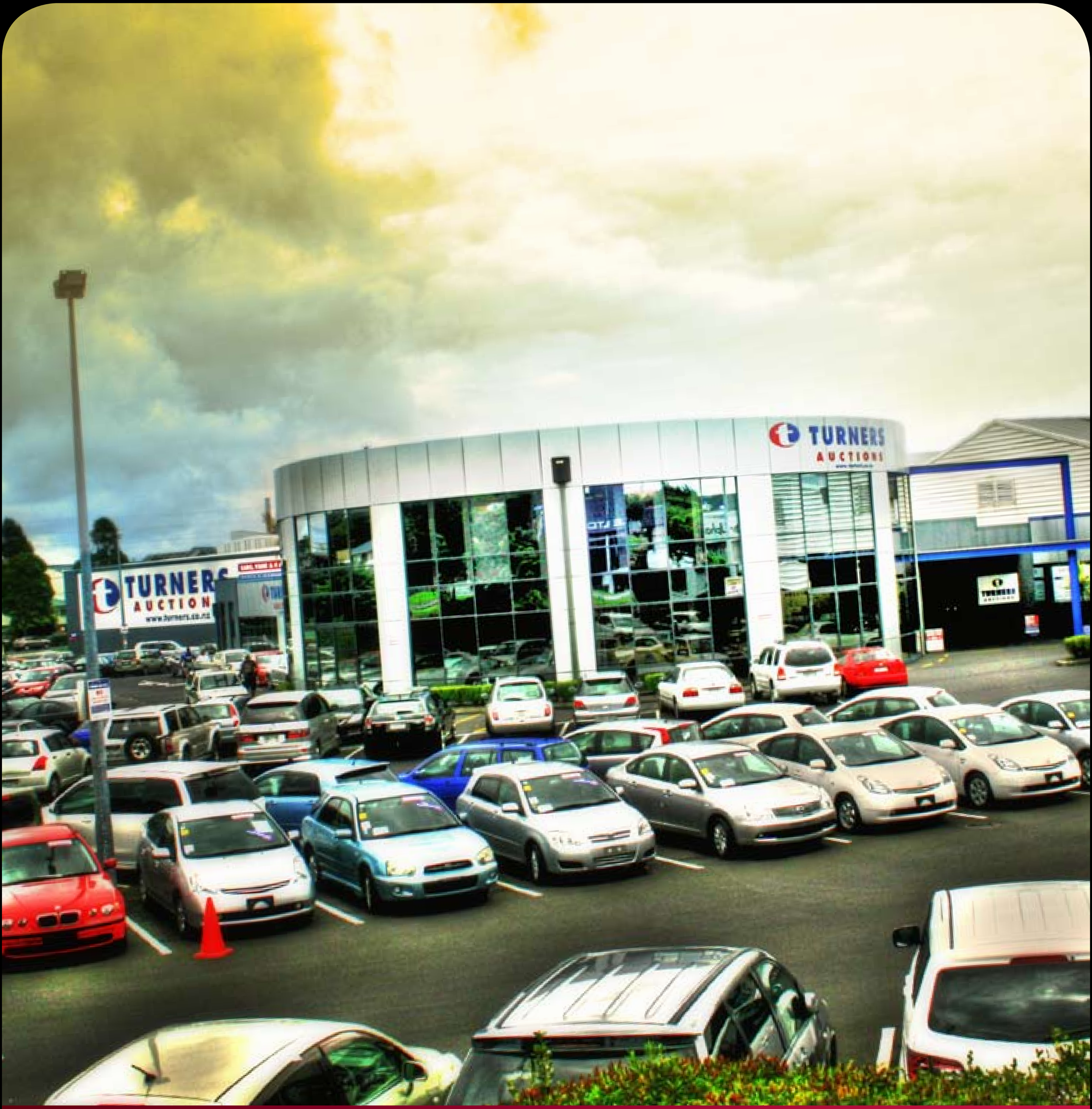
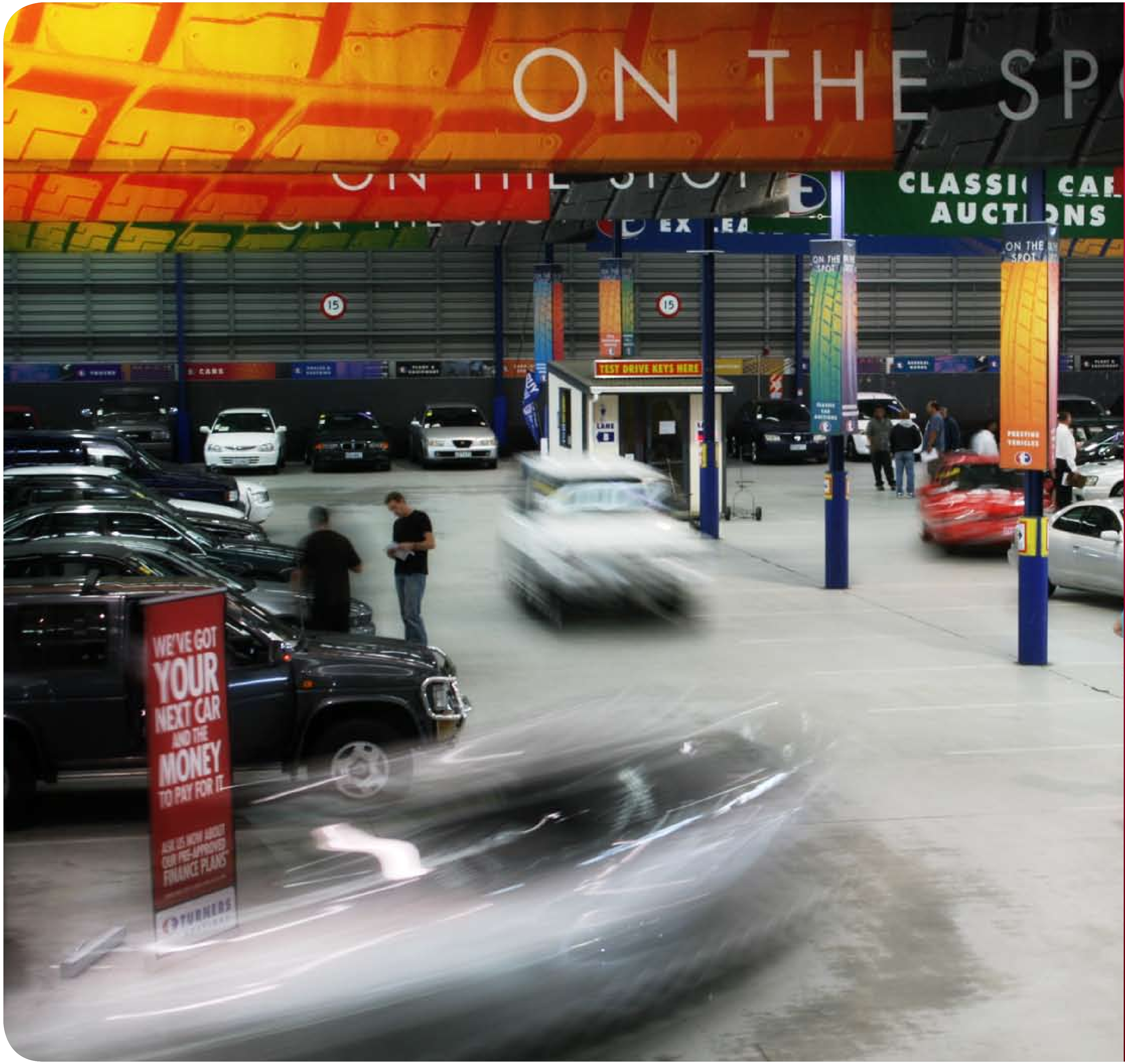


TURNERS AUCTIONS LTD
ANNUAL REPORT 2011


ON THE SP
CLASSIC CAR AUCTIONS
TEST DRIVE KEYS HERE
WE'VE GOT YOUR NEXT CAR AND THE MONEY TO PAY FOR IT
ASK US NOW ABOUT OUR PRE-APPROVED FINANCE PLANS
TURNERS

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.

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 mainly from Japan. In 2011 the company launched a new product 'CashNow' for the purchase of vehicles within New Zealand.

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.

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
- Rental Car Companies
- Vehicle Importers
- Insurance Companies
- Commercial Fleet owners
- Lease Car Companies
- Car Dealers
- Insolvency Experts
- Finance Companies

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 2,000 cars annually from Japan
- Vehicle refurbishment

Community Support

Since 2009 Turners Auctions has been a significant sponsor of SADD Students Against Driving Drunk. SADD is an organisation which tries to save lives by eliminating drunk driving particularly among young people. It is a non-profit organisation which does not condemn drinking, but condemns drinking and driving.

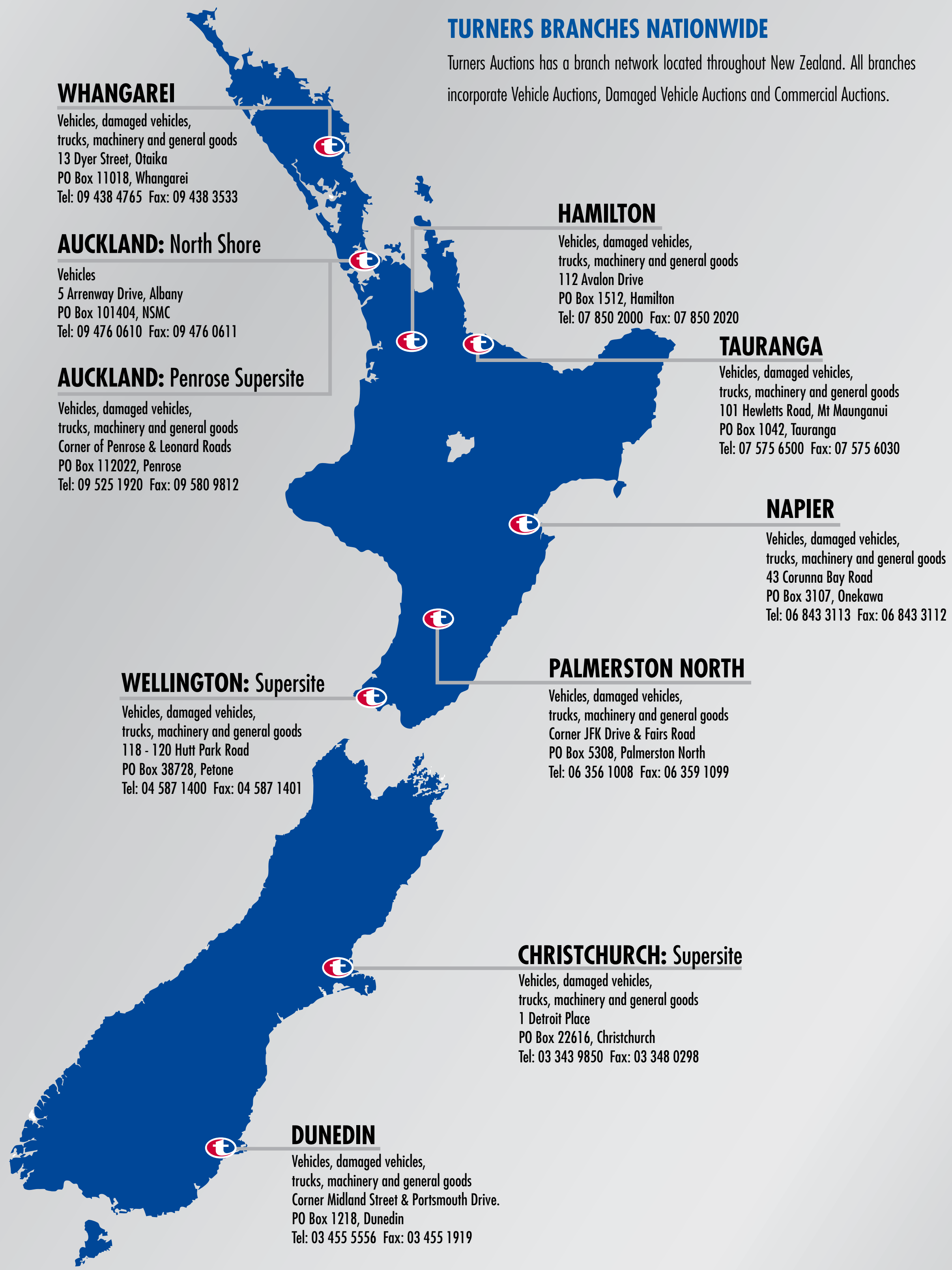
SADD is currently funded by NZTA (NZ Transport Agency) and supported by partners such as the NZ Police and the ACC. They reach over 50 percent of schools and have a clear mission…

Its mission is to contribute to reducing road deaths and injuries from drink driving by promoting positive behavior change among 13 – 17 year olds.

