# Appendix 4D

# Interim Financial Report

For the half-year ended 31 December 2016

To be read in conjunction with 30 June 2016 financial statements and public announcements.

## Wolfstrike Rentals Group Limited

ABN: 72 107 745 095

| | | |
|---|---|---|
| Reporting Period: | For the half-year ended 31 December 2016 | FY 2017 |
| Previous Period: | For the half-year ended 31 December 2015 | FY 2016 |

**Statutory Earnings Highlights for the WolfStrike Group**

| | | 1H FY2017 | 1H FY2016 | % |
|---|---|---|---|---|
| Total revenue | up | 3,001,253 | 0 | N/A |
| Operating Expenses | up | (1,697,240) | (621,028) | 273% |
| Operating Loss for the period | up | (180,278) | (621,028) | (71%) |
| Profit before Tax | up | 1,303,466 | (621,028) | 310% |
| Income Tax expense | up | (845) | 0 | N/A |
| Total Comprehensive income / (Loss) | up | 1,347,388 | (621,028) | 317% |
| Basic EPS (cents per share) | | 0.16 | (1.62) | |
| Diluted EPS (cents per share) | | 0.13 | (1.62) | |
| Net Tangible Assets | | (2,338,286) | (3,494,246) | N/A |
| Net Cash | | 746,845 | 796,198 | 94% |

**Dividends**

There were no dividends paid, recommended or declared during the current financial period.

***Comments***

The profit for the Group after providing for income tax, amounted to $1,347,388 (31 December 2015: Loss ($621,028).

Total revenues from ordinary activities for the period were $3,001,253 (2015: Nil).

The working capital position of the Company at 31 December 2016 was $495,157 (2015: Deficiency ($2,716,506)

**Control gained over entities**

Not applicable.

**Loss of control over entities**

Not applicable.

**Dividends**

Current period

There were no dividends paid, recommended or declared during the current financial period.

*Previous period*

There were no dividends paid, recommended or declared during the previous financial period.

**Dividend reinvestment plans**

Not applicable.

**Details of associates and joint venture entities**

Not applicable.

**Foreign entities**

Foreign entities comply with Australian Accounting Standards

**Audit qualification or review**

The financial statements were subject to review by our external auditors. The financial statements are subject to a qualification.

**Attachments**

The Half-Year Financial Report of WolfStrike Rentals Group Limited for the half-year ended 31 December 2016 is attached.

# Contents

# Corporate Directory

7shares are listed for quotation on the Australian Securities Exchange (ASX) under the ticker code "WSG".

**Directors**

| | |
|---|---|
| John Seton | Non-Executive Chairman |
| Ian Bailey | Managing Director |
| Quentin Olde | Independent Director |
| Tom McDonald | Independent Director (appointed 20 October 2016) |
| Robin Armstrong | Independent Director (resigned 30 November 2016) |

**Company Secretary**
Eryn Kestel

**Principal Place of Business**

**Australia**
Level 32
101 Miller Street
North Sydney NSW 2060
Phone: +61 2 9025 3567

**New Zealand**
110 Wairau Road
Wairau Valley
Auckland 0627 New Zealand
Phone: +64 9 282 5953

**Registered Office**
Level 32
101 Miller Street
North Sydney NSW 2060

**Share Register**
Link Market Services Ltd
Level 12
680 George Street
Sydney NSW 2000
Phone: 1300 554 474 or +61 (02) 8280 7100

**Auditor**
William Buck
Level 20
181 William Street
Melbourne Victoria 3000

# Directors Report

The Directors present their report together with the consolidated financial statements of WolfStrike Rentals Group Limited (the "Company") and its subsidiaries (collectively the "Group") for the half year ended 31 December 2016 and the auditor's report thereon.

## Directors

The Directors of the Company at any time during or since the end of the half year are:

John Seton (Non-Executive Chairman)
Ian Bailey (Managing Director)
Quentin Olde (Non-Executive Director)
Tom McDonald (Non-Executive Director) appointed 20th October 2016
Robin Armstrong (Non-Executive Director) resigned 30th November 2016

## Company Secretary

Eryn Kestel

## Principal Activities

The Group is a rental finance company providing financing and contract management solutions to companies in the business and technology sector.

