiums.

Under life investment contracts deposits are received from policyholders which are then invested on behalf of the policyholders and recognised as Financial assets at fair value through profit or loss. No premium income is recognised as revenue. Fees deducted from members' accounts are accounted for as fee income.

Those direct and indirect costs incurred during the financial period arising from the acquiring or renewing of insurance contracts are deferred to the extent that these costs are recoverable out of future premiums from insurance contracts. All other acquisitions costs are recognised as an expense when incurred.

Subsequent to initial recognition, the deferred acquisitions cost asset (DAC) for life insurance contracts is amortised over the expected life of the contracts. DAC for general insurance contracts is amortised over the period in which the revenues are earned.

An impairment review is performed at each reporting date or more frequently when an indication of impairment arises. When the recoverable amount is less than the carrying value, an impairment loss is recognised in profit or loss. DACs are also considered in the liability adequacy test for each reporting period.

DACs are derecognised when the related contracts are either settled or disposed of.

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

General insurance claims expenses are recognised when claims are notified with the exception of claims incurred but not reported for which a provision is estimated. Life 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.

3.5.4 Other
Other income
Dividend income is recorded in the profit or loss when the Group's right to receive the dividend is established.

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

3.6 *Financial instruments*
Financial assets and financial liabilities are recognised in the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets
All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of financial assets
Financial assets that meet the following conditions are measured subsequently at amortised cost:
- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):
- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

Despite the foregoing, the Group may make the following irrevocable election/designation at initial recognition of a financial asset:
- the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met; and
- the Group may irrevocably designate a financial asset that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

(i) Amortised cost and effective interest method
The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period.

For financial assets other than purchased or originated credit-impaired financial assets (i.e. assets that are credit-impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the financial asset, or, where appropriate, a shorter period, to the gross carrying amount of the financial asset on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any expected credit losses. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any expected credit losses.

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost and at FVTOCI. For financial assets other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below).

For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

Financial assets measured at amortised cost include cash and cash equivalents, trade receivables, finance receivables, reverse annuity mortgages and other receivables.

(ii) Financial assets at FVTPL
Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI are measured at FVTPL. Specifically:
- Investments in equity instruments are classified as at FVTPL, unless the Group designates an equity investment that is neither held for trading nor a contingent consideration arising from a business combination as at FVTOCI on initial recognition.
- Financial assets that do not meet the amortised cost criteria or the FVTOCI criteria are classified as at FVTPL. In addition, financial assets that meet either the amortised cost criteria or the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency (so called 'accounting mismatch') that would

arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Group has not designated any financial assets as at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss to the extent they are not part of a designated hedging relationship (see hedge accounting policy). Fair value is determined in the manner described in note 5.5.

Financial assets measured at FVTPL include equity securities, unitised funds, fixed interest securities and term deposits.

(iii) Finance assets at FVTOCI
Equity securities which are not held for trading, and which the Group has irrevocably elected at initial recognition to recognise in this category. These are strategic investments and the Group considers this classification to be more relevant.

On disposal of these equity securities, any related balance within the FVOCI reserve is reclassified to retained earnings.

Impairment of financial assets
The Group recognises a loss allowance for expected credit losses on financial assets that are measured at amortised cost and contract assets. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group recognises lifetime ECL for trade receivables and contract assets. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date. Homogeneous loans are assessed on a collective basis (collective impairment provision) and non-homogeneous loans are assessed individually (specific impairment provision).

(i) Significant increase in credit risk
In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort such as:
- actual or expected changes in economic indicators (ie change in employment rates); and
- for non-homogeneous loans significant changes in the value of the collateral supporting the loan or changes in the operating results of the borrower.

The nature of the Group's finance receivables (second tier retail and commercial lending) means there is little or no updated credit risk information that is routinely obtained and monitored on an individual instrument until a customer breaches the contractual terms.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default
The Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets
A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:
a) significant financial difficulty of the borrower;
b) a breach of contract, such as a default or past due event (see (ii) above); and
c) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

(iv) Write-off policy
The Group writes off a financial asset when there is information indicating that the borrower is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the borrower has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

v) Measurement and recognition of expected credit losses
The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above.

As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date. No further advances are allowed against financial assets in default.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which simplified approach was used.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

Derecognition of financial assets
The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Financial liabilities
All financial liabilities are measured subsequently at amortised cost using the effective interest method or at FVTPL. However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies are measured in accordance with the specific accounting policies set out below.

Financial liabilities at FVTPL
Financial liabilities are classified as at FVTPL when the financial liability is (i) contingent consideration of an acquirer in a business combination, (ii) held for trading or (iii) it is designated as at FVTPL.

A financial liability is classified as held for trading if:
- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative, except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument.

A financial liability other than a financial liability held for trading or contingent consideration of an acquirer in a business combination may be designated as at FVTPL upon initial recognition if:
- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IFRS 9 permits the entire combined contract to be designated as at FVTPL.

Financial liabilities at FVTPL are measured at fair value, with any gains or losses arising on changes in fair value recognised in profit or loss to the extent that they are not part of a designated hedging relationship (see Hedge accounting policy).

However, for financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. The remaining amount of change in the fair value of liability is recognised in profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognised in other comprehensive income are not subsequently reclassified to profit or loss; instead, they are transferred to retained earnings upon derecognition of the financial liability.

Fair value is determined in the manner described in note 5.5.

Financial liabilities measured at FVTPL include contingent consideration.

Financial liabilities measured subsequently at amortised cost
Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination, (ii) held-for-trading, or (iii) designated as at FVTPL, are measured subsequently at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Derecognition of financial liabilities
The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

When the Group exchanges with the existing lender one debt instrument into another one with the substantially different terms, such exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, the Group accounts for substantial modification of terms of an existing liability or part of it as an extinguishment of the original financial liability and the recognition of a new liability. It is assumed that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective rate is at least 10 percent different from the discounted present value of the remaining cash flows of the original financial liability. If the modification is not substantial, the difference between: (1) the carrying amount of the liability before the modification; and (2) the present value of the cash flows after modification should be recognised in profit or loss as the modification gain or loss within other gains and losses.

Derivative financial instruments
The Group enters into derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts, and interest rate swaps.

Derivatives are recognised initially at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. Derivatives are not offset in the financial statements unless the Group has both legal right and intention to offset.

A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

Hedge accounting
The Group designates certain derivatives as hedging instruments in respect of interest rate risk in cash flow hedges.

At the inception of the hedge relationship, the Group documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is effective in offsetting changes in cash flows of the hedged item attributable to the hedged risk, which is when the hedging relationships meet all of the following hedge effectiveness requirements:
- there is an economic relationship between the hedged item and the hedging instrument;
- the effect of credit risk does not dominate the value changes that result from that economic relationship; and
- the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

If a hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio but the risk management objective for that designated hedging relationship remains the same, the Group adjusts the hedge ratio of the hedging relationship (i.e. rebalances the hedge) so that it meets the qualifying criteria again.

Cash flow hedges
The effective portion of changes in the fair value of derivatives and other qualifying hedging instruments that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under the heading of cash flow hedging reserve, limited to the cumulative change in fair value of the hedged item from inception of the hedge. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss.

Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognised hedged item. However, when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognised in other comprehensive income and accumulated in equity are removed from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability. This transfer does not affect other comprehensive income. Furthermore, if the Group expects that some or all of the loss accumulated in the cash flow hedging reserve will not be recovered in the future, that amount is immediately reclassified to profit or loss.

The Group discontinues hedge accounting only when the hedging relationship (or a part thereof) ceases to meet the qualifying criteria (after rebalancing, if applicable). This includes instances when the hedging instrument expires or is sold, terminated or exercised. The discontinuation is accounted for prospectively. Any gain or loss recognised in other comprehensive income and accumulated in cash flow hedge reserve at that time remains in equity and is reclassified to profit or loss when the forecast transaction occurs. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in cash flow hedge reserve is reclassified immediately to profit or loss.

3.7 Right of use assets and lease liabilities
The Group leases various offices, warehouses, retail stores, equipment and cars. Rental contracts are typically made for fixed periods of 3 to 8 years but may have extension options as described in below. Lease terms are negotiated on an individual basis and contain a wide range

of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Until the 2020 financial year, leases of property, plant and equipment were classified as either finance or operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease.

From 1 April 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:
• fixed payments (including in-substance fixed payments), less any lease incentives receivable;
• variable lease payment that are based on an index or a rate;
• amounts expected to be payable by the lessee under residual value guarantees;
• the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
• payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising the following:
• the amount of the initial measurement of lease liability;
• any lease payments made at or before the commencement date less any lease incentives received;
• any initial direct costs; and
• restoration costs.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT-equipment and small items of office furniture.

Extension and termination options are included in a number of property and equipment leases across the Group. These terms are used to maximise operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor.

The Group has applied judgement to determine the lease term for some lease contracts that include renewal options. The assessment of whether the Group is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets.

A deferred tax asset is raised for the tax impact of the changes in recognised lease related assets and liabilities.

A lease is contract that conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

In the Statement of cash flow, lessees present:
- Short-term lease payments, payments for leases of low-value assets and variable lease payments not included in the measurement of the lease liability as part of operating activities;
- Cash paid for the interest portion of a lease liability as either operating activities or financing activities, as permitted by NZ IAS 7 Statement of Cash Flows (the Group has opted to include interest paid as part of operating activities, consistent with its presentation of interest paid on financial liabilities); and
- Cash payments for the principal portion for a lease liability, as part of financing activities. Under NZ IAS 17, all lease payments on operating leases were presented as part of cash flows from operating activities.

For the accounting policy applied prior to the adoption of IFRS 16 please refer to note 32.

3.8 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 Group has determined that all assets of the Group's subsidiary, DPL Insurance Limited, are assets backing policy liabilities and are managed and reported in accordance with a mandate approved by the DPL Insurance Limited's Board.

The liability for life insurance contracts is determined in accordance with Appendix C of NZ IFRS 4 Insurance Contracts and Professional Standard No 20 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'. Longer-term lines of business (annuities, funeral plan) are valued using the projection method, and shorter-term life and longer-term life contracts written on yearly renewable premiums, are valued using the accumulation method, as provided for in NZ IFRS 4.

General insurance contract liabilities include claims provision and the provision for unearned premium. The outstandings claims provision is based on the estimated ultimate cost of all claims incurred but not settled at the reporting date, whether reported or not, together with related claims handling cost and a reduction for the expected value of salvage and other recoveries. Delays can be experienced in the notification and settlement of claims, therefore the ultimate cost of these cannot be known at reporting date and are estimated based on past experience. The liability is not discounted for the time value of money and is derecognised when the obligation to pay the claim expires, is discharged or is cancelled.

The provision for unearned premiums represent the portion of premiums received or receivable that relates to risks that have not yet expired at the reporting date. The provision is recognised when contracts are entered into and premiums are charged, and is recognised as premium income over the term of the contract in accordance with the pattern of insurance service provided under the contract.

Liability adequacy testing is performed in terms of NZ IFRS 4 in order to test the adequacy of all insurance liabilities recorded in the statement of financial position, net of deferred acquisition costs. Liability adequacy testing is performed at a portfolio level of contracts that are subject to broadly similar risks and are managed together as a single portfolio.

3.9 Life investment contracts
Life investment contracts are those contracts with minimal insurance risk and are accounted for in accordance with NZ IFRS 15 'Revenue from Contracts with Customers' (refer note 3.5.1) and NZ IFRS 9 'Financial Instruments' (refer note 3.5.2). 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.

3.10 Inventories
Inventories comprise primarily motor vehicles held for sale and are stated at the lower of cost or net realisable value. Cost 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.

3.11 Investment property
Investment property is held for capital appreciation and comprises land that was transferred from finance receivables through the exercise of the Group's security interest in a finance receivable that was in default.

Investment property is initially recognised at fair value on date of transfer or purchase and subsequently carried at fair value. The fair value of investment properties is determined by a qualified independent external valuer (refer note 17).

Any gains or losses arising from a change in fair value of the investment property is recognised in profit or loss. Subsequent expenditure is charged to the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to profit or loss during the period in which they are incurred.

3.12 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

3.13 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 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.

Corporate relationship assets are amortised on the straight line basis over the expected life (2 – 10 years) of the relationship and are recognised in the statement of financial position at cost less accumulated amortisation and impairment losses.

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).

3.14 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.

3.15 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.

3.16 Managed funds
DPL Insurance Limited, a wholly owned subsidiary, has saving plans, which are not open to new members, with assets managed by a third party investment manager. The assets and liabilities of these funds are included in the financial statements.

3.17 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.

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 corporate 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.

Share based payments
The cost of options issued to employees under the Group's share option plan is measured by reference to fair value of the options at the date on which they are granted. Service and non-market performance conditions are not taken into account when determining the grant date fair value, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market conditions are reflected within the grant date fair value.

The cost of equity settled transactions is recognised over the vesting period. If the service condition is not met during the vesting period, the expense is revised to reflect the best available estimate of the number of equity instruments expected to vest. Where awards include market and non-vesting conditions, the transactions are treated as vested irrespective of whether the market or non-vesting conditions is satisfied, provided that all other performance and/or service conditions are satisfied.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share (refer note 9).

When options are exercised or cancelled, the option reserve relating to the options exercised or cancelled is reclassified to share capital.

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.

3.18 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 and borrowings.

3.19 Comparatives
Where necessary, comparative information has been reclassified and represented for consistency with current year. Comparative information has not been restated for the impact on application of NZ IFRS 16.

4. USE OF ESTIMATES AND JUDGEMENTS
In preparing the financial statements in accordance with NZ IFRS, the Board and management are required to make judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. 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.

COVID-19
The COVID -19 pandemic and responses has reduced the ability of many businesses to operate and reduced the demand for many goods and services resulting in significant volatility and instability in financial markets. The Group's four businesses experienced significant declines in new business during lockdown level 4 and level 3, however three of the four businesses earn annuity income and were profitable during this period. The COVID-19 pandemic and responses continue to effect general activity and confidence levels in the economy. While the scale and duration of these effects remain uncertain, the Group continues to monitor developments and initiate plans to mitigate adverse impacts and maximise opportunities.

These financial statements have been prepared based upon conditions existing as at 31 March 2020 and consider those events occurring subsequent to that date that provide evidence of conditions that existed at the end of the reporting period. As the outbreak of the COVID-19 pandemic occurred before 31 March 2020 its impacts are considered an event that is indicative of conditions that arose prior to reporting period. Accordingly, as at the date of signing these financial statements, all reasonably known and available information with respect to the COVID-19 pandemic has been taken into consideration in the critical accounting estimates and judgements applied by Management and all reasonably determinable adjustments have been made in preparing these financial statements.

When assessing the possible future impact of COVID-19 pandemic on the carrying value of assets and liabilities, the Group reviewed past experience, including the impact of the global financial crisis, on the Group's performance and aligned the forecast and estimates with this experience.

The principal areas of judgement in preparing these financial statements are set out below.

Inventories - impairment provision
Inventories comprise primarily motor vehicles held for sale and are stated at the lower of cost or net realisable value. Cost comprises the purchase price, shipping cost, compliance cost and other sundry related costs. 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. Estimated selling prices are based upon recent observed vehicle sales prices for comparable vehicles. Management has estimated the net realisable value of inventories based on their estimate of the selling price in a post lockdown market.

Based on the work done the inventories impairment provision includes $0.5m for any economic uncertainty associated with the COVID-19 pandemic and its potential impact on inventory provisions.

Provision for impairment on loan receivables
Significant increase in credit risk
As explained in note 3.6, ECL are measured as an allowance equal to 12 month ECL for performing assets, or lifetime ECL for doubtful or in default assets. An asset moves to doubtful when its credit risk has increased significantly since initial recognition. The Group presumes a significant increase in credit risk subsequent to initial recognition when contractual payments are more than 30 days overdue. In assessing whether the credit risk of an asset has significantly increased the Group takes into account qualitative and quantitative reasonable and supportable forward looking information.