Throughout the year we have also supported a number of other organisations through contributions of people's time and company resources.

TURNERS BRANCHES NATIONWIDE

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



THE DIRECTORS

Michael R Dossor - Dip AG

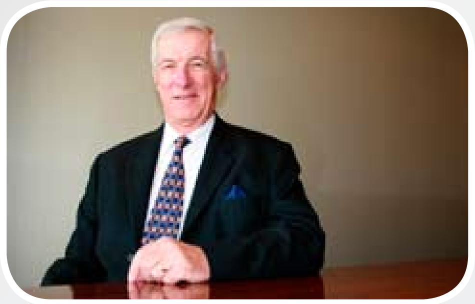
CHAIRMAN

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 and in 2005 he retired as Managing Director of Turners & Growers Limited. He is currently a director of Turners & Growers Limited, 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 25 years and at present is Chairman of The Farmers' Trading Company Limited, Dunedin City Holdings Limited and Mercy Hospice Auckland Foundation and a director of listed company OceanaGold Corporation and a number of private companies and other organisations. He is President of the Institute of Directors in New Zealand and a practising lawyer. Mr Shale joined the board of Turners Auctions Limited in June 2002 and is Chairman of the Audit Committee.



Grant R Graham - BCom, CA

NON-EXECUTIVE DIRECTOR

Mr Graham has been a Partner in boutique accountancy firms KordaMentha and Ferrier Hodgson since 1991, specialising in valuation, acquisitions, profit enhancement and company restructuring. Mr Graham is a director of state owned Electricity Corporation of New Zealand, North Harbour Rugby Union and the Anglican Trust Board 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 and ISS-McKay Limited. He is also currently chairman of Cruise NZ Incorporated and a director of the Protection & Indemnity insurer, Trade Disruption Insurance. 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. Mr Harris joined the board of Turners Auctions Limited in August 2004.

THE EXECUTIVE TEAM

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 in both local and international markets. Over the last 17 years Aaron has worked across a broad range of company sizes and industries including vehicle importation and distribution, broadcasting and the finance sector. Aaron is a full member of the New Zealand Institute of Chartered Accountants.

Todd Hunter

CHIEF OPERATING OFFICER

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 has been a director of the New Zealand Marketing Association and is also a full member of the New Zealand Institute of Chartered Accountants.

Simon Gould-Thorpe

CHIEF INFORMATION OFFICER

Simon Gould-Thorpe joined Turners Auctions in September 2010. Simon is no stranger to business transformation, with over 25 years in Information Services and experience in a wide range of markets and industries. Prior to joining Turners, he spent 10 years as CIO of Honda New Zealand and also held leadership roles at both Tegel Foods and NZI Life. Simon has a proven track record of success as recognised in the 2008 Computerworld excellence awards with him being a finalist in 2 categories 'CIO of the Year' and 'Infrastructure Innovation'.

Alan Kurtovich

GENERAL MANAGER AUCKLAND

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 4 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 truck and commercial businesses together with the Auckland branch.

Shane Prince

GENERAL MANAGER DAMAGED VEHICLES

Shane Prince has been involved in the automotive industry for over 32 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.

A MESSAGE FROM THE CHAIRMAN AND THE CHIEF EXECUTIVE OFFICER

FINANCIAL RESULTS 2011

- Group Net Profit after Tax $3.7m
- Operating Revenues $75.3m
- Total Group Assets $47.0m
- Net cash inflows from operating activities $4.3m
- Turners Finance loan book $19.3m
- Final fully imputed dividend payment 6 cents per share. Total dividend payments for 2012, 17 cents per share, full imputed.

Given the challenging economic conditions, and issues relating to the Canterbury earthquake, it is extremely satisfying to report a revenue growth of 7%, and an improved profit performance, up 22%. This was achieved despite a downturn in used car sales throughout the country.

We are now advanced with our investments in technology, the major current focus being the development and implementation of a new generation operating system. This will enable the company to compete more effectively in the online market, whilst continuing to optimise our national footprint.

AUCTIONS

Given the challenging car market, much of our Auction growth came from our Damaged Vehicle, Trucks and Commercial businesses.

We have been successful in winning a number of major customers in our Cars and Damaged Vehicle divisions, which partly offset the downturn in the market. The weekly National Truck auction grew in strength throughout the year, and we held a number of significant plant and equipment sales.

The Commercial division managed a large number of receivership sales throughout the year, and was also involved in the sale of earthquake salvaged product.

FLEET

Supply of imported vehicles from Japan continued to be constrained, partly due to the Japan Tsunami, and a deteriorating Japanese economy. Growing international competition to buy Japanese cars, and a strong Japanese Yen, did not help us.

Given the above, we decided to focus our Fleet business on purchasing cars domestically. This was achieved with the mid year launch of our new "CashNow" product , which proved very popular with customers.

TURNERS FINANCE

Although constrained by weak consumer demand, the Finance division delivered further growth in 2011. We continued our conservative approach to lending, with a strong focus on affordability for our customers.

CANTERBURY EARTHQUAKE

We were very fortunate that none of Turners people were hurt as a result of the earthquakes. However, like many in the region, a number of our team lost their houses, with most incurring property damage. Turners Christchurch facility suffered only minor damage, which enabled us to provide temporary premises for a number of customers. Turners Auctions played a major role, on behalf of the insurance industry, in the recovery of vehicles from central Christchurch after the February earthquake.

Turners Auctions made a donation of $50,000 to the earthquake appeal, and moving forward, we will continue to look for ways to support our people and the community, as the region recovers.

OUTLOOK

New emissions regulations on imported vehicles effective 1st January 2012, will further constrain the supply of imported vehicles. We believe this will lead to increasing used vehicle prices. The uncertain outlook for the New Zealand economy, means we will continue to have a conservative approach to managing the company.

Our thanks are extended to the directors, management and our valuable advisors for their work this year. On behalf of the Board, thank you to the Turners Auctions Team for their hard work delivering an excellent result in 2011.

Michael Dossor
Chairman

Graham Roberts
Chief Executive Officer

TURNERS AUCTIONS

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FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

INCOME STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2011

	NOTES	CONSOLIDATED 2011 $'000	CONSOLIDATED 2010 $'000	PARENT 2011 $'000	PARENT 2010 $'000
REVENUE FROM CONTINUING OPERATIONS	5	75,332	70,546	39,851	39,039
OTHER INCOME	6	140	41	3,022	24
GOODS SOLD OUT OF INVENTORIES EXPENSE		(28,366)	(25,405)	-	-
SUBCONTRACTED SERVICES EXPENSE		(3,965)	(4,297)	(3,965)	(4,297)
EMPLOYEE BENEFITS EXPENSE	7	(18,082)	(16,460)	(16,330)	(14,841)
PROPERTY EXPENSE		(7,421)	(7,582)	(7,383)	(7,386)
OTHER OPERATING LEASES EXPENSE		(123)	(260)	(115)	(249)
DEPRECIATION AND AMORTISATION EXPENSE	7	(1,541)	(1,636)	(1,528)	(1,621)
ADVERTISING EXPENSE		(1,679)	(1,631)	(1,458)	(1,603)
SUBVENTION PAYMENTS		-	-	-	(3)
OTHER EXPENSES		(7,337)	(7,181)	(6,623)	(6,250)
FINANCE COSTS	7	(1,840)	(1,710)	(3)	(8)
TOTAL EXPENSES		**(70,354)**	**(66,162)**	**(37,405)**	**(36,258)**
PROFIT BEFORE INCOME TAX		**5,118**	**4,425**	**5,468**	**2,805**
INCOME TAX EXPENSE	8	(1,422)	(1,398)	(707)	(891)
PROFIT FOR THE YEAR		**3,696**	**3,027**	**4,761**	**1,914**
ATTRIBUTABLE TO:					
OWNERS OF TURNERS AUCTIONS LIMITED	25,32	3,696	3,027		
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	32	13.5	11.0		
DILUTED EARNINGS PER SHARE	32	13.5	11.0		

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

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2011

	NOTES	CONSOLIDATED 2011 $'000	CONSOLIDATED 2010 $'000	PARENT 2011 $'000	PARENT 2010 $'000
PROFIT FOR THE YEAR		**3,696**	**3,027**	**4,761**	**1,914**
OTHER COMPREHENSIVE INCOME					
CASH FLOW HEDGES	25	(1)	32	-	-
INCOME TAX RELATING TO COMPONENTS OF OTHER COMPREHENSIVE INCOME		-	(10)	-	-
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		(1)	22	-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**3,695**	**3,049**	**4,761**	**1,914**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR IS ATTRIBUTABLE TO:					
OWNERS OF TURNERS AUCTIONS LIMITED		3,695	3,049		

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

BALANCE SHEETS
AS AT 31 DECEMBER 2011

	NOTES	CONSOLIDATED 2011 $'000	CONSOLIDATED 2010 $'000	PARENT 2011 $'000	PARENT 2010 $'000
CURRENT ASSETS					
CASH AND CASH EQUIVALENTS	9	11,931	16,086	10,975	15,423
TRADE AND OTHER RECEIVABLES	10	3,056	2,727	8,369	6,375
INVENTORIES	12	6,942	5,252	-	-
CURRENT TAX RECEIVABLES		-	-	654	447
FINANCE RECEIVABLES	11	8,670	8,453	-	-
TOTAL CURRENT ASSETS		30,599	32,518	19,998	22,245
NON-CURRENT ASSETS					
PROPERTY, PLANT AND EQUIPMENT	15	3,300	3,172	3,268	3,127
INTANGIBLE ASSETS	17	1,010	559	1,010	559
AVAILABLE-FOR-SALE FINANCIAL ASSETS	13	182	182	-	-
INVESTMENT IN SUBSIDIARIES		-	-	1,070	1,070
OTHER RECEIVABLES		426	-	426	-
DEFERRED TAX ASSETS	16	934	929	646	609
FINANCE RECEIVABLES	11	10,598	10,526	-	-
TOTAL NON-CURRENT ASSETS		16,450	15,368	6,420	5,365
TOTAL ASSETS		**47,049**	**47,886**	**26,418**	**27,610**
CURRENT LIABILITIES					
TRADE AND OTHER PAYABLES	18	9,895	8,362	9,429	7,515
INTERCOMPANY PAYABLES	30	-	-	768	2,384
CURRENT TAX LIABILITIES		14	105	-	-
PROVISIONS	21	105	104	-	-
DERIVATIVE FINANCIAL INSTRUMENTS	19	5	4	-	-
DEFERRED INCOME		30	22	-	-
FINANCE PAYABLES	20	8,771	8,579	-	-
TOTAL CURRENT LIABILITIES		18,820	17,176	10,197	9,899
NON-CURRENT LIABILITIES					
PROVISIONS	23	303	221	266	221
FINANCE PAYABLES	20	10,721	10,683	-	-
TOTAL NON-CURRENT LIABILITIES		11,024	10,904	266	221
TOTAL LIABILITIES		**29,844**	**28,080**	**10,463**	**10,120**
NET ASSETS		**17,205**	**19,806**	**15,955**	**17,490**
EQUITY					
CONTRIBUTED EQUITY	24	11,413	11,413	11,413	11,413
OTHER RESERVES	25	75	76	79	79
RETAINED EARNINGS	25	5,717	8,317	4,463	5,998
PARENT ENTITY INTEREST		17,205	19,806	15,955	17,490
TOTAL EQUITY		**17,205**	**19,806**	**15,955**	**17,490**

