SPRINTEX LIMITED
AND CONTROLLED ENTITIES

FINANCIAL REPORT

FOR THE YEAR ENDED
30 JUNE 2018

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CORPORATE INFORMATION

ASX Code: SIX

ABN: 38 106 337 599

Directors
R Siemens, Chairman
D White, Deputy Chairman
M Wilson
R O'Brien
R Lau

Secretary
R Molkenthin

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Share Register
Advanced Share Registry
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T: +61 8 9389 8033

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

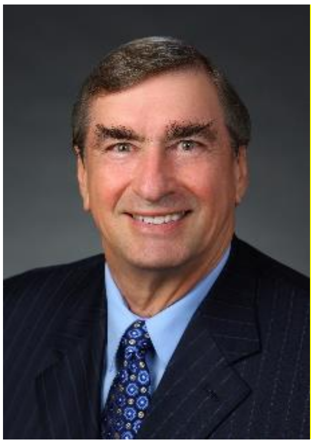
Bankers
National Australia Bank
3 Exhibition Drive
Malaga WA 6090

Auditors
PKF Perth
Level 5, 35 Havelock Street
West Perth WA 6005

Solicitors
Allion Partners
Level 9, 863 Hay Street
Perth WA 6000

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 ($).

CHAIRMAN'S MESSAGE



Dear Shareholders,

On behalf of the Board, I am pleased to present the Sprintex Group 2018 Annual Report.

2018 proved to be a challenging year with economic uncertainty prevailing in all our major markets as well as financial challenges on the Company. Despite these challenges, we only experienced a 3% decline in revenue, which is testament to the strong and continued efforts and strength of our management team and all staff members. I offer them my appreciation and congratulations for their prevalence and efforts.

We are now well established in the USA, South Africa, Europe and the Middle East, and continue to strengthen our relationships with our partners in these markets as they maintain focus on the small and mid-engine range of vehicles. As Sprintex superchargers provide an affordable option for engine boosting solutions to customers in the aftermarket and automakers alike, that further enhances a vehicle's overall powertrain system, while it is flexible enough to be tailored to meet local market and/or individual model needs. As new or updated vehicles are launched in these markets we are actively developing and expanding our range to accommodate these vehicles.

As the Group was facing a number of financial challenges in the second half of the year, in September 2018 the Board made a request to ASX for a voluntary suspension of trading of its securities on the ASX, whilst we worked through a recapitalisation plan for the next phase of development of the Group. Extensive discussions took place with a number of supportive investors and I was pleased to announce that on 23 April 2019, details of the recapitalisation plan were released to the market via the Company's announcement. This announcement also included details of our agreement to acquire the balance of the joint venture interests in the Malaysian production facility, giving us full control of this key facility.

Shareholders will soon receive the notice of the general meeting of the Company, in which further details of the recapitalisation plan will be set forth so that the Shareholders are able to consider and, if thought fit, approve, among others, the transactions contemplated under the recapitalisation plan and the acquisition by the Company of the remaining joint venture interests in the Malaysian production facility.

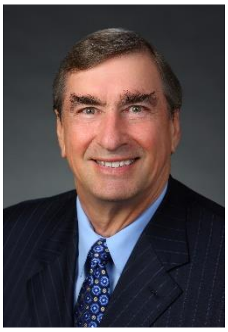
The Board anticipates that trading of the Company's securities on the ASX will resume upon completion of the recapitalisation plan.

The Board considers the outlook for the Company to be strong and continues to be encouraged by the potential opportunities that lie ahead for the Sprintex Group.

I would like to take this opportunity to thank all fellow directors, the management team and employees for their collective efforts in the delivery of our results. The Group's success is built on our people's commitment and their relentless focus on improving our customers' experience. I would also like to thank all our shareholders, customers, business associates and professional advisers for their continued support.

Richard John Siemens
Chairman

LEADERSHIP TEAM



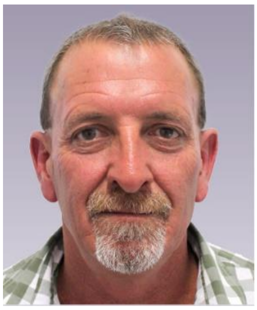
Richard John Siemens (Non-executive Chairman)
Mr Siemens was born and raised in Canada, trained as a Chartered Accountant and moved to Hong Kong in 1979. In 1984, he formed Hutchison Telephone Company Limited in partnership with Hutchison Whampoa and Motorola. While Group Managing Director of Hutchison 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 did not serve as a director of other listed companies.

Shares held or deemed to be interested in by Mr Siemens at date of this report – 61,822,000 fully paid ordinary shares

David White (Non-executive Deputy Chairman)
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 40 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 nationwide 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.

Shares held or deemed to be interested in by Mr White at date of this report – 235,169 fully paid ordinary shares

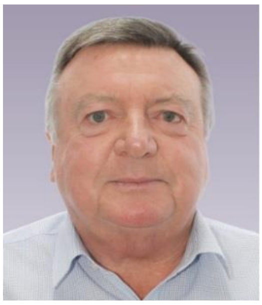


Michael John Wilson (Non-executive Director)
Mr Wilson is the owner and managing director of a Perth-based company which supplies engineering, procurement, fabrication and construction services to the oil and gas and resources sector. Mr Wilson has overseen the growth of the business into a multi-million dollar annual revenue generating operation in the past 22 years. Mr Wilson has been a major shareholder of Sprintex Limited and Non-executive Director since 2009.

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

Shares held or deemed to be interested in by Mr Wilson at date of this report – 15,166,090 fully paid ordinary shares

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.

Shares held or deemed to be interested in by Mr O'Brien at date of this report – 512,687 fully paid ordinary shares

LEADERSHIP TEAM

Raymond Lau (Non-executive Director)
Mr Lau is qualified as a solicitor in Hong Kong, and has wide-ranging experience in corporate and commercial matters as well as corporate governance practices. In the past 25 years, Mr Lau has been acting as legal counsel, company secretary and management executive to several companies listed on the Hong Kong Stock Exchange.

Mr Lau graduated from the University of Hong Kong with LL.B. and P.C.LL., and holds a Certificate in Civil and Commercial Law issued by the China University of Political Science and Law. He is also a Fellow of the Hong Kong Institute of Directors.

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

Shares held or deemed to be interested in by Mr Lau at date of this report – 681 fully paid ordinary shares.

Tyrone Jones (Chief Executive Officer)
Mr Jones joined Sprintex from a background of mechanical engineering followed by 16 years with GE Aviation where he started as an aircraft engineer in Wales. Prior to joining Sprintex, Mr Jones was the Business Leader with GE Aviation On Wing Support in the Middle East and Africa with responsibility for deploying teams to repair aircraft engines across the globe. While in Qatar, Mr Jones was also instrumental in setting up and established a quality repair facility under FAR145 lean and introduced Six Sigma and process improvement with the view to 100% customer satisfaction by improving efficiency and quality. This had followed on from supporting the setup of facilities in Xiamen, China and Budapest, Hungary during his time with GE. Mr Jones has driven process and quality improvements throughout the Sprintex group and expanded the companies' global footprint. Mr Jones was appointed Chief Executive Officer on 3 July 2017.

Robert Molkenthin (Company Secretary and Chief Financial Officer)
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.

CEO REPORT

Operations Review 2018

Sprintex continued to grow throughout the year and increased its dealer footprint throughout the Australia, USA and Asia, seeing more new dealers partner with us, and extending our reach and support network to our customers even further. The first quarter saw operational growth and increased expertise in Auburn Hills, Michigan, where we have established the nationwide and international distribution, final assembly and the pre- and post-sales customer support department. Growing the team has raised the level of quality of service to our customers with improved on-time delivery and on-point customer support, covering USA, Canada as well as the Caribbean. We have also increased our sales team with additional coverage in California and Michigan which has allowed us to focus on local customers and to build relationships that will last.

Sales in the first half of the year showed a decline of 15.7%, year on year. However, the second half of the year has proved more positive, even with the continued uncertainty in the major economies affecting consumer confidence. Despite reduced revenues in the first half, the year finished on an encouraging note, with a year-on-year reduced to only 3.0%, at $2.2m. A good recovery in sales in the second half of the year.

Our focus continues to be on building our global footprint, brand awareness, and broadening and development of our product range. Our Perth R&D team has been very busy these past two years designing and testing new systems to reach the market. Testing for the first time a twin-charged system which proved to have a huge improvement on many aspects of our systems. The bigger challenge was to develop a new prototype Jeep JL system. The team worked very hard to bring this system to launch at SEMA 2018, which was unveiled at the New Products category of the show.

Product range and new product development

The Sprintex product range now encompasses 14 systems covering Jeep, Honda, BMW, Proton, Toyota, and Dodge/Chrysler. Most of these systems are now "50 State legal" and compliant with the strict emission regulations of the California Air Resources Board (CARB). Further engineering improvements have enhanced the quality and reliability of our product giving confidence and durability to the highest level. We also strive to expand our markets in Canada and South America, as we continue to grow in Asia, the Middle East, Australia and New Zealand, where our brand is known best.

Leading the way with performance enhancement systems for the Jeep and V6 applications worldwide, our Perth R&D team has continually challenged the performance and reliability boundaries and improved on our current products to deliver more for our customers.

We continued the research and development on applications to support new markets and products in both the automotive and marine industries, focusing not only on supercharged applications, by expanding our range into a number of commercial uses of our compressors. The team are well underway and have delivered on some ground breakthrough testing results for some of our new prototype applications. These applications are still under development and continue to show market potential. We have also been invited to review an OEM twin-boost system and a high torque, low RPM system for diesel platforms and have seen encouraging results under preliminary testing.