Calculation of loss allowance
When measuring ECL the Group has used reasonable and supportable forward looking information, which is based on estimates for the future movement of different economic drivers (i.e. unemployment rates and government stimulus) and how these drivers will affect each other.

Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the Group would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

There remains inherent uncertainty of the economic impact of COVID-19 pandemic on the economic drivers used to determine ECL. When assessing the impact of the COVID-19 pandemic, Management determined that the likely impact would be an increase in the estimated probability of default. Management's assessment included reviewing past experience, during the global financial crisis, and a review of loans in at risk related industries.

Based on the work done the finance receivables expected credit loss provision includes $1.0m for any economic uncertainty associated with the COVID-19 pandemic and its potential impact on the expected impact on credit losses.

If the ECL rates on performing finance receivables increased/(decreased) by 1% higher (lower) as at 31 March 2020, the loss allowance on finance receivables would have been $2.7 million higher/(lower).

If the ECL rates on doubtful or in default finance receivables increased/(decreased) 1% higher (lower) as at 31 March 2020, the loss allowance on finance receivables would have been $0.3 million higher/(lower).

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 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 21). A sensitivity analysis of the recoverable amounts of the CGU's is disclosed in note 21.

When estimating future cash flows, Management considered the impact of the COVID-19 pandemic on the Group's performance and judgements, including the forecasting of the year-on-year movements in the operating assets of individual CGUs such as:

- for the Finance and Auto Retail CGUs, the movement in their portfolios of finance receivables and related movement in debt financing;
- for the Auto Retail CGU, the movement in inventory levels, trade payables and related movement in trade financing; and
- for the DPL Insurance CGU, the movement in deferred insurance contract premiums and acquisition costs, and solvency capital requirements.

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 35).

Impairment of corporate brands
The carrying values of brands are 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 a 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 21).

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. At year end, the Group readjusted the unredeemed prepaid collection voucher liability write off methodology based on movements in the actual redemption patterns to reflect the continued decline in the redemption of historically issued prepaid collection vouchers. The change in accounting estimate resulted in a $0.1m (2019: $0.2m) decrease in the unredeemed voucher liability (note 24).

Determining lease term
In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

Valuation of investment properties
The fair value of the investment property has been determined by an independent qualified valuer. Note 17 sets out the valuation methodology, key assumptions and sensitivity analysis. The fair value of the investment property is subjective and changes to the assumptions can have a significant impact on profit and the fair value.

The derecognition of finance receivables
The Group follows the guidance in NZ IFRS 9 'Financial Instruments', in transactions where substantially all the risks and rewards of ownership of a financial asset are neither retained nor transferred. The Group derecognises the transferred asset if control over that asset is relinquished. The rights and obligations retained in the transfer, such as servicing assets and liabilities, are recognised separately as assets and liabilities, as appropriate. If control over the asset is retained, the Group continues to recognise the asset to the extent of its continuing involvement, which is determined by the extent to which it remains exposed to changes in the value of the transferred asset. This determination of whether risks and rewards of ownership of a financial asset are neither retained nor transferred requires significant

judgement (refer note 3.6). Prior to derecognition, the Group assesses whether the finance receivables qualify for derecognition using the criteria noted above.

Fair value measurement
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 11 and 23).

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the group is the current bid price. These instruments are included in Level 1.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3. The fair value of level 3 instruments is determined by using valuation techniques based on a range of unobservable inputs. 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.

Specific valuation techniques used to value financial instruments in each level are detailed in notes 5.5 and 17.

5. 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 35, and fair value risk relating to the Group's Investment property (refer note 17).

5.1 Financial instrument by category

Carrying value	**2020**	2019
	$'000	$'000
Financial assets		
Cash and cash equivalents	**32,771**	15,866
Financial assets at fair value through profit or loss	**64,988**	66,252
Amortised cost		
Trade receivables	**8,609**	12,471
Finance receivables	**293,037**	290,017
Other receivables and deferred expenses	**3,390**	3,776
Reverse annuity mortgages	**4,913**	8,294
	407,708	396,676
Financial liabilities		
Other payables	**19,700**	25,247
Financial liability at fair value through profit or loss	**-**	116
Borrowings	**350,364**	312,863
	370,064	338,226

5.2 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, 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 and financial assets at fair value through profit or loss (excluding equities in unitised funds) are placed with registered banks.

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 four grades reflecting varying degrees of risk of default and the availability of collateral or other credit risk mitigation. They are as follows:

- performing – the counterparty has a low risk of default and does not have any past due amounts greater than 30 days;
- doubtful –amount is > 30 days past due or there has been a significant increase in credit risk since initial recognition;
- in default - amount is > 90 days past due or evidence indicating the asset is credit impaired; and
- write-off – there is evidence indicating the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery.

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, with a maximum loan to value ratio of 30% at inception (no new reverse annuity mortgages have been advanced since 2009);
- 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 finance receivables secured by collateral, 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.

5.3 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. Due to the dynamic nature of the underlying businesses, flexibility is maintained by having diverse funding sources and adequate committed credit facilities. Management has internal control processes and contingency plans to actively manage 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 designated percentages of insurance reserves 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 at reporting date to contractual maturity date. The amounts disclosed in the tables are the contractual and the expected undiscounted cash flows.

	0-6 months $'000	7-12 months $'000	13-24 months $'000	25-60 months $'000	60+ months $'000	Total $'000
2020						
Contractual undiscounted cash flows:						
Other payables	**19,700**	**-**	**-**	**-**	**-**	**19,700**
Derivative financial instruments	**440**	**367**	**144**	**34**	**-**	**985**
Borrowings	**34,143**	**8,568**	**317,427**	**370**	**-**	**360,508**
Lease liabilities	**4,042**	**4,181**	**7,796**	**16,324**	**6,262**	**38,605**
	58,325	**13,116**	**325,367**	**16,728**	**6,262**	**419,798**
Expected undiscounted cash flows:						
Other payables	**19,700**	**-**	**-**	**-**	**-**	**19,700**
Derivative financial instruments	**440**	**367**	**144**	**34**	**-**	**985**
Borrowings	**34,143**	**8,568**	**45,039**	**71,802**	**256,880**	**416,432**
Lease liabilities	**4,042**	**4,181**	**7,796**	**16,324**	**6,262**	**38,605**
	58,325	**13,116**	**52,979**	**88,160**	**263,142**	**475,722**

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	0-6 months $'000	7-12 months $'000	13-24 months $'000	25-60 months $'000	60+ months $'000	Total $'000
2019						
Contractual undiscounted cash flows:						
Other payables	25,247	-	-	-	-	25,247
Derivative financial instruments	164	142	175	43	-	524
Borrowings	35,870	17,951	174,007	106,093	-	333,921
	61,281	18,093	174,182	106,136	-	359,692
Expected undiscounted cash flows:						
Other payables	25,247	-	-	-	-	25,247
Derivative financial instruments	164	142	175	43	-	524
Borrowings	35,870	17,951	19,409	94,832	213,492	381,554
	61,281	18,093	19,584	94,875	213,492	407,325

5.4 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.

5.4.1 Insurance business

For the life investment policies 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 35K for insurance liabilities interest rate sensitivity. The insurance business has no significant currency and equity risk.

5.4.2 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, including derivative financial instruments, 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. The Group uses interest rate swap contracts to convert a portion of its variable rate debt to fixed rate debt. No exchange of principal takes place. The notional principal amount of interest rate swaps at 31 March 2020 was $75m (2019: $74m) and weighted average interest was 1.73% (2019: 2.23%). There was no hedge ineffectiveness recognised in profit or loss during the period (2019: $nil).

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
2020					
Financial Assets					
Cash and cash equivalents	**32,771**	**(328)**	**(236)**	**328**	**236**
Financial assets at fair value through profit or loss	**64,988**	**(650)**	**(468)**	**650**	**468**
Finance receivables	**293,037**	**(2,930)**	**(2,110)**	**2,930**	**2,110**
Reverse annuity mortgages	**4,913**	**(49)**	**(35)**	**49**	**35**
Financial Liabilities					
Derivative financial instruments	**985**	**-**	**(1,983)**	**-**	**(6)**
Borrowings	**350,364**	**3,504**	**2,523**	**(3,504)**	**(2,523)**
Total increase/(decrease)		**(453)**	**(2,309)**	**453**	**320**

	Carrying amount $'000	-1% Profit $'000	-1% Equity $'000	+1% Profit $'000	+1% Equity $'000
2019					
Cash and cash equivalents	15,866	(159)	(114)	159	114
Financial assets at fair value through profit or loss	66,252	(663)	(477)	663	477
Finance receivables	290,017	(2,900)	(2,088)	2,900	2,088
Reverse annuity mortgages	8,294	(83)	(60)	83	60
Financial Liabilities					
Financial liability at fair value through profit or loss	116	1	1	(1)	(1)
Derivative financial instruments	524	-	(1,404)	-	295
Borrowings	312,863	3,129	2,253	(3,129)	(2,253)
Total increase/(decrease)		(675)	(1,889)	675	780

5.4.3 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 24) 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	**2020 NZ$'000**	2019 NZ$'000
Net exposure to AUD	**560**	224
Net exposure to JPY	**2,171**	1,560

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

In NZD'000	-10% Profit	-10% Equity	+10% Profit	+10% Equity
2020				
AUD	**-**	**29**	**-**	**(24)**
JPY	**(82)**	**170**	**67**	**(140)**
2019				
AUD	-	(25)	-	21
JPY	(177)	129	145	(105)

5.4.4 Equity price risk
Equity price risk is the risk that the Group's profit or loss will fluctuate as a result of changes in share prices. The Group is exposed to equity price risk through its investment in MTF Shares (refer note 11). A +1%/-1% movement in the MTF share price will increase/(decrease) profit and equity by $32k/($32k) (2019: $36k/($36k)).

5.5 Assets and liabilities carried at fair value:
The fair value of 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 liabilities, 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.

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	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
2020				
Fair value assets:				
Financial assets at fair value through profit or loss - Insurance	**-**	**7,197**	**-**	**7,197**
Financial assets at fair value through profit or loss - investment in equities	**-**	**3,154**	**-**	**3,154**
Financial assets at fair value through profit or loss - term deposits	**54,637**	**-**	**-**	**54,637**
Investment property	**-**	**-**	**5,650**	**5,650**
	54,637	**10,351**	**5,650**	**70,638**
Fair value liabilities:				
Derivative financial instruments	**-**	**985**	**-**	**985**
	-	**985**	**-**	**985**
2019				
Fair value assets:				
Financial assets at fair value through profit or loss - Insurance	-	7,658	-	7,658
Financial assets at fair value through profit or loss - investment in equities	-	3,595	-	3,595
Financial assets at fair value through profit or loss - term deposits	54,999	-	-	54,999
Investment property	-	-	5,650	5,650
	54,999	11,253	5,650	71,902
Fair value liabilities:				
Financial liability at fair value through profit or loss	-	-	116	116
Derivative financial instruments	-	524	-	524
	-	524	116	640

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 New Zealand Investments Limited (refer 5.4.1).

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 (refer 5.4.4).

Fair value liability - term deposits and fixed interest securities
Term deposits are recognised at fair value based on the interest rate set at inception of the term deposit (refer 5.4.2).

Fair value - investment property
The fair value of the investment property was determined by an independent registered valuer using the comparable sales methodology (refer note 17).

This is a level 3 fair value measurement and the key output 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 $0.3m/($0.3m).

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

Derivative financial instruments
The fair value of forward exchange contracts is determined using forward exchange rates at balance date, with the resulting value discounted to present value. The fair value of interest rate swaps is calculated as the present value of estimated future cash flows based on observable yield curves.

Reconciliation of recurring level 3 fair value movements:

Assets	**2020 $'000**	2019 $'000
Opening balance	**5,650**	4,820
Revaluation at reporting date - investment property	**-**	830
Closing balance	**5,650**	5,650

Liabilities	**2020 $'000**	2019 $'000
Opening balance	**116**	226
Revaluation at reporting date	**(116)**	(110)
Closing balance	**-**	116

During the year there were no movements of fair value assets or liabilities between levels of the fair value hierarchy.

6. SEGMENTAL INFORMATION

6.1 DESCRIPTION OF SEGMENTS

Management has determined the operating segments based on the components of Turners Automotive Group Limited and its subsidiaries (the Group) that engage in business activities, which have discrete financial information available and whose operating results are regularly reviewed by the Group's chief operating decision maker. The chief operating decision maker has been identified as the Board of Directors. The Board of Directors makes decisions about how resources are allocated to the segments and assesses their performance. Geographically the Group's business activities are located in New Zealand and Australia.

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 products.
Corporate & other:	Corporate centre.

OPERATING SEGMENTS

Revenue	Total segment revenue **2020** **$'000**	Inter-segment revenue **2020** **$'000**	Revenue from external customers **2020** **$'000**	Total segment revenue 2019 $'000	Inter-segment revenue 2019 $'000	Revenue from external customers 2019 $'000
Automotive retail	**229,512**	**(4,634)**	**224,878**	228,672	(2,963)	225,709
Finance	**45,744**	**-**	**45,744**	44,193	-	44,193
Credit management	**17,939**	**-**	**17,939**	18,196	-	18,196
Insurance	**45,236**	**(1129)**	**44,107**	49,206	(742)	48,464
Corporate & other	**6**	**-**	**6**	17	-	17
	338,437	**(5,763)**	**332,674**	340,284	(3,705)	336,579

Revenue from external customers reported to the Board of Directors is measured on the same basis as revenue reported in the profit or loss. Inter-segment transactions are done on an arms length basis. The Group has no customers representing 10% or more of the Group's revenues.