## Operating and Financial Review

Revenue from operations for the half year ended 31 December 2016 was $3,001,253; an increase from zero trading in the previous corresponding period.

Net Profit Before Tax for the half year ended 31 December 2016 is $1,303,466 compared to a loss of $621,028 in the previous corresponding period.

As at 31 December 2016:

- Total customers contracts were 3,513 (30 June 2016: 3,232) being a 9% increase over the period.
- Future Contracted cashflows were $11.5 million (30 June 2016: $9.2 million) being a 25% increase over the period

In August 2016 the Group restructured its business operations and implemented an external sales model. This resulted in the sale of inventory to a non-related third party with the consideration being the assumption of liabilities owing by the Group by that third party.

In November 2016 the Group completed the acquisition of the assets and business of LeaseTech Ltd, a New Zealand based leasing company. Although revenue commenced in this period, the material benefit from the acquisition will be realised in future years, by providing access to a base of 400 resellers, as well as a potential 5,000 new customers.

## Subsequent Events

On 30 November 2016, the Company announced it had entered into a conditional sale agreement to acquire 100% of the issued shares in FE Investments Ltd ("FEI"), a company incorporated in New Zealand, for 100% scrip consideration. Since 30 November 2016 the Company and FEI have been progressing the sale including meeting the various conditions. On 7 February 2017 the Company sent out a Notice of Extra-Ordinary General Meeting of Members ("EGM"), to be held on 8 March 2017. Shareholders will consider, and if thought fit, approve the acquisition of FEI at that EGM. Subject to shareholders' approval, an application will be made to the Reserve Bank of New Zealand which also must approve the acquisition.

## Auditor Independence and Declaration

The lead auditor's independence declaration for the half year ended 31 December 2016 has been received and is attached to this Director's Report.

Mr. Ian Bailey
**Managing Director**

Dated: 28th Day of February 2017

# Consolidated Statement of Profit or Loss and Other Comprehensive Income

**For the half year ended 31 December 2016**

| | Notes | 2016<br>$ | 2015<br>$ |
|---|---|---|---|
| Revenue from operations | | 2,950,028 | 0 |
| Other Income | | 51,225 | 0 |
| **Total revenue from operations** | | **3,001,253** | **0** |
| Cost of sales | | (1,484,291) | 0 |
| **Gross Profit** | | **1,516,962** | **0** |
| **Expenses:** | | | |
| Sales and marketing related expenses | | (14,351) | 0 |
| Administrative related expenses | | (1,231,716) | (500,699) |
| Other operating expenses | | (451,173) | (120,329) |
| **Operating Loss before depreciation, amortization and financing costs** | | **(180,278)** | **(621,028)** |
| Depreciation | | (11,165) | 0 |
| Amortisation of intangibles | | (290,777) | 0 |
| Financing costs | | (743,172) | 0 |
| Gain on restructure of business operations | 8 | 2,528,858 | 0 |
| Profit/ (Loss) before income tax for the period | | **1,303,466** | **(621,028)** |
| Income tax expense | | (845) | 0 |
| Profit / (loss) after income tax expense for the period | | **1,302,621** | **(621,028)** |
| **Other Comprehensive Income** | | | |
| Items that may be reclassified to profit or loss | | | |
| Foreign currency gains/(losses) on translation of foreign operations | | 44,767 | 0 |
| **Total Comprehensive Income /(Loss) Attributable to Owners of the Company** | | **1,347,388** | **(621,028)** |

| **Profit (Loss) per share attributable to the ordinary equity holders of the Group:** | **2016**<br>**cents** | **2015**<br>**cents** |
|---|---|---|
| Basic profit/ (loss) per share (Cents) | 0.16 | (1.62) |
| Diluted profit/ (loss) per share (Cents) | 0.13 | (1.62) |

The above Consolidated Statement of Profit and Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

