



**GENERAL
CAPITAL**

**GENERAL CAPITAL LIMITED
(formerly Mykco Limited)**

INTERIM REPORT

2018

General Capital Limited
Interim Report
For the six months ended 30 September 2018

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Directors' Report

The six-month period to 30 September 2018 has been a very active stage for General Capital Limited. (formerly Mykco Ltd.). The Directors and staff have worked very hard to create shareholder value during this period.

Shareholders will be aware that at a Special Meeting of Shareholders on 31 July 2018 approval was given to acquire Corporate Holdings Limited. Corporate Holdings Limited, a holding company, is the owner of General Finance Limited and Investment Research Group Limited. Both of these companies were acquired by Corporate Holdings Limited in December 2017.

General Finance Limited is finance company, operating as an experienced residential mortgage lender primarily focussed on residential mortgages. These loans generally enable borrowers to complete a short term transaction, such as preparing a property for sale, bridging a property acquisition, enhancing, developing, subdividing, building, constructing on and improving a property, or funding a business purchase or expansion, including working capital. General Finance is a Non-Bank Deposit Taker registered with the Reserve Bank of New Zealand and offer term deposits

Investment Research Group Limited is a corporate advisory and financial research company, which is an NZX Sponsor and NXT Adviser and the publisher of the IRG Investment Yearbook.

This acquisition has significantly increased the size of General Capital Limited in all regards. This includes cash, revenues, assets, brands, client bases and staff.

Shareholders will be aware that we have subsequently completed a Capital Raising plus a Share Purchase Plan (SPP). We raised a total of \$1,856,400 in 3 separate placements. One placement was made to wholesale investors with a total value of \$1,256,517. A second placement of \$70,000 to Directors and Senior Managers plus a placement to Borneo Capital Limited (Borneo) of \$529,883 to permit Borneo to maintain its holding at 26.25%. The Share Purchase Plan raised \$162,000.

All shares were issued at 6.75cps.

Issue of Warrants

On 29 November 2018 we held a Special Meeting of shareholders to consider and, if thought fit, to approve the issue of Warrants to Shareholders who were on the register at record date (10 December 2018).

Shareholders approved the issues and on 11 December 2018 each eligible shareholder received one 2020 warrant (GENWA) for each share they held at that date.

On the same day each eligible Shareholder also received two 2021 warrants (GENWB) for each share that they held at that date.

153,845,313 GENWA and 307,690,626 GENWB were issued successfully completing our capital raising process.

The Accounts to 30 September 2018

We attach the accounts to 30 September 2018. The accounts are prepared on the basis of Accounting Standards NZ IAS 34 and NZ GAAP. We recommend that shareholders read the notes attached to the accounts. Notes 1, 2 and 8 are particularly relevant to the basis of preparation of these accounts.

Performance

The Accounts for the Reporting Entity show a loss of \$549,301 for the period.
This can be broken down into:

Cost of acquiring listed shell:	\$357,256
Acquisition Expenses:	\$158,601
Trading Losses:	\$33,444

The Loss on Acquisition occurs due to the accounting treatment when a smaller company buys a larger company. It is effectively the dilution effect that occurs, the details of which are set out in Note 8 on page 18 of the accounts.

The Acquisition Expenses are costs associated with the transaction. These include legal, NZX, meeting and advisory costs.

The Trading Loss for the period is small. It is the result of the development efforts that have been put into upgrading General Finance Limited's systems and procedures in preparation for growth as well as the distraction that Management has had in relation to the corporate activity above.

Outlook

We are pleased with the position the General Capital group is in at the end of calendar year 2018.

The General Capital group is trading profitably, and we are experiencing growth in all aspects of our business as the market continues to become aware of the products and services our group can offer.

Based on current trading we anticipate a profit for the six-month period to 31 March 2019.

Thanks

The Boards thanks all shareholders for their support during this period.

We have seen significant growth and we expect to see this built on further during the current period.

