



Appendix 4D

Interim Financial Report

For the half-year ended 30 September 2017

Statutory Earnings Highlights for the FEIG Group

Extracts from Condensed consolidated Statement of Profit or Loss and Other Comprehensive Income	Half-year Ended 30-Sep-17	Half-year Ended 30-Sep-16	Movement \$	Movement %
	\$000 NZD	\$000 NZD	\$000 NZD	
Net Group income	5,298	3,643	1,655	45%
Total expenses incl. taxes	(6,389)	(2,809)	(3,580)	127%
Net (loss)/ profit from ordinary activities after tax attributable to members	(1,094)	834	(1,928)	-231%
Net comprehensive (loss)/ profit for the period attributable to members	(1,091)	834	(1,925)	-231%
Basic EPS (cents per share)	(0.009)	0.031		
Diluted EPS (cents per share)	(0.009)	0.031		

Dividends paid and proposed

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

Net tangible assets per security	As at 30-Sep-17	As at 31-Mar-17
	NZD	NZD
Net tangible assets per security	0.071	0.364

Brief explanation of revenue & net profit

Please refer to the Directors' Report

Control Gained or Lost over Entities in the Half-year

On 6 June 2017, the Group acquired 100% of the issued capital of FE Investments Limited (FEI). FEI is a Non-Bank Deposit Taker with its deposit licence issued by Reserve Bank of New Zealand which permits FEI to offer and accept deposits from the New Zealand public. Refer to Note 5 of the attached financial report for additional details of this transaction.

Dividend Reinvestment Plans

Not applicable to the group for current financial period.

Investments in Associates and Joint Ventures

FEIG does not hold any interests in joint ventures.

Foreign entities

Foreign entities comply with Australian Accounting Standards.

Audit review and opinion

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

Attachments

The half-year financial report of FE Investments Group Limited for the period ending 30 September 2017 is attached.

FE Investments Group Limited

Interim Financial Report for the half-year ended 30 September 2017

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FE Investments Group Limited
Interim Financial Report for the half-year ended 30 September 2017

Corporate Directory

FE Investments Group Limited shares are listed for quotation on the Australian Securities Exchange (ASX) under the ticker code "FEI".

ABN: 72 107 745 095

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

Principal Place of Business Australia
Level 32, 101 Miller Street, North Sydney NSW 2060
Phone: +61 2 9025 3567

New Zealand
Level 8, 92 Albert Street, Auckland 1010 New Zealand
Phone: +64 9 359 9445

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

Directors	Maxwell James GREEN	<i>Independent Chairman (appointed 31st July 2017)</i>
	Thatt Kiong (TK) SHIM	<i>Executive Director and Group CEO (appointed 6th June 2017)</i>
	Melvin STEWART	<i>Executive Director (appointed 6th June 2017)</i>
	John SETON	<i>Independent Director</i>
	Tom McDONALD	<i>Independent Director</i>
	Cook HUANG	<i>Non-Executive Director (appointed 10th October 2017)</i>
	Ian BAILEY	<i>Managing Director (Resigned 30th August 2017)</i>
	Quentin OLDE	<i>Independent Director (Resigned 31st August 2017)</i>

Company Secretary Eryn Kestel

Solicitor Gilbert + Tobin
L35, Tower Two, International Towers Sydney
200 Barangaroo Avenue, Barangaroo NSW 2000

Stace Hammond
Level 17, 34 Shortland Street, Auckland 1010, New Zealand

Auditor KPMG Australia
Tower Three, International Towers Sydney, Barangaroo Avenue, Sydney NSW 2000

FE Investments Group Limited

Interim Financial Report for the half-year ended 30 September 2017

Directors Report

The Directors present their report together with the consolidated financial statements of FE Investments Group Limited and its subsidiaries (collectively the "Group") for the half year ended 30 September 2017 and the auditor's report thereon.

Principal Activities

FE Investments Group is a diversified financial services group offering SME lending products and leasing/financing of equipment & technology services in Australia and New Zealand. Group's financing products include leasing of equipment and technology solutions, term loans, working capital facilities, trade finance, stock financing and discounting facilities to the SME sector.

FE Investment Limited ("FE Investments"), its wholly owned subsidiary in New Zealand is a Non-Bank Deposit Taker with a deposit taking licence issued by Reserve Bank of New Zealand. FE Investments offers and accepts terms deposits from the New Zealand public.

Operating and Financial Review

This Report is for FE Investments Group results ("Interim Results") for the six months ending 30th September 2017 ("Half Year").

The Interim Results are compiled using the reverse acquisition accounting treatment which means that the Interim Results and prior year comparatives portrayed the results of FEIG's main operating subsidiary, FE Investments Limited. Figures are reported in New Zealand Dollar.

For the Half Year, FEIG generated revenue of \$5,298,000, which was a 45% increase from the equivalent half-year period to 30th September 2016.

FEIG's Comprehensive loss for the Half Year was a loss of \$1,091,065 (after tax) compared to the Comprehensive income of \$834,107 for the equivalent half-year period to 30th September 2016.

The Interim Results were impacted by the following items:-

- One-off costs resulting from the acquisition of FE Investments.
- Amortisation of intangibles from Wolfstrike' Rental Group's balance sheet. No amortisation charges were expensed in the comparative figures for 30th September 2016 as there were no such intangibles on FE Investments Limited's Balance Sheet. On 31st August 2017, Wolfstrike changed its name to FEIG.
- Majority of the unrealised foreign exchange loss resulting from various intercompany advances made to New Zealand subsidiaries by FEIG. These loans were made prior to the FE Investments acquisition.
- Additional operating expenses were incurred in consolidating and assimilating the two businesses into a Diversified Financial Services Group. These costs are expected to drop off by September 2018.
- Employment expenses have also increased as FE Investments increased its headcount in tandem with its growth in total assets. Total assets grew from \$55,331,748 as at 30th September 2016 to \$79,196,000 as at 30th September 2017. Additional employment expenses were also incurred as a result of taking over key employees from previous Wolfstrike's operations for the Half-Year period from the acquisition date of FE Investments. It will take some time before these new employees are fully deployed in the business operations.
- The Group's management has taken the decision to re-price its finance lease receivables by using a market-based discount rate which means that in the short-term, its revenue from finance leases were depressed for the Interim Results. Over the longer term, its finance lease revenue should be more robust and sustainable going forward.