# Consolidated Statement of Financial Position

## As at 31 December 2016

| | Notes | 31 December 2016 $ | 30 June 2016 $ |
|---|---|---|---|
| Current Assets | | | |
| Cash and cash equivalents | | 746,845 | 796,198 |
| Finance Lease receivable | | 3,944,857 | 2,303,490 |
| Trade and Other receivables | | 440,463 | 77,658 |
| Inventories | | 191,500 | 1,024,389 |
| Other assets | | 40,107 | 101,777 |
| **Total current assets** | | **5,363,772** | **4,303,512** |
| Non-Current Assets | | | |
| Finance lease receivable | | 5,252,283 | 4,095,094 |
| Plant and equipment | | 108,582 | 216,905 |
| Other Loans | | 96,499 | 0 |
| Intangible assets | | 5,730,969 | 5,670,054 |
| **Total non-current assets** | | **11,188,333** | **9,982,053** |
| **Total assets** | | **16,552,105** | **14,285,565** |
| Current Liabilities | | | |
| Trade and other payables | | 1,196,860 | 954,166 |
| Interest bearing borrowings | 2 | 3,663,406 | 5,700,105 |
| Provisions | | 8,349 | 365,747 |
| **Total current liabilities** | | **4,868,615** | **7,020,018** |
| Non-current Liabilities | | | |
| Interest bearing borrowings | 2 | 6,626,893 | 5,089,739 |
| Convertible Note Loans | 3 | 1,663,914 | 0 |
| **Total non-current liabilities** | | **8,290,807** | **5,089,739** |
| **Total liabilities** | | 13,159,422 | **12,109,757** |
| **Net assets** | | **3,392,683** | **2,175,808** |
| Contributed Equity | 5 | 20,715,990 | 20,715,990 |
| Reserves | | 617,886 | 703,632 |
| Accumulated losses | | (17,941,193) | (19,243,814) |
| **Total equity** | | **3,392,683** | **2,175,808** |

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

# Consolidated Statement of Changes in Equity

## For the half year ended 31 December 2016

| | Contributed Equity $ | Accumulated Losses $ | Reserve $ | Total Equity $ |
|---|---|---|---|---|
| **Opening Balance as at 1 July 2015** | **5,217,297** | **(6,611,729)** | **0** | **(1,394,432)** |
| Total Comprehensive loss for six months to 31 December 2015 | 0 | (621,028 ) | 0 | (621,028 ) |
| **Balance at 31 December 2015** | **5,217,297** | **(7,232,757 )** | | **(2,015,460)** |
| **Balance as at 1 July 2016** | **20,715,990** | **(19,243,814)** | **703,632** | **2,175,808** |
| Total Comprehensive Income for the six months to 31 December 2016 | 0 | 1,302,621 | 44,767 | 1,347,388 |
| **Total comprehensive profit (loss)** | 0 | 1,302,621 | 44,767 | 1,347,388 |
| Acquisition of WolfStrike Rental Services Pty Ltd under common control (Note 9) | 0 | 0 | (223,873) | (223,873) |
| Options issued during the period | 0 | 0 | 93,360 | 93,360 |
| **Balance as at 31 December 2016** | **20,715,990** | **(17,941,193)** | **617,886** | **3,392,683** |

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

# Consolidated Cash Flow Statement

## For the half year ended 31 December 2016

| | 31 December 2016 $ | 31 December 2015 $ |
|---|---|---|
| *Cash flows from operating activities:* | | |
| Receipts from customers | 1,986,819 | 0 |
| Payments to suppliers and employees | (3,638,120) | (397,017) |
| Finance Costs Paid | (650,999) | 0 |
| **Net cash flows from operating activities** | **(2,302,390)** | **(397,017)** |
| *Cash flows related to investing activities:* | | |
| Acquisition of LeaseTech net of cash acquired | (253,525) | 0 |
| Proceeds from acquisition of WolfStrike Rental Services Pty Ltd net of cash acquired | 10,580 | 0 |
| Purchase of plant and equipment | (110,476) | 0 |
| Loans invested in third parties | (190,000) | |
| **Net cash flows provided by investing activities** | **(543,421)** | **0** |
| *Cash flows relating to financing activities:* | | |
| Proceeds from convertible notes | 1,613,009 | 0 |
| Proceeds from borrowings | 1,185,119 | 0 |
| **Net cash flows provided by financing activities** | **2,798,128** | **0** |
| *Net decrease in cash and cash equivalents* | (47,593) | (397,017) |
| Cash and cash equivalents at beginning of the period | 796,198 | 654,570 |
| **Cash and cash equivalents at the end of period** | **746,845** | **257,553** |

