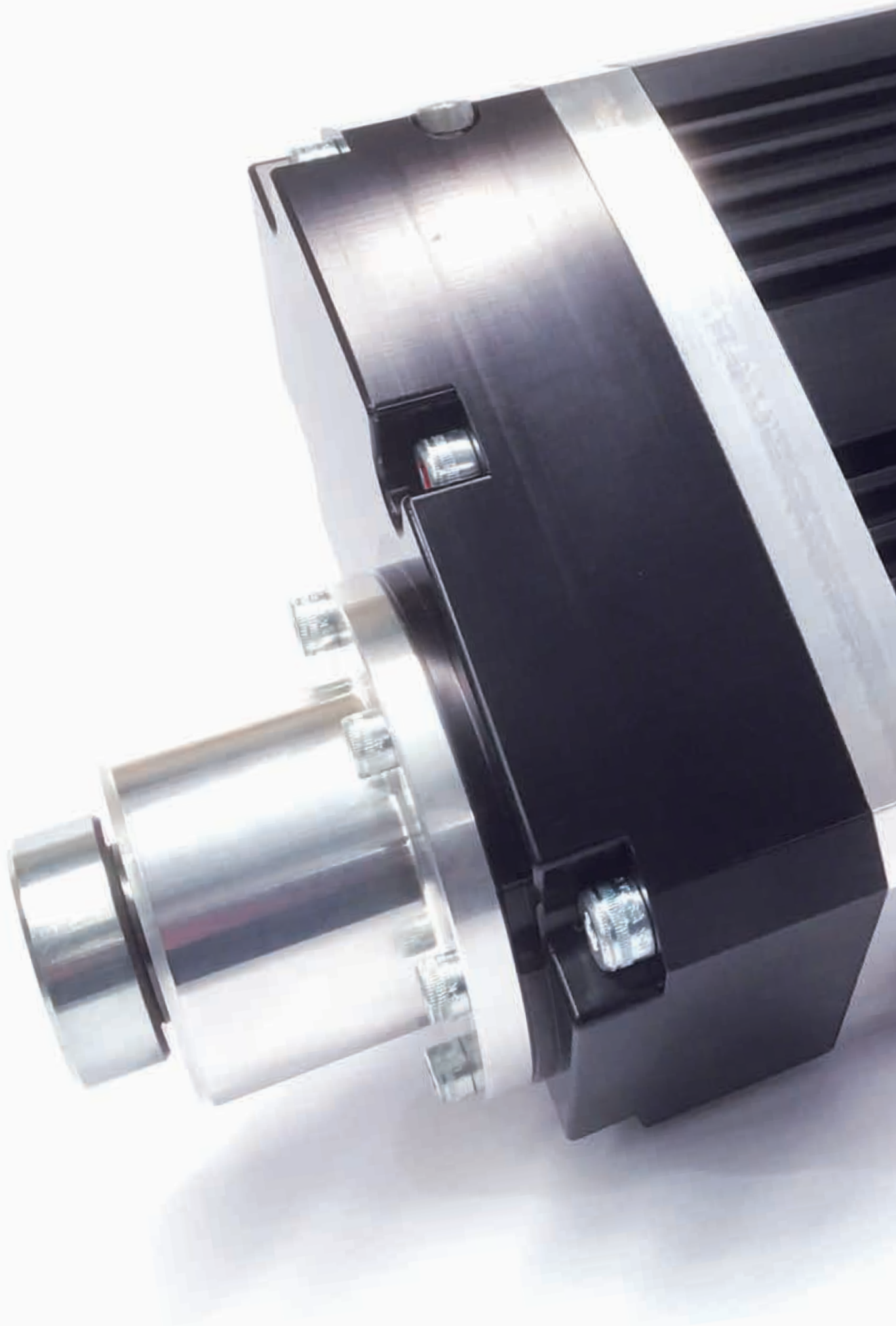




ANNUAL REPORT



2016





SPS



SPRINEX

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CORPORATE INFORMATION

ASX Code: SIX
ABN: 38 106 337 599

DIRECTORS

R Siemens, Chairman
D White, Deputy Chairman and acting CEO
M Wilson
R O'Brien
R Lau

SECRETARY

R Molkenthin

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

183 Mulgool Road
Malaga WA 6090
T: +61 8 9262 7277

SHARE REGISTER

Advanced Share Registry
110 Stirling Highway
Nedlands WA 6009
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 Mack
Level 4, 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,

I am pleased to present the Sprintex Group 2016 Annual Report and to report some important achievements during the 2016 financial year.

