TURNERS AUCTIONS LTD
ANNUAL REPORT 2008


TURNERS
AUCTIONS

CONTENTS

COMPANY OVERVIEW

Turners Auctions is the largest auction house in New Zealand with 16 branches nation wide, and an annual turnover (including sales on behalf of customers) of approximately NZ $400 million. All auctions are simulcast online via Turners "Live" resulting in over 48 vehicle auctions simulcast per week.

Turners Auctions is the largest single seller of motor vehicles in New Zealand, employing about 320 staff and auctioning approximately 150,000 vehicles annually.

Since 1967, Turners Auctions Ltd operated as an autonomous entity of the 106 year old Turners and Growers Group. This all changed in 2002 when Turners Auctions separated and successfully listed on the NZX.

Auctions

The business operates in two broad markets: used vehicles and commercial goods.

Vehicle sales include trucks, damaged insurance salvaged vehicles, light commercial vehicles and passenger cars.

Commercial sales include a wide variety of surplus equipment such as heavy plant and machinery, police and custom seized goods, liquidator sales, catering equipment, computers and furniture.

Turners Fleet

Turners Fleet is a Licensed Motor Vehicle Trader that sources imported vehicles and general goods for auction.

- Imports approximately 3,000 used vehicles per annum mainly from Japan
- Purchases a number of vehicles in the domestic market to ensure supply to auction

Turners Finance

Turners Finance is the provider of motor vehicle finance to auction customers. This service has been developed to give our customers a pre-approved level of finance prior to bidding at a Turners auction. Also available is a full range of Mechanical Breakdown insurance and Motor Vehicle Insurance.

- Approximately 1,800 contracts signed per year
- Finance Ledger $14.0m
- Conversion rate 11%
- Average Interest Rate 14.6%

Customers

Turners Auctions is in the business of market places. We currently match buyers with sellers and then provide a mechanism for them to agree a price using the auction process. We deal with a large number of different customers both on the buyer and vendor side of the auction process.

- Private vendors and buyers
- Lease Car Companies
- Rental Car Companies
- Car Dealers
- Vehicle Importers
- Insolvency Experts
- Insurance Companies
- Finance Companies
- Commercial Fleet owners

Capability

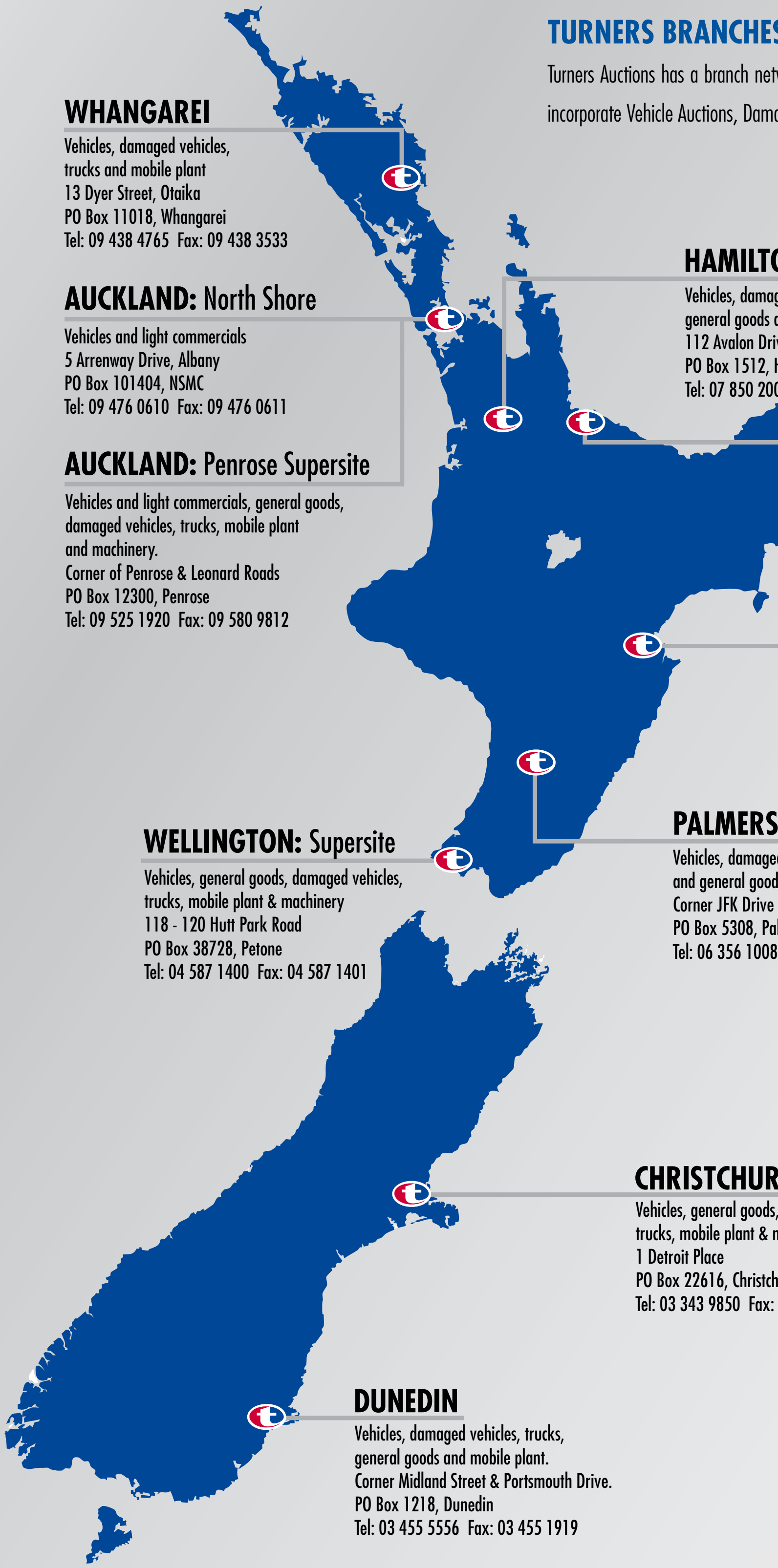
Turners Auctions' fundamental role in the market is to match buyers with sellers...however there are many other services we are able to offer our customers.

- Run vehicle auctions, damaged vehicle auctions, truck auctions, plant and equipment auctions
- Run "closed community" auctions (eg. Trade Only) and "public" auctions that can be attended by anyone
- All auctions simulcast online via Turners 'Live' with 48 auctions simulcast per week
- Storage facilities on a nationwide basis
- Turners AutoInspect – Vehicle inspection service used by major lease companies
- Turners Fleet (import business) currently importing approx 3,000 cars annually from Japan
- Vehicle refurbishment

TURNERS AUCTIONS

TURNERS BRANCHES NATIONWIDE

Turners Auctions has a branch network located throughout New Zealand. All branches incorporate Vehicle Auctions, Damaged Vehicle Auctions and Commercial Auctions.



WHANGAREI
Vehicles, damaged vehicles, trucks and mobile plant
13 Dyer Street, Otaika
PO Box 11018, Whangarei
Tel: 09 438 4765 Fax: 09 438 3533

AUCKLAND: North Shore
Vehicles and light commercials
5 Arrenway Drive, Albany
PO Box 101404, NSMC
Tel: 09 476 0610 Fax: 09 476 0611

AUCKLAND: Penrose Supersite
Vehicles and light commercials, general goods, damaged vehicles, trucks, mobile plant and machinery.
Corner of Penrose & Leonard Roads
PO Box 12300, Penrose
Tel: 09 525 1920 Fax: 09 580 9812

HAMILTON
Vehicles, damaged vehicles, trucks, general goods and mobile plant
112 Avalon Drive
PO Box 1512, Hamilton
Tel: 07 850 2000 Fax: 07 850 2020

TAURANGA
Vehicles, damaged vehicles and general goods
101 Hewletts Road, Mt Maunganui
PO Box 1042, Tauranga
Tel: 07 575 6500 Fax: 07 575 6030

NAPIER
Vehicles, damaged vehicles and general goods
43 Corunna Bay Road
PO Box 3107, Onekawa
Tel: 06 843 3113 Fax: 06 843 3112

PALMERSTON NORTH
Vehicles, damaged vehicles and general goods
Corner JFK Drive & Fairs Road
PO Box 5308, Palmerston North
Tel: 06 356 1008 Fax: 06 359 1099

WELLINGTON: Supersite
Vehicles, general goods, damaged vehicles, trucks, mobile plant & machinery
118 - 120 Hutt Park Road
PO Box 38728, Petone
Tel: 04 587 1400 Fax: 04 587 1401

CHRISTCHURCH: Supersite
Vehicles, general goods, damaged vehicles, trucks, mobile plant & machinery
1 Detroit Place
PO Box 22616, Christchurch
Tel: 03 343 9850 Fax: 03 348 0298

DUNEDIN
Vehicles, damaged vehicles, trucks, general goods and mobile plant.
Corner Midland Street & Portsmouth Drive.
PO Box 1218, Dunedin
Tel: 03 455 5556 Fax: 03 455 1919

THE DIRECTORS

THE EXECUTIVE TEAM

Michael R Dossor - Dip AG

CHAIRMAN

Mr Dossor joined the Turners & Growers Limited board in 1991 as a representative of Bartel Holdings Limited. He worked for the greater part of his business career as Managing Director of the Turners & Growers Limited associate company Fruit Distributors Limited, which became a subsidiary company of Turners & Growers Limited and formed the basis of the Turners & Growers Limited International Division. He was General Manager of Turners & Growers International Division until January 2001. Mr Dossor was acting Chief Executive of Turners Auctions for seven months prior to the appointment of Jeffery Wesley in 1996. In 2005 he retired as Managing Director of Turners & Growers Limited. He is currently a director of Turners & Growers Limited, Chairman of McKay Shipping Limited and Allan Blair Properties Limited. He is also a director of investment company, Bartel Holdings Limited. He was appointed Chairman of Turners Auctions Limited in December 2003.

J Denham Shale - LLB

NON-EXECUTIVE DIRECTOR

Mr Shale has been a member of boards of listed companies for over 20 years and at present is Chairman of The Farmers' Trading Company Limited group and a director of listed companies Oceana Gold Limited, Eastern HiFi Group Limited and unlisted Munich Reinsurance Company of Australasia Limited and a number of private companies and other organisations. Mr Shale joined the board of Turners Auctions Limited in June 2002. He is an accredited Fellow of the Institute of Directors in New Zealand and a practising lawyer.

Grant R Graham - BCom, CA

NON-EXECUTIVE DIRECTOR

Mr Graham has been a Partner in boutique accountancy firms KordaMentha and Ferrier Hodgson for the last 18 years, specialising in valuation, acquisitions, profit enhancement and company restructuring. Mr Graham is a director of state owned Electricity Corporation of New Zealand and North Harbour Rugby Union and a trustee of Auckland Zoo. He joined the board of Turners Auctions Limited in October 2003.

Craig F Harris

NON-EXECUTIVE DIRECTOR

Mr Harris is currently managing director of McKay Shipping Limited, Inchcape McKay Limited and Seatrans New Zealand Limited. He is also currently chairman of Cruise NZ Incorporated and the Protection & Indemnity insurer, Trade Disruption Insurance. Mr Harris joined the board of Turners Auctions Limited in August 2004. He also holds directorships in Pacific based ship owning & operating companies, as well as being on the Advisory Board and Trustee of the New Zealand National Maritime Museum.

Graham Roberts

CHIEF EXECUTIVE OFFICER

Graham Roberts joined Turners Auctions in May 2005. Graham is a successful international business executive with wide ranging knowledge in general management, leadership, and global organisations. Prior to joining Turners, he spent 12 years in Asia as Regional Business Development Director Asia/Pacific and Middle East for DHL Worldwide Express and more recently with TNT Express Worldwide as Regional Director for Asia. Graham has also held senior positions with DHL in the United Kingdom, Malawi, Central Africa and New Zealand. He is also a director of Turners Auctions subsidiary companies Turners Finance Limited and Turners Fleet Limited.

Aaron Saunders

CHIEF FINANCIAL OFFICER AND COMPANY SECRETARY

Aaron joined Turners Auctions in August 2006. He has a strong background in financial and management accounting, at both a strategic and operating level and both local and international markets. Over the last 15 years Aaron has worked across a broad range of company sizes and industries including vehicle importation and distribution, broadcasting and the finance sector. After training as a Chartered Accountant with Pricewaterhouse Coopers, Aaron travelled offshore to work in senior financial roles with major institutions including the British Broadcasting Corporation (BBC). More recently since returning to New Zealand he has been in the role of Financial Controller and Commercial Manager with motor cycle importers and distributors Blue Wing Honda.

Todd Hunter

GENERAL MANAGER MARKETING

Todd Hunter joined Turners Auctions in June 2006. Prior to joining Turners he worked as Head of Corporate and Government Marketing at New Zealand Post and spent 8 years in senior sales, marketing and finance roles at Microsoft Corporation. Todd is currently a director of the New Zealand Marketing Association and also a full member of the New Zealand Institute of Chartered Accountants.

Tofigh Alizadeh

CHIEF INFORMATION OFFICER

Tofigh Alizadeh joined Turners Auctions as CIO in February 2006. Tofigh comes from a sales and service industry background, and has been building customer focused IT (information technology) teams and developing solid IT solutions aligned to business objectives. He has worked for business leaders such as BP and Hewlett Packard, since coming to New Zealand in 1989.

Shane Prince

GENERAL MANAGER COMMERCIAL

Shane Prince has been involved in the automotive industry for over 25 years, and has a wide range of automotive experience, ranging from retailing, panel beating, sales and marketing to automotive mechanics. He is also involved with the New Zealand Fire Service where he holds a senior position. Shane joined Turners Auctions in 1994 and has held several roles within the company, including those of Sales Consultant and Branch Manager.

Alan Kurtovich

GENERAL MANAGER OPERATIONS CARS

Alan joined Turners Auctions in 1998. During this time Alan has managed a number of different branches around the country. He has managed the largest branch (Penrose Cars) for the last 3 years and also played a leading role in the development and implementation of Turners "Live". Alan is also a qualified Auctioneer. Alan has responsibility for managing the regional car branches and Turners Fleet.

FINANCIAL AND OPERATIONAL SUMMARY

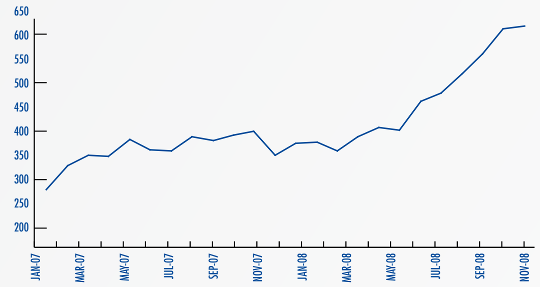
Financial

- Operating Revenues $78 million, down 9%
- Group Net Profit after Tax $1.1 million, down 53%
- Total Group Assets $42 million, up 4%
- Net cash inflows from operating activities $9.4m, up 194%
- Total expenses $76.3m, down 6%
- Turners Finance Contracts, up 19% to 1,737 and an increase in Finance ledger of 19% to $14.0 million
- Final fully imputed dividend payment 0.4 cps and special dividend of 4.6 cps. This brings total dividend payments for 2008 to 7.5 cents per share (fully imputed)

Operational

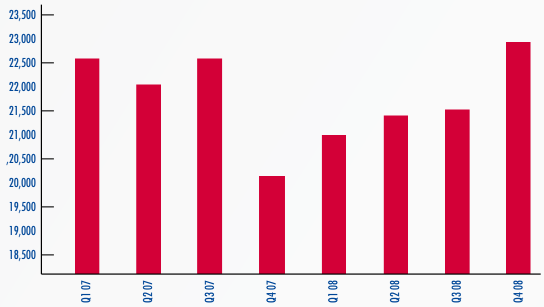
- Internet bids 117,000 (up 15% over 2007) and 21% of cars sold online (up 18% over 2007)
- Registered bidders using Turners 'Live' 5,558 (up 29% over 2007)

REGISTERED BIDDERS - DVA AND CARS - ON TURNERS LIVE



- Solid growth recorded in key customer segments . . .
  - a) Sales of repossessed vehicles 2,500 units (up 100% over 2007)
  - b) Government units 4,034 units (up 24% over 2007)
  - c) Lease companies 3,700 units (up 6% over 2007)
- Acquisition of large NZ vehicle leasing business at end of 2008 which is expected to contribute in excess of 2,500 units per annum
- 212,000 price checks undertaken on the Turners Price Check service (up 20% over 2007)
- Web traffic up to 976,000 unique browsers (up 6% over 2007)
- Growth in registered bidders throughout 2008

NUMBER OF REGISTERED BIDDERS
(ONLINE AND IN-PERSON) FOR TURNERS AUCTIONS



A MESSAGE FROM THE CHAIRMAN AND THE CHIEF EXECUTIVE OFFICER

Financial Results 2008

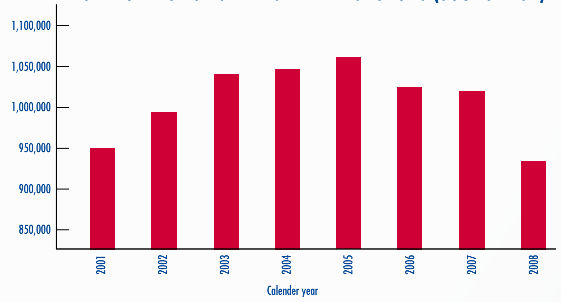
- Operating Revenues $78 million, down 9%
- Group Net Profit After Tax $1.1 million, down 53%
- Net Cash Inflows from Operating Activities $9.4 million, up 194%
- Total Group Assets $42 million, up 4%
- Final dividend payment 0.4 cps and a special dividend of 4.6 cps. A total dividend for the full year of 7.5 cps.