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

## Note 1. Significant Accounting Policies

**Statement of Compliance**

The half-year financial report is a general purpose financial report prepared in accordance with the Corporations Act 2001 and Australian Accounting Standard AASB 134 "Interim Financial Reporting". Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 "Interim Financial Reporting". The half-year report does not include notes of the type normally included in an annual financial report and should be read in conjunction with the most recent annual financial report and announcements made by the company up until the date of this report.

**Basis of Preparation**

These consolidated financial statements have been prepared on the basis of historical cost. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the Group's annual financial report for the financial period ended 30 June 2016. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

**New Accounting Standards and Interpretations not yet mandatory or early adopted**

The Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the half year period ended 31 December 2016.

The Group's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the Group, are set out below.

<u>AASB 9 Financial Instruments</u>
This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard replaces all previous versions of AASB 9 and completes the project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. The Group does not expect any impact from the requirements of the amended standard as there are currently no hedges in place, and the changes are not expected to impact other financial assets and liabilities of the consolidated entity.

<u>AASB 15 Revenue from Contracts with Customers</u>
This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard provides a single standard for revenue recognition. Management is still assessing what impact, if any, there would be on these financial statements should this standard be adopted during this reporting period.

AASB 16 Leases

The standard is mandatory for annual reporting periods beginning on or after 1 January 2019. It will result in almost all leases being recognised on the statement of financial position, as the distinction between operating and finance leases is removed. Management has considered the changes to AASB 16 Leases and does not expect the changes to have material impact as currently the Group's Finance Lease Receivable is recognised as finance leases and shown on the statement of financial position.

## Note 2. Interest Bearing Liabilities

| | 31 December 2016 $ | 30 June 2016 $ |
|---|---|---|
| **Current** | | |
| FEI Debt Facilities | 3,313,586 | 4,627,877 |
| Other Borrowings | 349,820 | 1,072,228 |
| **Total Current** | **3,663,406** | **5,700,105** |
| **Non-Current** | | |
| FEI Debt Facilities | 6,626,893 | 5,089,739 |
| **Total Non-Current** | **6,626,893** | **5,089,739** |
| **Total** | **10,290,299** | **10,789,844** |

### Financing facilities available

| | 31-Dec-16 $ | 30-Jun-16 $ |
|---|---|---|
| **Total facilities committed** | | |
| FEI Debt Facilities | 12,222,393 | 10,250,413 |
| | **12,222,393** | **10,250,413** |
| **Facilities used at reporting date** | | |
| FEI Debt Facilities | 9,940,479 | 9,717,616 |
| | **9,940,479** | **9,717,616** |
| **Facilities unused at reporting date** | **2,281,914** | **532,797** |

The FEI Debt Facilities are secured over all assets of the Group. The Company has provided a guarantee in respect to each facility. The Group does not hedge its interest rate risk exposure on these Facilities.

The FEI Debt Facilities are subject to gross leverage and working capital covenants.

## Note 3. Convertible Note Loans

During the half year ended 31 December 2016 the Company raised funds through the issue of convertible note loan agreements with various parties to raise a total of $1,666,965. The purpose of raising those funds was to provide working capital support to the Company and finance certain acquisitions. The right of conversion into ordinary shares is at the hands of the noteholder or, in certain circumstances, the Company. The Company considers that it will be entitled to convert the loans on the completion of the acquisition of FEI (see Note 10 Subsequent Events).

