



WolfStrike Rentals Group Limited

ABN 72 107 745 095

Annual Report 2016

For the year ended 30 June 2016

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CORPORATE DIRECTORY

WolfStrike Rentals Group Limited shares are listed for quotation on the Australian Securities Exchange (ASX) under the ticker code "WSG".

Directors

Robin Armstrong	Non-Executive Chairman
Ian Bailey	Managing Director
Quentin Olde	Non-Executive Director
John Seton	Non-Executive Director

Company Secretary

Eryn Kestel

Principal Places of Business

Australia

Level 32,
101 Miller St,
North Sydney,
New South Wales, 2060, Australia
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,
New South Wales. 2060. Australia

Share Register

Link Market Services Limited
Level 12,
680 George Street,
Sydney,
New South Wales. 2000. Australia
Phone: 1300 554 474 or +61 (02) 8280 7100

Auditor

William Buck Audit [Vic] Pty Ltd
Level 20,
182 William Street,
Melbourne. Victoria. 3000. Australia

FINANCIAL PERFORMANCE SUMMARY

RESULTS FROM OPERATIONS

	2016	2015
Revenue (\$)	1,373,338	173,796
Loss before depreciation, amortisation, impairment, transaction expenses, finance costs and tax (\$)	(1,058,990)	(\$1,003,913)
Operating loss after tax (\$)	(12,632,085)	(\$1,003,913)
Weighted average number of shares (million)	229,178,674	63,184,285
Basic earnings per share (cents)	(5.49)	(1.59)
Net tangible assets per share (cents)	(0.41)	(3.63)
	2016	2015
Current assets (\$)	4,303,512	797,589
Non-current assets (\$)	9,982,053	0
Current liabilities (\$)	7,020,018	2,192,021
Non-current liabilities (\$)	5,089,739	0.0
Shareholders' equity (\$)	2,175,808	(1,394,432)

The previous corresponding period is the year ended 30 June 2015.

Dear Shareholders,

This year marked the recommencement of operations and the key acquisitions of the WolfStrike group of companies on 18th March 2016, and recommencement of trading on the ASX on the 29th March 2016.

Whilst this process took considerably longer than anticipated, these were significant changes instigated by the Board and have laid a strong foundation for improved financial performance and increased shareholder value.

Financials

Whilst this inaugural Annual Report shows a statutory loss in operations for financial year 2016, it should be remembered that sales revenues only include the WolfStrike group's income for the period from acquisition (being 18th March 2016), and also include the full cost of the listed company for the full year. Therefore these are not indicative of future trading.

Further, the accounting treatment of the acquisition of the Wolfstrike group of companies as required under Australian accounting standards, has required the Company to expense all transaction costs as a cost of acquisitions.

I note that from the time of the Shareholder approval to acquire the Wolfstrike group of companies (March 2015) until settlement in March 2016, the value of the future contracted cashflows increased by over 100%. This further increased the value of the business to the Company.

The WolfStrike Group of Companies

The WolfStrike Group of companies are rental companies focusing on the rental of technology products, both hardware and software, to retailers and business. These technology products currently include point of sales systems, payment terminals, software, hardware, CCTV systems, security systems and other similar products.

All products are provided on a rental basis to customers, with ownership of the customer relationship remaining with WolfStrike at the end of the contracted term.

WolfStrike has a strong core business in New Zealand with significant potential to further grow. We are now embarking on expanding our business development capability within the Australian market.

Board Renewal

Since April 2016, the Company has strengthened its Board of Directors, with the addition of Mr. Ian Bailey as Managing Director. Mr. Bailey has extensive experience in payments and EFTPOS, in merchant POS markets (both hardware and software) and the telecommunications sector. He has a solid management background working with technology companies and startups, driving sales and marketing, and directing listed companies to better financial performance.

The Board has been further strengthened by the appointment of Mr. John Seton on 23 June 2016 as a Non-Executive Director. John has a background in law, with extensive business experience in technology and mining companies, and having held directorships and chairman positions across a wide variety of ASX, NZX and TSX listed entities.

The Company plans to appoint additional Non-Executive Directors in the future.

Our future

WolfStrike has the capability to provide its customer base with a wide range of rental solutions, allowing the Company the opportunity to achieve significant and rapid growth. The Company now has a clearly defined strategy to achieve this.

Conclusion

I would like to thank the Board members for their commitment and courage in making the decisions required to overcome some of the challenges that the Company has faced.

We believe that we are moving in a positive direction and making the right, albeit tough, decisions to position the Company for future performance improvement and growth.

Finally, on behalf of the Board, I wish to thank you, our loyal shareholders for your continued support, which is greatly appreciated.



Robin Armstrong
Chairman

MANAGING DIRECTOR'S REPORT

I would firstly like to thank the Board, and WolfStrike shareholders for their support in approving the acquisition of the WolfStrike group of companies by what is now WolfStrike Rentals Group Limited.

The core business of the WolfStrike group is the rental of technology products to retailers, business and merchants, with a core focus on the hospitality sector. It is expected that the Company will continue to expand its finance offering to other product sets and market segments by increasing its sales and distribution channels over the next year, and this, along with reduction of funding costs, is a core focus of management to increase profitability.

The core business has grown rapidly over the last two years, from a customer base of 1,966 in March 2015 to over 3,200 in June 2016. Further, future contracted gross cashflows (inclusive of GST; before impairment & NPV discounting) have grown from A\$4.33M to A\$9.7M as at 30 June 2016.

Overheads post acquisition were higher than previous years due to the Company investing heavily into the Australian market while expanding its NZ sales and distribution teams. The Australian market is taking longer than anticipated to reach a critical mass and therefore continued investment is needed.

A full review of the NZ business showed that the agency sales model, whereby we utilise independent and commission only sales staff to bring rental contracts to the Company, was significantly more profitable than continuing to expand and operate our own direct teams. Accordingly, the Board and management implemented a strategy in August 2016 to reduce our own sales team to a minimum level for direct corporate and larger customer relationships and to expand the external agency sales network.

The result is a significant reduction in overheads by \$2.2M per annum, plus a reduction in the costs of funding and interest by the repayment of \$1.85M of debt. Further, this strategy allows WolfStrike to better direct its resources at growing its rental book and pursuing accretive acquisitions, outlined further below, while significantly strengthening the Company's balance sheet.

The acquisition opportunities the Company identified prior to listing did not eventuate, however, WolfStrike continues to look for suitable and EPS accretive acquisitions. Whilst maintaining its focus on the Australian market for major growth opportunities, the Company also recognises that the NZ market contains significant opportunities in its core business of

technology rentals. We will continue our focus on the Technology Rentals space, and, as advised in the prospectus, intend to continue to look for additional product sets to rent to both the retail and business sectors.

This Annual Report shows the impact of the WolfStrike businesses on the listed entity only for the period from the acquisition date (being 18th March 2016) to 30 June 2016, and is therefore not reflective of the future potential of the Company. Additionally, there are considerable acquisition costs and goodwill that have been written off as part of the overall merger, with these being one-off costs for this financial year only.

As at the end of August 2016, the customer base has grown to approximately 3,350 customers, with contracted future contracted cashflows of over \$10.2M (including GST and before impairment).

Further, we anticipate that the significant reduction in operating costs will start to be reflected in the Company's next Half Year report.

The strategy is to grow the business as fast as possible by both organic growth and acquisition. These acquisitions will be in both NZ and Australia.

As previously advised, management continue to focus on the reduction of rental funding costs and to that end have identified a number of potential funders who can provide rental book funding at significantly lower rates to the current facilities in place today. As this progresses we will advise the market of changes.

Entering financial year 2017, the WolfStrike group has a strengthened balance sheet and significantly streamlined operations, with a clearly defined strategy to deliver shareholder growth and with the financial flexibility to achieve this. We look forward to updating shareholders on our progress across the business throughout the year



Ian Bailey,
Managing Director

DIRECTORS REPORT

The Directors of WolfStrike Rentals Group Limited (“WolfStrike” or “WSG” or “the Company”) submit their report for the year ended 30 June 2016.

DIRECTORS

The names and details of the Company’s directors in office during the financial year and until the date of this report are as follows. Directors were in office for the entire period unless otherwise stated.

Robin Armstrong – Non-Executive Chairman

Appointed as a Non-Executive Director on 13 October 2014.



Mr Armstrong is the founder and principal of the Sydney based boutique corporate advisory firm Integritas Corporate Pty Ltd, specialising in developing strategies for small cap corporates to become adequately funded with a clear path to a public listing on the Australian Securities Exchange.

Robin has worked in the financial services industry for over 30 years, 15 of those years as director and head of the corporate department at publicly quoted Findlay & Co Stockbrokers Ltd, being responsible for many public listings (IPOs) and secondary capital listings

Having held both executive and non-executive directorships on numerous Australian and International companies, Robin has amassed a wealth of knowledge and developed a broad range of experience in corporate finance, mergers, acquisitions, administration, corporate governance and best practice policies.

Quentin Olde – Non-Executive Director

Appointed as a Non-Executive Director on 29 October 2014.



Mr Olde is an experienced and respected restructuring and turnaround professional with over 20 years’ experience as a Chartered Accountant and adviser to financiers, corporates and investors.

He is currently Senior Managing Director at FTI Consulting, a global restructuring and crisis management firm.

Quentin has significant expertise advising Public and ASX listed companies on financial and operational matters, and brings a wealth of experience and contacts in the financial services, banking and corporate sectors.

His experience will assist the Company set strategic direction and source funding for planned growth.

Mr Olde holds a Bachelor of Commerce degree from University of Western Australia.

Ian Bailey – Managing Director

Appointed as Managing Director on 24 March 2016.



Mr Bailey is the founder and Managing Director of the WolfStrike group in New Zealand and has a wealth of experience developing small companies into much larger companies that create positive returns for shareholders. The workforce and business of WolfStrike has shown solid growth under his leadership.

Ian has had extensive experience in both the NZ and Australian markets, particularly in payments (EFTPOS), merchant Point of Sale (POS) technology (both hardware and software), and telecommunications sectors. In addition, Ian has been involved in the listing and management of two companies listed on the New Zealand Securities Exchange.

Ian has a solid background in technology, management, sales and marketing. He holds qualifications which include Diploma in Electronic Computer Servicing, Electronics certificate from Auckland Technical Institute, certificate in Business Management from the Australian Institute of Management, and has completed units in Marketing from the University of Auckland. In addition, Ian has completed a wide range of courses from the New Zealand Institute of Directors, including a Certificate in Company Direction, Chairing the Board, Finance Essentials and Governance Essentials.

Ian is also a Chartered member of the New Zealand Institute of Directors and an Affiliate of the Australian Institute of Directors. He has held directorships in private and public companies in New Zealand and Australia.

John Seton – Non-Executive Director

Appointed as a Non-Executive Director on 23 June 2016.



Mr Seton is an Auckland based solicitor with extensive business experience in technology, mining, wine and investment companies with both listed and private directorships and chairmanships, including ASX, NZX and TSX listed entities.

John has a LLB from Victoria University of Wellington, an LLM (Hons) from Auckland University and has been admitted to the New Zealand and Californian Bars and as a Solicitor of the Supreme Court of England and Wales.

John is also Chartered Fellow of the New Zealand Institute of Directors and is experienced in corporate asset acquisitions and divestments, transaction negotiations, fund raising, and steering businesses through significant change and growth.

Harry Fung – Non-executive Director

Appointed to the Board on 25 July 2010.

Retired as a Director on 23 March 2016.

Mr Fung was a director of the Company from 2010 to 2016. He has over 15 years' experience in commercial business transactions in financial markets and holds a diploma in Financial Markets. As part of the acquisition of the WolfStrike group of companies, Mr Fung retired as a director.

COMPANY SECRETARY

Eryn Kestel

Appointed as Company Secretary on 8 March 2012

Ms Kestel acts as company secretary for a number of small ASX listed companies. She holds a Bachelor of Business Degree majoring in Accounting and is a Certified Practicing Accountant.

