General Finance Limited

Interim Condensed Financial Statements

For the six months ended

30 September 2022

General Finance Limited

Index to Condensed Financial Statements

General Finance Limited

Interim Condensed Statement of Comprehensive Income
For the six months ended 30 September 2022

	Note	6 months ended Sep 2022 $	6 months ended Sep 2021 $
Interest income		4,603,120	2,348,353
Interest expense		(2,233,808)	(1,314,244)
Net interest income		2,369,312	1,034,109
Fee and commission income		1,407,775	757,224
Fee and commission expense		(343,309)	(196,024)
Net fee and commission income		1,064,466	561,200
Other revenue		4,414	2,345
Net revenue		3,438,192	1,597,654
(Increase) / decrease in allowance for expected credit losses		(183,658)	(22,401)
Personnel expenses		(467,145)	(404,907)
Depreciation and amortisation expense		(46,958)	(50,636)
Other expenses		(715,921)	(367,505)
Profit before income tax		2,024,510	752,205
Income tax expense		(566,863)	(210,618)
Net profit attributable to the shareholders of the Company		**1,457,647**	**541,587**
Other comprehensive income		-	-
Total other comprehensive income		**-**	**-**
Total comprehensive income attributable to the shareholders of the Company		**1,457,647**	**541,587**

The accompanying notes form part of and should be read in conjunction with the Interim Condensed Financial Statements.

General Finance Limited

Interim Condensed Statement of Changes in Equity
For the six months ended 30 September 2022

	Note	Share Capital	Retained Earnings	Total
Balance at 1 April 2021		**4,950,000**	**1,106,124**	**6,056,124**
Profit for the period		-	541,587	541,587
Other comprehensive income		-	-	-
Total comprehensive income for the period		**-**	**541,587**	**541,587**
Transactions with owners in their capacity as owners:				
Contributions of equity		300,000	-	300,000
Balance at 30 September 2021		**5,250,000**	**1,647,711**	**6,897,711**
Balance at 1 April 2022		**7,100,000**	**2,643,002**	**9,743,002**
Profit for the period		-	1,457,647	1,457,647
Other comprehensive income		-	-	-
Total comprehensive income for the period		**-**	**1,457,647**	**1,457,647**
Transactions with owners in their capacity as owners:				
Contributions of equity		-	-	-
Balance at 30 September 2022		**7,100,000**	**4,100,649**	**11,200,649**

The accompanying notes form part of and should be read in conjunction with the Interim Condensed Financial Statements.

General Finance Limited

Interim Condensed Statement of Financial Position
As at 30 September 2022

	Note	30 Sep 2022 $	31 Mar 2022 $	30 Sep 2021 $
Share capital		7,100,000	7,100,000	5,250,000
Retained earnings		4,100,649	2,643,002	1,647,711
Total equity		**11,200,649**	**9,743,002**	**6,897,711**
Assets				
Cash and cash equivalents		16,977,773	16,394,852	14,954,428
Other current assets		142,427	83,404	109,229
Related party receivables	**9**	14,509	13,337	108,111
Bank deposits		4,356,210	2,450,000	950,000
Loan receivables	**4**	101,195,375	80,027,661	62,769,856
Right of use assets		46,448	92,897	139,345
Intangible assets		129	638	1,989
Deferred tax asset		135,896	88,430	71,440
Total assets		**122,868,767**	**99,151,219**	**79,104,398**
Liabilities				
Accounts payable and accruals		505,025	478,945	380,431
Related party payables	**9**	17,286	249,377	6,883
Term deposits	**5**	110,470,674	88,047,219	71,437,797
Lease liabilities		64,576	109,218	153,086
Income tax payable		610,557	523,458	228,490
Total liabilities		**111,668,118**	**89,408,217**	**72,206,687**
Net assets		**11,200,649**	**9,743,002**	**6,897,711**

Authorised for issue on behalf of the Board:

Director Date: 24 November 2022

Director Date: 24 November 2022

The accompanying notes form part of and should be read in conjunction with the Interim Condensed Financial Statements.