In the circumstances this result, although down in dollar terms, is considered satisfactory given the extreme changes in the used car market through 2008.

The New Zealand used vehicle market has experienced unprecedented decline over the last 12 months resulting in substantial consolidation and withdrawals of dealer and finance organisations. The total used vehicle market dropped 100,000 units or 9% from 2007. This is the lowest number of second hand car transactions for well over 10 years.

A primary contributor to this is the rapid decline in the sales of used vehicles imported from Japan into New Zealand (down 25%), caused principally by new emission regulations and adverse exchange rates. This has caused a number of independent and large franchise dealers to substantially reduce their footprint or halt business altogether.

TOTAL CHANGE OF OWNERSHIP TRANSACTIONS (SOURCE LTSA)



Substantial focus was given to strengthening the company's balance sheet in the second half of 2008, mainly through reducing Turners Fleet inventory and also a tight focus on debtors. This has resulted in Total Group Assets increasing 4% up to $42 million and Net Cash Inflows from Operating Activities up to $9.4 million, a 194% increase over 2007. The business is well positioned financially to weather a continued period of uncertain trading conditions.

Given the outlook and the current health of the balance sheet the board has resolved to pay a final dividend of 0.4 cents per share and a special dividend of 4.6 cents per share, both fully imputed. The total dividend for the full year is 7.5 cents per share.

Turners Finance

Turners Finance has had a strong year benefiting from a number of retail financiers dropping out of the market and strong focus on our sales efforts. We believe that there is a significant opportunity to grow this business.

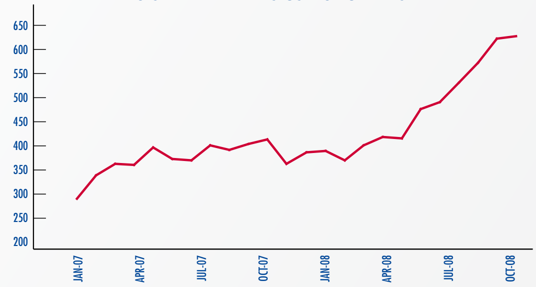
Investments and Innovations

Throughout 2008, significant resources have been applied to position the group for future growth. These investments have focused on the online capabilities of the business including new website, online marketing strategy and an upgrade of online bidding application (Turners 'Live'). In addition a large investment was made in promoting the Turners brand to new types of customers. Whilst this affected short term profit the business is starting to see the positive impact of these activities.

100% of our cars are now promoted on our own website, Trade Me and other major vehicle related websites. This alone has resulted in real reductions in our advertising expenditure by shifting from expensive print media towards more cost effective internet classified sites.

The new website which is much faster and more user friendly has resulted in a 6% increase in online traffic to just under 1 million unique visitors per annum. Online sales through Turners 'Live' have increased to 21% of cars sold for 2008 (up from 18% on 2007) and the number of active internet bidders is also increasing meaning we have more bidders participating in auctions.

REGISTERED BIDDERS USING TURNERS "LIVE"



Significant cost savings have come from restructuring business units to align resource levels to the current market environment. This includes consolidating branches and staff reductions. The above initiatives put in place during 2008 represent a significant investment by the company for the future.

Customers

- Sales of repossessed vehicles for finance companies are up 100% to 2,500 units for 2008
- Sales of Government vehicles are up 24% to over 4,000 vehicles a year
- Lease company sales are up 6% to 3,700 units per year

The company has won important new customers in the lease and rental car and finance industries. A large vehicle leasing business has recently been signed which will result in unit sales of approx 2,500 units per year and two of the largest car rental businesses in New Zealand are now using Turners Auctions having previously operated exclusively with a competitor.

Outlook

The prediction for 2009 is that, whilst it will be another extremely difficult year there will be much opportunity on which to capitalise. Given our market leadership position we will be looking to grow our market share and continue preparations to take advantage of a future recovery in the markets.

With New Zealand households only just beginning to experience the effects of the worldwide situation we believe a conservative approach to the year is prudent. With this in mind all expenditure will be closely monitored. However, it is worth noting that the business is in a healthy position from a debt and cash position and well positioned to take advantage of the recovery when it occurs.

We would like to conclude by thanking the directors, management and our valued advisors for their work this year. On behalf of the Board, thank you to the Turners Auctions Team for their hard work in difficult conditions over the last year.

Michael Dossor
Chairman

Graham Roberts
Chief Executive Officer


CLASSIC CAR AUCTIONS
ON THE SPOT
ON THE SPOT
ON THE SPOT
EX LEASE VEHICLES
GUARANTEED TITLE & DESCRIPTION
Certified Quality

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INCOME STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2008

	NOTES	CONSOLIDATED 2008 $'000	CONSOLIDATED 2007 $'000	PARENT 2008 $'000	PARENT 2007 $'000
REVENUE FROM CONTINUING OPERATIONS	5	77,731	85,240	40,222	40,150
OTHER INCOME	6	23	46	21	42
GOODS SOLD OUT OF INVENTORIES EXPENSE		(32,946)	(39,119)	-	-
SUBCONTRACTED SERVICES EXPENSE		(4,778)	(3,983)	(4,762)	(3,936)
EMPLOYEE BENEFITS EXPENSE		(16,505)	(15,721)	(14,390)	(13,945)
PROPERTY EXPENSE		(7,584)	(7,255)	(7,218)	(6,910)
OTHER OPERATING LEASES EXPENSE		(650)	(706)	(603)	(668)
DEPRECIATION AND AMORTISATION EXPENSE	7	(2,418)	(2,718)	(2,368)	(2,607)
ADVERTISING EXPENSE		(2,787)	(2,258)	(2,658)	(2,126)
SUBVENTION PAYMENTS		-	-	(571)	(453)
FRAUD RECOVERY/(EXPENSE)		456	(972)	456	(972)
OTHER EXPENSES		(7,835)	(7,669)	(6,619)	(7,039)
FINANCE COSTS	7	(1,204)	(909)	(10)	(9)
TOTAL EXPENSES		**(76,251)**	**(81,310)**	**(38,743)**	**(38,665)**
PROFIT BEFORE INCOME TAX		**1,503**	**3,976**	**1,500**	**1,527**
INCOME TAX EXPENSE	8	(436)	(1,256)	(395)	(687)
PROFIT FROM CONTINUING OPERATIONS		1,067	2,720	1,105	840
LOSS FROM DISCONTINUED OPERATIONS	9	-	(446)	-	-
PROFIT FOR THE YEAR		**1,067**	**2,274**	**1,105**	**840**
ATTRIBUTABLE TO:					
EQUITY HOLDERS OF THE PARENT		1,067	2,268		
MINORITY INTEREST	27	-	6		
		1,067	**2,274**		
EARNINGS PER SHARE FOR PROFIT ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE PARENT DURING THE YEAR:					
		CENTS	CENTS		
ATTRIBUTABLE TO CONTINUING OPERATIONS:					
BASIC EARNINGS PER SHARE	34	3.9	9.9		
DILUTED EARNINGS PER SHARE	34	3.9	9.9		
ATTRIBUTABLE TO DISCONTINUED OPERATIONS:					
BASIC EARNINGS PER SHARE	34	-	(1.6)		
DILUTED EARNINGS PER SHARE	34	-	(1.6)		

The above income statements should be read in conjunction with the accompanying notes.

BALANCE SHEETS

AS AT 31 DECEMBER 2008

	NOTES	CONSOLIDATED 2008 $'000	CONSOLIDATED 2007 $'000	PARENT 2008 $'000	PARENT 2007 $'000
CURRENT ASSETS					
CASH AND CASH EQUIVALENTS	10	11,307	4,545	9,810	3,076
DERIVATIVE FINANCIAL INSTRUMENTS	20	10	-	-	-
TRADE AND OTHER RECEIVABLES	11	4,196	4,845	7,976	12,753
FINANCE RECEIVABLES	12	6,414	5,616	-	-
CURRENT TAX RECEIVABLES		679	646	506	1,061
INVENTORIES	13	5,925	11,309	-	310
TOTAL CURRENT ASSETS		28,531	26,961	18,292	17,200
NON-CURRENT ASSETS					
FINANCE RECEIVABLES	12	7,276	5,834	-	-
AVAILABLE-FOR-SALE FINANCIAL ASSETS	14	10	12	-	-
INVESTMENT IN SUBSIDIARIES	15	-	-	1,070	1,143
PROPERTY, PLANT AND EQUIPMENT	16	4,034	4,837	3,877	4,664
DEFERRED TAX ASSETS	17	468	262	215	-
INTANGIBLE ASSETS	18	1,355	2,277	1,354	2,276
TOTAL NON-CURRENT ASSETS		13,143	13,222	6,516	8,083
TOTAL ASSETS		**41,674**	**40,183**	**24,808**	**25,283**
CURRENT LIABILITIES					
TRADE AND OTHER PAYABLES	19	7,793	7,411	6,581	5,613
INTEREST BEARING LIABILITIES	32(E)	-	-	711	872
DERIVATIVE FINANCIAL INSTRUMENTS	20	-	16	-	-
DEFERRED INCOME		30	37	-	-
FINANCE PAYABLES	21	6,541	5,736	-	-
PROVISIONS	22	189	482	-	437
TOTAL CURRENT LIABILITIES		14,553	13,682	7,292	6,922
NON-CURRENT LIABILITIES					
DEFERRED TAX LIABILITIES	17	-	-	-	23
FINANCE PAYABLES	21	7,421	5,959	-	-
PROVISIONS	24	182	166	182	166
TOTAL NON-CURRENT LIABILITIES		7,603	6,125	182	189
TOTAL LIABILITIES		**22,156**	**19,807**	**7,474**	**7,111**
NET ASSETS		**19,518**	**20,376**	**17,334**	**18,172**
EQUITY					
CONTRIBUTED EQUITY	25	11,413	11,413	11,413	11,413
RETAINED EARNINGS	26(B)	8,040	8,944	5,863	6,729
OTHER RESERVES	26(A)	65	19	58	30
PARENT ENTITY INTEREST		19,518	20,376	17,334	18,172
TOTAL EQUITY		**19,518**	**20,376**	**17,334**	**18,172**

The above balance sheets should be read in conjunction with the accompanying notes.

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2008

		CONSOLIDATED		PARENT	
	NOTES	2008 $'000	2007 $'000	2008 $'000	2007 $'000
TOTAL EQUITY AT THE BEGINNING OF THE YEAR		20,376	21,749	18,172	20,878
CASH FLOW HEDGES, NET OF TAX	26	18	4	-	-
MINORITY INTEREST IN EXCHANGE DIFFERENCES ON TRANSLATION OF FOREIGN OPERATIONS	27	-	7	-	-
EXCHANGE DIFFERENCES ON TRANSLATION OF FOREIGN OPERATIONS	26	-	(79)	-	-
NET INCOME RECOGNISED DIRECTLY IN EQUITY		18	(68)	-	-
PROFIT FOR THE YEAR		1,067	2,274	1,105	840
TOTAL RECOGNISED INCOME AND EXPENSE FOR THE YEAR		1,085	2,206	1,105	840
TRANSACTIONS WITH EQUITY HOLDERS					
EMPLOYEE SHARE OPTIONS	26	28	13	28	13
DIVIDENDS PROVIDED FOR OR PAID	28	(1,971)	(3,559)	(1,971)	(3,559)
MINORITY INTEREST ON DISPOSALS OF SUBSIDIARIES	27	-	(33)	-	-
		(1,943)	(3,579)	(1,943)	(3,546)
TOTAL EQUITY AT THE END OF THE YEAR		**19,518**	**20,376**	**17,334**	**18,172**

The above statements of changes in equity should be read in conjunction with the accompanying notes.

CASH FLOW STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2008

	NOTES	CONSOLIDATED 2008 $'000	CONSOLIDATED 2007 $'000	PARENT 2008 $'000	PARENT 2007 $'000
CASH FLOWS FROM OPERATING ACTIVITIES					
RECEIPTS FROM CUSTOMERS		394,666	440,396	359,659	397,048
PAYMENTS TO SUPPLIERS AND EMPLOYEES		(386,675)	(436,691)	(355,484)	(393,006)
NET GST RECEIVED/(PAID)		212	(808)	(109)	(773)
INTEREST RECEIVED		2,971	2,715	1,443	1,111
INTEREST PAID		(1,059)	(876)	(10)	(9)
INCOME TAXES PAID		(683)	(1,577)	(78)	(1,626)
NET CASH INFLOW FROM OPERATING ACTIVITIES	33	9,432	3,159	5,421	2,745
CASH FLOWS FROM INVESTING ACTIVITIES					
PAYMENTS FOR PROPERTY, PLANT AND EQUIPMENT		(530)	(1,108)	(448)	(932)
PAYMENTS FOR INTANGIBLE ASSETS		(317)	(103)	(317)	(105)
PROCEEDS FROM SALE OF PROPERTY, PLANT AND EQUIPMENT		146	171	97	86
PROCEEDS FROM SALE OF INVESTMENTS/BUSINESS		2	250	-	-
LOANS FROM RELATED PARTIES		-	-	(344)	872
REPAYMENT OF LOANS BY RELATED PARTIES		-	-	4,296	312
NET CASH (OUTFLOW)/INFLOW FROM INVESTING ACTIVITIES		(699)	(790)	3,284	233
CASH FLOWS FROM FINANCING ACTIVITIES					
DIVIDENDS PAID TO PARENT'S SHAREHOLDERS	28	(1,971)	(3,559)	(1,971)	(3,559)
NET CASH OUTFLOW FROM FINANCING ACTIVITIES		(1,971)	(3,559)	(1,971)	(3,559)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		6,762	(1,190)	6,734	(581)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		4,545	5,735	3,076	3,657
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	10	11,307	4,545	9,810	3,076

The above cash flow statements should be read in conjunction with the accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2008

1 GENERAL INFORMATION

Turners Auctions Limited (the 'Company') and its subsidiaries (together the 'Group') remarket motor vehicles, commercial goods, trucks and heavy machinery, purchase motor vehicles and commercial goods for resale and provide motor vehicle finance.

The Company is a limited liability company incorporated and domiciled in New Zealand. The address of its registered office is the corner of Penrose and Leonard Roads, Penrose, Auckland. The Company has its primary listing on the New Zealand stock exchange.

These consolidated financial statements have been approved for issue by the Board of Directors on 23 February 2009.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(A) BASIS OF PREPARATION

The financial statements have been prepared in accordance with New Zealand generally accepted accounting practice (NZ GAAP). They comply with New Zealand equivalents to International Financial Reporting Standards (NZ IFRS), and other applicable New Zealand Financial Reporting Standards, as appropriate for profit oriented entities.

COMPLIANCE WITH IFRS

The separate and consolidated financial statements of Turners Auctions Limited also comply with International Financial Reporting Standards (IFRS).

ENTITIES REPORTING

The financial statements of the 'Consolidated' entity are for the economic entity comprising Turners Auctions Limited and its subsidiaries. The financial statements for the 'Parent' are for Turners Auctions Limited as a separate legal entity.

The 'Consolidated' and 'Parent' entities are designated as profit oriented entities for financial reporting purposes.

STATUTORY BASE

Turners Auctions Limited is registered under the Companies Act 1993 and is an issuer in terms of the Securities Act 1978.

The financial statements have been prepared in accordance with the requirements of the Financial Reporting Act 1993 and the Companies Act 1993.

HISTORICAL COST CONVENTION

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets and financial assets and liabilities (including derivative instruments) at fair value through profit or loss.

CRITICAL ACCOUNTING ESTIMATES

The preparation of financial statements in conformity with NZ IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The inventories, trade receivables and finance receivables accounting policies (notes 2(j)(ii), (j)(iii), (l) and (o)) are critical to the portrayal of the Group's financial condition and results and require judgements and estimates about matters that are inherently uncertain.

(B) PRINCIPLES OF CONSOLIDATION

(I) SUBSIDIARIES

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Turners Auctions Limited (the 'Company' or 'Parent entity') as at 31 December 2008 and the results of all subsidiaries for the year then ended. Turners Auctions Limited and its subsidiaries together are referred to in these financial statements as the 'Group' or the 'consolidated entity'.

Subsidiaries are all those entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Company controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Company. They are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement (refer to note 18).

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Company.

Minority interests in the results and equity of subsidiaries are shown separately in the consolidated income statement and balance sheet respectively.

(C) SEGMENT REPORTING

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different to those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment and is subject to risks and returns that are different from those of segments operating in other economic environments.

Segment revenue is revenue that is directly attributable or can be reasonably allocated to a segment. Interest income, dividend income or gains on the sales of investments are not allocated to a segment ('Unallocated') unless that segment's operations are primarily financial.