DIRECTORS REPORT

DIRECTORS' INTERESTS IN THE SHARE CAPITAL OF THE COMPANY

As at the date of this report, the interests of the directors in the share capital of the Company were:

	Number of Ordinary Shares	Number of Unlisted Options
Robin Armstrong	0	0
Quentin Olde	18,750,000	9,375,000
Ian Bailey	63,000,000	0
Harry Fung	2,812,500	0
John Seton	0	0

DIRECTORS' MEETINGS

The number of Directors' meetings held during the year and each Director's attendance at those meetings is set out in the table below.

All meetings held were Board meetings and there were no meetings held to consider specific business.

No. of meetings	Board Meetings		
	Meetings Held	Meetings Attended	
Robin Armstrong	6	6	
Quentin Olde	6	6	
Ian Bailey ¹	3	5	Attended 2 meetings by invitation
Harry Fung ²	3	3	
John Seton ³	0	2	Attended 2 meetings by invitation

Notes:

1. Mr. Bailey was appointed as Managing Director on 24 March 2016 and was invited by the Board to attend the two previous Board Meetings to his appointment.
2. Mr. Fung ceased to be a director on 24 March 2016.
3. Mr. Seton was appointed as a Non-Executive Director on 23 June 2016. Mr. Seton was invited by the Board to attend all Board Meetings held since relisting.

There were no Committee Meetings held during the financial year.

BOARD COMMITTEE MEMBERSHIP

As at the date of this Report, the Company has not established any working Board Committees.

Since relisting on the Australian Securities Exchange on 29 March 2016, the responsibilities and duties normally undertaken by specific Committees of the Board (Audit, Remuneration, Nominations and Risk & Compliance) were taken by the full Board during this time.

OPERATING AND FINANCIAL REVIEW

Revenue from operations for the financial year ended 30 June 2016 (FY16) was \$1,373,338, an increase of 790% over FY15.

The result before financing costs, transaction expenses and taxes was a loss of \$1,296,366. However it is noted that the operating entities were only acquired on 18th March 2016. Total transaction costs associated with the WolfStrike acquisition and the relisting of the Company were \$10,039,750, which led to a net loss before tax of \$12,632,085 compared to the previous year loss before tax of \$1,003,913. The increased losses were predominately the result of the Reverse Acquisition transaction costs, and non-cash impairment charges to goodwill.

Cash flow from operations during FY16 increased to \$796,198 compared to \$654,570 in FY15.

The Company adopted a conservative approach to its first time post-acquisition reporting of the WolfStrike group, and stringent adoption of the accounting standards. Contributing factors to the year's result, which was a loss of \$12,632,085, included non-cash provisions & impairment of \$11,112,484:

- Transaction costs associated with the WolfStrike acquisition \$10,039,750; and
- Impairment of Goodwill created on the WolfStrike acquisition of \$1,072,734.

Further non-cash items included:

- Amortisation of intangibles of \$166,296; and
- Provision for Warranty support of \$282,301.

SIGNIFICANT CHANGE IN STATE OF AFFAIRS

On 18 March 2016, WolfStrike Rentals Group Limited completed the acquisition of the WolfStrike group of companies as set out in the Prospectus dated 24 December 2015. Under the business acquisition, WSG acquired 100% issued capital of the following entities:

- WolfStrike Distributors Limited ("WDL");
- WolfStrike Rental Services Limited ("WRS"); and
- WolfStrike Distributors Pty Limited ("WDPL").

Together referred to as ("the WolfStrike group of companies").

There were no other significant changes during the period.

YEAR ON YEAR COMPARISON

A comparison of the Company's performance for FY16 and FY15 is as follows.

FY16 was a year of expansion and strategy execution for WolfStrike – significant Revenue growth within New Zealand, expansion into the Australian markets almost as a start-up, and the execution of phase 1 of the plan to list on the Australian Securities Exchange. This increased generation of revenue is expected to lay the foundations for the underlying performance of the business in the future.

NEW ZEALAND OPERATIONS

On 18th March 2016, the Company acquired the WolfStrike group of companies. At this stage the main business operations continue to be the New Zealand Rental Book acquired and so NZ operations remain the principle revenue generator. The market remains strong and continues to grow in the payments and security sectors.

AUSTRALIAN OPERATIONS

The Australian operations are still essentially in start-up mode and the Company intends to develop these through organic sales growth and to search for earnings accretive acquisitions.

OUTLOOK FOR THE 2017 FINANCIAL YEAR

During FY16 significant changes were made to the Company's operations to ensure it remained competitive and financially secure. We have made a number of changes to the management team, introduced new systems and developed new products to create a platform for growth. In FY17 we will continue to refine the focus of the business in strategically critical areas that are judged most essential to building shareholder value:

SHARES ISSUED DURING THE YEAR

During FY16, 804,329,000 (FY15: nil) shares were issued pursuant to prospectus issued on 15 December 2015 for a capital raising of \$2,000,000, the acquisition of the WolfStrike group of companies, the conversion of \$2,000,000 of Convertible Notes, and shares issued to promoters and advisors to the capital raising.

PERFORMANCE RIGHTS OVER SHARES

As part of the purchase of the WolfStrike group, certain of the Vendors have a right to 595,671,000 "earn out" shares over two tranches. The hurdles that trigger these shares are currently being negotiated and will be subject to shareholder approval at the next Annual General Meeting.

UNLISTED OPTIONS ON ISSUE

As part of the conversion of the Convertible Notes, holders of those Convertible Notes were issued with 125,000,000 free unlisted options with an exercise price of \$0.02 (two cents) per option and an expiry date of 24th March 2018. These options were issued on 24 March 2016.

TREASURY POLICY

The Company coordinates the Group's treasury function and is responsible for managing currency risks and finance facilities. It operates within policies set by the Board which has the responsibility for ensuring management's actions are in line with Company policy.

Transaction hedging is not undertaken. Translation effects are not hedged. Interest rate exposures are not hedged.

SUBSEQUENT EVENTS AFTER THE BALANCE DATE

Other than the matters discussed below, there has not arisen in the interval between the end of the financial year and the date of this report, any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company, to affect the operations of the consolidated entity, the results of these operations or the state of affairs of the consolidated entity in subsequent years.

- a) On 1 July 2016, WSG purchased 100% of the issued shares in the Australian company WolfStrike Rental Services Pty Limited ("WRSPL") for the sum of \$1.00. WRSPL was previously 100% owned by River Horse Trustee Limited, a party related to Ian Bailey. The assets of WRSPL are primarily a small rental book of contracts all of which are located in Australia. The liabilities of WRSPL primarily are debt owing to FE Investments Ltd for the funding of the rent book and employee entitlements of the Australian general manager of WolfStrike. The impact of this transaction is not material to the financial report.
- b) On 29 July 2016 a dispute between the Company and its subsidiaries and Familia Nominees Pty Ltd that commenced in May 2016 was settled. Whilst the terms of settlement are subject to confidentiality, the settlement involved the Company paying Familia Nominees Pty Ltd the principal amount of its debt, being \$420,000 and an obligation to make small monthly payments to Familia Nominees Pty Ltd for the twelve months ending August 2017.

- c) On 22 August 2016, the Company announced an external sales agency strategy for its business operations, whereby all product sales would move to an external agency model. This move relieves the group of capital requirements in regard to inventory, sales and technical staff, ongoing development and other working capital requirements. As part of this model, the Company entered into an agreement with a new entity, EFTPOS Warehouse Limited ("EWL"), to become a master agent. Pursuant to this agreement, EWL is responsible for the technical support of all current WolfStrike customers. EWL has also purchased all inventory held by WolfStrike (including the inventory located at customers' premises). The purchase price is NZD2,200,000 and the form of consideration will be via EFTPOS Warehouse taking over WolfStrike's current stock loans of NZD1,850,000 and creditor payments of NZD350,000. The impact on WolfStrike is a material reduction in debt as well as a material reduction in operating costs going forward.
- d) On 30 August 2016, the Company announced that it had raised \$1,560,000 through a series of Convertible Loans. The general terms of the Convertible Loans are an unsecured, 2 year loan at 10.5% interest, payable monthly in arrears, convertible to fully paid shares based on a 20% discount to the 30 day VWAP, not redeemable by the investor until 12 months from issue date have elapsed, or converted at the option of the Company in the event of a major transaction. The offer includes an option on the basis of 1 option at \$0.02 exercise price, within 24 months, for each \$2 invested. The conversion of these convertible loans and the issue of options are subject to shareholder approval.

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

The Company has agreed to indemnify the current Directors of the Company, the Company Secretary, and all executive officers of the Company, and of any related body corporate, against any liability permitted by the Corporations Act 2001, that may arise in their capacity as an officer of the Company or any related corporation to the Company.

WolfStrike Rentals Group Limited, being the ultimate parent company, paid premiums in respect of directors' and officers' liability insurance during the financial year. The contract of insurance does not include details of premiums paid in respect of individual officers of the Company and prohibits disclosure of the amount of the premium paid.

During the reporting period or since the end of the reporting period, the Company has not indemnified nor agreed to indemnify any auditor of the Company or any related entity against a liability that may arise in their capacity as an auditor.

AUDITOR INDEPENDENCE

The directors received the declaration on page 18 from the auditor of the Company. This auditor's declaration forms part of the Directors' Report.

NON AUDIT SERVICES

From time to time non-audit services are provided by the Company's auditor, William Buck Audit (Vic) Pty Limited. The directors are satisfied that the provision of any non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001* (Cth). The nature and scope of each type of non-audit service provided means that auditor independence was not compromised.

ENVIRONMENTAL LEGISLATION

The Company is not aware of any breaches to any environmental legislation.

DIVIDENDS PAID OR RECOMMENDED

No dividends have been paid during FY16 and FY15.

CORPORATE GOVERNANCE STATEMENT

The ASX Corporate Governance Principles and Recommendations (Third Edition) and the ASX Listing Rules (ASX LR 4.10.3) permits entities to elect to publish their ASX Corporate Governance Statement and ASX Appendix 4G on its website.

Accordingly, the Company's 2016 ASX Corporate Governance Statement does not appear in this Annual Report and can be located on the Wolfstrike website at: http://www.wolfstrike.com/documents/public_documents/corporate_governance/

REMUNERATION REPORT (AUDITED)

The Directors of WolfStrike Rentals Group Limited are pleased to present the Remuneration Report ("the Report") for the Company and its subsidiaries ("the Company" or "the Group" or "WolfStrike") for the year ended 30 June 2016. This Report has been prepared and audited within the requirements of the *Corporations Act 2001*.

For the purposes of this Report, Key Management Personnel ("KMP") are defined as persons having authority and responsibility for planning, directing and controlling the major activities of the Company and the Group and include all Non-Executive Directors of the Company and Executives who are listed in the table below.

DIRECTORS AND KEY MANAGEMENT PERSONNEL

Executives

Ian Bailey	Managing Director, appointed on 24 March 2016
------------	---

Non-Executive Directors

Robin Armstrong	Non-Executive Chairman
Quentin Olde	Non-Executive Director
Harry Fung	Non-Executive Director, resigned 24 March 2016
John Seton	Non-Executive Director, appointed 23 June 2016

The above Non-Executive Directors and Executives were the KMP's for the whole of the financial year unless otherwise stated.

REMUNERATION GOVERNANCE

The Board is responsible for determining remuneration of Non-Executive Directors and Executives. At this stage of the Company's development it is not considered necessary or appropriate that there be a separate remuneration committee. Rather the Board assumes responsibility to ensure the appropriate and effective remuneration packages and policies are implemented within the Company and the Group in relation to the Non-Executive Directors and Executives.

In accordance with section 206K of *Corporations Act 2001* the Board has a process for engaging remuneration consultants. When the Board commissions and receives information, advice and recommendations it is provided directly to the Board from remuneration consultants, ensuring remuneration recommendations are free of undue influence by management. During the financial year no such advice has been sought or received.

