SPRINTEX LIMITED
AND CONTROLLED ENTITIES

ANNUAL REPORT

FOR THE YEAR ENDED
30 JUNE 2014

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CORPORATE INFORMATION

ASX Code: SIX

ABN: 38 106 337 599

Directors
R Siemens, Chairman
D White, Deputy Chairman and acting CEO
S Apedaile
M Wilson
R O'Brien

Secretary
R Molkenthin

Registered Office and Principal Place of Business
183 Mulgul Road
Malaga WA 6090
Ph: (08) 9262 7277

Share Register
Advanced Share Registry
110 Stirling Highway
Nedlands WA 6009
Ph: (08) 9389 8033

Sprintex Limited's shares are listed on the Australian Securities Exchange (ASX)

Bankers
National Australia Bank
3 Exhibition Drive
Malaga WA 6090

Auditors
PKF Mack & Co.
Level 4, 35 Havelock Street
West Perth WA 6005

Solicitors
Allion Legal
Level 2, 50 Kings Park Road
West Perth WA 6005

This annual report covers the Consolidated Entity comprising Sprintex Limited ("the Company" or "Sprintex") and its subsidiaries ("the Group"). The Group's functional and presentation currency is AUD ($).

DIRECTOR'S REPORT

Your directors submit their report for the year ended 30 June 2014.

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 this entire period unless otherwise stated.

Names, qualifications, experience and responsibilities

Richard John Siemens (Non-executive Chairman)
Mr Siemens was born and raised in Canada, trained as a Chartered Accountant and moved to Hong Kong in 1979. In 1984, he formed Hutchison Telephone Company Limited in partnership with Hutchison Whampoa and Motorola. While Group Managing Director of Hutchison Telecommunications Limited, Mr. Siemens was instrumental in the establishment of other leading companies including AsiaSat (the first satellite company in Asia), STAR TV, Metro Radio (the radio station awarded with the first private radio licence granted by the Hong Kong Government in 25 years) and Hutchison's move into the European wireless business under the brand "Orange". His financial acumen and entrepreneurial leadership is also key to establishing mobile telecommunication businesses across the world led by Distacom Group, a privately-held group of companies in mobile telecommunication business including SUNDAY in Hong Kong, Blu in Italy, Spice in India and Madacom in Madagascar.

During the past three years, Mr Siemens has been a director of the following listed company:

- e-Kong Group Limited* – appointed January 2000

* denotes current directorship

David White (Deputy Chairman and acting CEO)
Mr White was previously a non-executive director and was appointed to the office of Deputy Chairman on 6 September 2013. Mr White has over 30 years' experience in managing a variety of companies in the Information and Communications Technologies (ICT) industry, during which he was the Chairman of the Board of Telecom Malagasy, a nation-wide telecommunications service provider in Madagascar offering both landline and mobile services, as well as a director of Abiba Software in India and Value Access in Hong Kong.

During the past three years, Mr White has been a director of the following listed company:

- Tecnotree Corporation – appointed 19 March 2009, retired 12 March 2012

Steven James Apedaile (Non-executive Director)
Mr Apedaile is a founding Director and major investor since 2003. He is a former Chairman of the Group having extensive overseas experience as a resident of Hong Kong for nearly 25 years, practicing as a Chartered Accountant. On 13 December 2013, Mr Apedaile resigned his executive duties as Managing Director but continues to serve the Company as a Non-Executive Director.

During the past three years, Mr Apedaile did not serve as a director of other listed companies.

Mr Michael John Wilson (Non-executive Director)
Mr Wilson is the owner and managing director of a Perth-based company which supplies engineering, procurement, fabrication and construction services to the oil and gas and resources sector. Mr Wilson has overseen the growth of the business into a multi-million dollar annual revenue generating operation in the past 17 years.

During the past three years, Mr Wilson did not serve as a director of other listed companies.

Richard John O'Brien (Independent Non-executive Director)
Mr O'Brien has significant experience in company financial management and administration, which has been acquired through more than 35 years in senior finance and administration roles – including company secretary and chief accountant with two mining companies. He holds a Bachelor of Business, Post Graduate Diploma in Business and is a Fellow of the Australian Society of CPA's.

During the past three years, Mr O'Brien did not serve as a director of other listed companies.

Interests in the shares and options of the Company

As at the date of this report, the interests of the Directors in the shares of Sprintex Limited were:

Director	Number of Ordinary Shares	Number of options over Ordinary Shares
R Siemens	206,371,904	-
M Wilson	207,213,352	-
S Apedaile	139,827,045	-
R O'Brien	9,399,277	-
D White	2,693,592	-
	565,505,170	-

Company Secretary and Chief Financial officer

Robert Molkenthin

Mr Molkenthin has held a variety of positions throughout his career and has over 25 years' experience in Australia and Internationally in a wide range of business environments at all levels in Corporate Finance and business operations and has, more recently, acted as a Consultant to a number of companies in the Real Estate, Legal and Energy markets. Previous experience encompasses capital raising, IPOs and corporate restructuring in the engineering, mining, property and retail sectors.

Dividends

No dividends have been declared or paid to shareholders during the year and at the date of this report.

Principal Activities

The principal activity of Sprintex Limited and the entities it controlled for the financial year ended 30 June 2014 was the manufacture and distribution of the patented range of Sprintex® superchargers.

Operating and financial review

Group overview

The Company was established in 2003 and listed on the Australian Stock Exchange in 2008.

The Group's focus is the development and commercialisation of the Sprintex® twin screw supercharger and supercharger systems incorporating the Sprintex® twin screw supercharger.

Operations from the Group's facility in Perth, Western Australia were supplemented in January 2013 with the commissioning of a 1,800 sqm production facility in the 'Glenmarie' area of Shah Alam in Selangor State, Malaysia which is jointly-owned with AutoV Corporation, parent of Proreka (M) Sdn. Bhd, a tier 1 automotive component manufacturer and supplier. The Perth operation is now a dedicated research and development facility with volume production being from the Malaysian facility.

Mr Tyrone Jones is employed as Chief Operating Officer by the joint venture company, Proreka Sprintex Sdn. Bhd. It has been agreed that the joint venture will raise a management charge to Sprintex Limited for his services to the Company and other services provided by the joint venture. The exact amounts of this recharge are still under discussion and the process for application of a Malaysian work permit is still ongoing. Upon approval of the work permit application, the ratification of this matter will be put to the board.

After market supercharger systems

The focus of the Group's activities during the year has been:

1. Selling the Company's after-market supercharger range, with a particular focus on the supercharger system for the Toyota FT 86 / Subaru BRZ / Scion FR-S.
2. Shifting production on the Company's after-market supercharger systems for the Mini Cooper S and Honda Jazz / CRZ to its production facility in Malaysia.
3. Continuing to develop a supercharger system for the Chrysler 3.6L V6 Pentastar engine for Jeep Wrangler and Ram 1500 vehicles.

To finance the operations of the Company, the Company made a one for four non-renounceable option entitlement issue of fully paid ordinary shares in the Company at a price of $0.001 per option with a $0.02 exercise price and 30 June 2014 expiry date ("Entitlement Offer"). As a result, gross proceeds of $167,790 were raised. 85,007,683 options were exercised during the period providing $1,700,154 of funding. More details of which are disclosed in note 18 to the financial statements.

Additional funding came from $200,000 of convertible notes secured against the Company's 2013 R&D Incentive Grant. Following receipt of the R&D Incentive Grant in October 2013 $160,000 of these notes and the US$600,000 convertible notes previously issued in June 2013 were repaid, with accrued interest, during the period. Subsequent to year end the remaining balance on the notes was repaid in full, including interest.

In the second half of the year, the Company received financial support totalling approximately $2.0m from entities related to two directors. Subsequent to year end and to the date of this report, further funding amounting to $1.4m was received from the same parties.

On 13 August 2014, the Company announced its intention to launch a Share Purchase Plan (SPP), and a placement of shares to existing substantial shareholders, Directors and certain senior management executives of the Company (Placement).

The intended capital raising exercise will invite different groups of shareholders to participate and contribute to the Company at a critical but positive stage of development of the Company.

During the financial year, the provision by a limited number of shareholders and Directors of short term loans to the Company, enabled the continued development of the Company and its products, the completion of various important projects, enabled the re-establishment of supplier relationships and provided funds for the development of a new direct route to market in the important aftermarket of North America. The conversion of these short term loan amounts of $3.4m (including the short-term advance of $600,000 referred to in the section titled "Events Subsequent to the Reporting Period" below) into fully paid shares in the Company, at the same price as the Placement of $0.003, were expected to result in a net increase in cash resources of at least $890,000 (assuming the commitment of an entity related to a director to subscribe for up to $600,000 worth of shares under the SPP being exercised in full, as detailed in the Notice of Meeting dated 22 September 2014). This net increase in cash resources may increase further as final amounts from some of the substantial shareholders are yet to be confirmed.

The shareholders and Directors who have provided these loan funds have agreed to the conversion of the loan amounts into fully paid shares in the Company at the same price as the Placement and the SPP (Debt Conversion). The Debt Conversion is important to the Company as it will reduce the level of debt on the Company's balance sheet and free working capital for the future needs of the Company.

The Share Purchase Plan ("SPP") has been designed to ensure all eligible shareholders will have an opportunity to participate in the capital raising exercise at the same issue price as the Placement.

Funds raised under the Placement and SPP will be used for budgeted capital expenditure and working capital purposes and to launch and promote the Company's core products in the North American and other markets.

Business strategies

DIRECTOR'S REPORT

The Group is focused on developing new superchargers and supercharger systems from its dedicated R&D facility in Perth with manufacturing of products being primarily from the Group's production facility in Malaysia. The expanded range of products is intended to immediately service the needs of the aftermarket sector, where the key drivers are improved performance, while also enabling the Group to showcase its products to Original Equipment Manufacturers with whom the Group is building business relationships, with a view to securing future sales orders.

Operating results for the year

Following the downsizing in 2013 of its production operations in Perth, the Company continued focusing on the development of aftermarket supercharger systems and establishing a production facility in Malaysia. The financial results reflect this focus, including write-offs of fixed assets and inventory in Perth following the Perth facility being downsized to a dedicated research and development facility, The Company has also been required to provide cash support for the operations of the JV in Malaysia:

	2014 $	2013 $	Change %
Revenue	969,288	1,550,639	(37.5)%
Net loss for the year	(4,877,023)	(4,776,580)	(2.1)%

Loss per Share

Basic loss and diluted loss per share for 2014 and 2013 was $0.0053 and $0.0061, respectively.

Review of financial condition

Liquidity and capital resources

The Group continued to incur operating losses as a result of the focus on development activities and setting up of its Malaysian facility. These activities were financed by raising capital, sales of products and receipt of Research and Development Incentive grant.

At year end, cash and cash equivalents were $173,067 compared to $52,970 at 30 June 2013.

Asset and capital structure	2014 $	2013 $
Total borrowings	2,148,449	1,075,677
Cash and cash equivalents	(173,067)	(52,970)
Net debt	1,975,382	1,022,707
Total equity	136,603	2,506,381
Total capital	2,111,985	3,529,088
Gearing ratio – net debt over total capital	**93.5%**	**29%**

Gearing ratio, defined as net debt over total capital, as at 30 June 2014 was 93.5% (2013: 29%). The Group's policy for the year ended 30 June 2014 allowed up to 60% of financing to be provided by net debt at any particular time. The Group is currently operating above its stated policy and steps are being taken to correct this (refer note 26 to the financial statements). Management's policies for determining whether fixed or floating rates of interest are entered into are examined on a yearly basis.

Capital raising issues during the year
The Company raised $167,790 from a one for four non-renounceable option entitlement issue of fully paid ordinary shares in the Company at $0.001 per option with an exercise price of $0.02 and an expiry date of 30 June 2014. As a result, 114,162,776 options were exercised and 53,626,813 options lapsed.

Capital expenditure
Property, plant and equipment of $133,139 (2013: $217,822) were acquired during the year ended 30 June 2014. These acquisitions related to plant and equipment, including tooling, needed to produce the Company's products. The Company did not have any outstanding capital commitments in respect of acquisition of property plant and equipment contracted for but not provided for in the financial statements.
Profile of borrowings
The profile of the Group's debt finance is as follows:

	2014 $	2013 $
Current		
Insurance premium funding	-	62,709
Finance lease liabilities	29,006	37,451
Loans from related parties	2,053,129	293,083
Convertible notes	26,657	661,558
	2,108,792	1,054,801
Non-current		
Finance lease liabilities	39,657	20,876
	2,148,449	1,075,677

The Company's debts have increased by 99.7% over the last year as a result of the issuance of convertible notes and financial support from related parties via the provision of loans.

Risk management
The Company takes a proactive approach to risk management. The Board is responsible for ensuring that risks, and also opportunities, are identified on a timely basis and that the Company's objectives and activities are aligned with the risks and opportunities identified by the Board.

The Board has a number of mechanisms in place to ensure that management's objectives and activities are aligned with the risks identified by the Board. These include the following:

- Board approval of a strategic plan, which encompasses the Company's vision, mission and strategy statements, designed to meet stakeholders' needs and manage business risk.
- Implementation of Board approved operating plans and budgets and Board monitoring of progress against these budgets, including the establishment and monitoring of key performance indicators of both a financial and non-financial nature.
- The establishment of committees to report on specific business risks, including for example such matters as environmental issues and occupational health and safety.
- The Company has mechanisms in place to get access to external professional advice in assisting the discharge of the Board's responsibilities to manage the organisation's financial risks including such matters as the Company's liquidity, currency, interest rate and credit policies and exposures and monitors management's actions to ensure they are in line with Company policy.

Significant Changes in the State of Affairs

Total equity decreased from $2,506,381 at 30 June 2013 to $136,603 at 30 June 2014. The movement was largely as a result of the operating loss of $4,877,023, and the issue of shares under an entitlements issue and exercise of options raising $2.464m. Refer to note 18 for further information on movements in equity.

Events Subsequent to Reporting Period

In the interval between the end of the period and the date of this report, in the opinion of the Directors of the Company, no item, transaction or event of a material and unusual nature has occurred which is likely to significantly affect the operations of the Consolidated Entity, or the results of those operations, other than as set out below:

On 13 August 2014, the Company announced its intention to launch a Share Purchase Plan (SPP), and a placement of shares to existing substantial shareholders, Directors and certain senior management executives of the Company (Placement).

The intended capital raising exercise will invite different groups of shareholders to participate and contribute to the Company at a critical but positive stage of development of the Company.

Subsequent to year end and to the date of this report, further funding amounting to $1.4m was received from entities related to 2 directors, who had already provided funding of $2m as at 30 June 2014. Included in the $1.4m is $600,000 for anticipated subscription to the SPP.