General Finance Limited

Interim Condensed Statement of Cash Flows
For the six months ended 30 September 2022

Cash flows from operating activities	6 months ended Sep 2022 $	6 months ended Sep 2021 $
Interest received	4,376,782	2,148,379
Bad debts recovered	1,910	2,345
Loan fees, commission and other income	730,751	612,169
Payments to suppliers and employees	(1,835,379)	(1,108,282)
Interest paid	(2,005,601)	(1,188,716)
Income tax paid	(527,230)	(51,486)
Net cash flows from operating activities before changes in operating assets and liabilities	741,233	414,409
Term deposits (net receipts)	22,212,584	13,457,059
Loan receivables (net advances) / net repayments	(20,417,735)	(8,667,749)
Net cash flows from operating activities	**2,536,082**	**5,203,719**
Cash flows from investing activities		
Sales of bonds	-	194,018
Maturity/(Investments) in bank deposits	(1,906,210)	2,050,000
Net cash flows from / (applied to) investing activities	**(1,906,210)**	**2,244,018**
Cash flows from financing activities		
Shares issued	-	300,000
Lease payments	(46,951)	(41,384)
Net cash flows from / (applied to) financing activities	**(46,951)**	**258,616**
Net cash and cash equivalents movement for the period	**582,921**	**7,706,353**
Opening cash and cash equivalents balance	**16,394,852**	**7,248,075**
Closing cash and cash equivalents balance	**16,977,773**	**14,954,428**

The accompanying notes form part of and should be read in conjunction with the Interim Condensed Financial Statements

1.0 Reporting and Accounting Basis

1.1 Reporting Entity

The interim condensed financial statements presented here are for the entity General Finance Limited.

General Finance Limited (the "Company") is a finance and mortgage lending company incorporated in New Zealand. The Company's ultimate parent company is General Capital Limited, an NZX listed entity.

The Company, a profit-oriented entity, is a limited liability company registered under the Companies Act 1993. The address of its registered office is Level 8, General Capital House, 115 Queen Street, Auckland CBD, New Zealand.

1.2 Reporting Framework

The interim condensed financial statements have been prepared in accordance with the requirements of the Financial Markets Conduct Regulations 2014 and New Zealand Generally Accepted Accounting Practice (NZ GAAP). In accordance with the provisions of the Financial Reporting Act 2013 and the Financial Market Conducts Act 2013, the Company is an FMC Reporting Entity.

These interim condensed financial statements comply with NZ IAS 34 *Interim Financial Reporting and* IAS 34 *Interim Financial Reporting* and should be read in conjunction with the financial statements for the year ended 31 March 2022.

These interim condensed financial statements have been prepared on a going concern basis in accordance with historical cost concepts, as modified by the revaluation of certain assets and liabilities as identified in the accounting policies below.

The presentation and functional currency used by the Company is New Zealand dollars. In presenting amounts in the interim condensed financial statements these amounts have been rounded to the nearest dollar.

1.3 Changes in accounting policies

The accounting policies applied by the Company are consistent with those applied and disclosed in the previous full year financial statements and methods of computation.

2. Significant accounting estimates and judgments

There are a number of significant accounting treatments which include complex or subjective judgments and estimates that may affect the reported amounts of assets in these financial statements. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

An explanation of the judgments and estimates made by the Company in the process of applying its accounting policies, that have the most significant effect on the amounts recognised in the financial statements, are set out below.

2.1 Increased level of inherent uncertainty in the significant accounting estimates and judgments arising from the ongoing global pandemic of coronavirus disease 2019.

The current global pandemic of the novel coronavirus disease 2019 ('COVID-19') is still an evolving situation, along with the cessation of COVID-19 related government support, rising interest rates, rapidly rising inflation, skills shortages, and challenging international conditions, global supply chain disruptions, and the flow on effects from the conflict between Ukraine and Russia and European geopolitical uncertainty, which is having a significant impact on energy prices, as well as financial markets across the globe. The ongoing COVID-19 pandemic, current adverse macro and micro economic conditions and adverse global events mentioned have lowered overall economic activity and confidence and is resulting in significant volatility and instability in financial markets and economic uncertainty. Consequently, there has been an increase in the level of inherent uncertainty in the critical accounting estimates and judgements applied by Management in the preparation of these financial statements.

As at the date of the signing of these financial statements, all reasonably known and available information with respect to the COVID-19 pandemic, current adverse macro and micro economic conditions and adverse global events has been taken into consideration in the critical accounting estimates and judgements applied by Management, and all reasonably determinable adjustments have been made in preparing these financial statements.

As a result of the pandemic, the Company anticipates that lowered levels of economic activity and confidence will continue for at least the short to medium term and may result in increased business failures and unemployment levels in New Zealand. However, currently the economic activity is considerably stronger than expected. Consequently, the Company has concluded that there has been an increase in the level of inherent uncertainty in the significant accounting estimates and judgements applied by Management in the preparation of these financial statements (refer note 2.2 and 2.3).