The Company's remuneration strategy is designed to attract, retain, motivate and reward employees by providing fair and reasonable rewards for achieving high performance and creating sustained value for shareholders.

KMP remuneration is connected to Company performance to encourage high performance for the benefit of shareholders. It is currently too early to estimate the consequences of performance on shareholder wealth.

FIXED REMUNERATION***Non-Executive Director Remuneration***

In determining the level and make-up of Non-Executive Director remuneration, the Board negotiates remuneration to reflect the market salary for a position of comparable responsibility and experience whilst considering the Company's stage of development.

Fixed Remuneration consists of base fees and is reviewed annually. Given the prolonged period the Company was suspended from trading on the ASX prior to its relisting in March 2016 there was no formal policy regarding Non-Executive Director remuneration. Accordingly, the Board has considered the quantum of remuneration payable to Non-Executive Directors and agreed the following structure and level of Non-Executive Directors Fees on an annual basis (payable quarterly).

	Payment in Cash	Payment in Shares¹
	\$	\$
Non-Executive Chairman	50,000	70,000
Non-Executive Director	40,000	60,000

Note 1:

For the twelve months post relisting, should a director elect to have their fees paid by the issue of shares in the Company, shares will be issued at a deemed price of two cents, which is the same price as the capital raising which was completed in March 2016. After the first twelve month period, the issue price of shares paid to any Non-Executive Director in respect of remuneration, the price will be calculated at a 10% discount to the 30 day VWAP on the day the payment is made by the Company.

Mr Armstrong was engaged by the Company to carry out duties in addition to those of Non-Executive Chairman throughout the year. Mr Armstrong was remunerated for these duties on a consultancy basis as agreed with the Board from time to time.

Mr Fung resigned as a director on 24 March 2016. Mr Fung was engaged by the Company to carry out duties in addition to those of Non-Executive Director throughout the year. Mr Fung was remunerated for these duties on a consultancy basis through his wholly owned family trust as agreed with the Board from time to time.

None of the Non-Executive Directors have entered into employment contracts with the Company.

Executive Remuneration

Executive Remuneration consists of base fees. Fixed remuneration reflects the complexity of the individual's role and their experience, knowledge and performance. Internal and external benchmarking is undertaken regularly and fixed remuneration levels are set with regard to the external market median, with scope for incremental increase for superior performance.

Fixed remuneration is reviewed annually, taking into account the performance of the individual and the Company. There are no guaranteed increases to fixed remuneration in any contracts of employment.

REMUNERATION REPORT (AUDITED)

The table below shows the structure and level of Executive fees for the current financial year. Please note that the acquisition of the WolfStrike group of companies only occurred on 18th March 2016 and there was no executive or other remuneration paid in prior years.

	Annual Amount¹
	NZD
Executive (Managing Director) ¹	\$280,000

Note 1:

Mr Ian Bailey is Managing Director of the Company and commenced in that position on 24 March 2016 under a consulting agreement between the Company and Mr Bailey's wholly owned company, Riverhorse Consulting Ltd. The contract was agreed by the Board on 12 April 2015.

The terms of this contract are as follows:

- Riverhorse Consulting Ltd, has entered into an agreement with the Company to provide consultancy services. Under this agreement, Mr Bailey will be contracted by Riverhorse Consulting Ltd to provide a broad range of services to the Company, including general business management services, strategy and business development, risk and insurance management together with sales, marketing and managing procurements.
- Riverhorse Consulting Ltd will receive consulting fees of NZ\$280,000 per annum, plus applicable GST, payable monthly.
- The contract has an indefinite duration, and can be terminated by giving 60 days written notice.

SHORT TERM INCENTIVE ("STI") AND LONG TERM INCENTIVE ("LTI")

Given the Company's stage of development the Board has not yet put in place either STIs or LTIs as it was considered a premature action prior to the Company being re-listed on the ASX and completing the WolfStrike acquisition. Now that both these actions have been completed the Board anticipates putting place both an STI plan and LTI plan for all KMPs and certain other employees of the Group within the next twelve months.

DETAILS OF REMUNERATION FOR THE YEAR ENDED 30 JUNE 2016

Remuneration of Executive KMP

Table 1: Remuneration for the years ended 30 June 2016 and 30 June 2015

	Short term benefits			Performance Related %
	Salary and fees	Superannuation*	Total	
	\$	\$	\$	
Managing Director				
Ian Bailey ¹				
2016	65,289	0	65,289	0
2015	0	0	0	0
2016	65,289	0	65,289	0
2015	0	0	0	0

Note1:

Mr Bailey was appointed Managing Director of the Company on 24 March 2016. Salary and fees in regard to Mr Bailey are paid to his related company, Riverhorse Consulting Ltd.

DETAILS OF REMUNERATION FOR THE YEAR ENDED 30 JUNE 2016 - Continued
Table 2: NED Remuneration for the years ended 30 June 2016 and 30 June 2015

		Short-term benefits	Post- employment	Total Directors Fees	Other short-term benefits	
		Salary and Fees	Superannuation		Other fees	Total
Robin Armstrong ¹	2016	50,000	0	50,000	65,017	115,017
	2015	90,000	0	90,000	0	90,000
Quentin Olde ²	2016	43,333	0	43,333	0	43,333
	2015	3,667	0	3,667	0	3,667
Harry Fung ³	2016	30,000	0	30,000	29,650	59,650
	2015	54,000	0	54,000	0	54,000
John Seton ⁴	2016	777	0	777	0	777
	2015	0	0	0	0	0
Total 2016	2016	124,110	0	124,110	94,667	218,777
Total 2015	2015	147,667	0	147,667	0	147,667

Notes:

1. Mr Armstrong was engaged by the Company to carry out duties in addition to those of Non-Executive Chairman throughout the year. Mr Armstrong was remunerated for these duties on a contract basis as agreed with the Board from time to time.
2. Salary and fees in regard to Mr. Olde are paid to his related company, Milray Consulting Pty Ltd.
3. Mr Fung resigned as a director on 24 March 2016. Mr Fung was engaged by the Company to carry out duties in addition to those of Non-Executive Director throughout the year. Mr Fung was remunerated for these duties on a consulting basis as agreed with the Board from time to time. Salary and fees in regard to Mr Fung were paid to his related family trust – the Meng Seng Family Trust.
4. Mr Seton joined the Board on 23 June 2016.

REMUNERATION REPORT (AUDITED)

ADDITIONAL STATUTORY DISCLOSURES RELATING TO OPTIONS AND SHARES

This section provides additional disclosures required under the Corporations Act 2001.

The table below discloses movements in shareholdings of the Company's KMP's and their related parties.

Movements in Shareholdings of KMP's during the year ended 30 June 2016

	Shares held at 30 June 2015	Other Changes	Shares held at 30 June 2016
Directors - Non Executive			
Robin Armstrong	0	0	0
Quentin Olde ¹	0	18,750,000	18,750,000
Harry Fung	2,812,000	0	2,812,000
John Seton	0	0	0
	2,812,000	18,750,000	21,562,000
Executives			
Ian Bailey ²	0	63,000,000	63,000,000
	0	63,000,000	63,000,000

Notes:

1. Saint-Emilion Enterprises Pty Ltd, a company related to Quentin Olde was issued with 18,750,000 ordinary shares in March 2016 through the conversion of \$150,000 of Convertible Notes in the Company. In addition to these ordinary shares Saint-Emilion Enterprises Pty Ltd was issued with 9,375,000 options which expire in March 2018.
2. Related parties of Ian Bailey were issued with a total of 63,000,000 ordinary shares as part of the settlement of the acquisition of the WolfStrike companies in March 2016. These shares are subject to escrow provisions until March 2018.

Movements in Unlisted Options of KMP's during the year ended 30 June 2016

	Balance at 30 June 2015	Granted as Remuneration	Other Changes	Vested/ Expired During Period	Unexpired at 30 June 2016
Directors - Non Executive					
Robin Armstrong	0	0	0	0	0
Quentin Olde ¹	0	0	9,375,000	0	9,375,000
Harry Fung	0	0	0	0	0
John Seton	0	0	0	0	0
	0	0	9,375,000	0	9,375,000
Executives					
Ian Bailey	0	0	0	0	0
	0	0	0	0	0

Notes:

1. Saint-Emilion Enterprises Pty Ltd, a company related to Quentin Olde was issued with 18,750,000 ordinary shares in March 2016 through the conversion of \$150,000 of Convertible Notes in the Company. In addition to these ordinary shares Saint-Emilion Enterprises Pty Ltd was issued with 9,375,000 options which expire in March 2018.

REMUNERATION REPORT (AUDITED)

This represents the conclusion of the remuneration report, which is audited.

Signed in accordance with a resolution of the directors.

A handwritten signature in black ink, appearing to read 'R. Armstrong', is positioned above the printed name and title.

Robin Armstrong
Chairman

29 September 2016

**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 year ended 30 June 2016
there have been:

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

William Buck

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

N. S. Benbow

N. S. Benbow
Director

Dated this 29th day of September, 2016

**CHARTERED ACCOUNTANTS
& ADVISORS**

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Toorak VIC 3142

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND COMPREHENSIVE INCOME

For the year ended 30 June 2016

	Note	2016 \$	2015 \$
Revenue from operations	6	1,216,258	0
Other income		157,080	173,796
Total revenue		1,373,338	173,796
Cost of goods sold		(937,120)	0
Gross profit		436,218	173,7960
Sales and marketing related expenses		(483,381)	0
Administrative related expenses		(429,030)	(432,736)
Other Operating expenses		(582,797)	0
Amortisation of intangibles	6	(166,296)	0
Depreciation	6	(71,080)	0
Loss before financing costs, transaction expenses and taxes		(1,296,366)	(258,940)
Transaction costs associated with the WolfStrike Acquisition	6	(10,039,750)	(645,653)
Impairment of goodwill	6	(1,072,734)	0
Net financing costs		(223,235)	(99,320)
Loss before income tax expense		(12,632,085)	(1,003,915)
Income tax benefit	9	0	0
Loss for the period		(12,632,085)	(1,003,915)
Other comprehensive loss			
Foreign currency translation		53,632	9
Total comprehensive loss for the period attributed to owners of the parent		(12,578,453)	(1,003,913)
Loss (cents) per share attributable to ordinary equity holders of the parent company			
- basic	8	(5.49) cents	(1.59) cents
- diluted	8	(5.49) cents	(1.59) cents

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2016

	Note	2016 \$	2015 \$
ASSETS			
Current Assets			
Cash and cash equivalents	10	796,198	654,570
Finance Lease receivables	11	2,303,490	
Trade and other receivables	11	77,658	83,019
Inventories	12	1,024,389	0
Other assets	15	101,777	60,000
Total Current Assets		4,303,512	797,589
Non-Current Assets			
Finance lease receivables	11	4,095,094	0
Plant and equipment	13	216,905	0
Intangible assets and goodwill	14	5,670,054	0
Total Non-Current Assets		9,982,053	0
TOTAL ASSETS		14,285,565	797,589
LIABILITIES			
Current Liabilities			
Trade and other payables	16	954,166	92,719
Convertible notes	17	0	2,099,302
Interest bearing borrowings	17	4,627,877	0
Other loans	17	1,072,228	0
Provisions	18	365,747	0
Total Current Liabilities		7,020,018	2,192,021
Non-Current Liabilities			
Interest bearing borrowings	17	5,089,739	0
Total Non-Current Liabilities		5,089,739	0
TOTAL LIABILITIES		12,109,757	2,192,021
NET Assets / (Liabilities)		2,175,808	(1,394,432)
Equity attributable to equity holders of the parent company			
Issued Capital	21	20,715,990	5,217,297
Reserves	22	703,632	0
Accumulated losses	22	(19,243,814)	(6,611,729)
Total Equity		2,175,808	(1,394,432)