The following pro-forma accounts show the impact of the above items:-

	30-Sep-17	30-Sep-16
Total operating income	5,298	3,643
Interest expenses	(1,621)	(1,132)
Cost of sales (Leasing)	(1,154)	-
Net group income	2,523	2,511
Operating expenses	(1,632)	(968)
Employment expenses	(759)	(322)
Impairment	(158)	(10)
Exchange rate loss	(93)	(39)
Depreciation and amortisation expenses	(250)	(8)
Transaction costs	(148)	-
Loss before income tax for the period	(517)	1,164
For a normalised Profit and loss		
Add back:		
Transaction costs	148	
Amortisation charges	204	
Normalised loss before income tax for the period	(165)	

FE Investments Group Limited

Interim Financial Report for the half-year ended 30 September 2017

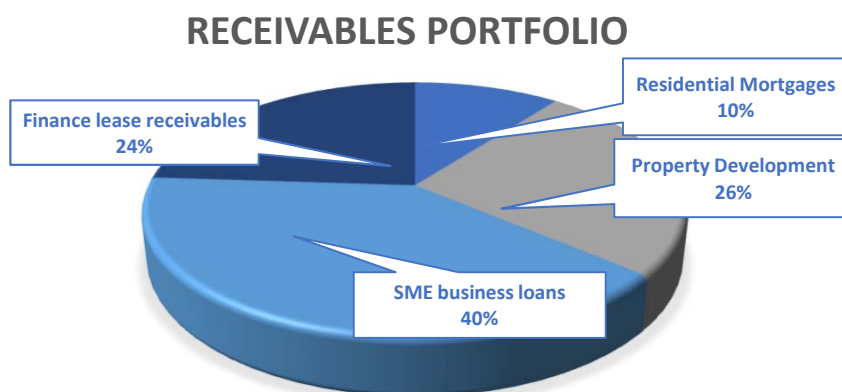
Directors Report (continued)

FEIG intends to review the carrying value of its intangible assets (including customer book) on its Balance Sheet at its 31st March 2018 year-end balance date. FEIG will provide more details when its year-end results to 31st March 2018 are released.

As at 30th September 2017, FEIGs' total assets were at \$79,196,000 representing an increase of 90% over the preceding 12 months (30th September 2016: \$41,722,956).

Its financial receivables and finance lease receivables were at \$45,419,602 as at 30th September 2017 compared to \$36,899,538 of finance receivables at 30th September 2016. This represents an increase of 23%.

Financial receivables have grown steadily in the 12 months to 30th September 2017 driven by rising loan demand in the leasing/financing and the SME sectors. FE Investments also provides financing to the New Zealand property sector.



As at 30 September 2017

Cash holdings at 30th September 2017 were at \$17,306,930 or 22% of total assets of the Group. FEIG is progressively deploying part of the cash holdings to generate financial receivables over the second half of the Financial Year to 31st March 2018.

Return on Assets (ROA) for the six months to September 2017 was (1.38%) whereas the Return on Equity (ROE) was (4.42%). Both ROA and ROE for the Interim Results were impacted by the once-off costs and the items listed above. FE Investments' historical ROA and ROE were 3.07% and 16.23% respectively.

Acquisition of FE Investments Limited

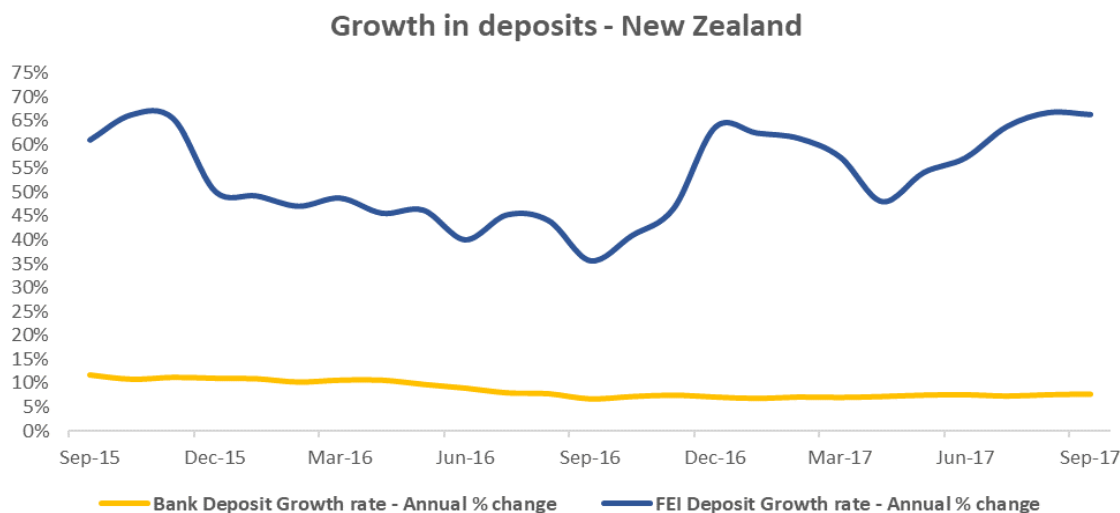
The acquisition of FE Investment on 6th June 2017 was pivotal in positioning FEIG as a Diversified Financial Services Group.

The strategic importance of the acquisition is that the Group can now grow its total assets by having its own direct access to retail deposit market without having to rely on bank financing or securitisation programmes.

The deposit taking licence issued to FE Investments permits the Group to accept as much deposit funds as are required to match the growth trajectory of its total assets as it seeks to grow its financial receivables in Australia and New Zealand as long as its Capital Ratio is maintained.

One of FE Investments' key performance indicators (KPI) is its deposit base growth rate.

