

General Capital Limited	
Results for announcement to the market	
Reporting Period	12 months to 31 March 2019
Previous Reporting Period	12 months to 31 March 2018

	Amount	Percentage change
Revenue from ordinary activities	\$2,136,267	214%
Profit (loss) from ordinary activities after tax attributable to security holders.	(\$458,088)	40% (increase in loss)
Net profit (loss) attributable to security holders.	(\$458,088)	40% (increase in loss)

Interim/Final Dividend	Amount Per Security	Imputed amount per security
It is not proposed to pay dividends	Not Applicable	Not Applicable

Record Date	Not Applicable
Dividend Payment Date	Not Applicable

Comments:	Refer to Directors' Report
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DIRECTORS' REPORT

BACKGROUND

This is the first annual financial results announcement of General Capital Limited (formerly Mykco Limited, "the Company") and subsidiaries (together "the Group") since the formation of the Group following the three acquisitions described below.

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.

AUDIT

The attached financial information has been audited by the Group's auditor. The Group's Annual Report for the year ended 31 March 2019 is in the process of being completed and audited.

FINANCIAL PERFORMANCE

	Year ended 31 Mar 2019	Year ended 31 Mar 2018	Var	Increase %
Net loss after tax	(\$458,088)	(\$326,650)	(\$131,438)	40%
Earnings / (loss) per share ¹	(0.46)	(4.14)	3.68	-89%

	31 Mar 2019	31 Mar 2018	Var	Increase %
Total assets	\$23,907,684	\$16,381,278	\$7,526,406	46%
Total liabilities	\$15,155,024	\$11,700,556	\$3,454,468	30%
Total equity	\$8,752,660	\$4,680,722	\$4,071,938	87%
NTA per share ²	3.54	10.08	(6.54)	-65%
Adjusted NTA per share ²	3.54	2.47	1.07	43%
NA per share ²	5.69	23.86	(18.17)	-76%
Adjusted NA per share ²	5.69	5.86	(0.17)	-3%

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

2. Cents 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.

DIRECTORS' REPORT (CONTINUED)

The consolidated accounts for the Group show a loss before tax of \$428,487 for the year ended 31 March 2019. This can be broken down as follows:

Normalised loss before tax for 6 month period ended 30 September 2018 (unaudited) *	(\$22,802)
Normalised profit before tax for 6 month period ended 31 March 2019 *	\$103,522
Loss on acquiring listed shell	(\$405,280)
Acquisition expenses	(\$103,927)
Net loss before tax for the year ended 31 March 2019	<u>(\$428,487)</u>

* Normalised profit / (loss) before tax is before acquisition expenses and loss on acquiring listed shell.

The loss on acquiring listed shell expense arises due to the accounting treatment when a smaller company buys a larger company (a "reverse acquisition"). It is effectively the cost attributed to the dilution effect that occurs, the details of which are set out in Note 4 (a) of the accounts.

The acquisition expenses are costs associated with the reverse acquisition transaction. These include legal, NZX, meeting and advisory costs.

The normalised profit before tax in the 6 month period ended 31 March 2019 was generated from favourable trading results in the finance and research and advisory segments net of the normalised costs that are incurred in the corporate and other segment. Further details on segment results can be found below.

SEGMENT PERFORMANCE

Refer to note 2 of financial statements for segmental results.

Finance - profit after tax of \$124,765 (2018: \$13,658 loss after tax)

It has been a very positive year in the finance segment with a year on year growth of 101% in finance receivables and 51% in term deposit liability which were the key drivers of an increasing net operating margin over the year.

The 31 March 2018 results only include the finance segment for approximately three and a half months of trading from 19 December 2017. The loss incurred in this period was in relation to the initial developmental efforts that were put into upgrading the segment's systems and procedures in preparation for growth.

Research and advisory - profit after tax of \$93,971 (2018: \$254,206 loss after tax)

It has also been a good year for the research and advisory segment, with the completion of a significant advisory project in the year contributing to the income achieved for the year.

The 31 March 2018 results only include the research and advisory segment for approximately three and a half months of trading from 19 December 2017. Large legal and commission expenses were incurred in this period in relation to an advisory project.

