



**GENERAL
CAPITAL**

Results for announcement to the market		
Name of issuer	General Capital Limited	
Reporting Period	6 months to 30 September 2019	
Previous Reporting Period	6 months to 30 September 2018	
Currency	New Zealand Dollars (\$)	
	Amount (000s)	Percentage change
Revenue from continuing operations	\$1,425	74%
Total Revenue	\$1,425	74%
Net profit/(loss) from continuing operations	(\$51)	-92% (decrease in loss)
Total net profit/(loss)	(\$51)	-92% (decrease in loss)
Interim/Final Dividend		
Amount per Quoted Equity Security	It is not proposed to pay dividends	
Imputed amount per Quoted Equity Security	Not applicable	
Record Date	Not applicable	
Dividend Payment Date	Not applicable	
	Current period	Prior comparable period
Net tangible assets per Quoted Equity Security	\$0.0369	\$0.0264
A brief explanation of any of the figures above necessary to enable the figures to be understood	Refer to Directors' Report	
Authority for this announcement		
Name of person authorised to make this announcement	Jonathan Clark Chief Financial Officer	
Contact person for this announcement	Brent King Managing Director	
Contact phone number	+64 21 632 660	
Contact email address	Brent.King@gencap.co.nz	
Date of release through MAP	19 November 2019	

Unaudited financial statements accompany this announcement.

DIRECTORS' REPORT

BACKGROUND

The Directors are pleased to present a strong result for the six months ended 30 September 2019. General Capital's total assets have grown by a further 47% since 31 March 2019 and revenue has grown by 74% compared to the prior 6 month period ended 30 September 2018.

Critical information to assist in understanding the financial statements and results is detailed in notes 1 and 4 of the financial statements.

As the Company's acquisition of Corporate Holdings Limited on 3 August 2018 is deemed to be a reverse acquisition for accounting purposes, the attached financial statements and results represent a continuation of the consolidated financial statements of Corporate Holdings Limited.

Corporate Holdings Limited purchased two businesses on 19 December 2017, General Finance Limited and Investment Research Group Limited. The financial information presented for the period up to 19 December 2017 comprises Corporate Holdings Limited only. From that date up to 3 August 2018 the financial information presented comprises Corporate Holdings Limited and its two subsidiaries. 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.

FINANCIAL PERFORMANCE

	6 month period ended 30 Sep 2019	6 month period ended 30 Sep 2018	Movement %	
Revenue	\$1,425,280	\$818,353	74% increase	
Net loss after tax	(\$51,128)	(\$633,230)	-92% (decrease in loss)	
Normalised loss before tax ¹	(\$68,166)	(\$65,972)	3% (increase in normalised loss before tax)	
Earnings / (loss) per share ²	(0.03) cps	(1.14) cps	-97% (decrease in loss per share)	
	30 Sep 2019	31 Mar 2019	30 Sep 2018	31 Mar 2018
Total assets	\$35,084,345	\$23,907,684	\$17,937,877	\$16,381,278
<i>6 monthly increase</i>	47%	33%	10%	
Total liabilities	\$25,833,825	\$15,155,024	\$11,269,126	\$11,700,556
<i>6 monthly increase</i>	70%	34%	-4%	
Net assets	\$9,250,520	\$8,752,660	\$6,668,751	\$4,680,722
<i>6 monthly increase</i>	6%	31%	42%	

¹Normalised loss before tax is calculated by adding back the acquisition expenses of \$103,857, the loss on acquiring listed shell of \$405,280, and the interest recognised on redeemable preference shares of \$47,479 incurred in the September 2018 period. However, as described in Note 1 and Note 4 of the financial statements, the listed shell company was only acquired through a reverse acquisition on 3 August 2018. Accordingly only one month of its expenses are included in the period ended 30 September 2018. Should it have been acquired at the start of the period, expenses for that 6 month period would have been much higher (refer to note 4 in the financial statements).

²Cents per share. Refer to Note 1 (b) of financial statements for further information on the earnings per share calculation.

DIRECTORS' REPORT (CONTINUED)

	30 Sep 2019	31 Mar 2019	30 Sep 2018	31 Mar 2018
NTA per share ³	3.69 cps	3.54 cps	2.64 cps	10.08 cps
Adjusted 2018 NTA per share ³				2.47 cps
NA per share ³	5.75 cps	5.69 cps	5.38 cps	23.86 cps
Adjusted NA per share ³				5.86 cps

³Cents per share. Refer to Note 1 (c) of financial statements for further information on NTA / NA per share and adjusted NTA / NA per share calculations.

