

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 2019

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	1,422	4,656
1.2 Payments for		
(a) research and development		
(b) product manufacturing and operating costs		
(c) advertising and marketing	(23)	(81)
(d) leased assets		
(e) staff costs	(480)	(1,272)
(f) administration and corporate costs	(1,084)	(4,372)
1.3 Dividends received (see note 3)		
1.4 Interest received	421	1,685
1.5 Interest and other costs of finance paid	(1,055)	(3,244)
1.6 Income taxes paid		
1.7 Government grants and tax incentives		
1.8 Other (provide details if material)	(1,033)	(567)
1.9 Net cash from / (used in) operating activities	(1,832)	(3,196)

Refer to additional notes on Page 5

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(5)	(28)
(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	(5)	(28)

3. Cash flows from financing activities		
3.1 Proceeds from issues of shares		3,447
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	(481)	(481)
3.7 Transaction costs related to loans and borrowings		
3.8 Dividends paid		
3.9 Other (provide details if material)	(115)	(106)
3.10 Net cash from / (used in) financing activities	(596)	3,457

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	14,536	12,855
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(1,832)	(3,196)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(5)	(28)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	(596)	2,861

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	(408)	19
4.6	Cash and cash equivalents at end of quarter	12,510	12,510

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	12,510	14,536
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)	12,510	14,536

6.	Payments to directors of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to these parties included in item 1.2	120
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	
FEI and FEIG Director fees and salaries.		

7.	Payments to related entities of the entity and their associates	Current quarter \$A'000
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	

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	(50)
9.4	Leased assets	
9.5	Staff costs	(500)
9.6	Administration and corporate costs	(800)
9.7	Other (provide details if material)	(200)
9.8	Total estimated cash outflows	(1,550)

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: 31 January 2020

Group Chief Executive Officer

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

Income

- Income from business leasing is shown in item 1.1. This represents finance lease payments received in the quarter.
- Interest earned on business loans is shown in item 1.4. The companies' earnings also include capitalised revenue, which is **not** shown in the 4C, as it is a non-cash item.
- Staff costs shown in 1.2 (e) have increased due to the additional of a number of senior staff, including senior in-house legal and financial accountant. This has been offset by reduced administration and corporate costs.

Term Deposits

- Interest paid on term deposits held is shown in item 1.5. During the quarter FEI raised approximately A\$11.8m (including reinvestments) in term deposits, which was the appropriate offset to our lending growth.

- The net movement between cash raised through term deposits and cash outflows from business loans written is shown in item 1.8. For FEI growth in our loan book ~~will be~~ shown as negative cashflow, however as a lending company this is a positive as it is representative of an increase in business.

Other

- The closing cash balance as at 31 December 2019 is shown in item 5.5.
- The Cash outflows for the next quarter Item 9 is explained further below:
 - 9.3 – Relates to both Australian and New Zealand advertising for loans & deposits for the next quarter.
 - 9.5 – Staff costs include both countries payroll.
 - 9.6 – includes the Accounts Payable on the loan book as at 31 December 2019 plus additional expected administrative and corporate costs for the upcoming quarter – some of which will be one-off expenses.
 - 9.7 – relates to the expected cash outflow for further business development, which can include capital expenses e.g. technology upgrades, new equipment and other ad-hoc expenses.
- The Company has used an exchange rate of AUD\$1.00 to NZD\$1.0398 as at 31 December 2019 in relation to the cash amounts held by FEI.