Operating profit	**2020** **$'000**	2019 $'000
Automotive retail	**13,829**	18,274
Finance	**12,167**	11,112
Credit management	**6,494**	6,321
Insurance	**6,215**	8,227
Corporate & other	**(9,640)**	(14,885)
Profit/(loss) before taxation	**29,065**	29,049
Income tax	**(8,112)**	(6,330)
Net profit attributable to shareholders	**20,953**	22,719

	Interest revenue **2020** **$'000**	Interest revenue 2019 $'000	Interest expense **2020** **$'000**	Interest expense 2019 $'000	Depreciation and amortisation expense **2020** **$'000**	Depreciation and amortisation expense 2019 $'000
Automotive retail	**3,904**	8,383	**(3,967)**	(4,206)	**(7,960)**	(2,457)
Finance	**40,579**	38,544	**(6,912)**	(6,596)	**(717)**	(413)
Credit management	**5**	9	**(39)**	-	**(249)**	(104)
Insurance	**2,276**	2,434	**(91)**	-	**(2,783)**	(2,746)
Corporate & other	**6**	17	**(3,930)**	(4,368)	**(210)**	(65)
	46,770	49,387	**(14,939)**	(15,170)	**(11,919)**	(5,785)
Eliminations	**(86)**	(218)	**86**	218	**-**	-
	46,684	49,169	**(14,853)**	(14,952)	**(11,919)**	(5,785)

Other material non-cash items	Revenue **2020** **$'000**	Revenue 2019 $'000	Expenses **2020** **$'000**	Expenses 2019 $'000
Automotive retail - impairment provisions	**-**	-	**(126)**	(503)
Finance - impairment provisions	**-**	-	**(5,888)**	(7,436)
Insurance - reverse annuity mortgage interest	**613**	846	**-**	-
Corporate & other - write down of brand and collateral	**-**	-	**-**	(4,570)
	613	846	**(6,014)**	(12,509)

Segment assets and liabilities	Assets **2020** **$'000**	Assets 2019 $'000	Liabilities **2020** **$'000**	Liabilities 2019 $'000
Automotive retail	**129,496**	132,839	**92,078**	88,065
Finance	**308,696**	276,356	**241,086**	216,996
Credit management	**38,268**	31,685	**7,585**	5,686
Insurance	**134,236**	135,001	**73,133**	73,293
Corporate & other	**216,173**	195,673	**91,423**	83,030
	826,870	771,554	**505,305**	467,070
Eliminations	**(118,478)**	(117,372)	**(19,968)**	(39,262)
	708,392	654,182	**485,337**	427,808

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

	Other **2020** **$'000**	Other 2019 $'000
Automotive retail	**17,085**	11,478
Finance	**1,218**	671
Credit management	**197**	135
Insurance	**5,949**	14,884
Corporate & other	**236**	74
	24,685	27,242
Eliminations	**(5,440)**	(14,489)
	19,245	12,753

7. PROFIT BEFORE TAX

	Notes	2020 $'000	2019 $'000
Revenue from continuing operations includes:			
Interest income			
Bank accounts, short term deposits and investments		**1,743**	1,791
Finance receivables		**44,328**	46,532
Reverse annuity mortgages		**613**	846
Total interest income		**46,684**	49,169
Operating revenue			
Sales of goods		**167,264**	159,438
Commission and other sales revenue		**52,714**	48,965
Finance related insurance commissions		**3,397**	4,199
Loan fee income		**2,958**	2,950
Insurance and life investment contract income		**39,676**	42,968
Collection income		**17,709**	18,187
Bad debts recovered		**591**	897
Other revenue		**1,181**	1,585
Total operating revenue		**285,490**	279,189
Revenue from continuing operations		**332,174**	328,358
Other income comprises:			
Gain on sale of investments		**35**	-
Revaluation gain on investment property		**-**	830
Dividend income		**367**	391
Gain on sale of property, plant and equipment		**61**	3,607
Gain on compulsory acquisition on leasehold premise by the NZTA		**-**	3,393
Fair value gain on contingent consideration		**37**	-
		500	8,221
Revenue from contracts with customers			
Over time			
Automotive retail			
Commission and other sales revenue		**29,401**	23,352
Insurance			
Motor vehicle insurance commissions		**1,683**	1,731
		31,084	25,083
At a point in time			
Automotive retail			
Sales of goods		**167,264**	159,438
Auction commissions		**23,313**	25,613
Credit management			
Collection income		**10,021**	16,506
Voucher income		**495**	1,681
Interest expense			
Bank borrowings and other		**13,330**	13,241
Bonds		**1,523**	1,711
Total interest expense		**14,853**	14,952
Movement in impairment provisions			
Provisions for:			
Specific impaired finance receivables	14	**2,304**	914
Collective impairment provision for finance receivables	14	**3,641**	6,890
Collective impairment on reverse annuity mortgages	16	**30**	(47)
Finance receivables bad debts written off		**69**	135
Movement		**6,044**	7,892

	2020 $'000	2019 $'000
Net operating profit includes the following specific expenses		
Depreciation		
- Plant, equipment & motor vehicles	**681**	675
- Leasehold improvements, furniture, fittings & office equipment	**828**	864
- Computer equipment	**594**	519
- Signs & flags	**184**	96
Intangible amortisation		
Amortisation of software	**1,203**	1,435
Amortisation of customer relationships	**557**	630
Amorisation of right-of-use asset	**6,300**	-
Insurance contract liabilities amortisation		
Amortisation of policies in force	**1,572**	1,566
	11,919	5,785
Tax advisory fees	**329**	104
Donations	**3**	5
Directors' fees	**665**	637
Post-employment benefits	**1,322**	1,164
Loss on sale of property, plant and equipment	**71**	-
Fees paid to auditor		
Baker Tilly Staples Rodway Auckland (auditor of the Group)		
Audit of financial statements		
Audit of annual financial statements	**452**	442
Under accrual in prior year	**50**	-
Other services		
Other assurance services		
- Audit of DPL Insurance Limited solvency return	**7**	7
- Agreed Upon Procedures in relation to the Turners Marque Trust	**-**	15
- Agreed Upon Procedures in relation to the EC Credit Control Limited trust account	**3**	3
Total other services	**10**	25
Total fees paid to Baker Tilly Staples Rodway Auckland	**512**	467

8. TAXATION

	2020 $'000	2019 $'000
Net operating profit before taxation	**29,065**	29,049
Income tax expense at prevailing rates	**(8,146)**	(8,134)
Tax impact of income not subject to tax	**274**	2,035
Tax impact of expenses not deductible for tax purposes	**(46)**	(125)
Tax assets recognised	**-**	-
Under provision in prior years	**(194)**	(106)
Taxation (expense)/benefit	**(8,112)**	(6,330)
Comprising:		
Current	**(9,817)**	(10,030)
Deferred	**1,635**	3,958
Under provision in prior years	**70**	(258)
	(8,112)	(6,330)

9. 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 weighted average number of ordinary shares outstanding, as follows:

	2020	2019
Profit for the year ($'000)	**20,953**	22,719
Weighted average number of ordinary shares at 31 March	**86,055,495**	86,671,483
Basic earnings per share (cents per share)	**24.35**	26.21

	2020	2019
Weighted number of shares		
Opening balance	**86,888,064**	84,802,612
Shares issued for the conversion of bonds	**-**	2,303,925
Shares issued for the dealer share scheme	**23,111**	20,766
Share cancel from the share buy back	**(855,680)**	(455,820)
	86,055,495	86,671,483

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:

	2020 $'000	2019 $'000
Continuing operations	**20,953**	22,719
Add: interest expense relating to optional convertible bonds, net of tax	**-**	598
Add: Long term incentive expense relation to options	**-**	326
Profit for the year	**20,953**	23,643
Weighted number of ordinary shares (diluted)		
Weighted average number of shares (basic)	**86,055,495**	86,671,483
Diluted earnings per share (cents per share)	**24.35**	27.28

10. CASH AND CASH EQUIVALENTS

	2020 $'000	2019 $'000
The carrying value of cash and cash equivalents are denominated in the following currencies:		
Australian dollars	**365**	663
Japanese yen	**-**	142
New Zealand dollars	**32,406**	15,061
	32,771	15,866

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 and term deposits, disclosed in financial assets through the profit or loss, held in the insurance business may not be available for use by the wider Group. DPL Insurance's cash and cash equivalents at 31 March 2020 were $1.5m (2019: $2.2m).

Cash and cash equivalents at 31 March 2020 of $5.1m (2019: $4.6m) belong to the Turners Marque Trust 1 and are not available to the Group (refer note 14).

11. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2020 $'000	2019 $'000
Insurance:		
Investments in unitised funds	**7,197**	7,658
Term deposits	**54,637**	54,999
Other:		
Investment in equities	**3,154**	3,595
Total	**64,988**	66,252
Investments in unitised funds comprise:		
New Zealand and overseas equities	**2,935**	1,309
Fixed Interest securities	**1,369**	1,350
Cash - deposits	**1,333**	3,141
New Zealand and overseas property securities	**1,560**	1,858
Total	**7,197**	7,658
Investments with external investment managers		
ANZ New Zealand Investments Limited - Unitised Funds	**7,197**	7,658

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:

	2020	2019
Australian dollars	**-**	-
New Zealand dollars	**57,791**	58,594
	57,791	58,594

All term deposits held in the insurance business may not be available for use by the wider Group (refer note 10). DPL Insurance's term deposits at 31 March 2020 were $54.6m (2019: $55.0m). Investments in unitised funds, disclosed in Financial assets through the profit or loss, underwrite the Life investment policies and are not available for use by the wider Group.

Interest rate and currency risk

A summarised analysis of the sensitivity of financial assets at fair value through profit or loss, excluding investments in unitised funds (as market risk on unitised funds is transferred to the policy holder), to interest rate risk and currency risk can be found in note 5.4.

Credit risk

The maximum exposure to credit risk from financial assets at fair value through profit or loss at reporting date, excluding investments in unitised funds, is the carrying value. The financial assets in this category, excluding equity investments, are invested in 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.

12. TRADE RECEIVABLES

	2020 $'000	2019 $'000
Performing	**7,643**	11,633
Doubtful	**1,130**	807
In default	**231**	323
	9,004	12,763
Impairment provision	**(395)**	(292)
Net trade receivables	**8,609**	12,471

Trade receivables are a current asset, with terms of trade usually 30 days or less.

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.

	2020	2019
	$'000	$'000
The age of default trade receivables is as follows:		
Past due up to 30 days	**-**	-
Past due 30 – 60 days	**-**	-
Past due 60 – 90 days	**-**	-
Past due 90+ days	**231**	323
	231	323
The age of doubtful trade receivables is as follows:		
Past due up to 30 days	**1,009**	722
Past due 30 – 60 days	**73**	59
Past due 60 – 90 days	**48**	26
Past due 90+ days	**-**	-
	1,130	807
Movement in the impairment provision:		
Opening balance	**292**	275
Impairment charge/(release) included in other operating expenses	**221**	27
Amounts written off	**(118)**	(10)
	395	292

The Group recognises lifetime expected credit loss for trade receivables. The expected credit loss rate is 4.4% (2019: 2.3%). 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	**666**	1,099
New Zealand dollars	**7,943**	11,372
	8,609	12,471

Currency risk
A summarised analysis of the sensitivity of financial assets included in trade receivables to currency risk can be found in note 5.4.

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 from trade receivables 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.

13. INVENTORY

	2020	2019
	$'000	$'000
Motor vehicles	**45,975**	40,391
Commercial goods	**32**	30
	46,007	40,421
Less provision for stock obsolescence	**(1,636)**	(1,562)
	44,371	38,859

Inventories are a current asset.

Movement in provisions for stock obsolescence		
Opening balance	**1,562**	1,049
Movement (included in Cost of goods sold)	**74**	513
Closing balance	**1,636**	1,562

14. FINANCE RECEIVABLES

	2020	2019
	$'000	$'000
Commercial loans	**25,674**	25,831
Finance leases	**4,194**	6,860
Consumer loans	**274,773**	267,616
Property development & investment loans	**2,857**	3,069
Gross finance receivables	**307,498**	303,376
Specific impairment provision	**(3,706)**	(1,915)
Collective impairment provision	**(17,999)**	(17,680)
Deferred fee revenue and commission expenses	**7,244**	6,236
	293,037	290,017
Current	**137,742**	**147,101**
Non-current	**155,295**	**142,916**
	293,037	290,017
Gross financial receivables are summarised as follows:		
Performing	**279,627**	274,656
Doubtful	**5,685**	7,113
In default	**22,186**	21,607
	307,498	303,376
Movement in specific impaired receivables		
Opening balance	**2,377**	2,342
Additions	**3,168**	1,179
Amounts moved to collective	**-**	(283)
Amounts recovered	**(317)**	(422)
Amounts written off	**(505)**	(439)
	4,723	2,377
The aging of loans specifically assessed are as follows:		
Past due up to 30 days	**1,171**	1,944
Past due 30 – 60 days	**935**	1,305
Past due 60 – 90 days	**273**	572
Past due 90+ days	**1,833**	1,695
In default	**3,358**	2,377
	7,570	7,893

The following table details the risk profile of the Group's provision matrix for finance receivables collectively assessed for impairment. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished between the Group's different customer base. The expected loss provision includes $1.0m for any uncertainty associated with the COVID-19 pandemic and its potential impact on credit losses. A review of the Group's experience during the global financial crisis and of loan, in at risk industries was included in the assessment of the COVID 19 expected loss provision.

31 March 2020	**Expected loss rate %**	**Gross finance receivables $'000**	**Collective impairment provision $'000**
Current	**1.21**	**269,668**	**3,252**
Past due up to 30 days	**10.39**	**8,788**	**913**
Past due 30 – 60 days	**21.27**	**3,042**	**647**
Past due 60 – 90 days	**31.01**	**1,435**	**445**
Past due 90+ days	**52.33**	**2,532**	**1,325**
In default	**78.94**	**14,463**	**11,417**
		299,928	**17,999**
31 March 2019			
Current	0.90	262,160	2,358
Past due up to 30 days	8.72	10,552	920
Past due 30 – 60 days	19.95	4,036	805
Past due 60 – 90 days	29.25	1,200	351
Past due 90+ days	55.72	3,943	2,197
In default	81.29	13,592	11,049
		295,483	17,680

	2020 $'000	2019 $'000
Movement in the impairment provisions:		
Specific impairment provision		
Opening balance	**1,915**	1,592
Impairment charge/(release) through profit or loss	**2,304**	914
Amounts written off	**(513)**	(591)
	3,706	1,915

	2020 $'000	2019 $'000
Collective impairment provision		
Opening balance	**17,680**	9,702
Change in accounting policy	**-**	3,184
Impairment charge/(release) through profit or loss	**3,641**	6,890
Amounts written off	**(3,322)**	(2,096)
	17,999	17,680
Total impairment provision	**21,705**	19,595

Interest rate and foreign exchange risk
A summarised analysis of the sensitivity of finance receivables to interest rate risk can be found in note 5.4.2.

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

Fair value and credit risk	Carrying amount **2020** **$'000**	Fair value **2020** **$'000**	Carrying amount 2019 $'000	Fair value 2019 $'000
Finance receivables	**293,037**	**293,594**	290,017	290,326

The fair values are based on cash flows discounted using a weighted average interest rate of 13.81% (2019: 14.46%).

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.

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 provide 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 $230m.

The Trust is a special purpose entity set up solely for the purpose of purchasing finance receivables from the finance segment 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, and 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 financial year $149.4m finance receivables were sold to the Trust (2019: $114.5m). As at 31 March 2020 the carrying value of finance receivables in the Trust was $210.2m (2019: $175.3m).

15. OTHER RECEIVABLES, DEFERRED EXPENSES AND CONTRACT ASSETS

	2020 $'000	2019 $'000
Other receivables and prepayments	**3,203**	5,129
Insurance deferred acquisition costs	**3,268**	4,015
Contract assets		
- Amount relating to services rendered not yet invoiced	**1,996**	1,538
- Contract fulfilment costs	**105**	273
	8,572	10,955
Current	**6,153**	6,961
Non-current	**2,419**	3,994
	8,572	10,955
Carrying amount of financial assets included in other receivables	**3,390**	3,776

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

Australian dollars	**72**	3
New Zealand dollars	**3,318**	3,773
	3,390	3,776

Expected credit losses on contract assets and other receivables is 0%.

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.

16. REVERSE ANNUITY MORTGAGES

	2020 $'000	2019 $'000
Reverse annuity mortgages	**4,993**	8,344
Provision for impairment	**(80)**	(50)
	4,913	8,294
Current	**444**	-
Non-current	**4,469**	8,294
	4,913	8,294
Movement in provisions for impairment		
Opening balance	**50**	97
Impairment charge/(release) through profit or loss	**30**	(47)
Closing balance	**80**	50

Interest rate
A summarised analysis of the sensitivity of reverse annuity mortgages to interest rate risk can be found in note 5.4.2.

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

Fair value and credit risk

	Carrying amount 2020 $'000	Fair value 2020 $'000	Carrying amount 2019 $'000	Fair value 2019 $'000
Reverse annuity mortgages	**4,913**	**6,021**	8,294	9,333

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.

17. INVESTMENT PROPERTY

	2020 $'000	2019 $'000
Investment property	**5,650**	5,650
Movements in carrying amounts		
Opening balance	**5,650**	4,820
Net change in fair value	**-**	830
Closing balance	**5,650**	5,650

The investment property is 26.8 hectares of residentially zoned land at Sanctuary Hill, 358 Worsleys Road, Christchurch.

The investment property was valued at reporting date by a Property Institute of New Zealand registered valuer, Jones Lang LaSalle Limited, Valuation & Advisory. Jones Lang LaSalle Limited is an external independent valuation company with appropriate recognised professional qualifications and recent experience in the location and category of property being valued. Fair values have been determined using a comparable sales approach methodology, having regard to current market conditions and comparable sales within the locality. Subjective adjustments have been applied where necessary to account for variations in location, land, improvements, time adjustment and overall quality. A material valuation uncertainty, due to the COVID 19 pandemic, was included in the valuation report.

No income has been earned and no direct operating expenses, other than council rates, have been incurred on the investment property. There are no restrictions on the disposal or the remittance of proceeds on disposal.

