

Results for announcement to the market		
Name of issuer	Geneva Finance Limited	
Reporting Period	6 months to 30 September 2020	
Previous Reporting Period	6 months to 30 September 2019	
Currency	NZD	
	Amount (000s)	Percentage change
Revenue from continuing operations	\$16,455	8%
Total Revenue	\$16,455	8%
Net profit/(loss) from continuing operations	\$3,030	108%
Total net profit/(loss)	\$3,030	108%
Interim/Final Dividend		
Amount per Quoted Equity Security	Not Applicable	
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	\$0.34	\$0.32
A brief explanation of any of the figures above necessary to enable the figures to be understood	Refer to attached commentary	
Authority for this announcement		
Name of person authorised to make this announcement	Albert Boy	
Contact person for this announcement	Albert Boy	
Contact phone number	0800 800 132	
Contact email address	investments@genevafinance.co.nz	
Date of release through MAP	30 November 2020	

Unaudited financial statements accompany this announcement.

**GENEVA FINANCE GROUP LIMITED**

**CONSOLIDATED INCOME STATEMENT**

**FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2020**

	Note	<b>Group</b>		
		30 Sep 20 6 months Unaudited \$000's	30 Sep 19 6 months Unaudited \$000's	31 Mar 20 12 months Audited \$000's
Interest income		7,422	7,418	15,052
Interest expense		1,996	2,206	4,383
<b>Net interest income</b>		<b>5,426</b>	<b>5,212</b>	<b>10,669</b>
Net premium revenue		6,409	5,320	11,258
Net claims expense		(2,846)	(2,318)	(4,861)
<b>Underwriting Profit</b>		<b>3,563</b>	<b>3,002</b>	<b>6,397</b>
Other revenue		2,624	2,465	4,750
<b>Operating revenue</b> (net of interest expense)		<b>11,613</b>	<b>10,679</b>	<b>21,816</b>
Operating expenses		(7,925)	(7,763)	(15,860)
<b>Operating profit</b>		<b>3,688</b>	<b>2,916</b>	<b>5,956</b>
Impaired asset (expense) / release		(435)	(655)	(1,854)
<b>Net profit before taxation</b>		<b>3,253</b>	<b>2,261</b>	<b>4,102</b>
Taxation benefit (charge)		0	(612)	13
<b>Net profit after taxation</b>		<b>3,253</b>	<b>1,649</b>	<b>4,115</b>
Attributable to:				
Group		3,030	1,460	3,705
Non-controlling interest		223	189	410
		<b>3,253</b>	<b>1,649</b>	<b>4,115</b>
Basic profit per share (cents)	(7)	4.15	2.00	5.08

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

**FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2020**

	<b>Group</b>		
	30 Sep 20 6 months Unaudited \$000's	30 Sep 19 6 months Unaudited \$000's	31 Mar 20 12 months Audited \$000's
<b>Net profit after taxation</b>	<b>3,253</b>	<b>1,649</b>	<b>4,115</b>
<b>Other comprehensive income:</b>			
<i>Items may be subsequently reclassified to profit or loss</i>			
Movement in financial assets at FVTOCI	(867)	-	65
Exchange differences on translation of foreign operations	(333)	101	397
Cash flow hedge, net of tax	103	(276)	(266)
Income tax relating to cash flow hedge	-	-	-
<b>Other comprehensive income / (loss), net of tax</b>	<b>(1,097)</b>	<b>(175)</b>	<b>196</b>
<b>Total comprehensive income</b>	<b>2,156</b>	<b>1,474</b>	<b>4,311</b>
Attributable to:			
Group	1,933	1,285	3,901
Non-controlling interest	223	189	410