Segment expense is expense that is directly attributable or can be reasonably allocated to a segment. Interest expense or losses on the sale of investments are Unallocated expenses unless the segment's operations are primarily financial. Income tax expense and unusual expenses are Unallocated expenses.

Segment result is segment revenue less segment expense.

(D) FOREIGN CURRENCY TRANSLATION

(I) FUNCTIONAL AND PRESENTATION CURRENCY

Items included in the financial statements of each of the Group's operations are measured using the currency of the primary economic environment in which it operates ('the functional currency'). The consolidated financial statements are presented in New Zealand dollars, which is the Company's functional and presentation currency.

(II) TRANSACTIONS AND BALANCES

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

(III) FOREIGN OPERATIONS

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each income statement are translated at average exchange rates; and
- all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of any net investment in foreign operations are taken to shareholders' equity. When a foreign operation is sold, a proportionate share of such exchange differences is recognised in the income statement as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of foreign entities are treated as assets and liabilities of the foreign entities and translated at the closing rate.

(E) REVENUE RECOGNITION

Revenue comprises the fair value for the sale of goods and services, net of Goods and Services Tax, rebates and discounts and after eliminating sales within the Group. Revenue is recognised as follows:

(I) SALES OF GOODS

Sales of goods comprise sales of motor vehicles and commercial goods owned by the Group. Sales of goods are recognised when a Group entity sells a product to the customer.

(II) SALES OF SERVICES

Sales of services comprise auction commission and other auction revenue, finance related insurance commission revenue and vehicle refurbishment revenue. Sales of services are recognised in the accounting period in which the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided.

(III) RENTAL AND SUB-LEASE RENTAL INCOME

Rental and sub-lease rentals income is recognised on a straight line basis over the lease term.

(IV) INTEREST INCOME

Interest income is recognised on a time-proportion basis using the effective interest method. The effective interest rate exactly discounts the estimated future cash payments or receipts through the expected life of the receivable. Origination fees received by the Group, related direct costs and all other fees paid or received that are an integral part of the contract are deferred and recognised as an adjustment to the effective interest rate.

(V) DIVIDEND INCOME

Dividend income is recognised when the right to receive payment is established.

(F) INCOME TAX

The income tax expense or revenue for the period is the total of the current period's taxable income based on the national income tax rate for each jurisdiction adjusted for any prior years' under/over provisions and movements in the deferred tax balance, except where the movement in deferred tax is attributable to a movement in reserves.

Movements in deferred tax are attributable to temporary differences between the tax base of assets and liabilities and their carrying amounts in the financial statements and any unused tax losses or credits. Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or loss or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only to the extent that is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the Parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

The income tax expense or revenue attributable to amounts recognised directly in equity is also recognised directly in equity. The associated current or deferred tax balances are recognised in these accounts.

(G) GOODS AND SERVICES TAX (GST)

The income statement has been prepared so that all components are stated exclusive of GST. All items in the balance sheet are stated net of GST, with the exception of receivables and payables, which include GST invoiced.

(H) LEASES

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

(I) IMPAIRMENT OF NON-FINANCIAL ASSETS

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment irrespective of whether any circumstances identifying a possible impairment have been identified. 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. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

(J) FINANCIAL INSTRUMENTS

Financial instruments comprise cash and cash equivalents, trade and other receivables, finance receivables, shares held in other entities, trade and other payables, finance payables and derivative financial instruments (forward foreign exchange contracts).

Financial assets and financial liabilities are recognised on the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument.

(I) CASH AND CASH EQUIVALENTS

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

(II) TRADE RECEIVABLES

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for doubtful debts.

Collectibility of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for doubtful receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the income statement.

(III) FINANCE RECEIVABLES

Finance receivables are initially measured at fair value less any attributable transaction costs. Subsequent to initial recognition, finance receivables are stated at amortised cost using the effective interest method less any provision for impairment. Finance receivables are recognised when the cash is advanced on behalf of the borrowers and are derecognised when the Group's rights to receive cash flows have contractually expired.

A provision for impairment of finance receivables is established on a counterparty basis when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the income statement.

(IV) FINANCIAL ASSETS

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

(A) Financial assets at fair value through profit or loss

This category has two sub-categories: financial assets held for trading, and those designated at fair value through profit or loss on initial recognition. Derivatives are categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within 12 months of the balance sheet date.

(B) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of selling the receivable. They are included in current assets, except for those with maturities greater than 12 months after the balance sheet date which are classified as non-current assets. Loans and receivables are included in trade and other receivables in the balance sheet.

(C) Available-for-sale financial assets

Available-for-sale financial assets, comprising principally equity securities, are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date.

Purchases and sales of investments are recognised on trade-date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Available-for-sale financial assets and financial assets at fair value through profit and loss are subsequently carried at fair value. Loans and receivables are carried at amortised cost using the effective interest method. Realised and unrealised gains and losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are included in the income statement in the period in which they arise. Unrealised gains and losses arising from changes in the fair value of non monetary securities classified as available-for-sale are recognised in equity in the available-for-sale investments revaluation reserve. When securities classified as available-for-sale are sold, the accumulated fair value adjustments are included in the income statement as gains and losses from investment securities.

The Group establishes fair value by using valuation techniques. These include reference to the fair values of recent arm's length transactions, involving the same instruments or other instruments that are substantially the same and discounted cash flow analysis.

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

(V) TRADE AND OTHER PAYABLES

These amounts represent liabilities for goods and services provided to the Group prior to the end of the year which are unpaid. The amounts are unsecured. Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

(VI) BORROWINGS

Borrowings are initially recognised at fair value, plus transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (plus transaction costs) and the redemption amount is recognised in the income statement over the period of the borrowings using the effective interest method. Arrangement fees are amortised over the term of the loan facility. Other borrowing costs are expensed when incurred.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

(VII) DERIVATIVES

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

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

(A) Fair value hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the income statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

(B) Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in equity in the hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in the income statement.

Amounts accumulated in equity are recycled in the income statement in the periods when the hedged item will affect profit or loss (for instance when the forecast sale that is hedged takes place). However, when the forecast transaction that is hedged results in the recognition of a non-financial asset (for example, inventory) or a non-financial liability, the gains and losses previously deferred in equity are transferred from equity and included in the measurement of the initial cost or carrying amount of the asset or liability.

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

(C) Derivatives that do not qualify for hedge accounting

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in the income statement.

(K) FAIR VALUE ESTIMATION

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date. Techniques, such as estimated discounted cash flows, are used to determine fair value for financial instruments. The fair value of forward exchange contracts is determined using forward exchange market rates at the balance sheet date.

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

(L) INVENTORIES

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

(M) PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, 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 are charged to the income statement during the financial period in which they are incurred.

Depreciation on property, plant and equipment is calculated using the straight line method to allocate its cost, net of its residual value, over its estimated useful life, as follows:

Leasehold improvements	over the life of the lease
Computer equipment	3-5 years
Motor vehicles, plant and equipment	3-7 years
Furniture and fittings, office equipment	5-12 years
Signs and flags	13 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement.

(N) INTANGIBLE ASSETS

(I) COMPUTER SOFTWARE

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised on a straight line basis over their estimated useful lives (one to three years).

Costs associated with developing or maintaining computer software programmes are recognised as an expense as incurred. Costs that are directly associated with the production of identifiable and unique software products controlled by the Group, and that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. Direct costs include the software development employee costs and an appropriate portion of relevant overheads.

Computer software development costs recognised as assets are amortised on a straight line basis over their estimated useful lives (not exceeding five years).

(O) PROVISIONS

Provisions are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

P) EMPLOYEE BENEFITS

(I) WAGES AND SALARIES, ANNUAL LEAVE AND SICK LEAVE

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

(II) LONG SERVICE LEAVE

The liability for long service leave is recognised in the provision for employee benefits and measured as 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 expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

(III) RETIREMENT BENEFIT OBLIGATIONS

The Group pays contributions to a multi employer superannuation plan. The plan is a defined contribution plan as it receives fixed contributions from the Group and the Group's legal or constructive obligation is limited to these contributions.

Contributions are recognised as employee benefit expenses in respect of employee's services up to the reporting date.

(IV) SHARE-BASED PAYMENTS

(A) For share options granted after 7 November 2002

The Group operates an equity-settled, share-based compensation plan. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions (for example, service conditions). Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each balance sheet date, the entity revises its estimates of the number of options that are expected to become exercisable. It recognises the impact of the revision of original estimates, if any, in the income statement, and a corresponding adjustment to equity over the remaining vesting period.

The fair value at grant date is independently determined using a Binomial options pricing model that takes into account the exercise price, the term and marketability of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

The proceeds received net of any directly attributable transaction costs are credited to share capital when the options are exercised.

(B) For equity-settled share-based payments

The Group operates a cash settled, share-based compensation plan. The employee services and a liability to pay for those services are recognised as the employees render service. The services and the liability are measured at the fair value of the liability. The fair value of the liability is remeasured at each reporting date and at the date of settlement. Any changes in fair value are recognised in the income statement.

(V) 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 a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

(Q) CONTRIBUTED EQUITY

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

(R) EARNINGS PER SHARE

(I) BASIC EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company, by the weighted average number of ordinary shares outstanding during the year.

(II) DILUTED EARNINGS PER SHARE

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

(S) STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED STANDARDS THAT ARE NOT YET EFFECTIVE

Certain new standards, amendments and interpretations to existing standards have been published that are mandatory for the Group's accounting periods beginning on or after 1 January 2009 or later periods but which the Group has not early adopted. The following new standards are applicable to the Group:

- NZ IAS 1 (Amendment), Presentation of Financial Statements (effective from annual periods beginning on or after 1 January 2009). The amendment affects the presentation of owner changes in equity and of comprehensive income. The Group will apply the amendment from 1 January 2009. Recognised income and expenses will be presented seperately from changes in equity due to transactions with equity holders.
- NZ IFRS 8, Operating Segments (effective from annual periods beginning on or after 1 January 2009). NZ IFRS 8 specifies how an entity should report information about its operating segments. It also sets out requirements for related disclosures about products and services, geographical areas and major customers. The impact of the standard will be that information reported about operating segments will be more closely aligned with the Group's internal reporting. The Group will apply the standard from 1 January 2009.

(T) INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES

Investment in subsidiaries and associates in Parent financial statements are stated at cost less impairment.

3 FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: market risk (including currency risk and fair value interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses derivative financial instruments such as foreign exchange contracts to hedge certain risk exposures. The Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate and foreign exchange risks and aging analysis for credit risk.

Risk management is carried out by Management under policies approved by the Board of Directors. The Board provides principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, and the use of derivative financial instruments and non-derivative financial instruments.

(A) MARKET RISK

(I) FOREIGN EXCHANGE RISK

The Group is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Japanese yen.

Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities that are denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.

The Group's risk management policy is to hedge 100% of anticipated cash flows (mainly purchases of inventory) in Japanese yen when the commitment is made. All projected purchases qualify as ''highly probable'' forecast transactions for hedge accounting purposes.

At 31 December 2008, had the New Zealand dollar weakened/strengthened by 10% against the Japanese yen (2007: the Japanese yen and the British pound) with all other variables held constant, equity would have been $33,000 higher/$25,000 lower (2007: $5,000 lower/$4,000 higher), arising mainly from foreign forward exchange contracts designated as cash flow hedges and translation of related Japanese yen denominated trade payables. Post-tax profit for the year would have been unaffected (2007: $5,000 lower/$6,000 higher arising from the translation of British pound denominated trade payables).

(II) CASH FLOW AND FAIR VALUE INTEREST RATE RISK

The Group's main interest rate risk arises from cash holdings and finance receivables and payables. Financial instruments issued at fixed rates expose the Group to fair value interest rate risk.

The Group borrows at fixed rates to fund finance receivables. The terms and the amounts of the finance payables are matched to each corresponding finance receivable, eliminating the cash flow interest rate risk on these financial instruments.

The interest rates of the Parent's interest bearing liabilities comprising loans from subsidiaries and the loans to subsidiaries (included in the Parent's trade and other receivables) are fixed for 12 months.

At 31 December 2008, if interest rates had changed by -/+1% from the year-end rates with all other variables held constant, post-tax profit for the year would have been $79,000 lower/higher (2007: $30,000 lower/higher), mainly as a result of lower/higher interest income from cash and cash equivalents. Equity would have been $73,000 lower/higher (2007: $24,000 lower/$25,000 higher) mainly as a result of lower/higher interest income from cash and cash equivalents and the effect of the movement in the interest rate differential between currencies used to value foreign forward exchange contracts designated as cash flow hedges.

(III) SUMMARISED SENSITIVITY ANALYSIS

The following table summarises the sensitivity of the Group's financial assets and financial liabilities to interest rate risk and foreign exchange risk.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2008

		INTEREST RATE RISK				FOREIGN EXCHANGE RISK			
		-1%		+1%		-10%		+10%	
	CARRYING AMOUNT $'000	PROFIT $'000	EQUITY $'000	PROFIT $'000	EQUITY $'000	PROFIT $'000	EQUITY $'000	PROFIT $'000	EQUITY $'000
CONSOLIDATED: 31 DECEMBER 2008									
FINANCIAL ASSETS									
CASH AND CASH EQUIVALENTS	11,307	(79)	(79)	79	79	-	-	-	-
DERIVATIVES - CASH FLOW HEDGES	10	-	6	-	(6)	-	36	-	(29)
TRADE AND OTHER RECEIVABLES	4,196	-	-	-	-	-	-	-	-
FINANCE RECEIVABLES	13,690	-	-	-	-	-	-	-	-
AVAILABLE-FOR-SALE FINANCIAL ASSETS	10	-	-	-	-	-	-	-	-
FINANCIAL LIABILITIES									
TRADE AND OTHER PAYABLES	7,916	-	-	-	-	-	(3)	-	4
FINANCE PAYABLES	13,962	-	-	-	-	-	-	-	-
TOTAL INCREASE/ (DECREASE)		**(79)**	**(73)**	**79**	**73**	**-**	**33**	**-**	**(25)**
CONSOLIDATED: 31 DECEMBER 2007									
FINANCIAL ASSETS									
CASH AND CASH EQUIVALENTS	4,545	(30)	(30)	30	30	-	-	-	-
TRADE AND OTHER RECEIVABLES	4,845	-	-	-	-	-	-	-	-
FINANCE RECEIVABLES	11,450	-	-	-	-	-	-	-	-
AVAILABLE-FOR-SALE ASSETS	12	-	-	-	-	-	-	-	-
FINANCIAL LIABILITIES									
DERIVATIVES - CASH FLOW HEDGES	16	-	6	-	(5)	-	51	-	(42)
TRADE AND OTHER PAYABLES	7,411	-	-	-	-	(6)	(56)	5	46
FINANCE PAYABLES	11,695	-	-	-	-	-	-	-	-
TOTAL INCREASE/ (DECREASE)		**(30)**	**(24)**	**30**	**25**	**(6)**	**(5)**	**5**	**4**
PARENT: 31 DECEMBER 2008									
FINANCIAL ASSETS									
CASH AND CASH EQUIVALENTS	9,810	(68)	(68)	68	68	-	-	-	-
TRADE AND OTHER RECEIVABLES	7,976	-	-	-	-	-	-	-	-
FINANCIAL LIABILITIES									
TRADE AND OTHER PAYABLES	6,581	-	-	-	-	-	-	-	-
INTEREST BEARING LIABILITIES	711	-	-	-	-	-	-	-	-
TOTAL INCREASE/ (DECREASE)		**(68)**	**(68)**	**68**	**68**	**-**	**-**	**-**	**-**
PARENT: 31 DECEMBER 2007									
FINANCIAL ASSETS									
CASH AND CASH EQUIVALENTS	3,076	(21)	(21)	21	21	-	-	-	-
TRADE AND OTHER RECEIVABLES	12,753	-	-	-	-	-	-	-	-
FINANCIAL LIABILITIES									
TRADE AND OTHER PAYABLES	5,613	-	-	-	-	-	-	-	-
INTEREST BEARING LIABILITIES	872	-	-	-	-	-	-	-	-
TOTAL INCREASE/ (DECREASE)		**(21)**	**(21)**	**21**	**21**	**-**	**-**	**-**	**-**

(B) CREDIT RISK

Credit risk is managed on a Group basis. Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions as well as credit exposures to trade and public customers, including outstanding trade receivables and consumer finance receivables. Only major banks and financial institutions are accepted for bank deposits or derivative financial instruments. 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 utilisation 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. The Group performs credit evaluations on all consumer finance customers and all consumer finance receivables are secured by a chattel security over motor vehicles.

(C) LIQUIDITY RISK

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close-out market positions. Due to the dynamic nature of the underlying businesses, management aims at maintaining flexibility in funding by keeping committed credit lines available.