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2016

	Share Capital	Accumulated losses	Options reserve	Foreign currency translation reserve	Total Equity
	\$	\$	\$	\$	\$
2015 Financial Year					
Opening Balance as at 1 July 2014	5,162,554	(5,607,816)	0	0	(445,262)
Loss for the period	0	(1,003,913)	0	0	(1,003,913)
Total Comprehensive loss for the period	0	(1,003,913)	0	0	(1,003,913)
<i>Transactions with owners in their capacity as owners</i>					
Issue of shares for performance of services	54,743	0	0	0	54,743
Balance at 30 June 2015	5,217,297	(6,611,729)	0	0	(1,394,432)
2016 Financial Year					
Opening Balance as at 1 July 2015	5,217,297	(6,611,729)	0	0	(1,394,432)
Total Comprehensive loss for the 2016 year	0	(12,632,085)	0	0	(12,632,085)
Foreign Currency translation for the 2016 year	0	0	0	53,632	53,632
Total comprehensive loss	0	(12,632,085)	0	53,632	(12,578,453)
Options issued during the year	0	0	650,000	0	650,000
Issue of shares:					
to promoters & advertisers	1,000,000	0	0	0	1,000,000
to WolfStrike Vendors	8,086,580	0	0	0	8,086,580
to Convertible Noteholders	5,000,000	0	0	0	5,000,000
Issue of shares Issued Pursuant to Prospectus Capital Raising	2,000,000	0	0	0	2,000,000
Costs of share issues	(587,887)	0	0	0	(587,887)
Balance as at 30 June 2016	20,715,990	(19,243,814)	650,000	53,632	2,175,808

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

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 30 June 2016

	Note	2016 \$	2015 \$
<i>Cash flows from operating activities:</i>			
Receipts from customers		1,193,229	0
Payments to suppliers and employees		(3,210,625)	(1,346,286)
Net cash flows from operating activities		(2,017,396)	(1,346,286)
<i>Cash flows related to investing activities:</i>			
Net cash acquired from the acquisition of WRS and WDL		15,807	0
Purchase of plant and equipment		(11,376)	0
Net cash flows provided by investing activities		4,431	0
<i>Cash flows relating to financing activities:</i>			
Proceeds from convertible notes		0	2,000,000
Proceeds from the issue of new shares		2,000,000	0
Cost of capital raising		(587,887)	0
Proceeds from borrowings		736,702	0
Net cash flows provided by financing activities		2,148,815	2,000,000
<i>Net increase in cash and cash equivalents</i>		135,850	653,714
Cash and cash equivalents at beginning of financial year		654,570	856
Impact of foreign exchange		5,778	0
Cash and cash equivalents at the end of financial year	10	796,198	654,570

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2016

NOTE 1 CORPORATE INFORMATION

The consolidated financial statements of WolfStrike Rentals Group Limited, (“WolfStrike” or “WSG” or “the Company”) for the year ended 30 June 2016 were authorised for issue in accordance with a resolution of directors on 29 September 2016.

The Company is an Australian incorporated company and is limited by shares that are publicly traded on the Australian Securities Exchange (“ASX”). WolfStrike shares trade under the ticker code WSG.

The nature of the operations and principal activities of the Company are described in the Directors’ Report.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

This financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. The financial report has been prepared on a historical cost basis.

The financial report is presented in Australian dollars.

The financial statements have been prepared on a going concern basis, which assumes the normal continuity of business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business. Attention is drawn to the matters detailed in Note 21 and 28 of the financial report.

2.2 Compliance with IFRS

The financial report complies with Australian Accounting Standards as issued by the Australian Accounting Standards Board and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

2.3 Going Concern Assumption

The financial report has been prepared on the going concern basis, which assumes continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

The consolidated entity reported a net loss before financing costs, transactions costs and taxes of \$1.296m (2015: \$0.259m). The net loss is directly attributable to additional provisions during the financial year for inventory, finance lease receivables and other loans, goodwill, intangibles and warranty support. All of these items are non-cash items and are one-off in nature amounting to approximately \$1.644 million.

The working capital position as at 30 June 2016 of the consolidated entity results in a deficiency being an excess of current liabilities over current assets of \$2.716m (30 June 2015: deficiency of \$1.394m). The consolidated entity had net operating cash outflows of \$2.017m (2015: \$1.346m). The cash balance as at 30 June 2016 was \$0.796m (30 June 2015: \$0.654m).

During the year and subsequent to 30 June 2016 the following events have taken place to support the going concern basis of accounting for the consolidated entity:

- On 30 August 2016, the Company raised \$1.56m under a convertible note facility. These proceeds will be used to reduce rent book debt, provide funding for targeted value accretive acquisitions, provide ongoing funding for the growth of the Company’s rental book and provide general working capital;
- On 22 August 2016 the Company announced the move to an external agency sales strategy which relieves the Company from capital requirements and costs associated with direct sales channels relating to inventory, sales and technical staff, ongoing development, purchasing and working capital;
- The external agency sales strategy is expected to deliver costs savings to the business of approximately \$2.2m per annum;
- The Company has entered into an agreement with EFTPOS Warehouse Limited to become a Master agent allowing them to offer the Wolfstrike rental product via their own agent/reseller channel. EFTPOS Warehouse Limited will also purchase and take responsibility for all inventory, including all inventory currently deployed and warehoused by WolfStrike, while also undertaking to maintain and support the current installed inventory base over the remainder of its rental contract lifecycle. Consideration of \$2.2M million has been agreed for the purchase of the stock and payment will be by way of EFTPOS Warehouse taking over WolfStrike’s current stock loans of circa \$1.85M with EFTPOS Warehouse also being responsible for any creditor payments in relation to that stock

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2016

(currently circa \$350,000). The impact will be a significant reduction in debt in the company and also a reduction in its operating costs per month; and

- The Directors together with management are implementing measures to reduce the Company's cash outflow.

Should the Group be unable to continue as a going concern it may be required to realise its assets and discharge its liabilities other than in the normal course of business and at amounts different to those stated in the financial statements. The financial statements do not include any adjustments relating to the recoverability and classification of asset carrying amounts or the amount of liabilities that might result should the Group be unable to continue as a going concern and meet its debts as and when they fall due.

2.4 Accounting Standards and Interpretations

i. Changes in accounting policy and disclosures

In the current year, the Group has applied a number of new and revised AASBs and Interpretations issued by the Australian Accounting Standards Board (AASB) that are mandatorily effective for an accounting period that begins on or after 1 July 2015.

The Company has adopted all of the revised or amended Australian Accounting standards and interpretations issued by the Australian Accounting Standards Board that are mandatory for the current period. The adaption of these standards and interpretations did not have any significant impact on the financial performance or position of the Company.

ii. Accounting standards and interpretations issued but not yet effective

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective and have not been adopted by the Group for the annual reporting period ending 30 June 2016 are outlined in the tables below:

Standard	Mandatory date for annual reporting periods beginning on or after)	Reporting period standard adopted by WolfStrike
AASB 9 Financial Instruments and related standards	1 January 2018	1 July 2018
AASB 2014-4 Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016	1 July 2016
AASB 15 Revenue from Contracts with Customers and AASB 2014-5	1 January 2018	1 July 2018
AASB 2014-9 Equity method in separate financial statements	1 January 2016	1 July 2016
AASB 2015-1 Annual improvements 2012 – 2014 cycle	1 January 2016	1 July 2016
AASB 2015-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101	1 January 2016	1 July 2016
AASB 2015-9 Amendments to Australian Accounting Standards	1 January 2016	1 July 2016
AASB 16 - Leases	1 January 2019	1 July 2019

Management are still reviewing the impact of these standards following the move to an external agency strategy. Further information is included in Note 27.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2016

2.5 *Significant Accounting Policies*

a) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 30 June 2016.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and would cease if the Company were to lose its control of the subsidiary. The Company re-assesses whether or not it controls a subsidiary if the facts and circumstances were to change.

As at 30 June 2016, all WolfStrike subsidiaries were 100% owned and controlled by the Company.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Company's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Company are eliminated on consolidation.

b) Business combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the Group elects whether it measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in administration expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquirer.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability will be recognised in accordance with AASB 3 Business Combinations and AASB 139 Financial Instruments: Recognition and Measurement, either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it will not be remeasured. Subsequent settlement is accounted for within equity.

c) 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 30 June each year using a fair value less costs of disposal methodology to determine the fair value for the Goodwill.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2016

Impairment losses recognised for goodwill are not subsequently reversed.

d) Operating segments

All WolfStrike operations are considered as part of the same segment as this is what the chief operating decision maker reviews. Accordingly, the Company does not report on operating segments in line with AASB 8 – Operating Segments.

e) Foreign currency translation

The consolidated financial statements of the Company are presented in Australian dollars, which is also the parent company's functional currency. Each entity in the Company determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. The Company has elected to recycle the gain or loss that arises from the direct method of consolidation, which is the method the Company uses to complete its consolidation.

The functional currency of WolfStrike Distributors Limited and WolfStrike Rental Services Limited is the New Zealand Dollar (NZ\$).

i. Transactions and balances

Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the reporting date.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

ii. Group companies

On consolidation, the assets and liabilities of foreign operations are translated into Australian dollars at the rate of exchange prevailing at the reporting date and their income statements are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the income statement.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

f) 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 Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised.

i. Sale of Goods and Finance Lease Receivable Revenue

Revenue from sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and can be reasonably measured. In regard to the Company's Finance Lease receivables, for recognition as revenue, there must be a legally binding contract. This requires that the customer has signed a lease contract, which is immediately entered into the Company's specialist lease tracking system. As soon as the customer's signed contract is evidenced, then the FLR must be recognised, even if delivery or payment is delayed/deferred to a future agreed date which is convenient for the customer's business. Both GST and any interest component must be eliminated from the recognition of FLR income.

ii. Interest Income

Income is recognised as interest accrues using the effective interest method.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2016

g) 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.

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.

i. Tax consolidation legislation

The Company and its wholly-owned Australian subsidiaries operate under the tax consolidation legislation as of 1 July 2003.

The Company and its Australian subsidiaries account for their own current and deferred tax amounts. 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 Company 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.

ii. 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 statement of financial position.

Cash flows are included in the 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.

h) Plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and any accumulated impairment losses. Such cost includes the cost of replacing parts that are eligible for capitalisation when the cost of replacing the parts is incurred.

Similarly, when each major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement only if it is eligible for capitalisation. All other repairs and maintenance are recognised in profit or loss as incurred.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2016

Depreciation is calculated on a straight-line basis over the estimated useful life of the specific assets as follows:

- Furniture, fittings and other - over a period of three to five years;
- Computer equipment - over a period of three years; and
- Plant and equipment - over a period of five to seven years.

The assets' residual values, useful lives and amortisation methods are reviewed and adjusted if appropriate at each reporting date.

An item of property, plant and equipment is derecognised upon disposal or when no further economic benefits are expected from its use or disposal.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

i. Leases

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 Company 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 Company will obtain ownership by the end of the lease term.

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.

i) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

j) 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 as at 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.

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.

Amortisation is calculated as follows:

- Customer List – 10 years

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2016

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.

Externally acquired intangible assets are initially recognised at the fair value of the consideration paid for the purchase.

k) 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.

l) 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 Company 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 Company'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. This has been disclosed in note 19.

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.

m) Cash and cash equivalents

Cash and cash equivalents in the 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.

n) Provisions and employee leave benefits

Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Where the Company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the profit or loss net of any reimbursement.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date using a discounted cash flow methodology. The risks specific to the provision are factored into the cash flows and as such a risk-free government bond rate relative to the expected life of the provision is used as a discount rate. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2016

that reflects the time value of money and the risks specific to the liability. The increase in the provision resulting from the passage of time is recognised in finance costs.

Contingent liabilities and contingent assets

Contingent assets and liabilities are recognised when the Company has assessed that the probability of future payments or receipts are considered remote, however, the Directors consider should be disclosed as they are not disclosed elsewhere in the financial report.