The Convertible Note Loans have the following features:

1. Term of the note - 2 year term
2. Interest Rate - 10.5%
3. Convertible at any time after 12 months, at the election of the note holder at a 20% discount to the 30 day VWAP
4. Convertible at the election of the company, on a “change event” occurring at a 20% discount to 30 day VWAP
5. For each $2 loaned to the Company, the noteholder will receive a free option with the following terms:
    - Term: 24 month term
    - Exercise Price: 2 cent per option

On 7 February 2017 the Company notified shareholders of Extra-Ordinary General Meeting (“EGM”) to be held on 8 March 2017. Shareholders will consider, and if thought fit, approve the acquisition of FEI at that EGM and this change event will trigger a conversion of the Convertible Note Loans to equity as outlined above.

## Note 4. Contingencies

There are no contingent assets or liabilities at 31 December 2016 (30 June 2016: Nil).

## Note 5. Contributed Equity

| | 31 December 2016 $ | 30 June 2016 $ |
|---|---|---|
| **Ordinary shares:** | | |
| Issued and fully paid | 20,715,990 | 20,715,990 |

| | Half-year to 31 December 2016 | | Full year to 30 June 2016 | |
|---|---|---|---|---|
| Ordinary shares – Fully paid | **No.** | **$** | **No.** | **$** |
| **Balance at the beginning of the year** | **842,775,340** | **20,715,990** | **38,446,340** | **5,217,297** |
| Issue of shares to promoters and advisors | 0 | 0 | 50,000,000 | 1,000,000 |
| Issue of Shares Issued Pursuant to Prospectus Capital Raising | 0 | 0 | 100,000,000 | 2,000,000 |
| Issue of Shares to WolfStrike Vendors | 0 | 0 | 404,329,000 | 8,086,580 |
| Issue of shares to convertible noteholders | 0 | 0 | 250,000,000 | 5,000,000 |
| Costs of share issues | | | 0 | (587,887) |
| **Balance at the end of the year** | **842,775,340** | **20,715,990** | **842,775,340** | **20,715,990** |

## Note 6. Segment Information

The Group operates wholly in one business segment, being rental finance in Australasia. AASB 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segments and to assess their performance.

Information reported to the Group's chief operating decision maker for the purposes of resource allocation and assessment of segment performance is focused on the Groups one business.

## Note 7. Dividend

During the year ended 31 December 2016, the Group did not declare a dividend. No dividends were paid for the previous reporting period.

## Note 8. Gain on restructure of business operations

On 1 October 2016, the Group entered into an Originator Agreement and Master Deed of Assignment (Originator Agreement) with EFTPOS Warehouse Ltd (EWL). Under this arrangement, the Group would continue to transact with its new and existing customers as a finance lease lessor, with title and ownership of equipment rented to the customer held by the Group, and returned to the Group at the completion of the lease arrangement (if not rolled over into a new finance lease). However, the activity of setting up, installing and delivering equipment and point-of-sales systems to clients would be sourced through EWL. As part of the arrangement, EWL have agreed also to indemnify the Group for any credit losses on finance lease receivables and also to manage post-sales care and servicing. These indemnities extended to both new and existing customers of the Group, for which EWL has transacted both as sourcing and sales agent.

In advance of this Originator Agreement, both parties agreed for the Group to sell to EWL assets and liabilities which the Group previously held for the purposes of conducting the aforesaid activities which it outsourced from 1 October 2016. The date of this sale transaction was 1 August 2016. The transaction did not involve the transfer of any cash consideration.

Both transactions have been reflected as a gain on restructure of business operations as follows:

| | |
|---|---|
| *Sale of assets and liabilities* | $ |
| Disposal of inventories | (856,481) |
| Disposal of plant and equipment | (209,858) |
| Inventory finance re-assigned | 1,775,922 |
| Trade creditors re-assigned | 340,958 |
| **Gain on disposal of assets and liabilities** | **1,050,541** |
| | |
| *Gain from indemnities entered into from the Originator Agreement* | |
| Reassessment of provision for doubtful finance lease receivables | 1,128,505 |
| Reassessment of the provision for after-sales care | 349,812 |
| **Gain from indemnities entered into arising from the Originator** | **1,478,317** |
| **Total gain on restructure of business operations** | **2,528,858** |

## Note 9. Business Acquisitions

### Acquisition of LeaseTech

On 1 November 2016, the Company completed the acquisition of the LeaseTech business being certain assets owned by LeaseTech Ltd. The LeaseTech brand name is well established in New Zealand, with considerable scope to expand its distribution channels. As part of the acquisition, WolfStrike continues to own and operate the LeaseTech brand and has absorbed the LeaseTech sales management team as part of the WolfStrike Rentals Services Limited ("WRS") entity in New Zealand.