Its deposit base has grown by 66% in the 12 months to 30th September 2017 to \$53,478,522. This compares favourably to the New Zealand banking system-wide deposit growth of 7.7% for the same period.



Source: FE Investments Limited & Reserve Bank of New Zealand.

FE Investments Group Limited

Interim Financial Report for the half-year ended 30 September 2017

Directors Report (continued)

SME lending and leasing products will become the key drivers of future revenue growth. The Group is in the process of reducing its property sector loan exposure from 26% to below 10% of Group's total assets.

Future Plans

FEIG intends to seek a greater presence in Australia within the next 12 months by making application to expand its deposit taking activities and offering leasing/financing and SME lending products in Australia.

Pursuant to the Mutual Recognition Regime (between New Zealand and Australia) FE Investments can offer and accept deposits in Australia provided FE Investments files its Product Disclosure Statement with Australian Securities and Investments Commission (ASIC).

FEIG will conduct a market and feasibility study to determine the timing and preparatory steps required before filing its Product Disclosure Statement.

Subsequent Events

On 13th October 2017, the Group entered into a transaction with Mr. Cook Huang, a non-Executive Director on the following commercial terms:

A loan of AUD\$1m was made to FEIG for a term of six months. No interest is payable on the loan if the loan is converted into ordinary shares in the Group during the term of the loan.

In the event that the loan is not converted into shares, interest would accrue at 10% p.a. over the term of the loan. Default rate of 15% p.a. would apply if the loan remains outstanding past the expiry date.

The Group is required to hold an EGM by 12th February 2018 to procure shareholders' approval to convert the loan into shares at a conversion price of AUD 20 cents per share.

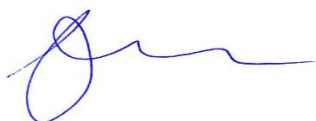
The funds from Mr. Huang were used by FEIG to subscribe ordinary shares in FE Investments to bolster its Capital Ratio to support further growth in financial receivables and total assets.

The Group will hold an Extraordinary General Meeting on 18th December 2017 to seek shareholder approval to issue the shares to Mr Huang.

Auditor Independence and Declaration

The auditor's independence declaration under s 307C of the Corporations Act 2001 is attached to this report for the half-year ended 30 September 2017.

This directors' report is signed in accordance with a resolution of the Board of Directors.



TK Shim

Director/ CEO

Dated this 30th day of November 2017.

FE Investments Group Limited
Interim Financial Report for the half-year ended 30 September 2017
Condensed consolidated Statement of Profit or Loss and Other Comprehensive Income

	Notes	30-Sep-17 \$000 NZD	30-Sep-16 \$000 NZD
Total group income	2(a)	5,298	3,643
Interest expenses		(1,621)	(1,132)
Cost of sales (Leasing)		(1,154)	-
Net group income		2,523	2,511
Operating expenses	2(d)	(1,632)	(968)
Employment expenses		(759)	(322)
Impairment		(158)	(10)
Exchange rate loss		(93)	(39)
Depreciation and amortisation expenses	2(b)	(250)	(8)
Transaction costs	2(c)	(148)	-
(Loss)/ profit before income tax for the period		(517)	1,164
Loss of income tax benefit/ income tax expenses		(577)	(330)
(Loss)/ profit after income tax expense for the period		(1,094)	834
Other comprehensive Income			
Items that may be reclassified to profit or loss			
Foreign currency gains on translation of foreign operations		3	-
Total other comprehensive income for the period		3	-
Total comprehensive (loss)/ profit attributable to owners of the Group		(1,091)	834
(Loss)/Profit per share attributable to the ordinary equity holders of the Group:			
		2017	2016
		cents	cents
Basic (loss)/profit per share (Cents)		(0.009)	0.031
Diluted (loss)/profit per share (Cents)		(0.009)	0.031

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

FE Investments Group Limited
Interim Financial Report as at 30 September 2017
Condensed consolidated Statement of Financial Position

	Notes	30-Sep-17 \$000 NZD	31-Mar-17 \$000 NZD
Assets			
Cash and cash equivalents		17,307	12,125
Finance receivables	4	34,710	41,940
Finance lease receivable	4	10,710	-
Trade and other receivables		621	512
Deferred tax assets		38	615
Inventories		208	-
Other assets		528	140
Intangible assets	6	15,074	-
Total assets		79,196	55,332
Liabilities			
First ranking deposits		53,479	44,210
Trade and other payables		484	196
Interest bearing borrowings		810	-
Other liabilities		395	457
Total liabilities		55,168	44,863
Net assets		24,028	10,469
Equity			
Ordinary share capital		25,014	11,033
Preference share capital		1,169	500
Reserves		3	-
Accumulated losses		(2,158)	(1,064)
Total equity		24,028	10,469

The above condensed consolidated statement of financial position should be read in conjunction with the accompanying notes.

FE Investments Group Limited
Interim Financial Report for the half-year ended 30 September 2017
Condensed consolidated statement of changes in equity

	Note	Share Capital \$000 NZD	Accumulated losses \$000 NZD	Foreign currency translation reserve \$000 NZD	Sub-total \$000 NZD	Preference share capital \$000 NZD	Total equity \$000 NZD
Balance at 1 April 2017		11,033	(1,064)	-	9,969	500	10,469
<i>Total Comprehensive income/ (loss) for the period</i>							
Loss for the period		-	(1,094)	-	(1,094)	-	(1,094)
Other comprehensive income		-	-	3	3	-	3
Total Comprehensive (loss)/ income for the period		-	(1,094)	3	(1,091)	-	(1,091)
<i>Transactions with owners of the Group</i>							
Issue of ordinary shares		130	-	-	130	-	130
Issue of shares related to business combinations	5	14,279	-	-	14,279	-	14,279
Shares reclassified during the period		(428)	-	-	(428)	-	(428)
Total transactions with owners of the Group		13,981	-	-	13,981	-	13,981
Redeemable preference share capital							
Shares reissued during the period		-	-	-	-	428	428
Issue of preference share capital		-	-	-	-	241	241
Total redeemable preference share capital	7	-	-	-	-	669	669
Balance at 30 September 2017		25,014	(2,158)	3	22,859	1,169	24,028
Balance at 1 April 2016		9,296	(2,277)	-	7,019	-	7,019
<i>Total Comprehensive income/ (loss) for the period</i>							
Profit/ (loss) for the period		-	834	-	834	-	834
Other comprehensive income		-	-	-	-	-	-
Total Comprehensive income/ (loss) for the period		-	834	-	834	-	834
<i>Transactions with owners of the Company</i>							
Issue of ordinary shares		1,107	-	-	1,107	-	1,107
Total transactions with owners of the Company		1,107	-	-	1,107	-	1,107
Balance at 30 September 2016		10,403	(1,443)	-	8,960	-	8,960