Employee Benefits

i. 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.

ii. Long Service Leave

The liability for long service leave is recognised in the provision for employee benefits and is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to the expected future wage and salary levels, the Company's experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity that match as closely as possible the estimated future cash outflows.

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 June 2016, there were no employees within the Company who qualified for Long Service Leave at this time.

o) 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 Binomial or 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 Company 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 Binomial or 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2016

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 Company or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the Company 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.

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.

p) Finance Lease receivables

In relation to a Finance Lease receivable, a provision for Doubtful Debt recovery is taken for the value of the lease contract which is over 60 days in arrears.

A provision for Bad Debts, as being unrecoverable as assessed by management, is taken once a lease contract is 90 days in arrears for the combined value remaining on the contract (i.e. both the unpaid value of the lease contract which is in arrears, plus the remaining future dated portion of the contract which is yet to be billed) and the contract is effectively closed.

q) Trade and other receivables

Trade receivables, which generally have 30-90 day terms, are recognised initially at fair value and subsequently measured at amortised costs using the effective interest method, 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.

r) 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 Company prior to the end of the financial year that are unpaid and arise when the Company 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.

s) 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 Company has an unconditional right to defer settlement of the liability for at least 12 months after reporting date.

t) 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2016

u) 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.

v) Aftersales warranty

In determining the level of provision required for maintenance warranties the Company has made judgments in respect of the expected performance of the product, number of customers who will actually use the maintenance warranty and how often, and the costs of fulfilling the performance of the maintenance warranty. Historical experience and current knowledge of the performance of products has been used in determining this provision. The related carrying amounts are included in accrued liabilities.

2.6 Acquisition of Subsidiaries

On 18 March 2016, WolfStrike Rentals Group Limited completed the acquisition of the WolfStrike group of companies as set out in the Prospectus dated 24 December 2015. Under the business acquisition, WSG acquired 100% issued capital of the following entities:

- WolfStrike Distributors Limited;
- WolfStrike Rental Services Limited; and
- WolfStrike Distributors Pty Limited.

The acquisition of WolfStrike Distributors Limited by WolfStrike Rentals Group Limited was completed under AASB 2 Share Based Payments as the legal acquirer, WolfStrike Rentals Group Limited, did not meet the definition of a business. Following this transaction, the consolidated entity comprising WolfStrike Rentals Group Limited and WolfStrike Distributors Limited acquired WolfStrike Rental Services Limited and WolfStrike Distributors Pty Limited under AASB 3 Business Combinations. These acquisitions gave rise to Goodwill of \$1,072,734. This Goodwill has been fully impaired at 30 June 2016.

The acquisition consisted of the issue of 404,329,000 fully paid ordinary shares in the parent company to the vendors. This resulted in a value of \$8,086,580 being attributed to the acquisition when the share price is valued at \$0.02 per share being the price funds were raised pursuant to the Prospectus at the same time the acquisition was completed.

The accounting for the acquisition of the WolfStrike group of companies has been prepared on the basis of the deemed acquisition of WDL being treated as a share based payment in accordance with AASB 2, rather than a business combination under AASB 3. Consolidation entries have been prepared in accordance with AASB 10 on the basis of WSG being the legal and accounting parent.

There is an alternative view that the presentation of the consolidated financial statements of the Group should be on the basis of a reverse acquisition as described in AASB 3. Should this approach have been adopted in preparing the consolidated financial statements the accounting parent would be WDL and the balances for Share Capital, Retained Losses and Foreign Currency Translation Reserve would be adjusted from their current presentation. All other balances in the statement of financial position would remain unchanged.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2016

NOTE 3 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's principal financial instruments comprise receivables, payables, bank loans, finance leases, cash and short-term deposits.

i. Foreign currency risk

The Company separates the management of exchange rate risk between translational and transactional effects of currency movements.

The Company's main business operations are currently in New Zealand. The NZ businesses incurs all revenue and the vast majority of its expenses in NZ\$, apart from the cost of inventory purchasing which is US\$ denominated. Also, the main debt and borrowings are NZ\$ denominated, so that the Company's foreign currency exposure in NZ\$ is largely balanced and transactional currency exposure to NZ\$ is therefore minimal.

Translational effects are more significant with approximately 99% (FY15: 0%) of the revenues and costs are incurred in a currency (NZ\$) other than the presentation currency of the Company. The Company does not hedge translational risk through available hedge products.

RISK EXPOSURES

ii. Foreign currency risk

At 30 June 2016, the Company had no foreign currency hedge arrangements in place.

The Group has borrowings denominated in \$NZ of 9.718 million (AUD \$9.2 million) (FY15: nil).

The following sensitivity is based on the foreign currency risk exposures in existence at the reporting date.

At 30 June 2016, had the Australian dollar moved, as illustrated in the table below with all other variables held constant, post-tax profit would have been affected as follows:

Judgments of reasonable possible movements	Total Comprehensive Loss Higher/(Lower)		Equity Higher/(Lower)	
	2016	2015	2016	2015
	\$	\$	\$	\$
AUD \$/NZ\$ +10%	121,365	0	121,365	(0)
AUD \$/NZ\$ - 5%	(60,683)	(0)	(60,683)	0

Management believes the reporting date risk exposures are representative of the risk exposure inherent in the financial instruments.

iii. Price risk

The Company's exposure to commodity and equity securities price risk is minimal.

iv. Credit risk

Credit risk arises from the financial assets of the Company, which comprise cash and cash equivalents, trade and other receivables. The Company's exposure to credit risk arises from potential default of the counter party, with a maximum exposure equal to the carrying amount of these instruments. Exposure at reporting date is addressed in each applicable note.

It is the Company's policy that all customers who wish to trade on credit terms are subject to credit verification procedures which include an assessment of their independent credit rating, financial position, past experience, and industry reputation. Risk limits are set for each customer in accordance with parameters set by the Board. These risk limits are regularly monitored. In addition, receivable balances are monitored on an ongoing basis with the result that the Company's exposure to bad debts is spread. There are no significant concentrations of credit risk within the Company.

v. Liquidity risk

The Company's objective is to maintain continuity of funding through the use of bank loans and committed available credit lines. The Company policy is to lock in borrowing facilities for a period of up to six years with individual loans borrowed under the FEI facilities set out in Note 17.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2016

The remaining contractual maturities of the Group's financial liabilities are:

	2016	2015
Consolidated	\$	\$
6 months or less	1,157,325	0
6-12 months	3,470,552	0
1-5 years	5,089,739	0
Over 5 years	0	0
	9,717,616	0

Maturity analysis of financial assets and liabilities based on management's expectation

The risk implied from the values shown in the table below reflects a balanced view of cash inflows and outflows. Leasing obligations, trade payables and other financial liabilities mainly originate from the financing of assets used in WolfStrike's ongoing operations such as property, plant, equipment, and investments in working capital such as inventories and trade receivables. These assets are considered in the Company's overall liquidity risk.

To monitor existing financial assets and liabilities as well as to facilitate the effective control of future risks, WolfStrike has established comprehensive risk reporting that reflects management's expectations of the settlement of financial assets and liabilities.

Year ended 30 June 2016:

	<=6 months	6-12 months	1-5 years	>5 years	Total
Consolidated	\$	\$	\$	\$	\$
Financial assets:					
Cash and cash equivalents	796,198	0	0	0	796,198
Finance Lease receivables	1,223,451	1,080,039	4,095,094	0	6,398,584
Other receivables	77,658	0	0	0	77,658
Other financial assets	63,972	37,804	0	0	101,776
	2,161,279	1,117,843	4,095,094	0	7,374,216
Financial liabilities:					
Trade and other payables	954,166	0	0	0	954,166
Interest bearing loans and borrowings	1,157,325	3,470,552	5,089,739	0	9,717,616
	2,111,491	3,470,552	5,089,739	0	10,671,782
Net maturity	49,788	(2,352,709)	(994,645)	0	(3,297,566)

Year ended 30 June 2015

	<6 months	6-12 months	1-5 years	>5 years	Total
Consolidated	\$	\$	\$	\$	\$
Financial assets:					
Cash and cash equivalents	654,570	0	0	0	655,570
Finance Lease receivables	0	0	0	0	0
Other receivables	83,019	0	0	0	83,019
Other financial assets	60,000	0	0	0	60,000
	797,589	0	0	0	797,589
Financial liabilities:					
Trade and other payables	92,719	0	0	0	92,719
Interest bearing loans and borrowings*	0	2,099,032	0	0	2,099,032
	92,719	2,099,032	0	0	2,191,751
Net maturity	704,870	(2,099,032)	0	0	(1,394,162)

* Please refer to note 17 for details regarding liquidity risk of interest bearing loans and borrowings.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2016

vi. Fair value

The methods for estimating fair value are outlined in the relevant notes to the financial statements.

NOTE 4 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements and estimates on historical experience and on other various factors it believes to be reasonable under the circumstances, the result of which form the basis of the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions and conditions.

Management has identified the following critical accounting policies for which significant judgements, estimates and assumptions are made. Actual results may differ from these estimates under different assumptions and conditions and may materially affect financial results or the financial position reported in future periods.

i. Recoverability of Finance Lease Receivable ("FLR")

The measurement of the recoverability of the Company's FLR requires judgement from management by taking into account past historical data, knowledge of the individual customer and timing of cashflows when recoverability is measured.

ii. After Sales Care Provision

In maintaining a provision for after sales care, historical knowledge of the level of service required along with knowledge of the current mix of sales is required when calculating the provision.

iii. Inventory Obsolescence

In measuring any obsolescence in inventory, management takes into account the age of inventory on hand, the inventory requirements for the business in the future and any change in consumer demand.

iv. Net Present Value of FLR and Discount Rates Applied

In measuring the discounting of the FLR management takes into account timing of cashflows, discounting rates for comparative businesses and other relevant information.

v. Impairment of Intangible Assets

When deciding the level of impairment of intangible assets management gives consideration to the potential for that asset to generate revenue in the future and external factors, such as changes in expected future processes, technology and economic conditions.

vi. Determination of a Business

When deciding the parent entity in regard to the accounting for the acquisition of the WolfStrike group of companies management has given consideration to the relevant accounting standards, the nature of the businesses acquired and their relative size.

NOTE 5 SEGMENT INFORMATION

AASB 8 – Operating Segments requires a management approach under which segment information is presented on the same basis as that used for internal reporting provided to the Chief Operating Decision Makers (CODM) of the Group. The CODM have been identified as consisting of our Managing Director, for the year ended 30 June 2016, management determined that based on the structure of reports provided to the CODM and used by them for decision making and resource allocation, that the Group continues to operate only in the technology rentals segment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2016

Geographical information

The majority of the Group's revenue is generated in New Zealand.

The majority of the Group's assets are held in New Zealand.

Reliance on customers

No single customer represents more than 10% of the Groups revenue as at 30 June 2016.

NOTE 6 REVENUE, OTHER REVENUE, OTHER INCOME AND EXPENSES

	Consolidated	
	30 June 2016	30 June 2015
	\$	\$
Revenues and expenses		
Revenue from sales of goods and services	1,216,258	0
Depreciation, amortisation and impairment costs included in income statement		
Acquisition transaction costs	10,039,750	0
Impairment of Goodwill (Note 14)	1,072,734	0
Depreciation of other assets	71,080	0
Amortisation of intangibles (Note 14)	166,296	0
Employee benefits expense		
Wages and salaries	771,345	147,667
Payroll benefits	2,189	0
Other payroll related expenses	49,984	0

NOTE 7 DIVIDENDS PAID AND PROPOSED

No Dividends have been declared or paid in 2016 (2015: Nil)

Franking credit balance

There are no franking credits available for future reporting periods.