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 the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	CALL $'000	LESS THAN 3 MONTHS $'000	BETWEEN 3 & 12 MONTHS $'000	BETWEEN 1 & 2 YEARS $'000	BETWEEN 2 & 5 YEARS $'000	TOTAL $'000
CONSOLIDATED: 31 DECEMBER 2008						
FINANCIAL LIABILITIES						
DERIVATIVES - CASH FLOW HEDGES	-	409	-	-	-	409
TRADE AND OTHER PAYABLES	-	7,916	-	-	-	7,916
FINANCE PAYABLES	-	2,278	5,819	5,379	2,592	16,068
	-	**10,603**	**5,819**	**5,379**	**2,592**	**24,393**
PARENT: 31 DECEMBER 2008						
FINANCIAL LIABILITIES						
TRADE AND OTHER PAYABLES	-	6,582	-	-	-	6,582
LOAN FROM RELATED PARTIES	711	-	-	-	-	711
	711	**6,582**	-	-	-	**7,293**
CONSOLIDATED: 31 DECEMBER 2007						
FINANCIAL LIABILITIES						
DERIVATIVES - CASH FLOW HEDGES	-	670	-	-	-	670
TRADE AND OTHER PAYABLES	-	7,411	-	-	-	7,411
FINANCE PAYABLES	-	1,582	4,949	4,481	1,899	12,911
	-	**9,663**	**4,949**	**4,481**	**1,899**	**20,992**
PARENT: 31 DECEMBER 2007						
FINANCIAL LIABILITIES						
TRADE AND OTHER PAYABLES	-	5,613	-	-	-	5,613
LOAN FROM RELATED PARTIES	872	-	-	-	-	872
	872	**5,613**	-	-	-	**6,485**

(D) FAIR VALUE ESTIMATION

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques. The fair value of forward exchange contracts is determined using forward exchange market rates at the balance sheet date.

The carrying value less impairment provision of trade receivables (note 11(e)) and payables is a reasonable approximation of their fair values due to the short-term nature of trade receivables. The fair value of financial receivables (note 12(b)) and payables (note 21(c)) for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

4 SEGMENT INFORMATION

(A) DESCRIPTION OF SEGMENTS

BUSINESS SEGMENTS

The Group is organised into three main business segments and other operations.

Auctions

Remarketing of motor vehicles and commercial goods.

Fleet

Purchase of motor vehicles and commercial goods for resale.

Finance

Provision of motor vehicle finance.

Other

Includes remarketing of trucks and heavy machinery. These activities do not constitute a seperately reportable segment.

GEOGRAPHICAL SEGMENTS

The Group operated in two main geographical areas during 2007 and 2008: New Zealand and Australia.

(B) PRIMARY REPORTING FORMAT - BUSINESS SEGMENTS

	AUCTIONS	FLEET	FINANCE	OTHER	TOTAL CONTINUING OPERATIONS	INTER-SEGMENT ELIIMINATIONS UNALLOCATED	CONSOLIDATED
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
31 DECEMBER 2008							
SALES TO EXTERNAL CUSTOMERS	36,312	36,500	3,393	759	76,972	767	77,731
INTER-SEGMENT SALES (NOTE (D)(II))	2,459	-	(347)	-	2,112	(2,112)	-
SEGMENT REVENUE	**38,771**	**36,500**	**3,046**	**759**	**79,084**	**(1,345)**	**77,731**
CONSOLIDATED REVENUE							**77,731**
SEGMENT CONTRIBUTION	(2,319)	2,122	532	(31)	750	753	1,057
INTER-SEGMENT REVENUE LESS INTER-SEGMENT EXPENSES	2,459	(2,111)	(347)	-	1	(1)	-
SEGMENT RESULT	**140**	**11**	**185**	**(31)**	**751**	**752**	**1,057**
FRAUD RECOVERY							446
INCOME TAX EXPENSE FROM CONTINUING OPERATIONS							(436)
PROFIT FROM CONTINUING OPERATIONS							**1,067**
SEGMENT ASSETS	8,971	6,322	15,199	262	30,754	10,920	41,674
SEGMENT LIABILITIES	6,768	999	14,224	514	22,505	(349)	22,156
PLANT, PROPERTY, AND EQUIPMENT AND INTANGIBLES ACQUIRED	765	60	2	20	847	-	847
DEPRECIATION AND AMORTISATION EXPENSE	2,369	24	4	21	2,418	-	2,418
SUPPLEMENTARY INFORMATION - TRANSACTIONS WITH EXTERNAL CUSTOMERS							
COMMISSION AND OTHER AUCTION REVENUE	38,239	-	182	500	38,921	(2,459)	36,462
SALE OF GOODS	-	36,500	-	-	36,500	-	36,500
GOODS SOLD OUT OF INVENTORIES EXPENSE	-	(32,946)	-	-	(32,946)	-	(32,946)

	AUCTIONS $'000	FLEET $'000	FINANCE $'000	OTHER $'000	TOTAL CONTINUING OPERATIONS $'000	DISCONTINUED OPERATIONS (NOTE 9) $'000	INTER-SEGMENT ELIIMINATIONS /UNALLOCATED $'000	CONSOLIDATED $'000
31 DECEMBER 2007								
SALES TO EXTERNAL CUSTOMERS	37,114	44,053	2,708	708	84,583	1,433	657	86,673
INTER-SEGMENT SALES (NOTE (D)(II))	1,925	-	(292)	-	1,633	102	(1,735)	-
SEGMENT REVENUE	**39,039**	**44,053**	**2,416**	**708**	**86,216**	**1,535**	**(1,078)**	**86,673**
EXTERNAL REVENUE FROM DISCONTINUED OPERATIONS								(1,433)
CONSOLIDATED REVENUE								**85,240**
SEGMENT CONTRIBUTION	393	3,429	489	(10)	4,301	(446)	647	4,502
INTER-SEGMENT REVENUE LESS INTER-SEGMENT EXPENSES	1,823	(1,632)	(292)	-	(101)	103	(2)	-
SEGMENT RESULT	**2,216**	**1,797**	**197**	**(10)**	**4,200**	**(343)**	**645**	**4,502**
LOSS FROM DISCONTINUED OPERATIONS								446
FRAUD EXPENSE								(972)
INCOME TAX EXPENSE FROM CONTINUING OPERATIONS								(1,256)
PROFIT FROM CONTINUING OPERATIONS								**2,720**
SEGMENT ASSETS	11,767	11,662	12,726	259	36,414	-	3,769	40,183
SEGMENT LIABILITIES	6,201	2,077	11,825	272	20,375	-	(568)	19,807
PLANT, PROPERTY, AND EQUIPMENT AND INTANGIBLES ACQUIRED	1,034	100	4	42	1,180	31	-	1,211
DEPRECIATION AND AMORTISATION EXPENSE	2,607	90	5	16	2,718	98	-	2,816
SUPPLEMENTARY INFORMATION - TRANSACTIONS WITH EXTERNAL CUSTOMERS								
COMMISSION AND OTHER AUCTION REVENUE	36,738	-	85	434	37,257	-	-	37,257
SALE OF GOODS	-	44,053	-	-	44,053	-	-	44,053
GOODS SOLD OUT OF INVENTORIES EXPENSE	-	(39,119)	-	-	(39,119)	-	-	(39,119)

(C) SECONDARY REPORTING FORMAT - GEOGRAPHICAL SEGMENTS

	SEGMENT REVENUES FROM SALES TO EXTERNAL CUSTOMERS		SEGMENT ASSETS		PLANT, PROPERTY AND EQUIPMENT INTANGIBLES ACQUIRED	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000	2008 $'000	2007 $'000
NEW ZEALAND	77,731	86,619	41,674	40,183	847	1,211
AUSTRALIA	-	54	-	-	-	-
	77,731	**86,673**	**41,674**	**40,183**	**847**	**1,211**

(D) NOTES TO AND FORMING PART OF THE SEGMENT INFORMATION

(I) ACCOUNTING POLICIES

Segment information is prepared in conformity with the accounting policies of the entity as disclosed in note 2 and accounting standard NZ IAS 14 Segment Reporting.

Segment revenues, expenses, assets and liabilities are those that are directly attributable to a segment and the relevant portion that can be allocated to the segment on a reasonable basis. Segment assets include all assets used by a segment and consist primarily of operating cash, receivables, inventories, property, plant and equipment and goodwill and other intangible assets, net of related provisions. While most of these assets can be directly attributable to individual segments, the carrying amounts of certain assets used jointly by segments are allocated based on reasonable estimates of usage. Segment liabilities consist primarily of trade and other creditors, employee benefits and provision for service warranties. Segment assets and liabilities do not include income taxes.

(II) INTER-SEGMENT TRANSFERS

Segment revenues, expenses and results include transfers between segments. Such transfers are priced on an ''arm's-length'' basis and are eliminated on consolidation.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2008

5. REVENUE

	CONSOLIDATED		PARENT	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
SALES OF SERVICES				
COMMISSION AND OTHER AUCTION REVENUE	36,462	37,257	38,239	38,662
FINANCE RELATED INSURANCE COMMISSION	723	583	-	-
OTHER SERVICES REVENUE	322	349	-	-
SALE OF GOODS	36,500	44,053	-	-
RENTS AND SUB-LEASE RENTALS	540	377	540	377
INTEREST	3,184	2,621	1,443	1,111
	77,731	**85,240**	**40,222**	**40,150**

6. OTHER INCOME

	CONSOLIDATED 2008	CONSOLIDATED 2007	PARENT 2008	PARENT 2007
NET GAIN ON DISPOSAL OF PROPERTY, PLANT AND EQUIPMENT	15	46	13	42
DIVIDENDS	8	-	8	-
	23	**46**	**21**	**42**

7. EXPENSES

PROFIT BEFORE INCOME TAX INCLUDES THE FOLLOWING SPECIFIC EXPENSES:

	CONSOLIDATED 2008	CONSOLIDATED 2007	PARENT 2008	PARENT 2007
DEPRECIATION				
PLANT AND EQUIPMENT, MOTOR VEHICLES	275	278	250	255
LEASEHOLD IMPROVEMENTS	334	313	328	308
COMPUTER EQUIPMENT	213	388	203	379
FURNITURE AND FITTINGS, OFFICE EQUIPMENT	158	201	154	195
SIGNS AND FLAGS	199	173	195	167
TOTAL DEPRECIATION (NOTE 16)	**1,179**	**1,352**	**1,130**	**1,304**
AMORTISATION OF SOFTWARE (NOTE 18)	1,239	1,366	1,238	1,303
WRITEDOWN OF INVESTMENTS TO RECOVERABLE AMOUNT	-	-	(42)	365
INTEREST AND FINANCE CHARGES PAID/PAYABLE	1,204	909	10	9
NET LOSS ON DISPOSAL OF PROPERTY, PLANT AND EQUIPMENT	22	51	21	46
RENTAL EXPENSE RELATING TO OPERATING LEASES				
MINIMUM LEASE PAYMENTS	7,762	7,528	7,366	7,160
DEFINED CONTRIBUTION SUPERANNUATION EXPENSE	273	274	253	256
SHARE-BASED PAYMENTS				
EQUITY-SETTLED SHARE-BASED PAYMENTS EXPENSE	29	13	29	13
COMPENSATION RECEIVED FOR IMPAIRED PROPERTY, PLANT AND EQUIPMENT	(49)	(139)	(49)	(139)

8. INCOME TAX EXPENSE

	CONSOLIDATED		PARENT	
	2008 $'000	**2007** $'000	**2008** $'000	**2007** $'000
(A) INCOME TAX EXPENSE				
CURRENT TAX	694	1,576	867	1,162
DEFERRED TAX	(214)	(129)	(238)	(125)
UNDER (OVER) PROVIDED IN PRIOR YEARS	(44)	(265)	(234)	(350)
	436	**1,182**	**395**	**687**
INCOME TAX EXPENSE IS ATTRIBUTABLE TO:				
PROFIT FROM CONTINUING OPERATIONS	436	1,256	395	687
PROFIT FROM DISCONTINUED OPERATIONS(NOTE 9)	-	(74)	-	-
AGGREGATE INCOME TAX EXPENSE	**436**	**1,182**	**395**	**687**
DEFERRED INCOME TAX (REVENUE) EXPENSE INCLUDED IN INCOME TAX EXPENSE COMPRISES:				
DECREASE (INCREASE) IN DEFERRED TAX ASSETS (NOTE 17)	(214)	(129)	(215)	-
(DECREASE) INCREASE IN DEFERRED TAX LIABILITIES (NOTE 17)	-	-	(23)	(125)
	(214)	(129)	(238)	(125)
(B) NUMERICAL RECONCILIATION OF INCOME TAX EXPENSE TO PRIMA FACIE TAX PAYABLE				
PROFIT FROM CONTINUING OPERATIONS BEFORE INCOME TAX EXPENSE	1,503	3,976	1,500	1,527
PROFIT FROM DISCONTINUED OPERATIONS BEFORE INCOME TAX EXPENSE (NOTE 9)	-	(520)	-	-
	1,503	**3,456**	**1,500**	**1,527**
TAX AT THE NEW ZEALAND TAX RATE OF 30% (2007 33%)	451	1,141	450	504
TAX EFFECT OF A CHANGE IN TAX RATES	-	26	-	(2)
TAX EFFECT OF AMOUNTS WHICH ARE NOT DEDUCTIBLE (TAXABLE) IN CALCULATING TAXABLE INCOME:	29	252	185	557
UNDER (OVER) PROVISION IN PRIOR YEARS	(44)	(237)	(240)	(372)
INCOME TAX EXPENSE	**436**	**1,182**	**395**	**687**
(C) AMOUNTS RECOGNISED DIRECTLY IN EQUITY				
NET DEFERRED TAX DEBITED (CREDITED) DIRECTLY TO EQUITY (NOTES 17 AND 26)	(8)	2	-	-
(D) UNRECOGNISED DEFERRED TAX BALANCES				
UNUSED TAX LOSSES FOR WHICH NO DEFERRED TAX BENEFIT HAS BEEN RECOGNISED	823	823	-	-

Turners Auto Auctions has tax losses available of $823,000 (2007: $823,000) which it is unlikely to utilise in the future. These are not recognised as deferred tax balances in the financial statements.

9. DISCONTINUED OPERATIONS

(A) DESCRIPTION

Turners Technology Solutions Ltd sold its 51% interest in Turners Netresult Ltd and its 46% interest in Turners Netresult's subsidiary Turners Net Result Australia Ltd on 31 August 2007. The disposal of these subsidiaries gave rise to a gain of $99,000 to the Group. Excluding this gain, Turners Netresult Ltd and Turners Net Result Australia Ltd contributed $81,000 to the Group loss from discontinued operations after tax in the eight months to 31 August 2007.

Turners Smart Autocentre Ltd sold its business in the form of its plant, equipment, inventory and customer list on 31 December 2007. Turners Smart Autocentre Ltd also agreed to sublease its premises to the purchaser. The disposal of this subsidiary gave rise to a loss of $158,000 to the Group. Excluding this loss, Turners Smart Autocentre Ltd contributed $310,000 to the Group loss from discontinued operations after tax in the year to 31 December 2007.

Turners Auto Auctions Inc, the holding company of Ehli Auctions Inc and Able Auctions Inc contributed an $8,000 gain to the Group loss from discontinued operations after tax in the year to 31 December 2007. Turners International Holdings Ltd contributed $4,000 for further costs relating to the winding up of Turners Premier UK Ltd.

Financial information relating to the discontinued operations is set out below. Further information is set out in note 4 - segment information.

	CONSOLIDATED		PARENT	
	2008 $'000	**2007** $'000	**2008** $'000	**2007** $'000
(B) FINANCIAL PERFORMANCE AND CASHFLOW INFORMATION				
REVENUE	-	1,433	-	-
EXPENSES	-	(1,894)	-	-
LOSS BEFORE INCOME TAX	-	(461)	-	-
INCOME TAX CREDIT (NOTE 8)	-	74	-	-
LOSS AFTER INCOME TAX OF DISCONTINUED OPERATIONS	-	(387)	-	-
LOSS ON SALE AND DISPOSAL OF THE OPERATIONS BEFORE INCOME TAX	-	(59)	-	-
INCOME TAX EXPENSE	-	-	-	-
LOSS ON SALE AND DISPOSAL OF THE OPERATIONS AFTER INCOME TAX	-	(59)	-	-
LOSS FROM DISCONTINUED OPERATIONS AFTER TAX	-	**(446)**	-	-
CASH FLOW:				
NET CASH INFLOW (OUTFLOW) FROM ORDINARY ACTIVITIES	-	170	-	-
NET CASH INFLOW (OUTFLOW) FROM INVESTING ACTIVITIES (INCLUDES CASH FLOWS FROM THE SALE OF OPERATIONS)	-	30	-	-
NET INCREASE IN CASH GENERATED BY THE DIVISION	-	**200**	-	-
(C) DETAILS OF THE SALES OF OPERATIONS				
CONSIDERATION RECEIVED OR RECEIVABLE:				
CASH	-	390	-	-
TOTAL DISPOSAL CONSIDERATION	-	390	-	-
BANK BALANCES	-	140	-	-
NET CURRENT ASSETS	-	(2)	-	-
PROPERTY, PLANT AND EQUIPMENT AND SOFTWARE	-	340	-	-
NET ASSETS SOLD	-	478	-	-
MINORITY INTEREST	-	(33)	-	-
FOREIGN CURRENCY TRANSLATION RESERVE	-	4	-	-
CARRYING AMOUNT OF NET ASSETS SOLD ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT	-	449	-	-
LOSS ON SALE BEFORE INCOME TAX	-	(59)	-	-
INCOME TAX EXPENSE	-	-	-	-
LOSS ON SALE AFTER INCOME TAX	-	**(59)**	-	-

10. CURRENT ASSETS – CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash at bank and in hand.

The Company has an agreement with ASB Bank Limited to provide an overdraft facility of $1,000,000 for a one year term. To date the Company has not drawn down any part of this facility. The facility is secured by a negative pledge over the total tangible assets of the Charging Group (the Parent and 100% owned subsidiaries excluding Turners Finance Ltd) restricting any other party from creating a security over more than 10% of the Charging Group assets.