Corporate and other - loss after tax of \$676,824 (2018: \$58,786 loss after tax)

A large majority of the loss incurred in this segment is in relation to the acquisition expenses and cost of acquiring listed shell totalling \$509,207, as described above. The remainder of the costs in this segment relate to the costs of operating a listed entity, including compliance and other costs.

DIRECTORS' REPORT (CONTINUED)

COMPARISON TO 31 MARCH 2019 PROSPECTIVE INFORMATION ("FORECAST")

Refer to note 5 of financial statements for detailed comparison to prospective financial information

Highlights:	2019	2019	Variance
	Actual	Forecast	
	\$	\$	\$
Net revenue	1,379,297	1,552,024	(172,727)
Net profit after income tax expense	(458,088)	38,641	(496,729)
Total Assets	23,907,684	30,693,547	(6,785,863)
Total Liabilities	15,155,024	21,614,173	(6,459,149)
Total Equity	8,752,660	9,079,374	(326,714)

Key drivers of variances:

As noted above, the loss on acquiring listed shell expense of \$405,280 arises due to the accounting treatment when a smaller company buys a larger company (a "reverse acquisition"). It is effectively the cost attributed to the dilution effect that occurs, the details of which are set out in Note 4 (a) of the accounts. The prospective financial information was not prepared on the same basis, and instead was prepared as a simple combination of the consolidated prospective Corporate Holdings Limited group financial statements with the Company's prospective financial statements.

The growth in the finance receivables book and term deposit liabilities was not as fast as originally anticipated, which represents the majority of the variance in total assets and total liabilities. The slower than anticipated growth in the balance sheet also resulted in a lower net interest margin (\$125,707 lower than forecast) and net fee and commission income (\$75,517 lower than forecast). Expenses (other than the loss on acquiring listed shell expense) were also approximately \$97,436 lower than forecast due to the slower than anticipated growth.

GENERAL CAPITAL LIMITED
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2019

	Note	2019 \$	2018 \$ Restated
Interest income	2	1,479,226	391,557
Interest expense		(640,270)	(209,132)
Net interest income		838,956	182,425
Fee and commission income	2	281,176	57,859
Fee and commission expense		(92,332)	(7,332)
Net fee and commission income		188,844	50,527
Revenue from contracts with customers	2	347,702	225,331
Cost of sales		(24,368)	(220,500)
Gross profit from contracts with customers		323,334	4,831
Other income		28,163	5,805
Net revenue		1,379,297	243,588
(Increase) / decrease of provision in respect of finance receivables		19,456	(28,714)
Personnel expenses		(603,011)	(110,295)
Occupancy expenses		(90,176)	(22,564)
Depreciation		(3,493)	-
Amortisation of intangible assets		(18,201)	-
Other expenses		(603,152)	(413,767)
Acquisition expenses		(103,927)	-
Loss on acquiring listed shell	4 (a)	(405,280)	-
		(1,807,784)	(575,340)
Profit before income tax expense		(428,487)	(331,752)
Income tax (expense) / benefit		(29,601)	5,102
Net profit after income tax expense		(458,088)	(326,650)
Other comprehensive income			
Changes in the fair value of equity investments at fair value through other comprehensive income		(14,862)	-
Other comprehensive income for the year		(14,862)	-
Total comprehensive income		(472,950)	(326,650)
Earnings per share (cents per share)	1 (b)	(0.46)	(4.14)
Diluted earnings per share (cents per share)	1 (b)	(0.36)	(1.39)

The accompanying notes form part of these financial statements.