For and on behalf of the Directors,



Rewi Bugo
Chairman

14 December 2018

General Capital Limited (formerly Mykco Limited)
Condensed Consolidated Statement of Comprehensive Income
For the six months ended 30 September 2018

	6 months ended Sept 2018 Unaudited	6 months ended Sept 2017 Unaudited
Note	<u>\$</u>	<u>\$</u>
Interest income	654,554	-
Interest expense	(273,487)	-
Net interest income	<u>381,067</u>	<u>-</u>
Fee and commission income	145,745	-
Fee and commission expense	(44,625)	-
Net fee and commission income	<u>101,120</u>	<u>-</u>
Yearbook and research sales	4,085	-
Net yearbook and research sales	<u>4,085</u>	<u>-</u>
Other revenue	13,950	-
Net revenue	<u>500,222</u>	<u>-</u>
Release in provision on finance receivables	38,896	-
Personnel expenses	(303,719)	-
Occupancy expenses	(33,724)	-
Depreciation	(1,463)	-
Amortisation of intangibles	(11,106)	-
Other expenses	(211,908)	(1,000)
Acquisition expenses	8 ✓ (158,601)	-
Cost of acquiring listed shell	8 ✓ (357,256)	-
	<u>(1,038,881)</u>	<u>(1,000)</u>
Net loss before income taxation expense	<u>(538,659)</u>	<u>(1,000)</u>
Taxation expense	(10,642)	-
Net loss after income taxation expense	<u>(549,301)</u>	<u>(1,000)</u>
Other comprehensive income / (loss) for the period	<u>-</u>	<u>-</u>
Total comprehensive income / (loss) for the period	<u>(549,301)</u>	<u>(1,000)</u>

General Capital Limited (formerly Mykco Limited)
Condensed Consolidated Statement of Changes in Equity
For the six months ended 30 September 2018

	Ordinary Share Capital	Redeemable Preference Shares	Retained Earnings	Total
Balance at 31 March 2017	-	-	-	-
Comprehensive income				
Net loss for the period	-	-	(1,000)	(1,000)
Other comprehensive income	-	-	-	-
Total comprehensive income	-	-	(1,000)	(1,000)
Transactions with owners				
Shares issued	1,000	-	-	1,000
Total transactions with owners	1,000	-	-	1,000
Balance at 30 September 2017 (Unaudited)	\$ 1,000	\$ -	\$ (1,000)	\$ -
Balance at 31 March 2018 (Unaudited)	1,448,503	4,747,418	(299,847)	5,896,074
Comprehensive income				
Net (loss) for the period	-	-	(549,301)	(549,301)
Total comprehensive income	-	-	(549,301)	(549,301)
Transactions with owners				
Ordinary shares issued	6,069,396	(4,747,418)	-	1,321,978
Total transactions with owners	6,069,396	(4,747,418)	-	1,321,978
Balance at 30 September 2018 (Unaudited)	\$7,517,899	\$ -	\$ (849,148)	\$ 6,668,751

General Capital Limited (formerly Mykco Limited)
Condensed Consolidated Statement of Financial Position
As at 30 September 2018

	Sept 2018 Unaudited	Restated Mar 2018 Unaudited
	Note \$	\$
SHAREHOLDERS EQUITY		
Share capital ordinary shares	7,517,899	1,448,503
Redeemable preference shares	-	4,747,418
Retained earnings	(849,148)	(299,847)
Total shareholders equity	<u><u>\$ 6,668,751</u></u>	<u><u>\$ 5,896,074</u></u>
<i>Represented by:</i>		
ASSETS		
Cash and cash equivalents	3,398,007	4,950,129
Accounts receivables	6,998	8,070
Finance receivables	4 10,965,515	8,583,952
Prepayments and other current assets	82,576	68,203
Income tax receivable	40,781	-
Property, plant and equipment	7,931	7,040
Deferred tax asset	25,506	40,373
Intangible assets and goodwill	5 3,407,459	2,707,179
Total assets	<u><u>17,934,773</u></u>	<u><u>16,364,946</u></u>
LIABILITIES		
Accounts and other payables	221,008	208,386
Related party payables	7 116,471	100,000
Term deposits	6 10,928,543	9,854,092
Taxation payable	-	69,336
Borrowings	-	237,058
Total liabilities	<u><u>11,266,022</u></u>	<u><u>10,468,872</u></u>
Net assets	<u><u>\$ 6,668,751</u></u>	<u><u>\$ 5,896,074</u></u>