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

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2011

ATTRIBUTABLE TO EQUITY OWNERS OF TURNERS AUCTIONS LIMITED

	NOTES	CONTRIBUTED EQUITY $'000	HEDGING RESERVE $'000	SHARE BASED PAYMENTS RESERVE $'000	RETAINED EARNINGS $'000	TOTAL EQUITY $'000
CONSOLIDATED						
BALANCE AT 1 JANUARY 2010		11,413	(25)	72	8,575	20,035
COMPREHENSIVE INCOME						
PROFIT FOR THE YEAR		-	-	-	3,027	3,027
OTHER COMPREHENSIVE INCOME						
CASH FLOW HEDGES, NET OF TAX		-	22	-	-	22
TOTAL OTHER COMPREHENSIVE INCOME FOR THE YEAR		-	22	-	-	22
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		-	22	-	3,027	3,049
TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS:						
DIVIDENDS PROVIDED FOR OR PAID	26	-	-	-	(3,285)	(3,285)
EMPLOYEE SHARE OPTIONS	25	-	-	7	-	7
		-	-	7	(3,285)	(3,278)
BALANCE AT 31 DECEMBER 2010		11,413	(3)	79	8,317	19,806
BALANCE AT 1 JANUARY 2011		11,413	(3)	79	8,317	19,806
COMPREHENSIVE INCOME						
PROFIT FOR THE YEAR		-	-	-	3,696	3,696
OTHER COMPREHENSIVE INCOME						
CASH FLOW HEDGES, NET OF TAX		-	(1)	-	-	(1)
TOTAL OTHER COMPREHENSIVE INCOME FOR THE YEAR		-	(1)	-	-	(1)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		-	(1)	-	3,696	3,695
TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS:						
DIVIDENDS PROVIDED FOR OR PAID	26	-	-	-	(6,296)	(6,296)
		-	-	-	(6,296)	(6,296)
BALANCE AT 31 DECEMBER 2011		11,413	(4)	79	5,717	17,205
PARENT						
BALANCE AT 1 JANUARY 2010		11,413	-	72	7,369	18,854
COMPREHENSIVE INCOME						
PROFIT FOR THE YEAR		-	-	-	1,914	1,914
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		-	-	-	1,914	1,914
TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS:						
DIVIDENDS PROVIDED FOR OR PAID	26	-	-	-	(3,285)	(3,285)
EMPLOYEE SHARE OPTIONS	25	-	-	7	-	7
		-	-	7	(3,285)	(3,278)
BALANCE AT 31 DECEMBER 2010		11,413	-	79	5,998	17,490
BALANCE AT 1 JANUARY 2011		11,413	-	79	5,998	17,490
COMPREHENSIVE INCOME						
PROFIT FOR THE YEAR		-	-	-	4,761	4,761
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		-	-	-	4,761	4,761
TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS:						
DIVIDENDS PROVIDED FOR OR PAID	26	-	-	-	(6,296)	(6,296)
BALANCE AT 31 DECEMBER 2011		11,413	-	79	4,463	15,955

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

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2011

	NOTES	CONSOLIDATED 2011 $'000	CONSOLIDATED 2010 $'000	PARENT 2011 $'000	PARENT 2010 $'000
CASH FLOWS FROM OPERATING ACTIVITIES					
RECEIPTS FROM CUSTOMERS		402,913	382,939	371,817	355,616
PAYMENTS TO SUPPLIERS AND EMPLOYEES		(399,726)	(377,079)	(367,296)	(351,628)
NET GST RECEIVED/(PAID)		148	199	(12)	62
DIVIDENDS RECEIVED		-	-	2,900	-
INTEREST RECEIVED		4,376	4,009	897	943
INTEREST PAID		(1,856)	(1,657)	(3)	(8)
INCOME TAXES PAID		(1,518)	(2,079)	(951)	(1,707)
NET CASH INFLOW FROM OPERATING ACTIVITIES	31	4,337	6,332	7,352	3,278
CASH FLOWS FROM INVESTING ACTIVITIES					
PAYMENTS FOR PROPERTY, PLANT AND EQUIPMENT		(1,638)	(1,114)	(1,588)	(1,111)
PAYMENTS FOR INTANGIBLE ASSETS		(879)	(169)	(879)	(169)
PROCEEDS FROM SALE OF PROPERTY, PLANT AND EQUIPMENT		247	91	197	89
PROCEEDS FROM SALE OF INVESTMENTS/BUSINESS		74	-	74	-
REPAYMENT OF LOANS (TO)/BY RELATED PARTIES		-	-	(3,308)	2,505
NET CASH (OUTFLOW)/INFLOW FROM INVESTING ACTIVITIES		(2,196)	(1,192)	(5,504)	1,314
CASH FLOWS FROM FINANCING ACTIVITIES					
DIVIDENDS PAID TO PARENT'S SHAREHOLDERS	26	(6,296)	(3,285)	(6,296)	(3,285)
NET CASH OUTFLOW FROM FINANCING ACTIVITIES		(6,296)	(3,285)	(6,296)	(3,285)
NET INCREASE IN CASH AND CASH EQUIVALENTS		(4,155)	1,855	(4,448)	1,307
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		16,086	14,231	15,423	14,116
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	9	11,931	16,086	10,975	15,423

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2011

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.

Turners Auctions owners do not have the power to amend these financial statements after issue. These consolidated financial statements have been approved for issue by the Board of Directors on 24th February 2012.

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 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

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Turners Auctions Limited has, at the end of the period, neither in the Parent nor the Group, any estimates or judgements that in managements judgement are considered critical.

(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 2011 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.

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.

(C) SEGMENT REPORTING

Operating segments are reported in a manner that is consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker has been identified as the Board of Directors that makes strategic decisions.

(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 Group'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.

(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 delivers a product to the customer.

(II) SALES OF SERVICES

Sales of services comprise auction commission and other auction revenue and finance related insurance commission 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 rental 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) OTHER REVENUE

Other revenue comprises income outside of commission revenue and sales of goods.

(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, intercompany 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

(K) 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.

(I) TRADE AND OTHER RECEIVABLES

Trade and other 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 and other 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.

(II) 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.

(III) 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, finance receivables and cash and cash equivalents 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 financial assets are recognised on trade-date - the date on which the Group commits to purchase or sell the asset. Financial assets are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the income statement. 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 other comprehensive income. When securities classified as available-for-sale are sold, the accumulated fair value adjustments recognized in equity are included in the income statement as gains and losses from investment securities.

Dividends on available-for-sale equity investments are recognised in the income statement as part of 'other income' when the Group's right to receive payments is established.

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.

(IV) 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.

(V) FINANCE PAYABLES

Finance payables are initially recognised at fair value, net of transaction costs incurred. Finance payables are subsequently measured at amortised cost. Any difference between the proceeds (net of 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.

Finance payables 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.

(VI) 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. The deferred amounts are ultimately recognised in 'goods sold out of inventories expense' in the case of inventory.

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.

(L) FAIR VALUE ESTIMATION

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

Effective 1 January 2009, the Group adopted the amendment to NZ IFRS 7 for financial instruments that are measured in the balance sheet at fair value, this requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is unobservable inputs) (level 3).

(M) 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.

(N) PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is stated at historical cost less accumulated 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 within other income.

(O) 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.

(Q) 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 cash-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 an accrual where contractually obliged or where there is a past practice that has created a constructive obligation.

(R) 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.

(T) STANDARDS, AMENDMENTS AND INTERPRETATIONS TO EXISTING 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 2011 or later periods but which the Group has not early adopted. The following new standards are applicable to the Group:

- NZ IFRS 13 was released in May 2011. NZ IFRS 13 explains how to measure fair value and aims to enhance fair value disclosures. The Group has yet to determine which, if any, of its current measurement techniques will have to change as a result of the new guidance. It is therefore not possible to state the impact, if any, of the new rules on any of the amounts recognised in the financial statements. However, application of the new standard will impact the type of information disclosed in the notes to the financial statements. The Group does not intend to adopt the new standard before its operative date, which means that it would be first applied in the annual reporting period commencing 1 January 2013.
- In June 2011, the IASB made an amendment to IAS 1 Presentation of Financial

Statements. The XRB is expected to make equivalent changes to NZ IAS 1 shortly. The amendment requires entities to separate items presented in other comprehensive income into two groups, based on whether they may be recycled to profit or loss in the future. It will not affect the measurement of any of the items recognised in the balance sheet or the profit or loss in the current period. The Group intends to adopt the new standard from 1 January 2013.

- Additionally in May 2011 there were a number of minor amendments to NZ IFRS 10 Consolidated Financial Statements, NZ IFRS 11 Joint Arrangements, NZ IFRS 12 Disclosure of Interests in other Entities and revised NZ IAS 27 Separate Financial Statements and NZ IAS 28 Investments in Associates and Joint Ventures which are effective from 1 January 2013. The Group does not intend to adopt these new standards until the effective date. (effective 1 January 2013)
- NZ IFRS 9: Financial Instruments (effective for annual periods beginning on or after 1 January 2013) NZ IFRS 9 on classification and measurement of financial assets has two measurement categories: amortised cost and fair value. All equity investments are measured at fair value. A debt instrument is measured at amortised cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest. Otherwise it is measured at fair value through profit or loss. The amendment is not expected to result in a material impact on the Group or Company's financial statements.

(U) INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES

Investments 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 programme 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) MA RKET 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. There is no foreign exchange risk for the parent.

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 2011, had the New Zealand dollar weakened/strengthened by 10% against the Japanese yen, with all other variables held constant, equity would have been $22,000 higher/$18,000 lower (2010: $73,000 higher/$60,000 lower), arising mainly from foreign forward exchange contracts designated as cash flow hedges and translation of related Japanese yen 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 2011, 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 $84,000 lower/higher (2010: $113,000 lower/higher), mainly as a result of lower/higher interest income from cash and cash equivalents. Equity would have been $81,000 lower/higher (2010: $107,000 lower/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, foreign exchange risk and other price risk.