With the continuation of our consistent trends throughout another successful year exceeding our expectations, with globalization and diversification, resulting in further improvement in sales revenue, achieving a growth of more than 75% over the previous year. The team's focus is to continually improve the quality of our product through innovation and pushing the boundaries to implement constant change.

This helps to give a first class product and after sales customer support experience as our product range has improved to meet our customer expectations continually. Researching and expanding our market into new and exciting areas including Marine and Industrial sectors as we continue our automotive aftermarket business and explore our true OEM potential. We have a focused Leadership team who share our values and who can hit the numbers. We have a strong R&D team in place to continue to develop our product to meet the challenges of future expectations to drive the business forward to further success not only in manufacturing, but as a Technology company. We also have expanded our global sales team by more than 400% as we develop markets in new regions, which expand and help make new relationships and partnerships.

All contributing to significant growth and development for the Sprintex Group. The Company continues to focus on the Global success of the Chrysler and Jeep market. Through our team's innovation and constant improvement of product we completed the product development of the supercharger system for models within the Chrysler/Jeep 3.6L 2015 and 2016 V6 Pentastar engine configuration, including Jeep Wrangler, Dodge Challenger, Chrysler 300 and Dodge Ram 1500. Coupled with the release of the new 335 Race System for the Toyota FT86/Subaru BRZ/Scion FR-S and Honda CRZ system, this new line-up of supercharger systems created a solid foundation to drive sales for 2016 and beyond, also enabling us to take advantage of the aftermarket opportunities arising in a number of valuable overseas markets.

It is apparent that the global automotive industry is facing significant regulatory pressure to reduce fuel consumption and carbon dioxide emissions. Most, if not all, automakers are dedicating resources and efforts on rightsizing engine technology to optimize fuel economy and carbon dioxide emission without compromising (or even improving) vehicle performance. Having the benefits of reducing carbon emissions while improving performance, Sprintex superchargers are now positioned to capture further growth opportunities in the global market.

In June 2016, we received exemption from the California Air Resources Board (CARB) for our supercharger systems for the Jeep Wrangler (JK and TJ), RAM 1500, Grand Cherokee, Dodge Challenger, Charger and Chrysler 300. Our supercharger systems for these vehicles have been proven to meet CARB's strict emission standards, and are now CARB compliant, making our systems legal for sale in California which adds to the credibility of our products in all other US States, as well as the global market. A major part of our supercharger range of systems is now "emissions legal" in all 50 States in the US.

We are expecting continued expansion in China, the USA and the Middle East, markets in which we have an established presence, compared to the relatively lower rate of advancement expected in the more developed European market. Sprintex is well positioned in these markets as we continue or focus on the small and mid-engine range of vehicles. Brand awareness is building, social media interaction is increasing, and more and more Sprintex systems are being installed in customer vehicles. In turn, feedback from enthusiastic customers,

results in more polished ideas and directions for product development. 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. Together with the businesses being built for the sizable aftermarket in North America, Canada, the Caribbean, Asia and the Middle East, we are confident that potential OEM opportunities will deliver long term revenue growth and increase shareholders value in the coming years.

Our products consistently match and, in most cases, exceed the performance of our competitors, whilst continuing to provide our customers with the increased performance, reliability and quality product they require.

We farewelled our friends in Oklahoma as we relocated our US facility, distribution and final assembly centre to Detroit, Michigan to further build on our relationship with our business partners in the Detroit area, which is the heart of the automotive industry in North America. This move was a continuation of our expansion plan in the USA, but also proved to be a solid cost saving exercise which our management team handled without impact to our continued services and support in the USA. We will continue to build our footprint within the USA and in particularly into Canada where our new facility will be well positioned.