The half-year financial statements include the results of LeaseTech for the period since acquisition. The accounting for the LeaseTech acquisition has been provisionally determined as at 31 December 2016, as the process of determining the fair value of the net identifiable assets acquired is still in progress.

**Identifiable assets acquired and liabilities assumed**

| | $ |
|---|---|
| Cash and cash equivalents | 65,097 |
| Trade and other receivables [1] | 8,128 |
| Plant and equipment | 944 |
| Employee provisions assumed | (5,201) |
| **Net Identifiable Assets Acquired** | **68,968** |
| | |
| Consideration Paid [2] | 369,277 |
| **Goodwill arising on acquisition [3]** | **300,309** |

1 We expect all trade receivables acquired through acquisition to be recovered in full for the Group.
2 Consideration paid was by way of direct payment to certain trade payables and interest bearing borrowings of LeaseTech Ltd on its payment direction.
3 Goodwill recognised is primarily attributed to the expected benefits which arise from LeaseTech's customer relationships and relationships with certain originators.

**Acquisition Cost**

Transactions costs of $10,500 associated with the acquisition have been expensed and are included within other expenses in the statement of profit or loss and other comprehensive income.

**Contingent Assets / Liabilities**

No contingent assets or liabilities were assumed by the Company as a result of the acquisition of LeaseTech.

**Revenue and profit contribution**

The Company's profit before income tax expense included revenue of $284,511 and a profit of $3,564 relating to the LeaseTech business, since the date of acquisition.

Had the acquisition taken place on 1 July 2016, revenue of $853,533 and a profit of $10,692 would have been recognised.

## Acquisition of WolfStrike Rental Services Pty Ltd (“WRSPL”)

On 3 July 2016, the Company completed the acquisition of 100% of the issued capital of WRSPL which was previously owned by Riverhorse Trustee Ltd, an entity controlled by Ian Bailey, for total consideration of $1.

### Identifiable assets acquired and liabilities assumed

| | $ |
|---|---|
| Cash and cash equivalents | 10,581 |
| Finance lease receivable | 223,640 |
| Stock | 477 |
| Plant and equipment | 1,261 |
| Trade and other payables | (46,665) |
| WolfStrike related loans[1] | (279,176) |
| Interest bearing liabilities | (133,992) |
| **Net Identifiable Assets Acquired** | **(223,874)** |
| | |
| Consideration Paid | 1 |
| **Common control reserve rising from acquisition[2]** | **(223,873)** |

1 These loans are removed on consolidation.

2 As WRSPL was owned by Riverhorse Trustee Limited it is seen as a common control transaction and therefore the difference between consideration paid and net identifiable assets acquired is accounted for through a common control reserve account by applying the predecessor method of accounting. In applying the predecessor method, the Group has chosen not to restate financial information in the consolidated financial statements for the period prior to the combination under common control.

## Note 10. Subsequent Events

On 30 November 2016, the Company announced it had entered into a conditional sale agreement to acquire 100% of the issued shares in FE Investments Ltd (“FEI”), a company incorporated in New Zealand, for scrip consideration. Since 30 November 2016 the Company and FEI have been progressing the sale including meeting the various conditions.

On 7 February 2017 the Company notified the shareholders of an Extra-Ordinary General Meeting of Members (“EGM”) to be held on 8 March 2017. Shareholders will consider, and if thought fit, approve the acquisition of FEI at that EGM. Subject to shareholders’ approval, an application will be made to the Reserve Bank of New Zealand which also must approve the acquisition.

# Directors Declaration

For the half year ended 31 December 2016, the Directors declare that:

1. In the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when that become due and payable; and

2. In the Directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001 and Corporations Regulations 2001, including compliance with Accounting Standards AASB 134 Interim Financial Statements and give a true and fair view of the financial position and performance of the consolidated entity for the half-year ended 31 December 2016

Signed in accordance with a resolution of the directors made pursuant to s.303(5) of the Corporations Act 2001.