GENERAL CAPITAL LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2019

	Note	2019 \$	2018 \$ restated
Equity			
Share capital		9,573,495	1,448,503
Redeemable preference shares		-	3,580,104
Retained earnings		(805,973)	(347,885)
Other reserves		(14,862)	-
Total equity		<u>8,752,660</u>	<u>4,680,722</u>
Assets			
Cash and cash equivalents		2,949,317	4,950,129
Accounts receivables		19,246	8,070
Finance receivables		17,277,204	8,583,952
Other current assets		114,844	77,798
Income taxation receivable		45,450	-
Deferred tax asset		38,408	40,373
Property, plant and equipment		6,176	7,040
Financial assets at fair value through other comprehensive income		190,483	50,800
Intangible assets and goodwill		3,266,556	2,663,116
Total assets		<u>23,907,684</u>	<u>16,381,278</u>
Liabilities			
Accounts and other payables		246,624	183,265
Related party payables		7,942	141,342
Income taxation payable		-	69,336
Term deposits		14,900,458	9,854,092
Other financial liabilities at amortised cost		-	1,452,521
Total liabilities		<u>15,155,024</u>	<u>11,700,556</u>
Net assets		<u>8,752,660</u>	<u>4,680,722</u>
Net tangible assets (NTA) per share (cents per share)	1 (c)	3.54	10.08
Adjusted NTA per share (cents per share)	1 (c)	3.54	2.47
Net assets (NA) per share (cents per share)	1 (c)	5.69	23.86
Adjusted NA per share (cents per share)	1 (c)	5.69	5.86

The accompanying notes form part of these financial statements.

GENERAL CAPITAL LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2019

	Share capital	Redeemable Preference Shares	Reserves	Retained earnings	Total equity
Note	\$	\$	\$	\$	\$
Balance at 1 April 2017	1,000	-	-	-	1,000
Acquisition date impact of adoption of NZ IFRS 9 on business combinations during the year	3	-	-	(21,235)	(21,235)
Loss for the year		-	-	(328,766)	(328,766)
Adoption of NZ IFRS 9	3	-	-	2,116	2,116
Other comprehensive income for the year		-	-	-	-
Total comprehensive income for the year		-	-	(326,650)	(326,650)
<i>Transactions with owners in their capacity as owners:</i>					
Contributions of equity net of transaction costs	1,447,503	3,580,104	-	-	5,027,607
Total transactions with owners in their capacity as owners	1,447,503	3,580,104	-	-	5,027,607
Balance at 31 March 2018	1,448,503	3,580,104	-	(347,885)	4,680,722
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 year		-	-	(458,088)	(458,088)
Other comprehensive income for the year		-	(14,862)	-	(14,862)
Total comprehensive income for the year		-	(14,862)	(458,088)	(472,950)
<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
Contributions of equity net of transaction costs	1,923,629	-	-	-	1,923,629
Total transactions with owners in their capacity as owners	8,124,992	(3,580,104)	-	-	4,544,888
Balance at 31 March 2019	9,573,495	-	(14,862)	(805,973)	8,752,660

The accompanying notes form part of these financial statements.

GENERAL CAPITAL LIMITED
STATEMENT OF CASHFLOWS
FOR THE YEAR ENDED 31 MARCH 2019

	2019	2018
	\$	\$
Cash flow from operating activities		
Interest received	1,376,467	552,386
Receipts from customers	393,838	319,321
Other income	27,783	5,805
Payments to suppliers and employees	(1,587,300)	(783,196)
Interest paid	(585,614)	(140,084)
Income tax paid	(142,421)	(34,869)
Finance receivables (net advances)	(8,516,032)	1,019,852
Net cash provided by operating activities	(9,033,279)	939,215
Cash flow from investing activities		
Acquisition of subsidiaries (net of cash acquired)	85,736	(1,371,394)
Purchase of property, plant and equipment	(2,629)	(7,040)
Purchase of software	(32,742)	(33,107)
Net cash provided by / (used in) investing activities	50,365	(1,411,541)
Cash flow from financing activities		
Issue of ordinary shares	1,923,628	447,503
Issue of redeemable preference shares	-	4,974,850
Term deposits (net receipts)	5,058,474	102
Net cash provided by financing activities	6,982,102	5,422,455
Reconciliation of cash and cash equivalents		
Cash and cash equivalents at beginning of the reporting period	4,950,129	-
Net (decrease) / increase in cash and cash equivalents held during the reporting period	(2,000,812)	4,950,129
Cash and cash equivalents at end of the reporting period	2,949,317	4,950,129

The accompanying notes form part of these financial statements.

GENERAL CAPITAL LIMITED
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

NOTE 1: ABOUT THESE 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.