18. FINANCIAL ASSETS AT FAIR VALUE THROUGH OCI

	2020 $'000	2019 $'000
Investment in Collaborate Corporation Limited	**1,000**	-
Movements in carrying amounts		
Opening balance	**-**	-
Purchase of investment	**1,327**	-
Net change in fair value recognised in OCI	**(327)**	-
Closing balance	**1,000**	-

19. INVESTMENT IN SUBSIDIARIES

		Ownership Interest Held 2020	2019
Subsidiary			
Buy Right Cars (2016) Limited	Vehicle trade	**100.0%**	100.0%
Carly NZ Limited	Vehicle subscription services	**100.0%**	-
DPL Insurance Limited	Insurance	**100.0%**	100.0%
EC Credit Control (Aust) Pty Limited	Collection services	**100.0%**	100.0%
EC Credit Control (NZ) Limited	Collection services	**100.0%**	100.0%
Estate Management Services Limited	Collection services	**100.0%**	100.0%
Oxford Finance Limited	Finance	**100.0%**	100.0%
Payment Management Services Limited	Collection services	**100.0%**	100.0%
Turners Finance Limited	Finance	**100.0%**	100.0%
Turners Fleet Limited	Vehicle and commercial goods trade	**100.0%**	100.0%
Turners Group NZ Limited	Auctions	**100.0%**	100.0%
Turners Property Holdings Limited	Property	**100.0%**	100.0%
Turners Staff Share Plan Trustees Limited	Trustee	**100.0%**	100.0%
EC Web Services Limited	Dormant	**66.6%**	66.6%

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

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). 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 Trusts into the Group financial statements.

20. PROPERTY, PLANT AND EQUIPMENT

	Land	Plant, equipment & motor vehicles	Buildings, leasehold improvements, furniture, fittings & office equipment	Computer equipment	Signs & flags	Total
	$'000	$'000	$'000	$'000	$'000	$'000
2020						
At cost	**19,091**	**4,613**	**20,495**	**2,467**	**729**	**47,395**
Accumulated depreciation	**-**	**(2,269)**	**(3,850)**	**(1,777)**	**(415)**	**(8,311)**
Opening carrying amount	**19,091**	**2,344**	**16,645**	**690**	**314**	**39,084**
Reclassifications	**-**	**112**	**(406)**	**79**	**215**	**-**
Additions	**9,300**	**1,493**	**5,514**	**534**	**285**	**17,126**
Disposals & translation difference	**-**	**(676)**	**(307)**	**(10)**	**(142)**	**(1,135)**
Depreciation	**-**	**(681)**	**(828)**	**(594)**	**(184)**	**(2,287)**
Closing carrying amount	**28,391**	**2,592**	**20,618**	**699**	**488**	**52,788**
At cost	**28,391**	**5,494**	**26,413**	**3,766**	**1,205**	**65,269**
Accumulated depreciation	**-**	**(2,902)**	**(5,795)**	**(3,067)**	**(717)**	**(12,481)**
Closing carrying amount	**28,391**	**2,592**	**20,618**	**699**	**488**	**52,788**
2019						
At cost	23,352	3,632	12,652	2,023	471	42,130
Accumulated depreciation	-	(1,622)	(2,987)	(1,257)	(319)	(6,185)
Opening carrying amount	23,352	2,010	9,665	766	152	35,945
Additions	-	1,391	8,550	441	264	10,646
Disposals & translation difference	(4,261)	(382)	(706)	2	(6)	(5,353)
Depreciation	-	(675)	(864)	(519)	(96)	(2,154)
Closing carrying amount	19,091	2,344	16,645	690	314	39,084
At cost	19,091	4,613	20,495	2,467	729	47,395
Accumulated depreciation	-	(2,269)	(3,850)	(1,777)	(415)	(8,311)
Closing carrying amount	19,091	2,344	16,645	690	314	39,084

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2020

21. INTANGIBLE ASSETS

	2020 $'000	2019 $'000
Brand		
Opening carrying amount at cost	**67,100**	71,400
Impairment	**-**	(4,300)
Closing carrying amount	**67,100**	67,100
Goodwill		
Opening carrying amount at cost	**92,534**	92,524
Foreign exchange adjustment	**7**	10
Closing carrying amount	**92,541**	92,534
Software		
At cost	**8,342**	6,235
Accumulated amortisation	**(5,825)**	(4,390)
Opening carrying amount	**2,517**	1,845
Additions	**2,138**	2,107
Disposals	**(276)**	-
Amortisation	**(1,203)**	(1,435)
Closing carrying amount	**3,176**	2,517
At cost	**10,204**	8,342
Accumulated amortisation	**(7,028)**	(5,825)
Closing carrying amount	**3,176**	2,517
Corporate relationships		
At cost	**6,510**	6,510
Accumulated amortisation	**(1,927)**	(1,297)
Opening carrying amount	**4,583**	5,213
Amortisation	**(557)**	(630)
Closing carrying amount	**4,026**	4,583
At cost	**6,510**	6,510
Accumulated amortisation and impairment provision	**(2,484)**	(1,927)
Closing carrying amount	**4,026**	4,583
Total intangible assets carrying amount	**166,843**	166,734

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

Impairment testing for cash-generating units (CGU) containing brands and goodwill

The aggregate carrying amounts of brands and goodwill allocated to the cash generating units are outlined below. Goodwill primarily relates to growth expectations, expected future profitability and the substantial skill and expertise of the work force of the cash generating unit. Management have assessed that there is no foreseeable limit to the period of time over which the goodwill and brand is expected to generate net cash inflows for the Group, and as such goodwill and brand have been assessed as having an indefinite useful life.

Goodwill		
Allocated to the insurance CGU/segment	**12,777**	12,777
Allocated to collection services CGU/segment	**24,005**	23,998
Allocated to the finance CGU/segment	**9,272**	9,272
Allocated to the automotive retail CGU/segment	**46,487**	46,487
	92,541	92,534

	2020 $'000	2019 $'000
Brand		
Allocated to the insurance CGU/segment	**21,500**	21,500
Allocated to the automotive retail CGU/segment	**45,600**	45,600
	67,100	67,100

The recoverable amount of all CGUs has been determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by the Board covering at least a five-year period. Cash flows beyond the projected period are extrapolated using the estimated long term growth rates stated below. The cash flows for the Insurance and Collection services CGUs are free cash flows to the firm, while the Auto retail and Finance CGUs are free cash flows to equity. The Buy Right Cars and Turners Group (NZ) CGUs have been aggregated in the current financial year to align with internal reporting. For each of the CGUs with goodwill and brand the key assumptions, long term growth rate and discount rate used in the value-in-use calculations are as follows:

Key assumptions:

Sales, price and operating cost assumptions where based on the Board's best estimate of the range of economic conditions the CGUs are likely to experience during the forecast period (including the Group's experience in the global financial crisis). The forecasts for each CGU covering a period of a minimum of 5 years or the period required for the CGU's profitability to return to pre-COVID 19 levels (for Auto retail this is 6 years). Annual capital expenditure, the expected cash costs in CGUs, was based on historical experience and planned expenditure. The forecasts assume that New Zealand will remain at Alert Level 1 or lower and no further restrictions are placed on the business operations during the forecast period.

2020 Forecast growth rates (%)	Year 2	Year 3	Year 4	Year 5
Auto retail CGU (cost of equity)	**(16.7)**	**113.5**	**21.9**	**17.9**
Insurance CGU (Weighted average cost of capital)	**24.9**	**(8.6)**	**(8.1)**	**3.5**
Finance CGU (cost of capital)	**(28.3)**	**19.5**	**18.0**	**5.0**
Collection services CGU (Weighted average cost of equity)	**74.5**	**(6.3)**	**5.0**	**5.0**

2019 Forecast growth rates (%)	Year 2	Year 3	Year 4	Year 5
TGNZ CGU (cost of equity)	22.3	19.3	15.6	2.0
Buy Right Cars CGU (Weighted average cost of capital)	14.6	11.0	(9.3)	12.8
Insurance CGU (Weighted average cost of capital)	12.7	3.2	2.5	2.5
Finance CGU (cost of equity)	30.7	20.4	5.0	5.0
Collection services CGU (Weighted average cost of capital)	0.2	5.0	5.0	5.0

	2020	2019
Long-term growth rate	**1.25%**	1.50%
Pre-tax discount rate		
Auto retail CGU (cost of capital)	**16.40%**	17.10%
Insurance CGU (Weighted average cost of capital)	**12.80%**	13.10%
Finance CGU (cost of capital)	**17.70%**	18.10%
Collection services CGU (Weighted average cost of capital)	**15.20%**	13.60%

The long term growth rate is the weighted average growth rate used to extrapolate cash flows beyond the forecast period and is based on the current implied inflation rates and does not exceed the long-term average growth rate for the products, industries, or country or countries in which the CGUs operate. The discount rates were established by taking into account the specific attributes and size of the CGUs.

In assessing the impairment of the goodwill and brand value in the CGUs, a sensitivity analysis for reasonably possible changes in key assumptions was performed. This included increasing and reducing the terminal growth rate by 0.25% (2019: +/- 0.5%) and increasing and decreasing the discount rate as follows:

Auto retail CGU	**1.50%**	1.00%
Insurance CGU	**1.10%**	1.00%
Finance CGU	**1.20%**	1.00%
Collection services CGU	**0.90%**	1.00%

These reasonably possible changes in rates did not cause any impairment in the Insurance, Finance and Collection services CGUs. For the Auto retail CGU the sensitivity analysis at the upper end of the assessment indicated possible impairment of between $0.9m and $4.0m. Subsequent to 31 March 2020, the Auto retail CGU has been trading ahead forecast, consequently no impairment expense was recognised.

22. OTHER PAYABLES

	2020 $'000	2019 $'000
Accounts payable	**13,833**	12,743
Employee entitlements (short term)	**4,500**	4,127
Employee entitlements (long term)	**227**	225
Other payables and accruals	**9,488**	16,811
	28,048	33,906
Carrying value of financial liabilities in other payables	**19,700**	25,247

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

Japanese Yen	**734**	1,738
Australian dollars	**355**	536
New Zealand dollars	**18,611**	22,973
	19,700	25,247

Currency risk
A summarised analysis of the sensitivity of financial liabilities included in other payables to currency risk can be found in note 5.4.

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.

23. FINANCIAL LIABILITY AT FAIR VALUE THROUGH PROFIT OR LOSS

	2020 $'000	2019 $'000
Contingent consideration	**-**	116

Interest rate and foreign exchange risk
A summarised analysis of the sensitivity of the Financial liability at fair value through profit or loss to interest rate risk can be found in note 5.4.2.

The Group's deferred consideration liability is denominated in NZD.

24. CONTRACT LIABILITIES

	2020 $'000	2019 $'000
Unredeemed debt and PPSR voucher liability	**1,886**	2,502
Motor vehicle insurance rebate liability	**199**	140
	2,085	2,642
Movement in contract liabilities		
Unredeemed debt and PPSR voucher liability		
Opening balance	**2,502**	1,793
Change in accounting policy	**-**	617
Additions	**31**	1,773
Release to profit or loss	**(647)**	(1,681)
	1,886	2,502
Release to profit or loss		
Income relating to current year	**-**	485
Income relating to prior years	**647**	1,196
	647	1,681
Motor vehicle insurance rebate liability		
Opening balance	**140**	-
Change in accounting policy	**-**	100
Additions	**59**	-
Release to profit or loss	**-**	40
	199	140
Release to profit or loss		
Income relating to current year	**-**	(40)
Income relating to prior years	**-**	-
	-	(40)

25. DEFERRED TAXATION

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

	2020 $'000	2019 $'000
Opening balance	**13,918**	18,786
Change in accounting policy (refer note 32)	**(2,203)**	(910)
Charge to profit or loss	**(1,635)**	(3,958)
Closing balance	**10,080**	13,918

	2020 $'000	2019 $'000
The charge to profit or loss is attributable to the following items:		
Corporate relationships	**(146)**	(146)
Policy in force asset	**(439)**	(438)
Loan impairment provision	**(647)**	(1,428)
Brand write off	**-**	(1,204)
Insurance deductible reserves	**(242)**	(264)
Property, plant and equipment	**(53)**	42
Lease liability	**1,194**	-
Right of use asset	**(1,030)**	-
Provisions and accruals	**(272)**	(520)
	(1,635)	(3,958)
Deferred tax (assets)/liabilities to be recovered after more than 12 months	**11,715**	14,627
Deferred tax (assets)/liabilities to be recovered within 12 months	**(1,635)**	(709)
Closing balance	**10,080**	13,918

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

	2020	2019
Deferred tax relates to the following:		
Deferred tax assets:		
Loan impairment provision	**6,209**	5,558
Lease liability	**9,103**	-
Provisions and accruals	**2,323**	2,062
Total deferred tax asset	**17,635**	7,620
Deferred tax liabilities:		
Brand	**18,788**	18,788
Customer relationships	**1,019**	1,165
Insurance reserves - policies in force	**-**	439
Right of use asset	**6,958**	-
Deferred expenses and accruals	**950**	1,146
	27,715	21,538
Net deferred tax liabilities	**10,080**	13,918
Imputation credit memorandum account		
Opening balance	**11,879**	7,010
Income tax payments/(refunds received)	**11,726**	10,744
Imputation credits utilised	**(4,357)**	(5,875)
Closing balance	**19,248**	11,879

Policy holder tax losses

The policy holder tax losses carried forward at 31 March 2020 are $5,180,000 (2019: $4,949,000). The policy holder tax losses are only available to be offset against future policy holder income.

26. BORROWINGS

	2020 $'000	2019 $'000
Secured bank borrowings	**312,320**	251,282
Deferred borrowing costs	**(116)**	(105)
	312,204	251,177
Non-bank borrowings		
Motor Trade Finance	**13,382**	37,055
Bonds	**25,000**	25,000
Deferred issue costs	**(222)**	(369)
	24,778	24,631
Total borrowings	**350,364**	312,863
Current	**213,825**	34,981
Non-current	**136,539**	277,882
	350,364	312,863

Secured bank borrowings

In May 2018 the Group entered into a 3 year syndicated funding facility, including a 1 year working capital facility, with the Bank of New Zealand and ASB Bank and a self liquidating trade finance facility with ASB Bank. The facilities replaced the Group's bank borrowing excluding securitisation which remains with the Bank of New Zealand.

The bank borrowings, together with trade and lease premise guarantees of $0.9 million (2019: $0.9 million), 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. Current interest rates on the bank borrowings are variable and average 2.99% (2019: 3.88%). The Group's securitisation financing arrangement with the Bank of New Zealand as described in note 14.

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 with a fixed maturity on 30 September 2021. Interest is fixed at 5.5% and is paid quarterly in arrears in equal amounts. The bonds rank behind the indebtedness owing under the bank facilities and are 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.

Borrowing covenants
The Group has complied with all borrowing covenants in the both the current and prior financial year.

Foreign currency risk
All the Group's borrowings are in NZD.

Fair value	Carrying amount **2020** **$'000**	Fair value **2020** **$'000**	Carrying amount 2019 $'000	Fair value 2019 $'000
Borrowings	**350,364**	**350,781**	312,863	312,863

The fair values are based on cash flows discounted using a weighted average borrowing rate of 3.26% (2019: 3.91%).

	2020 **$'000**	2019 $'000
Contractual repricing dates		
1 year or less	**321,498**	269,343
Over 1 to 2 years	**29,204**	13,282
Over 2 to 5 years	**-**	30,712
	350,702	313,337

Reconciliation of borrowings arising from financing activities
The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Bank borrowings **$'000**	Motor Trade Finance **$'000**	Vendor property funding **$'000**	Bonds $'000
Balance at 31 March 2018	230,459	58,603	2,837	25,474
Financing cash flows (i)	20,570	-	(2,837)	(561)
Other - netted off finance receivables	-	(21,548)	-	-
Non-cash changes				
Deferred borrowing costs	148	-	-	(282)
Balance at 31 March 2019	251,177	37,055	-	24,631
Financing cash flows (i)	**61,038**	**-**	**-**	**-**
Other - netted off finance receivables	**-**	**(23,673)**	**-**	**-**
Non-cash changes				
Deferred borrowing costs	**(11)**	**-**	**-**	**147**
Balance at 31 March 2020	**312,204**	**13,382**	**-**	**24,778**

(i) Financing cash flows make up the net amount of proceeds from borrowings and repayments of borrowings in the statement of cash flows.