In addition, security has been given over the assets of Turners Finance Limited, including cash (note 21(a)).

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

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

11. CURRENT ASSETS – TRADE AND OTHER RECEIVEABLES

	CONSOLIDATED		PARENT	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
NET TRADE RECEIVABLES	3,590	4,198	3,354	3,910
TRADING RECEIVABLES FROM SUBSIDIAIRIES	-	-	71	130
LOANS TO SUBSIDIARIES	-	-	4,238	8,237
OTHER RECEIVABLES	606	647	313	476
	4,196	**4,845**	**7,976**	**12,753**

Further information relating to trading receivables from subsidiaries and loans to subsidiaries is set out in note 32.

The status of trade receivables receivables is summarised as follows:

NEITHER PAST DUE NOR IMPAIRED	1,113	919	1,168	799
PAST DUE BUT NOT IMPAIRED	2,475	3,279	2,184	3,111
IMPAIRED	61	74	47	63
GROSS	3,649	4,272	3,399	3,973
LESS				
PROVISION FOR IMPAIRMENT OF RECEIVABLES	59	74	45	63
NET TRADE RECEIVABLES	**3,590**	**4,198**	**3,354**	**3,910**

(A) IMPAIRED TRADE 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 classed as impaired. As at 31 December 2008 current trade receivables of the Group with a nominal value of $61,000 (2007: $74,000) were impaired. The amount of the provision was $59,000 (2007: $74,000). The impaired receivables mainly relate to customers who are in financial difficulty or dispute. It was assessed that a portion (2007: none) of the receivables is expected to be recovered. There were $47,000 (2007:$63,000) impaired trade receivables for the Parent. The amount of the provision in the Parent was $45,000 (2007: $63,000).

The age of the impaired receivables is as follows:

DAYS OVERDUE				
1 TO 7 DAYS	-	-	-	-
15 TO 31 DAYS	-	8	-	8
32 TO 62 DAYS	2	-	2	-
OVER 62 DAYS	59	66	45	55
	61	**74**	**47**	**63**

As of 31 December 2008, trade receivables of $2,475,000 (2007: $3,279,000) were past due but not impaired. These relate to a number of customers for whom there is no evidence of financial difficulty. The age analysis of these trade receivables is as follows:

	CONSOLIDATED		PARENT	
	2008 $'000	**2007** $'000	**2008** $'000	**2007** $'000
DAYS OVERDUE				
1 TO 7 DAYS	1,201	1,570	1,101	1,539
8 TO 14 DAYS	756	857	677	812
15 TO 31 DAYS	347	310	291	267
32 TO 62 DAYS	91	226	70	199
OVER 62 DAYS	80	316	45	294
	2,475	**3,279**	**2,184**	**3,111**

Movements in the provision for impairment of receivables are as follows:

	CONSOLIDATED 2008	CONSOLIDATED 2007	PARENT 2008	PARENT 2007
BALANCE AT 1 JANUARY	74	120	63	79
PROVISION FOR DOUBTFUL DEBT RECOGNISED DURING THE YEAR	46	128	39	65
MOVEMENT IN PROVISION RELATED TO SALES CREDITS	(19)	(42)	(18)	(42)
RECEIVABLES WRITTEN OFF DURING THE YEAR AS UNCOLLECTIBLE	(42)	(130)	(39)	(39)
SUBSIDIARY SOLD	-	(2)	-	-
BALANCE AT 31 DECEMBER	**59**	**74**	**45**	**63**

The creation and release of the provision for impaired receivables has been included in 'other expenses' in the income statement. Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.

The other classes within trade and other receivables do not contain impaired assets and are not past due. Based on the credit history of these other classes, it is expected that these amounts will be received when due.

(B) BAD AND DOUBTFUL TRADE RECEIVABLES

The Group has recognised a loss of $46,000 (2007: $35,000) in respect of bad and doubtful trade receivables during the year ended 31 December 2008. The Parent has recognised a loss of $39,000 (2007: $65,000). There was no gain or loss from discontinued operations (2007: gain of $27,000) during the year ended 31 December 2008. The remainder of the loss has been included in 'other expenses' in the income statement.

(C) OTHER RECEIVABLES

Other receivables include an amount of $198,000 (2007: $Nil) held by Motor Trade Finances Ltd to be converted to shares in that company as part of a capital reorganisation. The shares were issued in January 2009.

Other receivables include finance receivables where payments have fallen 70 or more days overdue without arrangements having been made to recover the overdue payments valued on the basis of the assets in possession of the Group (note 12(a)).

These finance receivables have a carrying value of $Nil (2007: $11,000). This represents a gross debt of $194,000 (2007: $341,000) and an allowance for impairment of $194,000 (2007: $330,000).

The table below shows a reconciliation of the movements in the allowance for impairment other receivables.

ALLOWANCE FOR IMPAIRMENT	CONSOLIDATED 2008	CONSOLIDATED 2007	PARENT 2008	PARENT 2007
BALANCE AT 1 JANUARY	330	267	-	-
TRANSFER FROM ALLOWANCE FOR IMPAIRMENT - FINANCE RECEIVABLES (NOTE 12(A))	140	177	-	-
ALLOWANCE FOR IMPAIRMENT RECOGNISED DURING THE YEAR	(20)	(7)	-	-
RECEIVABLES WRITTEN OFF DURING THE YEAR	(256)	(107)	-	-
BALANCE AT 31 DECEMBER	**194**	**330**	-	-

(D) FOREIGN EXCHANGE AND INTEREST RATE RISK

A summarised analysis of the sensitivity of trade and other receivables to foreign exchange and interest rate risk can be found in note 3.

(E) FAIR VALUE AND CREDIT RISK

Due to the short-term nature of these receivables, their carrying value is assumed to approximate their fair value.

Credit risk is concentrated entirely within New Zealand and predominately within the motor trade sector.

Finance receivables where payments have fallen 70 or more days overdue shown in other receivables are valued based on the the assets in possession of the Group. The Group does not hold any collateral for any other trade or other receivables.

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivables mentioned above. Refer to note 3 for more information on the risk management policy of the Group.

12. FINANCE RECEIVABLES

	CONSOLIDATED		PARENT	
	2008 $'000	**2007** $'000	**2008** $'000	**2007** $'000
CURRENT	6,414	5,616	-	-
NON-CURRENT	7,276	5,834	-	-
	13,690	**11,450**	-	-

(A) IMPAIRED FINANCE RECEIVABLES

If payments from a finance receivable customer fall 3 or more days overdue, the receivable is classified as impaired.

If payments fall 70 or more days overdue without arrangements having been made to recover the overdue payments then the finance receivable is valued on the basis of assets in possession of the Group. The carrying value of the receivable is then transferred to other receivables (note 11(c)).

Finance receivables are summarised as follows:

	CONSOLIDATED 2008 $'000	CONSOLIDATED 2007 $'000	PARENT 2008 $'000	PARENT 2007 $'000
NEITHER PAST DUE NOR IMPAIRED	13,355	11,159	-	-
IMPAIRED	377	342	-	-
GROSS	**13,732**	**11,501**	-	-
LESS:				
ALLOWANCE FOR IMPAIRMENT	42	51	-	-
NET	**13,690**	**11,450**	-	-

The table below shows a reconciliation of the movements in the allowance for impairment - finance receivables.

	CONSOLIDATED		PARENT	
	2008	2007	2008	2007
ALLOWANCE FOR IMPAIRMENT	$'000	$'000	$'000	$'000
BALANCE AT 1 JANUARY	51	74	-	-
ALLOWANCE FOR IMPAIRMENT RECOGNISED DURING THE YEAR	131	154	-	-
TRANSFER TO ALLOWANCE FOR IMPAIRMENT OTHER RECEIVABLES (NOTE 11(C))	(140)	(177)	-	-
BALANCE AT 31 DECEMBER	**42**	**51**	-	-

The age of the impaired finance receivables is as follows:

DAYS OVERDUE				
3 TO 11 DAYS	166	113	-	-
12 TO 70 DAYS	201	201	-	-
OVER 70 DAYS	10	28	-	-
	377	**342**	-	-

The Group has recognised a loss of $110,000 (2007: $145,000) in respect of the provision for and write off of impaired finance receivables during the year ended 31 December 2008. The loss has been included in 'other expenses' in the income statement.

(B) FAIR VALUES

The fair values and carrying values of finance receivables of the Group are as follows:

	AT 2008		AT 2007	
	CARRYING AMOUNT	FAIR VALUE	CARRYING AMOUNT	FAIR VALUE
	$'000	$'000	$'000	$'000
BALANCE AT 31 DECEMBER	13,690	13,603	11,450	11,366

The fair values are based on cash flows discounted using a current weighted average lending rate of 17.3% (2007 : 15.8%).

(C) FOREIGN CURRENCY AND INTEREST RATE RISK

The carrying amounts of the finance receivables are denominated in New Zealand Dollars.

There is no cash flow interest rate risk in finance receivables as explained in note 3.

(D) CREDIT RISK

The maximum exposure to credit risk at the reporting date is the higher of the carrying value and fair value of the finance receivables. Credit risk is concentrated entirely within New Zealand and predominately within the private household sector.

All consumer finance receivables are secured by a chattel security over motor vehicles. At inception of a loan the fair value of the collateral exceeds the carrying value of the receivable. However, due to the nature of the second hand car market and the impact of wear and tear and maintenance over the period of the loan it is impracticable to reliably estimate the fair value of the collateral at balance date.

Refer to note 3 for more information on the risk management policy of the Group.

13. CURRENT ASSETS – INVENTORIES

	CONSOLIDATED		PARENT	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
MOTOR VEHICLES - AT NET REALISABLE VALUE	5,917	11,271	-	310
COMMERCIAL GOODS - AT NET REALISABLE VALUE	8	38	-	-
	5,925	**11,309**	**-**	**310**

(A) INVENTORY EXPENSE

Inventories recognised as expense during the year ended 31 December 2008 amounted to $32,946,000 (2007: $39,119,000).

The movement in the provision for writedowns of inventories to net realisable value during the year ended 31 December 2008 amounted to an increase of $270,000 (2007: reduction of $5,000). This movement has been recognised as a increase/decrease of the 'goods sold out of inventories expense' in the income statement.

14. NON-CURRENT ASSETS – AVAILABLE-FOR-SALE FINANCIAL ASSETS

BALANCE AT 1 JANUARY	12	12	-	-
DISPOSALS (SALE AND REDEMPTION)	(2)	-	-	-
BALANCE AT 31 DECEMBER	**10**	**12**	**-**	**-**

Available-for-sale financial assets comprise unlisted equity securities.

(A) UNLISTED SECURITIES

The unlisted equity securities do not have a quoted market price in an active market. They are carried at the present value of net cash inflows from expected future interest or dividends and subsequent disposal of the securities.

(B) IMPAIRMENT AND RISK EXPOSURE

None of the financial assets is either past due or impaired.

All available-for-sale financial assets are denominated in New Zealand dollars. For an analysis of the sensitivity of available-for-sale financial assets to price and interest rate risk refer to note 3.

15. INVESTMENTS IN SUBSIDIARIES

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 2(b):

Investments in subsidiaries are carried at cost less any provision for impairment.

			EQUITY HOLDING	
NAME OF ENTITY	COUNTRY OF INCORPORATION	CLASS OF SHARES	2008 %	2007 %
TURNERS FLEET LTD	NEW ZEALAND	ORDINARY	100	100
TURNERS FINANCE LTD	NEW ZEALAND	ORDINARY	100	100
SMART GROUP SERVICES LTD	NEW ZEALAND	ORDINARY	100	100
TURNERS INTERNATIONAL HOLDINGS LTD	NEW ZEALAND	ORDINARY	100	100
TURNERS TECHNOLOGY SOLUTIONS LTD	NEW ZEALAND	ORDINARY	100	100
TURNERS AUTO AUCTIONS INC	CANADA	ORDINARY	100	100
TURNERS SMART AUTOCENTRE LTD	NEW ZEALAND	ORDINARY	100	100

	PARENT	
	2008	2007
	$'000	$'000
TURNERS FLEET LTD	570	570
TURNERS FINANCE LTD	500	500
SMART GROUP SERVICES LTD	-	73
	1,070	1,143

The carrying amount of the investment in Smart Group Services Limited has been written off through recognition of an impairment loss to reflect the integration of the business of Smart Group Services into Turners Auctions Limited.

This loss has been included in other expenses in the income statement.

TURNERS AUCTIONS

16. NON-CURRENT ASSETS – PROPERTY, PLANT AND EQUIPMENT

CONSOLIDATED	PLANT & EQUIPMENT, MOTOR VEHICLES $'000	FURNITURE & FITTINGS, OFFICE EQUIPMENT $'000	LEASEHOLD IMPROVEMENTS $'000	COMPUTER EQUIPMENT $'000	SIGNS & FLAGS $'000	CAPITAL WORK IN PROGRESS $'000	TOTAL $'000
BALANCE AT 1 JANUARY 2007							
COST	2,605	1,659	3,921	4,883	2,291	141	15,500
ACCUMULATED DEPRECIATION	(1,415)	(1,193)	(1,975)	(4,250)	(998)	-	(9,831)
NET BOOK AMOUNT	1,190	466	1,946	633	1,293	141	5,669
YEAR ENDED 31 DECEMBER 2007							
OPENING NET BOOK AMOUNT	1,190	466	1,946	633	1,293	141	5,669
ADDITIONS/TRANSFERS	426	120	389	139	175	(141)	1,108
SUBSIDIARY SOLD	(193)	(2)	(67)	(34)	(11)	-	(307)
DISPOSALS	(131)	(2)	(32)	(18)	(9)	-	(192)
DEPRECIATION CHARGE	(312)	(202)	(321)	(433)	(173)	-	(1,441)
CLOSING NET BOOK AMOUNT	980	380	1,915	287	1,275	-	4,837
BALANCE AT 31 DECEMBER 2007							
COST	2,480	1,749	4,127	4,670	2,412	-	15,438
ACCUMULATED DEPRECIATION	(1,500)	(1,369)	(2,212)	(4,383)	(1,137)	-	(10,601)
NET BOOK AMOUNT	980	380	1,915	287	1,275	-	4,837
YEAR ENDED 31 DECEMBER 2008							
OPENING NET BOOK AMOUNT	980	380	1,915	287	1,275	-	4,837
ADDITIONS/TRANSFERS	331	27	61	104	8	-	531
DISPOSALS	(148)	-	-	-	(7)	-	(155)
DEPRECIATION CHARGE	(275)	(158)	(334)	(213)	(199)	-	(1,179)
CLOSING NET BOOK AMOUNT	888	249	1,642	178	1,077	-	4,034
BALANCE AT 31 DECEMBER 2008							
COST	2,609	1,756	4,185	4,773	2,395	-	15,718
ACCUMULATED DEPRECIATION	(1,721)	(1,507)	(2,543)	(4,595)	(1,318)	-	(11,684)
NET BOOK AMOUNT	888	249	1,642	178	1,077	-	4,034

PARENT

	PLANT & EQUIPMENT, MOTOR VEHICLES $'000	FURNITURE & FITTINGS, OFFICE EQUIPMENT $'000	LEASEHOLD IMPROVEMENTS $'000	COMPUTER EQUIPMENT $'000	SIGNS & FLAGS $'000	CAPITAL WORK IN PROGRESS $'000	TOTAL $'000
BALANCE AT 1 JANUARY 2007							
COST	2,208	1,595	3,779	4,516	2,245	141	14,484
ACCUMULATED DEPRECIATION	(1,328)	(1,150)	(1,946)	(3,955)	(979)	-	(9,358)
NET BOOK AMOUNT	880	445	1,833	561	1,266	141	5,126
YEAR ENDED 31 DECEMBER 2007							
OPENING NET BOOK AMOUNT	880	445	1,833	561	1,266	141	5,126
ADDITIONS/TRANSFERS	295	121	390	92	175	(141)	932
DISPOSALS	(45)	(2)	(32)	(2)	(9)	-	(90)
DEPRECIATION CHARGE	(255)	(195)	(308)	(379)	(167)	-	(1,304)
CLOSING NET BOOK AMOUNT	875	369	1,883	272	1,265	-	4,664
BALANCE AT 31 DECEMBER 2007							
COST	2,353	1,693	4,076	4,595	2,381	-	15,098
ACCUMULATED DEPRECIATION	(1,478)	(1,324)	(2,193)	(4,323)	(1,116)	-	(10,434)
NET BOOK AMOUNT	875	369	1,883	272	1,265	-	4,664
YEAR ENDED 31 DECEMBER 2008							
OPENING NET BOOK AMOUNT	875	369	1,883	272	1,265	-	4,664
ADDITIONS/TRANSFERS	262	24	55	99	8	-	448
DISPOSALS	(98)	-	-	-	(7)	-	(105)
DEPRECIATION CHARGE	(250)	(154)	(328)	(203)	(195)	-	(1,130)
CLOSING NET BOOK AMOUNT	789	239	1,610	168	1,071	-	3,877
BALANCE AT 31 DECEMBER 2008							
COST	2,472	1,698	4,130	4,694	2,363	-	15,357
ACCUMULATED DEPRECIATION	(1,683)	(1,459)	(2,520)	(4,526)	(1,292)	-	(11,480)
NET BOOK AMOUNT	789	239	1,610	168	1,071	-	3,877