A number of capital raising initiatives were successfully undertaken and completed during the year. These included:

- ▶ the formation of a Special Committee to explore strategic alternatives to enhance value and increase scale, especially in the fast growing Chinese market;
- ▶ the appointment of ChinaVest Limited on a non-exclusive basis to serve as its strategic and financial advisor in relation to the Chinese market with a mandate to raise circa US\$6m. ChinaVest's mandate includes identifying prospective cornerstone investors with the objective of increasing the market capitalisation of the Company and identifying prospective joint venture partners for the Company's supercharger manufacturing business in China;
- ▶ agreement with one of our substantial shareholders to provide a convertible loan facility of US\$1m;
- ▶ shareholders agreeing to a placement of 5,000,000 shares at 30 cents per share, raising \$1.5m for the Company.

In October 2015, we welcomed Mr Raymond Lau to the Board and have benefitted from his experience in corporate compliance practices associated with listed corporations and his insight into our business.

Although we still see the turmoil in the financial markets and anxiety over global growth, the Board continues to be totally committed and excited with the opportunities that lie ahead for the Sprintex Group.

I would also 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 has been a Director of the following listed company:

- ▶ e-Kong Group Limited – appointed January 2000, resigned February 2015

Shares held at date of this report – 56,585,376 fully paid ordinary shares



DAVID WHITE
(DEPUTY CHAIRMAN AND ACTING CEO)

Mr White was previously a Non-Executive Director and was appointed to the office of Deputy Chairman on 6 September 2013. Mr White has over 30 years' experience in managing a variety of companies in the Information and Communications Technologies (ICT) industry, during which he was the Chairman of the Board of Telecom Malagasy, a 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.

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

- ▶ Tecnotree Corporation – appointed March 2009, retired March 2012

Shares held at date of this report – 220,384 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 18 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 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 CPAs.

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

Shares held at date of this report – 512,687 fully paid ordinary shares



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.L.L., 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 has been a Director of the following listed company:

- ▶ e-Kong Group Limited – appointed January 2000, resigned February 2015.

Shares held at date of this report – 681 fully paid ordinary shares



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.



TYRONE JONES
(CHIEF OPERATING 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.

CEO REPORT

OPERATIONS REVIEW 2016

Despite the challenging economic conditions facing global economies, Sprintex showed solid progress in 2016 with a 75% increase in revenues which was already following the +30% increase in revenues from the year before., building its global footprint, brand awareness and broadening its product range.

PRODUCT RANGE AND NEW PRODUCT DEVELOPMENT

Our product range now encompasses 14 systems covering Honda, BMW, Proton, Toyota, Dodge/Chrysler. Most of these systems are now compliant with the strict emission regulations of the California Air Resources Board (CARB), expanding our potential market in California and adding credibility to our product as they are now 50 state legal in the US. Plans are underway to submit other Sprintex supercharger systems for CARB compliance testing.

We believe we are now the leading solution for V6 applications worldwide.

We continue to research and support applications in the marine industry with a supercharged rotary engine for a jet ski and a supercharged inboard diesel engine application for small boats. Both 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.

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

QUALITY CONTROL

We have continued to build and improve on our quality standards and controls with the re-certification of the Perth facility under ISO 9001-2008 and the new certification of the Malaysian facility also under ISO 9001-2008. This has been

continual progress requiring training and support provided 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 product giving an improved customer satisfaction and a more seamless process for the end user installing our products on their vehicles. As we still continue to improve our quality process to work within the requirements of TS 16949 in readiness for some of our pipeline OEM opportunities. We continue to monitor and control our process with greater accuracy and understanding, continually making engineering 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 visible reduction on our reject rate and our KPI's.

AFTER SALES SERVICE AND CUSTOMER SUPPORT


Although, at Sprintex, we pride ourselves on our after sales service and customer support heritage where we give personalized, committed support to our customers and dealers alike, we are always looking for ways to improve. We have expanded our global support with increased specialists in the USA and Australia who are dedicated to support our customers enquiries and issues to deliver on a solution to make the Sprintex experience seamless and trouble free. This expanded technical support team are capable of following up on enquiries to deal direct with the customers to help bring any problem to a resolution as quickly as possible.

We have also extended our support to our dealers offering on point training at their location 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 lead us into a new level of dealer. We have introduced a tiered dealer program which rewards those dealers who have consistent volumes and also meet the required high standards on quality installations.

DEALER NETWORK AND COVERAGE

Our dealer footprint continues to expand throughout the USA, into Canada and the Caribbean. We have also further extended our dealer/distributor network across Australia, S.E. Asia and into the Middle East 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. As we continue to grow our network worldwide with new approved dealers to support and streamline the front-to-back purchase and installation of our product for our customers, always trying to bring our product closer to the customer.