27. SHARE CAPITAL

	2020	2019
Number of ordinary shares		
Opening balance	**86,888,064**	84,802,612
Shares issued for the dealer share scheme	**40,752**	79,050
Shares issued for the conversion of bonds	**-**	4,646,037
Shares cancel for share buy back	**(1,374,106)**	(2,639,635)
Total issued and authorised capital	**85,554,710**	86,888,064

	2020 **$'000**	2019 $'000
Dollar value of ordinary shares		
Opening balance	**206,395**	199,148
Transfer of share option reserve	**1,027**	-
Shares issued for the conversion of bonds	**-**	13,241
Shares issued for the dealer share scheme	**97**	200
Shares purchased and cancelled under share buy back	**(3,188)**	(6,141)
Share issue costs	**(4)**	(53)
Total issued capital	**204,327**	206,395

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.

Capital management
The Group's capital consists of share capital, share option reserve, translation reserve, cash flow 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 35G.

28. SHARE OPTIONS
In the financial year ending 31 March 2020 all options granted were cancelled and no option were granted in the years ending 31 March 2020 and 31 March 2019.

In July 2017, Senior Executives of the Company were granted 1,700,000 options at an exercise price of $3.60 under the Group's Share Option Plan. The grant is split into four tranches of 425,000 options with the following vesting dates; 1 August 2017, 1 August 2018, 1 August 2019 and 1 August 2020. Each tranche expires two year after the vesting date.

In November 2016, the Chief Executive Officer of the Company was granted 1,002,692 options at an exercise price of $2.99195 under the Group's Share Option Plan. The grant is split into four tranches of 250,673 options with the following vesting dates; 1 June 2017, 1 June 2018, 1 June 2019 and 1 June 2020. Each tranche expires two year after the vesting date.

If a participant in the Group Share Option Plan leaves (by any means and for any reason) the employment of the Company or any applicable subsidiary, the participant's options which have reached their vesting date, together with any other options as may be nominated at the discretion of the Board of Directors of the Company in extraordinary circumstances (such as the redundancy, permanent disablement or death of a participant), may be exercised within a period of 60 days (following which they will lapse) and the participant's other Options will lapse immediately.

The weighted average fair value of the options granted in the previous financial year, using the Binomial Tree option pricing model, was $0.36 per option. The significant inputs in the model were, the share price at grant date of $3.53, the exercise price of $3.60, volatility of 21.5%, an expected option life for tranche 1 of 2.03 years, tranche 2 of 3.03 years, tranche 3 of 4.03 years, tranche 4 of 5.03 years and an annual risk free rate of 2.63%. Volatility is measured as the standard deviation of changes in the Company's share price over a 12 month period. The share based payment for the current financial year is $nil (2019: $326,000).

Movement in the number of share options outstanding and their related weighted average exercise prices are as follows:

	Exercise price 2020 $	Options 2020 000's	Exercise price 2019 $	Options 2019 000's
Opening balance	**3.32316**	**2,203**	3.32316	2,203
Granted	**-**	**-**	-	-
Cancelled	**3.32316**	**(2,203)**	-	-
Closing balance	**-**	**-**	3.32316	2,203

Share options outstanding at balance sheet have the following expiry dates and exercise prices:

Expiry date	Exercise price $	Options 2020 000's	Options 2019 000's
31 May 2019	3.32316	**-**	251
31 July 2019	3.60000	**-**	300
31 May 2020	3.32316	**-**	251
31 July 2020	3.60000	**-**	300
31 May 2021	3.32316	**-**	251
31 July 2021	3.60000	**-**	300
31 May 2022	2.99195	**-**	250
31 July 2022	3.60000	**-**	300

29. DIVIDENDS

	2020 $'000	2019 $'000
Interim dividend for the year ended 31 March 2019 of $0.040 (31 March 2018: $0.045) per fully paid ordinary share, imputed, paid on 30 April 2019 (2018: 20 April 2018).	**3,489**	3,816
Final dividend for the year ended 31 March 2019 of $0.05 (31 March 2018: $0.05) per fully paid ordinary share, imputed paid on 18 July 2019 (2018: 18 July 2018)	**4,366**	4,240
Interim dividend for the year ended 31 March 2020 of $0.04 (31 March 2019: $0.04) per fully paid ordinary share, imputed, paid on 22 October 2019 (2019: 30 October 2018).	**3,441**	3,596
Interim dividend for the year ended 31 March 2020 of $0.04 (31 March 2019: $0.04) per fully paid ordinary share, imputed, paid on 30 January 2020 (2019: 3 January 2019).	**3,446**	3,562
	14,742	15,214

Dividends not recognised at year end
In addition to the above dividends, after year end the directors recommended the payment of the following dividend:

Interim dividend for the year ended 31 March 2019 of $0.040 per fully paid ordinary share, imputed, paid on 30 April 2019.	**-**	3,489
Final dividend of $0.06 (31 March 2019: $0.05) per fully paid ordinary share, imputed, payable on 24 July 2020 (2019: 18 July 2019).	**5,133**	4,366

30. TRANSACTIONS WITH RELATED PARTIES

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

Turners Automotive Group Limited Employee Share Scheme
As at 31 March 2020, 35,122 shares (2019: 41,746) were issued and allocated to employees under the scheme.

At 31 March 2020 balance on the loans outstanding to the share scheme were $31,606 (2019: $63,458). The loans bear interest at 5%, are for a 3 year term with fortnightly repayments and the Group has unlimited recourse against the participants in the Scheme.

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 2020 and 31 March 2019 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 2020	2,595	-	73	-	2,668
Year ended 31 March 2019	3,004	-	77	326	3,407

Key management personnel that resigned during the year 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 statutory information section on pages 94 to 97. 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.

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

	2020 $'000	2019 $'000
Profit for the year	**20,953**	22,719
Adjustment for non-cash and other items		
Impairment charge on finance receivables, reverse annuity mortgages and other receivables	**6,044**	7,943
Net profit on sale of property, plant and equipment	**(33)**	(3,660)
Depreciation and amortisation	**11,919**	5,785
Capitalised reverse annuity mortgage interest	**(613)**	(846)
Deferred revenue	**(2,892)**	1,620
Financial assets at fair value through profit and loss	**77**	(799)
Net annuity and premium change to policyholder accounts	**(500)**	341
Non-cash long term employee benefits	**-**	330
Non-cash adjustment to finance receivables effective interest rates	**(226)**	(209)
Deferred expenses	**(2,652)**	2,839
Fair value adjustment on investment property	**-**	(830)
Fair value adjustment to contingent consideration	**(116)**	-
Write off of intangible brand asset	**-**	4,300
Adjustment for movements in working capital		
Net decrease/(increase) in receivables and pre-payments	**5,251**	(259)
Net increase in inventories	**(5,512)**	(263)
Net increase in current tax payable	**(1,806)**	(851)
Net decrease in payables	**(3,544)**	(5,220)
Net (decrease)/increase in contract liabilities	**(1,694)**	132
Net increase in finance receivables	**(27,826)**	(34,926)
Net decrease in reverse annuity mortgages	**3,964**	2,545
Net decrease/(increase) of insurance assets at fair value through profit or loss	**704**	(12,163)
Net contributions from life investment contracts	**88**	16
Net increase in deferred tax	**(1,618)**	(3,565)
Cash flows from operating activities	**(32)**	(15,021)

32. CHANGE IN ACCOUNTING POLICY
Impact of the adoption of NZ IFRS 16.
This note explains the impact of the adoption of IFRS 16 Leases on the Group's financial statements and discloses the new accounting policies that have been applied from 1 April 2019.

The Group has adopted IFRS 16 retrospectively from 1 April 2019, but has not restated comparatives for the 2019 reporting period, as permitted under the specific transitional provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening statement of financial position on 1 April 2019.

Adjustments recognised on adoption of NZ IFRS 16
On adoption of IFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of NZ IAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 April 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 April 2019 was 6.1%.

	$'000
Operating lease commitments disclosed as at 31 March 2019	32,511
Discounted using the incremental borrowing rate as at 1 April 2019	26,863
Less: short-terms leases recognised on a straight-line basis as expense	(168)
Add: adjustments as a result of a different treatment of extension and termination options	10,080
Lease liability recognised as at 1 April 2019	36,775

The associated right-of-use assets for property leases were measured on a retrospective basis as if the new rules had always been applied. Other right-of use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position as at 31 March 2019. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application.

The recognised right-of-use assets relate to the following types of assets:

	31 March 2020	1 April 2019
	$'000	$'000
Properties	**24,691**	28,279
Equipment	**159**	250
Total right-of-use assets	**24,850**	28,529

The change in accounting policy affected the following items in the Statement of financial position on 1 April 2019:

	1 April 2019
	$'000
Right-of-use assets	28,529
Other payables	(377)
Deferred tax	(2,203)
Lease liabilities	36,775
Retained earnings	(5,666)

Practical expedients applied
In applying NZ IFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics;
- reliance on previous assessments on whether leases are onerous;
- the accounting for operating leases with a remaining lease term of less than 12 months as at 1 April 2019 as short-term leases; and
- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application.

The Group has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Group relied on its assessment made applying NZ IAS 17 and IFRIC 4 Determining whether an Arrangement contains a Lease.

Impact of the adoption of NZ IFRS 16 in the Statement of financial position as at 1 April 2019:

	31 March 2019 As originally presented	1 April 2019 NZ IFRS 16 adjustments	1 April 2019 restated
	$'000	$'000	$'000
Assets			
Cash and cash equivalents	15,866	-	15,866
Financial assets at fair value through profit or loss	66,252		66,252
Trade receivables	12,471	-	12,471
Inventories	38,859	-	38,859
Finance receivables	290,017	-	290,017
Other receivables, deferred expenses and contract assets	10,955	-	10,955
Reverse annuity mortgages	8,294	-	8,294
Investment property	5,650	-	5,650
Property, plant and equipment	39,084	-	39,084
Right-of-use assets	-	28,529	28,529
Intangible assets	166,734	-	166,734
Total assets	654,182	28,529	682,711
Liabilities			
Other payables	33,906	(377)	33,529
Financial liability at fair value through profit or loss	116	-	116
Contract liabilities	2,642	-	2,642
Deferred tax	13,918	(2,203)	11,715
Tax payables	4,570	-	4,570
Derivative financial instruments	524	-	524
Borrowings	312,863	-	312,863
Lease liabilities	-	36,775	36,775
Life investment contract liabilities	7,484	-	7,484
Insurance contract liabilities	51,785	-	51,785
Total liabilities	427,808	34,195	462,003
Shareholders' equity			
Share capital	206,395	-	206,395
Other reserves	452	-	452
Retained earnings	19,527	(5,666)	13,861
Total shareholders' equity	226,374	(5,666)	220,708
Total shareholders' equity and liabilities	654,182	28,529	682,711

Presentation of the Statement of comprehensive income for the year ended 31 March 2020 as if NZ IFRS 16 had not been adopted:

	31 March 2020 reported with adopting NZ IFRS 16 $'000	Year ended 31 March 2020 NZ IFRS 16 adjustments $'000	31 March 2020 reported without adopting NZ IFRS 16 $'000
Revenue from continuing operations	332,174	-	332,174
Other income	500	-	500
Cost of goods sold	(135,003)	-	(135,003)
Interest expense	(14,853)	2,034	(12,819)
Impairment provision expense	(6,044)	-	(6,044)
Subcontracted services expense	(17,149)	-	(17,149)
Employee benefits (short term)	(55,458)	-	(55,458)
Commission	(13,368)	-	(13,368)
Advertising expense	(2,743)	-	(2,743)
Depreciation and amortisation expense	(11,919)	6,300	(5,619)
Property and related expenses	(1,688)	(8,806)	(10,494)
Systems maintenance	(1,747)	-	(1,747)
Claims	(25,952)	-	(25,952)
Movement in life insurance liabilities	(836)	-	(836)
Insurance deferred acquisition costs	(701)	-	(701)
Impairment of intangible brand asset	-	-	-
Other expenses	(16,148)	-	(16,148)
Profit before taxation	29,065	(472)	28,593
Taxation expense	(8,112)	132	(7,980)
Profit from continuing operations	20,953	(340)	20,613
Other comprehensive income for the period (which may subsequently be reclassified to profit/loss), net of tax			
Cash flow hedges	(447)	-	(447)
Revaluation of financial assets at fair value through OCI	(310)	-	(310)
Foreign currency translation differences	(12)	-	(12)
Total comprehensive income for the period	20,184	(340)	19,844
Earnings per share (cents per share)			
Basic earnings per share	24.35	(0.40)	23.95

Presentation of the Statement of financial position as at 31 March 2020 as if NZ IFRS 16 had not been adopted:

	31 March 2020 reported with adopting NZ IFRS 16 $'000	Year ended 31 March 2020 NZ IFRS 16 adjustments $'000	31 March 2020 reported without adopting NZ IFRS 16 $'000
Assets			
Cash and cash equivalents	32,771	-	32,771
Financial assets at fair value through profit or loss	64,988	-	64,988
Trade receivables	8,609	-	8,609
Inventories	44,371	-	44,371
Finance receivables	293,037	-	293,037
Other receivables, deferred expenses and contract assets	8,572	-	8,572
Reverse annuity mortgages	4,913	-	4,913
Investment property	5,650	-	5,650
Financial assets at fair value through OCI	1,000	-	1,000
Property, plant and equipment	52,788	-	52,788
Right-of-use assets	24,850	(24,850)	-
Intangible assets	166,843	-	166,843
Total assets	708,392	(24,850)	683,542
Liabilities			
Other payables	27,340	264	27,604
Contract liabilities	2,793	-	2,793
Deferred tax	10,080	2,071	12,151
Tax payables	2,772	-	2,772
Derivative financial instruments	985	-	985
Borrowings	350,364	-	350,364
Lease liabilities	32,511	(32,511)	-
Life investment contract liabilities	7,072	-	7,072
Insurance contract liabilities	51,420	-	51,420
Total liabilities	485,337	(30,176)	455,161
Shareholders' equity			
Share capital	204,327	-	204,327
Other reserves	(1,344)	-	(1,344)
Retained earnings	20,072	5,326	25,398
Total shareholders' equity	223,055	5,326	228,381
Total shareholders' equity and liabilities	708,392	(24,850)	683,542
Total assets per share ($)	8.28		7.99
Net tangible assets ($)	0.77		0.86

Presentation of the Segment information as at 31 March 2020 as if NZ IFRS 16 had not been adopted:

Operating profit	31 March 2020 reported with adopting NZ IFRS 16 $'000	Year ended 31 March 2020 NZ IFRS 16 adjustments $'000	31 March 2020 reported without adopting NZ IFRS 16 $'000
Automotive retail	13,829	(514)	13,315
Finance	12,167	(43)	12,124
Credit management	6,494	1	6,495
Insurance	6,215	55	6,270
Corporate & other	(9,640)	29	(9,611)
Profit/(loss) before taxation	29,065	(472)	28,593
Income tax	(8,112)	132	(7,980)
Profit attributable to shareholders	20,953	(340)	20,613
Interest expense			
Automotive retail	(3,967)	1,847	(2,120)
Finance	(6,912)	43	(6,869)
Credit management	(39)	39	-
Insurance	(91)	91	-
Corporate & other	(3,930)	14	(3,916)
	(14,939)	2,034	(12,905)
Eliminations	86	-	86
	(14,853)	2,034	(12,819)
Depreciation and amortisation expense			
Automotive retail	(7,960)	5,472	(2,488)
Finance	(717)	343	(374)
Credit management	(249)	153	(96)
Insurance	(2,783)	191	(2,592)
Corporate & other	(210)	141	(69)
	(11,919)	6,300	(5,619)
Segment assets			
Automotive retail	129,496	(23,141)	106,355
Finance	308,696	(1,165)	307,531
Credit management	38,268	(589)	37,679
Insurance	134,236	(1,372)	132,864
Corporate & other	216,173	(654)	215,519
	826,870	(26,921)	799,949
Eliminations	(118,478)	2,071	(116,407)
	708,392	(24,850)	683,542
Segment liabilities			
Automotive retail	92,078	(28,221)	63,857
Finance	241,086	(1,221)	239,865
Credit management	7,585	(660)	6,925
Insurance	73,133	(1,463)	71,670
Corporate & other	91,423	(682)	90,741
	505,305	(32,247)	473,058
Eliminations	(19,968)	2,071	(17,897)
	485,337	(30,176)	455,161

The Group's leasing activities and how these are accounted for
For the Group's current accounting policies for leasing activities refer to accounting policy 3.7 on page 45 of the Group's consolidated financial statements for the year ended 31 March 2020.

