



Results for announcement to the market		
Name of issuer	General Capital Limited	
Reporting Period	6 months to 30 September 2021	
Previous Reporting Period	6 months to 30 September 2020	
Currency	New Zealand Dollars (\$)	
	Amount (000s)	Percentage change
Revenue from continuing operations	\$3,306	61%
Total Revenue	\$3,306	61%
Net profit/(loss) from continuing operations	\$357	1143%
Total net profit/(loss)	\$357	1143%
Interim/Final Dividend		
Amount per Quoted Equity Security	It is not proposed to pay a dividend for this period.	
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	\$0.0430	\$0.0369
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	25 November 2021	

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 2021. General Capital's revenue was 61% higher than the prior 6-month period ended 30 September 2020 which resulted in net profit after tax of \$357,436 for the 6-month period ended 30 September 2021, the strongest half year results since the group listed in 2018. The Group's total assets grew by a further 21.4% since 31 March 2021.

FINANCIAL PERFORMANCE

	6 month period ended 30 Sep 2021	6 month period ended 30 Sep 2020	Movement %
Revenue	\$3,306,236	\$2,050,461	61.0%
Net profit / (loss) after tax	\$357,436	(\$34,283)	1143%
Earnings / (loss) per share	0.22 cps	(0.02) cps	1200%
	30 Sep 2021	31 Mar 2021	6-monthly increase
Total assets	\$82,718,207	\$68,164,239	21.4%
Total liabilities	\$72,327,308	\$58,638,946	23.3%
Net assets	\$10,390,899	\$9,525,293	9.1%
	30 Sep 2021	31 Mar 2021	6-monthly increase
Net tangible assets per share	4.30 cps	3.97 cps	8.3%
Net assets per share	6.07 cps	5.85 cps	3.8%

The Group made a profit after tax of \$357,436 for the six-month period ended 30 September 2021. This can be broken down as follows:

	30-Sep 2021	30-Sep 2020	Var	% Change
Finance Segment	\$541,588	\$100,130	\$441,458	441%
Research and Advisory Segment	\$51,204	\$95,391	(\$44,187)	-46%
Corporate and Other Segment	(\$263,062)	(\$148,856)	(\$114,206)	-77%
Group Eliminations	\$27,706	(\$80,948)	\$108,655	100%
Group	\$357,436	(\$34,283)	\$391,719	1143%

SEGMENT PERFORMANCE AND OUTLOOK

Refer to note 2 of the financial statements for segmental results.

Finance - profit after tax of \$541,588 (2020: \$100,130 profit after tax)

General Finance Limited, wholly owned subsidiary and non-bank deposit taker (NBDT) licensed by the RBNZ, had a strong six months. Secured term deposits grew by 23% from \$57.9 million to \$71.4 million between 31 March 2021 and 30 September 2021 which showed continued strong support from existing and new term deposit investors.

DIRECTORS' REPORT (CONTINUED)

The growth in term deposit funding combined with the growth in capital during the 6 month period allowed General Finance to increase its loan book by 17% from \$53.7 million to \$62.7 million and still have strong liquidity and cash available to lend at 30 September 2021. The growth in the loan book combined with an increase in the net interest margin across the period resulted in General Finance's strongest half-yearly profit since it was purchased by the Group in 2017. The business is poised for further growth in total assets and profitability.

Research and advisory - profit after tax of \$51,204 (2020: \$95,391 profit after tax)

The research and advisory segment had a net profit after tax of \$51,204 in the 6 month period to 30 September 2021 compared with \$95,391 in the comparative 6-month period.

Investment Research Group (IRG, wholly owned Group subsidiary) was engaged as a NZX sponsor to provide advice in relation to the listing of Greenfern Industries Limited. The listing was expected to be completed prior to 30 September 2021, however due to delays encountered, Greenfern industries Limited was successfully listed on the NZX during October 2021. This has meant that revenue of \$139,200 has been recognised in September 2021 for milestones completed up to that date, with the remainder of the revenue, a further \$238,200, being recognised in October 2021.

A large portion of the advisory revenue (\$124,920) and associated costs in the prior period ended 30 September 2020 related to loan structuring advice given to a customer who ultimately borrowed from the Group subsequent to 30 September 2020. The revenue and associated costs were accordingly accounted for differently from a segment perspective than from a group consolidated perspective. Refer to Group elimination below for further explanation.

Goodwill Impairment

The 31 March 2020 and 31 March 2021 Annual Reports included a qualification from the auditors on the carrying value of intangible assets (including goodwill and licences) in the Research and Advisory cash generating unit.