		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 2011									
FINANCIAL ASSETS									
CASH AND CASH EQUIVALENTS	11,931	(84)	(84)	84	84	-	-	-	-
TRADE AND OTHER RECEIVABLES	3,482	-	-	-	-	-	-	-	-
FINANCE RECEIVABLES	19,267	-	-	-	-	-	-	-	-
AVAILABLE-FOR-SALE INVESTMENTS	182	-	-	-	-	-	-	-	-
FINANCIAL LIABILITIES									
TRADE AND OTHER PAYABLES	9,895	-	-	-	-	-	-	-	-
DERIVATIVES - CASH FLOW HEDGES	5	-	3	-	(3)	-	22	-	(18)
FINANCE PAYABLES	19,492	-	-	-	-	-	-	-	-
TOTAL INCREASE/(DECREASE)		**(84)**	**(81)**	**84**	**81**	**-**	**22**	**-**	**(18)**
CONSOLIDATED: 31 DECEMBER 2010									
FINANCIAL ASSETS									
CASH AND CASH EQUIVALENTS	16,086	(113)	(113)	113	113	-	-	-	-
TRADE AND OTHER RECEIVABLES	2,727	-	-	-	-	-	-	-	-
FINANCE RECEIVABLES	18,979	-	-	-	-	-	-	-	-
AVAILABLE-FOR-SALE INVESTMENTS	182	-	-	-	-	-	-	-	-
FINANCIAL LIABILITIES									
TRADE AND OTHER PAYABLES	8,362	-	-	-	-	-	33	-	(27)
DERIVATIVES - CASH FLOW HEDGES	4	-	6	-	(6)	-	40	-	(33)
FINANCE PAYABLES	19,262	-	-	-	-	-	-	-	-
TOTAL INCREASE/(DECREASE)		**(113)**	**(107)**	**113**	**107**	**-**	**73**	**-**	**(60)**
PARENT: 31 DECEMBER 2011									
FINANCIAL ASSETS									
CASH AND CASH EQUIVALENTS	10,975	(77)	(77)	77	77	-	-	-	-
TRADE AND OTHER RECEIVABLES	8,795	-	-	-	-	-	-	-	-
FINANCIAL LIABILITIES									
TRADE AND OTHER PAYABLES	9,429	-	-	-	-	-	-	-	-
INTERCOMPANY PAYABLES	768	-	-	-	-	-	-	-	-
TOTAL INCREASE/(DECREASE)		**(77)**	**(77)**	**77**	**77**	**-**	**-**	**-**	**-**
PARENT: 31 DECEMBER 2010									
FINANCIAL ASSETS									
CASH AND CASH EQUIVALENTS	15,423	(108)	(108)	108	108	-	-	-	-
TRADE AND OTHER RECEIVABLES	6,375	-	-	-	-	-	-	-	-
FINANCIAL LIABILITIES									
TRADE AND OTHER PAYABLES	7,515	-	-	-	-	-	-	-	-
INTERCOMPANY PAYABLES	2,384	-	-	-	-	-	-	-	-
TOTAL INCREASE/(DECREASE)		**(108)**	**(108)**	**108**	**108**	**-**	**-**	**-**	**-**

(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 2011						
FINANCIAL LIABILITIES						
DERIVATIVES - CASH FLOW HEDGES	-	259	-	-	-	259
TRADE AND OTHER PAYABLES	-	9,895	-	-	-	9,895
FINANCE PAYABLES	-	3,048	8,065	7,420	4,036	22,569
	-	13,202	8,065	7,420	4,036	32,723
CONSOLIDATED: 31 DECEMBER 2010						
FINANCIAL LIABILITIES						
DERIVATIVES - CASH FLOW HEDGES	-	508	-	-	-	508
TRADE AND OTHER PAYABLES	-	8,362	-	-	-	8,362
FINANCE PAYABLES	-	2,972	7,797	7,355	4,049	22,173
	-	11,842	7,797	7,355	4,049	31,043
PARENT: 31 DECEMBER 2011						
FINANCIAL LIABILITIES						
TRADE AND OTHER PAYABLES	-	9,429	-	-	-	9,429
INTERCOMPANY PAYABLES	768	-	-	-	-	768
	768	9,429	-	-	-	10,197
PARENT: 31 DECEMBER 2010						
FINANCIAL LIABILITIES						
TRADE AND OTHER PAYABLES	-	7,515	-	-	-	7,515
INTERCOMPANY PAYABLES	2,384	-	-	-	-	2,384
	2,384	7,515	-	-	-	9,899

(D) FAIR VALUE ESTIMATION

The following table presents the Group's and Parent's assets and liabilities that are measured at fair value at 31 December 2010:

	LEVEL 1 $'000	LEVEL 2 $'000	LEVEL 3 $'000	TOTAL $'000
CONSOLIDATED: 31 DECEMBER 2011				
ASSETS				
AVAILABLE-FOR-SALE FINANCIAL ASSETS – EQUITY SECURITIES	-	-	182	182
TOTAL ASSETS	-	-	182	182
LIABILITIES				
DERIVATIVES USED FOR HEDGING	-	5	-	5
TOTAL LIABILITIES	-	5	-	5
CONSOLIDATED: 31 DECEMBER 2010				
ASSETS				
AVAILABLE-FOR-SALE FINANCIAL ASSETS – EQUITY SECURITIES	-	-	182	182
TOTAL ASSETS	-	-	182	182
LIABILITIES				
DERIVATIVES USED FOR HEDGING	-	4	-	4
TOTAL LIABILITIES	-	4	-	4

The Parent had no financial assets and liabilities measured at fair value at 31 December 2011 (2010: Nil).

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. These instruments are included in level 1. The Group did not have any level 1 financial instruments at 31 December 2011.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. The Group's forward foreign exchange contracts are level 2 financial instruments at 31 December 2011.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. The Group's shares in Motor Trade Finance Limited ('MTF'), for which there is currently no active observable market, are included in level 3 at 31 December 2011.

Specific valuation techniques used to value financial instruments include:

- The fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date, with the resulting value discounted back to present value.
- The fair value of the available-for-sale equity securities has been estimated by reference to recent transactions with MTF shares.

(E) FINANCIAL INSTRUMENTS BY CATEGORY

ASSETS AS PER BALANCE SHEET	LOANS AND RECEIVABLES $'000	DERIVATIVES USED FOR HEDGING $'000	AVAILABLE-FOR-SALE $'000	TOTAL $'000
CONSOLIDATED: 31 DECEMBER 2011				
CASH AND CASH EQUIVALENTS	11,931	-	-	11,931
TRADE AND OTHER RECEIVABLES	3,056	-	-	3,056
FINANCE RECEIVABLES	19,268	-	-	19,268
AVAILABLE-FOR-SALE FINANCIAL ASSETS	-	-	182	182
	34,255	-	182	34,437
CONSOLIDATED: 31 DECEMBER 2010				
CASH AND CASH EQUIVALENTS	16,086	-	-	16,086
TRADE AND OTHER RECEIVABLES	2,727	-	-	2,727
FINANCE RECEIVABLES	18,979	-	-	18,979
AVAILABLE-FOR-SALE FINANCIAL ASSETS	-	-	182	182
	37,792	-	182	37,974
PARENT: 31 DECEMBER 2011				
CASH AND CASH EQUIVALENTS	10,975	-	-	10,975
TRADE AND OTHER RECEIVABLES	8,369	-	-	8,369
	19,344	-	-	19,344
PARENT: 31 DECEMBER 2010				
CASH AND CASH EQUIVALENTS	15,423	-	-	15,423
TRADE AND OTHER RECEIVABLES	6,375	-	-	6,375
	21,798	-	-	21,798

LIABILITIES AS PER BALANCE SHEET	DERIVATIVES USED FOR HEDGING $'000	FINANCIAL LIABILITIES AT AMORTISED COST $'000	TOTAL $'000
CONSOLIDATED: 31 DECEMBER 2011			
TRADE AND OTHER PAYABLES	-	9,895	9,895
DERIVATIVE FINANCIAL INSTRUMENTS	5	-	5
FINANCE PAYABLES	-	19,492	19,492
	5	29,387	29,392
CONSOLIDATED: 31 DECEMBER 2010			
TRADE AND OTHER PAYABLES	-	8,362	8,362
DERIVATIVE FINANCIAL INSTRUMENTS	4	-	4
FINANCE PAYABLES	-	19,262	19,262
	4	27,624	27,628
PARENT: 31 DECEMBER 2011			
TRADE AND OTHER PAYABLES	-	9,429	9,429
INTERCOMPANY PAYABLES	-	768	768
	-	10,197	10,197
PARENT: 31 DECEMBER 2010			
TRADE AND OTHER PAYABLES	-	7,515	7,515
INTERCOMPANY PAYABLES	-	2,384	2,384
	-	9,899	9,899

4. SEGMENT INFORMATION

(A) DESCRIPTION OF SEGMENTS

BUSINESS SEGMENTS

Management has determined the operating segments based on the reports reviewed by the Board of Directors that are used to make strategic decisions. The Board considers the business from a product perspective. Geographically the business is located within one area, New Zealand.

Three reportable segments have been identified. Auctions consists of remarketing of motor vehicles and commercial goods. Remarketing of trucks and heavy machinery operations are included in this segment. Fleet consists of purchase of motor vehicles and commercial goods for resale. Finance consists of provision of motor vehicle finance.

(B) OPERATING SEGMENTS

	AUCTIONS $'000	FLEET $'000	FINANCE $'000	INTER-SEGMENT ELIMINATIONS/ UNALLOCATED $'000	TOTAL $'000
31 DECEMBER 2011					
TOTAL SEGMENT REVENUE	39,851	33,473	4,992	-	78,316
INTER-SEGMENT REVENUE (NOTE 4 C (II))	(3,330)	-	346	-	(2,984)
REVENUE FROM EXTERNAL CUSTOMERS	36,521	33,473	5,338	-	75,332
OPERATING PROFIT	5,394	1,170	1,380	(2,900)	5,044
INTEREST REVENUE	896	14	3,754	(232)	4,432
INTEREST EXPENSE	3	232	1,837	(232)	1,840
DEPRECIATION AND AMORTISATION EXPENSE	1,528	9	3	-	1,540
INCOME TAX EXPENSE	702	333	387	-	1,422
ADDITIONS TO NON-CURRENT ASSETS	2,467	33	17	-	2,517
IMPAIRMENT OF RECEIVABLES	8	-	83	-	91
31 DECEMBER 2010					
TOTAL SEGMENT REVENUE	39,039	29,416	4,788	-	73,243
INTER-SEGMENT REVENUE (NOTE 4 C (II))	(3,092)	-	395	-	(2,697)
REVENUE FROM EXTERNAL CUSTOMERS	35,947	29,416	5,183	-	70,546
OPERATING PROFIT	2,807	496	1,122	-	4,425
INTEREST REVENUE	943	12	3,445	(284)	4,116
INTEREST EXPENSE	8	284	1,702	(284)	1,710
DEPRECIATION AND AMORTISATION EXPENSE	1,621	12	3	-	1,636
INCOME TAX EXPENSE	878	152	368	-	1,398
ADDITIONS TO NON-CURRENT ASSETS	1,280	1	2	-	1,283
IMPAIRMENT OF RECEIVABLES	19	-	91	-	110

The Board assesses the performance of the operating segments based on an adjusted measure of operating profit. Operating profit includes an allocation of interest and corporate overheads. Operating profit excludes the effects of non-recurring revenue and expenditure from the operating segments.

A reconciliation of the operating profit measure to profit before income tax is provided below:

	CONSOLIDATED 2011 $'000	CONSOLIDATED 2010 $'000
OPERATING PROFIT	5,044	4,425
GAIN ON SALE OF INVESTMENT	74	-
PROFIT BEFORE INCOME TAX	5,118	4,425

(C) 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 IFRS 8 Operating Segments.

Segment revenues and expenses are those that are directly attributable to a segment and the relevant portion that can be allocated to the segment on a reasonable basis.

(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.

(III) SEGMENT ASSETS AND LIABILITIES

Segment assets and liabilities are not included within the reporting to the Board and hence have not been included within the disclosures in note 4(b) above.

5. REVENUE

	CONSOLIDATED		PARENT	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
SALES OF SERVICES				
COMMISSION AND OTHER AUCTION REVENUE	36,153	35,401	38,586	37,587
FINANCE RELATED INSURANCE COMMISSION	858	1,011	-	-
SALE OF GOODS	33,459	29,404	-	-
OTHER SERVICES REVENUE	62	105	-	-
RENTS AND SUB-LEASE RENTALS	368	509	368	509
INTEREST	4,432	4,116	897	943
	75,332	70,546	39,851	39,039

All revenue is attributable to New Zealand. No individual customer accounts for 10% or more of revenue.