Until the 2020 financial year, leases of property, plant and equipment were classified as either finance or operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease.

33. COMMITMENTS AND CONTINGENT LIABILITIES

Capital Expenditure:
At reporting date, the Group has capital commitments of $1.5m to purchase computer equipment (2019: nil).

Future Lease Commitments:
The Group has committed to two property leases, the commencement date of both leases is dependent on the Landlord obtaining a Code Compliance Certificate or Certificate of Public Use for agreed works included in the lease agreements. It is anticipated the leases will commence during the financial year ending 31 March 2021.

Loan Commitments:
The Group has no material undrawn credit commitments at reporting date (2019: nil).

Contingent Liabilities:
Buy Right Cars
The vendor of the business has brought legal action against the Company disputing the quantum of the final earn out. A trial date has been set for 10 August 2020 with both parties seeking payment. The directors consider that on balance of probabilities no payment will be made to the vendor.

The Group has no other material contingent liabilities at reporting date.

34. SUBSEQUENT EVENTS AFTER BALANCE DATE

In July 2020, the Board approved the grant of 2,300,000 options to Senior Executives of the Group at an exercise price of $2.00 under the Group's Share Option Plan. The grant is split into four tranches of 575,000 options with the following vesting dates; 1 June 2021, 1 June 2022, 1 June 2023 and 1 June 2024. Each tranche expires two years after the vesting date.

2019
In June 2019, all staff options were cancelled for no consideration, resulting in release of $1,027,000 from the share option reserve to retained income.

35. Insurance related disclosures

A. Actuarial policies and the methods
The actuarial report on insurance contract liabilities and prudential reserves for the current reporting period was prepared as at 31 March 2020 by Peter Davies, a Fellow of the New Zealand Society of Actuaries.

Life insurance contract liabilities
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.

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 (2019: 28%). The net discount rates assumed were as follows:

	2020	2019
Whole of Life and Endowment Policies (including Funeral Plan)*	Treasury risk-free rates	Treasury risk-free rates
Quick Cover term life plan*	Treasury risk-free rates	Treasury risk-free rates
Term Insurance Policies	Not applicable	Not applicable
Caring Plan Funeral Benefit Policies	Not applicable	Not applicable
Annuity Policies	Treasury risk-free rates	Treasury risk-free rates
Consumer Credit and Key Person Loan Protection	Not applicable	Not applicable

* These rates are provided by Treasury as at 31 January, and are then adjusted to 31 March based on the movement in swap rates, as quoted by the Reserve Bank, between January and March. Illustrative forward rates for the respective valuations are as follows:

Cash-flows in year 10:	March 2019:	1.83% per annum net of tax
	March 2020:	1.11% 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 (2019: 2.0%).

c) *Mortality Rates*
Rates of mortality were assumed as follows:

For underwritten whole of life, endowment and term insurance policies: NZ97 (2019: NZ97).

For guaranteed issue regular premium funeral plans: NZ97 (DPL plans), NZ04 (ex-Greenwich plans) multiplied by a factor to reflect higher mortality at younger ages, and the impact of guaranteed issue anti-selection (DPL - no change from 2019).

QuickCover plans - NZ04 with additional loadings reflecting the impact of guaranteed issue anti-selection.

For annuities the assumed mortality table is 90% of the NZ12-14 population tables. For the Cook Islands Annuity Pension Plan the assumed mortality table is the PA(90) table without adjustment (2019: no change).

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	Premiums
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)	Gross claims
Quick Cover term life plan	Gross claims
Annuities	Annuity payments
Consumer Credit / Lifestyle	Not Applicable
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	$152 per policy per annum (2019: $149)
Funeral plans	$9.20 per policy per annum (2019: $9.00)
Term life plans (for loss recognition)	$9.20 per policy per annum (2019: $9.00)
Consumer credit plans (for loss recognition):	$9.20 per policy per annum (2019: $9.00)
Annuity plans	$152 per policy per annum (2019: $149)

Investment management expenses were assumed to be 1.0% (2019: 1.0%) of policy liabilities.

f) *Inflation and Automatic Indexation of Benefits*
Maintenance expenses are assumed to increase 2.0% per annum (2019: 2.0%). Investment management expenses are assumed to remain a constant percentage of funds under management.

g) *Taxation*
The assumed future tax rates reflect 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 (2019: 5.0%), and nil for annuity pension plan business (2019: nil).
For the DPL Funeral plan the rates of discontinuance are based on company experience, beginning at 15% in year 1 and reducing ultimately to 8% per annum (2019: No change).
For the Funeral plan (ex Greenwich) product the rates of discontinuance are based on the pricing assumption for this product, beginning at 40% in year 1, and reducing ultimately to 3% per annum (2019: 40% to 6%).
For Quick Cover the rates of discontinuance are based on the pricing assumption for this product, beginning at 40% in year 1, and reducing ultimately to 10% per annum (2019: no change).

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 (2019: $2.00) 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 $331,000 (2019: $207,000).
The policy liabilities are not affected by the revised expense assumptions (2019: $11,000).

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. The supportable future bonus rate on this basis is zero.

Non-life insurance liabilities
The value of non-life outstanding claims and the Liability Adequacy Test of the non-life business, have been carried out in accordance with Professional Standard no. 30. 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.

B. Financial strength rating
The Insurance (Prudential Supervision) Act 2010 requires all licensed insurers to have a current Financial Strength Rating, given by an approved rating entity. DPL Insurance Limited has been issued a Financial Strength Rating of B+ (Good) and an Issuer Credit Rating of bbb-(Good), with the outlook assigned to both ratings as 'Positive' by A.M. Best. The rating was issued by A.M. Best on 19 July 2019.

The A.M Best company rating scale is

A++, A+ Superior	**B, B-** Fair	**D** Poor
A, A- Excellent	**C++,** C+ Marginal	**E** Under Regular Supervision
B++, B+ Good	**C, C-** Weak	**F** In liquidation
		S Suspended

Issuer credit rating:

Investment grade	Non-investment grade
aaa (Exceptional)	bb (Fair)
aa (Superior)	b (Marginal)
a (Excellent)	ccc, cc (Weak)
bbb (Good)	c (Poor)
	rs (Regulatory Supervision / Liquidation**)**

C. Surplus after taxation from insurance activities arose from:

	2020 $'000	2019 $'000
Insurance Contracts		
Planned margin of revenues over expenses	**339**	164
Change in discount rate: 1.83% to 1.11% (2019:2.61% to 1.83%)	**(331)**	(207)
Difference between actual and assumed experience	**3,711**	5,745
Life investments contracts		
Difference between actual and assumed experience	**240**	266
Investment returns on assets in excess of insurance contract and investment contract liabilities	**982**	1,022
Surplus after taxation attributable to insurance activities	**4,941**	6,990

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 policyholder profits arise only in respect of a small number of participating policies, and the profits arising on these policies over the year were effectively zero. Accordingly all of the profits earned over the year are shareholder profits.

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.

D. Insurance and investment contract income

	2020 $'000	2019 $'000
Insurance contract premiums	**39,277**	40,416
Investment revenue	**(77)**	792
Less: investment revenue paid to life insurance investment contracts	**189**	(680)
Other Revenues	**287**	2,440
Total insurance and investment contract income	**39,676**	42,968
Investment Income		
Equity securities	**(30)**	382
Fixed interest securities	**127**	104
Property investments	**(174)**	306
	(77)	792

Included within equity securities is dividend income of $Nil (2019: $Nil) and included within fixed interest securities is interest income of $Nil (2019: $Nil). Included within total Investment Income is net realised and unrealised gains/(losses) on securities at fair value through profit or loss of ($77,000) (2019: $792,000).

E. Insurance related expenses

	2020 $'000	2019 $'000
Insurance contract claims	**23,890**	25,112
Reinsurance expenses	**587**	630
Insurance contracts		
Policy acquisition expenses - commission costs	**2,067**	2,382
Deferred acquisition cost amortisation	**701**	423
Total insurance contract related expenses	**2,768**	2,805
Life investment contracts		
Investment management expenses	**42**	40
Movement in life insurance liabilities	**836**	718
Net operating profit includes the following specific expenses		
Audit fees for the audit of financial statements	**126**	125
Rental and lease costs	**25**	481
Amortisation of policies in force	**1,566**	1,566
Amortisation of customer relationships	**558**	630
Amortisation of other intangible assets	**218**	262
Depreciation	**442**	287
Employee benefits	**5,934**	5,912

F. Taxation

	2020	2019
Net operating profit before taxation	**6,712**	8,577
Income tax expense at prevailing rates	**1,879**	2,402
Tax impact of expenses not deductible for tax purposes	**(106)**	(826)
Prior year adjustment	**1**	11
Taxation (expense)/benefit	**1,774**	1,587
Comprising:		
Current	**2,949**	2,530
Deferred	**(1,176)**	(954)
Prior year adjustment	**1**	11
	1,774	1,587
Deferred tax		
Opening balance	**(8,369)**	(9,395)
Charge to profit or loss	**1,184**	998
Transition adjustment	**4**	28
Deferred tax on intangibles	**-**	-
Closing balance	**(7,181)**	(8,369)
The charge to profit or loss is attributable to the following items:		
Insurance deductible reserves	**681**	702
Provisions and accruals	**487**	252
Prior year adjustment	**8**	44
	1,176	998

Income tax losses on policyholder base
The policy holder tax losses carried forward at 31 March 2020 are $5,180,385 (2019: $4,948,638).

Imputation credit memorandum account
The policyholder imputation credit account has a closing balance at 31 March 2020 of $Nil (2019: $Nil).

G. 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 2014 and the Solvency Standard for Non-life Business 2014. DPL Insurance Limited is required to hold minimum solvency capital of $5.0 million and have a solvency margin of at least $0.

	2020 $'000	2019 $'000
Actual solvency capital	**32,321**	33,284
Calculated minimum solvency capital	**16,598**	16,714
Coverage ratio on calculated margin (times)	**1.95**	1.99
Overall minimum capital requirement	**16,598**	16,714
Solvency margin on overall minimum requirement	**15,723**	16,570
Coverage ratio on overall minimum requirement (times)	**1.95**	1.99
Non-life insurance		
Actual solvency capital	**24,324**	21,557
Calculated minimum solvency capital	**14,244**	12,850
Solvency margin on calculated minimum requirement	**10,080**	8,707
Life insurance		
Actual solvency capital	**7,997**	11,727
Calculated minimum solvency capital	**2,354**	3,864
Solvency margin on calculated minimum requirement	**5,643**	7,863

H. Policyholder liabilities

	2020 $'000	2019 $'000
Insurance contract liabilities		
Opening insurance contract liabilities	**51,785**	48,376
Increase in insurance contract liabilities	**1,032**	4,519
Amortisation Intangible asset - policies in force	**(1,566)**	(1,566)
Increase in deferred acquisition costs	**169**	456
Closing insurance contract liabilities	**51,420**	51,785

Policyholder liabilities contain the following components:

Future policy benefits	**55,586**	57,964
Future expenses	**6,475**	6,283
Future profit margins	**5,880**	5,250
Balance of future premiums	**(22,541)**	(21,058)
Re-insurance	**6,286**	5,348
Life deferred acquisition costs	**(266)**	(435)
Intangible asset - policies in force	**-**	(1,567)
	51,420	51,785
Life insurance contracts with a discretionary participation feature - the amount of the liabilities that relates to guarantees	**221**	262
Other contracts with a fixed or guaranteed termination value - current termination value	**7,175**	6,577

Life investment contracts at fair value through profit or loss		
Opening life investment contracts at fair value through profit or loss	**7,484**	7,127
Increase / (decrease) in life investment contract liabilities recognised through profit or loss	**(260)**	607
Deposit premium	**1,529**	1,611
Withdrawals	**(1,441)**	(1,595)
Activity, plan, and establishment fees	**(240)**	(266)
Closing life investment contract liabilities	**7,072**	7,484

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.

Policyholder liabilities comprise

	2020 $'000	2019 $'000
Annuities	**1,280**	1,245
Endowment	**232**	279
Whole of life, provision for bonus and future margins	**4,504**	3,651
Consumer Credit Protection & key person loan protection	**5,669**	5,093
Accidental death/redundancy	**7**	7
Term Life	**53**	65
General	**36,718**	38,236
General claims provisions	**3,223**	3,644
Saving plans	**7,072**	7,484
Deferred acquisition costs - life	**(266)**	(435)
	58,492	59,269
Life investment contract liabilities	**7,072**	7,484
Insurance contract liabilities	**51,420**	51,785
	58,492	59,269
General outstandings claim provision		
Gross claims	**118**	113
IBNR provision	**2,473**	3,020
	2,591	3,133
Reconciliation of movement in general gross claims liability		
Opening Balance	**3,133**	3,518
Movement	**20,277**	23,012
Payments	**(20,819)**	(23,397)
Closing Balance	**2,591**	3,133

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.