For and on behalf of the Board



Rewi Bugo
Director



Brent King
Director

General Capital Limited (formerly Mykco Limited)
Condensed Consolidated Statement of Cash Flows
For the six months ended 30 September 2018

	6 months ended Sept 2018 Unaudited	6 months ended Sept 2017 Unaudited
<u>Note</u>	<u>\$</u>	<u>\$</u>
Cash flows from operating activities		
<u>Cash was provided from:</u>		
Receipts from customers	150,148	-
Interest received	658,668	-
<u>Cash was applied to:</u>		
Payments to suppliers and employees	(793,086)	-
Interest paid	(263,068)	-
Taxation paid	(105,891)	-
Loans receivables (net advances)	(2,330,016)	-
Net cash flows from operating activities	<u>(2,683,245)</u>	<u>-</u>
Cash flows from investing activities		
<u>Cash was applied to:</u>		
Purchase of property, plant and equipment	(2,354)	-
Purchase of computer software	(30,118)	-
Net cash flows from investing activities	<u>(32,472)</u>	<u>-</u>
Cash flows from financing activities		
<u>Cash was provided from:</u>		
Term deposits (Net receipts)	1,077,860	-
Net cash flows from financing activities	<u>1,077,860</u>	<u>-</u>
Net increase / (decrease) in cash and cash equivalents	<u>(1,637,857)</u>	<u>-</u>
Cash and cash equivalents at the beginning of the period	4,950,129	-
Cash and cash equivalents acquired through purchase of subsidiary	8 85,735	-
Cash and cash equivalents at end of the period	<u><u>\$ 3,398,007</u></u>	<u><u>\$ -</u></u>

General Capital Limited (formerly Mykco Limited)

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2018

1. REPORTING AND ACCOUNTING BASIS

(a) Reporting Entity

General Capital Limited (formerly Mykco Limited) (the "**Company**") is a profit oriented company registered in New Zealand under the *Companies Act 1993* and a FMC Reporting Entity for the purposes of the *Financial Markets Conduct Act 2013*. The Company is listed on the Alternative Market of the New Zealand Stock Exchange ("NZAX"). The address of its registered office is Level 7, 12-26 Swanson Street, Auckland, New Zealand. The condensed consolidated financial statements of General Capital Limited and its controlled entities (the "**Group**") have been prepared in accordance with the requirements of the *Companies Act 1993* and the *Financial Reporting Act 2013*.

The principal activity of the Group is that of a financial service provider since the Company purchased a group of operating entities, Corporate Holdings Limited and subsidiaries, on 3 August 2018. Prior to 3 August 2018, the Company has been a listed shell since September 2015.

(a) Reporting Framework

The condensed consolidated financial statements have been prepared in accordance with the NZ IAS 34 *Interim Financial Reporting* and Generally Accepted Accounting Practice in New Zealand (NZ GAAP). These financial statements are prepared in New Zealand dollars.

As described in Note 8, as the Company's acquisition of Corporate Holdings Limited on 3 August 2018 is deemed to be a reverse acquisition for accounting purposes, these financial statements represent a continuation of the consolidated financial statements of Corporate Holdings Limited. Therefore, the consolidated financial information provided for the period ended 30 September 2017 comprises Corporate Holdings Limited only. Corporate Holdings Limited purchased two operating entities on 19 December 2017, the consolidated financial information from that date up to 3 August 2018 comprises these three consolidated entities. From 3 August 2018, the financial information comprises the consolidated results of the Company, Corporate Holdings Limited, and the two subsidiaries of Corporate Holdings Limited.