These are exciting developments for the Sprintex team, proving the adaptability and diversity of our products across industries and extending our brand awareness into new territories.

CEO REPORT

Quality Control

As a global team, we always put Quality first, and have achieved re-certification of both the Perth and Malaysian facilities under ISO 9001:2015. This has been ongoing progress throughout the year, requiring training and support to the whole team, to improve and control our production lines and at the same time further improve the quality and durability of our finished products, resulting in improved customer satisfaction and a more seamless process for the end users installing our products on their vehicles. We continue to improve our quality process to work within the requirements of TS 16949 in readiness for some of our pipeline OEM opportunities. As we monitor and control our processes with greater accuracy and understanding, we are continually introducing engineering-based, technical improvements to our hardware and tooling as well as our enhanced development gains to further improve our products to a best-in-class standard. This improvement has shown proven gains on our first-time yield, with a measurable reduction in our reject rate and our KPIs.

After sales service and customer support

At Sprintex, we pride ourselves on our after-sales service and customer support heritage where we give personalised, committed support to our customers and dealers alike. With our improved service level, we have been able to improve on our support to deliver a quality experience to our customers. The continued expansion of the team gave new focus and improved turnaround times for all our support functions. We have expanded our global support with increased specialists in the USA and Canada, as well as Australia, who are dedicated to support our global customer base enquiries and issues to deliver the Sprintex experience seamless and trouble free. This expanded technical support team are very capable of following up on enquiries to deal directly with the customers to help bring solutions quickly to improve customer satisfaction.

Dealer network and coverage

We continue to support our dealers, offering personalised and customised training at their locations, where we have also been able to have open days with their customers to share the learning experience and to expand on their product knowledge. This level of support and training has allowed us to introduce a new level of Approved Dealer for the Sprintex network.

Participating in global events and shows such as SEMA and AAAA has enabled our dealer footprint to continue to expand throughout the USA and Canada. We have also further extended our dealer/distributor network across Australia. Asia and into the Middle East, South Africa and China. This has come in response to the growing demand for our product globally, so our sales teams have searched for the best dealers and installers to represent Sprintex and be part of the experience. We continue to grow our network worldwide with new approved dealers to support and streamline the front-to-back purchase and installation of our products for our customers, always trying to bring our products closer to the customers.

Tyrone Jones,
Chief Executive Officer

DIRECTORS' REPORT

The information appearing on pages 2 to 7 forms part of the Directors' Report for the financial year ended 30 June 2018 and is to be read in conjunction with the following information. Directors were in office for this entire period unless otherwise stated.

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
R Siemens	61,822,000
M Wilson	15,166,090
R O'Brien	512,687
D White	235,169
R Lau	681
	77,736,627

There are no options on issue at 30 June 2018 or at the date of this report.

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 2018 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 ASX 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.

The Group's HQ facility in Perth, Western Australia is our dedicated research and development base, and is where our creative Design, Engineering and Calibration team work together to provided technical and innovative solutions to support both aftermarket and OEM requirements with the use of the Sprintex® twin screw supercharger. With capability for low volume production, manufacturing and testing at the facility, the team is well equipped to provide engineering concept ideas and solutions at low cost.

The Sprintex production facility in Malaysia in the 'Glenmarie' area of Shah Alam, Selangor was commissioned in January 2013 encompassing 1,800 sqm. This is jointly-owned with AutoV Corporation, parent company of Proreka (M) Sdn. Bhd, a Tier-1 automotive component manufacturer and supplier. Certified to ISO9008 and able to provide high volume quality parts and systems, supported by a highly trained production and engineering team, the Malaysian facility and its team have continued to grow and expand their knowledge and performance to provide a solid production platform for the Group. The Group also now has a distribution and final assembly facility in Detroit, Michigan USA, where we can launch our products to the USA and Canadian markets. The shared facility of over 36,000 sqm also provides customer support and sales and marketing for the region.

After market supercharger systems

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

1. After achieving CARB (California Air Resources Board) approval in June 2016 for the Sprintex Supercharger systems for the 3.6L V6 Pentastar engine for JK, Jeep, Challenger, Charger, Dodge RAM as well as on the 4.0L TJ and 3.8L JK Wrangler, the Group was successful in obtaining CARB certification on the Toyota 86/Subaru BRZ range. All main product lines for the Company have now achieved CARB certification and meet or exceed emission requirements in 50 states in the USA.
2. Continued development of the supercharger and system to provide a Stage 2 option on the V6 Pentastar and Toyota 86/Subaru BRZ.
3. Ongoing expansion and development of the North American market for the Company's products.
4. Expansion and development in the Asia and Middle East markets for the Company's products.
5. Introduction and expansion into the OEM Marine sector.
6. Research and development of an OEM twin boosted system.
7. Research and development of an OEM high torque at low RPM system for diesel platforms.
8. Further development and refinement of the supercharger system on additional models within the Chrysler/Jeep Pentastar range of vehicles, including the new JL, tuning solutions for the current ranges of vehicles, as well as looking at potential for other OEM platforms, including Ford and GM.

Business strategies

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 continuing to build business relationships, with a view to securing future sales orders.

<u>Operating results for the year</u>

The Company has continued focusing on the development of aftermarket supercharger systems after establishing a production facility in Malaysia in 2013. 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 continue providing cash support for the operations of the JV in Malaysia:

	2018	**2017**	**Change**
	$	**$**	**%**
Revenue	2,206,794	2,274,050	(3.0)%
Net loss for the year	(1,884,472)	(4,321,180)	56.4%

Loss per Share

Basic loss and diluted loss per share for 2018 and 2017 was $0.019 and $0.047, 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. During the year, 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 $87,022 compared to $201,636 at 30 June 2017.

Asset and capital structure	**2018** **$**	**2017** **$**
Total borrowings	2,666,444	297,410
Cash and cash equivalents	(87,022)	(201,636)
Net debt	2,579,422	95,774
Total equity	(1,696,123)	230,320
Total capital	883,299	326,094
Gearing ratio – net debt over total capital	**292.0%**	**29.4%**

Gearing ratio, defined as net debt over total capital, as at 30 June 2018 was 292.0% (2017: 29.4%). The Group's policy for the year ended 30 June 2018 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 reduce this to more acceptable levels. Management's policies for determining whether fixed or floating rates of interest are entered into are examined on an annual basis.

Capital raising and financing during the financial year ending 30 June 2018

On 27 July 2017 and on 16 August 2017, the Company received US$500,000 and US$400,000 respectively pursuant to unsecured loan facility agreements with Ganado Investments Corporation Ltd, an unrelated third party. These facilities were repayable on or before 31 December 2017 and attracted a facility fee of US$55,000 and US$45,000, in-lieu of interest and other charges. These loans, and associated fees payable, were refinanced with the lender with a new loan of US$1,000,000 repayable on or before 15 December 2018, with a facility fee of US$110,000.

On 20 November 2017, 6 March 2018, and 30 April 2018, the Company received advances totalling $886,132 as at 30 June 2018 under a loan agreement with New York-based Innovation Structured Finance (ISF), which was facilitated by Perth-based Radium Capital. Under this agreement, the Company is able to obtain quarterly advances of up to 80% of the expected 2018 Research & Development (R&D) tax offset resulting from each quarter's eligible R&D expenditures, with principal and interest repaid from the actual tax offsets at the end of the financial year. Refer subsequent events for settlement details.

Capital expenditure

Property, plant and equipment of $161,698 (2017: $141,217) was acquired during the year ended 30 June. These acquisitions related to plant and equipment, including tooling, needed to produce the Group's products. The Group 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:

	2018 $	2017 $
Current		
Insurance premium funding	114,550	112,690
Finance lease liabilities	80,099	78,727
Short term loan	1,498,582	
Secured loan	886,132	-
	2,579,363	191,417
Non-current		
Finance lease liabilities	87,081	105,993
	2,666,444	297,410

<u>Risk management</u>
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 $230,320 at 30 June 2017 to ($1,696,123) at 30 June 2018.

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 14 August 2018 US$425,000 was received from China Automotive Holdings Limited ("CAHL") and AUD100,000 was received from Wilson's Pipe Fabrication Pty Ltd ("WPF"). CAHL, a substantial shareholder of the Company, is a related party of the Company by virtue of CAHL being an entity controlled by Mr Richard Siemens, the non-executive Chairman of the Company. WPF is a related party of the Company by virtue of WPF being an entity controlled by Mr Michael Wilson, a substantial shareholder and a non-executive Director of the Company. This funding is unsecured, and attracts facility fees of US$46,750 and AUD11,000 respectively, in-lieu of interest and other charges. See below for further details.

On 4 September 2018, the Company received an advance of $213,478 under a loan agreement with New York-based Innovation Structured Finance (ISF), which was facilitated by Perth-based Radium Capital. Under this agreement, the

Company is able to obtain quarterly advances of up to 80% of the expected 2018 Research & Development (R&D) tax offset resulting from each quarter's eligible R&D expenditures, with principal and interest repaid from the actual tax offsets at the end of the financial year. All amounts due under the R&D loan agreement with New York-based Innovation Structured Finance (ISF), which was facilitated by Perth-based Radium Capital, totalling 1,206,152 with the costs of borrowing were repaid in full on 3 April 2019.

On 28 September 2018, the Company applied to the ASX for a voluntary suspension in the quotation of its securities, pending the release of an announcement regarding recapitalisation.