I. Disaggregated information

DPL Insurance Limited has one statutory life fund. The disaggregated income statement and balance sheet between the statutory and shareholder funds is as follows:

Statement of income for the year ended 31 March 2020	**Statutory $'000**	**Shareholder $'000**	**Total $'000**
Insurance contract premiums	**6,447**	**32,830**	**39,277**
Outward reinsurance premium	**(587)**	**-**	**(587)**
Recoveries	**419**	**11**	**430**
Other insurance revenue	**404**	**1,865**	**2,269**
Insurance revenue	**6,683**	**34,706**	**41,389**
Claims expense	**(2,529)**	**(21,361)**	**(23,890)**
Movement in life insurance liabilities	**(836)**	**-**	**(836)**
Commission expense	**(598)**	**(1,469)**	**(2,067)**
Other expenses	**(1,747)**	**(9,896)**	**(11,643)**
Underwriting (loss)/profit	**973**	**1,980**	**2,953**
Fair value gain on revaluation of investment properties	**-**	**500**	**500**
Investment income	**751**	**2,511**	**3,262**
Profit before taxation	**1,724**	**4,991**	**6,715**
Taxation	**(455)**	**(1,319)**	**(1,774)**
Profit after taxation	**1,269**	**3,672**	**4,941**

Statement of financial position as 31 March 2020	**Statutory**	**Shareholder**	**Total**
Assets	**$'000**	**$'000**	**$'000**
Investments backing insurance policy liabilities	**27,557**	**70,679**	**98,236**
Other assets	**-**	**37,361**	**37,361**
Total assets	**27,557**	**108,040**	**135,597**
Liabilities			
Life investment contract liabilities	**7,072**	**-**	**7,072**
Insurance contract liabilities	**12,111**	**39,309**	**51,420**
Deferred taxation	**-**	**7,181**	**7,181**
Other liabilities	**378**	**7,046**	**7,424**
Total liabilities	**19,561**	**53,536**	**73,097**
Solvency			
Actual Solvency capital	**7,997**	**24,324**	**32,321**
Minimum solvency capital	**2,354**	**14,244**	**16,598**
Solvency Margin	**5,643**	**10,080**	**15,723**

Statement of income for the year ended 31 March 2019	Statutory $'000	Shareholder $'000	Total $'000
Insurance contract premiums	7,598	32,818	40,416
Outward reinsurance premium	(630)	-	(630)
Recoveries	324	92	416
Other insurance revenue	270	1,819	2,089
Insurance revenue	7,562	34,729	42,291
Claims expense	(1,537)	(23,575)	(25,112)
Movement in life insurance liabilities	(718)	-	(718)
Commission expense	(1,226)	(1,157)	(2,383)
Other expenses	(1,819)	(10,317)	(12,136)
Underwriting (loss)/profit	2,262	(320)	1,942
Investment income	1,216	2,039	3,255
Fair value gain on revaluation of investment properties	-	900	900
Gain on sale of investment properties	-	2,480	2,480
Profit before taxation	3,478	5,099	8,577
Taxation	(644)	(943)	(1,587)
Profit after taxation	2,834	4,156	6,990

Statement of financial position as 31 March 2019	Statutory	Shareholder	Total
Assets	$'000	$'000	$'000
Investments backing insurance policy liabilities	29,845	68,364	98,209
Other assets	-	37,694	37,694
Total assets	29,845	106,058	135,903
Liabilities			
Life investment contract liabilities	7,484	-	7,484
Insurance contract liabilities	10,416	41,369	51,785
Deferred taxation	-	8,369	8,369
Other liabilities	218	5,437	5,655
Total liabilities	18,118	55,175	73,293
Solvency			
Actual Solvency capital	11,727	21,558	33,285
Minimum solvency capital	3,864	12,850	16,714
Solvency Margin	7,863	8,708	16,571

Reconciliation of Profit before tax to Operating profit (note 6)

	2020 $'000	2019 $'000
Profit before tax	**6,715**	8,577
Less: revaluation of investment property disclosed as property, plant and equipment in the Group financial statements at cost	**(500)**	(350)
Operating profit (note 6)	**6,215**	8,227

Restriction on assets

Access to the retained profits and capital in the statutory fund held for policyholders is restricted by the Insurance (Prudential Supervision) Act 2010.

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 $'000	Non – investment linked $'000	Total $'000
2020			
Premium income	**-**	**38,690**	**38,690**
Investment income	**(77)**	**3,839**	**3,762**
Claims expense	**-**	**(23,890)**	**(23,890)**
Other operating revenue	**-**	**2,699**	**2,699**
Other operating expenses	**(73)**	**(14,734)**	**(14,807)**
Investment revenues allocated to policyholders	**261**	**-**	**261**
Net profit before taxation	**111**	**6,604**	**6,715**
Net profit after taxation	**80**	**4,861**	**4,941**
Policy liabilities	**7,072**	**51,420**	**58,492**
Investment assets	**7,197**	**91,039**	**98,236**
Other assets	**-**	**37,361**	**37,361**
Other liabilities	**-**	**14,605**	**14,605**
Retained earnings	**1,250**	**14,900**	**16,150**

	Investment linked $'000	Non – investment linked $'000	Total $'000
2019			
Premium income	-	39,786	39,786
Investment income	792	5,901	6,693
Claims expense	-	(25,112)	(25,112)
Other operating revenue	-	2,449	2,449
Other operating expenses	(69)	(14,559)	(14,628)
Investment revenues allocated to policyholders	(611)	-	(611)
Net profit before taxation	112	8,465	8,577
Net profit after taxation	81	6,909	6,990
Policy liabilities	7,484	51,785	59,269
Investment assets	7,658	90,551	98,209
Other assets	-	37,694	37,694
Other liabilities	-	14,024	14,024
Retained earnings	1,170	15,090	16,260

The above information is disclosed prior to the elimination of any related party transactions or balances as the insurance contract disclosures relate to DPL Insurance Limited.

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 THE FINANCIAL STATEMENTS
for the year ended 31 March 2020

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 aim 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
2020		
Market risks		
Increase in interest rates of 1%	**(238)**	**(48)**
Decrease in interest rates of 1%	**265**	**52**
Insurance risks		
Increase in expenses of 10%	**1**	**(28)**
Decrease in expenses of 10%	**(1)**	**28**
Decrease in mortality by 10%	**(5)**	**(241)**
Increase in mortality by 10%	**6**	**265**
Worsening of discontinuance rate by 10%	**-**	**76**
Improvement in discontinuance rate by 10%	-	(86)
2019		
Market risks		
Increase in interest rates of 1%	(224)	(48)
Decrease in interest rates of 1%	249	52
Insurance risks		
Increase in expenses of 10%	1	(28)
Decrease in expenses of 10%	(1)	28
Decrease in mortality by 10%	(4)	(242)
Increase in mortality by 10%	5	266
Worsening of discontinuance rate by 10%	-	76
Improvement in discontinuance rate by 10%	-	(86)

Directors' remuneration and other benefits

	Directors' fees $
Grant Baker	150,000
Paul Byrnes	75,000
Martin Berry	75,000
Matthew Harrison	75,000
Alistair Petrie	75,000
John Roberts	75,000
Antony Vriens	75,000

During the year ended 31 March 2020 Mr Harrison received an additional $15,000 (2019: $15,000) in fees for services as chairman of the Credit and Lending Committee.

During the year ended 31 March 2020 Mr Roberts received an additional $15,000 (2019: $15,000) in fees for his services as chairman of the Audit and Risk Management Committee.

During the year ended 31 March 2020 Mr Vriens received an additional $35,000 (2019: $35,000) in fees for his services as chairman of DPL Insurance Limited.

Disclosure of interests recorded in the interest's register
There were no new specific disclosures of interests entered in the interests' register in the accounting period ending 31 March 2020.

Dealings in Turners Automotive Group Limited shares by Directors

	Date of transaction	Shares acquired/(disposed)	Consideration (received)/paid $	Nature of relevant interest
Paul Byrnes	07/06/2019 - 10/06/2019	(76,951)	(185,961)	Registered holder and beneficial interest
Paul Byrnes	13/06/2019 -17/06/2019	(703,049)	(1,659,992)	Registered holder and beneficial interest
Paul Byrnes	17/06/2019	(120,000)	(278,400)	Registered holder and beneficial interest
Martin Berry	05/07/2019	500,000	1,150,000	Registered holder and beneficial interest

Directors' relevant interest in quoted shares as at 31 March 2020

	Shares
Grant Baker (own shareholding)	6,100,000
Paul Byrnes	2,484,860
Martin Berry	500,000
Matthew Harrison	5,179,294
Alistair Petrie	25,011
John Roberts	66,000
Antony Vriens	-

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

The following represents interests of directors in other companies as disclosed to Turners Automotive Group Limited and entered in the Interests Register:

Grant Baker
Baker Consultants Limited
Montezemolo Holdings Limited
Me Today Limited (Chairman)
Velocity Capital
Liam Lawson Supporters Partnership LP (Chairman)

Paul Byrnes
Vic Road Restaurant Group Limited
Ship to Shore Restaurant Group Limited

John Roberts
Apollo Foods Limited
Centrix Group Limited

STATUTORY INFORMATION

Matthew Harrison
Harrigens Trustees Limited
JHFT Trustees Limited
GJG Trustees No.2 Limited
GJG Trustees Limited
MJH Consultants Limited

Antony Vriens
Me Today Limited

Alistair Petrie
RH Investment Trust
Dossor Trust
Bartel Holdings Ltd
Henergy Cage Free Ltd
Jellicoe St Enterprises Ltd
Zeafruit Limited
Breadcraft Wai Limited Advisory Board (Chairman)
Melita Honey Limited Advisory Board

Employee remuneration
During the year ended 31 March 2020, the number of employees or former employees of the Group, not being directors of Turners Automotive Group 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	2020	2019
100,000 - 109,999	21	21
110,000 - 119,999	16	14
120,000 - 129,999	14	13
130,000 - 139,999	4	7
140,000 - 149,999	8	5
150,000 - 159,999	4	4
160,000 - 169,999	4	7
170,000 - 179,999	8	4
180,000 - 189,999	3	4
190,000 - 199,999	2	5
200,000 – 209,999	-	3
210,000 – 219,999	2	1
220,000 – 229,999	-	1
230,000 – 239,999	1	1
240,000 – 249,999	-	2
250,000 – 259,999	-	2
260,000 – 269,999	-	-
270,000 – 279,999	-	1
280,000 – 289,000	-	1
290,000 – 299,000	3	-
300,000 – 309,999	1	-
320,000 – 329,999	-	1
330,000 – 339,999	-	1
340,000 – 349,999	-	1
370,000 – 379,000	1	-
400,000 – 409,999	-	1
420,000 – 430,000	1	-
430,000 – 439,999	-	1
640,000 – 645,000	1	-
700,000 – 709,000	-	1

NZX LISTING

The Company's shares are listed on the NZX Main Board (equity securities market) operated by NZX Limited (NZX) and as a foreign exempt entity on the ASX operated by ASX Limited (ASX).

PRINCIPAL ORDINARY SHAREHOLDERS AS AT 30 June 2020

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

Rank	Name	Shares	% of Issued Capital
1	Bartel Holdings Limited	9,552,642	11.17
2	Montezemolo Holdings Limited	6,100,000	7.13
3	Harrigens Trustees Limited	5,179,294	6.05
4	FNZ Custodians Limited	4,153,981	4.86
5	HSBC Nominees (New Zealand) Limited - NZCSD	3,427,171	4.01
6	National Nominees Limited - NCSD	3,288,667	3.84
7	BNP Paribas Nominees (NZ) Limited - NZCSD	2,543,090	2.97
8	JBWere (NZ) Nominees Limited	2,491,951	2.91
9	Stephen John Sinclair & Jacqueline Margaret Sinclair & Roger Frederick Wallis	2,171,461	2.54
10	Custodial Services Limited <A/C 16>	1,863,524	2.18
11	Paul Bernard Mora	1,700,000	1.99
12	Paul Anthony Byrnes	1,484,860	1.74
13	John Jeffers Harrison	1,363,782	1.59
14	Accident Compensation Corporation - NZCSD	1,361,833	1.59
15	New Zealand Permanent Trustees Limited - NZCSD	1,000,000	1.17
16	Glenn Arthur Duncraft	870,000	1.02
17	Custodial Services Limited <A/C 4>	707,685	0.83
18	Cushla Mary Smithies	542,841	0.63
19	JPMorgan Chase Bank NA NZ Branch-segregated clients acct - NZCSD	534,487	0.62
20	John Tomson	519,754	0.61

SPREAD OF ORDINARY SHAREHOLDERS AS AT 30 JUNE 2020

Range	Total Holders	Shares	% of Issued Capital
1 – 999	1,812	817,508	0.96
1,000 - 1,999	839	1,145,767	1.34
2,000 - 4,999	792	2,440,199	2.85
5,000 - 9,999	458	3,037,518	3.55
10,000 - 49,999	593	11,618,031	13.58
50,000 - 99,999	54	3,406,786	3.98
100,000 - 499,999	61	12,231,878	14.30
500,000 - 999,000	5	3,174,767	3.71
1,000,000 plus	15	47,682,256	55.73
Total	4,629	85,554,710	100.00

	Shareholders		Shares	
Domicile of Ordinary Shareholders	Number	%	Number	%
New Zealand	4,460	96.35	84,594,629	98.88
Australia	77	1.66	521,055	0.61
Other	92	1.99	439,026	0.51
Total	4,629	100.00	85,554,710	100.00

Substantial Product Holders

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

As at 31 March 2020 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	%
Bartel Holdings Limited	9,552,642	11.17
Salt Funds Managers Limited	7,974,325	9.32
Montezemolo Holdings Limited	6,100,000	7.13
Harrigens Trustees Limited	5,179,294	6.05

The total number of quoted voting products of the company on issue at 31 March 2020 was 85,554,710 paid ordinary shares.

Turners' Board of Directors has adopted a corporate governance framework which encourages the highest standards of ethical conduct and provides accountability and control systems commensurate with the risks involved.

The Board considers that this framework and governance practices for the year ended 31 March 2020 are generally in line with the 1 January 2020 NZX Corporate Governance Code (NZX Code), except as stated below:

- **Recommendation 2.5:** Turners has a Diversity Policy which encourages a culture of diversity and inclusiveness at Turners. While no measurable objectives are in place, the board requires management to provide regular reporting and monitoring on diversity within the Turners workforce. The Board also uses tools such as the annual staff engagement survey to measure diversity and how the business is recognising, valuing and respecting differences to establish benchmark measures and progress.
- **Recommendation 2.9: An issuer should have an independent chairperson of the board.** The chairperson of the board is Grant Baker, a non-executive director. Grant has a 7.13% shareholding in Turners and therefore the Board has deemed that he is not an independent director. The chair is not the CEO of Turners, is not involved in the day to day running of the business and has no influence over operational decisions.
- **Recommendation 3.3 and 3.4: An issuer should have a Remuneration Committee and a Nomination Committee**: Due to the size of the Company's Board, matters normally dealt with by a Remuneration Committee or Nominations Committee are dealt with by 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 information in this report is current as at 30 July 2020 and has been approved by the Board of Turners.

The Corporate Governance Code and key policies are available on the Turners Automotive Group Limited website: https://www.turnersautogroup.co.nz/About+Us/Corporate+Governance.html.

Turners is listed on the NZX's Main Board and is subject to regulatory control and monitoring by both the NZX and the Financial Markets Authority (FMA).

PRINCIPLE 1 – CODE OF ETHICAL BEHAVIOUR

Directors should set high standards of ethical behaviour, model this behaviour and hold management accountable for these standards being followed throughout the organisation.

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 Turners.

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

It is intended to facilitate decisions that are consistent with Turners values, business goals and legal and policy obligations, thereby enhancing performance outcomes. The Code of Ethics is available on the Company's website. Employees are expected to report any breaches in line with the processes outlined in the Code of Ethics. The Board believes that all directors conformed to the Code of Ethics during the 2020 financial year.

Turners has a Securities Trading Code of Conduct to mitigate the risk of insider trading in Turners financial products by employees and directors. A copy of this is available on Turners' website. Additional trading restrictions apply to Restricted Persons including directors and certain employees. Details of directors' share dealings are on page 94 of the 2020 Financial Statements.

PRINCIPLE 2 – BOARD COMPOSITION AND PERFORMANCE

To ensure an effective Board, there should be a balance of independence, skills, knowledge, experience and perspectives.

The Turners Board 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.

In addition to the Turners Corporate Governance Code, the Turners Board also operates under a written charter which sets out:

- the structure of the Board;
- the role and responsibilities of directors;
- procedures for the nomination, resignation and removal of directors;

- 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 Turners and to fully participate in meetings of the Board.

Day to day management of Turners is undertaken by the executive team under the leadership of the Chief Executive Officer, through a set of delegated authorities which are reviewed annually.

In discharging their duties, directors have direct access to and may rely on information, financial data and professional or expert advice provided by Turners' senior management and external advisers. Directors have the right, with the approval of the Chairman or by resolution of the Board, to seek independent legal or financial advice at the expense of Turners for the proper performance of their duties.

Newly elected directors are expected to familiarise themselves with their obligations under the constitution, Board Charter, Turners Corporate Governance Code and the NZX Listing Rules. Training is also provided to new and existing Directors where required to enable directors to understand their obligations.

Board Composition and Appointment

The number of elected directors and the procedure for their retirement and re-election at Annual Shareholder Meetings is set out in Turners Constitution.

Turners considers that the nomination process for new Director appointments is the responsibility of the whole Board and it does not have a separate Nomination Committee. The Board takes into consideration tenure, capability, diversity and skills when reviewing Board composition and new appointments.

Directors will retire and may stand for re-election by shareholders every three years, in accordance with the NZX Listing Rules. A Director appointed since the previous annual meeting holds office only until the next annual meeting, but is eligible for re-election at that meeting.