FE Investments Group Limited
Interim Financial Report for the half-year ended 30 September 2017
Condensed consolidated statement of cash flows

CASH FLOWS	30-Sep-17	30-Sep-16
	\$000	\$000
	NZD	NZD
Cash receipts	839	2,568
Interest expense	(743)	(680)
Cash payments to suppliers and employees	(3,594)	(1,364)
Net finance receivables	(162)	(7,721)
Increase in net term deposits	8,422	2,200
Other	(43)	
Net cash flows from operating activities	4,719	(4,997)
Purchase of property and equipment	(76)	(2)
Net cashflows from investing activities	(76)	(2)
Issue of ordinary shares	-	1,107
Issue of redeemable preference shares	241	-
Net cashflows from financing activities	241	1,107
Opening cash	12,125	7,265
Cash acquired as part of business combination	298	-
Net increase/(decrease) in cash held	4,884	(3,890)
Closing cash	17,307	3,375

The above condensed consolidated statement of cashflow should be read in conjunction with the accompanying notes.

1 Summary of Significant accounting policies

a. Reporting entities

The consolidated financial statements of FE Investments Group Limited, ("FEIG" or "the Group") for the period ended 30 September 2017 were authorised for issue in accordance with a resolution of directors on the date of signing the attached Director's Declaration.

The Company is an Australian incorporated company and is limited by shares that are publicly traded on the Australian Securities Exchange ("ASX"). FEIG shares trade under the ticker code FEI.

The nature of the operations and principal activities of the Group are described in the Directors' Report.

The consolidated financial statements for the Group are for the economic entity comprising FE Investments Group Limited and its subsidiaries. The Group consists of:

Entity	Country of incorporation	Ownership
FE Investments Group Limited	Australia	Legal parent company/ Legal acquirer
FE Investments Limited (FEI)	New Zealand	100% owned by FE Investments Group Limited <i>Accounting acquirer</i>
WolfStrike Rental Services Limited	New Zealand	100% owned by FE Investments Group Limited
WolfStrike Rental Services Pty Ltd	Australia	100% owned by FE Investments Group Limited
WolfStrike Distributors Limited	New Zealand	100% owned by FE Investments Group Limited
WolfStrike Distributors Pty Ltd	Australia	100% owned by FE Investments Group Limited

b. Basis of Preparation

These interim financial statements are general purpose financial statements prepared in accordance with AASB 134 *Interim Financial Reporting* and the Corporations Act 2001, and with IAS 34 *Interim Financial Reporting*.

They do not include all of the information required for a complete set of annual financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance.

These consolidated financial statements have been prepared on the basis of historical costs. All amounts are presented in New Zealand dollars, unless otherwise noted. The Group is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 and in accordance with the legislative instrument, amounts in the consolidated interim financial statements have been rounded off to the nearest thousand dollars, unless otherwise stated.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with FE Investments Limited, being the accounting acquirer. These accounting policies are consistent with International Financial Reporting Standards.

c. Reverse Acquisition

The acquisition of FE Investments Limited ("FEI") by FE Investments Group Limited ("FEIG") (previously known as Wolfstrike Rentals Group Limited) was recognised as a reverse acquisition and the consolidated financial statements have therefore been prepared as a continuation of the financial statements of the accounting acquirer, FE Investments Limited. Accordingly, consolidated comparative information is provided for the statement of financial position and related information as at 31 March 2017 and for the statement of financial performance, cashflow statement, statement of changes in equity and related information for the year to 30 September 2016 of FE Investments Limited.

As a result:

- The retained earnings of the Group represent the retained earnings of FEI from the date of its incorporation, plus the results of other combining entities from the date of acquisition.
- The consolidated statement of financial position comprises the existing consolidated net assets of FE Investments Limited measured at their historical cost. The net assets are also measured at historical cost at the date of this report.

d. Revenue recognition

Revenue is recognised and measured at the fair value of the consideration received or receivable to the extent it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised.

The principal sources of revenue are interest, leasing and fee income.

The effective interest method calculates the amortised cost of a financial asset or financial liability and allocates income and expense, including interest and finance fees, over the term of the loan and as they are earned. In addition, certain fees like documentation or service fees (charged upon drawdown of a loan or where additional services are rendered to borrowers in relation to their facilities) are recognised as income in the period when charged. Income from impaired assets is recognised on receipt.

The group's revenue relating to its leasing activities are tied to its recognition of its finance lease receivables. For recognition of both the receivables and revenue, there must be a legally binding contract. The future interest income on leases are recognised as revenue as it is incurred through the lease term.

1 Summary of Significant accounting policies (continued)

e. Foreign Currency Transactions and Balances

Functional and presentation currency

The functional currency of each of the Group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in New Zealand dollars, which is the accounting parent entity's functional currency.

Transactions and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in profit or loss, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in other comprehensive income to the extent that the underlying gain or loss is recognised in other comprehensive income; otherwise the exchange difference is recognised in profit or loss.