NOTE 8 LOSS PER SHARE

Basic loss per share amounts are calculated by dividing net loss for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

Diluted loss per share is calculated by dividing the net loss attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year adjusted for the effects of dilutive options not yet converted to shares. As the Company has recorded a loss for both FY16 and FY15 the impact of any dilutive options not yet converted to shares would be nil.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2016

The following reflects the income and share data used in the total operations basic earnings per share computations:

	2016	2015
	Loss	Loss
	\$	\$
Loss for the period for basic earnings per share	(12,578,453)	(1,003,913)
Number of ordinary shares for basic loss per share	229,178,674	63,184,285
	Cents	Cents
Basic/ Diluted loss per share (in cents)	(5.49)	(1.59)

NOTE 9 INCOME TAX LOSSES

At 30 June 2016, the Company reviewed the quantum of its unrecognised carry forward tax losses. As at that date directors have assessed that its carry forward tax losses and deductible temporary differences of \$5,045,485 in 2016; amounting to deferred tax assets of \$1,424,553; are potentially available to offset against future years' taxable income.

Furthermore, due to the business combination in 2016, the Company is in the process of reviewing the tax losses carried forward from 2015, so as to ascertain if the "continuity of ownership test" or "same business test" as required by the Australian Tax Office can be satisfied. Until the review is completed by the Company, no deferred tax assets originating from tax losses or temporary differences prior to 2016 have been recognised or quantified.

These tax losses have not been brought to account as utilisation of these losses is not probable. Income tax losses can only be recovered by the Company deriving future assessable income, conditions for deductibility imposed by law being complied with and no changes in tax legislation adversely affecting the realisation of the benefit from the deductions. Therefore, carry forward losses may not be available to offset future assessable income.

Due to the inherent uncertainty whether or not the Company's existing losses can be used going forward, which will be dependent upon satisfaction of the "same business test" as required by the Australian Tax Office, the directors have not estimated the potential carry-forward loss tax credits available to the Company.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2016

NOTE 10 CASH AND CASH EQUIVALENTS

For the purposes of the Statement of Cash Flows, cash and cash equivalents comprise the following at 30 June:

	2016	2015
	\$	\$
Cash at bank and on hand	376,198	654,570
Cash held in Third Party Trust Account	420,000	0
	796,198	654,570

Reconciliation of net loss after tax to net cash flows from operations

Net loss after income tax	(12,632,085)	(1,003,913)
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Non cash flow items

Amortisation and Depreciation	237,376	0
Accrued interest on borrowings	223,235	0
Transaction Costs – non-cash	10,568,409	0
Share based payments	0	54,743

Change in operating assets and liabilities

Decrease/(Increase) in FLR	(357,187)	0
(Increase)/Decrease in inventories	(218,155)	(0)
Decrease in provisions	(11,027)	(0)
Decrease / (Increase) in other assets	(33,765)	0
Decrease in payables	205,803	(391,278)
Net cash flows from operating activities	(2,017,396)	(1,340,448)

Cash at bank and on hand earns interest at floating rates based on daily bank deposit rates.

The fair value of cash and cash equivalents, inclusive of restricted cash, is \$796,198 (2015: \$654,570). The carrying value is equal to the fair value.

As at 30 June 2016, the Company maintained \$420,000 in a third party trust account. Since 30 June 2016 this amount has been paid to Familia Nominee Pty Ltd as a subsequent event (see Note 28).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2016

NOTE 11 RECEIVABLES

	2016	2015
	\$	\$
Current		
Finance Lease receivables	2,655,490	0
Trade and Other receivables	77,658	83,019
Allowance for impairment losses	(352,000)	0
Total Current	2,381,148	83,019
Non-Current		
Finance Lease receivables	4,720,872	0
Allowance for impairment losses	(625,778)	0
Total Non-Current	4,095,094	0

Receivables are non-interest bearing and are generally on 30 day terms, with exception of Finance Lease receivables which are generally over a 48 month contract commitment term with interest payable on the total contract commitment.

Credit Risk- Trade Receivables

The Group has no significant concentration of credit risk with respect to any single counter party or group of counter parties other than receivables specifically provided for and mentioned within this Note. The class of assets described as Trade and Other Receivables is considered to be the main source of credit risk related to the Group.

Movements in the provision for impairment loss were as follows:

	2016	2015
	\$	\$
At 1 July 2015	0	0
Charged (utilised) for the year	977,778	0
At 30 June 2016	977,778	0

As at 30 June the ageing analysis of receivables is as follows:

	Total	Not Yet Due	0-30 days	31-60 days	CI*
2016	7,454,019	6,443,576	8,622	24,043	977,778
2015	0	0	0	0	0

*CI – Management consider the recoverability of receivables at each reporting date. The receivables which are considered impaired range from not yet due to over 90 days.

NOTE 12 INVENTORIES (CURRENT)

	2016	2015
	\$	\$
Finished goods held at cost	1,543,449	0
Impairment of inventories	(519,060)	0
Total Inventory held, at net realisable value	1,024,389	0

Inventory includes terminals, screens and other products for use by customers in payment and security deployment. These items are generally not held for resale as individual components, but for deployment within Finance Lease revenue and as support inventory for maintenance of the Company's 3,200 customers.

Inventory is held at the lower of cost or net realisable value. Impairment for the year was recognised due to an analysis of the level of inventory which the Company held against its combined business forecast and future obligations, along with an allowance for obsolete inventory.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2016

NOTE 13 PLANT AND EQUIPMENT

Year ended 30 June 2016

	Furniture and other \$	Computer equipment \$	Total \$
At 1 July 2015 net of accumulated depreciation and impairment	0	0	0
Additions	89,234	296,163	385,397
Reclassification	0	0	0
Disposals	(969)	(51,106)	(52,075)
Depreciation for the year	(21,314)	(95,103)	(116,417)
Exchange adjustment	0	0	0
At 30 June 2016 net of accumulated depreciation and impairment	66,951	149,954	216,905
At 30 June 2016			
Cost	129,466	244,310	373,776
Accumulated depreciation and impairment	(62,515)	(94,356)	(156,871)
Net carrying amount at 30 June 2016	66,951	149,954	216,905

Leased Assets

The carrying value of plant and equipment held under finance leases and hire purchase contracts at 30 June 2016 is \$nil (FY15: \$nil).

NOTE 14 INTANGIBLES AND GOODWILL

Year ended 30 June 2016

	Customer List \$	Goodwill \$	Total \$
At 1 July 2015, net of accumulated amortisation and impairment	0	0	0
Customer List acquired on 18 March 2016	5,836,350	0	5,836,350
Goodwill on Acquisition	0	1,072,734	1,072,734
Amortisation and impairment	(166,296)	(1,072,73)	(1,240,030)
Net carrying amount at 30 June 2016	5,670,054	0	5,670,054

All impairment losses were recognised in the statement of comprehensive income at 30 June 2016.

NOTE 15 OTHER CURRENT ASSETS

	Consolidated	
	2016 \$	2015 \$
Other non-current assets	101,777	60,000
	101,777	60,000

This amount relates to a GST refund due to the Company.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2016

NOTE 16 TRADE AND OTHER PAYABLES

	2016 \$	2015 \$
Current		
Trade payables and accruals	954,166	92,719
Trade and other payables	954,166	92,719

Trade payables are non-interest bearing and are normally settled on 30 day terms. Refer to Note 19 for more information.

NOTE 17 INTEREST-BEARING LOANS AND BORROWINGS

	2016 \$	2015 \$
Current		
FEI Debt Facilities	4,627,877	0
Convertible Notes	0	2,099,302
Other Borrowings ¹	1,072,228	0
Total Current	5,700,105	2,099,302
Non-Current		
FEI Debt Facilities	5,089,739	0
Total Non-Current	5,089,739	0
	10,789,844	2,099,302

Note 1 – Includes loan payable to Familia Nominees Pty Ltd of \$420,000.

Financing facilities available

	2016 \$	2015 \$
Total facilities committed		
FEI Debt Facilities	10,250,413	0
	10,250,413	0
Facilities used at reporting date		
FEI Debt Facilities	9,717,616	0
	9,717,616	0
Facilities unused at reporting date	532,797	0

At reporting date the Company holds a number of facilities with FE Investments Limited. A summary of these facilities is set out below:

Rental Financing Facility

Borrower:	WRS
Term:	Various – different for each individual contract
Facility Limit:	\$7,632,000
Drawn as at 30 June 2016:	\$7,099,297

Stock Facilities

Borrower:	WDL
Term:	12 Months
Facility Limit:	\$1,782,188
Drawn as at 30 June 2016:	\$1,782,188

Term Loan

Borrower:	WDL
Term:	12 Months
Facility Limit:	\$836,226
Drawn as at 30 June 2016:	\$836,226

(Together “the FEI Facilities”)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2016

The FEI Facilities are secured over all assets of the Company who has provided a guarantee in respect to each facility.

The net debt position of the Company at 30 June 2016 was \$10,789,844 (including FEI debt of \$9,717,616) (2015: \$0). The FEI debt included \$7,935,523 for carrying value of the Customer Rental book and \$1,782,188 relating to inventories.

INTEREST RATE, FOREIGN EXCHANGE AND LIQUIDITY RISK

Details regarding the risks associated with interest rate, foreign exchange and liquidity are disclosed in Note 3.

CONVERTIBLE NOTE

During the previous financial year the Company raised funds through the issue of convertible note loan agreements with various parties to raise a total of \$2,450,000 (of which \$450,000 was repaid during the previous financial year). The purpose of raising those funds was to provide working capital support to the Company as it completed the acquisition of the WolfStrike group of companies. The right of conversion into ordinary shares (on both the note and its accrued interest, charged at 12% per annum) was at the hands of either the noteholder or the Company.

On 18 March 2016 the convertible notes held by the Company were fully redeemed through the issue of 250,000,000 fully paid ordinary shares in the Company and 125,000,000 free unlisted options, each with an exercise price of \$0.02 (2 cents) and a maturity date of 18 March 2018.

Refer to Note 29 (Share based payments) for details of the methodology used in determining the value of the free attaching unlisted options.

NOTE 18 PROVISIONS (CURRENT)

	2016 \$	2015 \$
Employee entitlements	83,457	0
Provision for warranties	282,290	0
	365,747	0

Movements in provisions

	Maintenance Warranties \$	Employee Entitlements \$	Total \$
At 1 July 2015	0	0	0
Arising during the year	282,290	83,457	365,747
Utilised during the year	0	0	0
At 30 June 2016	282,290	83,457	365,747
Current 2016	282,290	83,457	365,747
Non-Current 2016	0	0	0
At 30 June 2016	282,290	83,457	365,747

Superannuation and KiwiSaver commitments

During the year ended 30 June 2016, the Australian entities were obligated to contribute 9.5% of an Australian employee's salary up to the maximum contributions base into a superannuation fund of the employee's choice. All of the Australian entities responsibilities in respect to superannuation commitments for the year ended 30 June 2016 have been met.

During the year ended 30 June 2016, the NZ entities were required by law to contribute 3% of an employee's gross salary to the KiwiSaver fund, unless the employee "opts out" of their personal contribution obligations to match the 3% of gross salaries payment. In the case where an employee "opts out", then the employer is not required to make employee contributions. All of the New Zealand entities responsibilities in respect to KiwiSaver commitments for the year ended 30 June 2016 have been met.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2016

a) Nature and Timing of Provisions

i. Maintenance warranties

A provision is recognised for expected warranty claims on products sold during the next four years, based on past experience of the level of repairs, service and “make good” costs.

Assumptions used to calculate the provision for warranties were based on current sales levels and current information available about returns and service requirements.

NOTE 19 ASSET IMPAIRMENT

In accordance with the Company’s accounting policies the following valuation methodology is applied when assessing the carrying value of the WolfStrike business as a single Cash Generating Unit (“CGU”):

Fair value less costs of disposal (“FVLCD”)

The FVLCD for the WolfStrike business is assessed based on the most recent forecasted profit before interest tax, depreciation and amortisation (“PBITDA”), prepared as part of management’s budgeting and forecasting process, less the incremental costs from disposing of the asset. These business transactions are corroborated by valuation multiples. The valuation multiples are determined by quoted share prices for publicly traded companies or other available fair value indicators.