When a director is newly appointed, Turners will enter into a written agreement with them setting out the terms of their employment.

The Board currently comprises of seven directors: a non-executive chairman, four independent directors and two non-executive directors. The non-executive directors are not involved in the day to day running of the business and have no influence over operational decisions. Directors are all elected based on the value they bring to the Board and against set criteria detailed in Turners Corporate Governance Code. In order for a Director to be independent, the Board has determined that he or she must not be an executive of Turners and must have no disqualifying relationships. The Board follows the guidelines of the NZX Listing Rules and the NZX Code. Information on each director is available on the Turners website and on page 22 and 23 of the 2020 Annual Report.

Director's interests are disclosed on pages 94 to 97 of the 2020 Financial Statements.

Board Training and Performance

The Company encourages all Directors to undertake appropriate training and education so that they may best perform their duties. This includes attending presentations on changes in governance, legal and regulatory frameworks; attending technical and professional development courses; and attending presentations from industry experts and key advisers. In addition, Directors receive updates on relevant industry and Company issues, and briefings from key executives.

The Board regularly considers individual and collective performance, together with the skill sets, training and development and succession planning required to govern the business. An external review was conducted in FY20, and the Board is considering the recommendations made before implementing any changes.

Diversity

Turners believes that diversity and inclusion of background, experiences, thoughts and ways of working lead to greater creative and innovative solutions which ultimately lead to a superior outcome for its stakeholders socially, economically and environmentally.

Diversity in Turners includes (but is not limited to) the following: gender, race, ethnicity and cultural background, thinking, physical capability, age, sexual orientation, and religious or political belief.

Turners Diversity and Inclusion Policy is available on the Turners website. The Board requires management to provide regular reporting and monitoring on diversity within the Turners workforce. As at 31 March 2020, the gender balance of Turners directors and people was as follows:

	31 March 2020	31 March 2019
Directors		
Females	-	-
Males	7	7

	2020		2019	
Turners' people – 31 March 2020	Females	Males	Females	Males
Senior leadership	6	26	8	28
Management	37	57	35	55
Other Employees	268	377	279	364
Total	311	460	322	447

Board Meetings and Attendance

The Board has 14 scheduled meetings a year. The table below sets out Directors' attendance at Board and Committee meetings during FY20. In total, there were 14 Board meetings; 3 Audit and Risk Management Committee meetings; and 4 Lending and Credit Committee meetings.

	Board	Audit and Risk Management Committee	Lending and Credit Committee
Total number of meetings held			
Grant Baker	14		
Paul Byrnes	14		
Martin Berry	12		
Matthew Harrison	14		4
Alistair Petrie	13	3	4
John Roberts	14	3	4
Antony Vriens	12	3	

PRINCIPLE 3 – COMMITTEES

The Board should use committees where this will enhance its effectiveness in key areas, while still retaining Board responsibility.

The Board has constituted two standing Committees being the Audit and Risk Management Committee and the Lending and Credit Committee. Turners will continue to monitor best practice in the governance area and update its policies to ensure it maintains the most appropriate standards.

Committees allow 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 Committees meet as required and have terms of reference (Charters), which are approved and reviewed by the Board.

Minutes of each Committee meeting are forwarded to all members of the Board, who are all entitled to attend any Committee meeting. Management may only attend committee meetings at the invitation of the Committee. Each Committee is empowered to seek any information it requires from employees in pursuing its duties and to obtain independent legal or other professional advice. The membership and performance of each Committee is reviewed annually. From time to time, special purpose committees may be formed to review and monitor specific projects with senior management.

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 2013 regarding accountancy practices, policies and controls relative to the Turner's financial position and make appropriate enquiry into the audits of the Turner's financial statements. This responsibility includes providing the Board with additional assurance about the quality and reliability of the financial information issued publicly by Turners. All matters required to be addressed and for which the Committee has responsibility were addressed during the reporting period.

The Committee is comprised solely of Directors of Turners, has a minimum of three members, has a majority of independent Directors and has at least one director with an accounting or financial background. The Chair of the committee is not the Chair of the Board and does not have a long-standing association with Turners external audit firm as a current, or retired, audit partner or senior manager at that firm. Management and employees may only attend meetings at the invitation of the Committee and the Committee routinely has Committee-only time with the external and internal auditors without management present. The Committee Charter is available as Appendix B in the Turners Corporate Governance Code.

Members as at 31 March 2020 were John Roberts (Chair), Antony Vriens and Alistair Petrie. It met three times during the financial year.

Lending and Credit Committee

The Lending and Credit Committee reviews the lending and credit policies of Turners' Finance subsidiary company. 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 2020 were Matthew Harrison (Chair), Alistair Petrie and John Roberts. It met three times during the financial year.

Takeovers

Turners Automotive Group Limited is prepared in the event of a takeover. The Board has adopted a written Takeover Response Policy (contained within the Turners Automotive Group Corporate Governance Code) to follow in the event that a takeover notice or scheme of arrangement proposal is imminent. This policy would involve Turners forming an Independent Takeover committee to oversee disclosure and response, and engage expert legal and financial advisors to provide advice on procedure.

PRINCIPLE 4 – REPORTING AND DISCLOSURE

The Board should demand integrity in financial and non-financial reporting, and in the timeliness and balance of corporate disclosures

Turners' directors are committed to keeping investors and the market informed of all material information about Turners and its performance, and ensuring compliance with applicable legislative and the NZX Listing Rules. The release of material information is guided by the Reporting and Disclosure section in Turners Corporate Governance Code, and the Turners Continuous Disclosure Policy, which are available to view on our website.

Copies of other key governance documents are also available on our website.

In addition to all information required by law, Turners also seeks to provide sufficiently meaningful information to ensure stakeholders and investors are well informed, including financial and non-financial information.

Financial information

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

For the financial year ended 31 March 2020, the directors believe that proper accounting records have been kept which enable, with reasonable accuracy, the determination of the financial position of Turners and facilitate compliance with the Financial Reporting Act 1993. The Chief Executive and Chief Financial Officer have confirmed in writing to the Board that Turners' external financial reports present a true and fair view in all material aspects. Turners' full financial statements and half year results are available on our website.

Non-financial information

The Board recognises the importance of non-financial disclosure. Given Turners size, the Board has elected not to adopt a formal environmental, social and governance framework. Turners has an Environmental, Social and Governance Policy in section 14 of Turners Corporate Governance Code.

Turners discusses its strategic objectives and its progress against these in the Chair and CEO's commentary in shareholder reports, and at other investor events during the year including investor presentations and the Annual Shareholders' Meeting.

Turners is committed to using its resources responsibly and will look for opportunities to reduce any negative environmental risk or impact from business operations, products and services. Turners is committed to providing fair and responsible products and services that includes adherence to the Responsible Lending Code, the Responsible Credit-Related Insurance Code, Insurance (Prudential Supervision) Act 2010 and various other Acts.

The Board will encourage diversity and will not knowingly participate in business situations where Turners' could be complicit in human rights and labour standard abuses.

PRINCIPLE 5 – REMUNERATION

The remuneration of directors and executives should be transparent, fair and reasonable.

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

Details of directors and executives' remuneration and entitlements for the 2020 financial year are detailed on pages 77 and 94 of the Annual Report.

The Remuneration Policy is included in section 10 of Turners Corporate Governance Code. Turners does not have a Remuneration Committee and matters pertaining to remuneration are dealt with by the full Board.

Director Remuneration

The total remuneration pool available for Directors is fixed by shareholders. The Board determines the level of remuneration paid to Directors from the approved collective pool. Directors also receive reimbursement for reasonable travelling, accommodation and other expenses incurred in the course of performing their duties. The annual fee pool limit is $665,000 and was approved by shareholders at the annual meeting in September 2018. Any proposed increases in non-executive Director fees and remuneration will be put to shareholders for approval. If independent advice is sought by the Board, it will be disclosed to shareholders as part of the approval process.

Board Remuneration

- Chairman $150,000
- Non-executive Director $75,000
- Chair of DPL Insurance Limited $35,000
- Chair of DPL Insurance Limited for duties as a non-executive director for TRA $75,000
- Chair of Audit & Risk Committee $15,000
- Chair of Credit and Lending Committee $15,000

DPL Insurance is legally required to operate a separate board because it holds an insurance license with the Reserve Bank of New Zealand. Antony Vriens is the current chairman of the DPL Insurance board and is also a non-executive director of Turners.

Details of individual Directors' remuneration are detailed on page 94 of the 2020 Annual Report.

Executive Remuneration

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

Details of executives' remuneration and entitlements are detailed under Key Management Compensation on page 77 and Remuneration of Employees information on page 95 of the 2020 Financial Statements.

Details of the Group's Share Option Plan are detailed on page 75 of the 2020 Financial Statements. All outstanding share options were cancelled at the start FY20 and new options were issued in July 2020.

CEO Remuneration

The review and approval of the CEO's remuneration is the responsibility of the Board. The CEO's remuneration comprises a fixed base salary, a variable short term bonus payable annually and a long term incentive, being participation in the Group's Share Option Plan.

The CEO's remuneration can be summarised as follows:

	Salary	Benefits	Subtotal	Pay for Performance		Total remuneration
				STI	% STI against maximum	
FY20	543,761	50,224	593,985	-	-	593,985
FY19	531,205	47,520	578,725	101,275	46%	680,000

Short term incentive: A short term bonus is paid against profit targets agreed at the commencement of the year.

Long term incentive: In November 2016, the Chief Executive Officer of the Company was granted 1,002,692 options at an exercise price of $2.99195 under the Group's Share Option Plan. The grant is split into four tranches of 250,673 options with the following vesting dates; 1 June 2017, 1 June 2018, 1 June 2019 and 1 June 2020. Each tranche expires two years after the vesting date. The weighted average fair value of the options granted, using the Binomial Tree option pricing model, was $0.75 per option. All options were cancelled at the beginning of FY20.

If a participant in the Group Share Option Plan leaves (by any means and for any reason) the employment of the Company or any applicable subsidiary, the participant's options which have reached their vesting date, together with any other options as may be nominated at the discretion of the Board of Directors of the Company in extraordinary circumstances (such as the redundancy, permanent disablement or death of a Participant), may be exercised within a period of 60 days (following which they will lapse) and the participant's other Options will lapse immediately.

TURNERS LIMITED FY20 GOVERNANCE REPORT cont.

PRINCIPLE 6 – RISK MANAGEMENT

Directors should have a sound understanding of the material risks faced by the issuer and how to manage them. The Board should regularly verify that the issuer has appropriate processes that identify and manage potential and material risks.

Turners 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 which is included as Appendix B in Turners Corporate Governance Code. The Board delegates day to date management of the risk to the Chief Executive. The executive team and senior management are required to regularly identify the major risks affecting the business and develop structures, practices and processes to manage and monitor these risks. Individual risks are discussed with the Board in detail as required.

Key financial and non-financial risks are included in note 5 of the financial statements.

The Board is satisfied that Turners has in place a risk management process to effectively identify, manage and monitor Turners' principal risks. Turners maintains insurance policies that it considers adequate to meet its insurable risks.

Health and Safety

The Board recognises that effective management of health and safety is essential for the operation of a successful business, and its intent is to prevent harm and promote wellbeing for employees, contractors and customers.

The Board is responsible for ensuring that the systems used to identify and manage health and safety risks are fit for purpose, being effectively implemented, regularly reviewed and continuously improved.

Turners has a Health and Safety Policy which is monitored by a Health and Safety Committee assisted by Health and Safety co-ordinators in each business unit. Health and Safety reports, including incident reports, for all business units are included in the compliance section of Board papers.

PRINCIPLE 7 – AUDITORS

The Board should ensure the quality and independence of the external audit process.

The Board's approach to the appointment and oversight of the external auditor are outlined in Turners' External Audit Policy (section 9 of the Turners Corporate Governance Code) and ensures that audit independence is maintained, both in fact and appearance, such that Turners 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. Procedures are detailed in the Audit and Risk Committee Charter (Appendix B of the Turners Corporate Governance Code).

For the financial year ended 31 March 2020, Baker Tilly Staples Rodway was the external auditor for Turners Automotive Group Limited. Baker Tilly Staples Rodway were first appointed as external auditor in 1999 and were automatically re-appointed under the Companies Act 1993 at the 2019 Annual Shareholder Meeting. The last audit partner rotation was this year.

All audit work at Turners is fully separated from non-audit services, to ensure that appropriate independence is maintained. The amount of fees paid to Baker Tilly Staples Rodway for audit and other services is identified on page 59 of the 2020 Annual Report.

Baker Tilly Staples Rodway has provided the Turners' Board with written confirmation that, in their view, they were able to operate independently during the year.

Baker Tilly Staples Rodway attends the Annual Shareholder Meeting, and the lead audit partner is available to answer questions from shareholders at that meeting. Baker Tilly Staples Rodway attended the 2019 Annual Shareholder Meeting.

Turners has a number of internal controls overseen by Audit and Risk Management Committee, including controls for computerised information system, security, business continuity management, insurance, health and safety, conflicts of interest, and prevention and identification of fraud. Turners does not have a dedicated Internal Auditor role.

TURNERS LIMITED FY20 GOVERNANCE REPORT cont.

PRINCIPLE 8 – SHAREHOLDER RIGHTS AND RELATIONS

The Board should respect the rights of shareholders and foster constructive relationships with shareholders that encourage them to engage with the issuer.

The Board is committed to open dialogue and to facilitating engagement with shareholders. Turners has a calendar of communications and events for shareholders, including but not limited to:

- Annual and Interim Reports
- Market announcements
- Annual Shareholder Meeting
- Financial results calls
- Other ad hoc investor presentations
- Easy access to information through the Turners website www.turnersautogroup.co.nz
- Access to management and the Board via email info@turnersautogroup.co.nz

Turners maintains a comprehensive investor relations 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 Shareholder Meeting and may raise matters for discussion at this event. In accordance with the NZX Code, the Board ensured that the notice of the 2019 Annual Shareholder Meeting was posted to Turners' website as soon as possible, and at least 20 working days prior to that meeting.

Shareholders have the ultimate control in corporate governance by voting directors on or off the Board. Voting is by poll, upholding the 'one share, one vote' philosophy.

In accordance with the Companies Act 1993, Turners' constitution and the NZX Listing Rules, Turners refers major decisions which may change the nature of Turners' to shareholders for approval.

All shareholders are given the option to elect to receive electronic communications from us.

In addition to shareholders, Turners 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.

ENDS

DIRECTORY

CORPORATE DIRECTORY

DIRECTORS
Grant Baker
Chairman
Appointed 10 September 2009

Paul Byrnes
Deputy chairman
Appointed 2 February 2004

Martin Berry
Independent Director
Appointed 17 August 2018

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

REGISTERED OFFICE
Level 5, 70 Shortland Street, Auckland, New Zealand
PO Box 1232, Shortland Street, Auckland, 1140, New Zealand
Freephone: 0800 100 601
Email enquiries: info@turnersautogroup.co.nz
Web: www.turnersautogroup.co.nz

AUDITOR
Baker Tilly Staples Rodway

BANKERS
Bank of New Zealand and ASB Bank

LAWYERS
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	
First quarterly dividend	October
Annual meeting	September
Half year results announced	November
Second quarterly dividend	January
Third quarterly dividend	April
End of financial year	31 March
Annual results announced	May
Annual report	June
Final dividend	July

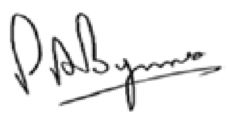
SHARE REGISTER
Computershare Investor Services Limited
Level 2, 159 Hurstmere Road, Takapuna, Auckland
Private Bag 92119, Auckland 1142, New Zealand
Telephone: +64 9 488 8777

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 TRA. The minimum marketable parcel on the NZX is 100 shares.

This annual report is dated 30 July 2020 and is signed on behalf of the board by:

G.K. Baker
Chairman



P.A. Byrnes
Deputy chairman

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