Group companies

The financial results and position of foreign operations, whose functional currency is different from the Group's presentation currency, are translated as follows:

- assets and liabilities are translated at exchange rates prevailing at the end of the reporting period;
- income and expenses are translated at average exchange rates for the period; and
- retained earnings are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations with functional currencies other than New Zealand dollars are recognised in other comprehensive income and included in the foreign currency translation reserve in the statement of financial position. The cumulative amount of these differences is reclassified into profit or loss in the period in which the operation is disposed of.

f. Cash and cash equivalents

Cash and cash equivalents in the consolidated statement of financial position comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

g. Trade and other receivables

Trade receivables, which generally have 30-90 day terms, are recognised at fair value less an allowance for impairment.

Collectability of trade receivables is reviewed on an ongoing basis. Debts that are known to be uncollectible are written off when identified. An impairment provision is recognised when there is objective evidence that the Group will not be able to collect the receivable. Financial difficulties of the debtor, default payments or debts more than 90 days overdue are considered objective evidence of impairment. The amount of the impairment loss is the receivable carrying amount compared to the present value of estimated future cash flows, discounted at the original effective interest rate.

Trade receivables are classified as non-current when their expected date of receipt is greater than 12 months.

h. Trade and other payables

Trade payables and other payables are carried at amortised cost and due to their short-term nature are not discounted. They represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 30 days of recognition.

i. Interest-bearing loans and borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Fees paid on the establishment of loan facilities that are yield related are included as part of the carrying amount of the loans and borrowings.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after reporting date.

1 Summary of Significant accounting policies (continued)

j Provisions

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

k. Employee Benefits

Wages, salaries, annual leave and personal leave

Liabilities for wages and salaries, including non-monetary benefits and annual leave are recognised in accrued liabilities and provisions in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Expenses for non-accumulating personal/sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

Long Service Leave

It should be noted that Long Service Leave is not recognized in relation to employees of New Zealand subsidiaries, as it is not an employee benefit required to be provided for under New Zealand legislation.

As at 30 September 2017, there were no employees within the Group who qualified for Long Service Leave at this time.

l. Share Based payment transactions

Equity settled transactions

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using either the Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the Group receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of cash-settled transactions is initially, and at each reporting date until vested, determined by applying either the Black-Scholes option pricing model, taking into consideration the terms and conditions on which the award was granted. The cumulative charge to profit or loss until settlement of the liability is calculated as follows:

- during the vesting period, the liability at each reporting date is the fair value of the award at that date multiplied by the expired portion of the vesting period; and
- from the end of the vesting period until settlement of the award, the liability is the full fair value of the liability at the reporting date.

All changes in the liability are recognised in profit or loss. The ultimate cost of cash-settled transactions is the cash paid to settle the liability.

Market conditions are taken into consideration in determining fair value. Therefore any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

If the non-vesting condition is within the control of the Group or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the Group or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

m. Income tax and other taxes

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities based on the current period's taxable income. The tax rates and tax laws used to compute the amount are those that are enacted on the reporting date.

Deferred income tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

1 Summary of Significant accounting policies (continued)

m. Income tax and other taxes (continued)

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same tax authority.

n. Tax consolidation legislation

The Group has applied the group allocation approach in determining the appropriate amount of current taxes and deferred taxes to allocate to members of the tax consolidated group.

In addition to its own current and deferred tax amounts, the Group also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

Any difference between the amounts assumed and amounts receivable or payable under the tax funding agreement are recognised as a contribution to wholly-owned tax consolidated entities.

o. Other taxes

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST) except:

When the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

Receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from or payable to the taxation authority is included as part of receivables or payables in the consolidated statement of financial position.

Cash flows are included in the consolidated statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from or payable to the taxation authority are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from or payable to the taxation authority.

p. Plant and equipment

Property, plant and equipment is initially recognised at cost. When an item is disposed of, any gain or loss is recognised in profit or loss and is calculated as the difference between the net sale price and the carrying value of the item. At each reporting date, the carrying amounts of these assets are reviewed to determine whether there is any indication of impairment. If any such indication exists for an asset, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any) and the impairment loss is expensed immediately.

Depreciation

Depreciation on property, plant and equipment is calculated at rates to allocate costs of each asset on a straight line basis over its useful life. For this purpose, the depreciation rates used are as follows:

Computer and software	33% - 48% SL
Office furniture and fixtures	7% - 12% SL
Office equipment	7% - 67% SL
Intangible assets	40% SL

q. Leases (Group as a lessee)

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised as an expense in profit and loss.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

1 Summary of Significant accounting policies (continued)

q. Leases (Group as a lessee) (continued)

Operating lease payments are recognised as an expense in the profit or loss on a straight-line basis over the lease term.

Operating lease incentives are recognised as a liability when received and subsequently reduced by allocating lease payments between rental expense and reduction of the liability.

For where Group acts as a Lessor, please refer to Note 4.

r. Inventories

Inventories are valued at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

Purchase cost on a first-in, first-out basis.

Components held for resale are carried at cost.

Finished goods are maintained on the basis of weighted average costs.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

s. Goodwill

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquired are assigned to those units.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units or groups of cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units. Each unit or group of units to which the goodwill is so allocated represents the lowest level within the Group at which the goodwill is monitored for internal management purposes; and is not larger than an operating segment determined in accordance with AASB 8.

The Group performs its impairment testing as at 31 March each year using a fair value less costs of disposal methodology to determine the fair value for the Goodwill.

Impairment losses recognised for goodwill are not subsequently reversed.

t. Intangible assets

Intangible assets acquired separately or in a business combination are initially measured at cost. The cost of an intangible asset acquired in a business combination is its fair value which is determined within the measurement period since the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is recognised in profit or loss in the year in which the expenditure is incurred. Externally acquired intangible assets are initially recognised at the fair value of the consideration paid for the purchase.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least each reporting date. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for prospectively by changing the amortisation period or method, as appropriate, which is a change in accounting estimate. The amortisation expense on intangible assets with finite lives is recognised in profit or loss in the expense category consistent with the function of the intangible asset.

Currently amortisation is calculated as follows:

- Customer List – 10 years

The above will be revised upon finalization of FEIG & FEI business combination accounting by 5 June 2018.