As described in Note 4 (a), 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 (refer to Notes 4 (b) and 4 (c)). 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.

(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 (a)), 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 transaction and the issue of 104,323,240 shares on the acquisition date (refer to note 4 (a)). 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 FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 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 (reportable segment commenced on 19 December 2017 following the acquisition of General Finance Limited).

- Research and Advisory

Provides investment advisory services and produces and sells investment research and publications (reportable segment commenced on 19 December 2017 following the acquisition of Investment Research Group Limited).

- 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).

Year ended 31 Mar 2019	Finance \$	Research and Advisory \$	Corporate and Other \$	Total Segments \$	Eliminations \$	Consolidated \$
Revenue - interest income	1,475,752	936	2,538	1,479,226	-	1,479,226
Revenue - fee income (finance receivables)	281,176	-	-	281,176	-	281,176
Revenue from contracts with customers						
- Advisory fee revenue	-	280,320	-	280,320	-	280,320
- Yearbook and research sales	-	43,967	-	43,967	-	43,967
- Other fee income	23,415	-	-	23,415	-	23,415
Other income	28,163	11,781	-	39,944	(11,781)	28,163
Total revenue	1,808,506	337,004	2,538	2,148,048	(11,781)	2,136,267
Interest expense	(592,791)	-	(47,479)	(640,270)	-	(640,270)
Fee and commission expense	(92,332)	-	-	(92,332)	-	(92,332)
Cost of sales	-	(24,368)	-	(24,368)	-	(24,368)
Net revenue	1,123,383	312,636	(44,941)	1,391,078	(11,781)	1,379,297
(Increase) / decrease of provision in respect of finance	19,456	-	-	19,456	-	19,456
Personnel expenses	(486,670)	(97,207)	(19,133)	(603,011)	-	(603,011)
Depreciation and amortisation	(21,419)	(275)	-	(21,694)	-	(21,694)
Acquisition expenses	-	-	(103,927)	(103,927)	-	(103,927)
Cost of acquiring listed shell	-	-	(405,280)	(405,280)	-	(405,280)
Income tax (expense) /	(34,705)	-	5,103	(29,601)	-	(29,601)
Net Profit After Tax	124,765	93,971	(676,824)	(458,088)	-	(458,088)
Total Assets	21,808,422	1,154,633	997,919	23,960,974	(53,290)	23,907,684
Total Liabilities	15,065,715	104,822	37,777	15,208,314	(53,290)	15,155,024

GENERAL CAPITAL LIMITED
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

NOTE 2: SEGMENT REPORTING (CONTINUED)

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

Year ended 31 Mar 2019	Finance \$	Research and Advisory \$	Corporate and Other \$	Total Segments \$	Eliminations \$	Consolidated \$
Business combinations	-	-	696,928	696,928	-	696,928
Acquired through settlement of transactions / balances	-	255,875	-	255,875	-	255,875
Other	35,212	-	-	35,212	-	35,212
Transfers / reallocations between segments	6,924	(262,799)	255,875	-	-	-
	<u>42,136</u>	<u>(6,924)</u>	<u>952,803</u>	<u>988,015</u>	<u>-</u>	<u>988,015</u>