The Fair Value estimates are considered to be level 3 fair value measurements (as defined by accounting standards) as they are derived from valuation techniques that include inputs that are not based on observable market data. The company considers the inputs and the valuation approach to be consistent with the approach taken by market participants.

The FVLCD for the CGU has been calculated using the most recent forecasted profit before interest, tax, depreciation, and amortization (“PBITDA”) prepared as part of management’s budgeting and forecasting process. A valuation multiple has been used in order to calculate the enterprise value of the CGU, which is management’s best estimate based on the fair value indicators available as at 30 June 2016. Costs of disposal are estimated as 2% of the total enterprise value of the CGU, which is in accordance with management’s policy.

As detailed in the WolfStrike Group review of operations section of this report the performance of the business following the completion of the transaction has been below expectations. As a result an impairment charge has been recognised against Goodwill for \$1.1 million as at 30 June 2016.

Sensitivity analysis

The FVLCD model is most sensitive to the following assumptions:

- Forecasted profit before interest, tax, depreciation, and amortisation; and
- External valuation multiples.

Any variation in the key assumptions used to determine the recoverable amounts would result in a change in the assessed recoverable amount and an additional impairment charge being recorded. These sensitivities assume that the specific assumption moves in isolation while all other assumptions remain constant.

Profit before interest, tax, depreciation, and amortisation (PBITDA)

PBITDA is based on both revenue generation, gross margin and operating expenses. Revenue generation has been determined using the CGU’s current portfolio of fixed contracts which will continue into subsequent periods. Management has estimated the potential impact of both new contracts being awarded and the risk associated with current contracts, which are currently in place in the budgeting and forecasted process. Operating expenses have been determined using management’s budget which takes into consideration cost reduction strategies which have already been formally committed to.

External valuation multiple

The external valuation multiple is considered from the view of a market participant and is derived from value indicators such as quoted share prices for publicly traded companies and external information provided to the Company.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2016

A summary of certain current assets and non-current assets held by the Company, post impairment charges, is shown below:

	2016	2015
	\$	\$
Finance Lease receivable	6,398,584	0
Goodwill	0	0
Plant and equipment	216,905	0
Intangible assets	5,670,054	0
	12,285,543	0

NOTE 20 CONTINGENCIES

There are no contingent assets or liabilities at 30 June 2016 (30 June 2015: Nil).

NOTE 21 CONTRIBUTED EQUITY

	2016	2015
	\$	\$
Ordinary shares:		
Issued and fully paid	20,715,990	5,217,297

	Full year to 2016		Full year to 2015	
	No.	\$	No.	\$
Ordinary shares – Fully paid				
Balance at the beginning of the year	38,446,340	5,217,297	70,703,461	5,162,554
Issue of shares for performance of services	0	0	5,000,000	39,300
Issue of shares to promoters and advisors ¹	50,000,000	1,000,000	0	0
Consolidation of shares 1:2	0	0	(37,851,701)	0
Issue of shares for performance of services (post consolidation)	0	0	594,580	15,443
Issue of Shares Issued Pursuant to Prospectus Capital Raising ²	100,000,000	2,000,000	0	0
Issue of Shares to WolfStrike Vendors ³	404,329,000	8,086,580	0	0
Issue of shares to convertible noteholders ⁴	250,000,000	5,000,000	0	0
Costs of share issues ⁵	0	(587,887)	0	0
Balance at the end of the year	842,775,340	20,715,990	38,446,340	5,217,297

Specific notes on each share issue referenced above are:

- 1) As part of the acquisition of the WolfStrike group of companies, the capital raising and re-listing of the Company on the Australian Stock Exchange, 50,000,000 shares were issued to Promoters and Advisors as authorized by shareholders at an EGM held on 20 March 2015.
- 2) The Company raised \$2,000,000 through the issue of 100,000,000 ordinary shares in the Company in March 2016 pursuant to a prospectus dated 24 December 2015 and approved by shareholders at an EGM held on 20 March 2015.
- 3) The consideration for the acquisition of the WolfStrike group of companies was the issue of 404,329,000 ordinary shares in the Company which were approved at an EGM held on 20 March 2015. The acquisition completed on 18 March 2016.
- 4) In March 2016 the Company converted \$2,000,000 of Convertible Notes into 250,000,000 ordinary shares in the Company as authorized at the EGM held on 20 March 2015 and the AGM of the Company held on 1 March 2016.
- 5) The Company has included the costs related to the above issue of shares in the Company as an offset to those share issues.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2016

Terms and conditions of contributed equity

Ordinary shares have the right to receive dividends as declared and, in the event of winding up the company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held.

NOTE 22 RETAINED EARNINGS AND RESERVES

Movements in retained earnings were as follows:

	2016	2015
	\$	\$
Balance 1 July	(6,611,729)	(5,607,814)
Net loss	(12,632,085)	(1,003,915)
Balance 30 June	(19,243,814)	(6,611,729)

Nature and purpose of reserves

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries. The Options reserve is used to record the value of the unlisted options on issue.

Movements in reserves were as follows:

	Foreign currency translation	Options reserve	Total
	\$	\$	\$
At 1 July 2015	0	0	0
Options issued during the year	0	650,000	650,000
Effect of exchange rate movement	53,632	0	53,632
At 30 June 2016	53,632	650,000	703,632

NOTE 23 COMMITMENTS

a) Operating leases

The Company leases a property in Auckland under a lease with a term of 6 years with an option for a further renewal for 6 years. In addition the Company leases an office in North Sydney, Australia on a month to month basis.

As at 30 June 2016 the future minimum lease payments were as follows:

	Consolidated 2016	2015
	\$	\$
Within 1 year	186,704	0
After 1 year but not more than 5 years	1,529,766	0
More than 5 years	305,953	0
	2,022,423	0

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2016

NOTE 24 DETAILS OF SUBSIDIARIES

The financial statements include the financial statements of WolfStrike Rentals Group Limited and the subsidiaries listed in the following table:

	Country of Incorporation	Equity interest	
		2016 %	2015 %
Controlled entities of WolfStrike Rentals Group Limited			
WolfStrike Rental Services Limited	New Zealand	100	0
WolfStrike Distributors Limited	New Zealand	100	0
WolfStrike Distributors Pty Ltd	Australia	100	0

The ultimate parent

WolfStrike Rentals Group Limited is the ultimate parent of the Group.

NOTE 25 COMPENSATION OF THE GROUP'S KEY MANAGEMENT PERSONNEL INCLUDING NON-EXECUTIVE DIRECTORS

	2016 \$	2015 \$
Short term employee benefits	192,376	147,667
Other fees	94,667	0
Long-term employment benefits	0	0
Termination payments	0	0
Share based payments	0	0
	287,043	147,667

Other transactions and balances with key management personnel and their related parties

There have been no other transactions with KMP, apart from those listed in the remuneration report.

There are the following related party balances outstanding to Ian Bailey and parties related to him.

	\$
Ian Bailey	186,945
River Horse Trustee Ltd	120,156
	307,101

Equity Purchases

During the year the following equity transactions occurred between the Company and related parties.

- Saint-Emilion Enterprises Pty Ltd, a company related to Quentin Olde was issued with 18,750,000 ordinary shares in March 2016 through the conversion of \$150,000 of Convertible Notes in the Company. In addition to these ordinary shares, Saint-Emilion Enterprises Pty Ltd was issued with 9,375,000 options which expire in March 2018.
- Related parties of Ian Bailey were issued with a total of 63,000,000 ordinary shares as part of the settlement of the acquisition of the WolfStrike companies in March 2016. These shares are held subject to escrow provisions until March 2018.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2016

NOTE 26 PARENT ENTITY INFORMATION

Information relating to the parent entity, WolfStrike Rentals Group Limited.

	2016	2015
	\$	\$
Current assets	1,612,037	797,589
Non-current assets	5,670,054	0
Total assets	7,282,091	797,589
Current liabilities	514,102	2,192,023
Non-current liabilities	0	0
Total liabilities	514,102	2,192,023
Net assets	6,767,989	(1,394,432)
Contributed equity	20,319,689	5,217,297
Accumulated losses	(14,201,700)	(6,611,729)
Reserves	650,000	0
Total shareholders' equity	6,767,989	(1,394,432)
Loss of the parent entity	(9,088,282)	(1,003,913)
Total comprehensive loss of the parent entity	(9,088,282)	(1,003,913)

Contingent liabilities

The Company does not have any contingent liabilities at 30 June 2016. Details of contingent liabilities identified in FY15 (nil).

Guarantees

As at 30 June 2016 (and 30 June 2015) WolfStrike Rentals Group Limited is a guarantor to the FEI Facilities which is described in Note 17 and the lease on the Auckland premises described in Note 24.

NOTE 27 EVENTS AFTER BALANCE SHEET DATE

Other than the matters discussed below, there has not arisen in the interval between the end of the financial year and the date of this report, any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company to affect the operations of the consolidated entity, the results of these operations or the state of affairs of the consolidated entity in subsequent years.

- a) On 1 July 2016, WSG purchased 100% of the issued shares in the Australian company WolfStrike Rental Services Pty Limited ("WRSPL") for the sum of \$1.00. WRSPL was previously 100% owned by River Horse Trustee Limited, a party related to Ian Bailey. The assets of WRSPL are primarily a small rental book of contracts all of which are located in Australia. The liabilities of WRSPL primarily are debt owing to FE Investments Ltd for the funding of the rent book and employee entitlements of the Australian general manager of WolfStrike.
- b) On 29 July 2016 a dispute between the Company and its subsidiaries and Familia Nominees Pty Ltd that commenced in May 2016 was settled. Whilst the terms of settlement are subject to confidentiality, the settlement involved the Company paying Familia Nominees Pty Ltd the principal amount of its debt, being \$420,000 and an obligation to make small monthly payments to Familia Nominees Pty Ltd for the twelve months ending August 2017.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2016

- c) On 22 August 2016, the Company announced an external sales agency strategy for its business operations, whereby all product sales would move to an external agency model. This move relieves the group of capital requirements in regard to inventory, sales and technical staff, ongoing development and other working capital requirements. As part of this model, the Company entered into an agreement with a new entity, EFTPOS Warehouse Limited ("EWL"), to become a master agent. Pursuant to this agreement, EWL is responsible for the technical support of all current WolfStrike customers. EWL has also purchased all inventory held by WolfStrike (including the inventory located at customers' premises). The purchase price is NZD2,200,000 and the form of consideration will be via EFTPOS Warehouse taking over WolfStrike's current stock loans of NZD1,850,000 and creditor payments of NZD350,000. The impact on WolfStrike is a material reduction in debt as well as a material reduction in operating costs going forward.
- d) On 30 August 2016, the Company announced that it had raised \$1,560,000 through a series of Convertible Loans. The general terms of the Convertible Loans are an unsecured, 2 year loan at 10.5% interest, payable monthly in arrears, convertible to fully paid shares based on a 20% discount to the 30 day VWAP, not redeemable by the investor until 12 months from issue date have elapsed, or converted at the option of the Company in the event of a major transaction. The offer includes an option on the basis of 1 option at \$0.02 exercise price, within 24 months, for each \$2 invested. The conversion of these convertible loans and the issue of options are subject to shareholder approval.

NOTE 28 AUDITOR'S REMUNERATION

	2016 \$	2015 \$
<u>William Buck Audit [Vic] Pty Ltd</u>		
Amount received or due and receivable by William Buck Audit [Vic] Pty Ltd for Audit or review of the financial report of the consolidated entity	31,800	26,000
	31,800	26,000

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2016

NOTE 29 SHARE BASED PAYMENTS

During the year, the Company granted 125,000,000 attaching unlisted options to convertible note holders on conversion of their Convertible Notes. The options are exercisable at \$0.02 per options on or before 17 March 2018. Approval was obtained by shareholders at the Annual General Meeting of the Company held on 1 March 2016.