These condensed consolidated financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the consolidated financial statements of Mykco Limited and Corporate Holdings Limited as at and for the year ended 31 March 2018.

These condensed consolidated financial statements were authorised for issue by the directors on 14 December 2018.

2. CHANGES IN ACCOUNTING POLICIES

The accounting policies applied by the Group are consistent with those applied and disclosed in the 31 March 2018 Financial Statements of Corporate Holdings Limited and General Capital Limited (as applicable), except for the following changes:

The Group has adopted NZ IFRS 9 *Financial instruments* and NZ IFRS 15 *Revenue from Contracts with Customers* in the current period beginning 1 April 2018. The below accounting policies replace those that were disclosed in the previous full year financial statements under the same headings. The impacts of the new standards have been applied retrospectively into the comparative periods of these condensed consolidated financial statements.

General Capital Limited (formerly Mykco Limited)

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2018

2. CHANGES IN ACCOUNTING POLICIES continued

(a) Revenue

The Group applies a five-step model to recognise revenue arising from contracts with customers as follows:

- identify the contract with the customer;
- identify the performance obligations in the contract;
- determine the transaction price;
- allocate the transaction price to the performance obligations in the contract;
- recognise revenue when (or as) the entity satisfies a performance obligation.

The Group recognises revenue when (or as) it satisfies a performance obligation by transferring a promised service to a customer. A performance obligation may be satisfied at a point in time or over time. For a performance obligation satisfied over time, the Group selects an appropriate measure of progress to determine how much revenue should be recognised as the performance obligation is satisfied.

This policy does not apply to revenue streams associated with financial instruments, including interest revenue and fee revenue associated with the origination of loan receivables which are recognised in accordance with NZ IFRS 9.

(i) Advisory Fees

Advisory Fees are recognised in line with contracted performance obligations within each individual customer contract. In some cases this may result in recognition of revenue at a point in time (i.e. once a contracted service deliverable has been completed) and in other cases revenue may be recognised over time. Revenue is generally recognised over time where there is an enforceable right to payment for performance completed to date.

(ii) Yearbook and Research Sales

Yearbook Sales revenue is recognised when the publications are delivered to customers.

(b) Financial Assets

Financial assets are recognised in the Condensed Consolidated Statement of Financial Position when the Company becomes party to an unconditional financial contract. The Company derecognises a financial asset from its Condensed Consolidated Statement of Financial Position when, and only when, (i) the contractual rights to the cash flows from the financial asset expire, or (ii) the Company has transferred the contractual rights to receive the cash flows of the financial asset, or assumes a contractual obligation to pay the cash flows to one or more recipients.

All of the Group's financial assets are initially recorded at fair value plus transaction costs. They are subsequently measured at amortised cost using the effective interest method. An allowance for 12 month expected credit losses is recognised where there has not been a significant increase in credit risk of the financial asset since initial recognition. Where there has been a significant increase in credit risk since initial recognition, an allowance for lifetime expected credit losses is made.

The Company's financial assets include finance receivables, cash and cash equivalents and accounts receivables.

General Capital Limited (formerly Mykco Limited)
Notes to the Condensed Consolidated Financial Statements
For the six months ended 30 September 2018

2. CHANGES IN ACCOUNTING POLICIES continued

(c) Financial Liabilities

The Group's financial liabilities include term deposits and trade creditors. All financial liabilities are initially recognised at cost (net of transaction costs) and are subsequently measured at amortised cost using the effective interest method.

Term deposits may have the interest either capitalised or paid out in accordance with the terms of the term deposit. The Company derecognises a financial liability from its Condensed Consolidated Statement of Financial Position, when and only when, it is extinguished.

(d) Allowance for Expected Credit Losses – Loan Receivables

The Group recognises an allowance for the lifetime expected credit losses of loan receivable balances for which there have been significant increases in credit risk since initial recognition (termed non-performing loans by the Group). The Group considers all reasonable and supportable information, including forward-looking information when calculating lifetime expected credit losses.

The Company recognises an allowance for 12-month expected credit losses of loan receivable balances for which there have been no significant increases in credit risk since initial recognition (termed performing loans by the Company).