SEGMENT PERFORMANCE AND OUTLOOK

Refer to note 2 of financial statements for segmental results.

Finance - profit after tax of \$155,683 (2018: \$25,760 profit after tax)

The finance segment has had a very positive 6 months. The profitability growth was predominantly driven from year on year growth in term deposit liabilities of 134% and additional Group capital investment into the segment allowing for an increase in the loan receivables book of 115% (since September 2019).

General Finance Limited (Group subsidiary company / Non-bank Deposit Taker) holds significant cash reserves at 30 September 2019 and is well positioned for further growth in the loan receivables book whilst continuing to have conservative buffers above the minimum ratios required in its trust deed. In addition deposit liability growth is forecast to continue into the second half of the March 2020 financial year, driving further asset and profit growth.

Research and advisory - loss after tax of (\$33,192) (2018: (\$61,039) loss after tax)

The research and advisory segment did not have any significant advisory revenue in the 6 month period ended 30 September 2019, nor did it have any significant advisory revenue in the 6 month period ended 30 September 2018. There were lower expenses incurred in the September 2019 period as well as a favourable tax benefit.

There is a current advisory project the Group is working on. Should this project be successful, it is expected to generate revenue and net profit for the segment, which will be equal to or greater than the segment profit for the 2019 Financial year.

Corporate and other - loss after tax of (\$173,619) (2018: (\$597,951) loss after tax)

The normalised segment loss for the prior period ended 30 September 2018 was \$41,335. This is calculated by adding back the acquisition expenses of \$103,857, the loss on acquiring the listed shell of \$405,280 and the interest expense on redeemable preference shares of \$47,479 (refer note 3 and note 4).

However, as described in note 1 and note 4, the listed shell company was only acquired through a reverse acquisition on 3 August 2018. Accordingly only one month of its expenses are included in the period ended 30 September 2018. Should it have been acquired at the start of the period, operating expenses for that 6 month period would have been much higher and the segment results would have been comparable to the current period ended 30 September 2019 (refer to note 4 for further details).

DIRECTORS' REPORT (CONTINUED)

Group Outlook for Financial Year ending 31 March 2020

General Capital reiterates the plan as detailed in General Capital's March 2019 Annual Report (page 8). Directors however advise that the profitability target is contingent on the success and timing of advisory projects as described in the Research and Advisory segment commentary above.

Plan for the financial year to 31 March 2020:

- Increase total assets for the group to \$50m.
- Increase total deposits to \$38m
- Increase capital to \$12m
- Achieve a NPBT of \$300k for the year
- To consider an acquisition in the 2nd 6 months of the financial year.

SUMMARY

The six month period to September 2019 was strong and saw an acceleration in the growth of the finance business. This trend is expected to continue into the second half of the March 2020 financial year. Management will also be focusing on generating revenue and profit in the advisory segment for the March 2020 financial year.

The Directors would like to thank General Capital's shareholders and General Finance's term deposit investors for their support of the Group. We are working to build a profitable Group to reward investors for their continued support.



Rewi Bugo
Chairman



Brent King
Managing Director

GENERAL CAPITAL LIMITED
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE 6 MONTH PERIOD ENDED 30 SEPTEMBER 2019

	Unaudited Sep 2019 \$	Unaudited Sep 2018 \$ Restated
	<u>Note</u>	
Interest income	1,181,872	654,554
Interest expense	(552,272)	(309,281)
Net interest income	<u>629,600</u>	<u>345,273</u>
Fee and commission income	221,432	128,080
Fee and commission expense	(57,742)	(44,625)
Net fee and commission income	<u>163,690</u>	<u>83,455</u>
Revenue from contracts with customers	16,137	21,769
Cost of sales	-	-
Gross profit from contracts with customers	<u>16,137</u>	<u>21,769</u>
Other income	5,839	13,950
Net revenue	<u>815,266</u>	<u>464,447</u>
(Increase) / decrease of provision in respect of finance receivables	(20,072)	38,896
Personnel expenses	(308,909)	(303,719)
Occupancy expenses	(58,012)	(33,724)
Depreciation	(1,824)	(1,463)
Amortisation of intangible assets	(11,206)	(7,836)
Other expenses	(483,409)	(270,052)
Acquisition expenses	-	(103,857)
Loss on acquiring listed shell	-	(405,280)
	<u>(883,432)</u>	<u>(1,087,035)</u>
Loss before income tax expense	(68,166)	(622,588)
Income tax (expense) / benefit	17,038	(10,642)
Net loss after income tax expense	<u>(51,128)</u>	<u>(633,230)</u>
Other comprehensive income for the year	-	-
Total comprehensive income	<u>(51,128)</u>	<u>(633,230)</u>
Earnings per share (cents per share)	1 (b) (0.03)	(1.14)
Diluted earnings per share (cents per share)	1 (b) (0.03)	(0.57)