**GENEVA FINANCE LIMITED**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

**AS AT 30 SEPTEMBER 2020**

	Note	<b>Group</b>		
		30 Sep 20 6 months Unaudited \$000's	30 Sep 19 6 months Unaudited Restated \$000's	31 Mar 20 12 months Audited \$000's
<b>Assets</b>				
Cash and cash equivalents		21,275	19,594	20,625
Prepayments and other debtors		10,151	4,883	5,884
Taxation receivable		10	12	12
Finance receivables	(5)	87,046	84,002	82,868
Available for sale equity securities	(8)	379	3,619	3,684
Deferred insurance contract acquisition costs		4,521	3,898	4,102
Deferred taxation		4,868	3,699	4,712
Other Investments		361	-	-
Plant and equipment		1,020	1,278	1,217
Intangible assets		2,310	2,290	2,371
<b>Total assets</b>		<b>131,941</b>	<b>123,275</b>	<b>125,475</b>
<b>Liabilities</b>				
Trade payable and accruals		5,121	3,361	4,351
Outstanding claims liability		1,406	997	962
Employee entitlements		529	399	435
Unearned premium liability		14,737	11,480	12,706
Derivative financial instruments	(8)	448	560	551
Bank facilities	(9)	62,514	61,606	60,598
Other borrowings	(10)	14,277	14,479	13,684
Leased liabilities		703	967	839
<b>Total liabilities</b>		<b>99,735</b>	<b>93,849</b>	<b>94,126</b>
<b>Equity</b>				
Share capital	(6)	52,779	52,779	52,779
Reserves		(2,273)	(1,546)	(1,176)
Retained earnings		(19,994)	(23,058)	(21,725)
Non Controlling Interest		1,694	1,250	1,471
<b>Total equity</b>		<b>32,206</b>	<b>29,426</b>	<b>31,349</b>
<b>Total equity and liabilities</b>		<b>131,941</b>	<b>123,275</b>	<b>125,475</b>

GENEVA FINANCE LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2020

	Group					
	Share Capital	Reserves	Retained earnings	Attributable to owners of the parent	Non Controlling Interest	Total equity
	\$000's	\$000's	\$000's		\$000's	\$000's
<b>Balance at 31 March 2019 (Audited)</b>	<b>52,779</b>	<b>(1,371)</b>	<b>(22,877)</b>	<b>28,530</b>	<b>1,061</b>	<b>29,591</b>
Net profit for the period	-	-	1,460	1,461	189	1,649
<b>Other comprehensive income</b>						
Exchange differences on translation of foreign operations	-	101	-	101	-	101
Change in cash flow hedge reserve, net of tax	-	(275)	-	(276)	-	(276)
<b>Total other comprehensive income</b>	<b>-</b>	<b>(175)</b>	<b>-</b>	<b>(175)</b>	<b>-</b>	<b>(175)</b>
<b>Total comprehensive income</b>	<b>-</b>	<b>(175)</b>	<b>1,460</b>	<b>1,285</b>	<b>189</b>	<b>1,474</b>
<b>Transaction with owners</b>						
Dividends paid	-	-	(1,641)	(1,641)	-	(1,641)
<b>Total transactions with owners</b>	<b>-</b>	<b>-</b>	<b>(1,641)</b>	<b>(1,641)</b>	<b>-</b>	<b>(1,641)</b>
<b>Balance at 30 September 2019 (Unaudited)</b>	<b>52,779</b>	<b>(1,546)</b>	<b>(23,058)</b>	<b>28,176</b>	<b>1,250</b>	<b>29,426</b>
Net profit for the period	-	-	2,245	2,245	221	2,466
<b>Other comprehensive income</b>						
Increase in available for sale equity reserve	-	65	-	65	-	65
Exchange differences on translation of foreign operations	-	296	-	296	-	296
Change in cash flow hedge reserve, net of tax	-	9	-	9	-	9
<b>Total other comprehensive income</b>	<b>-</b>	<b>370</b>	<b>-</b>	<b>370</b>	<b>-</b>	<b>370</b>
<b>Total comprehensive income</b>	<b>-</b>	<b>370</b>	<b>2,245</b>	<b>2,615</b>	<b>221</b>	<b>2,836</b>
<b>Transaction with owners</b>						
Dividends paid	-	-	(912)	(912)	-	(912)
<b>Total transactions with owners</b>	<b>-</b>	<b>-</b>	<b>(912)</b>	<b>(912)</b>	<b>-</b>	<b>(912)</b>
<b>Balance at 31 March 2020 (Audited)</b>	<b>52,779</b>	<b>(1,176)</b>	<b>(21,725)</b>	<b>29,878</b>	<b>1,471</b>	<b>31,349</b>
Net profit for the period	-	-	3,030	3,030	223	3,253
<b>Other comprehensive income</b>						
Movement in financial assets at FVTOCI	-	(867)	-	(867)	-	(867)
Exchange differences on translation of foreign operations	-	(333)	-	(333)	-	(333)
Change in cash flow hedge, net of tax	-	103	-	103	-	103
<b>Total other comprehensive income</b>	<b>-</b>	<b>(1,097)</b>	<b>-</b>	<b>(1,097)</b>	<b>-</b>	<b>(1,097)</b>
<b>Total comprehensive income</b>	<b>-</b>	<b>(1,097)</b>	<b>3,030</b>	<b>1,933</b>	<b>223</b>	<b>2,156</b>
<b>Transaction with owners</b>						
Dividends paid	-	-	(1,299)	(1,299)	-	(1,299)
<b>Total transactions with owners</b>	<b>-</b>	<b>-</b>	<b>(1,299)</b>	<b>(1,299)</b>	<b>-</b>	<b>(1,299)</b>
<b>Balance at 30 September 2019 (Unaudited)</b>	<b>52,779</b>	<b>(2,273)</b>	<b>(19,994)</b>	<b>30,512</b>	<b>1,694</b>	<b>32,206</b>