I would like to take this opportunity to thank our Chairman, Richard Siemens and my fellow Directors for their invaluable support. My thanks, also, to our employees, management and, finally to you, our shareholders, for your ongoing support of the company.



David White
Acting Chief Executive Officer



DIRECTORS' REPORT

The information appearing on pages 2 to 9 forms part of the Directors' Report for the financial year ended 30 June 2016 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	56,585,376
M Wilson	15,166,090
R O'Brien	512,687
D White	220,384
R Lau	681
	72,485,218

There are no options on issue at 30 June 2016 or at the date of this report.

Company Secretary and Chief Financial Officer

ROBERT MOLKENTHIN

Mr Molkenthin joined the Company in 2014 and has held a variety of positions throughout his career, with over 25 years' experience in Australia and Internationally in a wide range of business environments at all levels in Corporate Finance and business operations and has, more recently, acted as a Consultant to a number of companies in the Real Estate, Legal and Energy markets. Previous experience encompasses capital raising, IPOs and corporate restructuring in the engineering, mining, property and retail sectors.

DIVIDENDS

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

PRINCIPAL ACTIVITIES

The principal activity of Sprintex Limited and the entities it controlled for the financial year ended 30 June 2016 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 provide 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. Successfully achieved CARB (California Air Resources Board) approval. 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 now 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 as well as looking at potential for Ford and GM platforms.

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.

OPERATING RESULTS FOR THE YEAR

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:

	2016 \$	2015 \$	Change %
Revenue	2,214,713	1,264,116	75.20%
Net loss for the year	(3,230,686)	(6,164,075)	47.59%

Loss per Share

Basic loss and diluted loss per share for 2016 and 2015 was \$0.044 and \$0.172, 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 \$1,173,316 compared to \$67,950 at 30 June 2015.

Asset and capital structure	2016 \$	2015 \$
Total borrowings	2,655,414	133,875
Cash and cash equivalents	(1,173,316)	(67,950)
Net debt	1,482,098	65,925
Total equity	(48,955)	1,709,739
Total capital	1,433,143	1,775,664
Gearing ratio – net debt over total capital	103.4%	3.7%

Gearing ratio, defined as net debt over total capital, as at 30 June 2016 was 103.4% (2015: 3.7%). The Group's policy for the year ended 30 June 2016 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 issues during the year

On 10 July 2015 the Company announced that it had secured short term financing of approx. \$1m. This financing facility was repaid in full, including interest accrued to date, on 10 December 2015.

On 12 October 2015 the Company announced a 1-for-2 non-renounceable pro rata offer to eligible shareholders at an issue price of \$0.001 per new share (the "Offer"), to raise \$1.57m. The Offer successfully closed on 19 November 2015, resulting in the issue of 1,562,753,472 new shares and raising \$1.56m, with only a minor shortfall of 4m shares. Following the entitlements issue and pursuant to a resolution approved by shareholders at the Company's Annual General Meeting held on 30 November 2015, on 4 December 2015, the Company consolidated its issued share capital with the conversion of every 55 shares held by a shareholder into one share.

The Company received the 2015 R&D Tax Incentive of \$1.64m on 3 December 2015.

On 24 March 2016, the Company announced that it had secured a short term, unsecured funding facility of US\$1m.

On 31 March 2016, the Company announced that it had engaged ChinaVest Limited on a non-exclusive basis to serve as its strategic and financial advisor in relation to the Chinese market with a mandate to raise circa US\$6m and also to identify prospective cornerstone investors with the objective of increasing the market capitalisation of the Company, and prospective joint venture partners for the Company's supercharger manufacturing business in China. The Company is pleased with the progress that is being made on these matters.

Capital expenditure

Property, plant and equipment of \$150,406 (2015: \$176,394) was acquired during the year ended 30 June 2016. 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:

	2016 \$	2015 \$
Current		
Insurance premium funding	87,176	91,408
Finance lease liabilities	37,480	16,326
Loans from related parties	1,075,024	-
Unsecured convertible facility	1,380,227	-
	2,579,907	107,734
Non-current		
Finance lease liabilities	75,507	26,141
	2,655,414	133,875

The Company's debts have increased over the last year primarily as a result of the loan received from a related party which was an advance received in against the amount due pursuant to the share placement which was completed in September 2016, and the unsecured loan facility.