During the financial year, the provision by a limited number of shareholders and Directors of short term loans to the Company, enabled the continued development of the Company and its products, the completion of various important projects, enabled the re-establishment of supplier relationships and provided funds for the development of a new direct route to market in the important aftermarket of North America. The conversion of these short term loan amounts of $3.4m (including the short-term advance of $600,000 referred to below) into fully paid shares in the Company, at the same price as the Placement of $0.003, were expected to result in a net increase in cash resources of at least $890,000 (assuming the commitment of an entity related to a director to subscribe for up to $600,000 worth of shares under the SPP being exercised in full, as detailed in the Notice of Meeting dated 22 September 2014). This net increase in cash resources may increase further as final amounts from some of the substantial shareholders are yet to be confirmed.

The shareholders and Directors who have provided these loan funds have agreed to the conversion of the loan amounts into fully paid shares in the Company at the same price as the Placement and the SPP (Debt Conversion). The Debt Conversion is important to the Company as it will reduce the level of debt on the Company's balance sheet and free working capital for the future needs of the Company. This conversion is subject to shareholder approval at a general meeting to be held on 22 October 2014.

The SPP has been designed to ensure all eligible shareholders will have an opportunity to participate in the capital raising exercise at the same issue price as the Placement.

Funds raised under the Placement and SPP will be used for budgeted capital expenditure and working capital purposes and to launch and promote the Company's core products in the North American and other markets.

On 16 September 2014, the Company received a short-term advance of $600,000 (included in the total amount received post year-end of $1.4m) from an entity related to a director in anticipation that the commitment of that entity to subscribe for up to $600,000 worth of shares under the SPP will be exercised in full. The Loan Agreement provides for repayment of the full amount together with accrued interest thereon (if any) in one lump sum on (a) the date of closing of the SPP by way of offset against monies payable by the Lender to the Company under the SPP Agreement, and any deficit thereof, in cash, or (b) the date on which the Company receives from the relevant governmental or regulatory authority its R&D Incentive grant, or (c) the date on which this Agreement or New Advance is cancelled or terminated for whatever reason, whichever shall first occur.

Likely Developments and Expected Results

The directors are confident that the 2015 financial year will see an increase in sales of superchargers and aftermarket supercharger systems, supplied from the Malaysian production facility, which was commissioned in January 2013.

Environmental Issues

The Group's operations are not subject to any significant environmental regulations under either Commonwealth or State legislation. However, the Board believes that the Company has adequate systems in place for the management of its environmental requirements and is not aware of any breach of these environmental requirements as they apply to the Company.

Share/Option Information

As at the date of this report, there were 3,750,000 performance rights on issue. Performance right holders do not have any right, by virtue of the option, to participate in any share issue of the Company or any related body corporate. During the year, 201,636,454 options with an exercise price of $0.02 per option had expired and 119,074,023 had been converted into fully paid ordinary shares.

Indemnification and Insurance of Directors

The Company has entered into an Indemnity, Insurance and Access Deed with each Director and Officer. Pursuant to the Deed, the Director/Officer is indemnified by the Company against any liability incurred in that capacity as an officer of the Company to the maximum extent permitted by law subject to certain exclusions.

The Company must keep a complete set of company documents until the later of:

- the date which is seven years after the Director/Officer ceases to be an officer of the Company; and
- the date after a final judgment or order has been made in relation to any hearing, conference, dispute, enquiry or investigation in which the Director/Officer is involved as a party, witness or otherwise because the Director is or was an officer of the Company ("Relevant Proceedings").

The Director has the right to inspect and/or copy a company document in connection with Relevant Proceedings during the period referred to above.

Subject to the next sentence, the Company must maintain an insurance policy insuring the Director/Officer against liability as a director and officer of the Company while the Director/Officer is an officer of the Company and until the later of:

- the date which is seven years after the Director/Officer ceases to be an officer of the Company; and
- the date any Relevant Proceedings have been finally resolved.

The Company may cease to maintain the insurance policy if the Company reasonably determines that the type of coverage is no longer available. $13,428 has been paid by the Company in respect of insurance contract premiums for directors and officers during the year.

Directors' Meetings

The number of meetings of directors (including meetings of committees of directors) held during the year and the number of meetings attended by each director were as follows:

	Directors' Meetings	Audit Committee
Number of meetings held:	4	1
Number of meetings attended:		
Mr R. Siemens	4	1
Mr D. White	4	-
Mr S. Apedaile	4	-
Mr M. Wilson	4	1
Mr R. O'Brien	4	1

DIRECTOR'S REPORT

Committee membership

As at the date of this report, the Company has an audit committee. Members acting on the audit committee of the board during the year were:

Mr R. O'Brien (Chairman)
Mr R. Siemens
Mr M. Wilson

Non-audit Services

Tax effect accounting services were provided during the year by the Company's auditor, PKF Mack & Co. No other non-audit services have been provided.

Auditor's Independence Declaration

The auditor's independence declaration for the year ended 30 June 2014 has been received and can be found on the next page.

PKF MACK & CO

Chartered Accountants & Business Advisers

AUDITOR'S INDEPENDENCE DECLARATION

TO THE DIRECTORS OF SPRINTEX LIMITED

In relation to our audit of the financial report of Sprintex Limited for the year ended 30 June 2014, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.

PKF Mack & Co

PKF MACK & CO

SIMON FERMANIS
PARTNER

6 OCTOBER 2014
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WESTERN AUSTRALIA

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Remuneration Report (Audited)

This remuneration report, which forms part of the directors' report, outlines the director and executive remuneration arrangements of the Company in accordance with the requirements of the Corporations Act 2001 and its Regulations. The term "key management personnel" refers to those persons having the authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any director (whether executive or otherwise) of the parent company.

Details of key management personnel (including the five highest paid executives of the Company)

The directors and other key management personnel in office at any time during the financial year and up to the date of this report were:

Parent Entity Directors
Mr R Siemens.................................. Non-executive Chairman
Mr D White .... Deputy Chairman and acting CEO
Mr S Apedaile .... Non-executive Director
Mr M Wilson.................................... Non-executive Director
Mr R O'Brien .... Independent Non-executive Director

Other Key Management Personnel
Mr G D Emslie .... Consultant to the Board
Mr R Molkenthin.............................. Chief Financial Officer and Company Secretary (appointed 21 March 2014)
Mr M van Uffelen............................ Chief Financial Officer and Company Secretary (appointed Company Secretary on 1 January 2014, resigned as Chief Financial Officer and Company Secretary on 21 March 2014)
Mr J Stephenson .... Company Secretary (resigned 31 December 2013)
Mr J Upton .... Chief Technology Officer
Mr S Nelson .... Chief Engineer (resigned 20 June 2014)

Remuneration Policy

For the purposes of this report, the term key management personnel encompasses the Directors, Consultant to the Board, Chief Financial Officer and Company Secretary, and Chief Technology Officer.

Each Director of the Company is entitled to such remuneration from the Company as shareholders approve at the annual general meeting, but the total amount provided to all non-executive directors must not exceed in aggregate the amount fixed by the Company in a general meeting.

The Board of Directors of the Company is responsible for determining and reviewing remuneration arrangements for the directors and executives. The Board assesses the appropriateness of the nature and amount of remuneration of executives on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality, high performing director and executive team. Options can be issued as part of director and executive remuneration to encourage the alignment of personal and shareholder interests. The expected outcome of this remuneration structure is:

- Retention and motivation of Directors
- Performance rewards to allow Directors to share the rewards of the success of the Company
- Competitiveness and reasonableness
- Acceptability to shareholders

Non-executive directors with significant shareholdings have not been drawing any fees to assist the Company with preserving cash.

To incentivise the executives with the strategic objectives of the Group to maximise shareholders wealth, the Company is proposing to offer key executives of the Company the ability to acquire shares in-lieu of remuneration. This proposal is to be decided upon by the shareholders in a meeting to be held on 22 October 2014. The Board will continue to monitor appropriate incentive schemes, including cash and share ownership plans, for the Company in future years.

The Company has no policy on executives and directors entering into contracts to hedge their exposure to options or shares granted as part of their remuneration package.

Company performance over the last 5 years is as follows:

	Losses	Loss per share	Share Price
	$	$	$
2014	4,877,023	0.01	0.006
2013	4,776,580	0.01	0.017
2012	5,191,710	0.01	0.015
2011	4,238,296	0.01	0.021
2010	4,322,826	0.02	0.055

<u>Remuneration Structure</u>

In accordance with best practice corporate governance, the structure of non-executive director and executive remuneration is separate and distinct.

Non-Executive Director Remuneration

Objective

The Board seeks to set aggregate remuneration at a level that provides the Company with the ability to attract and retain directors of the highest calibre, whilst incurring a cost that is acceptable to shareholders.

Structure

The ASX Listing Rules specify that the aggregate remuneration of non-executive directors shall be determined from time to time by a general meeting. The aggregate remuneration for all non-executive Directors has been set at a maximum amount of $300,000 per annum.

The amount of aggregate remuneration sought to be approved by shareholders and the fee structure is reviewed annually. All non-executive Directors do not receive retirement benefits.

All Directors are entitled to be paid reasonable travelling, accommodation and other expenses incurred in consequence of their attendance at Board meetings and otherwise in the execution of their duties as Directors.

Executive Directors and other Key Management Personnel Remuneration

As part of its Corporate Governance Policies and Procedures, the Board has adopted a formal Remuneration Committee Charter. Due to the current size of the Company and number of Directors, the board has elected not to create a separate Remuneration Committee but has instead decided to undertake the function of the Committee as a full Board under the guidance of the formal charter.

Structure

While it is intended to achieve the remuneration structure as mentioned in the Remuneration Policy in page 11, due to the current nature and performance of the Company's business operations, the rewards for Directors have no set or pre-determined performance conditions or key performance indicators as part of their remuneration.

In the case of executive directors, the Company had entered into a detailed service contract with the former Managing Director. In the case of other key management personnel, standard contracts setting out base salary, superannuation and non-monetary benefits were entered. Details of the service contract with the former Managing Director who resigned on 13 December 2013, are provided below. Mr G D Emslie is being engaged by the Company as a consultant on a month-to-month basis who, upon the Board ratifying his employment contract, will become a full-time employee of the Company. Amounts paid for consultancy services provide by Mr G D Emslie are set out in the Compensation of key management personnel table below.

Managing director

The Company entered into a consultancy agreement, which commenced on 1 October 2011, with Powertraveller Pty Ltd ("Powertraveller") for the provision of services by Mr Steven Apedaile as Managing Director. Pursuant to the terms of this agreement, the Company paid Powertraveller $22,000 per month, and was entitled to participate in any employee share ownership plans which may have been introduced from time to time. The agreement was terminated on 13 December 2013. No termination payment was payable upon completion of the term of the agreement and the agreement had no effect on compensation in the future.

Other key management personnel

Other key management personnel are remunerated in cash and are entitled to participate in any employee share ownership plans which may be introduced from time to time.

Mr Upton and Mr Emslie do not have formal contracts.

The remuneration of directors and executives is detailed under the heading "Compensation of Key Management Personnel" below.

Remuneration Report

Compensation of Key Management Personnel (Consolidated) for the years ended 30 June 2014 and 2013

	Short-term benefits			Post-employment	Share based payment		Total	% Performance related
Year ended 30 June 2014	Salary & fees $	Cash bonus $	Non-monetary benefits $	Superannuation $	Shares $	Performance Rights $	$	
Directors								
Mr R Siemens	-	-	-	-	-	-	-	-
Mr S Apedaile[1]	269,313	-	-	-	-	1,811	271,124	0.66%
Mr M Wilson	-	-	-	-	-	-	-	-
M R O'Brien	24,000	-	-	-	-	-	24,000	-
Mr D White	232,800	-	-	-	-	-	232,800	-
Sub-total directors	526,113	-	-	-	-	1,811	527,924	
Other key management personnel								
Mr G D Emslie	178,500	-	-	-	-	-	178,500	-
Mr R Molkenthin	50,050	-	-	-	-	-	50,050	-
Mr J Upton	225,000	-	-	-	-	1,811	226,811	0.80%
Mr M van Uffelen[2]	139,355	-	-	-	-	1,811	141,166	1.28%
Mr J Stephenson[3]	18,000	-	-	-	-	-	18,000	-
Mr S Nelson[4]	153,109							
Sub-total key management personnel	764,014	-	-	-	-	3,622	767,636	
Totals	1,290,127	-	-	-	-	5,433	1,295,560	

1. Resigned as Managing Director, effective 13 December 2013
2. Resigned, effective 23 March 2014
3. Resigned, effective 31 December 2013
4. Resigned, effective 20 June 2014

Remuneration Report

Compensation of Key Management Personnel (Consolidated) for the years ended 30 June 2014 and 2013 (cont'd)

	Short-term benefits			Post-employment	Share based payment		Total	% Performance related
Year ended 30 June 2013	Salary & fees $	Cash bonus $	Non-monetary benefits $	Superannuation $	Shares $	Performance Rights $	$	
Directors								
Mr R Siemens	-	-	-	-	-	-	-	-
Mr S Apedaile	271,920	-	-	-	-	7,111	279,031	3%
Mr M Wilson	-	-	-	-	-	-	-	-
M R O'Brien	-	-	-	24,000	-	-	24,000	-
Mr D White	24,000	-	-	-	-	-	24,000	-
Sub-total directors	295,920	-	-	24,000	-	7,111	327,031	
Other key management personnel								
Mr J Stephenson	36,000	-	-	-	-	-	36,000	-
Mr M van Uffelen	180,000	-	-	-	-	7,111	187,111	4%
Mr J Upton	202,500	-	25,316	-	-	7,111	234,927	3%
Mr S Nelson	153,950	-	-	-	-	-	153,950	-
Sub-total key management personnel	572,450	-	25,316	-	-	14,222	611,988	
Totals	868,370	-	25,316	24,000	-	21,333	939,019	

Remuneration Report

Options granted and vested during 2013 and 2014

No remuneration options were granted, vested or exercised during the period ended 30 June 2013 or 30 June 2014. No remuneration options lapsed during 2013 or 2014. There were no alterations of the terms and conditions of options granted as remuneration since the grant date.

During the 2012 year, the Company issued 20,000,000 performance rights to key management personnel ("KMP"). 5,000,000 lapsed upon the resignation of one KMP member in 2012 and 3,750,000 were converted to fully paid ordinary shares upon a hurdle being achieved during the 2013 year. The balance of the performance rights have not vested as the performance hurdles are yet to be achieved. 7,500,000 performance rights lapsed in the current year.