The accompanying notes are an integral part of these financial statements.

GENERAL CAPITAL LIMITED
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2019

	Unaudited Sep 2019 \$	Audited Mar 2019 \$	Unaudited Sep 2018 \$ Restated	Audited Mar 2018 \$ Restated	
Equity					
Share capital	10,122,483	9,573,495	7,649,867	1,448,503	
Redeemable preference shares	-	-	-	3,580,104	
Retained earnings	(857,101)	(805,973)	(981,116)	(347,885)	
Other reserves	(14,862)	(14,862)	-	-	
Total equity	9,250,520	8,752,660	6,668,751	4,680,722	
Assets					
Cash and cash equivalents	7,656,089	2,949,317	3,398,007	4,950,129	
Accounts receivables	5,720	19,246	6,998	8,070	
Loan receivables	23,625,489	17,277,204	10,965,515	8,583,952	
Other current assets	226,861	114,844	75,673	77,798	
Income tax receivable	57,171	45,450	40,781	-	
Deferred tax asset	63,724	38,408	25,506	40,373	
Property, plant and equipment	7,940	6,176	7,931	7,040	
Investments	190,483	190,483	50,800	50,800	
Intangible assets and goodwill	3,250,868	3,266,556	3,366,666	2,663,116	
Total assets	35,084,345	23,907,684	17,937,877	16,381,278	
Liabilities					
Accounts payable and other payables	212,262	246,624	224,112	183,265	
Related party payables	14,707	7,942	116,471	141,342	
Income tax payable	-	-	-	69,336	
Term deposits	25,606,856	14,900,458	10,928,543	9,854,092	
Other financial liabilities at amortised cost	-	-	-	1,452,521	
Total liabilities	25,833,825	15,155,024	11,269,126	11,700,556	
Net assets	9,250,520	8,752,660	6,668,751	4,680,722	
Net tangible assets (NTA) per share (cents per share)	1 (c)	3.69	3.54	2.64	10.08
Adjusted 2018 NTA per share (cents per share)	1 (c)				2.47
Net assets (NA) per share (cents per share)	1 (c)	5.75	5.69	5.38	23.86
Adjusted 2018 NA per share (cents per share)	1 (c)				5.86

The accompanying notes are an integral part of these financial statements.

GENERAL CAPITAL LIMITED
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE 6 MONTH PERIOD ENDED 30 SEPTEMBER 2019

	Share capital	Redeemable Preference Shares	Reserves	Retained earnings	Total equity
Note	\$	\$	\$	\$	\$
Balance at 31 March 2018 as originally presented	1,448,503	4,747,418	-	(280,728)	5,915,193
- Change in accounting policy	3	-	-	(19,119)	(19,119)
- Impact of finalisation of acquisition accounting	3	(1,167,314)	-	(48,038)	(1,215,352)
Restated total equity as at 1 April 2018	1,448,503	3,580,104	-	(347,885)	4,680,722
Loss for the period	-	-	-	(633,230)	(633,230)
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	-	(633,230)	(633,230)
<i>Transactions with owners in their capacity as owners:</i>					
Conversion of redeemable preference shares	5,080,104	(3,580,104)	-	-	1,500,000
Issue of shares on acquisition of subsidiary	1,121,259	-	-	-	1,121,259
Total transactions with owners in their capacity as owners	6,201,363	(3,580,104)	-	-	2,621,259
Balance at 30 September 2018 (Unaudited)	7,649,866	-	-	(981,115)	6,668,751
Total equity as at 1 April 2019	9,573,495	-	(14,862)	(805,973)	8,752,660
Loss for the period	-	-	-	(51,128)	(51,128)
Total comprehensive income for the period	-	-	-	(51,128)	(51,128)
<i>Transactions with owners in their capacity as owners:</i>					
Contributions of equity - exercise of warrants - 30/09/19	548,988	-	-	-	548,988
Total transactions with owners in their capacity as owners	548,988	-	-	-	548,988
Balance at 30 September 2019 (Unaudited)	10,122,483	-	(14,862)	(857,101)	9,250,520

The accompanying notes are an integral part of these financial statements.