1 Summary of Significant accounting policies (continued)**t. Intangible assets (continued)**

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level. Such intangibles are not amortised. The useful life of an intangible asset with an indefinite life is reviewed each reporting period to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for as a change in an accounting estimate and is thus accounted for on a prospective basis.

Impairment of non-financial assets other than goodwill

Non-financial assets other than goodwill and indefinite life intangibles are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

The Group conducts an annual internal review as to whether an indicator of impairment exists at each reporting date. This includes a comparison of the market capitalisation in comparison to the Group's asset values. External factors, such as changes in expected future processes, technology and economic conditions, are also monitored to assess for indicators of impairment. If any indication of impairment exists, an estimate of the asset's recoverable amount is calculated.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs to dispose of its value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered impairment are tested for possible reversal of the impairment whenever events or changes in circumstances indicate that the impairment may have reversed.

u. Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

v. Preference share capital

Preference share were issued in accordance with the requirements of the Non-bank deposit takers regulations requirements. This preference shares are treated as capital for the purposes of capital ratio calculation. They have no voting rights or dividend rights and are redeemable at the sole discretion of the company (FEI).

w. Earnings per share

Basic earnings per share is calculated as net profit/(loss) attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends), divided by the weighted average number of shares on issue, adjusted for any bonus element.

Diluted earnings per share are calculated as net profit attributable to members of the parent, adjusted for:

Costs of servicing equity (other than dividends);

The after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and

Other non-discretionary changes in revenue and expenses during the period that would result from the dilution of potential ordinary shares, divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

x. Accounting Standards and Interpretations*New standards and interpretations not yet adopted*

A number of new standards, amendments to standards and interpretations are not yet effective for the period ended 30 September 2017, and have not been applied in preparing these financial statements. The new standards identified which may have an effect on the financial statements of the group are:

Standard	Mandatory date for annual reporting periods beginning on or after	Expected to be initially applied in year ending
AASB 9 - Financial Instruments and related standards	1-Jan-18	31-Mar-19
AASB 15 Revenue from Contracts with Customers and AASB 2014-5	1-Jan-18	31-Mar-19
AASB 16 - Leases	1-Jan-19	31-Mar-20

It is not yet practical to reliably estimate the financial impact of the changes under AASB 9 or AASB 15 or AASB 16 on the Group.

2 Profit for the period

The following revenue and expense items are relevant in explaining the financial performance for the interim period:

	30-Sep-17	30-Sep-16
	\$000	\$000
	NZD	NZD
a. Total group income		
Interest income	2,827	2,652
Finance lease income	1,779	-
Fee income and other income	692	991
	5,298	3,643
b. Depreciation and amortisation expenses		
Depreciation of plant & equipment	46	8
Amortisation of intangible assets	204	-
	250	8
c. Transaction costs		
These were one off costs incurred as part of business acquisition		
Legal fees	121	-
Other costs	27	-
	148	-
d. Operating expenses		
Directors' remuneration	537	266
Marketing expenses	195	70
Professional and consulting fees	486	295
Other expenses	414	337
	1,632	968
e. Acquiree financial results		
The following is the information of the amounts of revenue and profit or loss of the acquiree since the acquisition date included in the consolidated statement of comprehensive income for the reporting period:		
Revenue	202	
Expenses	(1,103)	
Loss for the period	(901)	
Other comprehensive Income	3	
Total comprehensive loss attributable to owners of the Group	(898)	

3 Funding and liquidity risk

The Group funds its activities through a combination of first ranking term deposits and equity.

Term deposits

Term deposits are secured by registered first ranking security interest over all the assets and undertakings of the Company (FEI) under the terms of the Trust Deed dated 28th November 2016 ("the Trust Deed"), subject to certain permitted charges not to exceed 2% of total tangible assets. Term deposits are initially recorded at fair value and subsequently carried at amortised cost. No investor held more than 5% of the term deposits as at 30 September 2017.

Liquidity risk

The Group seeks to broadly match the duration of its lending to its funding activities to ensure that there is sufficient liquidity to make payments as they fall due. The Group also regularly monitors its short-term and long-term cashflows.

The Group's policy is to hold adequate cash reserves and liquid assets, together with projected finance receivables repayments, to cover projected deposit redemption and operating expenses on a three month rolling basis.

The Group's contractual and expected liquidity positions are set out below. The Directors expect the timing of some finance receivables will differ from their contractual maturities, and that a portion of term deposit investors will roll-over their investments. Those expectations are illustrated in the expected liquidity position.

A conservative deposit reinvestment rate of 40% (31/3/16: 35%) has been assumed in the expected liquidity analysis, which is significantly lower than the actual average reinvestment rate experienced during the last 6 months of 51% (31/3/16: 71%).