**GENEVA FINANCE LIMITED**

**CONSOLIDATED STATEMENT OF CASH FLOWS**

**FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2020**

	<b>Group</b>		
	30 Sep 20 6 months Unaudited	30 Sep 19 6 months Unaudited	31 Mar 20 12 months Audited
	\$000's	\$000's	\$000's
<b>Cash flow from operating activities:</b>			
Cash was provided from:			
Interest received	5,599	5,780	11,474
Dividends received	-	60	340
Receipts from insurance policy sales, collections activities and other sources	10,287	8,217	18,406
Proceeds from collections made on purchased debt ledger	-	265	-
	15,886	14,321	30,220
Cash was applied to:			
Net movement in finance receivables	(1,810)	(858)	3,264
Interest paid	(1,995)	(2,206)	(4,383)
Payments to suppliers and employees	(12,012)	(11,070)	(22,721)
	(15,817)	(14,134)	(23,840)
Net cash inflow from operating activities	69	187	6,380
<b>Cash flows from investing activities:</b>			
Cash was provided from:			
Proceeds from the sale of fixed assets	5	-	-
	5	-	-
Cash was applied to:			
Purchase of plant and equipment	-	(116)	(243)
Purchase of intangible assets	(140)	(166)	(380)
Purchase of third-party debt ledger	-	-	(1,850)
Purchase of investments	(361)	-	-
	(501)	(282)	(2,473)
Net cash outflow from investing activities	(496)	(282)	(2,473)
<b>Cash flows from financing activities:</b>			
Cash was provided from:			
Net movement of term facilities: Westpac	1,917	1,915	907
Net movement of other borrowings	594	1,161	366
	2,511	3,076	1,273
Cash was applied to:			
Principle elements of lease payments	(135)	-	(255)
Dividends paid to Company shareholders	(1,299)	(1,641)	(2,553)
	(1,434)	(1,641)	(2,808)
Net cash outflow from financing activities	1,077	1,435	(1,535)
<b>Net increase / (decrease) in cash and cash equivalents held</b>	650	1,341	2,372
<i>Add: Opening cash and cash equivalents balance</i>	20,625	18,253	18,253
<b>Cash and cash equivalents at the end of the period</b>	<b>21,275</b>	<b>19,594</b>	<b>20,625</b>
<b>Represented by:</b>			
Cash at bank	21,275	19,594	20,625
<b>Cash and cash equivalents at the end of the period</b>	<b>21,275</b>	<b>19,594</b>	<b>20,625</b>

## GENEVA FINANCE LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

#### FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2020

##### 1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The unaudited condensed interim financial statements of Geneva Finance Limited (the Company) and its subsidiaries (the Group) for the six months ended 30 September 2020 have been prepared in accordance with NZ IAS 34: *Interim Financial Reporting*.

The Company is incorporated and domiciled in New Zealand. The Company is registered under the Companies Act 1993, listed on the New Zealand Stock Exchange (NZX Main Board) and is a FMC reporting entity in terms of the Financial Markets Conduct Act 2013.

The Group is a for-profit entity.

The unaudited consolidated interim financial statements of the Group for the six months ended 30 September 2020 should be read in conjunction with the Group's annual financial statements for the year ended 31 March 2020, which were prepared in accordance with New Zealand equivalents to International Financial Reporting Standards.

The accounting policies applied in these unaudited consolidated interim financial statements are consistent with those used in the Group's annual financial statements for the year ended 31 March 2020, except for the adoption of any new standards effective as of 1 April 2020, and the early adoption of any other standard, interpretation or amendment that has been issued but is not yet effective. The same significant judgements, estimates and assumptions included in the notes to the Group's annual financial statements for the year ended 31 March 2020 have been used in these unaudited consolidated interim financial statements.