RISK MANAGEMENT

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

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

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

Significant Changes in the State of Affairs

Total equity decreased from \$1,709,739 at 30 June 2015 to (\$48,955) at 30 June 2016. The movement was the result of short term financing received of which the loan from related parties (note 16) was an advance pursuant to an agreed placement of 5m shares, raising \$1.5m, which converted to ordinary shares following the passing of a resolution for the placement by the requisite majority of security holders at a Shareholders General Meeting on 26 August 2016. Refer to note 18 for further information on movements in equity.

Events Subsequent to Reporting Period

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

On 22 July 2016, the Company announced a share placement of 5,000,000 fully paid ordinary shares at an issue price of \$0.30 per share to China Automotive Holdings Limited, a company controlled by Mr Siemens, to raise approximately \$1.5 million (Placement), and a Share Purchase Plan (SPP). The resolution for the Placement was passed by the requisite majority of security holders at a Shareholders General Meeting on 26 August 2016. The issue of shares pursuant to this Placement took place on 22 September 2016. The SPP resulted in 64,998 shares being issued to SPP applicants.

Agreement was reached on 27 September 2016 for the convertible loan facility with one of our substantial shareholders to be extended for a further 6 months to 27 March 2017.

Likely Developments and Expected Results

The directors are confident that the 2017 financial year will see an increase in sales of superchargers and aftermarket supercharger systems, supplied from the Malaysian production facility.

Environmental Issues

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

Share/Option Information

As at the date of this report, there were 68,181 performance rights on issue. Performance right holders do not have any right, by virtue of the option, to participate in any share issue of the Company or any related body corporate.

Indemnification and Insurance of Directors

The Company has entered into an Indemnity, Insurance and Access Deed with each Director and Officer.

Pursuant to the Deed, the Director/Officer is indemnified by the Company against any liability incurred in that capacity as an officer of the Company to the maximum extent permitted by law subject to certain exclusions.

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

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

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

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

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

The Company may cease to maintain the insurance policy if the Company reasonably determines that the type of coverage is no longer available. \$11,107 has been paid by the Company in respect of insurance contract premiums for directors and officers during the year.

DIRECTORS' MEETINGS

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

	Directors' Meetings	Audit Committee
Number of meetings held:	4	1
Number of meetings attended:		
Mr R Siemens	4	1
Mr D White	4	n/a
Mr M Wilson	4	1
Mr R O'Brien	4	1
Mr R Lau*	4	n/a

*Mr R Lau appointed 28 October 2015

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 Mack. No other non-audit services have been provided.

Auditor's Independence Declaration

The auditor's independence declaration for the year ended 30 June 2016 has been received and can be found on the following page.

AUDITOR'S INDEPENDENCE DECLARATION



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 2016, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.

PKF MACK

SIMON FERMANIS
PARTNER

30 SEPTEMBER 2016
WEST PERTH,
WESTERN AUSTRALIA

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DIRECTORS' REPORT

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 and acting CEO
Mr M Wilson	Non-Executive Director
Mr R O'Brien	Independent Non-Executive Director
Mr R Lau	Non-Executive Director (appointed 28 October 2015)

OTHER KEY MANAGEMENT PERSONNEL

Mr T Jones	Chief Operating Officer (appointed 20 November 2014)
Mr R Molkenhuth	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 Operations 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 offered key executives of the Company the ability to acquire shares in-lieu of remuneration. A shareholder resolution for this proposal was passed at a General Meeting held on 11 November 2014. The Board will continue to monitor appropriate incentive schemes, including cash and share ownership plans, for the Company in future years.