Key management personnel (KMP) disclosures

(a) Option holdings of key management personnel

30 June 2014

On 12 August 2013 options were acquired with an exercise price of $0.02, expiry 30 June 2014, for a consideration of $0.001 per option, as follows:

Key Management Personnel	Number Acquired	Number Exercised	Number Transferred	Number Expired	Balance at 30 June 2014
Mr R Siemens	41,274,381	(41,274,381)	-	-	-
Mr D White	538,719	(538,719)	-	-	-
Mr S Apedaile	29,094,262	(23,450,000)	-	(5,644,262)	-
Mr M Wilson	41,442,671	(41,442,671)	-	-	-
Mr R O'Brien	1,879,856	(1,879,856)	-	-	-
Mr G D Emslie	-	-	-	-	-
Mr R Molkenthin	-	-	-	-	-
Mr J Upton	557,875	-	-	(557,875)	-
Mr M V Uffelen	312,500	-	-	(312,500)	-
Mr J Stephenson	-	-	-	-	-
	115,100,264	(108,585,627)	-	(6,514,637)	-

(b) Shareholdings of key management personnel

Ordinary shares

The following table shows the movement during the year in the number of ordinary shares in Sprintex Limited held directly, indirectly or beneficially, by each key management personnel, including their related parties:

Year ended 30 June 2014	Held at 1 July 2013	Received as remuneration	Other changes (*Note 1*)	Held at 30 June 2014
Key Management Personnel				
Mr M Wilson	165,770,681	-	41,442,671	207,213,352
Mr R Siemens	165,097,523	-	41,274,381	206,371,904
Mr S Apedaile[2]	116,377,045	-	23,450,000	139,827,045
Mr R O'Brien	7,519,421	-	1,879,856	9,399,277
Mr D White	2,154,873	-	538,719	2,693,592
Other key management personnel				
Mr J Upton	2,551,500	-	-	2,551,500
Mr R Molkenthin	-	-	-	-
Mr G D Emslie	-	-	-	-
Mr. J Stephenson[2]	-	-	-	-
Mr S Nelson[2]	-	-	-	-
Mr M van Uffelen[2]	1,250,000	-	(1,250,000)	-
	460,721,043	-	107,335,627	568,056,670

(1) Shares were either acquired on market or via the entitlement issue detailed in note 18(b)(i), and the exercise of options.
(2) Resigned during the 2014 year.

(c) Performance rights of key management personnel

The following table shows the movement during the year in the number of performance rights in Sprintex Limited held directly, indirectly or beneficially, by each key management personnel, including their related parties:

Year ended 30 June 2014		Held at 1 July 2013	Received as remuneration	Other changes	Held at 30 June 2014
Directors					
Mr S Apedaile	Class B	1,250,000	-	(1,250,000)	-
	Class C	1,250,000	-	(1,250,000)	-
	Class D	1,250,000	-	(1,250,000)	-
Mr J Upton	Class B	1,250,000	-	-	1,250,000
	Class C	1,250,000	-	-	1,250,000
	Class D	1,250,000	-	-	1,250,000
Mr M v Uffelen	Class B	1,250,000	-	(1,250,000)	-
	Class C	1,250,000	-	(1,250,000)	-
	Class D	1,250,000	-	(1,250,000)	-
		11,250,000	-	(7,500,000)	3,750,000

The performance rights were issued for nil cash consideration and each performance right converts into one fully paid ordinary share upon the following vesting conditions being achieved:

CLASS	Condition
Class A Performance Rights	Commencement of manufacturing of superchargers at a facility being established in Malaysia via a joint venture with AutoV Corporation, as was announced by the Company on 5 July 2011.
Class B Performance Rights	First quarter of positive earnings before interest, taxation, depreciation and amortisation.
Class C Performance Rights	First year of positive earnings before interest, taxation, depreciation and amortisation.
Class D Performance Rights	Second consecutive year of positive earnings before interest, taxation, depreciation and amortisation.

All equity transactions with key management personnel other than arising from the granting of employee shares have been entered into under terms and conditions no more favourable than those the Company would have adopted if dealing at arm's length.

END OF REMUNERATION REPORT

Signed in accordance with a resolution of the Board of Directors.

David White
Deputy Chairman and acting CEO

Dated at Perth this 6th day of October 2014

CORPORATE GOVERNANCE STATEMENT

The Board of Directors of the Company is responsible for the corporate governance of the Company. The Board guides and monitors the business affairs of the Company on the behalf of the shareholders by whom they are elected and to whom they are accountable.

The Corporate Governance Statement of the Company is structured with reference to the Australian Stock Exchange Corporate Governance Council's (the Council's) "Corporate Governance Principles and Recommendations" ("ASX Principles") which are as follows:

Principle 1	Lay solid foundations for management and oversight
Principle 2	Structure the Board to add value
Principle 3	Promote ethical and responsible decision making
Principle 4	Safeguard integrity in financial reporting
Principle 5	Make timely and balances disclosures
Principle 6	Respect the rights of shareholders
Principle 7	Recognise and manage risk
Principle 8	Remunerate fairly and responsibly

Commensurate with the spirit of the ASX Principles, the Company has followed each of the Recommendations to the extent the Board considered that their implementation was practicable and likely to genuinely improve the Company's internal processes and accountability to external stakeholders. The Corporate Governance Statement contains certain specific information and discloses the extent to which the Company has followed the guidelines during the period. Where a recommendation has not been followed, that fact is disclosed, together with reasons for the departure.

Explanation for Departures from Best Practice Recommendations

Principle 2

Nomination Committee

Recommendation 2.4 requires listed entities to establish a nomination committee. During the year ended 30 June 2014, the Company did not have a separately established nomination committee. However, the duties and responsibilities typically delegated to such committees are included in the responsibilities of the full Board.

Principle 8

Remuneration Committee

Recommendation 8.1 requires listed entities to establish a remuneration committee. During the year ended 30 June 2014, the Company did not have a separately established remuneration committee. However, the duties and responsibilities typically delegated to such committee are included in the responsibilities of the full Board.

With the exception of the departures from the Corporate Governance Council recommendations in relation to the establishment of a nomination committee and remuneration committee as stated above, the corporate governance practices of the Company are compliant with the Council's best practice recommendations.

Board Function

The Board is accountable to the shareholders for the performance of the Company and will have overall responsibility for its operations. Day to day management of the Company's affairs, and the implementation of the corporate strategy and policy initiatives, is delegated by the Board to the Senior Management Team.

The key functions of the Board include:

- approving the strategic direction and related objectives of the Company and monitoring management performance in the achievement of these objectives;
- adopting budgets and monitoring the financial performance of the Company;
- overseeing the establishment and maintenance of adequate internal controls and effective monitoring systems;
- overseeing the implementation and management of effective safety and environmental performance systems;
- ensuring all major business risks are identified and effectively managed; and
- ensuring that the Company meets its legal and statutory obligations.

Structure of the Board

The skills, experience and expertise relevant to the position of director held by each director in office at the date of the annual report is included in the Directors' Report. Directors of the Company are considered to be independent when they are independent of management and free from any business or other relationship that could materially interfere with – or could reasonably be perceived to materially interfere with – the exercise of their unfettered and independent judgement. In accordance with the definition of independence above, Mr R O'Brien is considered to be independent.

There are procedures in place, agreed by the Board, to enable directors in furtherance of their duties to seek appropriate independent professional advice at the Company's expense.

The terms in office held by each director in office at the date of this report are as follows:

Name	Position	Term in Office
Mr R Siemens	(Non-executive Chairman)	Appointed 29 August 2005
Mr D White	(Deputy Chairman and acting CEO)	Appointed 14 March 2012, Appointed Deputy Chairman 6 September 2013
Mr S Apedaile	(Non-executive Director)	Resigned as Managing Director on 13 December 2013, Appointed Non-executive Director 13 December 2013
Mr M Wilson	(Non-executive Director)	Appointed 26 October 2009
Mr R O'Brien	(Independent Non-executive Director)	Appointed 3 March 2010

Performance

The performance of the Board and key executives is reviewed regularly against both measurable and qualitative indicators. During the reporting period, the Board conducted performance evaluations that involved an assessment of each Board member's and key executive's performance against specific and measurable qualitative and quantitative performance criteria. The performance criteria against which directors and executives are assessed are aligned with the financial and non-financial objectives of the Company. KPM whose performance is consistently unsatisfactory may be asked to retire.

Trading Policy

The Company has a formal policy for dealing in the Company's securities by Directors, employees and contractors. This sets out their obligations regarding disclosure of dealing in the Company's securities. The Company's trading policy permits Directors and senior management to acquire securities in the Company at any time other than seven (7) days prior to and two (2) days after the release of the Company's quarterly, half yearly and annual financial results to the ASX and when they have knowledge of price sensitive information.

However Company policy prohibits Directors and senior management from dealing the Company's securities at any time while in possession of price sensitive information.
Directors must advise the Board before buying or selling securities in the Company. All such transactions are reported to the Board. In accordance with the provisions of the Corporations Act and the Listing Rules, the Company advises ASX of any transaction conducted by Directors in the securities of the Company.

Audit Committee

The Board has established an Audit Committee, which operates under a charter approved by the Board. It is the Board's responsibility to ensure that an effective internal control framework exists within the entity. The committee's primary responsibilities are to:

- oversee the existence and maintenance of internal controls and accounting systems;
- oversee the management of risk within the Company;
- oversee the financial reporting process;
- review the annual and half-year financial reports and recommend them for approval by the Board of Directors;
- nominate external auditors;
- review the performance of the external auditors and existing audit arrangements; and
- ensure compliance with laws, regulations and other statutory or professional requirements, and the Company's governance policies.

Risk

The Board has identified the significant areas of potential business and legal risk of the Company. The identification, monitoring and, where appropriate, the reduction of significant risk to the Company will be the responsibility of the Board.

To this end, comprehensive practices are in place that are directed towards achieving the following objectives:

- effectiveness and efficiency in the use of the Company's resources;
- compliance with applicable laws and regulations;
- preparation of reliable published financial information.

The Board reviews and monitors the parameters under which such risks will be managed. Management accounts were prepared and reviewed at Board meetings. Budgets were prepared and compared against actual results.

CEO and CFO Certifications

In accordance with section 295A of the Corporations Act, both the acting Chief Executive Officer and Chief Financial Officer have provided a written statement to the Board that:

- their view provided on the Company's financial report is founded on a sound system of risk management and internal compliance and control which implements the financial policies adopted by the Board; and
- the Company's risk management and internal compliance and control system is operating effectively in all material respects.

Remuneration

It is the Company's objective to provide maximum stakeholder benefit from the retention of a high quality Board and executive team by remunerating directors and key executives fairly and appropriately with reference to relevant employment market conditions. The Company does not link the nature and amount of the emoluments of such officers to the Company's financial or operational performance. The expected outcomes of the remuneration structure are:

- retention and motivation of key executives;
- attraction of high quality management to the Company; and
- performance rewards to allow executives to share in the success of the Company

For a full discussion of the Company's remuneration philosophy and framework and the remuneration received by directors and executives in the current period please refer to the Remuneration Report, which is contained within the Directors' Report in pages 11 to 17.

There is no scheme to provide retirement benefits to non-executive directors.

The Board is responsible for determining and reviewing compensation arrangements for the directors themselves and the executive team.

Shareholder communication policy

Pursuant to Principle 6, the Company's objective is to promote effective communication with its shareholders at all time. The Company is committed to:

- ensuring that shareholders and the financial market are provided with full and timely information about the Company's activities in a balances and understandable way;
- complying with continuous disclosure obligations contained in applicable ASX listing rules and the Corporation Act in Australia; and
- communicating effectively with its shareholders and making it easier for shareholders to communicate with the Company.

To promote effective communication with shareholders and encourage effective participation at general meetings, information is communicated to shareholders:

- Through the release of information to the market via the ASX
- Through the distribution of the annual report and notices of annual general meeting
- Through shareholder meetings and investor relations presentations
- Through letter and other forms of direct communications to shareholders
- By posting relevant information on the Company's website: www.sprintex.com.au

The external auditors are required to attend the annual general meeting and are required to answer any shareholder questions about the conduct of the audit and preparation of the audit report.

Diversity at Sprintex Limited

The Group recognises the value contributed to the organisation by employing people with varying skills, cultural backgrounds, ethnicity and experience and employs people based on their underlying skill sets in an environment where everyone is treated equally and fairly, and where discrimination, harassment and inequity are not tolerated.

22% (2003 – 18%) of the Company's employees are female, none of whom are classified as key management personnel.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2014

	NOTES	2014 $	2013 $
Sales of goods and services		969,288	1,550,639
Revenue		**969,288**	**1,550,639**
Cost of goods sold		(896,097)	(1,433,550)
Gross profit		**73,191**	**117,089**
Other income	5.1	93,808	-
Research & development incentive grant		78,788	1,616,876
Distribution & marketing expenses		(242,608)	(366,216)
Research & development expenses	5.8	(2,024,203)	(2,317,050)
Joint venture impairment expense	12(b)	(535,573)	(1,136,006)
Inventory impairment expense		(618,925)	(655,951)
Administration expenses		(1,619,929)	(1,280,277)
Other expenses	5.2	(5,854)	(200,989)
Operating loss		**(4,801,305)**	**(4,222,524)**
Finance income	5.3	5,500	10,345
Finance costs	5.4	(81,218)	(32,211)
Share of loss of joint venture	12	-	(532,190)
Loss before income tax expense		**(4,877,023)**	**(4,776,580)**
Income tax benefit	6	-	-
Net loss for the year		**(4,877,023)**	**(4,776,580)**
Other comprehensive income, net of tax			
- Items that will not be reclassified to profit or loss		-	-
- Items that will be reclassified subsequently to profit or loss		-	-
Total comprehensive income for the year		**(4,877,023)**	**(4,776,580)**
Loss per share attributable to the ordinary equity holders of the Company			
Basic loss per share	7	0.53 cents	0.61 cents
Diluted loss per share	7	0.53 cents	0.61 cents

The Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Notes to the Financial Statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2014