The Board has reviewed the assumptions made for the 31 March 2021 Annual Report impairment analysis and have compared it with the segment performance to date, and any expected changes to forecast cashflows. The Board's assessment is that the recoverable amount continues to support the existing carrying value of goodwill. Directors have considered the following in coming to this conclusion:

- Profitability in the segment was behind forecast at 30 September 2021, but due to the completion of the Greenfern Industries Limited listing mandate in October was ahead of forecast by 25% by the end of October.
- Expectations for future new mandates, profitability and timing of cashflows.

Corporate and other - loss after tax of (\$263,062) (2019: (\$146,856) loss after tax)

Expenses in the corporate and other segment in the 6 month period to 30 September 2021 were higher compared to the same period the prior year due to higher employee benefit costs (including \$69,524 non-cash share based payments expense for warrants issued to senior managers), consultancy costs and premises lease costs.

Group eliminations - profit after tax of \$27,706 (2020: (\$80,948) loss after tax)

As noted above, a portion of the advisory revenue (\$124,920) and associated costs in the period ended 30 September 2020 related to loan structuring advice given to a customer that ultimately borrowed from the Group subsequent to 30 September 2020. In the research and advisory segment, the revenue and associated costs were recognised in the period ended 30 September 2020 as the performance obligations in the contract had been completed in accordance with NZ IFRS 15 *Revenue from contracts with customers*.

From a Group perspective however, as the advice given related to a loan of the Group (in the finance segment), the revenue and associated costs are recognised as transaction costs in accordance with NZ IFRS 9 *Financial Instruments*. This means that the revenue and costs are essentially recognised over the expected life of the loan using the effective interest method. The impact of the group consolidation adjustment is a reduction in Group net profit after tax and net assets by \$80,948 in the six month period ended 30 September 2020. In the six months ended 30 September 2021, the \$27,706 increase in profit on consolidation relates to the recognition of net income that was similarly previously deferred over the life of loans at a consolidated Group level.

DIRECTORS' REPORT (CONTINUED)

Group Outlook for Financial Year ending 31 March 2022

As at the date of this release on 25 November 2021, term deposit funding in the finance segment had grown to over \$76 million and loan receivables to over \$73 million. Growth in the balance sheet is expected to continue with a stable net interest margin for the rest of the 31 March 2022 financial year.

The research and advisory segment is also expected to generate a profit in the second half of the 31 March 2022 financial year, with the remaining \$238,200 revenue from the Greenfern Industries Limited listing mandate already recognised and received since September 2021, and further prospects currently being considered.

The Group is projecting a more profitable 6 months to 31 March 2022. Currently we reaffirm the expectations announced in the 2021 annual meeting of net profit after tax in a range \$650,000 - \$850,000 for the full year ending 31 March 2022. The Board highlights that the financial markets continue to be volatile due to uncertain international events including the Covid-19 pandemic, which makes forecasting more difficult.

SUMMARY

It has been a record 6-month period for the Group and we currently expect the remainder of the financial year to be more profitable with continued balance sheet growth. We continue to seek opportunities for growth of the Group.

The Directors thank General Capital's shareholders and General Finance's secured term deposit investors for their support of the Group and staff for their significant contributions, particularly during this difficult period dominated by the impacts of Covid-19.



Rewi Bugo
Chairman



Brent King
Managing Director

GENERAL CAPITAL LIMITED
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE 6 MONTH PERIOD ENDED 30 SEPTEMBER 2021

	Unaudited	Unaudited
	Sep	Sep
	2021	2020
	\$	\$
Interest income	2,323,644	1,566,896
Interest expense	(1,317,154)	(1,050,878)
Net interest income	1,006,490	516,018
Fee and commission income	757,224	420,113
Fee and commission expense	(196,024)	(81,292)
Net fee and commission income	561,200	338,821
Revenue from contracts with customers	206,823	19,791
Cost of sales	(20,456)	(917)
Gross profit from contracts with customers	186,367	18,874
Other income	18,545	43,661
Net revenue	1,772,602	917,374
(Increase) / release in allowance for expected credit losses	(22,401)	8,623
Personnel expenses	(511,611)	(354,749)
Occupancy expenses	2,475	(51,418)
Depreciation	(75,282)	(2,706)
Amortisation of intangible assets	(3,879)	(11,715)
Other expenses	(632,251)	(551,230)
	(1,242,949)	(963,195)
Loss before income tax expense	529,653	(45,821)
Income tax (expense) / benefit	(172,217)	11,538
Net loss after income tax expense	357,436	(34,283)
Other comprehensive income		
<i>Items that may be reclassified to profit or loss</i>		
Changes in the fair value of debt investments at fair value through other comprehensive income	-	91,158
Income tax relating to these items	-	(25,524)
<i>Items that will not be reclassified to profit or loss</i>		
Changes in the fair value of equity investments at fair value through other comprehensive income	-	6,753
Other comprehensive income for the period (net of tax)	-	72,387
Total comprehensive income	357,436	38,104
Earnings per share (cents per share)	0.22	(0.02)
Diluted earnings per share (cents per share)	0.22	(0.02)