6. OTHER INCOME

GAIN ON DISPOSAL OF PROPERTY, PLANT AND EQUIPMENT	44	20	44	20
DIVIDENDS FROM SUBSIDIARIES	-	-	2,900	-
OTHER DIVIDEND INCOME	74	-	74	-
GAIN ON SALE OF INVESTMENTS	22	21	4	4
	140	41	3,022	24

7. EXPENSES

	CONSOLIDATED		PARENT	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
PROFIT BEFORE INCOME TAX INCLUDES THE FOLLOWING SPECIFIC EXPENSES:				
DEPRECIATION				
PLANT AND EQUIPMENT, MOTOR VEHICLES	386	339	379	328
LEASEHOLD IMPROVEMENTS	383	507	381	505
COMPUTER EQUIPMENT	189	180	187	178
FURNITURE AND FITTINGS, OFFICE EQUIPMENT	45	56	44	56
SIGNS AND FLAGS	143	164	142	164
TOTAL DEPRECIATION	1,146	1,246	1,133	1,231
AMORTISATION OF SOFTWARE (NOTE 17)	395	390	395	390
INTEREST AND FINANCE CHARGES PAID / PAYABLE	1,840	1,710	3	8
LOSS ON DISPOSAL OF PROPERTY, PLANT AND EQUIPMENT	195	40	195	40
RENTAL EXPENSE RELATING TO OPERATING LEASES				
MINIMUM LEASE PAYMENTS	7,017	7,335	6,970	7,132
DEFINED CONTRIBUTION SUPERANNUATION EXPENSE	323	339	297	310
EMPLOYEE BENEFIT EXPENSE				
EQUITY-SETTLED SHARE-BASED PAYMENTS EXPENSE	-	7	-	7
DONATIONS	70	16	70	16

8. INCOME TAX EXPENSE

	CONSOLIDATED		PARENT	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
(A) INCOME TAX EXPENSE				
CURRENT TAX	1,381	1,513	707	955
DEFERRED TAX	(5)	(110)	(37)	(68)
UNDER (OVER) PROVIDED IN PRIOR YEARS	46	(5)	37	4
TOTAL INCOME TAX EXPENSE	1,422	1,398	707	891
INCOME TAX EXPENSE IS ATTRIBUTABLE TO:				
PROFIT FROM CONTINUING OPERATIONS	1,422	1,398	707	891
(B) NUMERICAL RECONCILIATION OF INCOME TAX EXPENSE TO PRIMA FACIE TAX PAYABLE				
PROFIT FROM CONTINUING OPERATIONS BEFORE INCOME TAX EXPENSE	5,118	4,425	5,468	2,805
TAX AT THE NEW ZEALAND TAX RATE OF 28% (2010: 30%)	1,433	1,328	1,531	842
TAX EFFECT OF A CHANGE IN TAX RATES	-	66	-	43
TAX EFFECT OF AMOUNTS WHICH ARE NOT DEDUCTIBLE (TAXABLE) IN CALCULATING TAXABLE INCOME:	(57)	16	(862)	19
UNDER (OVER) PROVISION IN PRIOR YEARS	46	(12)	38	(13)
INCOME TAX EXPENSE	1,422	1,398	707	891
(C) AMOUNTS RECOGNISED DIRECTLY IN EQUITY				
NET DEFERRED TAX - DEBITED (CREDITED) DIRECTLY TO EQUITY (NOTES 16 AND 25)	-	(10)	-	-
(D) UNRECOGNISED DEFERRED TAX BALANCES				
UNUSED TAX LOSSES FOR WHICH NO DEFERRED TAX BENEFIT HAS BEEN RECOGNISED	857	896	-	-

Turners Auto Auctions Inc has tax losses available of $857,000 (2010: $896,000) which it is unlikely to utilise in the future. These are not recognised as deferred tax balances in the financial statements.

9 . CURRENT ASSETS - CASH AND CASH EQUIVALENTS

	CONSOLIDATED 2011	CONSOLIDATED 2010	PARENT 2011	PARENT 2010
CASH AT BANK AND IN HAND	11,931	16,086	10,975	15,423

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 20(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.

10. CURRENT ASSETS - TRADE AND OTHER RECEIVABLES

	CONSOLIDATED		PARENT	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
NET TRADE RECEIVABLES	2,581	2,254	2,498	2,161
TRADING RECEIVABLES FROM SUBSIDIARIES	-	-	24	24
LOANS TO SUBSIDIARIES	-	-	5,563	3,871
OTHER RECEIVABLES	475	473	284	319
	3,056	2,727	8,369	6,375

Further information relating to trading receivables from subsidiaries and loans to subsidiaries is set out in note 30.

The status of trade receivables is summarised as follows:

	CONSOLIDATED 2011	CONSOLIDATED 2010	PARENT 2011	PARENT 2010
NEITHER PAST DUE NOR IMPAIRED	1,234	935	1,174	896
PAST DUE BUT NOT IMPAIRED	1,347	1,319	1,324	1,265
IMPAIRED	56	50	56	50
GROSS	2,637	2,304	2,554	2,211
LESS:				
PROVISION FOR IMPAIRMENT OF RECEIVABLES	56	50	56	50
NET TRADE RECEIVABLES	2,581	2,254	2,498	2,161

(A) IMPAIRED RECEIVABLES

If a trade receivable falls overdue and the Group is unable to enter into an arrangement to recover the amount owed then the receivable is classed as impaired. As at 31 December 2011 current trade receivables of the Group with a nominal value of $56,000 (2010: $50,000) were impaired. The amount of the provision was $56,000 (2010: $50,000). The impaired receivables mainly relate to customers who are in financial difficulty or dispute. It was assessed that none of the receivables are expected to be recovered. There were $56,000 (2010: $50,000) impaired trade receivables for the Parent. The amount of the provision in the Parent was $56,000 (2010: $50,000).

The age of the impaired receivables is as follows:

DAYS OVERDUE	CONSOLIDATED 2011	CONSOLIDATED 2010	PARENT 2011	PARENT 2010
1 TO 7 DAYS	-	2	-	2
8 TO 14 DAYS	2	-	2	-
15 TO 31 DAYS	6	-	6	-
32 TO 62 DAYS	10	-	10	-
OVER 62 DAYS	38	48	38	48
	56	50	56	50

As of 31 December 2011, trade receivables of $1,347,000 (2010: $1,319,000) 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:

DAYS OVERDUE	CONSOLIDATED 2011	CONSOLIDATED 2010	PARENT 2011	PARENT 2010
1 TO 7 DAYS	991	837	982	814
8 TO 14 DAYS	213	310	212	310
15 TO 31 DAYS	126	155	126	136
32 TO 62 DAYS	17	17	4	5
	1,347	1,319	1,324	1,265

TURNERS AUCTIONS

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

	CONSOLIDATED		PARENT	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
BALANCE AT 1 JANUARY	50	52	50	52
PROVISION FOR DOUBTFUL DEBT RECOGNISED DURING THE YEAR	18	16	18	16
RECEIVABLES WRITTEN OFF DURING THE YEAR AS UNCOLLECTIBLE	(12)	(18)	(12)	(18)
	56	50	56	50

The creation and release of the provision for impaired receivables has been included in 'other expenses' in 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 $18,000 (2010: loss of $16,000) in respect of bad and doubtful trade receivables during the year ended 31 December 2011. The Parent has recognised a loss of $18,000 (2010: loss of $16,000). The loss has been included in 'other expenses' in the income statement.

(C) OTHER RECEIVABLES

Other receivables include finance receivables where payments have fallen 70 or more days overdue without arrangements having been made to recover the overdue payments and are valued on the basis of the assets in possession of the Group (note 11(a)).

These finance receivables have a carrying value of $13,000 (2010: $17,000). This represents a gross debt of $289,000 (2010: $221,000) and an allowance for impairment of $276,000 (2010: $204,000).

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

ALLOWANCE FOR IMPAIRMENT				
BALANCE AT 1 JANUARY	204	151	-	-
TRANSFER FROM ALLOWANCE FOR IMPAIRMENT - FINANCE RECEIVABLES (NOTE 11(A))	97	97	-	-
ALLOWANCE FOR IMPAIRMENT RECOGNISED DURING THE YEAR	(4)	(31)	-	-
RECEIVABLES WRITTEN OFF DURING THE YEAR	(21)	(13)	-	-
BALANCE AT 31 DECEMBER	276	204	-	-

(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. Aside from these overdue finance receivables, no other collateral is held by the Group.

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.

11. FINANCE RECEIVABLES

	CONSOLIDATED		PARENT	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
CURRENT	8,670	8,453	-	-
NON-CURRENT	10,598	10,526	-	-
	19,268	18,979	-	-

(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 10(c)).

Finance receivables are summarised as follows:

NEITHER PAST DUE NOR IMPAIRED	19,010	18,672	-	-
IMPAIRED	366	425	-	-
GROSS	19,376	19,097	-	-
LESS:				
ALLOWANCE FOR IMPAIRMENT	108	118	-	-
NET	19,268	18,979	-	-

The table below shows a reconciliation of the movements in the allowance for impairment - finance receivables. There is no allowance on receivables that are neither past due nor impaired as they are considered to Consolidated be fully collectible.

ALLOWANCE FOR IMPAIRMENT				
BALANCE AT 1 JANUARY	118	93	-	-
ALLOWANCE FOR IMPAIRMENT RECOGNISED DURING THE YEAR	87	122	-	-
TRANSFER TO ALLOWANCE FOR IMPAIRMENT - OTHER RECEIVABLES(NOTE 10(C))	(97)	(97)	-	-
BALANCE AT 31 DECEMBER	108	118	-	-

The age of the impaired finance receivables is as follows:

DAYS OVERDUE				
3 TO 11 DAYS	248	224	-	-
12 TO 70 DAYS	100	190	-	-
OVER 70 DAYS	18	11	-	-
	366	425	-	-

The Group has recognised a loss of $83,000 (2010: $80,000) in respect of the provision for and write off of impaired finance receivables during the year ended 31 December 2011. The loss has been included in 'other expenses' in the income statement.

TURNERS AUCTIONS

(B) FAIR VALUES

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

	AT 2011		AT 2010	
	CARRYING AMOUNT $'000	FAIR VALUE $'000	CARRYING AMOUNT $'000	FAIR VALUE $'000
BALANCE AT 31 DECEMBER	19,268	19,299	18,979	18,968

The fair values are based on cash flows discounted using a current weighted average lending rate of 15.9% (2010: 16.3%).

(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, maintenance and other sundry expenses 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.

12. CURRENT ASSETS - INVENTORIES

	CONSOLIDATED		PARENT	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
MOTOR VEHICLES	6,942	5,252	-	-

(A) INVENTORY EXPENSE

Inventories recognised as expense during the year ended 31 December 2011 amounted to $28,366,000 (2010: $25,405,000).

The movement in the provision for write-downs of inventories to net realisable value during the year ended 31 December 2011 amounted to an increase of $10,000 (2010: reduction of $17,000). This movement has been recognised as an increase (2010: decrease) of the 'goods sold out of inventories expense' in the income statement.

13. NON-CURRENT ASSETS - AVAILABLE-FOR-SALE FINANCIAL ASSETS

	CONSOLIDATED		PARENT	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
BALANCE AT 31 DECEMBER	182	182	-	-

There was no sale or purchase of shares during the year (2010: nil)

Available for sale financial assets comprise unlisted equity securities in MTF, denominated in New Zealand Dollars. Additional shares acquired during the year are recorded at cost at the time of the transaction.

At 31 December 2011 the carrying value of the shares is considered to be fair value. Details of the techniques used to estimate fair value are given in note 3 (d).

The maximum exposure to credit risk at the reporting date of the available for sale financial assets is the carrying value.