GENERAL CAPITAL LIMITED
CONDENSED CONSOLIDATED STATEMENT OF CASHFLOWS
FOR THE 6 MONTH PERIOD ENDED 30 SEPTEMBER 2019

	Unaudited Sep 2019 \$	Unaudited Sep 2018 \$
Cash flow from operating activities		
Interest received	1,089,718	658,668
Receipts from customers	155,837	150,148
Other income	5,839	-
Payments to suppliers and employees	(1,084,132)	(793,087)
Interest paid	(491,191)	(263,068)
Income tax paid	(20,000)	(105,891)
Finance receivables (net advances)	(6,178,622)	(2,330,016)
Net cash (used in) / provided by operating activities	(6,522,551)	(2,683,246)
Cash flow from investing activities		
Acquisition of subsidiaries (net of cash acquired)	-	85,736
Purchase of property, plant and equipment	(3,588)	(2,354)
Purchase of software	(2,531)	(30,118)
Net cash provided by / (used in) investing activities	(6,119)	53,264
Cash flow from financing activities		
Issue of ordinary shares	548,988	-
Term deposits (net receipts)	10,686,454	1,077,860
Net cash provided by financing activities	11,235,442	1,077,860
Reconciliation of cash and cash equivalents		
Cash and cash equivalents at beginning of the reporting period	2,949,317	4,950,129
Net (decrease) / increase in cash and cash equivalents held during the reporting period	4,706,772	(1,552,122)
Cash and cash equivalents at end of the reporting period	7,656,089	3,398,007

The accompanying notes are an integral part of these financial statements.

GENERAL CAPITAL LIMITED
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE 6 MONTH PERIOD ENDED 30 SEPTEMBER 2019

NOTE 1: ABOUT THESE CONSOLIDATED FINANCIAL STATEMENTS

The notes to the financial statements include information that is considered relevant and material to assist the reader in understanding changes in General Capital Limited ('the Company') and its subsidiaries (together "the Group") financial position or performance.

The financial statements have been prepared on the same basis and should be read in conjunction with the consolidated financial statements for the year ended 31 March 2019.

As described in Note 4, 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.

Corporate Holdings Limited purchased two businesses on 19 December 2017, General Finance Limited and Investment Research Group Limited. From that date up to 3 August 2018 the financial information presented comprises Corporate Holdings Limited and its two subsidiaries. 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.

(b) Earnings per share

The weighted average number of shares up to the date of the reverse acquisition on 3 August 2018 (refer note 4), is represented by the weighted average number of Corporate Holdings Limited shares on issue during this period, multiplied by the conversion ratio of 16.27. The conversion ratio is the number of ordinary shares that were issued by the Company for each Corporate Holdings Limited share acquired on the acquisition date. Diluted earnings per share up to the date of the reverse acquisition reflects the dilutive impact of the Corporate Holdings Limited redeemable preferences shares that were issued during the year ended 31 March 2018. The redeemable preference shares converted to ordinary shares in Corporate Holdings Limited on 3 August 2018 before being acquired by the Company.

(c) Net tangible assets / net assets per share

Net tangible assets (NTA) / net assets (NA) per share reflects the NTA / NA of the Group divided by the number of the Company's ordinary shares as at each reporting date. As at 31 March 2018, the NTA / NA per share is skewed because the net assets presented are the net assets of Corporate Holdings and Subsidiaries prior to the reverse acquisition, whereas the number of ordinary shares used in the calculation are the Company's equity securities on issue prior to the reverse acquisition transaction and the issue of 104,323,240 shares on the acquisition date (refer to note 4). To make this metric more comparable and relevant, Management have calculated an adjusted NTA / NA per share as at 31 March 2018 by dividing NTA / NA by the number of Corporate Holdings Limited equity instruments (ordinary shares and redeemable preferences shares classified as equity) on issue as at that date multiplied by the conversion ratio (refer to Note 1 (b)).