*excludes non-current finance receivables

Year ended 31 Mar 2018	Finance \$	Research and Advisory \$	Corporate and Other \$	Total Segments \$	Eliminations \$	Consolidated \$
Revenue - interest income	390,282	73	1,203	391,557	-	391,557
Revenue - fee income (finance receivables)	57,859	-	-	57,859	-	57,859
Revenue from contracts with customers						
- Advisory fee revenue	-	220,675	-	220,675	-	220,675
- Yearbook and research sales	-	3,853	-	3,853	-	3,853
- Other fee income	803	-	-	803	-	803
Other income	5,805	67,868	-	73,673	(67,868)	5,805
Total revenue	<u>454,749</u>	<u>292,468</u>	<u>1,203</u>	<u>748,420</u>	<u>(67,868)</u>	<u>680,552</u>
Interest expense	(151,357)	-	(57,775)	(209,132)	-	(209,132)
Fee and commission expense (finance receivables)	(7,332)	-	-	(7,332)	-	(7,332)
Cost of sales	-	(220,500)	-	(220,500)	-	(220,500)
Net revenue	<u>296,060</u>	<u>71,968</u>	<u>(56,572)</u>	<u>311,456</u>	<u>(67,868)</u>	<u>243,588</u>
(Increase) / decrease of provision in respect of finance	(28,714)	-	-	(28,714)	-	(28,714)
Personnel expenses	(64,298)	(45,997)	-	(110,295)	-	(110,295)
Depreciation and amortisation	-	-	-	-	-	-
Income tax (expense) /	5,102	-	-	5,102	-	5,102
Net Profit After Tax	<u>(13,658)</u>	<u>(254,206)</u>	<u>(58,786)</u>	<u>(326,650)</u>	<u>-</u>	<u>(326,650)</u>
Total Assets	<u>15,080,519</u>	<u>1,324,737</u>	<u>503,586</u>	<u>16,908,842</u>	<u>(527,564)</u>	<u>16,381,278</u>
Total Liabilities	<u>10,143,577</u>	<u>532,022</u>	<u>1,552,521</u>	<u>12,228,121</u>	<u>(527,564)</u>	<u>11,700,556</u>

GENERAL CAPITAL LIMITED
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

NOTE 2: SEGMENT REPORTING (CONTINUED)

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

Year ended 31 Mar 2018	Finance \$	Research and Advisory \$	Corporate and Other \$	Total Segments \$	Eliminations \$	Consolidated \$
Business combinations	1,570,729	1,057,001	50,800	2,678,530	-	2,678,530
Acquired through settlement of transactions / balances	-	3,139	-	3,139	-	3,139
Other	-	7,408	-	7,408	-	7,408
Transfers / reallocations between segments	-	(3,139)	3,139	-	-	-
	<u>1,570,729</u>	<u>1,064,409</u>	<u>53,939</u>	<u>2,689,077</u>	<u>-</u>	<u>2,689,077</u>

*excludes non-current finance receivables

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

(a) Adjustments relating to the finalisation of the acquisition accounting

As disclosed in the 30 September 2018 interim accounts, the accounting for the acquisitions (refer to note 4) were provisional as the Group was still in the process of completing its initial acquisition accounting. The following adjustments have been made to the initial accounting:

- 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 4 (a) 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. The overall impact of the adjustment is a \$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.
- The fair value of identifiable net assets recognised on the acquisition of General Finance Limited (refer note 4 (b)) 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.
- The fair value of identifiable net assets recognised on the acquisition of Investment Research Group Limited (refer note 4 (c)) 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.

The impact of the above corrections are further illustrated in the financial statement extracts (c).

GENERAL CAPITAL LIMITED
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

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

(b) Impact of the adoption of new accounting standards

(i) 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 prior period financial statements, and increases to loss allowances in the prior period comparatives have been reflected as follows:
 - A \$21,235 reduction in opening retained has been recognised on 19 December 2019 the date of the acquisition of General Finance Limited (refer note 4 (b)), in relation to the adoption of NZ IFRS 9.
 - 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.

(ii) 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.

- 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

Advisory contracts generally span a period of three months to one and a half years. Management determine the performance obligation(s) inherent in the contract at contract inception and recognise revenue upon completion of each of the performance obligations. Performance obligations include advice provided to the entity and sometimes include the success of a project. There are specific billing milestones built into each contract and payment is generally due within 30 to 60 days of the milestone.

Yearbook and research sales

This includes revenue related to the sale of publications and advertising fees for advertisements in the publication. The performance obligation for the advertising fees is satisfied when the publications are published and available to be purchased by customers, and include the contracted advertisements. Payment is generally due within 30 to 60 days from production. The performance obligation relating to the sale of publications is satisfied upon delivery of the publications. Payment is generally due within 30 to 60 days from delivery.

Other fee income

Fees charged by General Finance Limited that do not relate to the origination of finance receivables (for instance loan holding fees). These fees are charged and recognised upon satisfaction of the conditions stipulated in the contract.