Set out below are summaries of options granted during the current financial year:

2016

Grant Date	Expiry Date	Exercise Price	Balance at start of year	Granted	Exercised	Expired/ forfeited/ other
24/3/16	24/3/18	\$0.02	0	125,000,000	0	0
			0	125,000,000	0	0

Set out below are the options outstanding at the end of the financial year:

Grant Date	Expiry Date	2016 Number
24/3/16	24/3/18	125,000,000
		125,000,000

The weighted average share price during the financial year was \$0.02.

The weighted average remaining contractual life of options outstanding at the end of the financial year was 2 years.

For the options granted during the current financial year, the Black Scholls valuation model inputs used to determine the fair value at the grant date, are as follows:

2016

Grant Date	Expiry Date	Share price at grant date	Exercise Price	Expected Volatility	Risk Free Rate	Dividend Yield	Fair Value at grant date
24/3/16	24/3/18	\$0.02	\$0.02	43.85%	2.0%	0	\$0.0052

NOTE 30 BUSINESS COMBINATION

On 18 March 2016, the consolidated entity comprising WolfStrike Rentals Group Limited and WolfStrike Distributors Limited acquired WolfStrike Rentals Services Limited and WolfStrike Distributors Pty Limited under AASB 3 Business Combinations. These acquisitions gave rise to Goodwill of \$1,072,734. This Goodwill has been fully impaired at 30 June 2016. The acquisition was undertaken to expand the Group's operations in New Zealand and Australia.

The provisional fair values of the identifiable net assets acquired are detailed below:

Fair value of consideration transferred	\$
Ordinary shares issued	478,875
Total	478,875

The acquisition consisted of the issue of 23,943,750 fully paid ordinary shares in the parent company, being offered to the vendors. This resulted in a value of \$478,875 being attributed to the acquisition when the share price is valued at \$0.02 per share being the price funds were raised pursuant to the Prospectus at the same time the acquisition was completed.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2016

	\$
Cash and cash equivalents	2,462
Trade and other receivables	82,613
Inventories	66,500
Other Assets	20,916
Total current assets	<u>172,491</u>
Finance Lease Receivable	5,896,034
Intangible Assets	5,836,350
Total non-current assets	<u>11,732,384</u>
Trade and other payables	385,811
Other liabilities	4,553,651
Interest bearing borrowings	408,812
Total current liabilities	<u>5,348,274</u>
Interest bearing borrowings	7,150,460
Total non-current liabilities	<u>7,150,460</u>
Identifiable net assets	(593,859)
Goodwill on acquisition	1,072,734
Acquisition related costs recognised as transaction costs in profit or loss statement	6,193,098

i. Consideration transferred

Acquisition-related costs amounting to \$6,193,098 are not included as part of consideration transferred and have been recognised as transaction costs in the profit and loss statement.

ii. Identifiable net assets

The fair value of the trade and finance lease receivables acquired as part of the business combination amounted to \$5,978,647. As of the acquisition date, the Group's best estimate is that all cash will be collected.

iii. Goodwill

Goodwill of \$1,072,734 was primarily related to the Group's growth expectations through expansion into New Zealand and Australia.

The Group operates as one operating segment and goodwill was allocated to a single cash generating unit as at acquisition date. However, management assessed that goodwill was fully impaired as at 30 June 2016 (refer to Note 19). The goodwill that arose from this business combination is not expected to be deductible for tax purposes.

iv. Contribution to the Group's results

WolfStrike Rentals Services Limited and WolfStrike Distributors Pty Limited contributed \$1,225,861 and (\$918,977) to the Group's consolidated revenues and consolidated loss, respectively from the date of the acquisition to 30 June 2016.

The consolidated revenue and profit or loss has not been disclosed as if the acquisition had occurred at 1 July 2015 due to a significant change in accounting policy as at acquisition date and thus it would not be indicative of the current business performance.

v. Earn Out Shares

As part of the purchase of the WolfStrike group, certain of the Vendors have a right to 595,671,000 "earn out" shares over two tranches. The hurdles that trigger these shares are currently being negotiated and will be subject to shareholder approval at the next Annual General Meeting. As these hurdles and the knowledge of the terms and conditions have not been agreed they do not meet the recognition criteria under AASB 2 – Share Based Payments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2016

NOTE 31 ASSET PURCHASE VIA SHARE BASED PAYMENTS

On 18 March 2016, WolfStrike Rentals Group Limited completed the acquisition of the WolfStrike group of companies as set out in the Prospectus dated 24 December 2015.

WolfStrike Rentals Group Limited acquired Wolfstrike Distributors Limited on 18 March 2016 via the issuing of ordinary shares in the parent company to the vendors. The Company assessed that the acquisition of Wolfstrike Distributors Limited was an asset purchase and not a business combination. This note reflects the share based asset purchase of WolfStrike Distributors Limited.

Fair value of consideration transferred	\$
Ordinary shares issued	7,607,705
Total	7,607,705

The acquisition consisted of the issue of 380,385,250 fully paid ordinary shares in the parent company, being offered to the vendors. This resulted in a value of \$7,607,705 being attributed to the acquisition when the share price is valued at \$0.02 per share being the price funds were raised pursuant to the Prospectus at the same time the acquisition was completed.

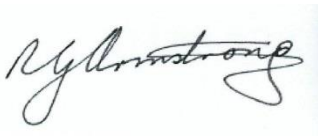
Recognised amounts of identifiable net assets	\$
Cash and cash equivalents	13,345
Trade and other receivables	4,736,510
Inventories	983,756
Other Assets	68,171
Total current assets	5,801,782
 Plant and equipment	 42,150
Total non-current assets	42,150
 Trade and other payables	 1,025,649
Employee provisions	62,211
Total current liabilities	1,087,860
 Interest bearing borrowings	 995,019
Total non-current liabilities	995,019
 Fair Value of Net assets purchased	 3,761,053
Net asset acquisition costs recognised as transaction costs in profit or loss statement	3,846,652

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of WolfStrike Rentals Group Limited I state that:

1. In the opinion of the directors:
 - a) The financial statements and notes of WolfStrike Rentals Group Limited for the financial year ended 30 June 2016 are in accordance with the Corporations Act 2001 (Cth), including:
 - i. Giving a true and fair view of its financial position as at 30 June 2016 and of its performance;
 - ii. Complying with Accounting Standards (including the Australian Accounting Interpretations) and Corporations Regulations 2001 (Cth);
 - b) The financial statements and notes also comply with International Financial Reporting Standards as disclosed in Note 2.2;
 - c) As detailed in Note 2.1 of the financial statements, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
2. This declaration has been made after receiving the declarations required to be made to the directors by the Managing Director in accordance with section 295A of the Corporations Act 2001 (Cth) for the financial year ended 30 June 2016.

On behalf of the board

A handwritten signature in black ink, appearing to read 'R. Armstrong', is written over a light blue rectangular background.

Robin Armstrong

Director

29 September 2016

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

Report on the Financial Report

We have audited the accompanying consolidated financial report of WolfStrike Rentals Group Limited (the Company) and the entities it controlled at year's end or from time to time during the financial year (the consolidated entity). The consolidated financial report comprises the consolidated statement of financial position as at 30 June 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 year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 2, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

CHARTERED ACCOUNTANTS & ADVISORS

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Toorak VIC 3142

Telephone: +61 3 9824 8555

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

Independence

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

Basis for Qualified Opinion

As detailed in Note 2 to the consolidated financial report during the financial year WolfStrike Rentals Group Limited's acquired WolfStrike Distributors Ltd, WolfStrike Rental Services Ltd, and WolfStrike Distributors Pty Ltd (the "transaction"). The accounting for this transaction has been presented in the consolidated financial report in accordance with *AASB 2 Share Based Payments* because WolfStrike Rentals Group Limited did not meet the definition of a business. However, we are of the view that *AASB 3 Business Combinations* should have also been applied by analogy based on the IFRIC agenda decision on accounting for reverse acquisitions that do not constitute a business. Note 2 to the consolidated financial report describes this alternative view whereby the transaction could be accounted for as a reverse acquisition under *AASB 3 Business Combinations*. Should *AASB 3 Business Combinations* have been applied the consolidated financial report of WolfStrike Rentals Group Limited would have WolfStrike Distributors Ltd as the accounting parent.

Qualified Opinion

In our opinion, except for the possible effects of the matters described in the Basis of Qualified Opinion paragraph:

- a) the financial report of WolfStrike Rentals Group Limited is in accordance with the *Corporations Act 2001*, including:
 - i. giving a true and fair view of the consolidated entity's financial position as at 30 June 2016 and of its performance for the year ended on that date; and
 - ii. complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and
- b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 2.

Emphasis of Matter

Without modifying our opinion, we draw attention to Note 2 of the financial statements which indicates that the consolidated entity incurred a net loss before income tax of \$12,632,085 during the year ended 30 June 2016 and as of that date, the consolidated entity's current liabilities exceeded its current assets by \$2,716,506. Furthermore, the net cash outflow from operations was \$2,017,396 for the year ended 30 June 2016. These conditions, along with other matters as set forth in Note 2, indicate the existence of a material uncertainty which may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and extinguish its liabilities in the normal course of business.

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

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2016. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion, the Remuneration Report of WolfStrike Rentals Group Limited for the year ended 30 June 2016, complies with section 300A of the *Corporations Act 2001*.



William Buck Audit (Vic) Pty Ltd

ABN 59 116 151 136



N.S Benbow

Director

Dated this 29th day of September, 2016

SHAREHOLDER INFORMATION

Additional information required by ASX and not shown elsewhere in this report is as follows. This information is current as at 27 September 2016.

Distribution of equity securities

There are 816 holders of 842,775,340 fully paid ordinary shares listed on the ASX. These shares carry one vote per share and carry the rights to dividends.

	Number of Holders	Ordinary shares	% of Issued Capital
1 – 1,000	259	96,530	0.01
1,001 – 5,000	78	194,176	0.02
5,001 – 10,000	23	173,264	0.02
10,001 – 100,000	214	16,477,625	1.96
100,001 - over	242	825,833,745	97.99
Total Shareholding	816	842,775,340	100.0%
Holding less than a marketable parcel of 2,000 shares @ \$500		1,817,481	

Substantial holders

Name	Shares Held	% of Issued Capital
Kingbird Ltd	164,329,000	19.50
Ecometrix Pty Ltd	62,500,000	7.42
Newquest Property Pty Ltd	62,256,111	7.39
YNWA Nominees Pty Ltd	50,000,000	5.93
Venice Trustee Ltd	45,000,000	5.34

Top Twenty Shareholders

Name	Shares Held	% of Issued Capital
Kingbird Ltd	164,329,000	19.50
Ecometrix Pty Ltd	62,500,000	7.42
YNWA Nominees Pty Ltd	50,000,000	5.93
Venice Trustee Ltd	45,000,000	5.34
Artemis Superannuation Ltd	40,000,000	4.75
Alpine Tern Ltd	40,000,000	4.75
Supermax Pty Ltd	31,250,000	3.71
Newquest Property Pty Ltd	31,250,000	3.71
Newquest Property Pty Ltd	31,006,111	3.68
Kingfisher Corporate Trustee Ltd	28,000,000	3.32
Travelfund Ltd	25,000,000	2.97
Retirement Ltd	22,000,000	2.61
Boat Farer Ltd	22,000,000	2.61
Saint-Emilion Enterprises Pty Ltd	18,750,000	2.22
River Horse Trustee Ltd	18,000,000	2.14
Mr Matthew James Hayne	12,500,000	1.48
Karantzias Investments Pty Ltd	12,500,000	1.48
Carol Macdonald	12,500,000	1.48
DM Capital Management Pty Ltd	10,105,890	1.20
Familia Nominees Pty Ltd	10,000,000	1.19
Top 20 Holders of ordinary fully paid shares	686,691,001	81.49