These financial statements have been prepared based upon conditions existing as at 30 September 2022 and consider those events occurring subsequent to that date that provide evidence of conditions that existed at the end of the reporting period. As the outbreak of the COVID-19 pandemic occurred before 30 September 2022, its impacts are considered an event that is indicative of conditions that arose prior to the reporting period. Accordingly, as at the date of signing these financial statements, all reasonably known and available information with respect to the ongoing COVID-19 pandemic, current adverse macro and micro economic conditions and adverse global events has been taken into consideration in the critical accounting estimates and judgements applied by Management (refer note 2.2 and 2.3 below) and all reasonably determinable adjustments have been made in preparing these financial statements.

2.2 Applicability of the going concern basis of accounting

Whilst the COVID-19 pandemic, Global Inflation, Supply Chain Disruption and Political instability and measures implemented have lowered overall economic activity and confidence (described above), Management have assessed and determined that the Company's application of the going concern basis of accounting remains appropriate.

The Company has responded to the above economic conditions in the following ways:

- Undertook an analysis of its forecast cashflows to evaluate of the appropriateness of the Company's continued application of the going concern basis of accounting. The forecast cashflows took into consideration the Company's expectation of the impact of the pandemic on its earnings, cash flow and financial position.
- Assessed the direct and indirect financial impacts on the carrying value of reported amounts of assets, liabilities, revenues and expenses.
- Implemented and enacted appropriate health and safety responses.

Cashflow forecast and going concern

When preparing the 31 March 2022 financial statements, the Company determined that based on the existing pandemic and economic conditions in New Zealand, the Company expected favourable trends to continue including:

1. Term deposit reinvestment rates to continue at the averages of 70-80%.
2. New term deposit investments to continue growing.
3. Loans will be repaid on or close to their maturity date (with the exception of loans rolled over in line with the Company's lending policies).
4. No significant reduction in loan security values is anticipated, however Management recognises that given the current adverse macro and micro economic conditions and adverse global events, the resulting increases in interest rates and inflation, in particular could have an impact on loan security values. As a result, Management have performed sensitivity analysis, factoring in a 25% drop in property values (as described further in the note).
5. No significant reduction of the net interest margin *(the difference between lending and term deposit liabilities)* in the event of the Reserve Bank of New Zealand (RBNZ) increasing the official cash rate due to elevated inflation rates which could lead to a potential increase in cost of term deposit liabilities.

The Company has performed consistently with the expected trends assumed in preparing the 31 March 2022 financial statements going concern consideration. This is detailed further below:

1) The Company expected term deposit reinvestment rates to continue at the average of 70-80%. Actual average reinvestment rate was 73% for the six months ended 30 September 2022.

2) The Company expected new term deposit investments to continue growing. Actual new term deposit investments were an average of $5.1m per month for the six months ended 30 September 2022 (Actual new term deposit investment was an average of $3.3m per month for the full year ended 31 March 2022).

3) The Company expected loans to be repaid on or close to their maturity date (with the exception of loans rolled over in line with the Company's lending policies). The Company's lending activity has increased and accordingly the loan book has grown to a new record high level of $102.4m as at 30 September 2022 (31 March 2022: $80.9). This increase in the loan book was funded by growth in term deposits. The growth in the loan book has resulted in increased profitability.

   Loans in arrears increased to $10.5m as at 30 September 2022 from $2.6m million as at 31 March 2022. Of these, the arrears for $4.8m of loans were up to date within two weeks and $0.7m of loans were up to date within four weeks. At 30 September 2022 there were $2.9m of loans past due by greater than 90 days (up from $0.5m at 31 March 2022). There were no loan write-offs in the 6 months ended 30 September 2022 (March 2022: $Nil). Note that loan book has increased by 26.5% for the six months ended 30 September 2022.

4) The Company expected no significant reduction in loan security values. The September 2022 monthly property report dated 12 October 2022 published by the Real Estate Institute of New Zealand (REINZ) showed that the median price for residential property had increased by 2.0% nationally from September 2021 to September 2022, however the REINZ House Price Index dropped by 8.1% nationally year on year. As at 30 September 2022 Management have performed sensitivity analysis, factoring in a 25% drop in property values (as described further in the note).