The unaudited consolidated interim financial statements have been prepared on a going concern basis which contemplates continuity of normal business activities, the realisation of assets, and the settlement of liabilities in the ordinary course of business.

##### Covid-19

As disclosed in the 31 March 2020 full year financial statements, on 11 March 2020 the World Health Organization declared an ongoing global outbreak of a novel coronavirus, known as 'coronavirus disease 2019' ('COVID-19'), a pandemic.

The COVID-19 pandemic and responses continue to effect general activity and confidence levels in the economy. While the scale and duration of these effects remain uncertain, the Group continues to monitor developments and initiate plans to mitigate adverse impacts and maximise opportunities.

These unaudited consolidated interim financial statements have been prepared based upon conditions existing as at 30 September 2020 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 2020, its impacts are considered an event that is indicative of conditions that arose prior to reporting period. Accordingly, as at the date of signing these unaudited consolidated interim financial statements, all reasonably known and available information with respect to the COVID-19 pandemic 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 unaudited consolidated interim financial statements.

##### 2. STANDARDS AND INTERPRETATIONS

The following new standards, amendments and interpretations to existing standards mandatory for the first time for the financial period ended 30 September 2020:

- Definition of a Business – Amendments to NZ IFRS 3 Business Combinations
- Definition of Material – Amendments to NZ IAS 1 Presentation of Financial Statements and NZ IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors

The adoption of these standard amendments had no material impact on the Group.

New standards and amendments and interpretation to existing standards that are not yet effective for the current accounting period beginning on 1 April 2020:

The Group has not early adopted any new standards, amendments and interpretations that have been issued but are not yet effective.

# GENEVA FINANCE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2020

#### 2. STANDARDS AND INTERPRETATIONS (continued)

The new standards, amendments and interpretations that will have an impact on the Group are discussed below and the Group intends to adopt these new standards, amendments and interpretations when they become mandatory.

##### NZ IFRS 17 Insurance Contracts

NZ IFRS 17, 'Insurance Contracts', will replace NZ IFRS 4, 'Insurance Contracts'. Under the NZ IFRS 17, insurance contract liabilities will be calculated at the present value of future insurance cash flows with a provision for risk. The discount rate applied will reflect current interest rates. If the present value of future cash flows would produce a gain at the time an insurance contract is issued, the model would also require a "contractual service margin" to offset the day 1 gain. The contractual service margin would be amortized over the life of the insurance contract. There would also be a new income statement presentation for insurance contracts, including a revised definition of revenue and additional disclosure requirements. NZ IFRS 17 will also have accommodations for certain specific types of insurance contracts. Short-duration insurance contracts will be permitted to use a simplified unearned premium liability model until a claim is incurred. For some contracts, in which the cash flows are linked to underlying items, the liability value will reflect that linkage.

The effective date is annual reporting periods beginning on or after 1 January 2023.

The Group is yet to assess the impact of NZ IFRS 17. The Group intends to adopt NZ IFRS 17 no later than the financial year beginning 1 April 2023.

#### 3. SEGMENT REPORTING

The Group's reportable operating segments are as follows:

- Corporate: The operations of this segment include the raising of debt and the advancing loans to other operating segments within the Group.
- GFSL (previously known as "New Business"): The operations of this segment include the lending of money to individuals, companies and other entities and have a wholesale funding arrangement with Westpac New Zealand Limited (Westpac) under which it securitised loan receivables.
- Quest (previously known as "Insurance"): The operations of this segment include the issuing of temporary insurance contracts covering death, disablement and redundancy risks and short term motor vehicle contracts covering comprehensive, third party, mechanical breakdown risk and guaranteed asset protection.
- SCL (previously known as "Old Business"): The operations of this segment include the collection and management of money lent to individuals, companies and other entities originally originated by the Group and external debt collection.
- GCL (previously known as "Invoice Factoring"): This segment was purchased on 1 April 2018. The operations of this segments include providing debtor finance to companies and collection and management of trade receivables factored.
- Tonga (previously known as "Overseas"): This segment was 60% acquired on 1 April 2018. The operations of this segments include lending, collection and management of money to individuals, companies and other entities originally originated in Tonga.

Each Group operating segment is operated as a discrete business unit and transactions between segments are on normal commercial terms and conditions. The eliminations arise from transactions between the Group segments and are predominantly interest, commission/brokerage, marketing subsidy and debt collection charges.