Contract balances	2019	2018	1 April 2017
	\$	\$	\$
Accounts receivables	19,246	8,070	-
Contract assets	-	-	-
Contract liabilities	-	-	-
Capitalised contract costs	-	-	-

GENERAL CAPITAL LIMITED
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

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

Accounts receivables are non-interest bearing and are generally on terms of 30 to 60 days. Contract assets are recognised for any performance obligations which have been satisfied in advance of billing to clients. The amounts are transferred to accounts receivable when billed to customers. Contract costs are capitalised in respect of directly attributable contract costs (such as directly related allocations of personnel costs) which relate to revenue which has not been recognised. Costs are only recognised if the amounts are expected to be recovered from customers, are amortised when the associated revenue is billed to the customer, and are subject to impairment testing. Contract liabilities are recognised in respect of any amounts billed to customers in advance of satisfaction of the associated performance obligations. As at 1 April 2017, 31 March 2018 and 31 March 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 financial statements in relation to the adoption of the standard.

(c) Extract of 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) 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				
Finance 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
Financial assets at fair value through other comprehensive income	-	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 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.

GENERAL CAPITAL LIMITED
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

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

(ii) Statement of Comprehensive Income (extract)

	Year ended 31 March 2018 \$	Adjustments to acquisition accounting Increase / (Decrease)	Adoption of IFRS 9 Increase / (Decrease)	Year ended 31 March 2018 \$ restated
Interest expense	(160,983)	(48,149)	-	(209,132)
Net interest income	230,574	(48,149)	-	182,425
Other income	5,805	-	-	5,805
Net revenue	291,737	(48,149)	-	243,588
(Increase) / decrease of provision in respect of finance receivables	(31,653)	-	2,939	(28,714)
Other expenses	(413,878)	111	-	(413,767)
	(445,531)	111	2,939	(442,481)
Profit before income tax expense	(286,653)	(48,038)	2,939	(331,752)
Income tax (expense) / benefit	5,925	-	(823)	5,102
Net profit after income tax expense	(280,728)	(48,038)	2,116	(326,650)
Total comprehensive income	(280,728)	(48,038)	2,116	(326,650)

GENERAL CAPITAL LIMITED
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

NOTE 4: BUSINESS COMBINATIONS

(a) 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 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 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	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><u>1,121,259</u></u>

Contribution to Group results

Since the acquisition date General Capital Limited has contributed revenue of \$2,538 and a loss after tax of \$163,210 which is included within the loss for the Group. Had the combination occurred from the beginning of the year ended 31 March 2019, the operating loss for General Capital Limited included in the Group would have been \$421,177 and revenue would have been \$3,750.

GENERAL CAPITAL LIMITED
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

NOTE 4: BUSINESS COMBINATIONS (CONTINUED)

(b) Acquisition of General Finance Limited

On 19 December 2017, Corporate Holdings Limited acquired a non-bank deposit taker / residential mortgage lender, General Finance Limited.

Details of the transaction were:

	\$
Fair value of consideration transferred	
Cash	4,721,834
Total Consideration	4,721,834
Identified assets acquired and liabilities assumed	
- Cash and cash equivalents	3,347,100
- Other current assets	2,374
- Finance receivables	9,869,743
- Deferred tax asset	14,466
- Intangible assets - non-bank deposit taker licence	247,000
- Accounts and other payables	(148,005)
- Income tax payable	(91,658)
- Term deposits	(9,842,915)
Identifiable net assets	3,398,105
Goodwill on acquisition	1,323,729
	4,721,834

Identified assets acquired and liabilities assumed

The fair value of the non-bank deposit taker licence has been determined using the multi-period excess earnings method.

Goodwill

The goodwill of \$1,323,729 is related to the excess consideration over the fair value of net assets at the acquisition date and has been allocated to the finance CGU.

Contribution to Group results

In the year ended 31 March 2018 General Finance Limited contributed revenue of \$454,749 and a loss after tax of \$13,658 included within the loss for the Group. Had the combination occurred from the beginning of the 31 March 2018 year, operating profit for General Finance Limited included in the Group would have been \$274,899 and revenue would have been \$1,612,863.

