Results for announcement to the market		
Name of issuer	General Capital Limited	
Reporting Period	6 months to 30 September 2020	
Previous Reporting Period	6 months to 30 September 2019	
Currency	New Zealand Dollars ($)	
	Amount (000s)	**Percentage change**
Revenue from continuing operations	$2,050	44%
Total Revenue	$2,050	44%
Net profit/(loss) from continuing operations	($34)	-33% (reduction in loss)
Total net profit/(loss)	($34)	-33% (reduction 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	$0.0393	$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	27 November 2020	

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 2020 despite the challenges faced in the economic environment which was impacted by the Covid-19 pandemic. General Capital's total assets have grown by a further 7.5% since 31 March 2020 and revenue has grown by 44% compared to the prior 6 month period ended 30 September 2019. As explained to shareholders during the adjourned annual meeting in September 2020, revenue, profitability and balance sheet growth were all impacted by Covid-19 and the conservative responses made by the Group which included holding very high cash reserves. Further commentary on segment performance and Group outlook is included below.

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

FINANCIAL PERFORMANCE

	6 month period ended 30 Sep 2020	**6 month period ended 30 Sep 2019**	**Movement %**
Revenue	$2,050,461	$1,425,280	44% increase
Net loss after tax	($34,283)	($51,128)	-33% (reduction in loss)
Earnings / (loss) per share	(0.02) cps	(0.03) cps	-33% (reduction in loss per share)

	30 Sep 2020	**31 Mar 2020**	**6-monthly increase**
Total assets	$54,987,329	$51,163,507	*7.5%*
Total liabilities	$45,567,218	$41,781,500	*9.1%*
Net assets	$9,420,111	$9,382,007	*0.4%*

	30 Sep 2020	**31 Mar 2020**	**6-monthly increase**
NTA per share[3]	3.93 cps	3.86 cps	*1.8%*
NA per share[3]	5.83 cps	5.80 cps	*0.5%*

SEGMENT PERFORMANCE AND OUTLOOK

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

Finance - profit after tax of $100,130 (2019: $155,683 profit after tax)

Following the announcement of the Covid-19 pandemic in March 2020, General Finance Limited (wholly owned Group subsidiary company / Non-bank Deposit Taker) switched to a conservative policy of holding higher cash reserves and reducing exposure to higher risk lending (mortgages with a higher loan to valuation ratio). This was done to ensure that General Finance could navigate its way through potential negative economic events such as a liquidity run or a drop in residential property values.

Between 31 March 2020 and 31 July 2020, gross loan receivables dropped by 32% from $35.2 million to $24.0 million, with General Finance Limited's cash holdings increasing by 94% from $12.5 million to $24.2 million. This impacted significantly on the net interest margin and profitability of the finance segment. Between 31 July 2020 and 30 September 2020, gross loan receivables increased by 35% to $32.4 million and liquidity reserves (including cash and listed bonds held) were reduced by 22% to $19.0 million.

DIRECTORS' REPORT (CONTINUED)

General Finance Limited secured term deposits grew by 9% from $41.5 million to $45.1 million between 31 March 2020 and 30 September 2020 showing strong support from existing and new term deposit investors. The September 2020 monthly property report dated 13 October 2020 published by the Real Estate Institute of New Zealand (REINZ) showed that the median house price had increased by 14.7% nationally year on year with the REINZ House Price Index increasing by 11.1% nationally year on year. General Finance Limited had no loan write offs during the 6 month period ended 30 September 2020. General Finance Limited has significant liquidity reserves at 30 September 2020 and good opportunity for lending and profitability growth in the second half of the March 2021 financial year. Refer to further notes in group outlook below.

Research and advisory - profit after tax of $95,391 (2019: ($33,192) loss after tax)

The research and advisory segment had a strong 6 month period to 30 September 2020 with $195,304 revenue compared with $14,788 in the comparative 6-month period. A large 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 who ultimately borrowed from the Group subsequent to 30 September 2020. The revenue and associated costs are accordingly accounted for differently from a segment perspective than from a group consolidated perspective. Refer to Group elimination below for further explanation.

In the 31 March 2020 Annual Report it was noted that Investment Research Group had two investment advisory mandates in the bioscience sector (including medicinal Cannabis related entities). These projects have not yielded as much revenue as was forecasted in the six month period ended 30 September 2020 due to the economic uncertainty in the period (due to Covid-19) and the impact this had on both capital raising efforts and the resources the Group had available to make progress on the mandates. The projects are still expected to be profitable in the 2021 Financial Year.