GENERAL CAPITAL LIMITED

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE 6 MONTH PERIOD ENDED 30 SEPTEMBER 2019**

NOTE 2: SEGMENT REPORTING

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

Three reportable segments have been identified as follows:

- Finance

Deposit taking and residential mortgage lending.

- Research and Advisory

Provides investment advisory services and produces and sells investment research and publications.

- Corporate and Other

Corporate function and investment activities (the business of the Company was allocated to this reporting segment following the reverse takeover transaction on 3 August 2018).

6 month period ended 30 September 2019	Finance \$	Research and Advisory \$	Corporate and Other \$	Total Segments \$	Eliminations \$	Consolidated \$
Revenue - interest income	1,181,842	-	30	1,181,872	-	1,181,872
Revenue - fee income (finance receivables)	221,432	-	-	221,432	-	221,432
Revenue from contracts with customers						
- Yearbook and research sales	-	4,655	-	4,655	-	4,655
- Other fee income	11,349	133	-	11,482	-	11,482
- Inter-segment revenue	-	10,000	-	10,000	(10,000)	-
Other income	5,839	-	-	5,839	-	5,839
Total revenue	1,420,462	14,788	30	1,435,280	(10,000)	1,425,280
Interest expense	(552,272)	-	-	(552,272)	-	(552,272)
Fee and commission expense	(57,742)	-	-	(57,742)	-	(57,742)
Net revenue	810,448	14,788	30	825,266	(10,000)	815,266
(Increase) / decrease of provision in respect of finance	(20,072)	-	-	(20,072)	-	(20,072)
Personnel expenses	(242,378)	(34,865)	(31,666)	(308,909)	-	(308,909)
Depreciation and amortisation	(12,961)	-	(69)	(13,030)	-	(13,030)
Income tax (expense) /	(61,735)	12,667	66,106	17,038	-	17,038
Net Profit After Tax	155,683	(33,192)	(173,619)	(51,128)	-	(51,128)
Total Assets	32,913,286	1,249,972	1,090,117	35,253,375	(169,030)	35,084,345
Total Liabilities	25,795,894	114,594	92,367	26,002,855	(169,030)	25,833,825

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

6 month period ended 30 September 2019	Finance \$	Research and Advisory \$	Corporate and Other \$	Total Segments \$	Eliminations \$	Consolidated \$
Acquisitions	2,531	-	3,588	6,119	-	6,119

*excludes non-current finance receivables

GENERAL CAPITAL LIMITED

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE 6 MONTH PERIOD ENDED 30 SEPTEMBER 2019**

NOTE 2: SEGMENT REPORTING (CONTINUED)

6 month period ended 30 September 2018	Finance	Research and Advisory	Corporate and Other	Total Segments	Eliminations	Consolidated
	\$	\$	\$	\$	\$	\$
Revenue - interest income	654,378	42	135	654,555	-	654,555
Revenue - fee income (finance receivables)	128,080	-	-	128,080	-	128,080
Revenue from contracts with customers						
- Advisory fee revenue	-	8,500	-	8,500	-	8,500
- Yearbook and research sales	-	4,161	-	4,161	-	4,161
- Other fee income	9,108	-	-	9,108	-	9,108
Other income	13,950	11,781	-	25,731	(11,781)	13,950
Total revenue	805,516	24,484	135	830,135	(11,781)	818,354
Interest expense	(261,802)	-	(47,479)	(309,281)	-	(309,281)
Fee and commission expense (finance receivables)	(44,625)	-	-	(44,625)	-	(44,625)
Net revenue	499,089	24,484	(47,344)	476,229	(11,781)	464,448
(Increase) / decrease of provision in respect of finance	38,896	-	-	38,896	-	38,896
Personnel expenses	(262,726)	(36,200)	(4,792)	(303,719)	-	(303,719)
Depreciation and amortisation	(9,299)	-	-	(9,299)	-	(9,299)
Acquisition expenses	-	-	(103,857)	(103,857)	-	(103,857)
Loss on acquiring listed shell	-	-	(405,280)	(405,280)	-	(405,280)
Income tax (expense) /	(10,642)	-	-	(10,642)	-	(10,642)
Net Profit After Tax	25,760	(61,039)	(597,951)	(633,230)	-	(633,230)
Total Assets	16,030,414	1,205,454	1,214,953	18,450,821	(512,944)	17,937,877
Total Liabilities	11,067,712	470,268	244,090	11,782,070	(512,944)	11,269,126