GENERAL CAPITAL LIMITED
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

NOTE 4: BUSINESS COMBINATIONS (CONTINUED)

(c) Acquisition of Investment Research Group Limited

On 19 December 2017, Corporate Holdings Limited acquired an investment advisory services and investment research publishing business, Investment Research Group Limited.

Details of the transaction were:

	\$
Fair value of consideration transferred	
Corporate Holdings Limited ordinary shares issued	1,000,000
Intangible assets - bartercard trade dollars	100,000
Total Consideration	<u>1,100,000</u>
Identified assets acquired and liabilities assumed	
- Cash and cash equivalents	3,340
- Other current assets	21,177
- Investments in unlisted securities (allocated to corporate and other segment)	50,800
- Intangible assets - NZX sponsor license	30,000
- Accounts and other payables	<u>(32,318)</u>
Identifiable net assets	72,999
Goodwill on acquisition	<u>1,027,001</u>
	<u>1,100,000</u>

Identified assets acquired and liabilities assumed

The fair value of the NZX sponsor licence has been determined using the replacement cost method.

Goodwill

The goodwill of \$1,027,001 is related to the excess consideration over the fair value of net assets at the acquisition date and has been allocated to the research and advisory CGU.

Contribution to Group results

In the year ended 31 March 2018, Investment Research Group Limited contributed revenue of \$292,468 (of which \$67,868 is eliminated on group consolidation) and a loss after tax of \$254,206 included within the loss for the Group. Had the combination occurred from the beginning of the 31 March 2018 year, the operating loss for Investment Research Group included in the Group would have been \$335,570 and revenue would have been \$415,506 (of which \$67,868 would have eliminated on group consolidation).

GENERAL CAPITAL LIMITED
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

NOTE 5: COMPARISON TO PROSPECTIVE FINANCIAL INFORMATION

Prospective consolidated financial statements were prepared for the Group within the disclosure document dated 16 July 2018 as part of the special meeting dated 31 July 2018. The prospective financial statements for the year ended 31 March 2019 are compared to the actual results achieved for that year.

Commentary on results vs prospective information for the year ended 31 March 2019 is included in the Directors' Report.

Consolidated statement of comprehensive income

	Actual Year ended 31 March 2019 \$	Unaudited prospective information* Year ended 31 March 2019 \$	Variance \$
Interest income	1,479,226	1,838,550	(359,324)
Interest expense	(640,270)	(873,887)	233,617
Net interest income	838,956	964,663	(125,707)
Fee and commission income	281,176	294,361	(13,185)
Fee and commission expense	(92,332)	(30,000)	(62,332)
Net fee and commission income	188,844	264,361	(75,517)
Revenue from contracts with customers	347,702	325,000	22,702
Cost of sales	(24,368)	(25,000)	632
Gross profit from contracts with customers	323,334	300,000	23,334
Other income	28,163	23,000	5,163
Net revenue	1,379,297	1,552,024	(172,727)
(Increase) / decrease of provision in respect of finance receivables	19,456	(100,000)	119,456
Personnel expenses	(603,011)	(352,300)	(250,711)
Occupancy expenses	(90,176)	(90,000)	(176)
Depreciation	(3,493)	-	(3,493)
Amortisation of intangibles	(18,201)	-	(18,201)
Other expenses	(603,152)	(957,640)	354,488
Acquisition expenses	(103,927)	-	(103,927)
Loss on acquiring listed shell	(405,280)	-	(405,280)
	(1,807,784)	(1,499,940)	(307,844)
Profit before income tax expense	(428,487)	52,084	(480,571)
Income tax (expense) / benefit	(29,601)	(13,443)	(16,158)
Net profit after income tax expense	(458,088)	38,641	(496,729)
Other comprehensive income			
Changes in the fair value of equity investments at fair value	(14,862)	4,360	(19,222)
Other comprehensive income for the year	(14,862)	4,360	(19,222)
Total comprehensive income	(472,950)	43,001	(515,951)

*Where applicable, amounts have been reclassified for consistency with 31 March 2019 financial statements.