On 23 April 2019 the Company announced that it has reached agreements with relevant stakeholders to recapitalise and restructure the Sprintex group with a view to seeking the re-listing of the Company's securities, facilitate the future long-term growth of the Company and moving forward with the successful development of its current and new products. This recapitalisation plan includes the following:

a) The Company is proposing a 5-for-1 share consolidation of the shares in the Company whereby 5 existing shares will be consolidated into 1 new share ("New Share"). As a result, upon completion of the consolidation (but before the issue of shares as part of the recapitalisation) the issued share capital of the Company will comprise 20,000,000 New Shares (currently 100,000,000 fully paid ordinary shares).

b) New loans from existing investors, China Automotive Holdings Limited ("CAHL") of US$1,525,000 (equivalent to approx. AUD2,128,400) and Wilson's Pipe Fabrication Pty Ltd ("WPF") of US$450,000 (equivalent to approx. AUD628,000) are made in favour of the Company.

c) Subject to the share consolidation above and subject to obtaining shareholder approval, CAHL and WPF have agreed to capitalise the New Loans and also their existing loans (US$471,750 (equivalent to approximately AUD658,000) and AUD111,000, respectively) at the subscription price ("Subscription Price") of AUD0.425 per New Share. This will result in the issue of approximately 6.56 million New Shares to CAHL (or its nominee) and approximately 1.74 million New Shares to WPF (or its nominee), respectively.

d) Subject to the share consolidation above, and subject to obtaining shareholder approval, Ganado Investments Corporation Ltd ("GICL") has also agreed to capitalise amounts owing by the Company (US$1,110,000, which is equivalent to approximately AUD1,549,000) on the same terms and price as the loans to be capitalised by CAHL and WPF, resulting in the issue of approximately 3.65 million New Shares to GICL (or its nominee). Ganado, an unrelated third party, is an investment holding company, registered in St Lucia, which is controlled by Mrs Jennifer Saran.

e) It is anticipated that approximately 11.94 million New Shares will be issued as a result of the capitalisation of loans. These New Shares will rank equally in all respects with the Company's existing shares post-consolidation. The Company will apply to ASX for quotation of all of these New Shares.

f) The Company has also reached an agreement with AutoV Corporation Sdn. Bhd. ("AutoV") to acquire their 50% interests in the Malaysian joint venture, Proreka Sprintex Sdn. Bhd., for consideration of US$250,000 which will be fully settled by way of issuance of New Shares on the same terms and price as the loans to be capitalised by CAHL, WPF and GICL, resulting in the issue of approximately 0.82 million New Shares. Similarly, these New Shares will rank equally in all respects with the Company's existing shares post-consolidation. The Company will apply to ASX for quotation of these New Shares.

g) Upon completion of the acquisition, Sprintex will take full control of the joint venture which owns the facility that manufactures the Company's supercharger units. The Company anticipates completion under the acquisition will occur in June 2019 at the same time as the recapitalisation is given effect to. Shareholder approval for the issue of shares to AutoV Corporation will be sought under Listing Rule 7.1.

h) The proposed share issues to the parties above are conditional upon:

   a. the ASX confirming the conditions that the Company needs to satisfy in order for the recommencement of quotation of its shares on ASX (including with respect to the provision of outstanding financial statements (for the 12 months ending 30 June 2018 and the 6 months ending 31 December 2018), and Appendix 4C and Appendix 4G) and the Company determining that it is able to satisfy these conditions; and

   b. shareholder and other approvals required in order to give effect to the transactions under Listing Rules 7.1 and 10.11.

i) The announcement on 23 April 2019 does not lift the voluntary suspension in trading of the Company's shares.

The Company considers that, upon completion of the transactions outlines above, the Company's financial condition should be adequate to warrant the reinstatement of its securities for quotation on the ASX. The Company has commenced discussions with the ASX in this regard and will provide a further update to ASX in the near future. The reinstatement of the Company's securities for quotation is at the discretion of the ASX including with respect to satisfaction of Chapter 12 of the Listing Rules. There is no guarantee that the securities of the Company will be reinstated and if so when.

The Company has terminated its existing premises lease and signed a new lease for premises at a different location, with an effective date of 21 June 2019. The lease term is 1 year, with an option for a further year, at a gross rental of approximately $34,700 per annum.

Likely Developments and Expected Results

The Company is actively working to enhance its existing products and develop new products to assist in strengthening its revenue base in 2019. The marketing campaigns in Australia, the Middle East, Asia and North America are continuing and are showing positive results.

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.

Indemnification and Insurance of Directors and Auditors

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. $40,687 has been paid by the Company in respect of insurance contract premiums for directors and officers during the year.

The Company has not, during or since the end of the financial year, indemnified or agreed to indemnify, the auditor of the Company or any related entity, against a liability incurred by the auditor.

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	n/a
Mr M Wilson	4	1
Mr R O'Brien	4	1
Mr R Lau	4	n/a

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 advisory services were provided during the year by the Company's auditor, PKF Perth. No other non-audit services have been provided.

	2018 $	2017 $
Non-audit services		
Tax advisory services	5,035	4,350
Total non-audit services	5,035	4,350

The board is satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

Auditor's Independence Declaration

The auditor's independence declaration for the year ended 30 June 2018 has been received and can be found on the following page.

Advisory • Audit
Business Solutions

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 2018, 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 PERTH

PKF Perth

SIMON FERMANIS
PARTNER

20 JUNE 2019
WEST PERTH,
WESTERN AUSTRALIA

Level 4, 35 Havelock Street, West Perth, WA 6005
PO Box 609, West Perth, WA 6872
T: +61 8 9426 8999 F: +61 8 9426 8900 www.pkfperth.com.au

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

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
Mr M Wilson .... Non-executive Director
Mr R O'Brien .... Independent Non-executive Director
Mr R Lau .... Non-executive Director

Other Key Management Personnel
Mr T Jones....................................... Chief Executive Officer (appointed 3 July 2017)
Mr R Molkenthin.............................. Chief Financial Officer and Company Secretary
Mr J Upton....................................... Technical Consultant

Remuneration Policy

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

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 has previously offered key executives of the Company the ability to acquire shares in-lieu of remuneration. 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[1] $	Share Price[1] $
2018	1,884,472	0.02	0.095
2017	4,321,180	0.05	0.300
2016	3,230,686	0.04	0.350
2015	6,164,075	0.55	0.001
2014	4,877,023	0.55	0.006

1- Prior year amounts have been restated for the impact of the share consolidation during 2016.

Remuneration Structure

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 on page 16, 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.

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.

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 2018 and 2017

	Short-term benefits			Post-employment	Share based payments		Total	Proportion of remuneration performance based
Year ended 30 June 2018[1]	Salary & fees	Cash bonus	Non-monetary benefits	Superannuation	Shares	Performance Rights		
	$	**$**	**$**	**$**	**$**	**$**	**$**	**%**
Directors								
Mr R Siemens	-	-	-	-	-	-	-	-
Mr M Wilson	-	-	-	-	-	-	-	-
Mr R O'Brien	10,000	-	-	-	-	-	10,000	-
Mr D White[3]	-	-	-	-	-	-	-	-
Mr R Lau	-	-	-	-	-	-	-	-
Sub-total directors	10,000	-	-	-	-	-	10,000	-
Other key management personnel								
Mr T Jones[2,6]	324,000	-	78,008	-	-	-	402,008	-
Mr R Molkenthin[2,5]	288,000	-	-	-	-	-	288,000	-
Mr J Upton[4]	288,000	-	-	-	-	-	288,000	-
Sub-total key management personnel	900,000	-	78,008	-	-	-	978,008	-
Totals	910,000	-	78,008	-	-	-	988,008	-

1. None of the remuneration disclosed herein was performance related
2. Paid through third-party companies or arrangements with foreign operations, therefore no superannuation applies.
3. Agreement was reached for Mr David White to forego payment of his directors' fees of $765,333, which had accrued, and remained unpaid, since 1 July 2014.
4. Effective 31 December 2018, Mr Jay Upton no longer provides services to the Company
5. Remuneration was reduced to $180,000, effective 1 January 2019
6. Provision of accommodation while in the USA

Remuneration Report

Compensation of Key Management Personnel (Consolidated) for the years ended 30 June 2018 and 2017 (cont'd)

	Short-term benefits			Post-employment	Share based payments		Total	Proportion of remuneration performance based
Year ended 30 June 2017[1]	Salary & fees	Cash bonus	Non-monetary benefits	Superannuation	Shares	Performance Rights		
	$	**$**	**$**	**$**	**$**	**$**	**$**	**%**
Directors								
Mr R Siemens	-	-	-	-	-	-	-	-
Mr M Wilson	-	-	-	-	-	-	-	-
Mr R O'Brien	24,000	-	-	-	-	-	24,000	-
Mr D White[3]	224,000	-	-	-	-	-	224,000	-
Mr R Lau	-	-	-	-	-	-	-	-
Sub-total directors	248,000	-	-	-	-	-	248,000	-
Other key management personnel								
Mr T Jones[2]	324,000	-	-	-	-	-	324,000	-
Mr R Molkenthin[2]	288,000	-	-	-	-	-	288,000	-
Mr J Upton[2]	288,000	-	-	-	-	-	288,000	-
Sub-total key management personnel	900,000	-	-	-	-	-	900,000	-
Totals	1,148000	-	-	-	-	-	1,148,000	-

1 None of the remuneration disclosed herein was performance related

2 Paid through third-party companies or arrangements with foreign operations, therefore no superannuation applies.

3 Accrued but not paid at year-end.

Remuneration Report

Options granted and vested during 2017 and 2018

No remuneration options were granted, vested or exercised during the period ended 30 June 2017 or 30 June 2018. The outstanding balance of options lapsed during 2017.