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

6 month period ended 30 September 2018	Finance	Research and Advisory	Corporate and Other	Total Segments	Eliminations	Consolidated
	\$	\$	\$	\$	\$	\$
Business combinations	-	-	696,928	696,928	-	696,928
Other	32,472	-	-	32,472	-	32,472
Transfers / reallocations between segments	6,924	(6,924)	-	-	-	-
	39,396	(6,924)	696,928	729,400	-	729,400

*excludes non-current finance receivables

GENERAL CAPITAL LIMITED

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE 6 MONTH PERIOD ENDED 30 SEPTEMBER 2019

NOTE 3: IMPACT OF FINALISATION OF ACQUISITION ACCOUNTING AND CHANGES IN ACCOUNTING POLICIES

3.1 Adjustments relating to the finalisation of the acquisition accounting

As disclosed in the 30 September 2018 interim accounts, the accounting for the acquisitions were provisional as the Group was still in the process of completing its initial acquisition accounting. The following adjustments were reflected in the full year 31 March 2019 financial statements:

- (a) 4,957,000 redeemable preference shares with a nominal value of \$4,974,850 were issued during the year ended 31 March 2018. These were originally classified as compound financial instruments with \$4,747,418 being recognised in equity, and the balance being recognised as a financial liability at amortised cost. Fair value on initial recognition of the liability was \$227,432, with a carrying value of \$237,058 as at 31 Mar 2018 after interest expense of \$9,626 recognised during the year ended 31 March 2018. Following a further review of the contractual terms of the agreements, it was determined that 3,457,000 redeemable preference shares with a face value of \$3,475,850 should have been recognised as equity instruments as under the subscription agreement, the Group did not have a contractual obligation (including contingent) to deliver cash or other financial assets to the holders of these redeemable preference shares. 1,500,000 redeemable preference shares with a face value of \$1,500,000 should have been recorded as a financial liability at amortised cost as under the subscription agreement there was a contingent obligation to deliver cash if the Group did not complete its obligation to complete the acquisition described in note 21.1 within 180 days from the issue date (note that the timeframe was later extended). The financial liability had a fair value on initial recognition of \$1,394,746, with the balance of \$105,254 being recognised in equity.
- (b) The fair value of identifiable net assets recognised on the acquisition of General Finance Limited (on 19 December 2017) was revised (increased) by \$15,159 (including a \$12,000 increase to intangible assets other than goodwill). Goodwill initially recognised on the acquisition has accordingly been reduced by \$15,159.
- (c) The fair value of identifiable net assets recognised on the acquisition of Investment Research Group Limited (on 19 December 2017) was revised (decreased) by \$191,226 (including a \$232,130 reduction in intangible assets other than goodwill). Goodwill initially recognised on the acquisition has accordingly been increased by \$191,226.
- (d) The above differences had a flow on impact on the initial accounting for the reverse acquisition transaction on 3 August 2018 as originally disclosed in the 30 September 2018 accounts. The reverse acquisition transaction and associated accounting is described in further detail in Note 4. The impact of the changes is detailed further below.

31 March 2018 impact: \$1,167,314 reduction in redeemable preference share (equity) as at 31 March 2018, an increase to the carrying value of other financial liabilities at amortised cost of \$1,215,463 as at 31 March 2018 and an increase to interest expense (and reduction in closing retained earnings) for the year ended 31 March 2018 of \$48,149. Adjustments to goodwill and other assets were also reflected as described in (b) and (c) above.

30 September 2018 impact: an increase in interest expense of \$35,794, a reduction in amortisation expense on intangible assets of \$3,270, a decrease in acquisition expenses of \$54,744, an increase in the loss on acquiring the listed shell of \$48,024, an increase in other expenses of \$58,144 and minor revenue reclassifications were reflected for the 6 months ended 30 September 2018. Adjustments to goodwill and other assets were also reflected as described in (b) and (c) above. As at 30 September 2018 share capital was increased by \$131,968 and retained earnings was decreased by \$131,968 as a result of all of the changes described above, and the flow on impact to the reverse acquisition accounting.

The impact of the above corrections are further illustrated in the financial statement extracts in note 3.3.