17. DEFERRED TAX ASSETS/(LIABILITIES)

	CONSOLIDATED		PARENT	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
THE BALANCE COMPRISES TEMPORARY DIFFERENCES ATTRIBUTABLE TO:				
PROPERTY, PLANT AND EQUIPMENT	(145)	(513)	(145)	(513)
OTHER ASSETS	106	91	-	-
NON-CURRENT PROVISIONS	54	50	54	50
CURRENT PROVISIONS AND ACCRUALS	453	634	306	440
	468	**262**	**215**	**(23)**

MOVEMENTS:	PROPERTY, PLANT & EQUIPMENT $'000	OTHER ASSETS $'000	NON-CURRENT PROVISIONS $'000	CURRENT ACCRUALS & PROVISIONS $'000	TOTAL $'000
CONSOLIDATED					
BALANCE AT 1 JANUARY 2007	(611)	88	54	604	135
CHARGED/(CREDITED) TO THE INCOME STATEMENT (NOTE 8)	98	3	(4)	32	129
CHARGED/(CREDITED) TO EQUITY	-	-	-	(2)	(2)
BALANCE AT 31 DECEMBER 2007	(513)	91	50	634	262
CHARGED/(CREDITED) TO THE INCOME STATEMENT (NOTE 8)	368	15	4	(173)	214
CHARGED/(CREDITED) TO EQUITY	-	-	-	(8)	(8)
BALANCE AT 31 DECEMBER 2008	(145)	106	54	453	468
PARENT					
BALANCE AT 1 JANUARY 2007	(591)	-	54	389	(148)
CHARGED/(CREDITED) TO THE INCOME STATEMENT (NOTE 8)	78	-	(4)	51	125
BALANCE AT 31 DECEMBER 2007	(513)	-	50	440	(23)
CHARGED/(CREDITED) TO THE INCOME STATEMENT (NOTE 8)	368	-	4	(134)	238
BALANCE AT 31 DECEMBER 2008	(145)	-	54	306	215

	CONSOLIDATED		PARENT	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
EXPECTED SETTLEMENT				
WITHIN 12 MONTHS	436	482	240	244
IN EXCESS OF 12 MONTHS	32	(220)	(25)	(267)
	468	**262**	**215**	**(23)**

Certain deferred tax assets and liabilities have been offset as allowed under NZ IAS 12 where there is a legally enforceable right to set off current tax assets against current tax liabilities and where the deferred tax assets and liabilities are levied by the same taxation authority.

18. NON-CURRENT ASSETS – INTANGIBLE ASSETS

CONSOLIDATED	COMPUTER SOFTWARE	TOTAL
BALANCE AT 1 JANUARY 2007	$'000	$'000
COST	6,692	6,692
ACCUMULATED AMORTISATION	(3,110)	(3,110)
NET BOOK AMOUNT	3,582	3,582
YEAR ENDED 31 DECEMBER 2007		
OPENING NET BOOK AMOUNT	3,582	3,582
ADDITIONS	103	103
SUBSIDIARY SOLD	(33)	(33)
AMORTISATION CHARGE	(1,375)	(1,375)
CLOSING NET BOOK AMOUNT	2,277	2,277
BALANCE AT 31 DECEMBER 2007		
COST	6,704	6,704
ACCUMULATED AMORTISATION	(4,427)	(4,427)
NET BOOK AMOUNT	2,277	2,277
YEAR ENDED 31 DECEMBER 2008		
OPENING NET BOOK AMOUNT	2,277	2,277
ADDITIONS	317	317
AMORTISATION CHARGE	(1,239)	(1,239)
CLOSING NET BOOK AMOUNT	1,355	1,355
BALANCE AT 31 DECEMBER 2008		
COST	7,021	7,021
ACCUMULATED AMORTISATION	(5,666)	(5,666)
NET BOOK AMOUNT	1,355	1,355

PARENT		
BALANCE AT 1 JANUARY 2007		
COST	6,164	6,164
ACCUMULATED AMORTISATION	(2,690)	(2,690)
NET BOOK AMOUNT	3,474	3,474
YEAR ENDED 31 DECEMBER 2007		
OPENING NET BOOK AMOUNT	3,474	3,474
ADDITIONS	105	105
AMORTISATION CHARGE	(1,303)	(1,303)
CLOSING NET BOOK AMOUNT	2,276	2,276
BALANCE AT 31 DECEMBER 2007		
COST	6,269	6,269
ACCUMULATED AMORTISATION	(3,993)	(3,993)
NET BOOK AMOUNT	2,276	2,276
YEAR ENDED 31 DECEMBER 2008		
OPENING NET BOOK AMOUNT	2,276	2,276
ADDITIONS	316	316
AMORTISATION CHARGE	(1,238)	(1,238)
CLOSING NET BOOK AMOUNT	1,354	1,354
BALANCE AT 31 DECEMBER 2008		
COST	6,585	6,585
ACCUMULATED AMORTISATION	(5,231)	(5,231)
NET BOOK AMOUNT	1,354	1,354

19. CURRENT LIABILITIES – TRADE AND OTHER PAYABLES

	CONSOLIDATED		PARENT	
	2008 $'000	**2007** $'000	**2008** $'000	**2007** $'000
TRADE PAYABLES	4,105	3,440	3,314	2,552
AMOUNTS DUE TO SUBSIDIARIES	-	-	281	470
ACCRUED EXPENSES	3,688	3,971	2,986	2,591
	7,793	7,411	6,581	5,613

(A) FOREIGN CURRENCY RISK

The carrying amounts of the Group's and Parent entity's trade and other payables are denominated in the following currencies:

JAPANESE YEN	58	656	-	-
UK POUNDS	-	87	-	-
NZ DOLLARS	7,735	6,668	6,581	5,613
	7,793	7,411	6,581	5,613

For an analysis of the sensitivity of trade and other payables to foreign currency risk refer to note 3.

20. DERIVATIVE FINANCIAL INSTRUMENTS

CURRENT ASSETS				
FORWARD FOREIGN EXCHANGE CONTRACTS - CASH FLOW HEDGES	10	-	-	-
CURRENT LIABILITIES				
FORWARD FOREIGN EXCHANGE CONTRACTS - CASH FLOW HEDGES	-	16	-	-

(A) INSTRUMENTS USED BY THE GROUP

The Group is party to derivative financial instruments in the normal course of business in order to hedge exposure to fluctuations in foreign exchange rates in accordance with the Group's financial risk management policies (refer to note 3).

Turners Fleet's operations imports vehicles from Japan. In order to protect against exchange rate movements, the Group has entered into forward exchange contracts to purchase Japanese yen.

These contracts are hedging highly probable forecasted purchases. The contracts are timed to mature when payments for major shipments of vehicles are scheduled to be made.

The portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised directly in equity. When the cash flows occur, the Group adjusts the initial measurement of the vehicle recognised in the balance sheet by the related amount deferred in equity.

The forward foreign exchange contracts mature within 3 months (2007: 3 months).

During the year ended 31 December 2008 a gain of $168,000 (2007: $27,000) was removed from equity and included in the acquisition cost of vehicles.

(B) CREDIT RISK EXPOSURES

Credit risk arises from the potential failure of counterparties to meet their obligations under the respective contracts at maturity. This arises on cash flows receivable from derivative financial instruments. At reporting date $419,000 is receivable (New Zealand dollar equivalents) for the Group from forward foreign exchange contracts (2007: $654,000).

The Group undertakes all of its transactions in foreign exchange contracts with major banks and financial institutions.

(C) INTEREST RATE RISK EXPOSURES

For an analysis of the sensitivity of derivatives to interest rate and foreign exchange risk refer to note 3.

21. FINANCE PAYABLES

	CONSOLIDATED		PARENT	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
CURRENT FINANCE PAYABLES	6,541	5,736	-	-
NON-CURRENT FINANCE PAYABLES	7,421	5,959	-	-
	13,962	11,695	-	-

(A) ASSETS PLEDGED AS SECURITY AND OBLIGATION TO PROVIDE FUNDS

The finance payables are secured by a chattel security over the finance customers' motor vehicles and by a general security over the assets of Turners Finance Limited. Turners Finance has given undertakings to Motor Trade Finance ("MTF") as to the nature and conduct of its business, including an open-ended obligation to provide funds to MTF on a pro-rata basis with other members of the co-operative, as and when requested. MTF has commenced a capital reorganisation which proposes to remove this obligation in 2009.

	ASSETS PLEDGED	
	2008	2007
CURRENT	$'000	$'000
CASH AND CASH EQUIVALENTS	668	259
RECEIVABLES	821	994
FINANCE RECEIVABLES	6,414	5,616
NON-CURRENT		
AVAILABLE-FOR-SALE FINANCIAL ASSETS	10	12
PROPERTY, PLANT AND EQUIPMENT	10	13
FINANCE RECEIVABLES	7,276	5,834
TOTAL ASSETS PLEDGED AS SECURITY	15,199	12,728

(B) FINANCING ARRANGEMENTS

Turners Finance Limited is a member of a motor trade based co-operative called Motor Trade Finance ("MTF"). MTF provides the services of a finance company, including funding, on a full recourse basis back to its members. MTF provides finance borrowings to Turners Finance Limited to fund the finance receivables shown in note 12.

Sources of funding are concentrated upon MTF.

(C) FAIR VALUE

The carrying amounts and fair values of finance payables at balance date are:

	2008		2007	
	CARRYING AMOUNT	FAIR VALUE	CARRYING AMOUNT	FAIR VALUE
	$'000	$'000	$'000	$'000
BALANCE AT 31 DECEMBER	13,962	13,872	11,695	11,609

The fair values of finance payables are based on cash flows discounted using the current borrowing rate of 10.8% (2007: 9.8%).

(D) RISK EXPOSURES

The contractual repricing dates of the Group's and Parent entity's finance payables at the balance dates are as follows:

	CONSOLIDATED		PARENT	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
1 YEAR OR LESS	6,541	5,736	-	-
OVER 1 TO 2 YEARS	4,891	4,185	-	-
OVER 2 TO 5 YEARS	2,530	1,774	-	-
	13,962	11,695	-	-

The carrying amounts of the finance payables are denominated in New Zealand dollars. As finance payables have fixed interest rates, they have no exposure to cash flow interest rate risk. They do have exposure to fair value interest rate risk.

22. CURRENT LIABILITIES - PROVISIONS

(A) FRAUD PROVISION

The fraud provision related to amounts payable to third parties as a result of employee fraud.

(B) OTHER PROVISIONS

Other provisions mainly relate to fundamental insurance commission and disputes.

The insurance commission is partially refundable to the insurance provider if customers cancel their contracts early. These estimated refunds are expected to occur within 6 months on average.

The Group is in dispute with a former landlord in relation to premises that the Group vacated in 2006. The Group has made provision for estimated legal and other costs associated with this dispute.

(C) MOVEMENTS IN CURRENT PROVISIONS

	FRAUD	OTHER PROVISIONS	TOTAL
CONSOLIDATED - 2008	$'000	$'000	$'000
CARRYING AMOUNT AT 1 JANUARY	437	45	482
ADDITIONAL GROSS PROVISIONS RECOGNISED	-	203	203
AMOUNTS INCURRED AND CHARGED	-	(59)	(59)
RECOVERIES MADE	9	-	9
UNUSED AMOUNTS REVERSED	(446)	-	(446)
CARRYING AMOUNT AT 31 DECEMBER	-	189	189
CONSOLIDATED - 2007			
CARRYING AMOUNT AT 1 JANUARY	-	70	70
ADDITIONAL GROSS PROVISIONS RECOGNISED	1,633	26	1,659
ADDITIONAL RECOVERIES PROVIDED FOR	(475)	-	(475)
AMOUNTS INCURRED AND CHARGED	(1,010)	(51)	(1,061)
RECOVERIES MADE	475	-	475
UNUSED AMOUNTS REVERSED	(186)	-	(186)
CARRYING AMOUNT AT 31 DECEMBER	437	45	482
PARENT - 2008			
CARRYING AMOUNT AT 1 JANUARY	437	-	437
RECOVERIES MADE	9	-	9
UNUSED AMOUNTS REVERSED	(446)	-	(446)
CARRYING AMOUNT AT 31 DECEMBER	-	-	-
PARENT - 2007			
ADDITIONAL GROSS PROVISIONS RECOGNISED	1,633	-	1,633
ADDITIONAL RECOVERIES PROVIDED FOR	(475)	-	(475)
AMOUNTS INCURRED AND CHARGED	(1,010)	-	(1,010)
RECOVERIES MADE	475	-	475
UNUSED AMOUNTS REVERSED	(186)	-	(186)
CARRYING AMOUNT AT 31 DECEMBER	437	-	437

23. IMPUTATION CREDITS

	THROUGH INDIRECT INTERESTS IN SUBSIDIARIES		THROUGH SHAREHOLDING IN PARENT COMPANY	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
IMPUTATION CREDIT ACCOUNT				
BALANCE AT 1 JANUARY	860	911	3,248	3,730
TAX PAYMENTS, NET OF REFUNDS	1	(51)	873	1,173
CREDITS ATTACHED TO DIVIDEND DISTRIBUTIONS	-	-	(914)	(1,655)
CREDITS ATTACHED TO DIVIDENDS RECEIVED	-	-	3	-
BALANCE AT 31 DECEMBER	861	860	3,210	3,248

24. NON-CURRENT LIABILITIES - PROVISIONS

Non-current provisions comprise provisions for long service leave and cash settled share-based payments.

25. CONTRIBUTED EQUITY

(A) SHARE CAPITAL

CONSOLIDATED & PARENT	2008	2007	2008	2007
ORDINARY SHARES	SHARES	SHARES	$'000	$'000
AUTHORISED, ISSUED AND FULLY PAID (NO PAR VALUE)	27,375,271	27,375,271	11,413	11,413

(B) ORDINARY SHARES

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote for each share.

(C) OPTIONS

Information relating to details of options issued, exercised and lapsed during the financial year and options outstanding at the end of the financial year, is set out in note 35.

(D) CAPITAL RISK MANAGEMENT

The Group's and the Parent entity's objectives when managing capital are to safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.

Total capital is regarded as 'equity' as shown in the balance sheet (including minority interest).

The Group is subject to externally imposed capital requirements which it has complied with for the entire year reported (2007: complied). They are as follows:

The Parent has an overdraft facility in place with ASB Bank Ltd of $1,000,000. As part of this agreement, the Parent has undertaken that total capital will not fall below $15,000,000.

Turners Finance has loan facilities in place with Motor Trade Finance Limited ("MTF") to provide motor vehicle finance to its customers. The Parent has undertaken to ensure that the liquid assets of Turners Finance do not fall below 8% of the loan facility used.

26. RESERVES AND RETAINED EARNINGS

	CONSOLIDATED		PARENT	
	2008 $'000	**2007** $'000	**2008** $'000	**2007** $'000
(A) RESERVES				
HEDGING RESERVE - CASH FLOW HEDGES	7	(11)	-	-
SHARE-BASED PAYMENTS RESERVE	58	30	58	30
	65	19	58	30
MOVEMENTS:				
HEDGING RESERVE - CASH FLOW HEDGES				
BALANCE AT 1 JANUARY	(11)	(15)	-	-
REVALUATION - GROSS	194	33	-	-
TRANSFER TO INVENTORY - GROSS	(168)	(27)	-	-
DEFERRED TAX (NOTE 17)	(8)	(2)	-	-
BALANCE AT 31 DECEMBER	7	(11)	-	-
SHARE-BASED PAYMENTS RESERVE				
BALANCE AT 1 JANUARY	30	17	30	17
OPTION EXPENSE	28	13	28	13
BALANCE AT 31 DECEMBER	58	30	58	30
FOREIGN CURRENCY TRANSLATION RESERVE				
BALANCE AT 1 JANUARY	-	79	-	-
CURRENCY TRANSLATION DIFFERENCES ARISING DURING THE YEAR	-	(79)	-	-
BALANCE AT 31 DECEMBER	-	-	-	-

(I) HEDGING RESERVE - CASH FLOW HEDGES

The hedging reserve is used to defer the effective portion of gains or losses on a hedging instrument directly in equity, as described in note 2 (j)(vii).

(II) SHARE-BASED PAYMENTS RESERVE

The share-based payments reserve is used to recognise the fair value of options issued but not exercised.

(III) FOREIGN CURRENCY TRANSLATION RESERVE

Exchange differences arising on translation of the foreign controlled entity are taken to the foreign currency translation reserve, as described in note 2(d). The reserve is recognised in the income statement when the net investment is disposed of.