Key management personnel (KMP) disclosures

(a) Option holdings of key management personnel

30 June 2018
Nil

(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 2018	Held at 1 July 2017	Received as remuneration	Other changes[1]	Held at 30 June 2018
Key Management Personnel				
Mr R Siemens	61,815,280	-	6,720	61,822,000
Mr M Wilson	15,166,090	-	-	15,166,090
Mr R O'Brien	512,687	-	-	512,687
Mr D White	223,384	-	11,785	235,169
Mr R Lau	681	-	-	681
Other key management personnel				
Mr T Jones	556,701	-	-	556,701
Mr R Molkenthin	567,100	-	250	567,350
Mr J Upton	47,845	-	-	47,845
	78,889,768	-	18,755	78,908,523

(1) Shares were either acquired on-market, share purchase plan or via a placement.

(c) Loans from Directors

There were no loans from directors at 30 June 2018 or 30 June 2017.

(d) Performance rights of key management personnel

There were no performance rights on issue at 30 June 2018 or 30 June 2017.

END OF REMUNERATION REPORT

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

David White
Deputy Chairman

Perth, 20 June 2019

CORPORATE GOVERNANCE OVERVIEW

The Board of Sprintex Limited is committed to fulfilling its corporate governance obligations and responsibilities in the best interests of the company and its stakeholders.

A copy of the Sprintex 2018 Corporate Governance Statement, which provides detailed information about governance, and a copy of the Sprintex Limited Appendix 4G which sets out the company's compliance with the recommendations in the third edition of the ASX Corporate Governance Council's Principles and Recommendations (ASX Principles) is available on the corporate governance section of the company's website at www.sprintex.com.au

The Board believes that the governance policies and practices adopted by Sprintex Limited during 2018 are in accordance with the recommendations contained in the ASX Principles.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2018

	NOTES	2018 $	2017 $
Sales of goods and services		2,206,794	2,274,050
Revenue		**2,206,794**	**2,274,050**
Cost of goods sold		(1,504,273)	(1,776,028)
Gross profit		**702,521**	**498,022**
Other income	5.1	38,125	6,101
Forgiveness of related party debt	5.8	765,333	-
Research and development incentive grant		1,440,787	1,858,390
Reversal of inventory impairment		733,989	-
Distribution and marketing expenses		(734,666)	(841,379)
Research and development expenses	5.7	(1,373,143)	(1,842,083)
Joint venture impairment expense	12(b)	(890,400)	(1,068,147)
Impairment of assets	13	(136,274)	-
Administration expenses		(2,013,889)	(2,478,433)
Other expenses	5.2	(89,047)	(159,296)
Operating loss		**(1,556,664)**	**(4,026,825)**
Finance income	5.3	316	1,229
Finance costs	5.4	(328,124)	(96,310)
Loss on extinguishment of financial liability		-	(199,274)
Loss before income tax expense		**(1,884,472)**	**(4,321,180)**
Income tax benefit	6	-	-
Net loss for the year		**(1,884,472)**	**(4,321,180)**
Other comprehensive income, net of tax		**-**	**-**
Items that may be reclassified subsequently to profit or loss			
Translation of foreign operation		(81,440)	32,473
Total other comprehensive income, net of tax		**(81,440)**	**32,473**
Total comprehensive income for the year		**(1,965,912)**	**(4,288,707)**
Loss per share attributable to the ordinary equity holders of the Company			
Basic loss per share	7	$0.019	$0.047
Diluted loss per share	7	$0.019	$0.047

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 2018

	NOTES	2018 $	2017 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	19(b)	87,022	201,636
Pledged bank deposits	9	30,000	30,000
Trade and other receivables	10	374,983	236,857
Inventories	11	828,626	937,955
TOTAL CURRENT ASSETS		**1,320,631**	**1,406,448**
NON-CURRENT ASSETS			
Property, plant and equipment	13	802,019	1,011,505
TOTAL NON-CURRENT ASSETS		**802,019**	**1,011,505**
TOTAL ASSETS		**2,122,650**	**2,417,953**
CURRENT LIABILITIES			
Trade and other payables	14	1,010,288	1,663,918
Borrowings	15	2,579,363	191,417
Provisions	16	142,041	226,305
TOTAL CURRENT LIABILITIES		**3,731,692**	**2,081,640**
NON-CURRENT LIABILITIES			
Borrowings	15	87,081	105,993
TOTAL NON-CURRENT LIABILITIES		**87,081**	**105,993**
TOTAL LIABILITIES		**3,818,773**	**2,187,633**
NET ASSETS / (LIABILITIES)		**(1,696,123)**	**230,320**
EQUITY			
Contributed equity	17	56,477,246	56,437,777
Reserves	18	(41,600)	39,840
Accumulated losses		(58,131,769)	(56,247,297)
TOTAL EQUITY / (DEFICIENCY)		**(1,696,123)**	**230,320**

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 2018

CONSOLIDATED ENTITY	Contributed equity	Share option/performance rights reserve	Foreign translation reserve	Accumulated losses	Total
	$	$	$	$	$
Balance at 30 June 2016	**51,869,795**	**77,215**	**7,367**	**(52,003,332)**	**(48,955)**
Loss for the year	-	-	-	(4,321,180)	(4,321,180)
Other comprehensive income	-	-	32,473	-	32,473
Total Comprehensive loss for the year	-	-	**32,473**	**(4,321,180)**	**(4,288,707)**
Transactions with owners in their capacity as owners					
Issue of shares	4,675,241	-	-	-	4,675,241
Expiry of options		(77,215)		77,215	-
Share issue expenses	(107,259)	-	-	-	(107,259)
Balance at 30 June 2017	**56,437,777**	-	**39,840**	**(56,247,297)**	**230,320**
Loss for the year	-	-	-	(1,884,472)	(1,884,472)
Movement in the foreign translation reserve	-	-	(81,440)	-	(81,440)
Total Comprehensive loss for the year	-	-	**(81,440)**	**(1,884,472)**	**(1, 965,912)**
Transactions with owners in their capacity as owners					
Issue of shares	-	-	-	-	-
Share issue expenses	39,469	-	-	-	39,469
Balance at 30 June 2018	**56,477,246**	-	**(41,600)**	**(58,131,769)**	**(1,696,123)**

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 2018

	NOTES	2018 $	2017 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		2,097,129	2,339,642
Payments to suppliers and employees		(4,689,077)	(5,402,214)
Interest and finance lease charges paid		(11,958)	(96,310)
Interest received		316	1,229
Research and development incentive grant received		1,440,787	1,858,390
Net cash flows used in operating activities	19(a)	(1,162,803)	(1,299,263)
CASH FLOWS FROM INVESTING ACTIVITIES			
Repayment of secured deposit		-	82,000
Contribution to joint venture entity		(890,400)	(1,388,011)
Proceeds from sale of property, plant and equipment		58,687	7,273
Payments for property, plant and equipment		(169,685)	(14,132)
Net cash flows used in investing activities		(1,001,398)	(1,312,870)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		2,133,093	1,720,321
Repayment of borrowings		(83,506)	(1,077,928)
Proceeds from share capital raised		-	1,144,500
Capital raising costs		-	(111,171)
Net cash flows generated from financing activities		2,049,587	1,675,722
Net (decrease) / increase in cash and cash equivalents held		(114,614)	(936,411)
Cash and cash equivalents at the beginning of the financial year		201,636	1,173,316
Effects of exchange rates on cash and cash equivalents		-	(35,269)
Cash and cash equivalents at the end of the financial year	19(b)	87,022	201,636

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 Securities Exchange. The Company's registered office is 183 Mulgul Road, Malaga WA 6090 (Unit 2/63 Furniss Road, Darch WA 6065, from 21 June 2019).

The consolidated financial statements of the Company as at and for the year ended 30 June 2018 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.

The financial statements were authorised for issue in accordance with a resolution of the directors, on [xx] June 2019. 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 liabilities of $1,696,123 (2017: net assets of $230,320) and net current liabilities of $2,411,061 (2017: $675,192) as at 30 June 2018 and incurred a loss of $1,884,472 (2017: $4,321,180) and net operating cash outflow of $1,162,803 (2017: $1,299,263) for the year ended 30 June 2018.

The Group'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 funding; 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 a material 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 and group 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. The Group has decided against the early adoption of these standards and has not yet determined the potential impact on the financial statements from the adoption of these standards and interpretations. With the exception of AASB 9 and AASB 15, the financial instrument standards which will not impact the classification, treatment or the value of the financial liabilities. Furthermore, the Revenues from Contracts with Customers standard will have no impact on the Group’s point of sale system with dealerships.