5) The Company expected no significant reduction of the net interest margin. For the six months ended 30 September 2022 the company experienced an increase in the net interest margin due to increases in interest rates earned on loans compared to the interest rates paid on term deposits.

Based on the current economic conditions in New Zealand, the Company currently expects the following trends:

1. Term deposit reinvestment rates to be at a slightly lower rate of 65-75%.
2. Total term deposits to continue growing.
3. Loans will be repaid on or close to their maturity date (with the exception of loans rolled over in line with the Company's lending policies).
4. Property values to continue to reduce. Management will target loans with lower loan to valuation ratio. Management have performed a sensitivity analysis, factoring in a 25% drop in property values (as described further in the note, page 11). Management will perform quarterly sensitivity analysis factoring in a 25% drop in property values.
5. A plateauing of the net interest margin *(the difference between lending and term deposit liabilities)* and a gradual reduction for the balance of the year.

During the reporting period the Company has had an upgrade of its Credit Rating for BB- with a stable outlook to BB- with a positive outlook.

Accordingly, Management have assessed and determined based on forecasts prepared for greater than 12 months from the date of signing, that the Company's application of the going concern basis of accounting remains appropriate.

Direct and indirect financial impacts of the pandemic on the carrying value of reported amounts of assets and liabilities

Consistent with 31 March 2022 disclosures, there have been no material direct or indirect impacts on the reported amount of assets and liabilities. Refer to note 2.3 below for further information on expected credit losses on loans receivable.

2.3 Allowance for expected credit losses

Significant increase in credit risk

Expected credit losses (‘ECL’) are measured as an allowance equal to 12-month ECL, or lifetime ECL for assets with a significant increase in credit risk or in default or otherwise credit impaired. In assessing whether the credit risk of an asset has increased significantly, the Company considers its historical loss experience and adjust this for current observable data. This data includes any payment defaults by the borrower, known or expected defaults by the borrower on similar obligations (other loans), uninsured deterioration of the security property and any changes in the borrowers circumstances which could impact on their ability to repay either interest or principal amounts on their due date. The Company also considers changes or forecast changes to macroeconomic factors including property prices, unemployment, interest rates, gross domestic product and inflation.

Calculation of loss allowance

When measuring ECL the Company uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the Company would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

The ECL is calculated on an individual loan basis through a combination of the assessed lifetime credit default and probability default (referred to as expected loss factor) to the loan balance. The expected loss factor is determined from the Company historical loss experience data.

Historical loss experience data is reviewed by management and adjustments made to reflect current and forward looking economic and credit conditions. In addition, management recognised that a certain level of imprecision exists in any model used to generate risk grading and provisioning levels. As such an adjustment is applied for model risk.

In instances where the probability of default has increased significantly (a significant increase in credit risk), or where the loan is in default, the expected credit loss (or loss given default) may not increase significantly due to the Company’s lending criteria which prohibits lending when the loan to valuation ratio (LVR) exceeds 75%. This means in general that the Company expects that the present value of expected cash flows from a loan in default to approximate the carrying value of the loan prior to the default event, except in cases where the LVR has increased considerably due to a reduction in the security property valuation or a significant increase in the loan balance.

Management regularly reviews and adjusts its ECL estimates, judgements, assumptions, and methodologies as data becomes available. Changes in these estimates, judgements, assumptions, and methodologies could have a direct impact on the level of credit provision and credit impairment charge recorded in the financial statements (refer Note 4 Loan Receivables).

If the 12-month ECL rate for loans without a significant increase in credit risk increased/(decreased) by 0.2% higher/(lower) as at 30 September 2022, the loss allowance on loan receivables would have been $197,412 higher/(lower) (March 2022: $158,258 higher/(lower)).

If the lifetime ECL rate for loans with a significant increase in credit risk and credit impaired loans increased/(decreased) by 1.0% higher/(lower) as at 30 September 2022, the loss allowance on loan receivables would have been $36,754 higher/(lower) (March 2022: $17,890 higher/(lower)).

Ongoing COVID-19 pandemic, current adverse macro and micro economic conditions and adverse global events on loan receivables / expected credit losses

Ongoing COVID-19 pandemic, current adverse macro and micro economic conditions and adverse global events have impacted negatively on some borrowers' ability to make their payments as they fell due, this included:

1) Lending institutions increasing their processing times
2) Difficulties in marketing properties
3) Difficulties in proving borrowers future income
4) Delays in supply chains
5) Delays in the council approvals
6) The availability of funding for potential purchasers of the properties the Group has security over

The highest loan to valuation ratio (LVR) of the Company's loan book as at 30 September 2022 was 69.8% (March 2022: 70.6%) and the weighted average LVR of the loan book was 55.2% (March 2022: 55.3%), based on loan security valuations on origination of the loan.