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

Company performance over the last 5 years is as follows:

	Losses \$	Loss per share ¹ \$	Share Price ¹ \$
2016	3,230,686	0.04	0.350
2015	6,164,075	0.55	0.001
2014	4,877,023	0.55	0.006
2013	4,776,580	0.55	0.017
2012	5,191,710	0.55	0.015

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 in page 10, 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 2016 and 2015

Year ended 30 June 2016 ¹	Short-term benefits			Post-employment	Share based payments		Total	Proportion of remuneration performance based
	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	224,000	-	-	-	-	-	224,000	-
Mr R Lau ²	-	-	-	-	-	-	-	-
Sub-total directors	248,000	-	-	-	-	-	248,000	-
Other key management personnel								
Mr T Jones	235,680	-	-	-	30,000	-	265,680	-
Mr R Molkenhuth	268,000	-	-	-	20,000	-	288,000	-
Mr J Upton	288,000	-	-	-	-	-	288,000	-
Sub-total key management personnel	791,680	-	-	-	50,000	-	841,680	-
Totals	1,039,680	-	-	-	50,000	-	1,089,680	-

1. None of the remuneration disclosed herein was performance related

2. Appointed 28 October 2015

REMUNERATION REPORT

Compensation of Key Management Personnel (Consolidated) for the years ended 30 June 2016 and 2015 (cont'd)

Year ended 30 June 2015 ¹	Short-term benefits			Post- employment	Share based payments		Total	Proportion of remuneration performance based
	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	200,000	-	-	-	-	-	200,000	-
Mr S Apedaile ²	-	-	-	-	-	-	-	-
Sub-total directors	224,000	-	-	-	-	-	224,000	-
Other key management personnel								
Mr T Jones	245,680	-	-	-	20,000	-	265,680	-
Mr R Molkenthin	267,700	-	-	-	20,000	-	287,700	-
Mr J Upton	261,750	-	-	-	-	-	261,750	-
Mr G D Emslie ³	181,500	-	-	-	-	-	181,500	-
Sub-total key management personnel	956,630	-	-	-	40,000	-	996,630	-
Totals	1,180,630	-	-	-	40,000	-	1,220,630	-

1. None of the remuneration disclosed herein was performance related

2. Resigned as Director, effective 27 November 2014

3. Resigned, effective 31 December 2014

REMUNERATION REPORT

Options granted and vested during 2015 and 2016

No remuneration options were granted, vested or exercised during the period ended 30 June 2015 or 30 June 2016. No remuneration options lapsed during 2015 or 2016.

During the 2012 year, the Company issued 20,000,000 performance rights to key management personnel ("KMP"). 5,000,000 lapsed upon the resignation of one KMP member in 2012 and 3,750,000 were converted to fully paid ordinary shares upon a hurdle being achieved during the 2013 year. The balance of the performance rights have not vested as the performance hurdles are yet to be achieved. 7,500,000 performance rights lapsed in the 2014 year. 62,181 performance rights are still on issue.

KEY MANAGEMENT PERSONNEL (KMP) DISCLOSURES

a) Option holdings of key management personnel

30 June 2016

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 2016	Held at 1 July 2015	Other changes pre-consolidation	Share consolidation ¹	Other changes post-consolidation	Held at 30 June 2016
Key Management Personnel					
Mr R Siemens	1,876,123,579	938,061,790	(2,763,018,363)	395,721	51,562,727
Mr M Wilson	412,880,019	412,880,019	(810,746,220)	102,272	15,116,090
Mr R O'Brien	18,798,554	9,399,277	(27,685,144)	-	512,687
Mr D White	8,080,776	4,040,388	(11,900,780)	-	220,384
Mr R Lau ¹	-	37,500	(36,819)	-	681
Other key management personnel					
Mr T Jones ²	10,000,000	20,000,000	(29,454,546)	-	545,454
Mr R Molkenthin ²	10,000,000	20,000,000	(29,454,546)	20,301	565,755
Mr J Upton	2,631,500	-	(2,583,655)	-	47,845
	2,338,514,428	1,404,418,974	(3,674,880,073)	518,294	68,571,623

1. Appointed 28 October 2015.

2. Includes 10m (pre-consolidation) shares received as remuneration.

c) Loans from Directors

	China Automotive Holdings Ltd (Mr R. Siemens)	Mr D. White	Mr M. Wilson	Mr R. O'Brien	Mr R. Lau	Total
30 June 2016	1,075,024	-	-	-	-	1,075,024
30 June 2015	-	-	-	-	-	-

d) Performance rights of key management personnel

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

Year ended 30 June 2016		Held at 1 July 2015	Received as remuneration	Other changes ¹	Held at 30 June 2016
Directors					
Mr J Upton	Class B	1,250,000	-	(1,227,273)	22,727
	Class C	1,250,000	-	(1,227,273)	22,727
	Class D	1,250,000	-	(1,227,273)	22,727
		3,750,000	-	(3,681,819)	68,181

1. As a result of the consolidation of share capital

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

CLASS	Condition
Class B Performance Rights	First quarter of positive earnings before interest, taxation, depreciation and amortisation.
Class C Performance Rights	First year of positive earnings before interest, taxation, depreciation and amortisation.
Class D Performance Rights	Second consecutive year of positive earnings before interest, taxation, depreciation and amortisation.