Australian Accounting Standards

AASB No.	Title	Application date of standard *	Issue date
AASB 9	Financial Instruments	1 January 2018	December 2014
AASB 2010-7	Amendments arising from Accounting Standards arising from AASB 9 (December 2010)	1 January 2018	September 2012
AASB 2014-1	Amendments to Australian Accounting Standards Part E - Financial Instruments	Part E - 1 January 2018	June 2014
AASB 2014-5	Amendments to Australian Accounting Standard Arising From AASB 15	1 January 2018	December 2014
AASB 2014-7	Amendments to Australian Accounting Standard Arising From AASB 9 (December 2014)	1 January 2018	December 2014
AASB 2014-10	Amendments to Australian Accounting Standard - Sale of Contribution of Assets Between Investors and its Associates or Joint Venture	1 January 2018	December 2014
AASB 2015-8	Amendments to Australian Accounting Standards – Effective Date of AASB 15	1 January 2018	October 2015
AASB 2015-10	Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128.	1 January 2018	December 2015
AASB 2016-5	Amendments to Australian Accounting Standards – Classification and Measurement of Share-based Payment Transactions [AASB 2]	1 January 2018	July 2016
AASB 2016-6	Amendments to Australian Accounting Standards – Applying AASB 9 Financial Instruments with AASB 4 Insurance Contracts [AASB 4]	1 January 2018	October 2016
AASB 2017-1	Amendments to Australian Accounting Standards – Transfers of Investment Property, Annual Improvements 2014-2016 Cycle and Other Amendments	1 January 2018	February 2017
AASB 2017-3	Amendments to Australian Accounting Standards – Clarifications to AASB 4	1 January 2018	July 2017
AASB 2017-4	Amendments to Australian Accounting Standards – Uncertainty over Income Tax Treatments	1 January 2019	July 2017
AASB 2017-5	Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections	1 January 2018	December 2018
AASB 2017-6	Amendments to Australian Accounting Standards – Prepayment Features with Negative Compensation	1 January 2019	October 2017
AASB 2017-7	Amendments to Australian Accounting Standards – Long-term Interests in Associates and Joint Ventures	1 January 2019	December 2017
AASB 2018-1	Amendments to Australian Accounting Standards – Annual Improvements 2015-2017 Cycle	1 January 2019	February 2018
AASB 2018-2	Amendments to Australian Accounting Standards – Plan Amendment, Curtailment or Settlement	1 January 2019	March 2018
AASB 15	Revenues from Contracts with Customers	1 January 2018	October 2015
AASB 16	Leases	1 January 2019	February 2016
AASB 17	Insurance Contracts	1 January 2021	July 2017
AASB 1058	Income of Not-for-Profit Entities [Appendix D]	1 January 2019	December 2016

AASB 1059	Service Concession Arrangements: Grantors	1 January 2019	July 2017
AASB Interpretation 22	Foreign Currency Transactions and Advance Consideration	1 January 2018	February 2017
AASB Interpretation 23	Uncertainty over Income Tax Treatments	1 January 2019	June 2017
Not yet issued by the AASB	Conceptual Framework for Financial Reporting#	1 January 2020	March 2018

* Annual reporting periods beginning after
# The IASB issued the revised conceptual framework in March 2018. The AASB are yet to issue the equivalent pronouncement.

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.

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 2018 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. 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.

h. 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.

i. 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.

j. 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.

k. 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.

l. 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.

m. 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.

n. 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.

o. 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.

p. 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.

q. 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, i.e. 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.

r. 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.

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

t. 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.

u. 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.

v. Intangibles

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(u) 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.

w. 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.

x. 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.

y. 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.

z. 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.

aa. 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.

bb. 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.

cc. 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
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 reference 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. In addition, as the Group operates in the technology sector, an appropriate provision is made against all inventory that is considered to be obsolete. With reference to this, the Group provides against all inventory for which it is determined that it would be unlikely that the inventory item or part would not be sold in the following 12 months and sold higher than cost.

Warranty provision
In determining the level of provision required for product warranties the Group 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 is considered to be appropriate when recognising the claim.

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

	2018 **$**	**2017** **$**
United States	1,431,192	1,494,810
Australia	301,033	256,438
United Arab Emirates	174,109	266,395
Other countries	300,460	256,407
Total revenue	2,206,794	2,274,050

The revenue information above is based on the location of the customer. During 2018, 2.34% of sales were to one customer in Australia and 0.46% (2017: 1.46%) 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. Non-current assets of the Company located in Australia, $650,255 (2017: $836,012). Non-current assets located in the USA, $288,038 (2017: $175,493).

		2018	2017
5.	**Revenue and expenses**	**$**	**$**
5.1	**Other income**		
	Sundry income	38,125	6,101
5.2	**Other expenses**		
	Net foreign exchange loss	(89,047)	(159,296)
	Total other expenses	(89,048)	(159,296)
5.3	**Other revenue**		
	Interest income	316	1,229
5.4	**Finance costs**		
	Interest and finance charges paid	(328,124)	(96,310)
	Total finance costs	(328,124)	(96,310)
5.5	**Employee payments including benefits expense**		
	Salaries and wages	2,309,810	2,638,410
	Superannuation expense	71,607	97,397
	Other employment expense	79,198	84,363
		2,460,615	2,820,170
5.6	**Depreciation and amortisation expenses**		
	Depreciation of property, plant and equipment	193,255	215,133
	Amortisation for leasehold improvements	3,773	5,083
	Total depreciation and amortisation	197,028	220,216
5.7	**Research and development expense**		
	Research and development staff costs	588,780	916,304
	Consultants' costs	389,833	411,750
	Materials / service costs	394,530	514,029
		1,373,143	1,842,083
5.8	**Forgiveness of related party debt**		
	Waived director fees	765,333	-
		765,333	-

During the year a current director waived director fees historically accrued, which was included in note 5.8.

Research and development expense includes salaries and wages of $539,098, which are also included in note 5.5, and depreciation of $140,495, which is also included in note 5.6.

		2018	2017
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**		
	Loss before income tax expense	(1,884,472)	(4,321,180)
	Income tax calculated at statutory tax rate of 27.5% (2017: 27.5%)	(518,230)	(1,188,324)
	Permanent differences non-assessable/non-deductible	(385,566)	(413,026)
	Tax losses and temporary differences not recognised	903,796	1,601,350
	Aggregate income tax benefit	-	-

The franking account balance at year end was $Nil (2017: $Nil)

(b) Unrecognised temporary differences

At 30 June 2018, 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 (2017: $Nil).

(c) Deferred tax assets and liabilities

At 30 June 2018, the Company has unused tax losses of $34,976,951 (2017: $32,608.642) 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 $12,290,126 (2017: $12,095,673) 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:

	2018 $	2017 $
(i) Deferred tax assets		
Provisions and accruals	58,645	73,524
Joint venture impairment	734,066	559,225
Business related costs	43,271	64,973
Borrowing costs	24,286	-
Inventory diminution	46,535	246,393
Other impairments	1,285,804	978,247
Carry forward revenue losses (USA) (shown at 30%)	478,857	268,360
Carry forward revenue losses (Australia)	9,618,662	9,904,951
Gross deferred tax assets	12,290,126	12,095,673
Deferred tax asset not recognised	(12,290,126)	(12,095,673)
	-	-

Deferred tax assets are only recognised to the extent that the recoupment is probably.

	2018 $	2017 $
(ii) Deferred tax liabilities		
Prepayments	25,501	5,000
Joint venture consignment stock - impairment	2,475	22,830
Gross deferred tax liabilities	27,976	27,830
Deferred tax liabilities not recognised	(27,976)	(27,830)
	-	-

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 $1,884,472 (2017: $4,321,180) and the weighted average of 100,000,000 (2017: 92,150,683) 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 does not have any share options outstanding at 30 June 2018.

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FOR THE YEAR ENDED 30 JUNE 2018

8. Remuneration of auditors

	2018 $	2017 $
Auditors of the Company:		
Audit and review of the financial report	66,250	85,050
Other services		
Tax compliance	5,035	4,350
Total remuneration of auditors	71,285	89,400

9. Pledged bank deposits

	2018 $	2017 $
Deposit – at call	30,000	30,000
	30,000	30,000

Pledged bank deposits at 30 June 2018 represented fixed deposits as follows:

- a term deposit maturing on 30 October 2019 bearing interest at 2.60% per annum of $30,000 supporting credit card facilities.

10. Trade and other receivables

	2018 $	2017 $
Trade receivables	184,937	72,648
Other receivables	3,164	586
Trade deposits	94,150	75,732
Prepayments	92,732	87,891
	374,983	236,857

(a) Allowance for impairment loss

Trade receivables are non- interest bearing and, where provided, 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.

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

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

	2018 $	2017 $
Neither past due nor impaired	93,357	14,388
Less than 1 month past due	37,558	19,532
1 to 3 months past due	15,982	24,386
Over 3 months past due	38,040	14,342
	184,937	72,648

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

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 24.

	2018 $	2017 $
11. Inventories		
Finished goods – at cost	997,844	1,833,931
Provision for impairment	(169,218)	(895,976)
Total inventories at lower of cost and net realisable value	828,626	937,955

Following improved cost of goods sold margins an impairment reversal was recognised under the assessment detailed in note 3(b) in the amount of $733,989 which includes foreign exchange losses of $7,231.

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			2018 $	2017 $
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

The Company's investment in the joint venture is considered to be fully impaired. The consolidated entity has recognised an impairment of $890,400 (2017: $1,068,147) for the year ended 30 June 2018.

(c) Loan due from a joint venture

	2018 $	2017 $
Proreka Sprintex Sdn. Bhd.	3,902,276	2,937,859
Provision for impairment (note 12(d))	(3,902,276)	(2,937,859)
	-	-

(d) In view of the losses being incurred by the joint venture, the carrying value of the balances with the joint venture were deemed to be fully impaired.

(e) Joint venture

Assets and liabilities

	2018 $	2017 $
Current assets	1,308,664	709,327
Non-current assets	599,495	794,941
Total assets	1,908,159	1,504,269
Current liabilities	4,541,243	159,871
Non-current liabilities	-	3,023,964
Total liabilities	4,541,243	3,183,835
Net liabilities	(2,633,084)	(1,679,566)

The above share in net assets has been fully impaired. Refer to note 12(b) above. There is no quoted market price for the investment.