According to a sensitivity analysis performed on the property security valuations underlying the Company's loan receivables as at 30 September 2022 (factoring in selling costs and time value of money):

1) A 25% drop in residential property values would result in losses of $0 – $50,000 (March 2022: $0 – $50,000).
2) A 25% drop in commercial property values would result in no loan losses (March 2022: $nil).

The above sensitivity analysis factors in the expected selling costs of the property as well as the time value of money over the expected time to sell (or to refinance) the property (expected to be no greater than six-months based on the Company's experience). The sensitivity analysis does not factor in potential increases in underlying security value since the origination of the loan.

Expected credit losses:

1) Based on the history of the Company's loan book over the last nine years, the average annual write-offs as a percentage of the average loan receivable balance over the same period was less than 0.10%. This would be an appropriate basis for 12-month expected credit losses in 'normal' economic conditions.
2) The Company recognises that New Zealand's economic forecast for the next 12 months is uncertain due to the impacts of the ongoing COVID-19 pandemic, current adverse macro and micro economic conditions and adverse global events and other factors as described above. As a result, the Company has concluded that the probability of default has increased. However due to the Company's well secured loan book (as described above), the loss given default and expected credit losses have increased but not by a material amount. As such, the Company has determined that 0.25% (March 2022: 0.25%) of the gross loan balance is a more appropriate expectation of losses for the next 12 months.
3) Lifetime ECL's for loans with a significant increase in credit risk and for loans in default have been calculated based on the Company's expectations for discounted net cash flows from the respective loan receivables over the expected remaining life of the loans in light of ongoing COVID-19 pandemic, current adverse macro and micro economic conditions and adverse global events.

3. Management of capital

The Company's capital includes share capital and retained earnings as disclosed in the Statement of Changes in Equity.

The Company's policy is to maintain a strong capital base to maintain investor, creditor and market confidence and to sustain future development of the business. In accordance with its Trust Deed, and the Deposit Takers (Credit Ratings, Capital Ratios, and Related Party Exposures) Regulations 2010, and the Non-Bank Deposit Takers Act 2013, the Company has a minimum capital ratio requirement of 8% of capital against risk weighted assets which it is required to maintain. The minimum capital ratio requirement reduced from 15% on 16 September 2019 when the Company published its first credit rating.

The Company has complied with this ratio requirement during the year. As at 30 September 2022, the capital ratio of the Company was 16.94% (as at 31 March 2022: 17.9%).

The Company maintains an appropriate buffer above these ratios and reports these to its Board of Directors monthly.

4. Loan receivables

	30 Sep 2022 $	31 Mar 2022 $
First mortgage advances	102,381,393	80,918,034
Less deferred fee income and expenditure	(800,057)	(688,078)
Less impairment allowance	(385,961)	(202,295)
Net carrying value	**101,195,375**	**80,027,661**
Current portion	98,116,152	76,954,475
Non-current portion	3,079,223	3,073,186
	101,195,375	**80,027,661**
Primary Loan Security		
Residential housing	87,174,445	69,125,122
Residential bare land	12,106,119	8,691,870
Commercial property	3,100,829	3,101,042
	102,381,393	**80,918,034**

Loan receivables represent loans at commercial interest rates. Current loan receivables are contractually repayable within 12 months. Non-current loan receivables are contractually repayable within 12 months to 3 years.

At period end there was $1,085,441 in outstanding loan commitments including future capitalised interest (March 2022: $4,812,714).

Reconciliation of gross loan receivable balance movements through ECL stages:

	12 month ECL	Lifetime ECL Not credit impaired	Lifetime ECL credit impaired	Total
Balance as at 31 March 2021	**53,156,615**	**1,302,341**	**-**	**54,458,956**
New loan advances	74,835,252	-	-	74,835,252
Repayments	(47,073,833)	(1,302,341)	-	(48,376,174)
Transfer to lifetime not credit impaired	(1,301,738)	1,301,738	-	-
Transfer to lifetime credit impaired	(487,279)	-	487,279	-
Balance as at 31 March 2022	**79,129,017**	**1,301,738**	**487,279**	**80,918,034**
New loan advances and accrued	47,997,373	-	-	47,997,373
Repayments	(24,744,997)	(1,301,738)	(487,279)	(26,534,014)
Transfer to lifetime not credit impaired	(728,987)	728,987	-	-
Transfer to lifetime credit impaired	(2,946,390)	-	2,946,390	-
Balance as at 30 September 2022	**98,706,016**	**728,987**	**2,946,390**	**102,381,393**