<u>Goodwill Impairment</u>

The 31 March 2020 Annual Report 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 2020 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 83% favourable to forecast in the 6 month period (net profit after tax of $95,931 compared to forecast of $52,099).
- Cash inflows from the segment was impacted by growth in accounts receivables between 31 March 2020 and 30 September 2020, however there was a significant reduction in receivables in early November 2020.
- The expected profitability and timing of cashflows from existing advisory mandates.
- Expectations for future new mandates, profitability and timing of cashflows.
- The lowest General Capital Limited share price during the 6-month period ended 30 September 2020 was 6.0 cents per share, compared with the net assets per share (including intangible assets) of 5.8 cents per share. This did not raise any indications of impairment.

Corporate and other - loss after tax of ($148,856) (2019: ($173,619) loss after tax)

Cost savings in the corporate and other segment in the 6 month period to 30 September 2020 compared to the same period the prior year included legal expenses, sponsorship expenses and travel expenses but were partially offset by higher spending on salaries and recruitment costs.

DIRECTORS' REPORT (CONTINUED)

Group elimination

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 have been recognised in the period ended 30 September 2020 as the performance obligations in the contract have been completed in accordance with NZ IFRS 15 *Revenue from contracts with customers* .

From a Group perspective however, as the advice given relates 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.

Group Outlook for Financial Year ending 31 March 2021

In the finance segment, General Finance Limited's secured term deposits have grown by a further 14% to $52.6 million and loan receivables have grown by a further 27% to $44.3 million between 30 September 2020 and 20 November 2020. Group total assets are currently expected to exceed $65 million at the end November 2020. Growth in the balance sheet is expected to continue for the rest of the 31 March 2021 financial year, with net interest margin and profitability improvement expected from holding a lower proportion of assets in cash.

The research and advisory segment is also expected to generate a profit in the second half of the 31 March 2021 financial year, with further advisory revenue expected from existing mandates.

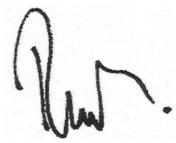
The Group is projecting a profitable 6 months to 31 March 2021. The Board highlights that there are still uncertainties in the economy resulting from the ongoing Covid-19 pandemic and the difficulty that this creates in accurately forecasting results.

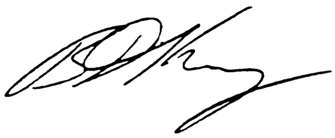
SUMMARY

The six month period to September 2020 was impacted by the Covid-19 pandemic and resulted in lower profitability in the finance segment due to high cash reserves held. The research and advisory segment was also constrained by the pandemic but still outperformed forecast due to a significant loan structuring advisory engagement completed in September 2020.

The remainder of the financial year is expected to be profitable, with continued balance sheet growth and net interest margin in the finance segment, and further advisory revenue expected in the research and advisory segment.

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





Rewi Bugo	**Brent King**
Chairman	Managing Director

GENERAL CAPITAL LIMITED

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE 6 MONTH PERIOD ENDED 30 SEPTEMBER 2020

	Unaudited Sep 2020 $	Unaudited Sep 2019 $
Interest income	1,566,896	1,181,872
Interest expense	(1,050,878)	(552,272)
Net interest income	516,018	629,600
Fee and commission income	420,113	221,432
Fee and commission expense	(81,292)	(57,742)
Net fee and commission income	338,821	163,690
Revenue from contracts with customers	19,791	16,137
Cost of sales	(917)	-
Gross profit from contracts with customers	18,874	16,137
Other income	43,661	5,839
Net revenue	917,374	815,266
Release / (increase) in allowance for expected credit losses	8,623	(20,072)
Personnel expenses	(354,749)	(308,909)
Occupancy expenses	(51,418)	(58,012)
Depreciation	(2,706)	(1,824)
Amortisation of intangible assets	(11,715)	(11,206)
Other expenses	(551,230)	(483,409)
	(963,195)	(883,432)
Loss before income tax expense	(45,821)	(68,166)
Income tax (expense) / benefit	11,538	17,038
Net loss after income tax expense	(34,283)	(51,128)
Other comprehensive income		
Items that may be reclassified to profit or loss		
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)	-
Items that will not be reclassified to profit or loss		
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	38,104	(51,128)
Earnings per share (cents per share)	(0.02)	(0.03)
Diluted earnings per share (cents per share)	(0.02)	(0.03)