Revenue, expenses and results	2018 $	2017 $
Revenue	575,265	306,872
Expenses	(1,312,835)	(1,345,041)
Net loss	(737,570)	(1,038,169)
Holding company share	(368,785)	(519,085)

13. Property, plant & equipment

	Leasehold Improvements	Manufacturing Plant and Equipment	Engineering Equipment and Software	Motor Vehicles	Office Furniture and Equipment	Total
Year ended 30 June 2017						
Opening net book amount	31,315	839,562	25,032	184,260	17,976	1,098,145
Additions	-	1,098	3,473	126,962	9,684	141,217
Disposals, net	-	-	-	(7,641)	-	(7,641)
Depreciation charge	(5,083)	(150,728)	(8,232)	(48,829)	(7,344)	(220,216)
Closing net book amount	26,232	689,932	20,273	254,752	20,316	1,011,505
At 30 June 2017						
Cost	264,322	2,204,489	305,193	418,144	121,781	3,313,929
Accumulated depreciation	(238,090)	(1,514,557)	(284,920)	(163,392)	(101,465)	(2,302,424)
Net book amount	26,232	689,932	20,273	254,752	20,316	1,011,505
Year ended 30 June 2018						
Opening net book amount	26,232	689,932	20,273	254,752	20,316	1,011,505
Additions	-	5,815	-	165,050	1,975	172,840
Disposals, net	-	-	-	(49,024)	-	(49,024)
Depreciation charge	(3,773)	(122,692)	(6,082)	(58,033)	(6,448)	(197,028)
Impairment of assets[1]	-	(136,274)	-	-	-	(136,274)
Closing net book amount	22,459	436,781	14,191	312,745	15,843	802,019
At 30 June 2018						
Cost	264,322	2,210,430	305,193	470,039	124,081	3,374,065
Accumulated depreciation	(241,863)	(1773,649)	(291,002)	(157,294)	(108,238)	(2,572,046)
Net book amount	22,459	436,781	14,191	312,745	15,843	802,019

1 Impairment of several assets was triggered by a subsequent sale of less than carrying value. The impairment decreases the value of the subsequently sold assets to the disposal value as at 30 June 2018.

	2018 $	2017 $
14. Trade and other payables		
Trade payables	618,142	683,405
Other payables and accruals	392,146	980,513
	1,010,288	1,663,918

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

	2018 $	2017 $
15. Borrowings		
Current		
Insurance premium funding (unsecured) (note a)	114,550	112,690
Finance lease liabilities (note b)	80,099	78,727
Short term loan (note c)	1,498,582	-
Secured loan (note d)	886,132	-
	2,579,363	191,417
Non-current		
Finance lease liabilities (note b)	87,081	105,993

(a) Insurance premium funding is unsecured and due for repayment over 10 equal instalments. The effective interest rate of the loan was 3.50% (2017: 3.68%) per annum.

(b) The average effective interest rate on finance lease liabilities approximated 5.96% (2017: 5.58%) per annum in the year. The carrying value of leased plant and equipment as at 30 June 2018 was $227,759 (2017: $206,054). Other details of finance lease liabilities are disclosed in note 22.

(c) On 27 July 2017 and 16 August 2017, the Company received US$500,000 and US$400,000 respectively pursuant to unsecured loan facility agreements with Ganado Investments Corporation Ltd, an unrelated third party. These facilities attracted a facility fee of US$55,000 and US$45,000 respectively. This facility was subsequently refinanced on the 15 December 2017 which attracted an additional facility fee of US$110,000. The full amount due 15 December 2018, with the option of settlement in equity. Refer subsequent events note.

(d) On 20 November 2017 the Company received its first advance of $294,750, funding continued on the 1 March 2018 with an advance of $259,949, on the 23 April 2018 with an advance of $280,640, totalling $886,132 including interest as at 30 June 2018. All under a loan agreement with New York-based Innovation Structured Finance (ISF), which was facilitated by Perth-based Radium Capital. Under this agreement, the Company will be able to obtain quarterly advances of up to 80% of the expected 2018 Research & Development (R&D) tax offset resulting from each quarter's eligible R&D expenditures, with principal and interest repaid from the actual tax offsets at the end of the financial year. The loan agreement is conditional on specific security, in favour of Radium Capital securing the future right, title and interest in the R&D Refund, to the full amount of the loan. Refer subsequent events note for settlement details.

	2018 $	2017 $
16. Provisions		
Provision for warranty (note a)	103,809	103,809
Provision for employee benefits	38,232	122,495
	142,041	226,304

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

	2018 $	2017 $
At 1 July	103,809	107,420
Provision made during the year	-	-
Utilisation of provisions	-	(3,611)
At 30 June	103,809	103,809

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.

17. Contributed equity

	2018 $	2017 $
Paid up capital – ordinary shares (note a)	57,918,212	57,918,212
Capital raising costs capitalised (note b)	(1,440,966)	(1,480,435)
	56,477,246	56,437,777

(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. There are no externally imposed capital requirements.

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.

(b) Credit note applied to previously capitalised raising cost due to services not rendered and no potential use of the service in the foreseeable future.

	2018			2017		
Movements in Ordinary Share Capital	**Number of shares**	**$**	**Issue price $**	**Number of shares**	**$**	**Issue price $**
Balance at 1 July	100,000,000	57,918,212	-	85,387,610	53,242,971	-
Placement of Shares	-	-	-	3,745,000	1,123,500	0.30
Conversion of short term loans	-	-	-	4,612,390	1,475,965	0.32
Share Purchase Plan	-	-	-	69,997	21,000	0.30
Shares issued on conversion of related party loan	-	-	-	6,185,003	1,855,502	0.30
Loss on extinguishment of liabilities	-	-	-	-	199,274	-
Share issue costs	-	(1,440,966)	-	-	(1,480,435)	-
Balance as at 30 June	**100,000,000**	**56,477,246**		**100,000,000**	**56,437,777**	

(b) Share Options

There were no options on issue at 30 June 2018 (2017: Nil), nor any options issued during the year.

18. Reserves

(a) Share option/performance rights 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.

(b) Foreign currency reserve

On the translation of Sprintex USA Inc. a foreign exchange movement of $(81,440), (2017: $(32,473)), has been recognised in other comprehensive income.

19. Statement of cash flows reconciliation

(a) Reconciliation of cash flows from operating activities to operating loss after income tax

	2018 $	2017 $
Operating loss after income tax	(1,884,472)	(4,321,180)
Add non-cash items:		
Depreciation and amortisation	197,028	220,216
Joint venture impairment	890,400	1,068,147
Impairment of asset	136,274	-
(Gain) / Loss on extinguishment of liability	-	199,274
Foreign exchange movement	89,047	1,926
Interest costs settled with equity	-	85,799
Changes in assets and liabilities		
Decrease / (increase) in trade and other receivables	(138,126)	(9,341)
Decrease / (increase) in inventories	109,329	1,020,529
Increase / (decrease) in trade and other payables	(646,547)	438,256
Increase / (decrease) in provisions	84,264	(2,889)
Net cash flows used in operating activities	(1,162,803)	(1,299,263)

(b) 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:

	2018 $	2017 $
Cash at bank and on hand	87,022	201,636

20. Parent entity information

(a) Information relating to Sprintex Limited

	2018 $	2017 $
Current assets	502,559	294,861
Total assets	1,016,539	1,130,872
Current liabilities	3,601,351	1,865,595
Total liabilities	3,601,351	2,619,634
Contributed equity	56,477,246	56,437,777
Share option reserve	-	-
Accumulated losses	(59,062,058)	(57,926,539)
Total shareholders' equity	(2,584,812)	(1,488,762)
Loss for the parent entity	1,135,519	3,635,503
Total comprehensive loss of the parent entity	1,135,519	3,635,503

(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 22 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.

21. Related party disclosures

Key management personnel compensation

The key management personnel compensation is as follows:

	2018 $	2017 $
Short-term employee benefits	988,008	1,148,000
Total	988,008	1,148,000

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 2018	% equity interest 2017	Investment 2018 $	Investment 2017 $
Sprintex Australasia Pty Limited	Australia	100	100	-	-
AAC Property Investments Pty Limited	Australia	100	100	2	2
Sprintex USA, Inc.	United States	100	100	50	50
				52	52

Sprintex Australasia Pty Ltd holds patents and AAC Property Investments Pty Ltd 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.

Related Party		Purchases from Related Party	Sales to Related party
Joint venture in which the parent is a venturer			
Proreka Sprintex Sdn. Bhd.	2018	628,742	9,846
Proreka Sprintex Sdn. Bhd.	2017	248,222	33,276
Subsidiary			
Sprintex USA, Inc.	2018	-	-
Sprintex USA, Inc.	2017	-	-

		Intercompany loans payable	Intercompany loans receivable
Subsidiary			
Sprintex USA, Inc.	2018	3,126,333	133,659
Sprintex USA, Inc.	2017	2,602,708	344,783
Joint venture in which the parent is a venturer			
Proreka Sprintex Sdn. Bhd.	2018	3,902,276	-
Proreka Sprintex Sdn. Bhd.	2017	2,937,859	-

This will not impact on the consolidated financial position or performance. Intercompany loans are eliminated on consolidation.

The ultimate parent.
Sprintex Limited is the ultimate parent, based and listed in Australia.

Subsidiary
This is a wholly-owned subsidiary utilising intercompany loans with terms that are interest free and unsecured.

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. Loans to the joint venture have been fully impaired.