None of the Group's operating segments place any reliance on a single major customer amounting to 10% or more of the applicable segments revenue.

##### Group summary revenues and results for the period ended 30 September 2020 (Unaudited)

\$'000	Corporate	GFSL	Quest	SCL	GCL	Tonga	Eliminations	Group
External revenues	12	6,806	7,150	757	817	913	-	16,455
Revenue - other segments	1,193	571	14	82	-	-	(1,860)	-
Total	1,205	7,378	7,164	838	817		(1,860)	16,455
Segment profit/(loss)	(1,243)	2,133	1,623	175	(13)	715	(137)	3,253
Taxation benefit/(expense)	333	-	(176)	-	-	(157)	-	-
Non controlling interest	-	-	-	-	-	(223)	-	(223)
Net profit/(loss) after taxation	(910)	2,133	1,447	175	(13)	335	(137)	3,030

**GENEVA FINANCE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2020**

**3. SEGMENT REPORTING (continued)**

***Group summary revenues and results for the period ended 30 September 2020 (Unaudited)***

\$'000	Corporate	GFSL	Quest	SCL	GCL	Tonga	Eliminations	Group
Interest income	1,055	6,498	89	128	586	789	(1,723)	7,422
Interest expense	1,284	1,934	-	92	409	-	(1,723)	1,996
Depreciation	142	21	11	5	3	10	-	192
Amortisation	-	99	37	50	14	-	-	200
Other material non-cash items:	-	-	-	-	-	-	-	-
Impaired asset (release)/expense	(137)	758	-	(340)	17	-	137	435

***Group summary assets and liabilities as at 30 September 2020 (Unaudited)***

\$'000	Corporate	GFSL	Quest	SCL	GCL	Tonga	Eliminations	Group
Segment assets								
Total assets	30,629	94,173	30,847	9,283	7,488	4,172	(44,651)	131,941
Additions to non current assets	127	(2)	-	13	(3)	-	-	135
Segment liabilities								
Total liabilities	19,529	70,287	17,682	3,844	8,726	290	(20,623)	99,735

***Group summary revenues and results for the year 31 March 2020 (Audited)***

\$'000	Corporate	GFSL	Quest	SCL	GCL	Tonga	Eliminations	Group
External revenues	(184)	13,981	11,765	2,007	1,674	1,817		31,060
Revenue - other segments	1,103	1,038	70	167	-	-	(2,378)	-
Total	1,597	15,056	7,999	2,340	1,368	1,835	(3,165)	31,060
Segment profit/(loss)	(3,733)	4,201	1,700	109	(609)	1,413	1,021	4,102
Taxation benefit/(expense)	401	-	-	-	-	(388)	-	13
Non controlling interest profit						(410)		(410)
Net profit/(loss) after taxation	(3,332)	4,201	1,700	109	(609)	615	1,021	3,705
Interest income	2,125	13,182	237	309	1,179	1,419	(3,399)	15,052
Interest expense	2,505	3,954	-	231	1,079	13	(3,399)	4,383
Depreciation	277	37	17	1	5	21		358
Amortisation	-	215	47	96	25			383
Other material non-cash items:								
Impaired assets expense	1,021	2,497	-	(669)	21	5	(1,021)	1,854

***Group summary assets and liabilities as at 31 March 2020 (Audited)***

\$'000	Corporate	GFSL	Quest	SCL	GCL	Tonga	Eliminations	Group
Segment assets								
Total assets	30,988	89,681	27,235	9,060	7,309	4,606	(43,404)	125,475
Additions to non current assets	(95)	384	38	181	23	70	22	623
Segment liabilities								
Total liabilities	16,895	68,035	14,650	3,795	8,533	534	(18,316)	94,126

***Group summary revenues and results for the period ended 30 September 2019 (Unaudited)***

\$'000	Corporate	GFSL	Quest	SCL	GCL	Tonga	Eliminations	Group
External revenues	-	7,005	5,458	1,200	695	845	-	15,203
Revenue - other segments	(31)	499	45	89	-	-	(602)	-
Total	(31)	7,505	5,503	1,288	695		(602)	15,203