The Company recognises a net release / (increase in) the impairment provision in profit or loss for the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date.

Further details on the allowance for expected credit losses can be found in Note 4.

3. IMPACT OF THE ADOPTION OF NEW ACCOUNTING STANDARDS

(a) Impact of the adoption of NZ IFRS 9

The Company has adopted NZ IFRS 9 *Financial instruments* in the current period beginning 1 April 2018.

There has been no change to the classification of financial assets or financial liabilities.

No change has been reflected with regard to the allowance for lifetime expected credit losses as required by NZ IFRS 9. This was previously the loan receivables impairment provision.

With respect to 12 month expected credit losses for loans without significant deterioration in credit risk, an increase to loss allowances has been recognised in the current period condensed financial statements, and increases to loss allowances in the prior period comparatives have been reflected as follows:

An increase to loss allowances for 12-month expected credit losses of \$26,554 as at 31 March 2018 having an after tax impact on opening retained earnings of \$19,119 (decrease) as at 1 April 2018. Refer to Note 4 for further information.

General Capital Limited (formerly Mykco Limited)
Notes to the Condensed Consolidated Financial Statements
For the six months ended 30 September 2018

(b) Impact of the adoption of NZ IFRS 15

The Company has adopted NZ IFRS 15 *Revenue from Contracts with Customers* in the current period beginning 1 April 2018.

Management have assessed the impact of the adoption of NZ IFRS 15 on the recognition of Advisory Fee Revenue and Yearbook and Research Sales and have concluded that there is no material difference to the previous revenue recognition accounting policies of the Group. Additionally, revenue streams associated with financial instruments, including interest revenue and fee revenue associated with the origination of loan receivables are scoped out of NZ IFRS 15 and are recognised in accordance with NZ IFRS 9. Accordingly no adjustments have been recognised in the current or comparative periods in relation to the adoption of NZ IFRS 15.

General Capital Limited (formerly Mykco Limited)
Notes to the Condensed Consolidated Financial Statements
For the six months ended 30 September 2018

4. FINANCE RECEIVABLES

	30-Sep 2018 Unaudited \$	31-Mar 2018 Unaudited \$
First mortgage advances	9,791,005	7,651,223
Second mortgage advances	1,291,246	1,059,505
Unsecured advances	-	13,688
	<u>11,082,251</u>	<u>8,724,416</u>
Less deferred fee income and expenditure	(82,517)	(54,961)
Less allowance for 12-month expected credit losses	(34,219)	(26,554)
Less allowance for lifetime expected credit losses	-	(58,949)
	<u>\$ 10,965,515</u>	<u>\$ 8,583,952</u>
Current portion	10,593,203	8,145,777
Non-current portion	372,312	438,175
	<u>\$ 10,965,515</u>	<u>\$ 8,583,952</u>

Finance receivables represent loans to unrelated parties at commercial interest rates. Current loan receivables are contractually repayable within 12 months. Non-current loan receivables are contractually repayable within 12 months to 2 years.

Credit risk – finance receivables

The Company considers the probability of default upon initial recognition of finance receivables and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in the credit risk, the Company compares the risk of a loss being incurred on the loan receivable as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forward looking information. The following key indicators are considered:

- The loan to valuation ratio of the finance receivable.
- Any known changes to the secured property or the property market which may impact on the value of the security.
- Defaults in contractual payments by the borrower, or changes in the expected payment ability of the borrower.
- Other adverse items.

The Company uses two categories for finance receivables which reflect their credit risk and how the loan loss provision is determined for each of those categories.

Category 1 – Performing loans

Performing loans are those where there has been no significant increase in credit risk. Generally, these loans have a loan to valuation ratio below 85% and there are no other indicators that a loss is more likely to be incurred than when the loan was first originated. The presumption that loans which are 30 days past due have a significant increase in credit risk since initial recognition is able to be rebutted by management where the loan to valuation ratio has not increased significantly (for instance above 85%) and there are no other adverse factors.