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

GENERAL CAPITAL LIMITED
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2021

	Unaudited	Audited
	Sep	Mar
	2021	2021
	\$	\$
Equity		
Share capital	10,687,857	10,249,211
Accumulated losses	(237,215)	(594,651)
Other reserves	(59,743)	(129,267)
Total equity	10,390,899	9,525,293
Assets		
Cash and cash equivalents	15,059,386	7,292,267
Accounts receivables	54,036	194,727
Related party receivables	-	110,868
Other current assets	258,993	94,215
Bank deposits	950,000	3,000,000
Loan receivables	62,732,808	53,710,781
Deferred tax asset	119,598	126,922
Property, plant and equipment	19,975	13,508
Right of use assets	220,125	293,500
Investments	401,086	401,086
Intangible assets and goodwill	2,902,200	2,926,365
Total assets	82,718,207	68,164,239
Liabilities		
Accounts payable and other payables	471,517	402,750
Related party payables	7,178	10,229
Income tax payable	168,985	55,576
Lease liability	241,831	307,207
Term deposits	71,437,797	57,863,184
Total liabilities	72,327,308	58,638,946
Net assets	10,390,899	9,525,293
Net tangible assets (NTA) per share (cents per share)	4.30	3.97
Net assets (NA) per share (cents per share)	6.07	5.85

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 2021

	Share capital	Reserves	Accumulated losses	Total equity
Note	\$	\$	\$	\$
Total equity as at 1 April 2020	10,176,204	(117,780)	(676,417)	9,382,007
Loss for the period	-	-	(34,283)	(34,283)
Other comprehensive income for the period	-	72,387	-	72,387
Total comprehensive income for the period	-	72,387	(34,283)	38,104
<i>Transactions with owners in their capacity as owners:</i>				
Total transactions with owners in their capacity as owners	-	-	-	-
Balance at 30 September 2020 (Unaudited)	10,176,204	(45,393)	(710,700)	9,420,111
Total equity as at 1 April 2021	10,249,211	(129,267)	(594,651)	9,525,293
Profit for the period	-	-	357,436	357,436
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	-	-	357,436	357,436
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity net of transaction costs	438,646	-	-	438,646
Issue of warrants to senior managers	-	69,524	-	69,524
Total transactions with owners in their capacity as owners	438,646	69,524	-	508,170
Balance at 30 September 2021 (Unaudited)	10,687,857	(59,743)	(237,215)	10,390,899

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 2021

	Unaudited Sep 2021 \$	Unaudited Sep 2020 \$
Cash flows from operating activities		
Interest received	2,148,381	1,552,848
Receipts from customers	966,627	592,877
Other income	2,345	4,180
Payments to suppliers and employees	(1,387,464)	(939,621)
Interest paid	(1,183,667)	(1,004,519)
Interest paid - lease	(7,959)	-
Income tax paid	(51,484)	(18,139)
Net cash flows from operating activities before changes in operating assets and liabilities	486,779	187,626
Term deposits (net receipts)	13,457,059	3,508,239
Finance receivables (net advances) / net repayments	(8,785,633)	2,700,963
Net cash flows from operating activities	5,158,205	6,396,828
Cash flows from investing activities		
Proceeds from the sale of bonds	194,018	-
Maturity of bank deposits	3,000,000	-
Investments in bank deposits	(950,000)	(3,000,000)
Investments in listed bonds	-	(4,718,617)
Purchase of property, plant and equipment	(8,374)	(2,372)
Net cash flows from / (applied to) investing activities	2,235,644	(7,720,989)
Cash flows from financing activities		
Issue of ordinary shares	438,646	-
Lease payments	(65,376)	-
Net cash flows from financing activities	373,270	-
Reconciliation of cash and cash equivalents		
Cash and cash equivalents at beginning of the reporting period	7,292,267	12,562,241
Net (decrease) / increase in cash and cash equivalents held during the reporting period	7,767,119	(1,324,161)
Cash and cash equivalents at end of the reporting period	15,059,386	11,238,080

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 2021**

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 2021.