# GENEVA FINANCE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2020

### 3. SEGMENT REPORTING (continued)

#### Group summary revenues and results for the period ended 30 September 2019 (Unaudited)

\$'000	Corporate	GFSL	Quest	SCL	GCL	Tonga	Eliminations	Group
Segment profit/(loss)	(2,433)	2,365	719	193	(334)	656	1,095	2,261
Taxation benefit/(expense)	(612)	-	-	-	-	-	-	(612)
Non controlling interest	-	-	-	-	-	(189)	-	(189)
Net profit/(loss) after taxation	(3,045)	2,365	719	193	(334)	467	1,095	1,460
Interest income	1,064	6,580	123	167	606	575	(1,697)	7,418
Interest expense	1,238	1,985	-	120	551	8	(1,697)	2,206
Depreciation	128	22	6	1	2	11	-	170
Amortisation	-	118	21	46	65	-	-	249
Other material non-cash items:	-	-	-	-	-	-	-	-
Impaired asset (release)/expense	1,095	981	-	(349)	17	6	(1,095)	655

#### Group summary assets and liabilities as at 30 September 2019 (Unaudited)

\$'000	Corporate	GFSL	Quest	SCL	GCL	Tonga	Eliminations	Group
Segment assets								
Total assets	30,649	89,202	24,797	9,486	7,263	3,671	(41,794)	123,275
Additions to non current assets	(10)	137	44	43	38	30	-	282
Segment liabilities								
Total liabilities	25,830	69,400	13,260	4,137	8,212	260	(27,249)	93,849

#### By geographical segment

The Group operated predominantly in New Zealand. Revenues are derived from New Zealand with the exception of Federal Pacific Finance Ltd (Tonga) which operates in Tonga.

### 4. SIGNIFICANT EVENTS AND TRANSACTIONS

There were not significant events and transactions during the period.

### 5. FINANCE RECEIVABLES

	30 Sep 20 6 months Unaudited \$000's	30 Sep 19 6 months Unaudited \$000's	31 Mar 20 12 months Audited \$000's
Gross finance receivables	29,048	32,006	28,805
Gross finance receivables (The Geneva Warehouse A Trust)	75,182	71,629	71,548
Gross finance receivables (Prime Asset Trust Limited)	596	1,358	913
Total gross finance receivables	104,826	104,993	101,266
Less: Unearned Interest	2	9	4
Deferred fee revenue and expenses	(2,244)	(473)	(1,262)
Less: Provision for credit impairment	20,022	21,455	19,656
Net finance receivables	87,046	84,002	82,868

The Company's securitisation facility was established on 1 August 2013. Refer to note 11 for further information.

While the sale of the finance receivables to the Geneva Warehouse A Trust (the Trust) constitute a legally enforceable sale and purchase transaction, it does not meet the criteria for the derecognition of financial assets under NZ IFRS 9 'Financial Instruments: Recognition and Measurement' (NZ IFRS 9) and thus at the time of the sale does not meet the Company's accounting policy for derecognition of a financial asset. NZ IFRS 9 establishes specific guidance for the derecognition of financial assets, such that a financial asset can only be de-recognised when substantially all of the risks and rewards of ownership is measured by the change in the variability of the cash flow arising from the financial assets before and after the transfer.

# GENEVA FINANCE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2020

#### 5. FINANCE RECEIVABLES (continued)

During the six month period ended 30 September 2020, finance receivables totalling approximately \$26.9m (30 September 2019: \$33.9m; 31 March 2020: \$47.8m) were sold to the Trust, of which \$1.9m related to Geneva Capital Limited (GCL). As there has been no change in the management of the receivables and because there were no significant change in the cash flows before and after the sale, the sold receivables did not meet the derecognition criteria. Furthermore, as the sales constitute legally enforceable transfer of equitable interest in the transferred receivables, the carrying values of these receivables at reporting date of \$66.6m (30 September 2019: \$63.6m; 31 March 2019: \$63.4m) are subject to limitations on disposal.

#### 6. SHARE CAPITAL

	30 Sep 20 6 months Unaudited 000's	30 Sep 19 6 months Unaudited 000's	31 Mar 20 12 months Audited 000's
<i>Number of ordinary shares</i>			
Opening balance	72,935	72,935	72,935
Placement of new shares via consideration for purchase of subsidiary	-	-	-
Total issued shares	<b>72,935</b>	<b>72,935</b>	<b>72,935</b>

  

	\$000's	\$000's	\$000's
<i>Dollar value of ordinary shares</i>			
Opening balance	52,779	52,779	52,779
Placement of new shares via consideration for purchase of subsidiary	-	-	-
Total issued shares	<b>52,779</b>	<b>52,779</b>	<b>52,779</b>