14. 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	2011 %	2010 %
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	
	2011 $'000	2010 $'000
TURNERS FLEET LTD	570	570
TURNERS FINANCE LTD	500	500
	1,070	1,070

15. 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	TOTAL $'000
BALANCE AT 1 JANUARY 2010						
COST	2,849	1,718	4,200	4,963	2,379	16,109
ACCUMULATED DEPRECIATION	(1,896)	(1,542)	(2,949)	(4,706)	(1,601)	(12,694)
NET BOOK AMOUNT	953	176	1,251	257	778	3,415
YEAR ENDED 31 DECEMBER 2010						
OPENING NET BOOK AMOUNT	953	176	1,251	257	778	3,415
ADDITIONS/TRANSFERS	805	7	69	226	7	1,114
DISPOSALS	(78)	-	(18)	-	(15)	(111)
DEPRECIATION CHARGE	(339)	(56)	(507)	(180)	(164)	(1,246)
CLOSING NET BOOK AMOUNT	1,341	127	795	303	606	3,172
BALANCE AT 31 DECEMBER 2010						
COST	3,493	1,718	4,212	5,189	2,330	16,942
ACCUMULATED DEPRECIATION	(2,152)	(1,591)	(3,417)	(4,886)	(1,724)	(13,770)
NET BOOK AMOUNT	1,341	127	795	303	606	3,172
YEAR ENDED 31 DECEMBER 2011						
OPENING NET BOOK AMOUNT	1,341	127	795	303	606	3,172
ADDITIONS/TRANSFERS	478	128	866	130	36	1,638
DISPOSALS	(210)	(17)	(71)	(9)	(57)	(364)
DEPRECIATION CHARGE	(386)	(45)	(383)	(189)	(143)	(1,146)
CLOSING NET BOOK AMOUNT	1,223	193	1,207	235	442	3,300
BALANCE AT 31 DECEMBER 2011						
COST	3,082	933	3,165	5,301	1,341	13,822
ACCUMULATED DEPRECIATION	(1,859)	(740)	(1,958)	(5,066)	(899)	(10,522)
NET BOOK AMOUNT	1,223	193	1,207	235	442	3,300

PARENT	PLANT & EQUIPMENT, MOTOR VEHICLES $'000	FURNITURE & FITTINGS, OFFICE EQUIPMENT $'000	LEASEHOLD IMPROVEMENTS $'000	COMPUTER EQUIPMENT $'000	SIGNS & FLAGS $'000	TOTAL $'000
BALANCE AT 1 JANUARY 2010						
COST	2,794	1,703	4,182	4,920	2,354	15,953
ACCUMULATED DEPRECIATION	(1,886)	(1,531)	(2,937)	(4,664)	(1,579)	(12,597)
NET BOOK AMOUNT	908	172	1,245	256	775	3,356
YEAR ENDED 31 DECEMBER 2010						
OPENING NET BOOK AMOUNT	908	172	1,245	256	775	3,356
ADDITIONS/TRANSFERS	803	8	69	223	8	1,111
DISPOSALS	(76)	-	(18)	-	(15)	(109)
DEPRECIATION CHARGE	(328)	(56)	(505)	(178)	(164)	(1,231)
CLOSING NET BOOK AMOUNT	1,307	124	791	301	604	3,127
BALANCE AT 31 DECEMBER 2010						
COST	3,442	1,704	4,194	5,143	2,305	16,788
ACCUMULATED DEPRECIATION	(2,135)	(1,580)	(3,403)	(4,842)	(1,701)	(13,661)
NET BOOK AMOUNT	1,307	124	791	301	604	3,127
YEAR ENDED 31 DECEMBER 2011						
OPENING NET BOOK AMOUNT	1,307	124	791	301	604	3,127
ADDITIONS/TRANSFERS	437	128	866	121	36	1,588
DISPOSALS	(162)	(17)	(71)	(7)	(57)	(314)
DEPRECIATION CHARGE	(379)	(44)	(381)	(187)	(142)	(1,133)
CLOSING NET BOOK AMOUNT	1,203	191	1,205	228	441	3,268
BALANCE AT 31 DECEMBER 2011						
COST	3,048	919	3,147	5,248	1,316	13,678
ACCUMULATED DEPRECIATION	(1,845)	(728)	(1,942)	(5,020)	(875)	(10,410)
NET BOOK AMOUNT	1,203	191	1,205	228	441	3,268

16. DEFERRED TAX ASSETS/(LIABILITIES)

	CONSOLIDATED		PARENT	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
THE BALANCE COMPRISES TEMPORARY DIFFERENCES ATTRIBUTABLE TO:				
PLANT, PROPERTY AND EQUIPMENT	85	131	84	130
OTHER ASSETS	8	128	-	-
NON-CURRENT PROVISIONS	74	62	74	62
CURRENT PROVISIONS AND ACCRUALS	767	608	488	417
	934	929	646	609

MOVEMENTS:	PROPERTY PLANT & EQUIPMENT $'000	OTHER ASSETS $'000	NON-CURRENT PROVISIONS $'000	CURRENT ACCRUALS & PROVISIONS $'000	TOTAL $'000
CONSOLIDATED					
BALANCE AT 1 JANUARY 2010	115	126	58	530	829
CHARGED/(CREDITED) TO THE INCOME STATEMENT (NOTE 8)	16	12	4	78	110
CHARGED/(CREDITED) TO EQUITY (NOTE 25(A))	-	(10)	-	-	(10)
BALANCE AT 31 DECEMBER 2010	131	128	62	608	929
CHARGED/(CREDITED) TO THE INCOME STATEMENT (NOTE 8)	(46)	(120)	12	159	5
BALANCE AT 31 DECEMBER 2011	85	8	74	767	934
PARENT					
BALANCE AT 1 JANUARY 2010	115	-	58	368	541
CHARGED/(CREDITED) TO THE INCOME STATEMENT (NOTE 8)	15	-	4	49	68
BALANCE AT 31 DECEMBER 2010	130	-	62	417	609
CHARGED/(CREDITED) TO THE INCOME STATEMENT (NOTE 8)	(46)	-	12	71	37
BALANCE AT 31 DECEMBER 2011	84	-	74	488	646

	CONSOLIDATED		PARENT	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
EXPECTED SETTLEMENT:				
WITHIN 12 MONTHS	800	724	521	475
IN EXCESS OF 12 MONTHS	134	205	125	134
	934	929	646	609

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.

17. NON-CURRENT ASSETS – INTANGIBLE ASSETS

	COMPUTER SOFTWARE	TOTAL
CONSOLIDATED		
BALANCE AT 1 JANUARY 2010	$'000	$'000
COST	7,321	7,321
ACCUMULATED AMORTISATION	(6,541)	(6,541)
NET BOOK AMOUNT	780	780
YEAR ENDED 31 DECEMBER 2010		
OPENING NET BOOK AMOUNT	780	780
ADDITIONS	169	169
DISPOSALS	-	-
AMORTISATION CHARGE	(390)	(390)
CLOSING NET BOOK AMOUNT	559	559
BALANCE AT 31 DECEMBER 2010		
COST	7,490	7,490
ACCUMULATED AMORTISATION	(6,931)	(6,931)
NET BOOK AMOUNT	559	559
YEAR ENDED 31 DECEMBER 2011		
OPENING NET BOOK AMOUNT	559	559
ADDITIONS	879	879
DISPOSALS	(33)	(33)
AMORTISATION CHARGE	(395)	(395)
CLOSING NET BOOK AMOUNT	1,010	1,010
BALANCE AT 31 DECEMBER 2011		
COST	8,294	8,294
ACCUMULATED AMORTISATION	(7,284)	(7,284)
NET BOOK AMOUNT	1,010	1,010
PARENT		
BALANCE AT 1 JANUARY 2010		
COST	6,940	6,940
ACCUMULATED AMORTISATION	(6,160)	(6,160)
NET BOOK AMOUNT	780	780
YEAR ENDED 31 DECEMBER 2010		
OPENING NET BOOK AMOUNT	780	780
ADDITIONS	169	169
AMORTISATION CHARGE	(390)	(390)
CLOSING NET BOOK AMOUNT	559	559
BALANCE AT 31 DECEMBER 2010		
COST	7,109	7,109
ACCUMULATED AMORTISATION	(6,550)	(6,550)
NET BOOK AMOUNT	559	559
YEAR ENDED 31 DECEMBER 2011		
OPENING NET BOOK AMOUNT	559	559
ADDITIONS	879	879
DISPOSALS	(33)	(33)
AMORTISATION CHARGE	(395)	(395)
CLOSING NET BOOK AMOUNT	1,010	1,010
BALANCE AT 31 DECEMBER 2011		
COST	7,913	7,913
ACCUMULATED AMORTISATION	(6,903)	(6,903)
NET BOOK AMOUNT	1,010	1,010

18. CURRENT LIABILITIES - TRADE AND OTHER PAYABLES

	CONSOLIDATED 2011 $'000	CONSOLIDATED 2010 $'000	PARENT 2011 $'000	PARENT 2010 $'000
TRADE PAYABLES	4,055	3,778	3,632	3,206
AMOUNTS DUE TO SUBSIDIARIES	-	-	311	225
ACCRUED EXPENSES	5,840	4,584	5,486	4,084
	9,895	8,362	9,429	7,515

(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:

	CONSOLIDATED 2011	CONSOLIDATED 2010	PARENT 2011	PARENT 2010
JAPANESE YEN	-	429	-	-
NZ DOLLARS	9,895	7,933	9,429	7,515
	9,895	8,362	9,429	7,515

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

19. DERIVATIVE FINANCIAL INSTRUMENTS

	CONSOLIDATED 2011	CONSOLIDATED 2010	PARENT 2011	PARENT 2010
CURRENT LIABILITIES				
FORWARD FOREIGN EXCHANGE CONTRACTS - CASH FLOW HEDGES	5	4	-	-

(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 forecast 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 1 month (2010: 3 months).

During the year ended 31 December 2011 a gain of $98,000 (2010: gain of $78,000) 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 $259,000 is receivable (New Zealand dollar equivalents) for the Group from forward foreign exchange contracts (2010: $508,000).

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.

20. FINANCE PAYABLES

	CONSOLIDATED 2011 $'000	CONSOLIDATED 2010 $'000	PARENT 2011 $'000	PARENT 2010 $'000
CURRENT FINANCE PAYABLES	8,771	8,579	-	-
NON-CURRENT FINANCE PAYABLES	10,721	10,683	-	-
	19,492	19,262	-	-

(A) ASSETS PLEDGED AS SECURITY

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 MTF as to the nature and conduct of its business.

	ASSETS PLEDGED 2011 $'000	ASSETS PLEDGED 2010 $'000
CURRENT		
CASH AND CASH EQUIVALENTS	727	124
RECEIVABLES	191	154
FINANCE RECEIVABLES	8,670	8,453
NON-CURRENT		
AVAILABLE-FOR-SALE FINANCIAL ASSETS	182	175
PROPERTY, PLANT AND EQUIPMENT	22	7
FINANCE RECEIVABLES	10,597	10,526
TOTAL ASSETS PLEDGED AS SECURITY	20,389	19,439

(B) FINANCING ARRANGEMENTS

Turners Finance Limited is a shareholder of a motor trade based company called Motor Trade Finance Limited ('MTF'). MTF provides the services of a finance company, including funding, on a full recourse basis back to its shareholders. MTF provides finance borrowings to Turners Finance Limited to fund the finance receivables shown in note 11.

(C) FAIR VALUE

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

	2011		2010	
	CARRYING AMOUNT $'000	FAIR VALUE $'000	CARRYING AMOUNT $'000	FAIR VALUE $'000
BALANCE AT 31 DECEMBER	19,492	19,532	19,262	19,250

The fair values of finance payables are based on cash flows discounted using the current borrowing rate of 9.5% (2010: 9.3%).

(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	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
1 YEAR OR LESS	8,771	8,579	-	-
OVER 1 TO 2 YEARS	6,765	6,696	-	-
OVER 2 TO 5 YEARS	3,956	3,987	-	-
	19,492	19,262	-	-

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.