	NOTES	2014 $	2013 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	20(c)	173,067	52,970
Pledged bank deposits	9	137,695	112,000
Trade and other receivables	10	189,514	1,644,011
Inventories	11	1,178,454	774,961
Loan due from a joint venture	12(c)	-	-
TOTAL CURRENT ASSETS		**1,678,730**	**2,583,942**
NON-CURRENT ASSETS			
Investment in a joint venture	12(a)	-	-
Property, plant and equipment	13	1,342,997	1,610,238
Goodwill & intellectual property	14	11,098	24,892
TOTAL NON-CURRENT ASSETS		**1,354,095**	**1,635,130**
TOTAL ASSETS		**3,032,825**	**4,219,072**
CURRENT LIABILITIES			
Trade and other payables	15	552,394	423,513
Interest bearing liabilities	16	2,108,792	1,054,801
Provisions	17	195,378	213,501
TOTAL CURRENT LIABILITIES		**2,856,564**	**1,691,815**
NON-CURRENT LIABILITIES			
Interest bearing liabilities	16	**39,658**	**20,876**
TOTAL LIABILITIES		**2,896,222**	**1,712,691**
NET ASSETS		**136,603**	**2,506,381**
EQUITY			
Contributed equity	18	42,668,526	40,220,341
Reserves	19	76,648	71,215
Accumulated losses		(42,608,571)	(37,785,175)
TOTAL EQUITY		**136,603**	**2,506,381**

The Consolidated Statement of Financial Position should be read in conjunction with the Notes to the Financial Statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2014

CONSOLIDATED ENTITY	Contributed equity	Share option reserve	Accumulated losses	Total
	Note 18	Note 19 (a)		
	$	$	$	$
Balance at 30 June 2012	**38,244,943**	**95,980**	**(33,008,595)**	**5,332,328**
Loss for the year	-	-	(4,776,580)	(4,776,580)
Other comprehensive income	-	-	-	-
Total Comprehensive income for the year	-	-	**(4,776,580)**	**(4,776,580)**
Transactions with owners in their capacity as owners				
Issue of shares	3,177,328	-	-	3,177,328
Funds received in advance of share issue	(1,196,090)	-	-	(1,196,090)
Share issue expenses	(51,937)	-	-	(51,937)
Share based payment	-	21,332	-	21,332
Achievement of performance hurdle	46,097	(46,097)	-	-
Balance at 30 June 2013	**40,220,341**	**71,215**	**(37,785,175)**	**2,506,381**
Loss for the year	-	-	(4,877,023)	(4,877,023)
Other comprehensive income	-	-	-	-
Total Comprehensive income for the year	-	-	**(4,877,023)**	**(4,877,023)**
Transactions with owners in their capacity as owners				
Issue of shares	2,341,167	167,790	-	2,508,957
Options exercised	114,163	(114,163)	-	-
Expiry of options	-	(53,627)	53,627	-
Share issue expenses	(7,145)	-	-	(7,145)
Share based payment	-	5,433	-	5,433
Balance at 30 June 2014	**42,668,526**	**76,648**	**(42,608,571)**	**136,603**

The Consolidated Statement of Changes in Equity should be read in conjunction with the Notes to the Financial Statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2014

	NOTES	2014 $	2013 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		1,086,925	1,478,646
Payments to suppliers and employees		(5,780,874)	(5,437,017)
Interest and finance lease charges paid		(67,904)	(27,739)
Interest received		5,500	10,345
Research & development incentive grant received		1,331,449	964,215
Net cash flows used in operating activities	20(a)	(3,424,904)	(3,011,550)
CASH FLOWS FROM INVESTING ACTIVITIES			
Contribution to joint venture entity		-	(442,317)
Payment of secured deposit		(25,695)	-
Proceeds from sale of property, plant and equipment		138,318	15,023
Payments for property, plant and equipment		(133,139)	(217,822)
Net cash flows used in investing activities		(20,516)	(645,116)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		2,328,885	1,404,586
Repayment of borrowings		(1,271,680)	(563,777)
Proceeds from share capital raised		2,508,957	1,981,238
Capital raising costs		(645)	(51,937)
Net cash flows generated from financing activities		3,565,517	2,770,110
Net (decrease) / increase in cash and cash equivalents held		120,097	(886,556)
Cash and cash equivalents at the beginning of the financial year		52,970	939,526
Cash and cash equivalents at the end of the financial year	20(c)	173,067	52,970

The Consolidated Statement of Cash Flows should be read in conjunction with the Notes to the Financial Statements.

1. Corporate information

Sprintex Limited (the "Company") is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Stock Exchange. The Company's registered office is 183 Mulgul Road, Malaga WA 6090.

The consolidated financial statements of the Company as at and for the year ended 30 June 2014 comprise the Company and its subsidiaries (together referred to as the "Group"). The nature of the operations and principal activities of the Group are described in the Directors' Report.

2. Significant accounting policies

a. Statement of compliance

This financial report is a general purpose financial report which complies with Australian Accounting Standards (AASBs) (including Australian Interpretations) as issued by the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001* as appropriate for for-profit oriented entities. The financial report also complies with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board.

b. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for land and buildings which have been measured at fair value.

The financial statements were authorised for issue in accordance with a resolution of the directors, on 6 October 2014. The directors have the power to amend and reissue the financial statements.

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, and have been applied consistently by Group entities.

Going concern

The Company has net assets of $136,603 (2013: $2,506,381) and net current liabilities of $1,177,834 (2013: net current assets - $892,127) as at 30 June 2014 and incurred a loss of $4,877,023 (2013: $4,776,580) and net operating cash outflow of $3,424,904 (2013: $3,011,550) for the year ended 30 June 2014.

The Company's ability to continue as a going concern and meet its debts and future commitments as and when they fall due is dependent on a number of factors, including:

- delivery of existing and new products through the Company's distribution network to generate sales revenues and positive cash flows;
- the ability of the Company to raise additional financing; and
- the success of the manufacturing facility in Malaysia.

The financial report has been prepared on a going concern basis. In arriving at this position the directors have had regard to the fact that the Company has, or in the directors' opinion will have access to, sufficient cash to fund administrative and other committed expenditure for a period of not less than 12 months from the date of this report.

Should the Company not achieve the matters set out above, there is significant uncertainty whether it will be able to continue as a going concern and therefore whether it will be able to pay its debts as and when they fall due and realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial statements.

The financial statements do not include any adjustments relating to the recoverability or classification of recorded asset amounts, or to the amounts or classification of liabilities that might be necessary should the Company not be able to continue as a going concern.

c. Functional and presentation currency

The financial report is presented in Australian dollars, which is the functional currency and the presentation currency of the Company and its Australian subsidiaries.

d. Application of new and revised Accounting Standards

The following Australian Accounting Standards have been issued or amended and are applicable to the annual financial statements of the Group (or the company) but are not yet effective. This assumes the following have not been adopted in preparation of the financial statements at the reporting date.

Australian Accounting Standards

AASB No.	Title	Application date of standard*	Issue date
AASB 9	Financial Instruments	1 January 2018	December 2010
AASB 2012-3	Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities	1 January 2014	June 2012
AASB 2013-3	Amendments to AASB 136 – Recoverable amount disclosures for non-financial assets	1 January 2014	June 2013
AASB 2013-4	Amendments to Australian Accounting Standards – notation of derivatives and continuation of hedge accounting	1 January 2014	July 2013
AASB 2013-5	Amendments to Australian Accounting Standards – Investment entities	1 January 2014	August 2013
AASB 2013-9	Amendments to Australian Accounting Standards - Conceptual Framework, Materiality and Financial Instruments Part A - Conceptual Framework Part B - Materiality Part C - Financial Instruments	Part A - 20 December 2013 Part B - 1 January 2014 Part C - 1 January 2015	December 2013
AASB 2014-1	Amendments to Australian Accounting Standards Part A - Annual Improvements 2010 - 2012 and 2011 - 2013 Cycles Part B - Defined Benefit Plans: Employee Contributions (Amendments to AASB 119) Part C - Materiality Part D - Consequential Amendments arising from AASB 14 Regulatory Deferral Accounts Part E - Financial Instruments	Part A - 1 July 2014 Part B - 1 July 2014 Part C - 1 July 2014 Part D - 1 January 2016 Part E - 1 January 2015	June 2014
AASB 1031	Materiality (Revised)	1 January 2014	December 2013
AASB 14	Regulatory Deferral Account	1 January 2016	June 2014
Interpretation 21	Levies	1 January 2014	May 2013
Amendments to IAS 16 PP&E and IAS 38 Intangible Assets	Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38)	1 January 2016	May 2014
IFRS 15	Revenues from Contracts with Customers	1 January 2017	May 2014

e. New, revised or amending Accounting Standards and Interpretations adopted

The Group has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Any significant impact on the accounting policies of the Group from the adoption of these Accounting Standards and Interpretations are disclosed below. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Group.

The following Accounting Standards and Interpretations are most relevant to the Group:

AASB 10 Consolidated Financial Statements

The Group has applied AASB 10 from 1 July 2013, which has a new definition of 'control'. Control exists when the reporting entity is exposed, or has the rights, to variable returns from its involvement with another entity and has the ability to affect those returns through its 'power' over that other entity. A reporting entity has power when it has rights that give it the current ability to direct the activities that significantly affect the investee's returns. The Group not only has to consider its holdings and rights but also the holdings and rights of other shareholders in order to determine whether it has the necessary power for consolidation purposes.

AASB 11 Joint Arrangements

The Group has applied AASB 11 from 1 July 2013. The standard defines which entities qualify as joint arrangements and removes the option to account for joint ventures using proportional consolidation. Joint ventures, where the parties to the agreement have the rights to the net assets are accounted for using the equity method. Joint operations, where the parties to the agreements have the rights to the assets and obligations for the liabilities, will account for its share of the assets, liabilities, revenues and expenses separately under the appropriate classifications.

AASB 12 Disclosure of Interests in Other Entities

The Group has applied AASB 12 from 1 July 2013. The standard contains the entire disclosure requirement associated with other entities, being subsidiaries, associates, joint arrangements (joint operations and joint ventures) and unconsolidated structured entities. The disclosure requirements have been significantly enhanced when compared to the disclosures previously located in AASB 127 'Consolidated and Separate Financial Statements', AASB 128 'Investments in Associates', AASB 131 'Interests in Joint Ventures' and Interpretation 112 'Consolidation - Special Purpose Entities'.

AASB 13 Fair Value Measurement and AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13

The Group has applied AASB 13 and its consequential amendments from 1 July 2013. The standard provides a single robust measurement framework, with clear measurement objectives, for measuring fair value using the 'exit price' and provides guidance on measuring fair value when a market becomes less active. The 'highest and best use' approach is used to measure non-financial assets whereas liabilities are based on transfer value. The standard requires increased disclosures where fair value is used.

AASB 2011-4 Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirement

The Group has applied 2011-4 from 1 July 2013, which amends AASB 124 'Related Party Disclosures' by removing the disclosure requirements for individual key management personnel ('KMP'). Corporations and Related Legislation Amendment Regulations 2013 and Corporations and Australian Securities and Investments Commission Amendment Regulation 2013 (No.1) now specify the KMP disclosure requirements to be included within the directors' report.

f. Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Sprintex Limited ('company' or 'parent entity') as at 30 June 2014 and the results of all subsidiaries for the year then ended. Sprintex Limited and its subsidiaries together are referred to in these financial statements as the 'Consolidated entity' or 'Group'.

Subsidiaries are all those entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the Group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Non-controlling interest in the results and equity of subsidiaries are shown separately in the statement of profit or loss and other comprehensive income, statement of financial position and statement of changes in equity of the Group. Losses incurred by the Group are attributed to the non-controlling interest in full, even if that results in a deficit balance.

Where the Group loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The Group recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

g. Business combinations

Business combinations are accounted for using the acquisition method. The consideration transferred in a business combination shall be measured at fair value, which shall be calculated as the sum of the acquisition date fair values of the assets transferred by the acquirer, the liabilities incurred by the acquirer to former owners of the acquiree and the equity issued by the acquirer, and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer 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-related costs are expensed as incurred.

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 conditions, the Group's operating or accounting policies and other pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured at fair value as at the acquisition date through 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 which is deemed to be an asset or liability will be recognised in accordance with AASB 139 either in profit or loss or in other comprehensive income. If the contingent consideration is classified as equity, it shall not be remeasured.

h. Operating segments

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity), whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available. This includes start-up operations which are yet to earn revenues. Management will also consider other factors in determining operating segments such as the existence of a line manager and the level of segment information presented to the board of directors.

Operating segments have been identified based on the information provided to the chief operating decision makers, being the executive management team.

The Company is operating in one segment, being the manufacture and distribution of the patented range of Sprintex® superchargers.

i. Foreign currency translation

Transactions in foreign currencies are initially recorded in the functional currency at the exchange rates ruling at the date of the transaction. Monetary assets and liabilities are retranslated at the rate of exchange ruling at the reporting date. All exchange differences in the financial report are taken to the profit or loss. 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.

j. Revenue recognition

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

Sale of Goods
Revenue is recognised when the significant risks and rewards of the goods have passed to the buyer and can be measured reliably. Risks and rewards are considered passed to the buyer at the time of delivery of the goods to the customer.

Interest
Revenue is recognised as the interest accrues using the effective interest method.

Effective interest method is a method of calculating the annualised cost of a financial asset or liability and allocating the interest income or expense over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial instrument to the net carrying amount of the financial asset or liability.

k. Income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or

When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entity's which intend to settle simultaneously.

l. Other taxes

Revenues, expenses and assets are recognised net of the amount of Goods and Services Tax ("GST") except:

(a) where the GST 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
(b) Receivables and payables are stated with amounts 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 financial activities, which are recoverable from, or payable to, the taxation authority, are classified as operating cash flows.

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

m. Loss per share

Basic loss per share
Basic loss per share is determined by dividing net profit after income tax attributable to members of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

Diluted loss per share
Diluted loss per share adjusts the figures used in the determination of basic loss per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

n. Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is current when: it is expected to be realised or intended to be sold or consumed in normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within twelve months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period. All other assets are classified as non-current.

A liability is current when: it is expected to be settled in normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within twelve months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

o. Cash and cash equivalents

Cash and short-term deposits in the statement of financial position comprise cash at bank and in hand and short-term deposits with an original maturity date of twelve months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts. Bank overdrafts are included within interest-bearing liabilities in current liabilities on the statement of financial position.

p. Trade and other receivables

Trade receivables, which generally have 0-30 day terms are recognised initially at fair value and subsequently measured at amortised cost using effective interest method, less an allowance for impairment.

Collectability of trade receivables is reviewed on an ongoing basis at an operating unit level. Individual debts that are known to be uncollectible are written off when identified. An impairment provision is recognised when there is objective evidence that the Company will not be able to collect the receivable. Financial difficulties of the debtor, default payments or debts more than 60 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.

q. Inventories

Inventories are valued at the lower of cost or net realisable value. Costs incurred in bringing each product to its present location and conditions are accounted for as follows:

Raw materials – purchase cost on a first in, first out basis.

Finished goods and work in progress – cost of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity but excluding borrowing costs. Costs are assigned on a first in, first out basis.