(B) RETAINED EARNINGS

Movements in retained earnings were as follows:

	CONSOLIDATED 2008	CONSOLIDATED 2007	PARENT 2008	PARENT 2007
BALANCE AT 1 JANUARY	8,944	10,235	6,729	9,448
NET PROFIT FOR THE YEAR	1,067	2,268	1,105	840
DIVIDENDS (NOTE 28)	(1,971)	(3,559)	(1,971)	(3,559)
BALANCE AT 31 DECEMBER	8,040	8,944	5,863	6,729

27. MINORITY INTEREST

	CONSOLIDATED	
	2008 $'000	2007 $'000
BALANCE AT 1 JANUARY	-	20
TURNERS NETRESULT LTD DISPOSAL	-	(33)
SHARE OF PROFIT/(LOSS) IN SUBSIDIARIES	-	6
SHARE OF CHANGES IN FOREIGN CURRENCY TRANSLATION	-	7
BALANCE AT 31 DECEMBER	-	-

28. DIVIDENDS

	CONSOLIDATED & PARENT	
	2008 $'000	2007 $'000
(A) ORDINARY SHARES		
FINAL DIVIDEND FOR THE YEAR ENDED 31 DECEMBER 2007 OF 4.7 CENTS (2007: 3.5 CENTS) PER FULLY PAID SHARE PAID ON 18 APRIL 2008 (2007: 20 APRIL 2007)	1,287	959
INTERIM DIVIDEND FOR THE YEAR ENDED 31 DECEMBER 2008 OF 2.5 CENTS (2007: 1.5 CENTS AND A SPECIAL DIVIDEND OF 8 CENTS) PER FULLY PAID SHARE PAID ON 18 SEPTEMBER 2008 (2007: 21 SEPTEMBER 2007)	684	2,600
	1,971	3,559
(B) DIVIDENDS NOT RECOGNISED AT YEAR END		
IN ADDITION TO THE ABOVE DIVIDENDS, SINCE YEAR-END THE DIRECTORS HAVE RECOMMENDED THE PAYMENT OF A FINAL DIVIDEND OF 0.4 CENTS (2007: 4.7 CENTS) AND A SPECIAL DIVIDEND OF 4.6 CENTS (2007: NIL) PER FULLY PAID ORDINARY SHARE, FULLY IMPUTED. THE AGGREGATE AMOUNT OF THE PROPOSED DIVIDEND IS EXPECTED TO BE PAID ON 9 APRIL 2009 OUT OF RETAINED EARNINGS AT 31 DECEMBER 2008, BUT NOT RECOGNISED AS A LIABILITY AT YEAR END, IS	1,369	1,287

(C) IMPUTED DIVIDENDS

The dividends are fully imputed. Supplementary dividends of $57,000 (2007: $98,000) were paid to shareholders not tax-resident in New Zealand for which the Group received an equivalent foreign investor tax credit entitlement.

29. REMUNERATION OF AUDITORS

During the year the following fees were paid or payable for services provided by the auditor of the Parent entity, its related practices and non-related audit firms:

	CONSOLIDATED		PARENT	
	2008 $'000	**2007** $'000	**2008** $'000	**2007** $'000
(A) ASSURANCE SERVICES				
AUDIT SERVICES				
PRICEWATERHOUSECOOPERS NEW ZEALAND FIRM				
AUDIT AND REVIEW OF FINANCIAL REPORTS AND OTHER AUDIT WORK	106	109	64	38
NON-PRICEWATERHOUSECOOPERS AUDIT FIRMS FOR THE AUDIT OR REVIEW OF FINANCIAL REPORTS OF SUBSIDIARIES	8	8	-	-
TOTAL REMUNERATION FOR AUDIT SERVICES	**114**	**117**	**64**	**38**
OTHER ASSURANCE SERVICES				
PRICEWATERHOUSECOOPERS NEW ZEALAND FIRM	11	37	11	37
TOTAL REMUNERATION FOR ASSURANCE SERVICES	**125**	**154**	**75**	**75**

(B) TAXATION SERVICES

	CONSOLIDATED		PARENT	
	2008 $'000	**2007** $'000	**2008** $'000	**2007** $'000
PRICEWATERHOUSECOOPERS NEW ZEALAND FIRM				
TAX COMPLIANCE SERVICES, INCLUDING REVIEW OF COMPANY INCOME TAX RETURNS	30	27	30	27

30. CONTINGENCIES

The Group and Company have undrawn letters of credit at 31 December 2008 of $80,000 (2007: $80,000).

The Group and Company are party to litigation incidental to its business. It is not anticipated that any material liabilities will arise from the contingent liabilities other than those provided for (note 22).

As at 31 December 2008 the Parent entity and Group had no other contingent liabilities or assets (2007: $Nil).

31. COMMITMENTS

As at 31 December 2008 the Parent entity and Group had no capital commitments (2007: $Nil).

(A) LEASE COMMITMENTS: AS LESSEE

(I) OPERATING LEASES

The Group leases premises, plant and equipment. Operating leases held over properties give the Group the right to renew the lease subject to a redetermination of the lease rental by the lessor. There are no options to purchase in respect of plant and equipment held under operating leases.

	CONSOLIDATED		PARENT	
	2008	**2007**	**2008**	**2007**
	$'000	$'000	$'000	$'000
COMMITMENTS FOR MINIMUM LEASE PAYMENTS IN RELATION TO NON-CANCELLABLE OPERATING LEASES ARE PAYABLE AS FOLLOWS:				
WITHIN ONE YEAR	7,331	7,447	7,331	7,447
LATER THAN ONE YEAR BUT NOT LATER THAN FIVE YEARS	20,459	26,078	20,459	26,078
LATER THAN FIVE YEARS	11,468	13,940	11,468	13,940
	39,258	**47,465**	**39,258**	**47,465**
SUB-LEASES				
FUTURE MINIMUM LEASE PAYMENTS EXPECTED TO BE RECEIVED IN RELATION TO NON-CANCELLABLE SUB-LEASES OF OPERATING LEASES	718	247	718	247

32. RELATED PARTY TRANSACTIONS

(A) PARENT ENTITIES

The ultimate parent entity within the Group is Turners Auctions Limited.

(B) KEY MANAGEMENT AND PERSONNEL COMPENSATION

Key management personnel compensation for the years ended 31 December 2008 and 31 December 2007 is set out below.

	CONSOLIDATED & PARENT	
	2008	**2007**
	$'000	$'000
DIRECTORS' FEES	235	235
SENIOR MANAGERS REMUNERATION PAID, PAYABLE OR PROVIDED FOR:		
SHORT-TERM EMPLOYEE BENEFITS	1,993	2,171
SHARE-BASED PAYMENTS	29	24
	2,257	**2,430**

(C) SUBSIDIARIES

Interests in subsidiaries are set out in note 15.

(D) TRANSACTIONS WITH RELATED PARTIES

The following transactions occurred with related parties:

	CONSOLIDATED		PARENT	
	2008 $'000	**2007** $'000	**2008** $'000	**2007** $'000
SALE OF COMMISSION AND OTHER AUCTION REVENUE TO SUBSIDIARIES	-	-	2,459	1,925
PURCHASES OF INFORMATION TECHNOLOGY SERVICES FROM SUBSIDIARIES	-	-	-	(102)
LOAN REPAYMENTS FROM SUBSIDIARIES	-	-	4,202	312
LOANS ADVANCED FROM SUBSIDIARIES	-	-	182	872
LOAN REPAYMENTS TO SUBSIDIARIES	-	-	(344)	-
INTEREST REVENUE FROM SUBSIDIARIES	-	-	764	522
SUBVENTION PAYMENTS MADE TO SUBSIDIARIES	-	-	(571)	(453)

(E) OUTSTANDING BALANCES

Outstanding balances include interest bearing liabilities which comprise loans from subsidiaries. The following balances are outstanding at the reporting date in relation to transactions with related parties:

CURRENT RECEIVABLES (SALES OF GOODS AND SERVICES) - SUBSIDIARIES	-	-	71	130
CURRENT RECEIVABLES (LOANS) - SUBSIDIARIES	-	-	4,238	8,237
CURRENT PAYABLES (PURCHASES OF GOODS) - SUBSIDIARIES	-	-	281	(470)
CURRENT PAYABLES (LOANS) - SUBSIDIARIES	-	-	711	872

No expense has been recognised in respect of bad or doubtful debts due from related parties. $115,000 of the reversal of writedown (2007: $265,000 writedown) of investments to recoverable amount during the year by the Parent was due to the impairment of loans receivable from subsidiaries. The outstanding loans from subsidiaries shown above include a cumulative impairment of $518,000 (2007: $633,000).

(F) TERMS AND CONDITIONS

All other transactions were made on normal commercial terms and conditions and at market rates, except that there are no fixed terms for the repayment of loans between the parties. The average interest rate on related party loans during the year was 7.4% (2007 - 8.5%).

Outstanding balances are unsecured and are repayable in cash.

33. RECONCILIATION OF PROFIT AFTER INCOME TAX TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	CONSOLIDATED		PARENT	
	2008 $'000	**2007** $'000	**2008** $'000	**2007** $'000
PROFIT FOR THE YEAR	1,067	2,274	1,105	840
DEPRECIATION AND AMORTISATION	2,418	2,816	2,369	2,607
WRITE-DOWN OF INVESTMENTS	-	-	(42)	365
NON-CASH EMPLOYEE BENEFITS EXPENSE - SHARE-BASED PAYMENTS	28	13	28	13
NON-CASH LONG-TERM EMPLOYEE BENEFITS EXPENSE	16	3	16	3
NET (GAIN) LOSS ON SALE OF NON-CURRENT ASSETS	8	21	8	4
NET LOSS ON DISPOSAL OF SUBSIDIARIES	-	59	-	-
NON-CASH ADJUSTMENTS TO FINANCE RECEIVABLES EFFECTIVE INTEREST RATES	35	110	-	-
NET EXCHANGE DIFFERENCES	-	(3)	-	-
CHANGE IN OPERATING ASSETS AND LIABILITIES, NET OF EFFECTS FROM DISPOSAL OF DISCONTINUED OPERATIONS				
(INCREASE) DECREASE IN RECEIVABLES	664	(329)	796	(697)
(INCREASE) DECREASE IN INVENTORIES	5,384	(1,885)	310	(103)
(INCREASE) IN CURRENT TAX RECEIVABLES	(33)	(265)	555	(814)
INCREASE (DECREASE) IN PAYABLES	375	190	969	231
INCREASE (DECREASE) IN PROVISION FOR DEFERRED INCOME TAX	(214)	(130)	(238)	(125)
INCREASE (DECREASE) IN OTHER PROVISIONS	(316)	285	(455)	421
NET CASH INFLOW FROM OPERATING ACTIVITIES	9,432	3,159	5,421	2,745

34. EARNINGS PER SHARE

(A) RECONCILIATIONS OF EARNINGS USED IN CALCULATING EARNINGS PER SHARE

	CONSOLIDATED	
	2008 $'000	**2007** $'000
PROFIT FROM CONTINUING OPERATIONS ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE COMPANY USED IN CALCULATING BASIC EARNINGS PER SHARE	1,067	2,720
LOSS FROM DISCONTINUED OPERATIONS	-	(446)
(PROFIT) LOSS FROM DISCONTINUED OPERATIONS ATTRIBUTABLE TO MINORITY INTERESTS	-	(6)
LOSS FROM DISCONTINUED OPERATIONS ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE PARENT USED IN CALCULATING BASIC AND DILUTED EARNINGS PER SHARE	-	(452)
PROFIT ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE COMPANY USED IN CALCULATING BASIC EARNINGS PER SHARE	**1,067**	**2,268**

(B) WEIGHTED AVERAGE NUMBER OF SHARES USED AS THE DENOMINATOR

	CONSOLIDATED	
	2008 NUMBER	**2007 NUMBER**
WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES USED AS THE DENOMINATOR IN CALCULATING BASIC EARNINGS PER SHARE	27,375,271	27,375,271
OPTIONS	-	-
WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES AND POTENTIAL ORDINARY SHARES USED AS THE DENOMINATOR IN CALCULATING DILUTED EARNINGS PER SHARE	**27,375,271**	**27,375,271**

(C) INFORMATION CONCERNING THE CLASSIFICATION OF SECURITIES

(I) OPTIONS

Options granted to employees are considered to be potential ordinary shares and have been included in the determination of diluted earnings per share. For the year ended 31 December 2008 the options have no dilutive effect (2007: no effect). They have not been included in the determination of basic earnings per share. Details relating to the options are set out in note 35.

35. SHARE-BASED PAYMENTS

(A) EMPLOYEE OPTION PLAN

On 7 August 2002 options to acquire 894,000 ordinary shares were issued to executives of the Parent at an exercise price of $1.50 per share option. The options could not be exercised before two years had elapsed from the issue date. Executives could then exercise their options at any time during the three years to 7 August 2007 (subject to employment conditions). Options not exercised during this three year period lapsed. Each option converted to one ordinary share on exercise. The options carried the right to share in any bonus or cash issue made pro-rata to all shareholders once the options have been exercised.

On 20 April 2006 options to acquire 650,000 ordinary shares were issued to executives of the Parent. 325,000 of these share options can be exercised during 2009 at an exercise price of of $2.90 per option. 162,500 of the options can be exercised during 2010 at an exercise price of $2.90 per option plus the Parent's cost of equity over 2009 less any dividends declared during 2009. The remaining 162,500 options can be exercised during 2011 at an exercise price per option equal to the exercise price determined for the 2010 tranche plus the Parent's cost of equity over 2010 less any dividends declared during 2010. The options are subject to employment conditions and may be exercised early upon compulsory acquisition of all of the Parent's shares or in the board's discretion in the event of cessation of employment. The shares issued on the exercise of the options will rank equally with the other issued ordinary shares in all respects except for dividends declared before the options are exercised.

Set out below are summaries of options granted under the plan:

GRANT DATE	EXPIRY DATE	EXERCISE PRICE	BALANCE AT START OF THE YEAR NUMBER	FORFEITED DURING THE YEAR NUMBER	EXPIRED DURING THE YEAR NUMBER	BALANCE AT END OF THE YEAR NUMBER	EXERCISABLE AT END OF THE YEAR NUMBER
CONSOLIDATED AND PARENT - 2008							
24 APRIL 2006	31 DECEMBER 2009	$2.90	200,000	-	-	200,000	-
24 APRIL 2006	31 DECEMBER 2010	$3.06	100,000	-	-	100,000	-
24 APRIL 2006	31 DECEMBER 2011	$3.22	100,000	-	-	100,000	-
TOTAL			**400,000**	-	-	**400,000**	-
WEIGHTED AVERAGE EXERCISE PRICE			$3.02	$-	$-	$3.02	$-

GRANT DATE	EXPIRY DATE	EXERCISE PRICE	BALANCE AT START OF THE YEAR	FORFEITED DURING THE YEAR	EXPIRED DURING THE YEAR	BALANCE AT END OF THE YEAR	EXERCISABLE AT END OF THE YEAR
CONSOLIDATED AND PARENT - 2007							
7 AUGUST 2002	7 AUGUST 2007	$1.50	25,000	-	(25,000)	-	-
24 APRIL 2006	31 DECEMBER 2009	$2.90	325,000	(125,000)	-	200,000	-
24 APRIL 2006	31 DECEMBER 2010	$3.06	162,500	(62,500)	-	100,000	-
24 APRIL 2006	31 DECEMBER 2011	$3.22	162,500	(62,500)	-	100,000	-
TOTAL			**675,000**	**(250,000)**	**(25,000)**	**400,000**	-
WEIGHTED AVERAGE EXERCISE PRICE			$2.96	$3.02	$1.50	$3.02	$-

The weighted average remaining contractual life of share options outstanding at the end of the period was 1.75 years (2007 - 2.75 years).

No (2007: Nil) options were granted during the year.

AUDIT REPORT

PRICEWATERHOUSECOOPERS

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Auditors' Report
to the shareholders of Turners Auctions Limited

We have audited the financial statements on pages 14 to 51. The financial statements provide information about the past financial performance and cash flows of the Company and Group for the year ended 31 December 2008 and their financial position as at that date. This information is stated in accordance with the accounting policies set out on pages 18 to 23.

Directors' Responsibilities
The Company's Directors are responsible for the preparation and presentation of the financial statements which give a true and fair view of the financial position of the Company and Group as at 31 December 2008 and their financial performance and cash flows for the year ended on that date.

Auditors' Responsibilities
We are responsible for expressing an independent opinion on the financial statements presented by the Directors and reporting our opinion to you.

Basis of Opinion
An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. It also includes assessing:

(a) the significant estimates and judgements made by the Directors in the preparation of the financial statements; and

(b) whether the accounting policies are appropriate to the circumstances of the Company and Group, consistently applied and adequately disclosed.

We conducted our audit in accordance with generally accepted auditing standards in New Zealand. We planned and performed our audit so as to obtain all the information and explanations which we considered necessary to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatements, whether caused by fraud or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

We have no relationship with or interests in the Company or any of its subsidiaries other than in our capacities as auditors, tax advisors and providers of other assurance services.

Unqualified Opinion
We have obtained all the information and explanations we have required.