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 .

6 month period ended 30 September 2021	Finance \$	Research and Advisory \$	Corporate and Other \$	Total Segments \$	Eliminations \$	Consolidated \$
Revenue - interest income	2,348,353	2	1	2,348,356	(24,712)	2,323,644
Revenue - fee income (finance receivables)	757,224	-	-	757,224	-	757,224
Revenue from contracts with customers						
- Advisory fee revenue	-	146,700	-	146,700	57,860	204,560
- Yearbook and research sales	-	2,263	-	2,263	-	2,263
Other income	2,345	-	62,951	65,296	(46,751)	18,545
Total revenue	3,107,922	148,965	62,952	3,319,839	(13,603)	3,306,236
Interest expense	(1,314,233)	-	(7,959)	(1,322,192)	5,038	(1,317,154)
Fee and commission expense (finance receivables)	(196,024)	-	-	(196,024)	-	(196,024)
Cost of sales	-	(14,670)	-	(14,670)	(5,786)	(20,456)
Net revenue	1,597,665	134,295	54,993	1,786,953	(14,351)	1,772,602
(Increase) / release in allowance for expected credit	(22,401)	-	-	(22,401)	-	(22,401)
Personnel expenses	(365,038)	(34,717)	(111,857)	(511,612)	-	(511,612)
Depreciation and amortisation	(50,636)	-	(74,973)	(125,609)	46,448	(79,161)
Income tax (expense) /	(210,617)	(20,475)	69,650	(161,442)	(10,775)	(172,217)
Net profit / (loss) after tax	541,588	51,204	(263,062)	329,730	27,706	357,436
Total Assets	80,567,015	1,330,455	1,205,486	83,102,956	(384,749)	82,718,207
Total Liabilities	72,098,576	49,617	551,442	72,699,635	(372,327)	72,327,308

GENERAL CAPITAL LIMITED

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE 6 MONTH PERIOD ENDED 30 SEPTEMBER 2021**

NOTE 2: SEGMENT REPORTING (CONTINUED)

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

6 month period ended 30 September 2021	Finance	Research and Advisory	Corporate and Other	Total Segments	Eliminations	Consolidated
	\$	\$	\$	\$	\$	\$
Acquisitions	-	-	8,374	8,374	-	8,374

*excludes non-current financial instruments

6 month period ended 30 September 2020	Finance	Research and Advisory	Corporate and Other	Total Segments	Eliminations	Consolidated
	\$	\$	\$	\$	\$	\$
Revenue - interest income	1,566,895	-	1	1,566,896	-	1,566,896
Revenue - fee income (finance receivables)	420,113	-	-	420,113	-	420,113
Revenue from contracts with customers						
- Advisory fee revenue	-	185,565	-	185,565	(171,158)	14,407
- Yearbook and research sales	-	5,384	-	5,384	-	5,384
Other income	36,216	4,355	3,090	43,661	-	43,661
Total revenue	2,023,224	195,304	3,091	2,221,619	(171,158)	2,050,461
Interest expense	(1,050,878)	-	-	(1,050,878)	-	(1,050,878)
Fee and commission expense (finance receivables)	(91,292)	-	-	(91,292)	10,000	(81,292)
Cost of sales	-	(13,409)	-	(13,409)	12,492	(917)
Net revenue	881,054	181,895	3,091	1,066,040	(148,666)	917,374
(Increase) / release in allowance for expected credit	8,623	-	-	8,623	-	8,623
Personnel expenses	(298,626)	(21,434)	(34,689)	(354,749)	-	(354,749)
Depreciation and amortisation	(13,471)	-	(950)	(14,421)	-	(14,421)
Income tax (expense) /	(39,289)	(37,255)	56,602	(19,942)	31,480	11,538
Net profit / (loss) after tax	100,130	95,391	(148,856)	46,665	(80,948)	(34,283)
Total Assets	52,808,972	1,452,237	833,639	55,094,848	(107,519)	54,987,329
Total Liabilities	45,239,788	209,434	144,567	45,593,789	(26,571)	45,567,218

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

6 month period ended 30 September 2020	Finance	Research and Advisory	Corporate and Other	Total Segments	Eliminations	Consolidated
	\$	\$	\$	\$	\$	\$
Acquisitions	-	-	77,372	77,372	-	77,372

*excludes non-current financial instruments

NOTE 3: 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.