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 incurred interest at 9% per annum, this is consistent with loans on commercial terms for this type of facility.

Funds provided by Robert Molkenthin were receipted in November 2017, totalling $25,000. This was repaid in December 2017, resulting in a repayment of interest totalling $123. No loans outstanding as at 30 June 2018.

Funds provided by David White were receipted in July 2017, totalling $50,000. This was repaid in August 2017, resulting in a repayment of interest totalling $179. Another two advances was provided by David White and receipted in November and December 2017, totalling $50,000. This was repaid before the end of December 2017, resulting in a repayment of interest totalling $136. No loans outstanding as at 30 June 2018.

22. 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 2 years from 1 July 2016 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:

	2018 **$**	**2017** **$**
Within one year	97,205	247,770
After one year but not more than five years	16,201	93,674
After more than five years	-	-
Total minimum lease payments	113,406	341,444

(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.

	2018 **$**	**2017** **$**
Within one year	87,047	84,911
After one year but not more than five years	96,525	109,805
Total minimum lease payments	183,572	194,716
Less: amounts representing finance charges	(16,392)	(9,996)
Present value of minimum lease payments	167,180	184,720
Included in the financial statements as:		
Current interest-bearing liabilities (note 15)	80,099	78,727
Non-current interest-bearing liabilities (note 15)	87,081	105,993
	167,180	184,720

(c) Capital commitments

As at 30 June 2018 and 2017, 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.

23. 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 2018 and 2017, 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 15, cash and cash equivalents and equity attributable to equity holders of the Company, comprising contributed equity, reserves and accumulated losses as disclosed in notes 17 and 18 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 2018 and 2017 were as follows:

	2018 **$**	**2017** **$**
Total debts	2,666,444	297,410
Less: cash and cash equivalents	(87,022)	(201,636)
Net debt	2,579,422	95,774
Total equity	(1,696,123)	230,320
Total capital	883,299	326,094
Gearing ratio - Net debt / total capital	**292.0%**	**29.4%**

Gearing ratio, defined as net debt over total capital, as at 30 June 2018 was 292.0% (2017: 29.4%). The Group's policy for the year ended 30 June 2018 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 reduce this to more acceptable levels. Management's policies for determining whether fixed or floating rates of interest are entered into are examined on an annual basis.

24. 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.

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 2018	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	1,010,288	1,010,288	1,010,288	-	-
Insurance premium funding	114,550	118,559	118,559	-	-
Finance lease liabilities	167,180	183,572	87,047	33,508	63,017
Short term loan	1,498,582	-	-	-	-
Secured loan	886,132	-	-	-	-
	3,676,732	1,312,419	1,215,894	33,508	63,017

Year ended 30 June 2017	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	1,663,918	1,663,918	1,663,918	-	-
Insurance premium funding	112,690	116,834	116,834	-	-
Finance lease liabilities	184,720	194,716	84,911	70,062	39,743
	1,961,328	1,975,468	1,865,663	70,062	39,743

(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 2018	Floating interest rate $	Fixed interest rate $	Total $
Financial assets			
Cash and cash equivalents	87,022	-	87,022
Pledged bank deposits	-	30,000	30,000
	87,022	30,000	117,022
Financial liabilities			
Insurance premium funding	-	114,550	114,550
Finance lease liabilities	-	167,180	167,180
Short term loan		1,498,582	1,498,582
Secured loan		886,132	886,123
	-	2,666,444	2,666,444
Net exposure	87,022	(2,636,444)	(2,549,422)

Year ended 30 June 2017	Floating interest rate $	Fixed interest rate $	Total $
Financial assets			
Cash and cash equivalents	201,636	-	201,636
Pledged bank deposits	-	30,000	30,000
	201,636	30,000	231,636
Financial liabilities			
Insurance premium funding	-	112,690	112,690
Finance lease liabilities	-	184,720	184,720
	-	297,410	297,410
Net exposure	201,636	(267,410)	(65,774)

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 $870 (2017: $2,016). 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 2018. 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, 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.

	2018 **US Dollars**
Trade and other receivables	61,643
Cash and cash equivalents	44,006
Trade and other payables	(236,997)
Overall net exposure	(131,348)

	2017 **US Dollars**
Trade and other receivables	59,065
Cash and cash equivalents	95,748
Trade and other payables	(334,055)
Overall net exposure	(179,242)

The consolidated entity had net liabilities denominated in foreign currencies of $131,348 (assets of $105,649 less liabilities of $236,997) as at 30 June 2018 (2017: $179,242 (assets of $154,813 less liabilities of $334,055)). Based on this exposure, had the Australian dollar weakened by 10%/strengthened by 10% (2017: weakened by 10%/strengthened by 10%) against these foreign currency with all other variables held constant, the consolidated entity's profit before tax for the year would have been $13,135 lower/$13,135 higher (2017: $17,924 lower/$17,924 higher) and equity would have been $13,135 lower/$13,135 higher (2017: $17,924 lower/$17,924 higher). The percentage change is the expected overall volatility of the significant currencies, which is based on management's assessment of reasonable possible fluctuations taking into consideration movements over the last 6 months each year and the spot rate at each reporting date. The actual foreign exchange loss for the year ended 30 June 2018 was $81,440 (2017: gain of $32,473).

(e) Fair value estimation

All financial instruments are carried at amounts not materially different from their fair values as at 30 June 2018 and 2017.

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.

25. 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 14 August 2018 US$425,000 was received from China Automotive Holdings Limited ("CAHL") and AUD100,000 was received from Wilson's Pipe Fabrication Pty Ltd ("WPF"). CAHL, a substantial shareholder of the Company, is a related party of the Company by virtue of CAHL being an entity controlled by Mr Richard Siemens, the non-executive Chairman of the Company. WPF is a related party of the Company by virtue of WPF being an entity controlled by Mr Michael Wilson, a substantial shareholder and a non-executive Director of the Company. This funding is unsecured, and attracts facility fees of US$46,750 and AUD11,000 respectively, in-lieu of interest and other charges. See below for further details.

On 4 September 2018, the Company received an advance of $213,478 under a loan agreement with New York-based Innovation Structured Finance (ISF), which was facilitated by Perth-based Radium Capital. Under this agreement, the Company is able to obtain quarterly advances of up to 80% of the expected 2018 Research & Development (R&D) tax offset resulting from each quarter's eligible R&D expenditures, with principal and interest repaid from the actual tax offsets at the end of the financial year. All amounts due under the R&D loan agreement with New York-based Innovation Structured Finance (ISF), which was facilitated by Perth-based Radium Capital, totalling $1,206,152 with borrowing costs were repaid in full on 3 April 2019.

On 28 September 2018, the Company applied to the ASX for a voluntary suspension in the quotation of its securities, pending the release of an announcement regarding recapitalisation.

On 23 April 2019 the Company announced that it has reached agreements with relevant stakeholders to recapitalise and restructure the Sprintex group with a view to seeking the re-listing of the Company's securities, facilitate the future long-term growth of the Company and moving forward with the successful development of its current and new products. This recapitalisation plan includes the following:

a) The Company is proposing a 5-for-1 share consolidation of the shares in the Company whereby 5 existing shares will be consolidated into 1 new share ("New Share"). As a result, upon completion of the consolidation (but before the issue of shares as part of the recapitalisation) the issued share capital of the Company will comprise 20,000,000 New Shares (currently 100,000,000 fully paid ordinary shares).
b) New loans from existing investors, China Automotive Holdings Limited ("CAHL") of US$1,525,000 (equivalent to approx. AUD2,128,400) and Wilson's Pipe Fabrication Pty Ltd ("WPF") of US$450,000 (equivalent to approx. AUD628,000) are made in favour of the Company.
c) Subject to the share consolidation above and subject to obtaining shareholder approval, CAHL and WPF have agreed to capitalise the New Loans and also their existing loans (US$471,750 (equivalent to approximately AUD658,000) and AUD111,000, respectively) at the subscription price ("Subscription Price") of AUD$0.425 per New Share. This will result in the issue of approximately 6.56 million New Shares to CAHL (or its nominee) and approximately 1.74 million New Shares to WPF (or its nominee), respectively.
d) Subject to the share consolidation above, and subject to obtaining shareholder approval, Ganado Investments Corporation Ltd ("GICL") has also agreed to capitalise amounts owing by the Company (US$1,110,000, which is equivalent to approximately AUD1,549,000) on the same terms and price as the loans to be capitalised by CAHL and WPF, resulting in the issue of approximately 3.65 million New Shares to GICL (or its nominee). Ganado, an unrelated third party, is an investment holding company, registered in St Lucia, which is controlled by Mrs Jennifer Saran.
e) It is anticipated that approximately 11.94 million New Shares will be issued as a result of the capitalisation of loans. These New Shares will rank equally in all respects with the Company's existing shares post-consolidation. The Company will apply to ASX for quotation of all of these New Shares.

f) The Company has also reached an agreement with AutoV Corporation Sdn. Bhd. ("AutoV") to acquire their 50% interests in the Malaysian joint venture, Proreka Sprintex Sdn. Bhd., for consideration of US$250,000 which will be fully settled by way of issuance of New Shares on the same terms and price as the loans to be capitalised by CAHL, WPF and GICL, resulting in the issue of approximately 0.82 million New Shares. Similarly, these New Shares will rank equally in all respects with the Company's existing shares post-consolidation. The Company will apply to ASX for quotation of these New Shares.

g) Upon completion of the acquisition, Sprintex will take full control of the joint venture which owns the facility that manufactures the Company's supercharger units. The Company anticipates completion under the acquisition will occur in June 2019 at the same time as the recapitalisation is given effect to. Shareholder approval for the issue of shares to AutoV Corporation will be sought under Listing Rule 7.1.

h) The proposed share issues to the parties above are conditional upon:

    a. the ASX confirming the conditions that the Company needs to satisfy in order for the recommencement of quotation of its shares on ASX (including with respect to the provision of outstanding financial statements (for the 12 months ending 30 June 2018 and the 6 months ending 31 December 2018), and Appendix 4C and Appendix 4G) and the Company determining that it is able to satisfy these conditions; and

    b. shareholder and other approvals required in order to give effect to the transactions under Listing Rules 7.1 and 10.11.

i) The announcement on 23 April 2019 does not lift the voluntary suspension in trading of the Company's shares.