Reconciliation of movements in impairment allowance by stage:

	12 month ECL	Lifetime ECL Not credit impaired	Lifetime ECL credit impaired	Total
Impairment allowance as at 31 March 2021	**132,773**	**3,256**	**-**	**136,029**
Movement due to new loan advances	231,071	-	-	231,071
Movement due to loan repayments	(145,351)	(3,256)	-	(148,607)
Transfer to lifetime not credit impaired	(3,254)	3,254	-	-
Transfer to lifetime credit impaired	(1,505)	-	1,505	-
Movement due to reduction in ECL %	(16,198)	-	-	(16,198)
Impairment allowance as at 31 March 2022	**197,536**	**3,254**	**1,505**	**202,295**
Movement due to new loan advances	119,993	-	-	119,993
Movement due to loan repayments	(61,568)	(3,254)	(1,505)	(66,327)
Transfer to lifetime not credit impaired	(1,822)	1,822	-	-
Transfer to lifetime credit impaired (collectively assessed)	(7,366)	-	7,366	-
Transfer to lifetime credit impaired (individually assessed)	-	-	130,000	130,000
Impairment allowance as at 30 September 2022	**246,773**	**1,822**	**137,366**	**385,961**

In instances where the probability of default has increased significantly (a significant increase in credit risk), or where the loan is in default, the expected credit loss (or loss given default) may not increase significantly due to the Company's lending criteria which prohibits lending when the loan to valuation ratio (LVR) exceeds 75%. This means in general that the Company expects that the present value of expected cash flows from a loan in default to approximate the carrying value of the loan prior to the default event, except in cases where the LVR has increased considerably due to a reduction in the security property valuation or a significant increase in the loan balance.

The LVR of loans with a significant increase in credit risk or in default was in a range of 19.1% - 66.0% as at 30 September 2022 (March 2022: in a range of 65.1% - 68.2%), based on the security property valuation at origination.

$2.9m of Lifetime ECL Credit Impaired loans are made up of 2 loans. Both have first mortgages. Enforcement actions are taken, full recovery is expected from either loan.

5. Term Deposits

	30 Sep 2022 $	31 Mar 2022 $
Gross deposit stock liability	110,573,061	88,134,579
Less deferred commission expenditure	(102,387)	(87,360)
Net carrying value	**110,470,674**	**88,047,219**
Contractual repayment terms:		
On call	6,731	22,504
Within 12 months	84,820,569	66,407,557
Greater than 12 months	25,643,374	21,617,158
	110,470,674	**88,047,219**

Reconciliation of movement in term deposits

	6 months ended 30 Sep 2022 $	12 months ended 31 Mar 2022 $
Balance of term deposits at beginning of period	88,134,579	57,929,500
Additions	30,731,937	39,338,012
Withdrawals	(9,074,826)	(10,094,058)
Compound interest reinvested	781,371	961,125
Balance of term deposits at end of period	**110,573,061**	**88,134,579**

6. Unrecognised Assets and Liabilities

The Company has not entered into any contractual arrangements which would lead to off balance sheet assets or liabilities (March 2022: Nil).

7. Capital Commitments

There were no material commitments for capital expenditure outstanding at reporting date (March 2022: Nil).

8. Contingencies

There were no material contingent assets or liabilities at reporting date (March 2022: Nil).

9. Related Party Transactions and Balances

Related parties that the Company transacts with:

Related Party	Relationship
Donald Hattaway	Non-executive Chair
Robert Hart	Non-executive Director
Greg Pearce	Non-executive Director
Brent King	Managing Director
Rewi Bugo	Director of Ultimate Parent Company
Simon McArley	Director of Ultimate Parent Company
Beaconsfield Nominees Limited	Common Director with General Capital Limited
Casrom Trustee Company Limited	Common Director
Corporate Holdings Limited	Parent Company
Ellis Tanner Hart Limited	Common Director
Equity Investment Advisers Limited	Common Director
General Capital Limited	Ultimate Parent Company
Investment Research Group Limited	Common Shareholder / Director
Moneyonline Limited	Common Director
Romana Benevolent Trust	Common Director of a trustee company