21. CURRENT LIABILITIES - PROVISIONS

(A) OTHER PROVISIONS

Other provisions mainly relate to refundable insurance commission.

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.

(B) MOVEMENTS IN CURRENT PROVISIONS

	OTHER PROVISIONS $'000	TOTAL $'000
CONSOLIDATED - 2011		
CARRYING AMOUNT AT 1 JANUARY	104	104
ADDITIONAL GROSS PROVISIONS RECOGNISED	117	117
AMOUNTS INCURRED AND CHARGED	(116)	(116)
CARRYING AMOUNT AT 31 DECEMBER	105	105
CONSOLIDATED - 2010		
CARRYING AMOUNT AT 1 JANUARY	181	181
ADDITIONAL GROSS PROVISIONS RECOGNISED	6	6
AMOUNTS INCURRED AND CHARGED	(83)	(83)
CARRYING AMOUNT AT 31 DECEMBER	104	104

22. IMPUTATION CREDITS

	THROUGH INDIRECT INTERESTS IN SUBSIDIARIES		THROUGH SHAREHOLDING IN PARENT COMPANY	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
IMPUTATION CREDIT ACCOUNT				
BALANCE AT 1 JANUARY	758	375	3,042	2,864
TAX PAYMENTS, NET OF REFUNDS	559	368	925	1,626
CREDITS ATTACHED TO DIVIDEND DISTRIBUTIONS	(1,243)	-	(2,665)	(1,449)
CREDITS ATTACHED TO DIVIDENDS RECEIVED	6	15	1,244	1
BALANCE AT 31 DECEMBER	80	758	2,546	3,042

TURNERS AUCTIONS

23. NON-CURRENT LIABILITIES - PROVISIONS

Non-current provisions comprise provisions for long service leave.

24. CONTRIBUTED EQUITY

(A) SHARE CAPITAL

CONSOLIDATED & PARENT	2011	2010	2011	2010
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 33.

(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.

The Group is subject to externally imposed capital requirements which it has complied with for the entire year reported (2010: 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 equity will not fall below $10,000,000..

25. RESERVES AND RETAINED EARNINGS

	CONSOLIDATED		PARENT	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
(A) RESERVES				
HEDGING RESERVE - CASH FLOW HEDGES	(4)	(3)	-	-
SHARE-BASED PAYMENTS RESERVE	79	79	79	79
	75	76	79	79
MOVEMENTS:				
HEDGING RESERVE - CASH FLOW HEDGES				
BALANCE AT 1 JANUARY	(3)	(25)	-	-
REVALUATION - GROSS	97	110	-	-
TRANSFER TO INVENTORY - GROSS	(98)	(78)	-	-
DEFERRED TAX (NOTE 16)	-	(10)	-	-
BALANCE AT 31 DECEMBER	**(4)**	**(3)**	**-**	**-**
SHARE-BASED PAYMENTS RESERVE				
BALANCE AT 1 JANUARY	79	72	79	72
OPTION EXPENSE	-	7	-	7
BALANCE AT 31 DECEMBER	**79**	**79**	**79**	**79**

(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.

(B) RETAINED EARNINGS

Movements in retained earnings were as follows:

	CONSOLIDATED 2011	CONSOLIDATED 2010	PARENT 2011	PARENT 2010
BALANCE AT 1 JANUARY	8,317	8,575	5,998	7,369
NET PROFIT FOR THE YEAR	3,696	3,027	4,761	1,914
DIVIDENDS (NOTE 26)	(6,296)	(3,285)	(6,296)	(3,285)
BALANCE AT 31 DECEMBER	**5,717**	**8,317**	**4,463**	**5,998**

TURNERS AUCTIONS

26. DIVIDENDS

	CONSOLIDATED & PARENT	
	2011	2010
	$'000	$'000
(A) ORDINARY SHARES		
FINAL DIVIDEND FOR THE YEAR ENDED 31 DECEMBER 2010 OF 6 CENTS AND A SPECIAL DIVIDEND OF 6 CENTS (2009: FINAL DIVIDEND OF 7 CENTS) PER FULLY PAID SHARE PAID ON 7 APRIL 2011 (2010: 30 MARCH 2010)	3,285	1,916
INTERIM DIVIDEND FOR THE YEAR ENDED 31 DECEMBER 2011 OF 5 CENTS (2010: 5 CENTS) AND A SPECIAL DIVIDEND OF 6 CENTS (2010: NIL) PER FULLY PAID SHARE PAID ON 21 SEPTEMBER 2011 (2010: 21 SEPTEMBER 2010)	3,011	1,369
	6,296	3,285
(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 6 CENTS (2010: 6 CENTS AND A SPECIAL DIVIDEND OF 6 CENTS) PER FULLY PAID ORDINARY SHARE, FULLY IMPUTED. THE AGGREGATE AMOUNT OF THE PROPOSED DIVIDEND EXPECTED TO BE PAID ON 10 APRIL 2012 OUT OF RETAINED EARNINGS AT 31 DECEMBER 2011, BUT NOT RECOGNISED AS A LIABILITY AT YEAR END IS:	1,643	3,285

(C) IMPUTED DIVIDENDS

The dividends are fully imputed. Supplementary dividends of $34,000 (2010: $82,000) were paid to shareholders not tax-resident in New Zealand for which the Group received an equivalent foreign investor tax credit entitlement.

27. 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	
	2011	2010	2011	2010
	$'000	$'000	$'000	$'000
(A) ASSURANCE SERVICES				
AUDIT SERVICES				
PRICEWATERHOUSECOOPERS NEW ZEALAND FIRM				
AUDIT AND REVIEW OF FINANCIAL REPORTS	116	100	82	70
NON-PRICEWATERHOUSECOOPERS AUDIT FIRMS FOR THE AUDIT OR REVIEW OF FINANCIAL REPORTS OF SUBSIDIARIES	9	8	-	-
TOTAL REMUNERATION FOR AUDIT SERVICES	125	108	82	70
PROVISION OF LICENSE FOR FINANCIAL REPORTING SOFTWARE	8	8	-	8
TOTAL REMUNERATION FOR ASSURANCE SERVICES	133	116	82	78
(B) TAXATION SERVICES				
PRICEWATERHOUSECOOPERS NEW ZEALAND FIRM				
TAX COMPLIANCE SERVICES, INCLUDING REVIEW OF COMPANY INCOME TAX RETURNS	37	20	37	20
(C) OTHER ADVISORY SERVICES				
PRICEWATERHOUSECOOPERS NEW ZEALAND FIRM				
ADVISORY SERVICES	27	-	27	-

28. CONTINGENCIES

The Group and Company have undrawn letters of credit at 31 December 2011 of $80,000 (2010: $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 21).

As at 31 December 2011 the Parent entity and Group had no other contingent liabilities or assets (2010: $Nil).

29. COMMITMENTS

As at 31 December 2011 the Parent entity and Group had no capital commitments (2010: $Nil).

(A) LEASE COMMITMENTS

(I) OPERATING LEASES

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

	CONSOLIDATED		PARENT	
	2011	2010	2011	2010
	$'000	$'000	$'000	$'000
COMMITMENTS FOR MINIMUM LEASE PAYMENTS IN RELATION TO NON-CANCELLABLE OPERATING LEASES ARE PAYABLE AS FOLLOWS:				
WITHIN ONE YEAR	6,262	6,931	6,262	6,931
LATER THAN ONE YEAR BUT NOT LATER THAN FIVE YEARS	18,982	20,616	18,982	20,616
LATER THAN FIVE YEARS	6,737	10,035	6,737	10,035
	31,981	37,582	31,981	37,582
SUB-LEASES				
FUTURE MINIMUM LEASE PAYMENTS EXPECTED TO BE RECEIVED IN RELATION TO NON-CANCELLABLE SUB-LEASES OF OPERATING LEASES	-	197	-	197

30. 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 2011 and 31 December 2010 is set out below.

	CONSOLIDATED & PARENT	
	2011	2010
	$'000	$'000
DIRECTORS' FEES	235	235
SENIOR MANAGERS REMUNERATION PAID, PAYABLE OR PROVIDED FOR:		
SHORT-TERM EMPLOYEE BENEFITS	2,688	2,109
SHARE-BASED PAYMENTS	-	7
	2,923	2,351

(C) SUBSIDIARIES

Interests in subsidiaries are set out in note 14.

(D) TRANSACTIONS WITH RELATED PARTIES

The following transactions occurred with related parties:

	CONSOLIDATED		PARENT	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
COMMISSION AND OTHER AUCTION REVENUE FROM SUBSIDIARIES	-	-	2,504	2,517
INTEREST REVENUE FROM SUBSIDIARIES	-	-	232	284
SUBVENTION PAYMENTS MADE TO SUBSIDIARIES	-	-	-	(3)
LOANS ADVANCED TO SUBSIDIARIES	-	-	(1,692)	-
LOAN REPAYMENTS FROM SUBSIDIARIES	-	-	-	1,417
LOANS ADVANCED FROM SUBSIDIARIES	-	-	-	1,088
LOAN REPAYMENTS TO SUBSIDIARIES	-	-	(1,616)	-

(E) OUTSTANDING BALANCES

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

	CONSOLIDATED		PARENT	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
CURRENT RECEIVABLES (SALES OF GOODS AND SERVICES) - SUBSIDIARIES	-	-	24	24
CURRENT RECEIVABLES (LOANS) - SUBSIDIARIES	-	-	5,563	3,871
CURRENT PAYABLES (PURCHASES OF GOODS) - SUBSIDIARIES	-	-	311	225
CURRENT PAYABLES (LOANS) - SUBSIDIARIES	-	-	768	2,384

No expense has been recognised in respect of bad or doubtful debts due from related parties. The outstanding loans from subsidiaries shown above include a cumulative impairment of $518,000 (2010: $518,000).

(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 4.8% (2010: 5.3%).

Outstanding balances are unsecured and are repayable in cash.

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

	CONSOLIDATED		PARENT	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
PROFIT FOR THE YEAR	3,696	3,027	4,761	1,914
DEPRECIATION AND AMORTISATION	1,541	1,636	1,528	1,621
NON-CASH EMPLOYEE BENEFITS EXPENSE - SHARE-BASED PAYMENTS	-	7	-	7
NON-CASH LONG-TERM EMPLOYEE BENEFITS EXPENSE	82	28	45	28
NET LOSS ON SALE OF NON-CURRENT ASSETS	150	20	150	20
NET GAIN ON SALE OF INVESTMENT	(74)	-	(74)	-
NON-CASH ADJUSTMENTS TO FINANCE RECEIVABLES EFFECTIVE INTEREST RATES	(50)	(51)	-	-
CHANGE IN OPERATING ASSETS AND LIABILITIES				
(INCREASE)/DECREASE IN RECEIVABLES	(761)	570	(734)	567
(INCREASE)/DECREASE IN INVENTORIES	(1,690)	1,354	-	-
(INCREASE)/DECREASE IN CURRENT TAX RECEIVABLES	(91)	(571)	(207)	(748)
INCREASE/(DECREASE) IN PAYABLES	1,540	478	1,914	(61)
DECREASE IN PROVISION FOR DEFERRED INCOME TAX	(5)	(110)	(37)	(68)
(DECREASE)/INCREASE IN OTHER PROVISIONS	(1)	(56)	6	(2)
NET CASH INFLOW FROM OPERATING ACTIVITIES	4,337	6,332	7,352	3,278

32. EARNINGS PER SHARE

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

	CONSOLIDATED	
	2011 $'000	2010 $'000
PROFIT ATTRIBUTABLE TO THE ORDINARY EQUITY HOLDERS OF THE COMPANY USED IN CALCULATING BASIC EARNINGS PER SHARE	3,696	3,027

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

	CONSOLIDATED	
	2011 NUMBER	2010 NUMBER
WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES USED AS THE DENOMINATOR IN CALCULATING BASIC 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 2011 the options have no dilutive effect (2010: 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 33.