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

r. Investments and other financial assets

Investments and financial assets in the scope of AASB 139 Financial Instruments: Recognition and Measurement are categorised as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Designation is re-evaluated at each financial year end, but there are restrictions on reclassifying to other categories.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of assets not at fair value through profit or loss, directly attributable transaction costs.

Recognition and de-recognition

All regular way purchases and sales of financial assets are recognised on the trade date ie the date that the Company commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets under contracts that require delivery of the assets within the period established generally by regulation or convention in the market place. Financial assets are derecognised when the right to receive cash flows from the financial assets have expired or been transferred.

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired. These are included in current assets, except for those with maturities greater than 12 months after reporting date, which are classified as non-current.

s. Joint arrangements

Joint arrangements are classified as either a joint operation or a joint venture, based on the rights and obligations arising from the contractual obligations between the parties to the arrangement. To the extent the joint arrangement provides the Group with rights to the net assets of the arrangement, the investment is accounted for using the equity method. To the extent the joint arrangement provides the Group with rights to the individual assets and obligations arising from the joint arrangements, the Group recognises its share of assets, liabilities, revenues and expenses of the operation.

The Company has an investment in a joint venture. The Company's investment in the joint venture is accounted for using the equity method of accounting as the joint venture provides the Group with rights to the net assets of the joint venture.

Under the equity method, investments in a joint venture are carried in the consolidated statement of financial position at cost plus post-acquisition changes in the Company's share of net assets of the joint venture. Goodwill relating to an associate is included in the carrying amount of the investment and is not amortised. After application of the equity method, the Company determines whether it is necessary to recognise any impairment loss with respect to the Company's net investment in joint ventures. Goodwill included in the carrying amount of the investment a joint venture is not tested separately, rather the entire carrying amount of the investment is tested for impairment as a single asset. If impairment is recognised, the amount is not allocated to the goodwill of the joint venture.

The Company's share of the joint venture's profits or losses is recognised in the statement of comprehensive income, and its share of movement in reserves is recognised in reserves. The cumulative movements are adjusted against the carrying amount of the investment. Dividends receivable from joint ventures are recognised in the Company's statement of comprehensive income as a component of other income.

After application of the equity method, the Company determines whether it is necessary to recognise an additional impairment loss on the Company's investment in its joint venture. The Company determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Company calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in the "share of profit of joint arrangements" in the consolidated statement of comprehensive income.

When the Company's share of losses of a joint venture equals or exceeds its interest in the joint venture, including any unsecured long-term receivables and loans, the Company does not recognise further losses, unless it has an incurred obligations or made payments on behalf of the joint arrangement.

The reporting dates of the joint venture and the Company are identical and the joint venture's accounting policies conform to those used by the Company for like transactions and events in similar circumstances.

t. Property, plant and equipment

Recognition
Plant and equipment and leasehold improvements are carried at cost, less accumulated depreciation/amortisation and any impairment in value. 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.

Land and buildings are measured at fair value, based on periodic but at least triennial valuations by external independent valuer who apply the International Valuations Standards Committee's International Valuation Standards, less accumulated depreciation on buildings and less any impairment losses recognised after the date of the revaluation.

Depreciation & amortisation
Depreciation is calculated on a diminishing value basis over the estimated useful life of the asset as follows:

Buildings: 2.5%
Building Improvements: 0-30%
Plant and Equipment: 15%
Engineering Equipment and Software: 15-37.5%
Furniture and Office Equipment: 7.5-37.5%
Motor Vehicles: 18.75%
Leasehold Improvements: 30%

The assets' residual values, useful lives and amortisation method are reviewed, and adjusted if appropriate, at each financial year end.

Revaluations of land and buildings
Any revaluation increment is credited to the asset revaluation reserve included in equity, except to the extent that it reverses a revaluation decrement for the same asset previously recognised in profit or loss, in which case the increment is recognised in profit or loss. Any revaluation decrement is recognised in profit or loss, except to the extent that it offsets a previous revaluation increment for the same asset, in which case the decrement is debited directly to the asset revaluation reserve to the extent of the credit balance existing in the revaluation reserve for that asset.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amounts of the assets and the net amounts are restated to the revalued amounts of the assets.

Gains and losses on disposal are determined by comparing proceeds with the carrying amount. These are included in the profit or loss within the statement of profit or loss and other comprehensive income.

Upon disposal or de-recognition, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings.

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

u. **Leases**

Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and benefits incidental to ownership.

Operating leases
The minimum lease payments made under operating leases are charged against profit or loss in equal instalments over the accounting periods covered by the lease term where the lessor effectively retains substantially all of the risks and benefits of ownership of the leased item.

The cost of improvements to or on leasehold property is capitalised, disclosed as leasehold improvements and amortised over the shorter of the estimated useful life of the asset or the lease term.

Finance leases
Leases which effectively transfer substantially all of the risks and rewards incidental to ownership of the leased item to the Company 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 and disclosed as property, plant and equipment under lease. A lease liability of equal value is also recognised.

Capitalised lease assets are depreciated over the shorter of the estimated useful life of the assets and the lease term. Minimum lease payments are allocated between interest expense and reduction of the lease liability with the interest expense calculated using the interest rate implicit in the lease and recognised directly in net profit.

v. Impairment of non-financial assets other than goodwill

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

At each reporting date, management assess whether there is any indication that an asset may be impaired, where an indicator of impairment exists, management makes a formal estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

Recoverable amount is the greater of fair value less cost to sell and value in use. It is determined for an individual asset, unless the asset's value in use cannot be estimated to be close to its fair value less costs to sell and it does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case, the recoverable amount is determined for the cash- generating unit to which the asset belongs. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset.

w. Goodwill and intangibles

Goodwill
Goodwill acquired in a business combination is initially measured at cost being the excess of the costs of the business combination over the Company's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate the carrying value may be impaired.

For the purpose of impairment testing, goodwill acquired in business combination is, from the acquisition date, allocated to each of the Company's cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Company 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 the internal management purposes; and is not larger than an operating segment determined in accordance with AASB 8. The Company operates in one cash-generating unit and therefore goodwill was allocated to the Company as a whole.

Impairment is determined by assessing the recoverable amount of the cash-generating unit to which the goodwill related. When the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised.

When goodwill forms part of a cash-generating unit (group of cash-generating units) and an 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 manner is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Impairment losses recognised for goodwill are not subsequently reversed.

Intangibles

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 (see note 2(v) for methodology). The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year-end. 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.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level consistent with the methodology outlined for goodwill above. 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.

Research and development costs

Research costs are expensed as incurred. An intangible asset arising from development expenditure on an internal project is recognised only when the Company can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the development and the ability to measure reliably the expenditure attributable to the intangible asset during its development. Following the initial recognition of the development expenditure, the cost model is applied requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses. Any expenditure so capitalised is amortised over the period of expected benefit from the related project.

The carrying value of an intangible asset arising from development expenditure is tested for impairment annually when the asset is not yet available for use, or more frequently when an indication of impairment arises during the reporting period.

Patents

The Company's intangible asset represents acquired intellectual property – patents are amortised over the remaining life on a straight line basis.

x. Trade and other payables

Trade and other payables are carried at amortised cost. Due to their short term nature they are not discounted. They represent liabilities for goods and services provided to the Company prior to the end of financial year which 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.

y. 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 the reporting date.

z. Borrowing costs

Borrowing costs are recognised as an expense when incurred, except where they are directly attributable to the acquisition or construction of qualifying assets (i.e. an asset that necessarily takes a substantial period of time to get ready for its intended use or sale), in which case they are capitalised as part of the cost of that asset. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. The Company does not currently hold qualifying assets.

aa. 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 and 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.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Service warranties
Provision is made for the estimated liability on all products still under warranty at reporting date. The amount of the provision is the estimated cash flows expected to be required to settle the warranty obligations and is calculated based on a percentage of sales. The provision is not discounted to its present value as the effect of discounting is not material.

bb. Employee leave benefits

Wages, salaries, annual leave and non-monetary benefits
Provision is made for the employee benefits accumulated as a result of the employee rendering services up to the reporting date. These benefits including on costs due to be settled within one year, together with benefits arising from wages and salaries, annual leave and non-monetary benefits which will be settled after one year, are measured at their nominal amounts based on remuneration rates which are due to be paid when the liability is settled.

Long service leave
Long service leave including on costs, payable later than one year have been measured at the present value of estimated future cash outflows to be made for those benefits using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

Retirement benefit obligations
The Company contributes to various superannuation plans in accordance with and at rates set down by law. Some employees contribute to these plans at differing percentages of their salaries.

The Company's contributions and costs are charged as an expense as incurred.

cc. Share based payment transactions

The Company provides incentives to the key management personnel (KMP) of the Company in the form of share based payment transactions, whereby KMP render services in exchange for shares or rights over shares ("equity settled transactions").

The cost of these equity settled transactions with employees is measured by reference to the fair value at the date at which they are granted. An external valuer using Black Scholes model determines the fair value, which takes into account the factors including the option exercise price, the current level and volatility of the underlying share price, the risk-free interest rate, expected dividends on the underlying share, current market price of the underlying share, the expected life of the option, and any barriers associated with vesting.

The fair value of equity settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the option ('vesting date').

The cumulative expense recognised for equity settled transactions at each reporting date until vesting reflects:

(a) the grant date fair value of the award,
(b) the extent to which the vesting period has expired, and
(c) the number of options that, in the opinion of the Directors of the Company, will ultimately vest. This opinion is formed based on the best available information at reporting date. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date.

No expense is recognised for options that do not ultimately vest, except for options where vesting is conditional upon a market condition.

Where the terms of an equity settled option are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any increase in the value of the transaction as a result of the modification, as measured at the date of modification.

Where an equity settled option is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the option is recognised immediately. However, if a new option is substituted for the cancelled option, and designated as a replacement option on the date that it is granted, the cancelled and new option are treated as if they were a modification of the original option, as described in the previous paragraph.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share.

Equity-settled share-based payments transactions with other parties are measured at the fair value of the goods or services received, except where the fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

dd. 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.

3. Significant accounting estimates, assumptions and judgements

The preparation of the financial statements requires management to make judgements, estimates and assumptions in relation to assets, liabilities, contingent liabilities, revenue and expenses that affect the reported amounts in the financial statements. Estimations and judgements are continually evaluated by management and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

(a) Significant accounting judgements

The following are the critical judgements that the directors have made in the process of applying the entity's accounting policies and that have the most significant effect of the amounts recognised in financial statements:

Impairment of non-financial assets other than goodwill
The Company assesses impairment of all assets including intangible assets with definite useful lives at each reporting date by evaluating conditions specific to the Company and to the particular asset that may lead to impairment. These include product and manufacturing performance, technology, economic and political environments and future product expectations. If an impairment trigger exists the recoverable amount of the asset is determined. Given the current uncertain economic environment, these assets have been tested for impairment in this financial period.

Taxation
The Company's accounting policy for taxation requires management's judgement in assessing whether deferred tax assets and certain deferred tax liabilities are recognised on the statement of financial position. Deferred tax assets, including those arising from un-recouped tax losses, capital losses and temporary differences, are recognised only where it is considered more likely than not that they will be recovered, which is dependent on the generation of sufficient future taxable profits.

Assumptions about the generation of future taxable profits and repatriation of retained earnings depend on management's estimates of future cash flows. These depend on estimates of future production and sales volumes, operating costs, capital expenditure, dividends and other capital management transactions. Judgements are also required about the application of income tax legislation. These judgements and assumptions are subject to risk and uncertainty, hence there is a possibility that changes in circumstances will alter expectations, which may impact the amount of deferred tax assets and deferred tax liabilities in respect of tax losses and temporary differences not yet recognised. In such circumstances, some or all of the carrying amounts of unrecognised deferred tax assets and liabilities may require adjustment, resulting in a corresponding credit or charge to the profit or loss.

(b) Significant estimates and assumptions

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are:

Estimation of provisions for obsolete inventory
The Company estimates the recoverable value of inventory by references to expected future selling prices and where these are lower than the cost of the inventory, reduces the value of inventory to the expected selling price less selling cost.

Impairment of goodwill
The Company determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the recoverable amount of the cash-generating units, using a value in use discounted cash flow methodology, to which the goodwill is allocated. The assumptions used in this estimation of recoverable amount and the carrying amount of goodwill are discussed in note 14.

Warranty provision
In determining the level of provision required for product warranties the Company has made judgements in respect of the expected performance of the product, number of customers who will actually use the warranty and how often, and the costs of fulfilling the performance of the service warranty. Historical experience and current knowledge of the performance of products has been used in determining this provision. The related carrying amounts are disclosed in note 17. Any increase or decrease in the provision would affect profit or loss in future years.

Research and Development tax concession

The Company's accounting policy for research and development tax claim requires management's judgement in assessing whether the tax claim is probable. Historical experience of the success of prior years' claims and the quantum of eligible expenditure in the current year have been used in determining the amount recognised in the profit or loss as research and development tax benefit.

4. Segment information

(a) Identification of reportable segments

The Company identifies its operating segments based on the internal reports that are reviewed and used by the executive management team (chief operating decision makers) in assessing performance and in determining the allocation of resources. Operating segments are identified by management based on the similarity of the products produced and sold.

The Company is operating in one segment, being the manufacture and distribution of the patented range of Sprintex® superchargers.

The accounting policies applied for internal reporting purposes are consistent with those applied in the preparation of the financial statements.

(b) Geographic information and major customers

	2014 $	2013 $
United States	297,062	904,708
Malaysia	26,490	267,259
Australia	417,103	187,337
Japan	59,694	65,456
Switzerland	-	14,580
Other countries	168,939	111,299
Total revenue	969,288	1,550,639

The revenue information above is based on the location of the customer. During 2014, 17% of sales were to one customer in Australia and 2% (2013: 17%) of sales revenues during the year were to the Company's joint venture (see notes 12 and 22).

(c) Location of non-current assets

Non-current assets for this purpose consist of property, plant and equipment and intangible assets. Most non-current assets of the Company are located in Australia, $1,333,857 (2013: $1,369,857) except for a motor vehicle with a book value of $20,238 (2013: $21,464) being located abroad.