Related party balances at period end:	30 Sep 2022 $	31 Mar 2022 $
Included in related party payables:		
Equity Investment Advisers Limited	17,117	10,469
General Capital Limited	-	238,626
Donald Hattaway	169	-
Brent King	-	282
	17,286	249,377
Included in related party receivables:		
General Capital Limited	14,509	7,237
Investment Research Group Limited	-	6,100
	14,509	13,337
Term deposits held by related parties[1]	4,997,105	6,943,400

[1]Includes term deposits held by Key Management Personnel, Non-executive Directors, Directors of the ultimate parent company, their families and their controlled entities. As at 31 March 2022 $2,020,591 of the Term deposits held by related parties has been approved for early withdrawal on 1 April 2022 in compliance with the Company's 'early repayment' terms of offer criteria included in the Company's Product Disclosure Statement.

Related party transactions during the period:

Related Party	Type	Transaction	30 Sep 2022	30 Sep 2021
Key Management	Expense	Short-term Remuneration[2]	239,729	179,055
Personnel[1]	Expense	Expense reimbursement	7,142	6,738
Equity Investment	Expense	Brokerage	72,661	44,798
Advisers Limited	Expense	Personnel expenses	-	2,269
	Contra Expense	Other expenses recharged	-	247
	Contra Expense	Personnel expenses recharged	4,355	5,417
Ellice Tanner Hart Limited	Expense	Legal expenses	690	154
General Capital Limited	Expense	Other expenses	320,379	97,030
	Contra Expense	Other expenses recharged	36,426	48,748
	Contra Expense	Personnel expenses recharged	70,795	42,333
Investment Research	Expense	Other expenses	460	-
Group Limited	Contra Expense	Personnel expenses recharged	4,500	53,356
	Contra Expense	Other expenses recharged	-	24,131
Various related parties[3]	Expense	Interest expense on term deposits	109,257	75,108

[1]Key Management Personnel includes Directors and the Chief Financial Officer (includes Directors consulting fees).
[2]Net of amounts recharged to related companies.
[3]Includes term deposits held by Key Management Personnel, Directors of the ultimate parent company, their families and their controlled entities

Other related party transactions during the period:

During the six months ended 30 September 2022, the Company repaid $53,603 of the opening inter-company advance owed to General Capital Limited. The outstanding balance as at 30 September 2022 is zero. The advance was repayable on demand and non-interest bearing. Related party exposures owed by the Company are limited to 10% of regulatory capital under its trust deed. This limit has not been exceeded by the Company.

During the six months ended 30 September 2022, Investment Research Group Limited charged a customer loan origination and brokerage fee totaling $51,750 in relation to a loan facility that was provided by the Company. The borrower instructed the Company to advance the fees to Investment Research Group Limited and for the amount to be added to the borrower’s loan principal balance. The borrower is not a related party of General Finance Limited or Investment Research Group Limited.

10. Post Reporting Date Events

On 9 November 2022 General Capital Limited (ultimate parent of General Finance Limited) has signed a written subscription agreement with API No 1 Limited Partnership to issue new shares by way of two placements. The first placement is to API No 1 Limited Partnership of 86,956,522 new Ordinary Shares at an issue price of NZ $0.0575 per share. The second placement is to existing shareholder Borneo Capital Limited of 63,960,957 new Ordinary Shares at an issue price of NZ $0.0575 per share. Both agreements are subject to all necessary shareholder approvals under NZX Listing Rules and the Takeover Code and Completion of other procedural matters. The API No 1 Limited Partnership agreement is further conditional on the appointment of an additional non-executive director to the board of General Capital Limited (ultimate parent company) and also to the board of General Finance Limited. Most of the capital raised will be used to increase capital of General Finance Limited. Prior to share placements a dividend is proposed to be issued from General Finance Limited to its parent company, subject to all necessary approvals and procedural satisfactions (March 2022: Nil).