GENERAL CAPITAL LIMITED
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

NOTE 5: COMPARISON TO PROSPECTIVE FINANCIAL INFORMATION (CONTINUED)

Consolidated statement of financial position

	Actual as at 31 March 2019 \$	Unaudited prospective information* as at 31 March 2019 \$	Variance \$
Equity			
Share capital	9,573,495	8,282,353	1,291,142
Retained earnings	(805,973)	797,021	(1,602,994)
Other reserves	(14,862)	-	(14,862)
Total equity	8,752,660	9,079,374	(326,714)
Assets			
Cash and cash equivalents	2,949,317	3,751,799	(802,482)
Accounts receivables	19,246	245,474	(226,228)
Finance receivables	17,277,204	23,259,044	(5,981,840)
Other current assets	114,844	33,000	81,844
Income taxation receivable	45,450	-	45,450
Property, plant and equipment	6,176	-	6,176
Deferred tax asset	38,408	27,413	10,995
Financial assets at fair value through other	190,483	-	190,483
Intangible assets and goodwill	3,266,556	3,376,817	(110,261)
Total assets	23,907,684	30,693,547	(6,785,863)
Liabilities			
Accounts and other payables	246,624	189,978	56,646
Related party payables	7,942	-	7,942
Income taxation payable	-	35,000	(35,000)
Term deposits	14,900,458	21,389,195	(6,488,737)
Total liabilities	15,155,024	21,614,173	(6,459,149)
Net assets	8,752,660	9,079,374	(326,714)

Consolidated summarised statement of changes in equity

	Actual Year ended 31 March 2019 \$	Unaudited prospective information* Year ended 31 March 2019 \$	Variance \$
Restated total equity as at 1 April 2018	4,680,722	7,286,373	(2,605,651)
Total comprehensive income for the year	(472,950)	43,001	(515,951)
Issue of share capital	3,044,888	1,750,000	1,294,888
Balance at 31 March 2019	7,252,660	9,079,374	(1,826,714)

*Where applicable, amounts have been reclassified for consistency with 31 March 2019 financial statements.

GENERAL CAPITAL LIMITED
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

NOTE 5: COMPARISON TO PROSPECTIVE FINANCIAL INFORMATION (CONTINUED)

Consolidated statement of cash flows

	Actual as at 31 March 2019 \$	Unaudited prospective information* as at 31 March 2019 \$	Variance \$
Cash flow from operating activities			
Interest received	1,376,467	1,777,878	(401,411)
Receipts from customers	393,838	592,415	(198,577)
Other income	27,783	-	27,783
Payments to suppliers and employees	(1,587,300)	(1,469,197)	(118,103)
Interest paid	(585,614)	(700,860)	115,246
Income tax paid	(142,421)	(42,254)	(100,167)
Finance receivables (net advances)	(8,516,032)	(14,618,310)	6,102,278
Net cash provided by operating activities	(9,033,279)	(14,460,328)	5,427,049
Cash flow from investing activities			
Acquisition of subsidiaries (net of cash acquired)	85,736	-	85,736
Purchase of property, plant and equipment	(2,629)	-	(2,629)
Purchase of software	(32,742)	-	(32,742)
Net cash provided by / (used in) investing activities	50,365	-	50,365
Cash flow from financing activities			
Issue of ordinary shares	1,923,628	1,750,000	173,628
Issue of redeemable preference shares	5,058,474	11,362,076	(6,303,602)
Term deposits (net receipts)	-	(116,626)	116,626
Net cash provided by financing activities	6,982,102	12,995,450	(6,013,348)
Reconciliation of cash and cash equivalents			
Cash and cash equivalents at beginning of the reporting period	4,950,129	5,216,677	(266,548)
Net (decrease) / increase in cash and cash equivalents held during the reporting period	(2,000,812)	(1,464,878)	(535,934)
Cash and cash equivalents at end of the reporting period	2,949,317	3,751,799	(802,482)

*Where applicable, amounts have been reclassified for consistency with 31 March 2019 financial statements.

GENERAL CAPITAL LIMITED
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

NOTE 6: EVENTS SUBSEQUENT TO REPORTING DATE

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

- (a) the operations, in financial years subsequent to reporting date, of the Group, or
- (b) the results of those operations, or
- (c) the state of affairs, in financial years subsequent to reporting date, of the Group.