3 Funding and liquidity risk (continued)

	On demand	0-6 months	6-12 months	1-2 years	> 2 years	Total	Carrying amount
	\$000	\$000	\$000	\$000	\$000	\$000	\$000
	NZD	NZD	NZD	NZD	NZD	NZD	NZD
<i>Contractual liquidity at 30/9/17</i>							
Cash	17,307	-	-	-	-	17,307	17,307
Finance receivables	-	13,849	6,367	10,472	7,793	38,481	34,710
Finance lease receivables	-	2,470	2,280	3,898	3,364	12,012	10,710
Deferred tax assets	-	-	-	-	38	38	38
Other financial assets	-	1,357	-	-	-	1,357	1,357
First ranking term deposits	-	(20,240)	(21,563)	(9,407)	(2,269)	(53,479)	(53,479)
Other liabilities	-	(879)	(810)	-	-	(1,689)	(1,689)
Total	17,307	(3,443)	(13,726)	4,963	8,926	14,027	8,954
<i>Contractual liquidity at 31/3/17</i>							
Cash	12,125	-	-	-	-	12,125	12,125
Finance receivables	-	11,709	11,097	17,738	10,146	50,690	41,940
Deferred tax assets	-	-	-	-	615	615	615
Other financial assets	-	652	-	-	-	652	652
First ranking term deposits	-	(14,560)	(16,952)	(10,590)	(2,107)	(44,209)	(44,210)
Other liabilities	-	(653)	-	-	-	(653)	(653)
Total	12,125	(2,852)	(5,855)	7,148	8,654	19,220	10,469
<i>Expected liquidity at 30/9/17</i>							
Cash	17,307	-	-	-	-	17,307	17,307
Finance receivables	-	7,740	4,973	12,277	16,940	41,930	34,710
Finance lease receivables	-	2,470	2,280	3,898	3,364	12,012	10,710
Deferred tax assets	-	-	-	-	38	38	38
Other financial assets	-	1,357	-	-	-	1,357	1,357
First ranking term deposits	-	(12,144)	(12,938)	(5,644)	(22,753)	(53,479)	(53,479)
Other liabilities	-	(879)	(810)	-	-	(1,689)	(1,689)
Total	17,307	(1,456)	(6,495)	10,531	(2,411)	17,476	8,954
<i>Expected liquidity at 31/3/17</i>							
Cash	12,125	-	-	-	-	12,125	12,125
Finance receivables	-	10,813	10,928	18,927	10,146	50,814	41,940
Deferred tax assets	-	-	-	-	615	615	615
Other financial assets	-	652	-	-	-	652	652
First ranking term deposits	-	(8,736)	(10,171)	(6,354)	(18,948)	(44,209)	(44,210)
Other liabilities	-	(653)	-	-	-	(653)	(653)
Total	12,125	2,076	757	12,573	(8,187)	19,344	10,469

The Group fixes rates on term deposits and finance receivables and therefore has no short-term exposure to movements in interest rates. The above contractual liquidity profile therefore also provides information on the interest rate repricing profile.

4 Finance receivables and credit risk

Finance receivables

Finance receivables are loans made by the Group to its borrowers. Finance receivables are initially recognised at fair value, including loan fees where applicable. They are subsequently carried at amortised cost, adjusted for an allowance for impairment where there is evidence that a loss has been incurred. Finance receivables are derecognised when they are repaid, or if the material risks and rewards relating to the receivables are transferred or assigned to another party. The Group's exposure to risk in relation to assigned receivables is limited to ongoing management commissions. The Group continues to recognise the receivables only to the extent of this continuing involvement.

Interest income is recognised in profit or loss using the effective interest rate method, that includes all yield-related fees and commissions.

The identification and estimation of impairment allowances is a key estimate made in preparing these financial statements. Impaired finance receivables are loans where there is evidence that the Group may not recover all the interest, fees and principal owing. Restructured finance receivables are where the terms have been amended to terms that would not have been available for new facilities with comparable risks. 90 day past due finance receivables are receivables which are not impaired or restructured, but where the counterparty has not operated within the key terms for at least 90 days.

Finance lease receivables

Finance lease receivables relate to the contracted revenues relating to leases issued by the Group to its customers and originators. The contracted revenue is measured using the future contracted revenue and is then discounted and impairment tested. Future interest revenue is also excluded from the finance lease receivables

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised as an expense in profit and loss.

	Finance lease receivables		Finance receivables	
	30-Sep-17	31-Mar-17	30-Sep-17	31-Mar-17
	\$000	\$000	\$000	\$000
	NZD	NZD	NZD	NZD
Secured and not past due nor impaired receivables	10,710	-	34,237	41,370
90 day past due receivables	-	-	-	-
Less collective provisions	-	-	(53)	(64)
	<u>10,710</u>	<u>-</u>	<u>34,184</u>	<u>41,306</u>
Individually impaired receivables	-	-	526	634
	<u>10,710</u>	<u>-</u>	<u>34,710</u>	<u>41,940</u>
Individually impaired receivables				
GROSS IMPAIRED FINANCE RECEIVABLES				
Opening balance of gross receivables	-	-	792	66
Additions	-	-	59	792
Recoveries	-	-	-	(66)
Closing balance of gross receivables	<u>-</u>	<u>-</u>	<u>851</u>	<u>792</u>
ALLOWANCE FOR IMPAIRMENT				
Opening balance of individually impairment allowance	-	-	(158)	(33)
Impairment charge	-	-	(169)	(158)
Write-offs	-	-	-	-
Recoveries	-	-	2	33
Closing balance of individually impairment allowance	<u>-</u>	<u>-</u>	<u>(325)</u>	<u>(158)</u>
NET INDIVIDUALLY IMPAIRED FINANCE RECEIVABLES	-	-	526	634

4 Finance receivables and credit risk (continued)

	Finance lease receivables		Finance receivables	
	30-Sep-17	31-Mar-17	30-Sep-17	31-Mar-17
	\$000	\$000	\$000	\$000
	NZD	NZD	NZD	NZD
Provision for collectively impaired receivables				
Opening provision for collectively impaired receivables	-	-	(64)	-
Impairment movement	-	-	11	(64)
Closing provision for collectively impaired receivables	-	-	(53)	(64)
TOTAL IMPAIRMENT CHARGE	-	-	(158)	(222)

5 Business Combination

On 6 June 2017, the Group acquired 100% of the issued capital of FE Investments Limited (FEI). FEI is a Non-Bank Deposit Taker with its deposit licence issued by Reserve Bank of New Zealand which permits FEI to offer and accept deposits from the New Zealand public, which allows the Group to expand its business across New Zealand and Australia. FEI's financing products include leasing of equipment and technology service to the businesses, term loans, working capital facilities, trade finance, stock financing and discounting facilities to the SME sector.

FEI's existing shareholders acquired 52.87% of the issued capital of FE Investments Group Limited and obtained control of the Group through reverse acquisition for accounting purposes.

The purchase was satisfied by FEI acquiring 1,975,917,526 shares on issue by FEIG as at 6 June 2017 at an issue price of \$0.0072 each. The issue price was based on the volume weighted average price during April - June 2017, shares were not very liquid during this period.