Independent Auditor's Report

Grant Thornton New Zealand Audit Limited
L4, Grant Thornton House
152 Fanshawe Street
PO Box 1961
Auckland 1140

T +64 9 308 2570
www.grantthornton.co.nz

To the Shareholder of General Finance Limited

Report on the Audit of the Interim Condensed Financial Statements

Opinion

We have audited the interim condensed financial statements of General Finance Limited (the 'Company') on pages 3 to 16, which comprise the interim condensed statement of financial position as at 30 September 2022, and the interim condensed statement of comprehensive income, interim condensed statement of changes in equity and interim condensed statement of cash flows for the six month period then ended, and selected notes to the interim condensed financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying interim condensed financial statements present fairly, in all material respects, the interim financial position of General Finance Limited as at 30 September 2022, and its interim financial performance and interim cash flows for the six month period then ended, in accordance with the New Zealand equivalents to International Accounting Standard 34 *Interim Financial Reporting* ('NZ IAS 34') and International Accounting Standard 34 Interim Financial Reporting ('IAS 34').

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand*) issued by the New Zealand Auditing and Assurance Standards Board and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code*, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other than in our capacity as auditor we have no relationship with, or interests in, the Company.

Other Matter

The financial report of General Finance Limited for the year ended 31 March 2022 was audited by another auditor who expressed an unmodified opinion on those statements on the 28th of June 2022.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the interim condensed financial statements of the current period. These matters were addressed in the context of our audit of the interim condensed financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Why the audit matter is significant	How our audit addressed the key audit matter
Allowance for impairment losses from loan receivables The allowance for impairment losses from loan receivables to customers amounts to $385,961 in the interim condensed financial statements as at 30 September 2022. Due to the significance of the judgements applied in determining the allowance for impairment losses from loan receivables, this matter was considered to be an area which had the greatest impact on our overall audit strategy. If the carrying value of the loan is greater than the recoverable amount of the receivable, the corresponding impairment may have a material impact within the interim condensed financial statements. The determination of assumptions for measurement of impairment is highly subjective due to the level of judgement applied by management. Change in assumptions and the methodology applied may have a material impact on the measurement of the allowance for impairment losses from loan receivables. The principles for determining the allowance for impairment losses from loan receivables are described in note 2.3 and the review of the allowance for impairment losses is disclosed in note 4 of the interim condensed financial statements.	We have: • Obtained an understanding of the lending processes and controls and models used to determine the allowance for impairment losses from loan receivables, including event identification, collateral valuation and how management's estimates and judgements are determined. • For a selection of loans issued by the Company, we inspected the loan agreement and other available information that formed part of management's loan approval process (such as credit scores and security details), and reviewed management's approval process controls, to determine whether loans were appropriately approved and that the information available supported any conclusions reached about the expected credit loss at that point. • We obtained the Company's loan ledger at period end and using our knowledge of the Company and the industry, identified loans for which we believed there may be indicators of impairment. We considered management's conclusions regarding impairment for each of these loans individually. • For each significant identified loan with indicators of impairment, we tested whether there was adequate security against each advance in order to recover the outstanding balance. Where provided, we considered adequacy of third-party valuations, and also verified any prior ranking securities to independent sources. • For the collective provisioning model, we: (a) Recalculated the provision based on the input factors identified by management as part of the expected credit loss methodology; and (b) Assessed the calculation of the expected credit losses model against the requirements of NZ IFRS 9 *Financial Instruments* for the recognition and measurement of 12 month and lifetime expected credit losses on financial assets. (c) Assessed the judgements made by management regarding the assumptions used for the expected credit loss methodology, including challenging the appropriateness of the risk factors such as COVID-19 and industry norm, that had been considered when developing the 12 month and lifetime expected credit loss impairment model.

Directors’ responsibilities for the Interim Condensed Financial Statements

The Directors are responsible on behalf of the Company for the preparation and fair presentation of the interim condensed financial statements in accordance with NZ IAS 34 and IAS 34, and for such internal control as the Directors determine is necessary to enable the preparation of interim condensed financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the interim condensed financial statements, the directors are responsible on behalf of the Company for assessing the Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor’s responsibilities for the Audit of the Interim Condensed Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (NZ) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these interim condensed financial statements.

A further description of the auditor’s responsibilities for the audit of the financial statements is located on the External Reporting Board’s website at: https://www.xrb.govt.nz/assurance-standards/auditors-responsibilities/audit-report-2/

Restriction on use of our report

This report on the interim condensed financial statements is made solely to the Company’s shareholder. Our audit work has been undertaken so that we might state to the Company’s shareholder those matters which we are required to state to them in an auditor’s report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company’s shareholder for our audit work, for this report or for the opinion we have formed.

Grant Thornton New Zealand Audit Limited

Grant Thornton

Ryan Campbell

Partner

Auckland

24 November 2022