#### 7. EARNINGS PER SHARE

##### *Basic profit per share*

The calculation of basic profit per share at 30 September 2020 was based on the profit attributable to ordinary shareholders of \$3,030,000 (30 September 2019: \$1,460,000, 31 March 2020: \$3,705,000) and a weighted average number of shares 72,935,275 (30 September 2019: 72,935,275, 31 March 2020: 72,935,275) calculated as follows:

	<b>Group</b>		
	30 Sep 20 6 months Unaudited	30 Sep 19 6 months Unaudited	31 Mar 20 12 months Audited
Net profit attributable to ordinary shares (\$'000)	3,030	1,460	3,705
Weighted number of shares	72,935	72,935	72,935
Basic earnings per share (cents)	4.15	2.00	5.08

  

	000's	000's	000's
Weighted number of shares	72,935	72,935	72,935
Issued shares 1 April	-	-	-
Placement of new shares via execution of executive share options	<b>72,935</b>	<b>72,935</b>	<b>72,935</b>

##### *Diluted earnings per share*

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company had no options outstanding during the reporting periods.

#### 8. FAIR VALUE DISCLOSURES

As at 30 September 2020 the carrying value of cash and cash equivalents, other than receivables or payables approximated their fair values due to the short-term nature of the financial assets or liabilities. As at 30 September 2020 the carrying value of borrowings approximates its fair value as all borrowings are subject to floating or short-term interest rates.

##### **Fair value of financial assets and liabilities carried at fair value are determined as follows:**

- Level 1 the fair value is calculated using quoted prices in active markets.
- Level 2 the fair value is estimated using inputs other than quoted prices in level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 the fair value is estimated using inputs for the asset or liability that are not based on observable data.

# GENEVA FINANCE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2020

#### 8. FAIR VALUE DISCLOSURES (continued)

##### 30 September 2020 (Unaudited)

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial assets at FVTOCI	-	-	379	379
Derivatives	-	(448)	-	(448)
	-	(448)	379	(69)

##### 31 March 2020 (Audited)

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial assets at FVTOCI	-	-	3,684	3,684
Derivatives	-	(551)	-	(285)
	-	(551)	3,684	3,399

##### 30 September 2019 (Unaudited)

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial assets at FVTOCI	-	-	3,619	3,619
Derivatives	-	(560)	-	(560)
	-	(560)	3,619	3,059

#### Financial assets at fair value through other comprehensive income (FVTOCI)

The 10.85% stake in this company is held by Quest Insurance Group Limited. The investment in the unlisted medical property company is a financial assets at FVTOCI. This investment is denominated in NZ dollars. The fair value of this equity security is based on the Group's share of the entity's net assets at reporting date as reported in the entity's financial statements (valuation technique). The entity is a property investment company that is solely in the business of holding and leasing investment property and is involved in the development of investment property. The majority of the entity's assets and liabilities are reported in their financial statements at either their fair value or their carrying value which approximates their fair value (the significant unobservable inputs). The inter-relationship between key unobservable inputs and fair value measurement is that an increase / (decrease) in the net assets would decrease / (increase) the fair value of the investment.

This property was unconditionally sold to a property syndicate and the settlement date was 30 September 2020. The payments for the settlement has been received by Quest in October 2020. \$2.7million has been accrued under prepayment and other debtors.

#### Derivative financial instruments

Derivatives are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at their fair market value at each reporting period. Fair values are obtained from quoted market prices in active markets, including recent market transactions, and valuation techniques, including discounted cash flow models and options pricing models, as appropriate. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative.

#### 9. BANK FACILITIES

	Group		
	30 Sep 20 6 months Unaudited \$'000's	30 Sep 19 6 months Unaudited \$'000's	31 Mar 20 12 months Audited \$'000's
Bank facility: Westpac	59,144	58,234	57,234
Bank facility: Kiwibank	(21)	3,400	(35)
Capitalised transaction costs: Westpac	3,400	(24)	3,400
Capitalised transaction costs: Kiwibank	(9)	(4)	(1)
	62,514	61,606	60,598

The Westpac facility annual review was completed during December 2019 and was extended to 30 September 2021. The annual review for current financial year is currently underway.

The Stellar Collections Limited Kiwibank facility was extended to June 30 June 2022.