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

GENERAL CAPITAL LIMITED

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2020

	Unaudited Sep 2020 $	Audited Mar 2020 $
Equity		
Share capital	10,176,204	10,176,204
Accumulated losses	(710,700)	(676,417)
Other reserves	(45,393)	(117,780)
Total equity	9,420,111	9,382,007
Assets		
Cash and cash equivalents	11,238,080	12,562,241
Accounts receivables	167,185	10,859
Related party receivables	104,309	79,823
Income tax receivable	3,189	-
Bank deposits	3,000,000	-
Other current assets	189,434	266,523
Loan receivables	32,074,789	34,855,849
Listed bonds	4,814,346	-
Deferred tax asset	113,795	96,004
Property, plant and equipment	7,674	8,008
Investments	319,142	237,389
Intangible assets and goodwill	2,955,386	3,046,811
Total assets	54,987,329	51,163,507
Liabilities		
Accounts payable and other payables	395,229	319,381
Unearned income	129,126	-
Related party payables	2,226	2,925
Income tax payable	-	8,697
Term deposits	45,015,113	41,450,497
Deferred tax liability	25,524	-
Total liabilities	45,567,218	41,781,500
Net assets	9,420,111	9,382,007
Net tangible assets (NTA) per share (cents per share)	3.93	3.86
Net assets (NA) per share (cents per share)	5.83	5.80

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 2020

	Note	Share capital	Reserves	Retained earnings	Total equity
		$	$	$	$
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		-	6,753	(51,128)	(44,375)
Transactions with owners in their capacity as owners:					
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	(8,109)	(857,101)	9,257,273
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 year		-	72,387	-	72,387
Total comprehensive income for the period		-	72,387	(34,283)	38,104
Transactions with owners in their capacity as owners:					
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

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 2020

	Unaudited Sep 2020 $	Unaudited Sep 2019 $
Cash flow from operating activities		
Interest received	1,552,848	1,089,718
Receipts from customers	592,877	155,837
Other income	4,180	5,839
Payments to suppliers and employees	(939,621)	(1,084,132)
Interest paid	(1,004,519)	(491,191)
Income tax paid	(18,139)	(20,000)
Finance receivables (net advances)	2,700,963	(6,178,622)
Net cash provided by / (used in) operating activities	2,888,589	(6,522,551)
Cash flow from investing activities		
Investments in bank deposits	(3,000,000)	-
Investments in listed bonds	(4,718,617)	-
Purchase of property, plant and equipment	(2,372)	(3,588)
Purchase of software	-	(2,531)
Net cash used in investing activities	(7,720,989)	(6,119)
Cash flow from financing activities		
Issue of ordinary shares	-	548,988
Term deposits (net receipts)	3,508,239	10,686,454
Net cash provided by financing activities	3,508,239	11,235,442
Reconciliation of cash and cash equivalents		
Cash and cash equivalents at beginning of the reporting period	12,562,241	2,949,317
Net (decrease) / increase in cash and cash equivalents held during the reporting period	(1,324,161)	4,706,772
Cash and cash equivalents at end of the reporting period	11,238,080	7,656,089

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

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 2020.

1.1 Listed bonds

During the six months ended 30 September 2020, the Group purchased listed corporate and local government bonds totaling $4,718,617. The Group had no listed bonds in the comparative financial periods.

The listed bonds meet the following conditions and are therefore measured subsequently at fair value through other comprehensive income (FVTOCI):
- the listed bonds are held within the Group's business model or treasury function whose objective is achieved by both collecting contractua cash flows and selling the financial assets depending on the liquidity requirements of the Group; and
- the contractual terms of the listed bonds give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

In the previous full year financial statements, the Group had no financial assets that were classified as fair value through other comprehensive income (FVTOCI).

Financial assets at FVTOCI are measured at fair value with unrealised gains and losses recognised in other comprehensive income except for interest income, impairment charges and foreign exchange gains and losses which are recognised in profit or loss.

On disposal of these financial assets, the cumulative gain or loss that was previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment.

Fair value

Fair value is the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

On initial recognition, the transaction price generally represents the fair value of the financial instrument, unless there is observable information from an active market that provides a more appropriate fair value.

The fair values of financial assets and financial liabilities that are traded in active markets are based on quoted market prices or dealer price quotations. For all other financial instruments, the Group determines fair value using other valuation techniques.

The Group measures fair values using the following fair value hierarchy, which reflects the observability of the inputs used in measuring fair value:

- Level 1:Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2:Input other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3:Inputs for the asset or liability that are not based on observable market data.

The Group recognises transfers between levels of the fair value hierarchy as at the end of the reporting period during which the change has occurred.

GENERAL CAPITAL LIMITED

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE 6 MONTH PERIOD ENDED 30 SEPTEMBER 2020

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 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
Release / (increase) 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

GENERAL CAPITAL LIMITED

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE 6 MONTH PERIOD ENDED 30 SEPTEMBER 2020

NOTE 2: SEGMENT REPORTING (CONTINUED)

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
Release / (increase) in allowance for expected credit	(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 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.