General Capital Limited (formerly Mykco Limited)
Notes to the Condensed Consolidated Financial Statements
For the six months ended 30 September 2018

4. FINANCE RECEIVABLES continued

The provision is based on the 12 month expected credit losses of the loans, or where the loans are less than 12 months from maturity, the expected losses for the lifetime of the loan. Management have calculated the allowance for 12-month expected losses based on average historical annual write offs and have given due consideration to current and forecasted economic factors. Accordingly, an allowance of 0.31% has been recognised for performing loans (March 2018: 0.31%).

Category 2 – Non-performing loans

Non-performing loans are those where there has been a significant increase in credit risk. Generally, these loans have a loan to valuation ratio above 85% or there are other indicators that a loss is more likely to be incurred than when the loan was originated. The provision is based on the lifetime expected credit losses of the loans.

Allowances for lifetime expected credit losses for non-performing loans are calculated on an individual basis. The allowances are probability weighted losses which are determined by evaluating a range of possible future outcomes and are discounted using the original effective interest rate of the loans.

Reconciliation of movement in allowance for 12-month expected credit losses for performing loans

	6 months ended 30-Sep 2018 Unaudited \$	12 months ended 31-Mar 2018 Unaudited \$
Balance at beginning of period	26,554	25,719
Increase due to new loans advanced	20,286	23,294
Decrease due to repaid loans	(12,621)	(22,116)
Decrease due to transfers to non-performing loans	-	(343)
Balance at end of period	<u>\$ 34,219</u>	<u>\$ 26,554</u>

Reconciliation of movement in allowance for lifetime expected credit losses for non-performing loans

	6 months ended 30-Sep 2018 Unaudited \$	12 months ended 31-Mar 2018 Unaudited \$
Balance at beginning of period	58,949	18,888
Additions to performing loans	-	45,261
Repayments	(46,561)	(5,200)
Bad debts written off	(12,388)	-
Balance at end of period	<u>\$ -</u>	<u>\$ 58,949</u>

General Capital Limited (formerly Mykco Limited)
Notes to the Condensed Consolidated Financial Statements
For the six months ended 30 September 2018

4. FINANCE RECEIVABLES continued

Reconciliation of movement in performing loans

	6 months ended 30-Sep 2018 Unaudited \$	12 months ended 31-Mar 2018 Unaudited \$
Balance at beginning of period	8,599,716	8,329,273
Additions to performing loans	6,569,743	7,432,982
Repayments	(4,087,208)	(7,162,539)
Balance at end of period	<u>\$ 11,082,251</u>	<u>\$ 8,599,716</u>

Reconciliation of movement in non-performing loans

	6 months ended 30-Sep 2018 Unaudited \$	12 months ended 31-Mar 2018 Unaudited \$
Balance at beginning of period	124,700	18,888
Additions to non-performing loans	-	111,012
Repayments	(112,312)	(5,200)
Bad debts written off	(12,388)	-
Balance at end of period	<u>\$ -</u>	<u>\$ 124,700</u>

General Capital Limited (formerly Mykco Limited)
Notes to the Condensed Consolidated Financial Statements
For the six months ended 30 September 2018

5. INTANGIBLE ASSETS AND GOODWILL

	30-Sep 2018 Unaudited \$	31-Mar 2018 Unaudited \$
Goodwill	2,174,663	2,174,663
Licenses and permits	435,000	435,000
Bartercard Trade Dollars	686,817	2,279
Research database	58,860	62,130
Software	52,119	33,107
Total intangible assets and goodwill	<u>\$ 3,407,459</u>	<u>\$ 2,707,179</u>

6. TERM DEPOSITS

	30-Sep 2018 Unaudited \$	31-Mar 2018 Unaudited \$
Gross term deposit liability	10,939,103	9,862,510
Less deferred commission expenditure	(10,560)	(8,418)
Net carrying value	<u>\$ 10,928,543</u>	<u>\$ 9,854,092</u>

Contractual repayment terms:

On call	157,643	105,243
Within 12 months	5,856,370	4,217,742
Greater than 12 months	4,914,530	5,531,107
	<u>\$ 10,928,543</u>	<u>\$ 9,854,092</u>

Reconciliation of movement in term deposits

	6 months ended 30-Sep 2018 Unaudited \$	12 months ended 31-Mar 2018 Unaudited \$
Balance of term deposits at beginning of period	9,862,510	8,684,556
Additions	2,321,000	2,018,495
Repayments	(1,300,848)	(971,439)
Compound interest reinvested	56,441	130,898
Balance of term deposits at end of period	<u>\$ 10,939,103</u>	<u>\$ 9,862,510</u>

General Capital Limited (formerly Mykco Limited)
Notes to the Condensed Consolidated Financial Statements
For the six months ended 30 September 2018

7. RELATED PARTY BALANCES AND TRANSACTIONS (unaudited)

Related party transactions and balances

The Company and Group had related party dealings with the following related parties during the reporting periods:

Related party	Relationship
Almond Draw Limited	Common Director Garth Ward
Brent King	Director and shareholder
Equity Investment Advisers Limited	Common Director Brent King
Moneyonline Limited	Common Director Brent King
Gregory Pearce	Director
Rewi Bugo	Director

Related party payables:

	2018	2017
	\$	\$
Brent King	100,000	100000
Equity Investment Advisers Limited	295	-
Moneyonline Limited	14,176	-
	<u>\$ 116,471</u>	<u>\$ 100,000</u>

The above amounts payable to directors are non-trade in nature, unsecured, interest-free and repayable on demand. The amounts are to be settled in cash.

Related party term deposits:

Rewi Bugo	1,610,000	-
	<u>\$ 1,610,000</u>	<u>\$ -</u>

Related party contribution to loan receivables:

Gregory Pearce	150,000	-
	<u>\$ 150,000</u>	<u>\$ -</u>

General Capital Limited (formerly Mykco Limited)
Notes to the Condensed Consolidated Financial Statements
For the six months ended 30 September 2018

7. RELATED PARTY BALANCES AND TRANSACTIONS continued

Transactions with related parties

	2018	2017
	\$	\$
Services provided by Almond Draw Limited	20,275	1,000
Expenses recharged by Brent King	7,282	-
Expenses recharged by Equity Investment Advisers Limited	26,468	-
Expenses recharged by Moneyonline Limited	44,434	-
Interest on term deposits paid to Rewi Bugo	8,255	
Interest on contribution to loan receivables paid to Gregory Pearce	2,428	
Fee income on contribution to loan receivables paid to Gregory Pearce	2,000	

Furthermore subsidiary companies and their subsidiaries transact with one another. During the current and prior reporting periods these transactions entered into included; the sale and purchase of goods and services and royalties, all of which are all on an arm's length basis. These transactions eliminate on Group consolidation.

Transactions with key management personnel

	2018	2017
	\$	\$
Short term employee benefits	131,458	-
Directors fees	43,783	-

General Capital Limited (formerly Mykco Limited)
Notes to the Condensed Consolidated Financial Statements
For the six months ended 30 September 2018

8. BUSINESS COMBINATION (Unaudited)

On 3 August 2018, General Capital Limited, acquired Corporate Holdings Limited through the issue of 104,323,240 ordinary shares to the vendors of Corporate Holdings Limited.

Under the terms of the Sale and Purchase agreement dated 28 May 2018, that was approved by shareholders at a Special Meeting on 31 July 2018, the acquisition of Corporate Holdings Limited was settled by 104,323,240 ordinary shares in General Capital Limited.