3.2 Impact of the adoption of new accounting standards

(i) Impact of the adoption of NZ IFRS 9

The Group has adopted NZ IFRS 9 *Financial instruments* in the prior 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 prior period consolidated financial statements, and increases to loss allowances in the prior period comparatives have been reflected as follows:

31 March 2018 impact: An increase to loss allowances for 12-month expected credit losses of \$26,554 as at 31 March 2018 having an impact (reduction) in net profit after tax of \$2,116 for the year ended 31 March 2018 and an after tax impact on opening retained earnings of \$19,119 (decrease) as at 1 April 2018.

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NOTE 3: IMPACT OF FINALISATION OF ACQUISITION ACCOUNTING AND CHANGES IN ACCOUNTING POLICIES (CONTINUED)

(ii) Impact of the adoption of NZ IFRS 15

The Group adopted *NZ IFRS 15 Revenue from Contracts with Customers* in the prior period beginning 1 April 2018.

- 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.

The following revenue streams are recognised in accordance with NZ IFRS 15

- Advisory fee revenue
- Yearbook and research sales
- Other fee income

As at 31 March 2018, 30 September 2018, 31 March 2019 and 30 September 2019 no contract assets, contract liabilities or capitalised contract costs have been identified. Accordingly, despite the change in the revenue recognition policy for the Group, there have been no adjustments reflected in the consolidated financial statements in relation to the adoption of the standard.

(iii) Impact of the adoption of NZ IFRS 16

The Group has adopted *NZ IFRS 16 Leases* in the current period beginning 1 April 2019.

- NZ IFRS 16, 'Leases', replaces NZ IAS 17. Under NZ IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Under NZ IAS 17, a lessee was required to make a distinction between a finance lease (on balance sheet) and an operating lease (off balance sheet). NZ IFRS 16 now requires a lessee to recognise a lease liability reflecting future lease payments and a 'right-of-use asset' for virtually all lease contracts.

The Group had no lease agreements in place from 1 April 2019 and up to the date of signing these financial statements. Since June 2018, the Group has been paying a share of office lease costs to Moneyonline Limited, a related company, based on an allocation of office space utilised by the Group. The Group is considering formalising a lease agreement with Moneyonline Limited, which is likely to mirror the term and other conditions of Moneyonline Limited's lease agreement with an external party. As at 30 September 2019, the total remaining term of that lease was 20 months, and the current monthly allocation of the lease costs paid by the Group is \$9,024, implying total undiscounted remaining payments of \$180,480 as at 30 September 2019.

Should an agreement be formalised with Moneyonline Limited, a lease liability and right-of use asset would need to be recognised on that date, represented by the present value of future lease payments. Depreciation expense would be recorded on a straight-line basis over the lease term, and interest will be recognised on the lease liability using the amortised cost method. This will result in higher expenses being recorded at the start of the lease term than at the end (due to the liability being 'wound down' over the lease term).

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NOTE 3: IMPACT OF FINALISATION OF ACQUISITION ACCOUNTING AND CHANGES IN ACCOUNTING POLICIES (CONTINUED)

3.3 Extract of consolidated financial statements illustrating the impact of the adjustments to interim accounting for acquisitions and changes in accounting policies

Only the affected balances and transactions are presented in the below extract financial statements.

(i) March 2018 Consolidated Statement of Financial Position (extract)

	31 March 2018* \$	Adjustments to acquisition accounting Increase / (Decrease)	Adoption of IFRS 9 Increase / (Decrease)	31 March 2018 \$ restated
Equity				
Redeemable preference shares	4,747,418	(1,167,314)	-	3,580,104
Retained earnings	(280,728)	(48,038)	(19,119)	(347,885)
Total equity	5,915,193	(1,215,352)	(19,119)	4,680,722
Assets				
Loan receivables	8,610,506	-	(26,554)	8,583,952
Other current assets	68,203	9,595	-	77,798
Deferred tax asset	32,938	-	7,435	40,373
Investments	-	50,800	-	50,800
Intangible assets and goodwill	2,707,179	(44,063)	-	2,663,116
Total assets	16,384,065	16,332	(19,119)	16,381,278
Liabilities				
Accounts payable and other payables	208,386	(25,121)	-	183,265
Related party payables	100,000	41,342	-	141,342
Other financial liabilities at amortised cost	237,058	1,215,463	-	1,452,521
Total liabilities	10,468,872	1,231,684	-	11,700,556
Net assets	5,915,193	(1,215,352)	(19,119)	4,680,722

*The 31 March 2018 comparatives disclosed in the 30 September interim accounts already reflected the impact of IFRS 9. The first column above is prior to the adoption of IFRS 9.

