

31<sup>st</sup> July 2020

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**Activity Report for June 2020 Quarter**

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FE Investments Group (ASX: FEI) (**FEIG** or **the Company**) provides the following quarterly activity report and Appendix 4C.

**Quarterly Activity Report – 1 April to 30 June 2020**

The Company's subsidiary, FE Investments Limited based in New Zealand was placed into receivership on 1 April 2020 by its trustee, Trustee Executors Ltd.

As at date of receivership the Group had cash of \$7,124,000 as follows - FEIG \$1,334,000 and FE Investments Limited (In Receivership) \$5,790,000.

As at quarter end, the Company has a cash balance of approximately \$598,000 which is expected to be sufficient to fund a minimum of 2 quarters of operating costs, as operating costs have now been reduced to approximately \$180,000 to \$190,000 per quarter.

The Appendix 4C summarises the cash flows and expenditure for the June 2020 quarter as follows:

- Receipts from customers declined following the receivership with all FEI receipts now under the control of the receiver from 1 April 2020. Receipts received relate to loans previously transferred to FEI.
- Operating expenditure incurred mainly related to legal expenses incurred by FEI /FEIG in the events leading up to the receivership of FEI, salary/redundancy costs of the group CEO who was made redundant on 30 June 2020 and prepayment of audit and insurance costs.
- An at call loan due by subsidiary Wolf Strike Rental Services was also repaid during the quarter.

Related party expenses for the quarter totalled \$31,000 being director fees paid.

The preparation of the March 2020 accounts is in progress but finalisation has been delayed as the Company works through the impact of the receivership of FE Investments Limited.

FEIG directors will provide a further market update on the status of the accounts and Company strategy in due course.

**Authorised for Lodgement:** The Quarterly Activity Report has been authorised for release by the Board of Directors.

## Appendix 4C

### Quarterly cash flow report for entities subject to Listing Rule 4.7B

**Name of entity**

FE Investments Group Limited

**ABN**

72 107 745 095

**Quarter ended ("current quarter")**

30 June 2020

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (3 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	12	12
1.2 Payments for		
(a) research and development		
(b) product manufacturing and operating costs		
(c) advertising and marketing		
(d) leased assets		
(e) staff costs	(59)	(59)
(f) administration and corporate costs	(364)	(364)
1.3 Dividends received (see note 3)		
1.4 Interest received		
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Government grants and tax incentives		
1.8 Other (provide details if material)	4	4
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(407)</b>	<b>(407)</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) entities		
(b) businesses		
(c) property, plant and equipment		
(d) investments		
(e) intellectual property		
(f) other non-current assets		

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
2.2	Proceeds from disposal of:		
	(a) entities		
	(b) businesses		
	(c) property, plant and equipment		
	(d) investments		
	(e) intellectual property		
	(f) other non-current assets		
2.3	Cash flows from loans to other entities		
2.4	Dividends received (see note 3)		
2.5	Other (provide details if material)		
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(0)</b>	<b>(0)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)		
3.2	Proceeds from issue of convertible debt securities		
3.3	Proceeds from exercise of options		
3.4	Transaction costs related to issues of equity securities or convertible debt securities		
3.5	Proceeds from borrowings		
3.6	Repayment of borrowings	(309)	(309)
3.7	Transaction costs related to loans and borrowings		
3.8	Dividends paid		
3.9	Other (provide details if material)	(20)	(20)
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>(329)</b>	<b>(329)</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	1,334	1,334
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(407)	(407)
4.3	Net cash from / (used in) investing activities (item 2.6 above)		

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(329)	(329)
4.5	Effect of movement in exchange rates on cash held	(1)	(1)
4.6	<b>Cash and cash equivalents at end of period</b>	<b>598</b>	<b>598</b>

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	598	7,124
5.2	Call deposits		
5.3	Bank overdrafts		
5.4	Other (provide details)		
5.5	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>598</b>	<b>7,124*</b>

**6. Payments to related parties of the entity and their associates**

6.1 Aggregate amount of payments to related parties and their associates included in item 1

***These being FEI and FEIG Directors fees***

6.2 Aggregate amount of payments to related parties and their associates included in item 2

**Current quarter  
\$A'000**

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Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

The cash and cash equivalents of \$7,124,000 at 31/3/2020 were cash balances held by the Group (FE Investments Ltd \$5,790,000 and FE Investments Group Ltd \$1,334,000).

However, on the receivership of FE Investments Ltd the cash retained by FE Investments Group Ltd was \$1,334,000. This amount is shown as the cash at the beginning of the quarter.

**7. Financing facilities**

*Note: the term "facility" includes all forms of financing arrangements available to the entity.*

*Add notes as necessary for an understanding of the sources of finance available to the entity.*

	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
7.1 Loan facilities		0
7.2 Credit standby arrangements		0
7.3 Other (please specify)		0
7.4 <b>Total financing facilities</b>		0

7.5 **Unused financing facilities available at quarter end** 0

7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

<b>8. Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1 Net cash from / (used in) operating activities (Item 1.9)	(407)
8.2 Cash and cash equivalents at quarter end (Item 4.6)	598
8.3 Unused finance facilities available at quarter end (Item 7.5)	
8.4 Total available funding (Item 8.2 + Item 8.3)	598
8.5 <b>Estimated quarters of funding available (Item 8.4 divided by Item 8.1)</b>	1.46

8.6 If Item 8.5 is less than 2 quarters, please provide answers to the following questions:

- Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer: No, the Company has now reduced its net operating cash flows to a maximum of \$180,000 to \$190,000 per quarter and expects to maintain this outflow over the next 2 quarters as it reviews its strategy.

- Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer: The Company is at present in progress with finalising the March 2020 accounts and working with consultants to achieve this. However, the receivership of FE Investments Limited has added a level of complexity which has delayed finalising the audited accounts.

Additional capital may be required, to fund on going operational costs in the future but it is unlikely any additional capital will be raised until finalisation of the audited accounts.

- Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: A review of Company strategy and business objectives is underway relating to the future shape of the business, but this depends on the Company finalising the audited accounts and maintaining a very low operating cost structure in the interim.

## Compliance statement

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

Date: 31 July 2020

Authorised by: The Board of Directors FE Investments Group Limited

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(Name of body or officer authorising release – see note 4)

## Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.