In our opinion:

(a) proper accounting records have been kept by the Company as far as appears from our examination of those records; and

(b) the financial statements on pages 14 to 51:

(i) comply with generally accepted accounting practice in New Zealand
(ii) comply with International Financial Reporting Standards; and
(iii) give a true and fair view of the financial position of the Company and Group as at 31 December 2008 and their financial performance and cash flows for the year ended on that date.

Our audit was completed on 23 February 2009 and our unqualified opinion is expressed as at that date.

PricewaterhouseCoopers

Chartered Accountants
Auckland

DIRECTORS' RESPONSIBILITY STATEMENT

The directors are responsible for ensuring that the financial statements give a true and fair view of the financial position of the Company and the Group as at 31 December 2008 and their financial performance and cash flows for the year ended on that date.

The directors consider that the financial statements of the Company and the Group have been prepared using appropriate accounting policies, consistently applied and supported by reasonable judgements and estimates and that all relevant financial reporting and accounting standards have been followed.

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

The directors consider they have taken adequate steps to safeguard the assets of the Company and the Group and to prevent and detect fraud and other irregularities.

The directors are pleased to present the financial statements of Turners Auctions Limited and the Group for the year ended 31 December 2008.

The Board of Directors of Turners Auctions Limited authorised these financial statements for issue on 23 February 2009.

For and on behalf of the Board of Directors:

M R Dosser
Chairman

J D Shale
Director

CORPORATE GOVERNANCE

The Board of Turners Auctions has the responsibility of ensuring that the Company is managed in an appropriate manner to protect and enhance shareholders' interests.

The Board is committed to acting ethically and with integrity and expects high standards of behaviour and accountability from each director and from all employees.

The Board has adopted what it believes to be appropriate corporate governance policies and practices. The Board has undertaken to regularly review the corporate governance policies to ensure the Company's responsibilities and obligations are met.

The Board's primary objective is the creation of shareholder value by applying strategies that ensure effective and innovative use of Company resources in providing customer satisfaction. The Company will be a good employer and a responsible corporate citizen.

BOARD

The Board has four directors, comprising three independent directors and one non-independent non-executive director. The Board considers it is desirable to have at least two independent directors. The Board meets on average eight times a year, with additional meetings being convened when required. Profiles of the current directors appear on page 6 of this report.

COMMITTEES

Due to the small board size all matters are generally subject to consideration and review by the full board. The Board has formed an Audit Committee and a Remuneration Committee. The Board has not established a Nomination Committee, as the Board believes that director appointments are of such significance as to be a direct responsibility of the full Board.

Each Committee has a Board-approved charter. Committees meet an average of two times a year, with additional meetings being convened when required. Senior management will be invited to attend Committee meetings as is considered appropriate.

The Committees may appoint advisors as they see fit.

Audit Committee

The Audit Committee is chaired by an independent director, J Denham Shale and also comprises Michael R Dossor, Grant R Graham and Craig F Harris.

The main responsibilities of the Audit Committee are:

- Ensuring that processes are in place and monitoring those processes so that the Board is properly and regularly informed and updated on corporate financial matters.
- Recommending the appointment and removal of the independent auditor.
- Reviewing the adequacy and effectiveness of internal controls and reviewing risk management strategy and processes.
- Having direct communication with, and unrestricted access to, the independent and any internal auditors or accountants.
- To communicate with management and external auditors and review the financial reports, as well as advising all directors whether they comply with the appropriate laws and regulations.
- To oversee the Group management of operational risk and compliance.
- To oversee matters relating to the values, ethics and financial integrity of the Company.

Any non audit work over $5,000 undertaken by the auditors is strictly monitored and approved by the Audit Committee to ensure that auditor independence is maintained.

Remuneration Committee

The Remuneration Committee is chaired by Michael R Dossor and also comprises Grant R Graham, Craig F Harris and J Denham Shale.

The main responsibilities of the Remuneration Committee are:

- To review the performance of the Board and its membership structure.
- To undertake the performance appraisal of the Chief Executive and review the appraisal of direct reports to the Chief Executive.
- To review compensation policy and procedures, including employee benefits and superannuation, and recommend to the Board remuneration changes for the Chief Executive and direct reports.
- To review succession planning and senior management development plans.

INSIDER TRADING

The Company has a formal policy that directors and officers are to follow when trading in Turners Auctions Limited shares. The policy provides that directors and officers are able to trade in Turners Auctions Limited shares, except when they are in possession of material information not generally available to the market.

INDEPENDENT AUDITOR

To ensure there is no conflict with other services that may be provided by the external auditors, the Company has adopted a policy whereby the external auditors will not provide any other services in excess of $5,000 unless specifically approved by the Audit Committee.

RISK MANAGEMENT

Risk profiles which identify, assess, monitor and report on the Company's key business risks, are reviewed on a regular basis by the Audit Committee. Profiles cover a Group wide range of risk mitigation strategies for financial, operational, environmental, health and safety and information systems.

The Company's risk management policies are designed to:

- Safeguard the assets and reputation of the Company.
- Protect the interests of shareholders.
- Enhance the Company's performance.

SHAREHOLDER RELATIONS

In addition to fulfilling its statutory reporting obligations to shareholders, the Company considers it important that shareholders understand its strategies and performance. The Investor Centre on the Company's website www.turners.co.nz provides strategic and operational information for shareholders and other interested parties in both New Zealand and overseas. The Company also maintains written policies that provide guidance and accountability for compliance with the NZX continuous disclosure requirements.

STATUTORY INFORMATION

DIRECTORS' INTERESTS

The following directors have declared that they are to be regarded as having an interest in any contract that may be made with the entities listed below by virtue of their membership or directorship of those entities:

Michael R Dossor

Allan Blair Properties Limited	Director
Bartel Holdings Limited	Director
Comtrad Holdings Limited	Director
Hunter Grain Limited	Director
McKay Shipping Limited	Director
Turners & Growers Limited	Director
Vehicle Inspections New Zealand	Director

Craig F Harris

Cruise NZ Incorporated	Chairman
Destination Milford Sound Limited	Director
Harston Investments Limited	Director
I D Tours New Zealand Limited	Director
McKay Shipping Limited	Director
Inchcape McKay Limited	Director
New Zealand National Maritime Museum	Trustee
Pacific Direct Line Pty	Director
Pacific Marine Management	Director
Rhia Noumea Limited	Director
Seatrans New Zealand Limited	Director
Trade Disruption Insurance	Chairman

Grant R Graham

Auckland Zoological Trust	Trustee
Electricity Corporation Of New Zealand Limited	Director
KordaMentha Limited	Director
North Harbour Rugby Union	Director
333 Performance Management Limited	Director

J Denham Shale

Consortium Limited	Director
D'Argent Trust Limited	Director
Eastern Hi Fi Group Limited	Director
Hector Paskel Limited	Chairman
Japan New Zealand Business Council Inc	Chairman
Jenkin Property Limited	Director
Jenkin Timber Limited	Director
Maxxium New Zealand Limited	Director
Mercy Hospice Auckland Foundation	Chairman
Munich Reinsurance Company Of Australasia Limited	Director
Munich Holdings of Australasia Pty Limited	Director
Oceana Gold Corporation	Director
Oceana Gold Limited	Director
Piha Surf Lifesaving Club Inc	Director
The Farmers' Trading Company Limited	Chairman

Disclosure of interests by directors

Since the date of the last report there have been no transactions in which a director has an interest (as that term is defined in section 139 of the Companies Act 1993).

STATUTORY INFORMATION

DIRECTORS' REMUNERATION

Directors' fees and expenses paid in the years ended 31 December 2008 and 2007 are as follows:

Director	2008	2007
	$	$
Michael R Dossor (Chairman)	76,000	76,000
J Denham Shale	53,000	53,000
Grant R Graham	53,000	53,000
Craig F Harris	53,000	53,000
	235,000	235,000

Directors are reimbursed all travelling, accommodation and other expenses properly incurred by them in connection with the business of the Company.

SHARE HOLDINGS BY DIRECTORS

SHAREHOLDING AS AT	31 DECEMBER 2008	31 DECEMBER 2007
Michael R Dossor	90,231	70,231
J Denham Shale	33,000	33,000
Grant R Graham	-	-
Craig F Harris	145,000	70,000

Share dealings by directors.

Michael R Dossor acquired 20,000 shares for consideration of $23,210 between 17 March 2008 and 8 April 2008. J Denham Shale neither bought nor sold any shares during the year ending 31 December 2008. Craig F Harris acquired 17,150 shares for consideration of $19,672.50 on 6 March 2008, 27,850 shares for consideration of $31,867.50 on 9 April 2008 and 30,000 shares for consideration of $21,000 on 21 October 2008.

Directors' indemnity and insurance

In accordance with the Company's constitution, the Company may grant indemnities and effect insurance for directors and employees to the extent permitted by the Companies Act 1993. The Company has granted indemnities to directors in respect of costs and liabilities arising from acts or omissions in their capacity as directors, and has effected directors and officers' liability insurance to cover risks normally covered by such policies arising out of acts and omissions of directors and officers in their capacity as such. The Company has life insurance cover for each of the non-executive directors to the value of their annual fee.

Information used by directors

During the period the Board received no notices from directors of the Company requesting to use company information received in their capacity as directors, which would not otherwise have been available to them.

SUBSIDIARY COMPANY DIRECTORS

The following people held office as directors of subsidiary companies as at 31 December 2008.

Company	Directors				
Smart Group Services Ltd	A Saunders	G Roberts			
Turners Auto Auctions Inc	G Roberts				
Turners Finance Ltd	M Dossor	G Roberts	C Harris	G Graham	J Shale
Turners Fleet Ltd	A Saunders	G Roberts			
Turners International Holdings Ltd	A Saunders	G Roberts	M Dossor		
Turners Smart Autocentre Ltd	A Saunders	G Roberts			
Turners Technology Solutions Ltd	A Saunders	G Roberts			

EXECUTIVE EMPLOYEES' REMUNERATION

During the period the number of employees or former employees of the Company who received remuneration and other benefits in their capacity as employees, the value of which was or exceeded $100,000 per annum was as follows:

12 Month's Remuneration (Including Share Options)	December 2008	December 2007
$ 100,000 - $ 110,000	7	6
$ 110,001 - $ 120,000	4	4
$ 120,001 - $ 130,000	4	1
$ 130,001 - $ 140,000	1	-
$ 140,001 - $ 150,000	1	2
$ 150,001 - $ 160,000	-	2
$ 160,001 - $ 170,000	2	2
$ 170,001 - $ 180,000	2	-
$ 210,001 - $ 220,000	1	-
$ 240,001 - $ 250,000	-	1
$ 250,001 - $ 260,000	1	-
$ 430,001 - $ 440,000	-	1
$ 440,001 - $ 450,000	1	-
$ 480,001 - $ 490,000	-	1
TOTAL	**24**	**20**

Auditor's remuneration

Details of payments to auditors are outlined in note 29 of the financial statements.

Donations

During the current financial year no donations were made by companies in the Group (2007: $Nil) including the Parent (2007: $Nil).

SHAREHOLDER INFORMATION

TWENTY LARGEST SHAREHOLDERS

As at 4 February 2009

		Holding	Per cent
1	BARTEL HOLDINGS LIMITED	5,807,674	21.2%
2	GUINNESS PEAT GROUP NEW ZEALAND LIMITED	5,315,887	19.4%
3	CITIBANK NOMINEES (NEW ZEALAND) LIMITED - A/C NZCSD	3,515,130	12.8%
4	MARGARET ANN GOLDSMITH & ROSS JOHN TURNER & STEPHEN JAMES TURNER & BRUCE DAVID TURNER & JUDITH FLORENCE BROWNE & RICHARD GRAY	731,687	2.7%
5	GLENN ARTHUR DUNCRAFT	495,000	1.8%
6	HEATHER PATRICIA TURNER	385,343	1.4%
7	GRAHAME HARVEY TURNER	380,454	1.4%
8	DONALD HARVEY TURNER & NORTH HARBOUR TRUSTEE COMPANY LIMITED	256,739	0.9%
9	RUSSELL GRESBY HAMBLING & JOHN ANTHONY HAMBLING & INDEPENDENT TRUSTEES (TAURANGA) LIMITED	250,000	0.9%
10	PORTFOLIO CUSTODIAN LIMITED	233,378	0.9%
11	ANZ NOMINEES LIMITED - A/C NZCSD	209,000	0.8%
12	VANWARD INVESTMENTS LIMITED	205,000	0.7%
13	MARK LAWRENCE CHING & GRANT WATSON MCCURRACH	200,000	0.7%
14	PERMANENT CAPITAL LIMITED	200,000	0.7%
15	NEVILLE KINGSLEY PETERS & DAPHNE ELIZABETH PETERS & BLAIR ROBINSON	200,000	0.7%
16	DONALD ATHELSTAN CURREY & FINN BROGGER JORGENSEN	186,278	0.7%
17	DAVID HUGH PAGET WALPOLE & ERICA JULIA WALPOLE	150,000	0.5%
18	ROBERT BRUCE CONNELL	144,549	0.5%
19	ASB NOMINEES LIMITED	143,300	0.5%
20	TRANSPORT SALES LIMITED	137,000	0.5%
Top 20 holders		**19,146,419**	**69.9%**

SUBSTANTIAL SECURITY HOLDERS

The following information is given pursuant to Section 26 of the Securities Markets Act 1988:

The following were registered by the Company as at 4 February 2009 as Substantial Security Holders, having declared the following relevant interest in voting securities in terms of section 25 of the Securities Amendment Act 1988:

RANK	NAME	NUMBER	%
1	BARTEL HOLDINGS LIMITED	5,807,674	21.2%
2	GUINNESS PEAT GROUP NEW ZEALAND LIMITED	5,315,887	19.4%
3	WHITE RIVER PARTNERS, L.P.	3,151,140	11.5%

As at 4 February 2009 the Company had on issue 27,375,271 voting securities (as defined by the Securities Amendment Act 1988) being fully paid ordinary shares.

SPREAD OF SHAREHOLDING BY SIZE

As at 4 February 2009

Holding Range	Holder Count	Holder Count %	Holding Quantity	Holding Quantity %
1 to 99	11	0.7%	706	0.0%
100 to 199	32	2.0%	4,164	0.0%
200 to 499	141	8.9%	50,627	0.2%
500 to 999	235	14.9%	165,822	0.6%
1,000 to 1,999	343	21.7%	425,093	1.6%
2,000 to 4,999	377	23.9%	1,115,586	4.1%
5,000 to 9,999	197	12.5%	1,217,486	4.5%
10,000 to 49,999	201	12.7%	3,605,704	13.2%
50,000 to 99,999	19	1.2%	1,243,564	4.5%
100,000 to 499,999	20	1.3%	4,176,141	15.3%
500,000 to 999,999	1	0.1%	731,687	2.7%
1,000,000+	3	0.2%	14,638,691	53.5%
Total	**1,580**	**100.0%**	**27,375,271**	**100.0%**

CORPORATE DIRECTORY

DIRECTORS

Michael R Dossor, Chairman

J Denham Shale, Non-executive Director

Grant R Graham, Non-executive Director

Craig F Harris, Non-executive Director

EXECUTIVE MANAGEMENT

Graham Roberts, Chief Executive Officer

Aaron Saunders, Chief Financial Officer

Todd Hunter, General Manager Marketing

Tofigh Alizadeh, Chief Information Officer

Shane Prince, General Manager Commercial

Alan Kurtovich, General Manager Operations Cars

DIVISIONAL MANAGERS

David Karl, Financial Controller

Jonathan Sergel, National Accounts – Government

Brad Gardiner, National Accounts – Lease Companies

Mandy Brooker, Turners Finance

Craig Robinson, Turners Fleet

BRANCH MANAGERS

Rees Daley, Whangarei

Shane Bigwood, North Shore

Paul Callister, Auckland Cars

Rochelle Bargh, Auckland Damaged Vehicles

Jason Tredgett, Auckland Commercial

Kevin Flynn, Hamilton

Carl Jarmin, Tauranga

Dianne Marshall, Napier

Jeff Braid, Palmerston North

Asgar Kachwalla, Wellington Cars

Christopher Schroder, Wellington Commercial

Craig Blackler, Wellington Damaged Vehicles

Ian Curry, Christchurch Cars

Andy Lash, Christchurch Commercial and Damaged Vehicles

Andrew Spiers, Dunedin

REGISTERED OFFICE

1st Floor, Turners Auctions Building, Cnr Penrose & Leonard Roads, Penrose, Auckland, New Zealand

POSTAL ADDRESS

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Email: invest@turners.co.nz

WEB SITES

www.turners.co.nz

SHARE REGISTRAR

Computershare Investor Services Limited

Level 2, 159 Hurstmere Road

Private Bag 92119

Takapuna, Auckland 1020

Telephone: 09 488 8700

Facsimile: 09 488 8787

Email: enquiry@computershare.co.nz

Website: www.computershare.co.nz

AUDITORS

PricewaterhouseCoopers, Auckland

BANKERS

ASB Bank Limited

SOLICITORS

Lee Salmon Long

Minter Ellison Rudd Watts

Russell McVeagh

TURNERS
AUCTIONS

WWW.TURNERS.CO.NZ