

ASX Release: 31<sup>st</sup> July 2017

ASX: WSG

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## June 2017 Appendix 4C and Market update

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Technology rentals company, **WolfStrike Rentals Group Limited (ASX: WSG)** advises that it has released its Appendix 4C – Quarterly Cash Flow Report for the first quarter ended 30<sup>th</sup> June 2017 as **attached** and provides the following update.

### **Business Update**

The Company completed the acquisition of FE Investments Limited (FEI) on 6<sup>th</sup> June 2017. Therefore, this Appendix 4C includes only FEI's figures for the period from 6<sup>th</sup> June 2017 to 30<sup>th</sup> June 2017.

The figures in Appendix 4C included in item 2.3 are loans made by FEI to its borrowers whilst the figures in item 2.5 are deposits accepted by FEI in its ordinary course as a Non-Bank Deposit Taker in New Zealand as well as its overall cash reserves.

The merger will also provide economies of scale for the Company to reduce its operating costs by virtue of the integration of FEI and WSG businesses. It is anticipated that going forward the acquisition of FEI will bring about positive cashflow and profitability to the WSG group.

The integration of the two businesses is well underway and it is expected to be completed in the next two (2) months.

Appendix 4C shows that the Company currently holds over \$10M in cash. The Company plans to grow by way of acquisition and organically, in both the Australian and New Zealand markets.

Historically, FEI achieved a Return on Assets (ROA) of 3.5% and Return on Equity (ROE) of 19.4%.

Based on its March 2017 financial statements, FEI's total assets were at AUD\$52.6M representing an annual growth rate of 49% in total assets in the preceding 12 months to 31<sup>st</sup> March 2017. As at 31<sup>st</sup> March 2016, FEI's total assets were at AUD\$35.3M.

The merger with Wolfstrike will provide a platform for FEI to raise its capital requirements to meet growth aspirations. Capital adequacy constraints have been a factor limiting FEI's growth trajectory.

Similarly, WolfStrike's business has been constrained by access to competitive funding for its growing quality rental book and therefore the merger of the two businesses will result in a solid business with significant growth potential. For the next quarter the business is expected to show positive cashflow and profitability.

– ENDS –

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**About WolfStrike Rentals**

WolfStrike Rentals Group is an Australasian Company with a core focus on the financing and management of rental contracts for technology solutions. With operations in Australia and New Zealand, WolfStrike provides a range of financial and leasing services to SMEs.

**About FE Investments**

FE Investments Limited (**FEI**) has been operating since July 2003. It is a non-bank deposit taker (NBDT) operating under the relevant regulations issued by the Reserve Bank of New Zealand. FEI lends money and provides financial support to enterprises in the business and property sectors.

In addition, FEI enters into underwriting commitments for debt securities issued by third party issuers. FEI earns fees from such underwriting commitments and when called upon, would subscribe for the securities which it has agreed to underwrite.

