

Appendix 4C

Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

Name of entity

FE Investments Group Limited

ABN

72 107 745 095

Quarter ended ("current quarter")

31 December 2018

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	1,802	5,216
1.2 Payments for		
(a) research and development		
(b) product manufacturing and operating costs		
(c) advertising and marketing	(38)	(86)
(d) leased assets		
(e) staff costs	(360)	(1,210)
(f) administration and corporate costs	(1,070)	(3,830)
1.3 Dividends received (see note 3)		
1.4 Interest received	601	4,104
1.5 Interest and other costs of finance paid	(579)	(2,226)
1.6 Income taxes paid		
1.7 Government grants and tax incentives		
1.8 Other (provide details if material)	(3,234)*	(10,439)
1.9 Net cash from / (used in) operating activities	(2,877)	(8,470)

*Refer to additional notes on Page 5

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(31)	(95)
(b) businesses (see item 10)		
(c) investments		

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
(d) intellectual property		
(e) other non-current assets		
2.2 Proceeds from disposal of:		
(a) property, plant and equipment		
(b) businesses (see item 10)		
(c) investments		
(d) intellectual property		
(e) other non-current assets		
2.3 Cash flows from loans to other entities		
2.4 Dividends received (see note 3)		
2.5 Other (provide details if material)		
2.6 Net cash from / (used in) investing activities	(31)	(95)

3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	1,906	3,039
3.2 Proceeds from issue of convertible notes		
3.3 Proceeds from exercise of share options		
3.4 Transaction costs related to issues of shares, convertible notes or options		
3.5 Proceeds from borrowings		
3.6 Repayment of borrowings		
3.7 Transaction costs related to loans and borrowings		
3.8 Dividends paid		
3.9 Other (provide details if material)	9	(22)
3.10 Net cash from / (used in) financing activities	1,915	3,018

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of quarter/year to date	7,650	12,523
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(2,877)	(8,470)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(31)	(95)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	1,915	3,018

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	292	(27)
4.6	Cash and cash equivalents at end of quarter	6,948	6,948

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	6,948	7,650
5.2	Call deposits		
5.3	Bank overdrafts		
5.4	Other (provide details)		
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	6,948	7,650

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

**Current quarter
\$A'000**

93

Director fees and salaries

7. Payments to related entities of the entity and their associates

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

**Current quarter
\$A'000**

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities		
8.2 Credit standby arrangements		
8.3 Other (please specify)		
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

9. Estimated cash outflows for next quarter	\$A'000
9.1 Research and development	
9.2 Product manufacturing and operating costs	
9.3 Advertising and marketing	
9.4 Leased assets	
9.5 Staff costs	(498)
9.6 Administration and corporate costs	(876)
9.7 Other (provide details if material)	
9.8 Total estimated cash outflows	(1,374)

10. Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions	Disposals
10.1 Name of entity		
10.2 Place of incorporation or registration		
10.3 Consideration for acquisition or disposal		
10.4 Total net assets		
10.5 Nature of business		

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here:

Date: 30 January 2019



(Executive Director)

Print name: Marcus Ritchie

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.

Explanatory notes to Appendix 4C

- FE Investments Limited ("FEI") is a Non-Bank Deposit Taker in New Zealand with its deposit taking licence issued by Reserve Bank of New Zealand. Under its accounting policy, FEI's operating cashflow includes deposits accepted from the New Zealand public, loans made to borrowers, interest earned on loans and interest paid to depositors.
- FEI is a wholly owned subsidiary of FE Investments Group Limited. More information about FEI and its operations can be obtained at www.fei.co.nz
- Item 1.8 represented the net cash movements arising from deposits accepted and loans made by FEI during the quarter shown above. The closing cash balance as at 31st December 2018 is shown in item 5.5.
- Item 1.1 represented income earned on finance leasing; interest earned on loans are shown at Item 1.4. The companies' earnings also include capitalised revenue which is not shown in the 4C as it is a non-cash item.
- A negative net operating cash position in Item 1.9 is a positive for the company as it means that the company is drawing down its cash reserves and using the deposits raised to grow its financial receivables. This translates to higher revenue for the company. As alluded in the bullet point above, the company's total revenue is higher than that portrayed in this Appendix 4C on account of accrued non-cash income earned by the company for the relevant period.

- Operating cashflows improved from last quarter as overall cost payments were minimised, collection of interest and revenue from customers increased due to the growth in loans and leases book over time
- The Cash outflows for the next quarter Item 9.8 is \$1.37m is forecasted. Note this is not an expense forecast as the Company operates on accrual basis and cash paid in the period does not necessarily related to the cost for that period.
- Please note that the company raised \$3m in the year to date period to 31st December 2018 in order to support its growth in total assets (as a result of rising financial receivables). As at 31st December 2018, the company's total assets were at \$69m (based on un-audited management accounts).
- We adopted the exchange rate of AUD\$1.00 to NZD\$1.0504 as at 31st December 2018 in relation to the cash amounts held by FEI as at 31st December 2018.