5. Revenue and expenses

	2014 $	2013 $
5.1 Other income		
Profit on sale of property, plant & equipment	22,219	-
Export market development grant	71,589	-
	93,808	-
5.2 Other expenses		
Share based payments	3,600	21,332
Loss on disposal of property, plant and equipment, net	-	141,505
Net foreign exchange loss	2,254	25,209
Provision for receivables impairment	-	12,943
Total other expenses	5,854	200,989

5.3	**Other revenue**		
	Interest income	5,500	10,345
5.4	**Finance costs**		
	Interest and finance charges paid	81,218	32,211
	Total finance costs	81,218	32,211
5.5	**Employee payments including benefits expense**		
	Salaries and wages	1,302,817	935,067
	Superannuation expense	70,062	97,414
	Annual leave and long service leave	32,516	2,964
	Other employment expense	32,078	52,093
		1,437,473	1,087,538
5.6	**Depreciation and amortisation expenses**		
	Depreciation of property, plant and equipment	269,247	313,959
	Amortisation for leasehold improvements	14,578	24,052
	Amortisation for trademarks and patents	2,696	14,220
	Total depreciation and amortisation	286,521	352,231
5.7	**Operating lease expense**	186,840	183,983
5.8	**Research & development expense**		
	Research & development staff costs	560,599	318,015
	Consultants' costs	430,343	394,588
	Materials / service costs	1,033,261	1,604,447
		2,024,203	2,317,050

6. Income tax

(a) Numerical reconciliation between aggregate tax credit recognised in the income statement and tax expense calculated per the statutory income tax rate

	2014 $	2013 $
Loss before income tax expense	(4,877,023)	(4,776,580)
Income tax calculated at statutory tax rate of 30% (2013: 30%)	1,463,107	1,432,974
Government grants exempted from tax	150,377	1,252,957
Tax losses and temporary differences not recognised	(1,613,484)	(2,685,931)
Aggregate income tax benefit	-	-

The franking account balance at year end was $Nil (2013: $Nil)

(b) Unrecognised temporary differences

At 30 June 2014, there are no unrecognised temporary differences associated with the Company's investments in subsidiaries as the Company has no liability for additional taxation should unremitted earnings be remitted (2013: $nil).

(c) Deferred tax assets and liabilities

At 30 June 2014, the Company has unused tax losses of $33,119,503 (2013: $29,877,437) available for offset against future taxable profits. Such losses may be carried forward indefinitely subject to meeting relevant statutory tests.

A net deferred tax asset of $10,482,055 (2013: $9,432,604) arises from temporary differences but has not been recognised due to the unpredictability of future profit streams. Deferred income tax at 30 June relates to the following:

	2014 $	2013 $
(i) Deferred tax assets		
Provision for doubtful debts	-	32,477
Provision for unused annual leave	44,357	11,610
Provision for unused long service leave	39,702	4,204
Warranty provisions	111,320	48,236
Superannuation payable	17,794	6,634
Provision for joint venture impairment	280,741	340,802
Provision for inventory diminution	-	-
Accrued expenses	3,240	17,419
Unrealised foreign exchange losses	16,863	7,991
Carry forward revenue losses	9,935,851	8,963,231
Gross deferred tax assets	10,449,868	9,432,604
Deferred tax asset not recognised	(10,449,868)	(9,432,604)
	-	-
(ii) Deferred tax liabilities		
Prepayments	-	23,336
Accelerated depreciation: leasehold improvements, plant & equipment, motor vehicles	-	14,489
Gross deferred tax liabilities	-	37,825
Deferred tax liabilities not recognised	-	(37,825)
	-	-

7. Loss per share

The calculation of basic loss per share is based on the net loss from ordinary activities attributable to equity holders of the Company for the year of $4,877,023 (2013: $4,776,580) and the weighted average of 916,900,011 (2013: 788,894,789) ordinary shares in issue during the year.

The diluted loss per share amount for the year was the same as the basic loss per share, as the Company did not have any share options outstanding (note 18(b)), and the outstanding performance rights are anti-dilutive at 30 June 2014.

Transactions involving ordinary shares or potential ordinary shares that would change the number of ordinary shares or potential ordinary shares outstanding between the reporting date and the date of the completion of these financial statements are disclosed in notes 18 and 26 to the financial statements.

8. Remuneration of auditors

	2014 $	2013 $
Auditors of the Company:		
Audit and review of the financial report	48,500	38,000

9. Pledged bank deposits

	2014 $	2013 $
Deposit – fixed term	82,000	82,000
Deposit – at call	55,695	30,000
	137,695	112,000

Pledged bank deposits at 30 June 2014 represented a fixed deposit for a term of 6 months maturing on 27 September 2014, bearing interest at 3.3% per annum and is pledged against a guarantee in the amount of $82,000 issued by a bank on behalf of the Company and an at call deposit of $30,000 supporting credit card facilities. Pledged bank deposits at 30 June 2013 represented fixed deposits maturing on 27 October 2013 and bear interest at a weighted average rate of 6.0% per annum. The deposits were pledged against an operating lease facility granted to the Company (note 23(a)).

10. Trade and other receivables

	2014 $	2013 $
Trade receivables	22,627	140,264
Other receivables	5,786	1,252,957
Trade deposits	153,714	173,005
Prepayments	7,387	77,785
	189,514	1,644,011

(a) Allowance for impairment loss

Trade receivables are non- interest bearing and are generally on 0-90 day terms. An allowance for impairment loss is recognised when there is objective evidence that an individual trade receivable is impaired.

Movements in the provision for impairment loss were as follows:

	2014	2013
	$	$
At 1 July	108,256	95,313
Charge for the year	-	12,943
Reversal of provision	(108,256)	-
At 30 June	-	108,256

The ageing analysis of trade receivables that are neither individually nor collectively considered to be impaired are as follows:

Neither past due nor impaired	7,752	26,580
Less than 1 month past due	4,326	19,593
1 to 3 months past due	3,814	87,356
Over 3 months past due	6,735	6,735
	22,627	140,264

Trade receivables that were neither past due nor impaired relate to a range of customers for whom there was no recent history of default.

Trade receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Company. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there have not been a significant change in credit quality and the balances are still considered fully recoverable. The Company does not hold any collateral over these balances.

(b) Other receivables

Other receivables mainly represent a research and development incentive grant receivable in 2013 and are considered fully recoverable.

Trade deposits represent payments to suppliers with no history of unsatisfactory product quality or delivery default and are considered fully recoverable.

(c) Fair value and credit risk

Due to the short-term nature of the receivables, their carrying value is assumed to approximate their fair value.

(d) Foreign exchange and interest rate risk

Details regarding foreign exchange and interest rate risk exposure is disclosed in note 25.

11. Inventories

	2014	2013
	$	$
Finished goods – at net realisable value	-	43,530
Finished goods – at cost	1,178,454	731,431
Total inventories at lower of cost and net realisable value	1,178,454	774,961

Work in progress and finished goods are net of a provision for losses of nil (2013: $1,023,893) to write down inventory to net realisable value.

During the year $618,925 (2013: $655,951) was recognised as an expense for inventories carried at net realisable value.

12. Investment in a joint venture

Interests in joint venture are accounted for using the equity method of accounting. Information relating to the joint venture is set out below:

(a) Investment details

			2014 $	2013 $
Unlisted				
Proreka Sprintex Sdn. Bhd.	Investment	50% Interest	-	-

Proreka Sprintex Sdn. Bhd. is a Malaysian company which is 50% owned by the Company and owns and operates a facility in Malaysia which has been licenced by the Company to assemble and manufacture Sprintex products.

(b) Movements in the carrying amount of the Company's investment in a joint venture

Proreka Sprintex Sdn. Bhd.		
At beginning of year	-	217,448
Investment in preference shares	-	1,345,794
Loan advanced	-	903,478
Conversion of loan to preference shares	-	(1,177,570)
Contribution to joint venture	-	274,093
Share of losses	-	(532,190)
Provision for impairment (note 12(d))	-	(1,031,053)
	-	-

As noted below, the Company's investment in the joint venture was, at 30 June 2013, considered to be fully impaired. Under the shareholders' agreement of Proreka Sprintex Sdn. Bhd., the shareholders agreed to fund Proreka Sprintex Sdn. Bhd. via a combination of debt and equity. At a board meeting of Proreka Sprintex Sdn. Bhd. in December 2013, the shareholders agreed to convert the short term loan to long term. At a subsequent board meeting in February 2014, it was agreed that this would be via the short-term loan being converted to convertible redeemable preference shares and that each joint venture partner would invest RM500,000 of new funds and convert RM3,500,000 of loans into preference shares. Accordingly, the short-term loan disclosed at 30 June 2013 has been reclassified to a non-current asset in the comparatives in these financial statements.

(c) Loan due from a joint venture

Proreka Sprintex Sdn. Bhd. (note i)	535,753	104,953
Provision for impairment (note 12(d))	(535,753)	(104,953)
	-	-

(i) The loan due from the joint venture is interest free.

(d) In view of the losses being incurred by the joint venture, the carrying value of the balances with the joint venture were assessed for impairment after considering the reasonableness of the carrying value of its assets and applying a discount rate of 10% to expected future cash flows.

(e) Share of interest in a joint venture

Share of assets and liabilities

	2014	2013
	$	$
Current assets	509,112	739,448
Non-current assets	992,887	1,224,885
Total assets	1,501,999	1,964,334
Current liabilities	642,967	448,364
Non-current liabilities	319,306	484,917
Total liabilities	962,273	933,281
Net assets	539,726	1,031,053

The above share in net assets has been fully impaired. Refer to note 12(b) above.

Share of revenue, expenses and results	**2014** $	**2013** $
Revenue	222,644	114,387
Expenses	(634,521)	(646,577)
Net loss	(411,877)	(532,190)

13. Property, plant & equipment

	Leasehold Improvements	Manufacturing plant & Equipment	Engineering Equipment & Software	Motor Vehicles	Office Furniture & Equipment	Total
Year ended 30 June 2013						
Opening net book amount	93,198	1,512,552	78,887	139,101	63,055	1,886,793
Additions	-	143,221	-	61,207	13,394	217,822
Disposals, net	(6,161)	(130,905)	(4,452)	-	(15,011)	(156,529)
Depreciation charge	(24,052)	(237,049)	(23,490)	(29,911)	(23,346)	(337,848)
Closing net book amount	62,985	1,287,819	50,945	170,397	38,092	1,610,238
At 30 June 2013						
Cost or fair value	322,067	2,479,071	317,684	279,936	299,370	3,698,128
Accumulated depreciation	(259,082)	(1,191,252)	(266,739)	(109,539)	(261,278)	(2,087,890)
Net book amount	62,985	1,287,819	50,945	170,397	38,092	1,610,238
Year ended 30 June 2014						
Opening net book amount	62,985	1,287,819	50,945	170,397	38,092	1,610,238
Additions	-	92,805	-	32,681	7,653	133,139
Disposals, net	-	(82,813)		(33,661)	(80)	(116,554)
Depreciation charge	(14,575)	(213,971)	(15,284)	(27,026)	(12,967)	(283,826)
Closing net book amount	48,407	1,083,840	35,661	142,391	32,698	1,342,997
At 30 June 2014						
Cost or fair value	264,322	2,059,104	290,027	220,997	129,726	2,964,176
Accumulated depreciation	(215,915)	(975,264)	(254,366)	(78,606)	(97,028)	(1,621,179)
Net book amount	48,407	1,083,840	35,661	142,391	32,698	1,342,997

	2014 $	2013 $
14. Intellectual property		
Intellectual Property – Sprintex® Technology	11,098	24,892

Intellectual property – Sprintex® Technology represents the cost paid to a third party to develop the profile of the rotors used in the Company's superchargers. Intellectual property is carried at cost less accumulated amortisation and impairment losses.

	2014 $	2013 $
15. Trade and other payables		
Trade payables	263,025	249,833
Due to joint venture (note 22)	-	87,430
Other payables and accruals	289,369	86,250
	552,394	423,513

Trade payables are non-interest bearing and are predominately settled on 30 to 60 day terms.

	2014 $	2013 $
16. Interest bearing borrowings		
Current		
Insurance premium funding (unsecured) (note a)	-	62,709
Finance lease liabilities (note b)	29,006	37,451
Loans from related parties (note c)	2,053,129	293,083
Convertible notes (note d)	26,657	661,558
	2,108,792	1,054,801
Non-current		
Finance lease liabilities (note b)	39,658	20,876

(a) Insurance premium funding is unsecured and due for repayment over 10 equal instalments. The effective interest rate of the loan was 5.10% (2013: 8.50%) per annum.

(b) The average effective interest rate on finance lease liabilities approximated 8.44% (2013: 8.66%) per annum in the year. The carrying value of leased plant and equipment as at 30 June 2014 was $142,510 (2013: $201,901). Other details of finance lease liabilities are disclosed in note 25.

(c) Loans from related parties

Loans from related parties represented unsecured loans from three directors and bear interest of 9% and are repayable on demand.

(d) The convertible notes have a value of A$25,000 (2013 – US$600,000) bear interest at 10% per annum paid six monthly in arrears which has been be placed on deposit in trust for the noteholder when received, matures on 7 June 2015 and can be converted into fully paid ordinary shares at A$0.03 at the option of the noteholder at any time on or before 7 June 2015.

	2014 $	2013 $
17. Provisions		
Provision for warranty	111,320	160,787
Provision for employee benefits	84,058	52,714
	195,378	213,501

Movements in the provision for warranty for the Company during the financial year are set out below:

	2014 $	2013 $
At 1 July	160,787	92,879
Provision made during the year	19,998	144,253
Utilisation of provisions	(69,465)	(76,345)
At 30 June	111,320	160,787

Warranty provision
Under the terms of the Company's sales arrangements, the Company will rectify any product defects arising within one year of the date of sale. Provision is therefore made for the present value of the management's best estimate of the expected settlement under these agreements in respect of sales made within the year prior to the reporting date. The estimate has been made on the basis of the Company's historical warranty trends and industry averages for defective products and is only made where a warranty claim is probable.

18. Contributed equity

	2014 $	2013 $
Paid up capital – ordinary shares	43,754,389	41,299,059
Capital raising costs capitalised	(1,085,863)	(1,078,718)
	42,668,526	40,220,341
Subscription proceeds – shares to be issued	-	-
	42,668,526	40,220,341

(a) Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held. The fully paid shares have no par value.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Movements in Ordinary Share Capital	2014 Number of shares	2014 $	2013 Number of shares	2013 $
Balance at 1 July	845,814,268	40,220,341	683,197,822	38,244,943
Conversion of Performance Rights	-	-	3,750,000	46,097
Entitlement Issue Shares at $0.02 each	-	-	83,874,225	1,677,484
Entitlement Issue shares at $0.02 – Shortfall placement	-	-	6,251,500	125,030
Capital raising costs capitalised	-	(7,145)	-	(51,937)
Transfer from option reserve upon exercise of options	-	114,163	-	-
Exercise of options	114,162,776	2,341,167	68,740,721	1,374,814
	114,162,776	2,448,185	162,616,446	3,171,488
Proceeds received in prior period	-	-	-	(1,196,090)
Balance as at 30 June	959,977,044	42,668,526	845,814,268	40,220,341

(b) Share Options

Movements in Share Options	Listed, $0.02 Exercise, 30 June 2014 Expiry	Listed, $0.02 Exercise, 30 June 2013 Expiry
Balance at 1 July	-	-
Entitlement Issue (note i)	167,789,589	270,377,175
Exercise of options	(114,162,776)	(68,740,721)
Expiry of options	(53,626,813)	(201,636,454)
Balance as at 30 June	-	-

(i) *Entitlement Issue Options at A$0.001 per option*
On 1 July 2013, the Company announced a non-renounceable entitlements issue to eligible shareholders on 1 July 2013 of one option, with an expiry date of 30 June 2014 and an exercise price of $0.02, at an issue price of $0.001 for every four ordinary shares held and 167,789,589 options were issued ("Entitlement Issue").