On behalf of the Directors

Mr. Ian Bailey
Managing Director

Dated: 28th Day of February 2017

**William Buck**

## AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF WOLFSTRIKE RENTALS GROUP LIMITED

I declare that, to the best of my knowledge and belief during the half-year ended 31 December 2016 there have been:

- no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and
- no contraventions of any applicable code of professional conduct in relation to the review.

William Buck

**William Buck Audit (Vic) Pty Ltd**
ABN 59 116 151 136

**N. S. Benbow**
Director

Dated this 28th day of February, 2017

**CHARTERED ACCOUNTANTS & ADVISORS**
Level 20, 181 William Street
Melbourne VIC 3000
Telephone: +61 3 9824 8555
**williambuck.com**

William Buck

# INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF WOLFSTRIKE RENTALS GROUP LIMITED

## Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Wolfstrike Rentals Group Limited (the Company) and the entities it controlled at the half-year's end or from time to time during the half year (the consolidated entity), which comprises the consolidated statement of financial position as at 31 December 2016, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

*Directors' Responsibility for the Half-Year Financial Report*

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

*Auditor's Responsibility*

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the Corporations Act 2001 including:

— giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and its performance for the half-year ended on that date; and

— complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

As the auditor of Wolfstrike Rentals Group Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

*Independence*

In conducting our review, we have complied with the independence requirements of the Corporations Act 2001.

**CHARTERED ACCOUNTANTS & ADVISORS**

Level 20, 181 William Street
Melbourne VIC 3000

Telephone: +61 3 9824 8555

**williambuck.com**

William Buck

**INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF WOLFSTRIKE RENTALS GROUP LIMITED (CONT)**

*Basis for Qualified Conclusion*

During the year ended 30 June 2016, WolfStrike Rentals Group Limited acquired WolfStrike Distributors Ltd, WolfStrike Rental Services Ltd and WolfStrike Distributors Pty Ltd (the "transaction"). The accounting for this transaction was such that the transaction between WolfStrike Rentals Group Limited and WolfStrike Distributors Limited was accounted for in accordance with AASB 2 Share Based Payments because WolfStrike Rentals Group Limited did not meet the definition of a business. The 30 June 2016 financial statements consider that the newly formed "group" consisting of WolfStrike Rentals Group Limited and WolfStrike Distributors Limited met the definition of a business and thus account for the acquisition of WolfStrike Rental Services Ltd and WolfStrike Distributors Pty Ltd as a business combination in accordance with AASB 3 Business Combinations notwithstanding that all acquisitions took place on the same date.

It was however our considered view that the transaction in totality should have been accounted for in accordance with AASB 2 Share Based Payments based on an IFRIC agenda decision on accounting for reverse acquisitions that do not constitute a business. Based on this IFRIC agenda decision AASB 3 Business Combinations should have been applied first by analogy to determine which of the entities was to be identified as the accounting acquirer. Should AASB 3 Business Combinations have been applied first in identifying the accounting acquirer the consolidated financial report of WolfStrike Rentals Group Limited would have identified WolfStrike Distributors Ltd as the accounting parent. As a consequence the reported consolidated position and performance of the newly formed group would have been significantly different.

As at 31 December 2016 the consolidated entity has continued to adopt this accounting treatment, which materially impacts upon the opening and closing balances of equity and the comparative results disclosed in these financial statements.

*Qualified Conclusion*

Based on our review, which is not an audit and with the exception of the matter described in the preceding paragraphs, we have not become aware of any matter that makes us believe that the half-year financial report of WolfStrike Rentals Group Limited is not in accordance with the Corporations Act 2001 including:

a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and of its performance for the half year ended on that date; and
b) complying with Australian Accounting Standard 134 Interim Financial Reporting and the Corporations Regulations 2001.

William Buck

**William Buck Audit (Vic) Pty Ltd**
ABN 59 116 151 136

**N. S. Benbow**
Director
Dated this 28th day of February, 2017