   The Company considers that, upon completion of the transactions outlines above, the Company's financial condition should be adequate to warrant the reinstatement of its securities for quotation on the ASX. The Company has commenced discussions with the ASX in this regard and will provide a further update to ASX in the near future. The reinstatement of the Company's securities for quotation is at the discretion of the ASX including with respect to satisfaction of Chapter 12 of the Listing Rules. There is no guarantee that the securities of the Company will be reinstated and if so when.

The Company has terminated its existing premises lease and signed a new lease for premises at a different location, with an effective date of 21 June 2019. The lease term is 1 year, with an option for a further year, at a gross rental of approximately $34,700 per annum.

DIRECTOR'S 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 2018 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 2018.

David White
Deputy Chairman
Perth, 20 June 2019

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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SPRINTEX LIMITED

Report on the Financial Report

Qualified Opinion

We have audited the accompanying financial report of Sprintex Limited (the company), which comprises the consolidated statement of financial position as at 30 June 2018, 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 the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

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

i) Giving a true and fair view of the consolidated entity's financial position as at 30 June 2018 and its performance for the year ended on that date; and

ii) Complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for Qualified Opinion

Opening Balances

During the audit of the financial report for the year ended 30 June 2017, 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 which amounted to $519,085, in addition to an impairment expense of $1,068,147. Our opinion on the financial report for the year ended 30 June 2017 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 2018. Our opinion on the current year's financial report is modified accordingly, as a result of the possible effect of the matter noted above 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 $368,785 which is shown for disclosure purposes. An impairment expense of $890,400 has been recognised in the consolidated statement of profit or loss and other comprehensive income. 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 to the financial report. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

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Basis for Qualified Opinion (continued)

USA Taxation Obligations

The consolidated entity has a 100% controlled entity, Sprintex USA Inc, which trades within the United States and which facilitates the sale and distribution of Sprintex products. A limitation of scope exists as we were unable to obtain sufficient and appropriate evidence to ensure the entity's direct and indirect tax obligations in the USA have been appropriately accounted for, recognised and disclosed in the financial report. Accordingly, we could not determine whether any adjustments were required to account for the impact of USA taxation obligations.

We conducted our audit in accordance with Australian Auditing Standards. These 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report.

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

Independence

We are independent of the consolidated entity in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Emphasis of Matter

Without further modifying our opinion, we draw attention to Note 2(b) in the financial report, which confirms that the financial report has been prepared on a going concern basis. The consolidated entity incurred a loss of $1,884,472 (2017: $4,321,180) and had operating cash outflows of $1,162,803 (2017: $1,299,263) for the year ended 30 June 2018. 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 consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business.

The financial report of the 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 consolidated entity not continue as a going concern.

Key Audit Matter

The key audit matters are matters that, in our professional judgement, were of most significance in our audit of the financial report of the current year. This matter was addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter. For the matter below, our description of how our audit addressed the matter is provided in that context.

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Carrying value of inventory

Why significant	How our audit addressed the key audit matter
As at 30 June 2018 the carrying value of inventory was $828,626 (2017: $937,955), as disclosed in Note 11. Inventory is considered significant to the consolidated entity as it represents 39.0% of total assets and 62.7% of current assets. Under Australian Accounting Standard AASB102 Inventories, assertions of existence and valuation were the key matters addressed during the audit. The consolidated entity's accounting policy in respect of inventory is outlined in Note 2(p) and note 3(b) addresses key assumptions and estimates.	Our work included, the following procedures: • Performed physical stocktakes at all locations to confirm existence; • Testing of cost, on a sample basis, and cut-off to confirm valuation; • Testing for net realisable value and obsolescence, on a sample basis, to confirm valuation; and • Assessing the appropriateness of the related disclosures in Note 2(p), Note 3(b) and Note 11.

Liquidity

Why significant	How our audit addressed the key audit matter
While the consolidated entity recorded cash at bank at 30 June 2018 of $87,022 (2017: $201,636), the consolidated entity's net cash outflows from operating activities totalled $1,162,803 (2017: $1,299,263) for the year then ended. The consolidated entity has also disclosed in note 2b that additional funds are required to meet the consolidated entity's mid-to-long-term strategic objectives. The consolidated entity relies on continued loan funding from key shareholders to carry on business.	We evaluated the consolidated entity's funding and liquidity position at 30 June 2018 and the ability of the consolidated entity to repay its debts as and when they fall due for a minimum of 12 months from the date of signing the financial report. In order to assess the funding and liquidity position, we: • reviewed the funding plan for the consolidated entity to achieve its future operational needs; and • obtained external confirmation of the consolidated entity's cash and short-term deposits. • reviewed subsequent events and confirmed loan advances received. • Confirmed settlement of third party loan totalling $1,206,152.

Other Information

Other information is financial and non-financial information in the annual report of the consolidated entity which is provided in addition to the Financial Report and the Auditor's Report. The directors are responsible for Other Information in the annual report.

The Other Information we obtained prior to the date of this Auditor's Report was the Chairman's Message, Directors' Report, CEO Report and ASX Additional Information.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, the auditor does not and will not express an audit opinion or any form of assurance conclusion thereon, with the exception of the Remuneration Report.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information in the Financial Report and based on the work we have performed on the Other Information that we obtained prior the date of this Auditor's Report we have nothing to report.

Directors' Responsibilities 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 Australian Accounting Standard AASB 101 Presentation of Financial Statements, that the financial report complies with International Financial Reporting Standards.

In preparing the financial report, the Directors are responsible for assessing the consolidated entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using a going concern basis of accounting unless the Directors either intend to liquidate the consolidated entity or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our responsibility is to express an opinion on the financial report based on our audit. Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue and auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individual or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit.

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 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.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of 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 conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the consolidated entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the consolidated entity to cease to continue as a going concern.

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We evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the consolidated entity to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

The Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements. We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2018.

Opinion

In our opinion, the Remuneration Report of Sprintex Limited for the year ended 30 June 2018, complies with section 300A of the Corporations Act 2001.

Responsibilities

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.

PKF PERTH

PKF Perth

SIMON FERMANIS
PARTNER

Fermanis

20 JUNE 2019
WEST PERTH
WESTERN AUSTRALIA

ASX ADDITIONAL INFORMATION

The following additional information is provided in accordance with the listing rules and is current as at 20 June 2019.

(a) Distribution of equity securities

(i) *Ordinary share capital*

100,000,000 fully paid ordinary shares are held by 408 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:

Holding	Fully Paid Ordinary Shares
1 – 1,000	137
1,001 - 5,000	120
5,001 - 10,000	35
10,001 - 100,000	88
100,001 and over	28
	408

There were 259 holders (0.361% of total issued capital) with less than a marketable parcel.

(b) Substantial shareholders

Ordinary shareholders	Fully paid ordinary shares Number	% of issued capital
Citicorp Nominees Pty Limited	61,822,630	61.82%
Mr Michael John Wilson and Mrs Megan Joy Wilson	15,166,090	15.17%
JP Morgan Nominees Australia Limited	10,655,148	10.66%
	87,643,868	**87.65%**

(c) Twenty largest shareholders

The 20 largest shareholders of fully paid ordinary shares on the company's register as at 20 June 2019 were:

	Fully paid ordinary shares	
Name	**Number of shares**	**% of issued capital**
Citicorp Nominees Pty Limited	61,822,630	61.823%
Mr Michael John Wilson & Mrs Megan Joy Wilson	15,166,090	15.166%
HSBC Custody Nominees (Australia) Limited	11,327,810	11.328%
Mr Steven James Apedaile & Mrs Michelle Lynda Apedaile <The Apedaile S/F A/C>	2,717,588	2.718%
Euro Mark Limited	678,913	0.679%
RHB Securities Singapore Pte Ltd <Clients A/C>	605,555	0.606%
Captiva Super Pty Ltd <Molkenthin Super Fund A/C>	567,350	0.567%
Mr Tyrone Nicholas Jones	556,701	0.557%
Mr Richard John O'Brien	512,687	0.513%
Australian Executor Trustees Limited <No 1 Account>	365,686	0.366%
Mr John Allan Robertson	349,101	0.347%
J P Morgan Nominees Australia Pty Limited	299,567	0.300%
Yarrumup Pty Ltd <Capulet Super Fund A/C>	293,313	0.293%
Falmac Pty Ltd	240,482	0.240%
Mr David White	235,169	0.235%
Netwealth Investments Limited <Super Services A/C>	231,783	0.232%
Ethereal PSF Pty Ltd <Keith Leather Super Fund A/C>	206,180	0.206%
Mr Glen Stephen Douglas	200,000	0.200%
Mrs Yvonne Jennifer Scales	182,808	0.183%
Super for Sundowners Pty Ltd <Jemlel Private Super Fun A/C>	142,000	0.142%
	96,701,413	**96.700%**