On 30 June 2014, 53,626,813 options had not been exercised and therefore expired.

(ii) *Conversion of Performance Rights*
On 30 November 2011, the Company issued 5,000,000 Class A, 5,000,000 Class B, 5,000,000 Class C and 5,000,000 Class D performance rights to senior management of the Company. Since all Class A performance rights have been converted into shares and 3,750,000 Class B, C and D performance rights have expired.

CLASS	Condition
Class A Performance Rights	Commencement of manufacturing of superchargers at a facility being established in Malaysia via a joint venture with AutoV Corporation, as was announced by the Company on 5 July 2011.
Class B Performance Rights	First quarter of positive earnings before interest, taxation, depreciation and amortisation.
Class C Performance Rights	First year of positive earnings before interest, taxation, depreciation and amortisation.
Class D Performance Rights	Second consecutive year of positive earnings before interest, taxation, depreciation and amortisation.

The performance rights were valued at the underlying share price at date of issue of $0.021 discounted by a probability factor of 50%. The total expense was $122,743 over a 30 month vesting period. The charge to profit or loss this year was $5,433.

19. Reserves

(a) Share option reserve
Share option reserve represents the fair value of the actual or estimated number of unexercised share options granted to management and consultants of the Company recognised in accordance with the accounting policy adopted for share-based payments.

		2014 $	2013 $
20.	**Statement of cash flows reconciliation**		
(a)	**Reconciliation of cash flows from operating activities to operating loss after income tax**		
	Operating loss after income tax	(4,877,023)	(4,776,580)
	Add non-cash items:		
	Share based payments	3,600	21,332
	Net loss (gain) on the sale of assets	(22,219)	141,505
	Depreciation and amortisation	286,521	352,067
	Joint venture impairment	535,573	1,136,006
	Impairment of inventory	618,925	655,951
	Exchange differences	2,254	26,635
	Accrued interest expense	20,200	4,472
	Share of loss of joint venture	-	532,190
	Changes in assets and liabilities		
	Decrease / (increase) in trade and other receivables	918,924	(750,955)
	Decrease / (increase) in inventories	(1,022,418)	(361,175)
	Increase / (decrease) in trade and other payables	128,882	(62,719)
	Increase / (decrease) in provision for warranty	(49,467)	67,908
	Increase / (decrease) in provision for employee entitlements	31,344	1,813
	Net cash flows used in operating activities	(3,424,904)	(3,011,550)

(b) Non-cash financing and investing activities

During the year ended 30 June 2013 the Company sold $903,478 of inventory and intellectual property to its joint venture on deferred terms (see note 22).

		2014 $	2013 $
(c)	**Reconciliation of cash and cash equivalents to cash flow statement of cash flow** For the purpose of the statement of cash flow, cash and cash equivalents comprise the following at 30 June:		
	Cash at banks and on hand	173,067	52,970

21. Parent entity information

(a) Information relating to Sprintex Limited

	2014	2013
	$	$
Current assets	1,678,730	2,583,942
Total assets	3,032,825	4,219,072
Current liabilities	2,856,564	1,691,815
Total liabilities	2,896,222	1,712,691
Contributed equity	42,668,526	40,220,341
Share option reserve	76,648	71,215
Accumulated losses	(42,608,571)	(37,785,175)
Total shareholders' equity	136,603	2,506,381
Loss for the parent entity	4,877,023	4,776,580
Total comprehensive loss of the parent entity	4,877,023	4,776,580

(b) Guarantees

Other than as disclosed in note 9, no guarantees have been entered into by the Company in relation to the debts of its subsidiaries.

(c) Commitments

Commitments of the Company as at reporting date are disclosed in note 23 to the financial statements.

(d) Tax consolidation

The Company and its 100% owned Australian resident subsidiaries formed a tax consolidated group with effect from 1 July 2004. The Company is the head entity of the tax consolidated group. The head entity and the controlled entities in the tax consolidated group continue to 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. The current and deferred tax amounts are measured in a systematic manner that is consistent with the broad principles in AASB 112 Incomes Taxes. There is no tax funding agreement in place.

22. Related party disclosures

Key management personnel compensation

The key management personnel compensation is as follows:

	2014	2013
	$	$
Short-term employee benefits	1,290,127	893,686
Post-employment benefits	-	24,000
Share-based payments	5,433	21,333
Total	1,295,560	939,019

The financial statements include the financial statements of the Company and the subsidiaries listed in the following table:

Name of Entity	Country of Incorporation	% Equity Interest 2014	% Equity Interest 2013	Investment 2014	Investment 2013
				$	$
Sprintex Australasia Pty Limited	Australia	100	100	479,136	479,136
AAC Property Investments Pty Limited	Australia	100	100	-	-
Sprintex USA, Inc.	United States	100	100	-	-
Provision for impairment				(479,136)	(479,136)
				-	-

Sprintex Australasia Pty Ltd holds patents and AAC Property Investments Pty Limited is the lessee of the building from which the company operates.

Sprintex USA, Inc. was incorporated on 13 July 2012 to facilitate sales and distribution in the United States.

The following table provides the total amount of transactions that were entered into with related parties for the relevant financial year. For information regarding balances at 30 June 2014 and 2013, refer to Notes 10, 15, and 16.

Related Party		Purchases from Related Party	Sales to Related party
Joint venture in which the parent is a venturer			
Proreka Sprintex Sdn. Bhd.	2014	885,053	59,419
Proreka Sprintex Sdn. Bhd.	2013	185,048	261,463

The ultimate parent.
Sprintex Limited is the ultimate parent, based and listed in Australia. There were no transactions between the Sprintex Limited and its subsidiaries during the financial year (2013: $Nil).

Joint venture in which the entity is a venturer
Proreka Sprintex Sdn. Bhd.
The Group has a 50% interest in the assets, liabilities and net income of Proreka Sprintex Sdn. Bhd.

Terms and conditions of transactions with related parties
The Company buys components, including using the services of the joint venture to source components in Malaysia, and products from the joint venture on normal commercial terms. To support the establishment of the joint venture, during the year, the Company provided engineering services to the joint venture and supplied assembly jigs to the joint venture at direct cost. The Company also supplied components to the joint venture at the expected purchase price in Malaysia while the joint venture established its procurement lines. These components were supplied by the Company below cost.

In 2013, inventory and intellectual property was sold to the joint arrangement at the lower of cost and net realisable value.

Loan to joint venture in which the Group is a venturer
The loan to the joint arrangement is interest free and unsecured.

Transactions with key management personnel
Director advances
The Directors advanced funds to the Company during the year to provide short term liquidity support. These loans bear interest at 9% per annum and the balance outstanding at year end was $2.0m. In 2013, the Directors advanced $293,083 to the Company in advance of an entitlement issue (see note 18(a)). These advances have been classified as equity and bear interest at 9% per annum until the opening of the entitlement issue.

23. Commitments

(a) Operating lease commitments

The Company is the lessee in respect of certain property and items of plant and machinery and office equipment held under operating leases. The lease for the property has a term of 10 years from 1 July 2006 and lease payments are increased every year with indexation to reflect market rentals.

At the reporting date, the Group and the Company had outstanding minimum commitments under non-cancellable operating leases, which fall due as follows:

	2014 $	2013 $
Within one year	195,430	200,131
After one year but not more than five years	186,468	400,262
After more than five years	-	-
Total minimum lease payments	381,898	600,393

(b) Finance lease and hire purchase commitments

The Company leases certain plant and equipment under finance leases expiring from 1 to 5 years. At the end of the lease terms the Company owns the equipment outright or has the option to purchase the equipment for the residual amount owing. The Company's obligations under finance leases are secured by the lessors' title to the leased assets.

	2014 $	2013 $
Within one year	32,442	40,421
After one year but not more than five years	45,844	22,688
Total minimum lease payments	78,286	63,109
Less: amounts representing finance charges	(9,623)	(5,656)
Present value of minimum lease payments	68,663	57,453
Included in the financial statements as:		
Current interest-bearing liabilities (note 16)	29,006	37,451
Non-current interest-bearing liabilities (note 16)	39,657	20,876
	68,663	58,327

(c) Capital commitments

As at 30 June 2014 and 2013, the Company did not have any outstanding capital commitments in respect of acquisition of property plant and equipment contracted for but not provided for in the financial statements.

(d) Guarantees issued

As at 30 June 2014, the Company had an outstanding guarantee issued in favour of the landlord of leased premises in the amount of $82,000 (2013: $82,000). The guarantee is backed by a restricted bank deposit for the same amount and expires on 30 June 2016.

The Company has committed to support the joint venture company, Proreka Sprintex Sdn. Bhd. (see note 12). The amount of this commitment is not yet known. In addition, , the Company's Joint Venture, Proreka Sprintex Sdn. Bhd. (JV) obtained bank financing of 80% of the equipment cost under a facility totalling RM 5 million (approximately $1.6 million) (Facility). The financing was conditional on each of two of the Malaysia resident directors of the JV, AutoV Corporation Bhd (the Company's joint venture partner) and AutoV Corporation BHD's parent, Globaltec BHD, providing 'an all monies guarantee' to secure the Facility. The Company agreed to provide indemnities totalling half of the limit under the Facility, being a maximum of RM 2.5 million (approximately $0.8 million), to support the guarantees issued by the aforesaid parties.

24. Capital risk management

When managing capital, management's objective is to ensure the entity continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. Management also aims to maintain a capital structure that ensures the lowest cost of capital available to the entity. There are no externally imposed capital requirements.

Management are constantly adjusting the capital structure to take advantage of favourable costs of capital or high returns on assets. As the market is constantly changing, management may change the amount of dividends to be paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

During 2014 and 2013, no dividends have been paid. The Company does not yet have a dividend policy and payment of future dividends will be dependent upon the future profitability and financial position of the Company.

The capital structure of the Company consists of total debts, which includes the interest-bearing borrowings, and finance lease liabilities as detailed in note 16, cash and cash equivalents and equity attributable to equity holders of the Company, comprising contributed equity, reserves and accumulated losses as disclosed in notes 18 and 19 respectively.

Management monitor capital through the gearing ratio (net debt/total capital). For this purpose the Company defines net debts as total debts as defined above, less cash and cash equivalents. The gearing ratios at 30 June 2014 and 2013 were as follows:

	2014 $	2013 $
Total debts	2,148,449	1,075,677
Less: cash and cash equivalents	(173,067)	(52,970)
Net debt	1,975,382	1,022,707
Total equity	136,603	2,506,381
Total capital	2,111,985	3,529,088
Gearing ratio - Net debt / total capital	**93.5%**	**29%**

25. Financial risk management

The Group's and the Company's principal financial instruments comprise receivables, payables, interest bearing borrowings and overdrafts, finance lease liabilities, cash and short-term deposits.

Exposure to credit risk, liquidity risk, interest rate risk and currency risk arises in the normal course of the Group's and the Company's business.

The Group manages its exposure to key financial risks, including interest rate and currency risk in accordance with the Group's financial risk management policy. The objective of the policy is to support the delivery of the Group's financial targets whilst protecting future financial security. Debt borrowings are driven by balancing cash, short term borrowings and longer term capital financing of the business.

(a) Credit risk

The Group's credit risk is primarily attributable to its trade and other receivables. The Group's exposure to credit risk arises from potential default of the counter party, with a maximum exposure equal to the carrying amount of each financial asset in the statement of financial position after deducting any impairment allowance.

Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis. In respect of trade and other receivables, individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customers as well as pertaining to the economic environment in which the customers operate. Trade receivables are due within 0 to 30 days from the date of billing. Debtors with balances that are more than 3 months past due are requested to settle all outstanding balances before any further credit is granted. Normally, the Group does not obtain collateral from customers.

At 30 June 2014, the Group's level of concentration of credit risk has deteriorated as 60% of total trade receivables was due from the Group's largest customer, while in the year ended 30 June 2013, 48% of the total trade receivables was due from the Group's largest customer.

Further quantitative disclosures in respect of the Group's exposure to credit risk arising from trade and other receivables are set out in note 10.

(b) Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans, finance leases and committed available credit lines. The Group manages its liquidity risk by monitoring the total cash inflows and outflows expected on a monthly basis and monitoring compliance with lending covenants on an ongoing basis.

The following table details the remaining contractual maturities at the reporting date of the Group's financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates, or if floating, based on rates current at the reporting date) and the earliest date the Group can be required to pay.

Year ended 30 June 2014	Carrying amount $	Total contractual undiscounted cash flow $	Within 1 year or on demand $	More than 1 year but less than 2 years $	More than 2 years but Less than 5 years $
Trade and other payables	552,394	552,394	552,394	-	-
Insurance premium funding	-	-	-	-	-
Finance lease liabilities	68,663	78,286	32,442	17,303	28,541
Loans from related entities	2,053,129	2,053,129	2,053,129	-	-
Convertible notes	26,257	26,657	26,657	-	-
	2,700,443	2,710,466	2,664,622	17,303	28,541

Year ended 30 June 2013	Carrying amount $	Total contractual undiscounted cash flow $	Within 1 year or on demand $	More than 1 year but less than 2 years $	More than 2 years but Less than 5 years $
Trade and other payables	423,513	423,513	423,513	-	-
Insurance premium funding	62,709	66,472	66,472	-	-
Finance lease liabilities	58,327	63,109	40,178	22,931	-
Loans from related entities	293,083	293,083	293,083	-	-
Convertible notes	661,558	734,553	734,553	-	-
	1,499,100	1,580,730	1,557,799	22,931	-

(c) **Interest rate risk**

The Group's interest rate risk arises primarily from interest bearing financial assets and financial liabilities. Financial instruments issued at variable rates and at fixed rates expose the Group to cash flow interest rate risk and fair value interest risk respectively. The Group's policy is to manage the borrowing structure to match the nature of funding needs and acknowledges that fair value exposure from the Group's fixed rate financial liability is a by-product of the Group's attempt to manage its cash flow volatility arising from interest rate changes. At reporting date, the interest rate profile of the carrying value of the Group's interest bearing financial assets and liabilities are set out in the following tables:

Year ended 30 June 2014	Floating interest rate $	Fixed interest rate $	Total $
Financial assets			
Cash and cash equivalents	173,067	-	173,067
Pledged bank deposits	-	137,695	137,695
	173,067	137,695	310,762
Financial liabilities			
Insurance premium funding	-	-	-
Finance lease liabilities	-	68,663	68,663
Loans from related parties	-	2,053,129	2,053,129
Convertible notes	-	26,657	26,657
	-	2,148,449	2,148,449
Net exposure	173,067	(2,010,754)	(1,837,687)

Year ended 30 June 2013	Floating interest rate $	Fixed interest rate $	Total $
Financial assets			
Cash and cash equivalents	52,970	-	52,970
Pledged bank deposits	-	112,000	112,000
	52,970	112,000	164,970
Financial liabilities			
Insurance premium funding	-	62,709	62,709
Finance lease liabilities	-	58,327	126,989
Loans from related parties	-	293,083	2,495,406
Convertible notes	-	661,558	2,932,543
	-	1,075,677	1,075,677
Net exposure	52,970	(963,677)	(910,707)

The interest rates and terms of repayment of the Group's borrowings are disclosed in note 16 to the financial statements.