## GENEVA FINANCE LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

#### FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2020

#### 10. OTHER BORROWINGS

	Group		
	30 Sep 20 6 months Unaudited \$000's	30 Sep 19 6 months Unaudited \$000's	31 Mar 20 12 months Audited \$000's
Unsecured	14,277	14,479	13,684
	<u>14,277</u>	<u>14,479</u>	<u>13,684</u>

#### 11. SECURITISATION

Geneva Financial Services Limited (GFSL) a wholly owned subsidiary of the Company has a wholesale funding arrangement with Westpac New Zealand Limited (Westpac) under which it securitised loan receivables through The Geneva Warehouse A Trust (the Trust). Under the facility, Westpac provided funding to the Trust secured by loan receivables transferred to the Trust from GFSL. The facility annual review was completed in December 2019 and was extended to 30 September 2021. The annual review for current financial year is currently underway. The current facility is \$70,000,000. The Trust is a special purpose entity set up solely for the purpose of receiving loans from GFSL with Westpac funding up to 83% of the purchase and the remainder being funded by a subordinated loan from the Company. The NZ Guardian Trust Limited, via NZGT (GF) Trustee Limited, has been appointed as Trustee for the Trust with GFSL as the sole beneficiary.

Under NZ IFRS 9, Financial Instruments: Recognition and Measurement, GFSL retains substantially all of the risks and rewards of ownership of the loan receivables transferred to the Trust. This is on the basis that in substance, the arrangement is simply a funding mechanism and effectively there has been no change in the ownership or risk exposure in relation to the underlying loan receivable portfolio. GFSL is exposed to the residual cash flows arising from the transferred portfolio (by virtue of its status as the beneficiary of the Trust) and the fact that the Company has contributed a subordinated loan (described above) to the Trust that serves as a first loss piece within the cashflow allocation methodology to the Trustee on behalf of Westpac. Consequently, GFSL and the Company, together, retain substantially all of the risks and rewards of ownership of the loan receivables transferred to the Trust and the loan receivables do not qualify for derecognition under NZ IFRS 9. The loan receivables transferred continue to appear in the statement of financial position of GFSL. In addition under, NZ IFRS 10: Consolidated Financial Statements, the GFSL controls the financing and operating activities of the Trust and GFSL continues to administer the loans and collect loan instalments as they fall due, as a result the Trust is controlled by GFSL and is consequently consolidated into the Group financial statements.

During the six months ended 30 September 2020 GFSL transferred \$26.9m of loans receivables to the Trust (September 2019: \$33.9m, March 2020: \$47.8m) of which \$1.9m related to Geneva Capital Limited (GCL). As at 30 September 2019 the carrying value of these assets was \$66.6m (September 2019: \$63.6m, March 2020: \$63.4m)

#### 12. RELATED PARTIES

##### Loans and advances to related parties

	Group		
	30 Sep 20 6 months Unaudited \$000's	30 Sep 19 6 months Unaudited \$000's	31 Mar 20 12 months Audited \$000's
<i>Finance receivables</i>			
Loans receivables	273	273	273
Impairment provision	(273)	(273)	(273)
Net loans receivable	-	-	-

The loans carried an interest rate of 8% up to the 30 September 2007, from 1 October 2007 these loans are interest free. The loans were granted for a period of three to five years. The loans were advanced to purchase shares in Financial Investment Holdings Limited. The loans were fully provided for at 30 September 2018, 31 March 2017 and 30 September 2017.

# GENEVA FINANCE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2020

#### 12. RELATED PARTIES (continued)

##### Facilities from related parties

Deposits from related parties

	Group		
	30 Sep 20 6 months Unaudited \$000's	30 Sep 19 6 months Unaudited \$000's	31 Mar 20 12 months Audited \$000's
Opening balance as at 1 April	8,150	7,650	7,650
Movement	1,000	300	500
	<u>9,150</u>	<u>7,950</u>	<u>8,150</u>

The related party deposits carries an interest rate of 6.5%-9.25%, (30 September 2019: 8%-9.3%, March 2020: 8.8%)

##### Others

Loans and advances - Federal Pacific Insurance Ltd

	30 Sep 20 6 months Unaudited \$000's	30 Sep 19 6 months Unaudited \$000's	31 Mar 20 12 months Audited \$000's
Opening balance	6	214	214
Movement	(6)	(55)	(208)
	<u>(0)</u>	<u>159</u>	<u>6</u>

#### 13. COMMITMENTS AND CONTINGENCIES

30 September 2020                      None

31 March 2020                            None

30 September 2019                      None

#### 14. SUBSEQUENT EVENTS

None