Details of the purchase consideration, the net assets acquired and goodwill are as follows:

	6-Jun-17
	\$000
	NZD
Purchase consideration	
Value of consideration	14,279
<u>Less:</u>	
<i>Acquisition date identifiable assets</i>	
Cash and cash equivalents	298
Finance lease receivables	10,055
Trade and other receivables	300
Other loans	407
Inventories	201
Other assets	192
Plant and equipment	101
Customer base	5,628
Total assets	17,182
<i>Acquisition date identifiable liabilities</i>	
Trade and other payables	748
Interest bearing borrowings	10,917
Other loans	820
Provisions	68
Total liabilities	12,553
Identifiable assets acquired and liabilities assumed	4,629
Goodwill	9,650

The above business combination accounting is based on a provisional basis as at 30 September 2017 and assuming carrying values as at 6 June 2017 except for finance lease receivables which was at fair-value.

A final independent fair value assessment of controlled entities net assets is in progress and will be finalised within one year of acquisition being 5 June 2018.

FE Investments Group Limited
Interim Financial Report for the half-year ended 30 September 2017

6 Intangible assets

	30-Sep-17	31-Mar-17
	\$000	\$000
	NZD	NZD
Customer base	5,424	-
Goodwill	9,650	-
	15,074	-

7 Contributed equity - shares

	Ordinary shares		Preference Shares	
	30-Sep-17	31-Mar-17	30-Sep-17	31-Mar-17
	000's	000's	000's	000's
Balance at beginning of the period	27,093	25,797	500	-
Shares issued during the period	125,830	1,296	241	500
Shares reclassified/ reissued	(428)	-	428	-
Shares repurchased	(26,665)	-	-	-
Shares at the end of the period	125,830	27,093	1,169	500

- a) A share consolidation of 30:1 was carried out on 22 June 2017. The above shares are post consolidation.
b) A total of 5,033,540 unlisted options were on issue as at 30 September 2017.
c) FE Investments Limited existing shareholders are due for an earn out shares of 8,884,974 to be issued before 31 March 2018.

8 Segment information

FE Investments Group is a diversified financial service group offering SME lending products and leasing/financing of equipment & technology services in Australia and New Zealand. FE Investments' financing products include leasing of equipment and technology solutions to the businesses, term loans, working capital facilities, trade finance, stock financing and discounting facilities to the SME sector. The Group operates wholly in one business segment, being SME lending and leasing 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 Board of Directors in order to allocate resources to the segments and to assess their performance.

9 Dividend

During the year ended 30 September 2017, the Group did not declare a dividend. No dividends were paid for the previous reporting period.

10 Contingencies

There are no contingent liabilities as the date of this report.

11 Subsequent events

On 13th October 2017, the Group entered into a transaction with Mr. Cook Huang, a non-Executive Director on the following commercial terms:

Loan of AUD\$1m for a term of six months. No interest is payable on the loan if the loan is converted into ordinary shares in the Group during the term of the loan.

In the event that the loan is not converted into shares, interest would accrue at 10% p.a. over the term of the loan. Default rate of 15% p.a. would apply if the loan remains outstanding past the expiry date.

The Group is required to hold an EGM by 12th February 2018 to procure shareholders' approval to convert the loan into shares at a conversion price of AUD 20 cents per share.

The funds from Mr. Huang were used by FEIG to subscribe ordinary shares in FE Investments to bolster its Capital Ratio to support further growth in financial receivables and total assets.

The Group will hold an Extraordinary General Meeting on 18th December 2017 to seek shareholder approval to issue the shares to Mr Huang.

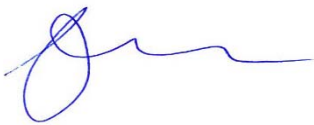
FE Investments Group Limited

Interim Financial Report for the half-year ended 30 September 2017

Directors' declaration

In accordance with a resolution of the directors of FE Investments Group Limited, the directors of the Group declare that:

- 1). The financial statements and notes, as set out on pages 5 to 19, are in accordance with the *Corporations Act 2001*, including:
 - a. complying with Accounting Standard AASB 134: *Interim Financial Reporting*; and
 - b. giving a true and fair view of the consolidated entity's financial position as at 30 September 2017 and of its performance for the half-year ended on that date.
- 2). In the directors' opinion there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.



TK Shim

Director/ CEO

Dated this 30th day of November 2017.



Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of FE Investments Group Limited

I declare that, to the best of my knowledge and belief, in relation to the review of FE Investments Group Limited for the half-year ended 30 September 2017 there have been:

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

KPMG

KPMG

A handwritten signature in black ink, appearing to read 'Malcolm Kafer'.

Malcolm Kafer
Partner
Sydney
30 November 2017



Independent Auditor's Review Report

To the shareholders of FE Investments Group Limited

Report on the Interim Financial Report

Conclusion

We have reviewed the accompanying **Interim Financial Report** of FE Investments Group Limited.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the Interim Financial Report of FE Investments Group Limited is not in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the **Group's** financial position as at 30 September 2017 and of its performance for the half year ended on that date; and
- complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

The **Interim Financial Report** comprises:

- Condensed consolidated statement of financial position as at 30 September 2017
- Condensed consolidated statement of profit or loss and other comprehensive income, Condensed consolidated statement of changes in equity and Condensed consolidated statement of cash flows for the half year ended on that date
- Notes 1 to 11 comprising a summary of significant accounting policies and other explanatory information
- The Directors' Declaration.

The **Group** comprises FE Investments Group Limited (the Company) and the entities it controlled at the half year's end or from time to time during the half year.

Responsibilities of the Directors for the Interim Financial Report

The Directors of the Company are responsible for:

- the preparation of the Interim Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*
- for such internal control as the Directors determine is necessary to enable the preparation of the Interim Financial Report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility for the review of the Interim Financial Report

Our responsibility is to express a conclusion on the Interim 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 Interim Financial Report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 30 September 2017 and its performance for the half-year ended on that date; and complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of FE Investments Group Limited, *ASRE 2410* requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of an Interim Period 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.

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

KPMG

KPMG



Malcolm Kafer

Partner

Sydney

30 November 2017