Cash flow sensitivity analysis for floating rate instruments
An increase of 100 basis points in interest rates at the reporting date would have increased net loss and accumulated losses by $1,730 (2013: $530). A decrease of 100 basis points in interest rates will have the same amount but opposite financial effect on net loss and accumulated losses.

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the reporting date and had been applied to the exposure to interest rate risk for financial instruments in existence at that date. The 100 basis point increase or decrease represents management's assessment of a reasonably possible change in interest rates over the period until the next annual reporting date based on historical market trend. The analysis is performed on the same basis for 2014. There would be no impact on equity.

(d) Currency risk

The Group is exposed to currency risk primarily through sales and purchases that are denominated in a currency other than the functional currency of the operations to which they relate. The currencies giving rise to this risk are primarily Euros, United States dollars, Swedish Kroner and Malaysian Ringgit. Currently, the Group does not have a policy to manage the currency risk arising from sales and purchases.

All the Group's borrowings are denominated in the functional currency of the entity taking out the loan. Given this, management does not expect that there will be any currency risk associated with the Group's borrowings.

The following table details the Group's exposure at the reporting date to currency risk arising from recognised assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate.

	2014	
	US Dollars	**Malaysian Ringgit**
Trade and other receivables	14,799	-
Cash and cash equivalents	40,978	-
Trade and other payables	(22,334)	-
Interest bearing liabilities	-	-
Overall net exposure	33,443	-

	2013	
	US Dollars	**Malaysian Ringgit**
Trade and other receivables	230,921	64,570
Cash and cash equivalents	22,129	-
Trade and other payables	(6,236)	(87,430)
Interest bearing liabilities	(661,558)	-
Overall net exposure	(414,744)	(22,860)

The following table indicates the approximate change in the Group's loss after taxation and accumulated losses in response to reasonably possible changes in the foreign exchange rates to which the Group has significant exposure at the statement of financial position date. A positive number below indicates a decrease in net loss for the year and accumulated losses where the AUD weakens against the relevant currency. For a strengthening of the AUD against the relevant currency, there would be an equal and opposite impact on the net loss and accumulated losses, and the balances below would be negative.

	2014		2013	
	Increase in foreign exchange rates	**Effect on loss for the year and accumulated losses**	**Increase in foreign exchange rates**	**Effect on loss for the year and accumulated losses**
		$		$
United States Dollars	3.3%	(1,048)	10%	41,474
Malaysian Ringgit	4.8%	-	10%	2,286

The sensitivity analysis has been determined assuming that the change in foreign exchange rates had occurred at the reporting date and had been applied to each of the group entities; exposure to currency risk for financial instruments in existence at that date, and that all other variables, in particular interest rates, remain constant.

The stated changes represent management's assessment of reasonably possible changes in foreign exchange rates over the period until the next annual reporting date. Results of the analysis as presented in the above table represent an aggregation of the effects on each of the group entities' net loss for the year and accumulated losses measured in the respective functional currencies, translated into AUD at the exchange rate ruling at the statement of financial position date for presentation purposes. The analysis is performed on the same basis for 2013. There would be no impact on equity.

(e) Fair value estimation

All financial instruments are carried at amounts not materially different from their fair values as at 30 June 2014 and 2013.

The carrying value of trade and other receivables and payables are assumed to approximate their fair values due to their short term nature. The fair value of financial liabilities is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments, as detailed in notes 16. The directors consider that the change in interest rates will not cause a significant impact on the fair values of the financial liabilities.

No financial instruments are carried at fair value.

26. Events subsequent to reporting period

In the interval between the end of the period and the date of this report, in the opinion of the Directors of the Company, no item, transaction or event of a material and unusual nature has occurred which is likely to significantly affect the operations of the Consolidated Entity, or the results of those operations, other than as set out below:

On 13 August 2014, the Company announced its intention to launch a Share Purchase Plan (SPP), and a placement of shares to existing substantial shareholders, Directors and certain senior management executives of the Company (Placement).

The intended capital raising exercise will invite different groups of shareholders to participate and contribute to the Company at a critical but positive stage of development of the Company.

Subsequent to year end and to the date of this report, further funding amounting to $1.4m was received from entities related to 2 directors, who had already provided funding of $2m as at 30 June 2014. Included in the $1.4m is $600,000 for anticipated subscription to the SPP.

During the financial year, the provision by a limited number of shareholders and Directors of short term loans to the Company, enabled the continued development of the Company and its products, the completion of various important projects, enabled the re-establishment of supplier relationships and provided funds for the development of a new direct route to market in the important aftermarket of North America. The conversion of these short term loan amounts of $3.4m (including the short-term advance of $600,000 referred to below) into fully paid shares in the Company, at the same price as the Placement of $0.003, were expected to result in a net increase in cash resources of at least $890,000 (assuming the commitment of an entity related to a director to subscribe for up to $600,000 worth of shares under the SPP being exercised in full, as detailed in the Notice of Meeting dated 22 September 2014). This net increase in cash resources may increase further as final amounts from some of the substantial shareholders are yet to be confirmed.

The shareholders and Directors who have provided these loan funds have agreed to the conversion of the loan amounts into fully paid shares in the Company at the same price as the Placement and the SPP (Debt Conversion). The Debt Conversion is important to the Company as it will reduce the level of debt on the Company's balance sheet and free working capital for the future needs of the Company. This conversion is subject to shareholder approval at a general meeting to be held on 22 October 2014.

The SPP has been designed to ensure all eligible shareholders will have an opportunity to participate in the capital raising exercise at the same issue price as the Placement.

Funds raised under the Placement and SPP will be used for budgeted capital expenditure and working capital purposes and to launch and promote the Company's core products in the North American and other markets.

On 16 September 2014, the Company received a short-term advance of $600,000 (included in the total amount received post year-end of $1.4m) from an entity related to a director in anticipation that the commitment of that entity to subscribe for up to $600,000 worth of shares under the SPP will be exercised in full. The Loan Agreement provides for repayment of the full amount together with accrued interest thereon (if any) in one lump sum on (a) the date of closing of the SPP by way of offset against monies payable by the Lender to the Company under the SPP Agreement, and any deficit thereof, in cash, or (b) the date on which the Company receives from the relevant governmental or regulatory authority its R&D Incentive grant, or (c) the date on which this Agreement or New Advance is cancelled or terminated for whatever reason, whichever shall first occur.

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Sprintex Limited, I state that:

1. In the opinion of the directors:

a. The financial statements, notes and the Remuneration Report in the Directors' Report designated as audited are 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 2014 and of its performance for the year ended on that date; and

   (ii) complying with the Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*;

b. the financial statements and notes also comply with International Financial Reporting Standards as disclosed in note 2(a); and

c. subject to note 2(b) to the financial statements, there are reasonable grounds to believe that the consolidated entity will be able to pay its debts as and when they become due and payable.

d. this declaration has been made after receiving the declarations required to be made to the directors in accordance with section 295A of the *Corporations Act 2001* for the financial year ended 30 June 2014.

Dated at Perth this 6th day of October 2014.

David White
Deputy Chairman
and acting CEO

PKF Mack & Co

Chartered Accountants & Business Advisers

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF

SPRINTEX LIMITED

Report on the Financial Report

We have audited the accompanying financial report of Sprintex Limited (the company), which comprises the consolidated statement of financial position as at 30 June 2014, 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 of the company and consolidated entity. The consolidated entity comprises the company and the entities it controlled at the year's end or from time to time during the financial year.

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(a), 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 modified audit opinion.

Independence

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

PKF Mack & Co is a member of the PKF International Limited network of legally independent member firms. PKF Mack & Co is also a member of the PKF Australia Limited national network of legally independent firms each trading as PKF. PKF Mack & Co does not accept responsibility or liability for the actions or inactions on the part of any other individual member firm or firms.

Liability limited by a scheme approved under Professional Standards Legislation.

Basis for Qualified Opinion

Opening Balances

During the audit of the financial report for the year ended 30 June 2013, we were unable to obtain sufficient and appropriate audit evidence to support the Company's share of loss in the joint venture entity, Proreka Sprintex Sdn. Bhd (Proreka) for that reporting year amounting to $(532,190) and an impairment expense of $(1,136,006). Our opinion on the financial report for the year ended 30 June 2013 was modified accordingly.

Since opening balances affect the determination of the results of operations and cash flows, we are unable to determine whether any adjustments to the results of operations, cash flows and opening accumulated losses might be considered necessary for the year ended 30 June 2014. Our opinion on the current year's financial report is modified accordingly, as a result of the possible effect of this matter and on the comparability of the current year's figures and corresponding figures.

Joint Venture

The Company has disclosed in note 12 its share of the loss from the joint venture entity Proreka totalling $(411,877) and an impairment expense of $(535,753). We were unable to obtain sufficient and appropriate audit evidence to confirm this loss and impairment expense. Furthermore, we have not received sufficient and appropriate audit evidence to support any of the financial information in relation to the joint venture entity Proreka disclosed in note 12 and note 22 to the financial report.

Inventory

The Company's inventory balance at 30 June 2014 totals $1,178,454 in the statement of financial position and the cost of goods sold in the statement of profit or loss and other comprehensive income totals $(896,097).

We were not made aware of the existence and location of a significant component of inventory and therefore, we did not attend a stock take in relation to this inventory totalling $313,197. We were unable to satisfy ourselves by other means as to the existence of this inventory and accordingly we cannot confirm the existence of this inventory. In addition, we have not been provided with sufficient and appropriate audit evidence to support the carrying value of inventory totalling $1,178,454 and cost of goods sold totalling $(896,097). Accordingly, we could not determine whether any adjustments to inventory or cost of goods sold were necessary.

Qualified Opinion

In our opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion paragraphs, the financial report of Sprintex Limited is in accordance with the Corporations Act 2001 including:

(a) (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of its performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards and the Corporations Regulations 2001; and

(b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 2(a).

Emphasis of Matter

Without modifying our opinion, we draw attention to Note 2(b) in the financial report, which indicates that the consolidated entity incurred a net loss after tax of $(4,877,023) (2013: $(4,776,580)) during the year ended 30 June 2014. These conditions, along with other matters as set forth in Note 2(b), indicate the existence of a material uncertainty that may cast significant doubt about the company's and consolidated entity's ability to continue as a going concern and therefore, the company and consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business.

The financial report of the company and consolidated entity does not include any adjustments in relation to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the company and/or the consolidated entity not continue as going concerns.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 11 to 17 of the directors' report for the year ended 30 June 2014. 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.

Opinion

In our opinion, the Remuneration Report of Sprintex Limited for the year ended 30 June 2014, complies with section 300A of the Corporations Act 2001.

PKF Mack & Co

PKF MACK & CO

SIMON FERMANIS
PARTNER

6 OCTOBER 2014
WEST PERTH,
WESTERN AUSTRALIA

ASX ADDITIONAL INFORMATION

The following additional information is provided in accordance with the listing rules and is current as at 22 September 2014.

(a) Distribution of equity securities

(i) *Ordinary share capital*

959,977,044 fully paid ordinary shares are held by 539 individual shareholders. All issued ordinary shares carry one vote per share and carry the rights to dividends.

The number of security holders, by size of holding, in each class is:

	Fully Paid Ordinary Shares
1 – 1,000	29
1,001 - 5,000	14
5,001 - 10,000	37
10,001 - 100,000	203
100,001 and over	256
	539
Holding less than a marketable parcel	339

(b) Substantial shareholders

Ordinary shareholders	Fully paid Number	Percentage
Mr Michael John Wilson and Mrs Megan Joy Wilson	207,213,352	21.59%
Mr Richard John Siemens and his controlled entity	206,371,904	21.50%
,Mr Steven James Apedaile and his controlled entities	139,827,045	14.57%
	553,412,301	**57.66%**

(c) Twenty largest holders of quoted equity securities

Ordinary shareholders	Fully paid Number	Percentage
Mr Michael John Wilson & Mrs Megan Joy Wilson	207,213,352	21.59%
China Automotive Holdings Limited	206,371,904	21.50%
Mr Steven James Apedaile & Mrs Michelle Lynda Apedaile	139,827,045	14.57%
HSBC Custody Nominees (Australia) Limited	80,166,630	8.35%
Euro Mark Limited	37,340,256	3.89%
Mr Kok Keong Kong	33,305,529	3.47%
J P Morgan Nominees Australia Limited	23,854,508	2.48%
Daily Power Pty Limited <Ross Evans Super Fund A/C>	17,115,000	1.78%
Yarrumup Pty Ltd <Capulet Super Fund A/C>	16,333,334	1.70%
I-Biz Limited	10,616,667	1.11%
Mr Richard John O'Brien	9,399,277	0.98%
Falmac Pty Ltd	8,817,728	0.92%
Australian Executor Trustees Limited <No 1 Account>	7,517,471	0.78%
Netwealth Investments Limited	4,879,394	0.51%
Dr Mansour Almasi <Almasi Super Fund A/C>	4,750,000	0.49%
Mr Lester Raymond Hewett	3,760,000	0.39%
Mr John Bryan Clemsha	3,750,000	0.39%
Mr Siavash Khosrowshahi & Mrs Zahra-Nahid	3,626,000	0.38%
Mr Andrew Frederick Lachlan	3,500,000	0.36%
Tarawa Superannuation Pty Ltd	3,224,667	0.34%
	825,368,762	**85.98%**