(i) September 2018 Consolidated Statement of Financial Position (extract)

	30 September 2018 \$	Adjustments to acquisition accounting Increase / (Decrease)	30 September 2018 \$ restated
Equity			
Share capital	7,517,899	131,968	7,649,867
Retained earnings	(849,148)	(131,968)	(981,116)
Total equity	6,668,751	-	6,668,751
Assets			
Other current assets	82,576	(6,903)	75,673
Investments	-	50,800	50,800
Intangible assets and goodwill	3,407,459	(40,793)	3,366,666
Total assets	17,934,773	3,104	17,937,877
Liabilities			
Accounts payable and other payables	221,008	3,104	224,112
Total liabilities	11,266,022	3,104	11,269,126
Net assets	6,668,751	-	6,668,751

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FOR THE 6 MONTH PERIOD ENDED 30 SEPTEMBER 2019

NOTE 3: IMPACT OF FINALISATION OF ACQUISITION ACCOUNTING AND CHANGES IN ACCOUNTING POLICIES (CONTINUED)

(ii) Consolidated Statement of Comprehensive Income (extract)

	Period ended 30 Sep 2018 \$	Adjustments to acquisition accounting Increase / (Decrease)	Period ended 30 Sep 2018 \$ restated
Interest expense	(273,487)	(35,794)	(309,281)
Net interest income	381,067	(35,794)	345,273
Fee and commission income	145,745	(17,665)	128,080
Revenue from contracts with customers	4,085	17,684	21,769
Net revenue	500,222	(35,775)	464,447
Amortisation of intangible assets	(11,106)	3,270	(7,836)
Other expenses	(211,908)	(58,144)	(270,052)
Acquisition expenses	(158,601)	54,744	(103,857)
Loss on acquiring listed shell	(357,256)	(48,024)	(405,280)
Loss before income tax expense	(538,659)	(83,929)	(622,588)
Net loss after income tax expense	(549,301)	(83,929)	(633,230)
Total comprehensive income	(549,301)	(83,929)	(633,230)

NOTE 4: BUSINESS COMBINATIONS

Reverse acquisition of Corporate Holdings Limited

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 domiciled in New Zealand on 16 March 2017.

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 consideration of \$1,121,259 is the fair value of the shares that were issued in relation to the transaction. The fair value of shares issued is calculated as the percentage of ownership of Corporate Holdings Limited forgone by its original shareholders divided by the percentage of ownership of General Capital Limited obtained by CHL's shareholders in the transaction multiplied by the fair value of Corporate Holdings Limited on acquisition date. The difference between the deemed value of the shares issued and the fair value of net assets acquired of \$405,280 is recorded as a loss in the Statement of Comprehensive Income.

GENERAL CAPITAL LIMITED
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NOTE 4: BUSINESS COMBINATIONS (CONTINUED)

The primary reason for the business combination was to effect the reverse listing of Corporate Holdings Limited and its subsidiaries.

Details of the transaction were:

	\$
Fair value of consideration transferred	
Shares issued as consideration	1,121,259
Total Consideration	<u>1,121,259</u>
Identified assets acquired and liabilities assumed	
- Cash and cash equivalents	85,735
- Other current assets	22,809
- Intangible assets - bartercard trade dollars	693,313
- Accounts and other payables	<u>(85,878)</u>
Net assets acquired	715,979
Loss on acquiring listed shell	<u>405,280</u>
	<u>1,121,259</u>

Contribution to Group results

In the prior six month period ended 30 September 2018 since the acquisition date General Capital Limited has contributed revenue of \$135 and a loss after tax of \$145,080 which is included within the loss for the Group. Had the combination occurred from the beginning of the six month period ended 30 September 2018, the operating loss for General Capital Limited included in the Group would have been \$287,290 and revenue would have been \$1,347.

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

NOTE 5: EVENTS SUBSEQUENT TO REPORTING DATE

There has been no matter or circumstance, which has arisen since reporting date that has significantly affected or may significantly affect:

- the operations, in financial years subsequent to reporting date, of the Group, or
- the results of those operations, or
- the state of affairs, in financial years subsequent to reporting date, of the Group.