For financial reporting purposes the directors have determined that due to the nature of the transaction and the parties involved that the acquisition should be classified as a "reverse acquisition" where Corporate Holdings Limited is treated as the acquirer of General Capital Limited. The consolidated financial statements prepared following a "reverse acquisition" are issued under the name of the legal parent, General Capital Limited (the accounting acquiree), but are a continuation of the financial statements of Corporate Holdings Limited (the accounting acquirer), a company that was incorporated and

Therefore the consolidated financial information provided for the six months ended 30 September 2018 reflects 6 months of trading of Corporate Holdings Limited and its wholly owned subsidiaries Investment Research Group Limited and General Finance Limited concurrent with trading from 3 August 2018 to 30 September 2018 of General Capital Limited. The consolidated financial information provided for the period ended 30 September 2018 reflects 6 months trading for Corporate Holdings Limited.

Under reverse acquisition accounting, the cost of the business combination is deemed to have been the incurred by the legal subsidiary, Corporate Holdings Limited (the accounting acquirer) in the form of equity instruments issued to the owners of the legal parent, General Capital Limited, (the accounting acquiree).

The primary reason for the business combination was for Corporate Holdings Limited to acquire a holding company, General Capital Limited for the purpose of a reverse takeover.

Details of the transaction were:

	\$
Shares issued as consideration	1,073,235
Total Consideration	<u>1,073,235</u>

Assets and Liabilities acquired

Assets and liabilities acquired as a result of the business combination were:

	Recognised on acquisition at fair value
Assets and liabilities held at acquisition date	\$
- Cash and cash equivalents	85,735
- Prepayments and other current assets	22,809
- Intangible assets and goodwill	693,313
- Accounts and other payables	(85,878)
Net assets acquired	<u>715,979</u>
Cost of acquiring listed shell	<u>357,256</u>
	<u>1,073,235</u>

General Capital Limited (formerly Mykco Limited)

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2018

8. BUSINESS COMBINATION continued

Initial accounting incomplete

The acquisition accounting or the reverse accounting is provisional, as the Group is still in the process of completing its initial acquisition accounting. The accounting for the reverse acquisition is linked to the acquisition of Corporate Holdings Limited which has not been finalised.

Contribution since acquisition

Since the acquisition date General Capital Limited has contributed a loss after tax of \$146,204 which is included within the loss for the Group. Had the combination occurred from the beginning of the year, operating loss for General Capital Limited included in the Group from the beginning of the year would have been \$287,759 and revenue would have been \$1,347.

Transaction costs

Transaction costs of \$158,601 were included in relation to the acquisition.

9. SUBSEQUENT EVENTS

On 15 October 2018 the Company announced a capital raising process with four components:

- Share purchase plan
- Placement of shares
- Warrant offer to shareholders
- Warrant offer to Directors and Senior Managers

On 7 December 2018 the Company issued the following ordinary shares as part of the capital raising process.

Share Purchase Plan

2,402,978 ordinary shares have been issued to 39 shareholders with an aggregate subscription value of \$162,000.

Placements

18,615,073 ordinary shares have been issued to wholesale investors for an aggregate subscription value of \$1,256,518.

1,037,037 ordinary shares have been issued to Directors and Senior Managers for an aggregate subscription value of \$70,000.

7,850,111 ordinary shares have been issued to Bomeo Capital Limited (Bomeo) for an aggregate subscription value of \$529,883 to allow Bomeo to maintain its current 26.25% shareholding in the Company.

All shares were issued at a price of 6.75 cents per share.

General Capital Limited (formerly Mykco Limited)
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For the six months ended 30 September 2018

9. SUBSEQUENT EVENTS continued

On 11 December 2018 the company issued the following warrants.

153,845,313 2020 warrants (GENWA) have been issued, 146,026,771 to eligible shareholders and 7,818,542 to a Holding Account managed by the Company. All warrants were issued on a basis of one warrant for each share held on record date. The warrants are exercisable on or before 31st March 2020 at 7.75 cents per share for each warrant held.

307,690,626 2021 warrants (GENWB) have been issued, 292,053,229 to eligible shareholders and 15,637,084 to a Holding Account managed by the Company. All warrants were issued on a basis of two warrants for each share held on record date. The warrants are exercisable on or before 30th November 2021 at 9.00 cents per share for each warrant held. Further details are in the offer document.

Auditors

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Share Registrar

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Heartland Bank Limited

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