TURNERS AUCTIONS

33. SHARE-BASED PAYMENTS

(A) EMPLOYEE OPTION PLAN

On 20 April 2006 options to acquire 650,000 ordinary shares were issued to executives of the Parent. 162,500 of the options could be exercised during 2010 at an exercise price of $2.90 per option plus the Parent's cost of equity over 2010 less any dividends declared during 2009. The remaining 162,500 options could be exercised during 2011 at an exercise price per option equal to the exercise price determined for the 2011 tranche plus the Parent's cost of equity over 2011 less any dividends declared during 2011. 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. At 31 December 2008, 250,000 of the original 650,000 options had been forfeited as employees left the business.

Set out below are summaries of options granted under the plan that had not expired before the reported periods:

CONSOLIDATED AND PARENT - 2011

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
24 APRIL 2006	31 DECEMBER 2011	$3.22	100,000	-	(100,000)	-	-
WEIGHTED AVERAGE EXERCISE PRICE			$3.22	$ -	$3.22	$-	$ -

CONSOLIDATED AND PARENT - 2010

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
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			**200,000**	-	**(100,000)**	**100,000**	-
WEIGHTED AVERAGE EXERCISE PRICE			$3.14	$ -	$3.06	$3.22	$ -

The weighted average remaining contractual life of share options outstanding at the end of the period was nil (2010: 1.0 years).

No options were granted during the year (2010: nil).

AUDIT REPORT

pwc

Independent Auditors' Report

to the shareholders of Turners Auctions Limited

Report on the Financial Statements

We have audited the financial statements of Turners Auctions Limited on pages 10 to 50, which comprise the balance sheets as at 31 December 2011, the income statements, statements of comprehensive income and statements of changes in equity and statements of cash flows for the year then ended, and the notes to the financial statements that include a summary of significant accounting policies and other explanatory information for both the Company and the Group. The Group comprises the Company and the entities it controlled at 31 December 2011 or from time to time during the financial year.

Directors' Responsibility for the Financial Statements

The Directors are responsible for the preparation of these financial statements in accordance with generally accepted accounting practice in New Zealand and that give a true and fair view of the matters to which they relate and for such internal controls as the Directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

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

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

We have no relationship with, or interests in,Turners Auctions Limited or any of its subsidiaries other than in our capacities as auditors, tax advisors and in the provision of other advisory services. These services have not impaired our independence as auditors of the Company and the Group.

Opinion

In our opinion, the financial statements on pages 10 to 50:

(i) comply with generally accepted accounting practice in New Zealand; and
(ii) comply with International Financial Reporting Standards; and
(iii) give a true and fair view of the financial position of the Company and the Group as at 31 December 2011, and their financial performance and cash flows for the year then ended.

Report on Other Legal and Regulatory Requirements

We also report in accordance with Sections 16(1)(d) and 16(1)(e) of the Financial Reporting Act 1993. In relation to our audit of the financial statements for the year ended 31 December 2011:

(i) we have obtained all the information and explanations that we have required; and
(ii) in our opinion, proper accounting records have been kept by the Company as far as appears from an examination of those records.

Restriction on Distribution or Use

This report is made solely to the Company's shareholders, as a body, in accordance with Section 205(1) of the Companies Act 1993. Our audit work has been undertaken so that we might state to the Company's shareholders those matters which we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholders, as a body, for our audit work, for this report or for the opinions we have formed.

PricewaterhouseCoopers

Chartered Accountants
24 February 2012

Auckland

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DIRECTORS' RESPONSIBILITY STATEMENT

Turners Auctions Limited
Directors' report
31 December 2011

Directors' report

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 2011 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 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 annual report of Turners Auctions Limited and the Group, incorporating the financial statements and the auditors' report, for the year ended 31 December 2011.

The Board of Directors of Turners Auctions Limited authorised these financial statements presented on pages 3 to 51 for issue on 24th February 2012.

For and on behalf of the Board.

M R Dossor
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 Limited	Director
Henergy Cagefree Limited	Director

Craig F Harris

Cruise NZ Incorporated	Chairman
Destination Milford Sound Limited	Director
I D Tours New Zealand Limited	Director
McKay Shipping Limited	Director
New Zealand National Maritime Museum	Trustee
Pacific Direct Line Pty	Director
Pacific Marine Management	Director
ISS-McKay Limited	Director
Trade Disruption Insurance	Director

Grant R Graham

Anglican Trust Board	Director
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

Avalon Audio Limited	Director
Carlaw Heritage Trust Inc	Director
D'Argent Trust Limited	Director
Dunedin City Holdings Limited	Chairman
Institute of Directors in New Zealand Inc	President
Jenkin Timber Limited	Chairman
Mercy Hospice Auckland Foundation	Chairman
OceanaGold Corporation	Director
Oceana Gold Limited	Director
Regency Hotel Holdings Limited and its subsidiaries and associates	Director
The Farmers' Trading Company Limited	Chairman
Whitcoulls 2011 Limited	Director
ZNH Limited	Director

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 2011 and 2010 are as follows:

Director	2011	2010
	$	$
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.

SHAREHOLDINGS BY DIRECTORS

SHAREHOLDING AS AT	31 DECEMBER 2011	31 DECEMBER 2010
Michael R Dossor	110,231	110,231
J Denham Shale	33,000	33,000
Grant R Graham	-	-
Craig F Harris	145,000	145,000

Michael R Dossor, J Denham Shale, Grant R Graham and Craig F Harris neither bought nor sold any shares during the year ending 31 December 2011.

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 2011.

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 Months' Remuneration (Including Share Options)	December 2011	December 2010
$ 100,000 - $ 110,000	3	6
$ 110,001 - $ 120,000	3	2
$ 120,001 - $ 130,000	5	2
$ 130,001 - $ 140,000	1	5
$ 140,001 - $ 150,000	6	3
$ 150,001 - $ 160,000	1	1
$ 160,001 - $ 170,000	3	2
$ 190,001 - $ 200,000	1	2
$ 250,001 - $ 260,000	2	1
$ 270,001 - $ 280,000	1	-
$ 290,001 - $ 300,000	-	1
$ 340,001 - $ 350,000	1	-
$ 400,001 - $ 410,000	1	-
$ 570,001 - $ 580,000	-	1
$ 610,001 - $ 620,000	1	-
TOTAL	**31**	**26**

Auditor's remuneration

Details of payments to auditors are outlined in note 27 of the financial statements.

Donations

During the current financial year donations totalling $70,000 were made by the Group (2010: $16,000) all of which was made by the Parent (2010: $16,000). $20,000 was donated to Students Against Driving Drunk (SADD) and $50,000 was donated to the Christchurch Earthquake relief appeal.

SHAREHOLDER INFORMATION

TWENTY LARGEST SHAREHOLDERS

As at 31 January 2012

Rank	Holder Name	Holding	Percent
1	BARTEL HOLDINGS LIMITED	5,700,671	20.8%
2	TEA CUSTODIANS LIMITED - NZCSD	4,835,394	17.7%
3	BT NZ UNIT TRUST NOMINEES LIMITED - NZCSD	1,421,232	5.2%
4	ACCIDENT COMPENSATION CORPORATION - NZCSD	1,034,892	3.8%
5	NEW ZEALAND PERMANENT TRUSTEES LIMITED - NZCSD	725,187	2.7%
6	GLENN ARTHUR DUNCRAFT	550,000	2.0%
7	CITIBANK NOMINEES (NEW ZEALAND) LIMITED - NZCSD	390,671	1.4%
8	RUSSELL GRESBY HAMBLING & JOHN ANTHONY HAMBLING & INDEPENDENT TRUSTEES (TAURANGA) LIMITED	300,000	1.1%
9	STEPHEN JAMES TURNER & CATHERINE MIRIAM TURNER & DONALD HARVEY TURNER	216,675	0.8%
10	NEVILLE KINGSLEY PETERS & DAPHNE ELIZABETH PETERS & BLAIR ROBINSON	200,000	0.7%
11	WALKER & HALL FINE GIFTS LIMITED	190,950	0.7%
12	MARGARET ANN GOLDSMITH	187,872	0.7%
13	DONALD ATHELSTAN CURREY & FINN BROGGER JORGENSEN	186,278	0.7%
14	KEITH STUART JEFFERY & PONGARAUHINE JEFFERY	165,000	0.6%
15	HEATHER PATRICIA TURNER	162,555	0.6%
16	GRAHAME HARVEY TURNER	157,667	0.6%
17	PONGARAUHINE JEFFERY & KEITH STUART JEFFERY	155,000	0.6%
18	DAVID HUGH PAGET WALPOLE & ERICA JULIA WALPOLE	150,000	0.6%
19	ROSS JOHN TURNER & CAROL ELIZABETH TURNER & REDOUBT TRUSTEES LIMITED & EVANS PENNELL TRUSTEES LIMITED	146,338	0.5%
20	DENIS WAKEFIELD BROWNE & JUDITH FLORENCE BROWNE & MAATEN ROELAND BANGMA	146,337	0.5%
Top 20 holders		**17,022,719**	**62.2%**
Total holders		**27,375,271**	

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 31 January 2012 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	Holder Name	Holding	Percent
1	BARTEL HOLDINGS LIMITED	5,807,674	21.2%
2	TEA CUSTODIANS LIMITED - NZCSD	4,835,394	17.7%
3	BT NZ UNIT TRUST NOMINEES LIMITED - NZCSD	1,421,232	5.2%

As at 31 January 2012 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 31 January 2012

Holding Range	Holder Count	Holder Count %	Holding Quantity	Holding Quantity %
1 to 99	11	0.7%	706	0.0%
100 to 199	27	1.7%	3,505	0.0%
200 to 499	134	8.4%	47,877	0.2%
500 to 999	214	13.5%	150,894	0.6%
1,000 to 1,999	322	20.3%	403,398	1.5%
2,000 to 4,999	364	23.0%	1,094,888	4.0%
5,000 to 9,999	209	13.2%	1,302,063	4.7%
10,000 to 49,999	252	15.9%	4,595,670	16.8%
50,000 to 99,999	21	1.3%	1,399,195	5.1%
100,000 to 499,999	26	1.6%	4,109,699	15.0%
500,000 to 999,999	2	0.1%	1,275,187	4.7%
1,000,000+	4	0.3%	12,992,189	47.4%
Total	**1,586**	**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, Chief Operating Officer
Simon Gould-Thorpe, Chief Information Officer
Alan Kurtovich, General Manager Auckland
Shane Prince, General Manager Damaged Vehicles

DIVISIONAL MANAGERS

Stuart Whitney, Financial Controller
Sarah Harding , Human Resources
Asgar Kachwalla, National Accounts – Government and Finance Companies
Jonathan Sergel, National Accounts – Manufacturers and Lease Companies
Mandy Brooker, Turners Finance
Craig Robinson, Turners Fleet
Brad Gardiner, Turners Trucks

BRANCH MANAGERS

Rees Daley, Whangarei
Shane Bigwood, North Shore
Rochelle Bargh, Auckland Damaged Vehicles
Jason Tredgett, Auckland Commercial
Dean Brindle, Hamilton
Carl Jarmin, Tauranga
Gavin Neville, Napier
Dave Tarrant, Palmerston North
Jade Stevenson, Wellington Cars
Christopher Schroder, Wellington Commercial
Craig Blackler, Wellington Damaged Vehicles
Ian Curry, Christchurch Cars
Marc Wells, Christchurch Commercial
Blair Butler, Christchurch Damaged Vehicles
Peter Boyle, Dunedin

REGISTERED OFFICE

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

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AUDITORS

PricewaterhouseCoopers, Auckland

BANKERS

ASB Bank Limited

SOLICITORS

Lee Salmon Long
Russell McVeagh

TURNERS
AUCTIONS

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