All performance rights will expire in January 2017.

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

END OF REMUNERATION REPORT

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



David White

Deputy Chairman and acting CEO

Perth, 30 September 2016



CORPORATE GOVERNANCE STATEMENT

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

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

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

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

EXPLANATION FOR DEPARTURES FROM BEST PRACTICE RECOMMENDATIONS

Principle 2

NOMINATION COMMITTEE

Recommendation 2.4 requires listed entities to establish a nomination committee. During the year ended 30 June 2016, the Company did not have a separately established nomination committee. However, the duties and responsibilities typically delegated to such committees are included in the responsibilities of the full Board.

Principle 8

REMUNERATION COMMITTEE

Recommendation 8.1 requires listed entities to establish a remuneration committee. During the year ended 30 June 2016, the Company did not have a separately established remuneration committee. However, the duties and responsibilities typically delegated to such committee are included in the responsibilities of the full Board.

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

BOARD FUNCTION

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

The key functions of the Board include:

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

STRUCTURE OF THE BOARD

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

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

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

Name	Position	Term in Office
Mr R Siemens	(Non-Executive Chairman)	Appointed 29 August 2005
Mr D White	(Deputy Chairman and acting CEO)	Appointed 14 March 2012, Appointed Deputy Chairman 6 September 2013
Mr M Wilson	(Non-Executive Director)	Appointed 26 October 2009
Mr R O'Brien	(Independent Non-Executive Director)	Appointed 3 March 2010
Mr R Lau	(Non-Executive Director)	Appointed 28 October 2015

PERFORMANCE

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

TRADING POLICY

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

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

AUDIT COMMITTEE

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

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

RISK

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

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

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

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

CEO AND CFO CERTIFICATIONS

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

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

REMUNERATION

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

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

For a full discussion of the Company's remuneration philosophy and framework and the remuneration received by directors and executives in the current period please refer to the Remuneration Report, which is contained within the Directors' Report in pages 18 to 23.

There is no scheme to provide retirement benefits to Non-Executive Directors.

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

SHAREHOLDER COMMUNICATION POLICY

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

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

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

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

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

DIVERSITY AT SPRINTEX LIMITED

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

14% (2015 – 14%) of the Company's employees are female, none of whom are classified as key management personnel.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2016

	NOTES	2016 \$	2015 \$
Sales of goods and services		2,214,713	1,264,116
Revenue		2,214,713	1,264,116
Cost of goods sold		(1,650,439)	(634,327)
Gross profit		564,274	629,789
Other income	5.1	1,152	77,050
Research and development incentive grant		1,636,810	1,466,428
Distribution and marketing expenses		(613,986)	(485,795)
Research and development expenses	5.8	(1,830,629)	(1,930,266)
Joint venture impairment expense	12(b)	(593,962)	(718,241)
Inventory impairment expense		-	(895,976)
Administration expenses		(2,214,255)	(2,094,293)
Other expenses	5.2	(88,865)	(1,434)
Operating loss		(3,139,461)	(3,952,738)
Finance income	5.3	2,498	27,999
Finance costs	5.4	(93,723)	(10,705)
Loss on extinguishment of financial liability		-	(2,228,631)
Loss before income tax expense		(3,230,686)	(6,164,075)
Income tax benefit	6	-	-
Net loss for the year		(3,230,686)	(6,164,075)
Other comprehensive income, net of tax		-	-
Translation of foreign currency		46,897	(39,530)
Total other comprehensive income, net of tax		46,897	(39,530)
Total comprehensive income for the year		(3,183,789)	(6,203,605)
Loss per share attributable to the ordinary equity holders of the Company			
Basic loss per share	7	\$0.044	\$0.172
Diluted loss per share	7	\$0.044	\$0.172

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 2016

	NOTES	2016 \$	2015 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	20(b)	1,173,316	67,950
Pledged bank deposits	9	112,000	112,000
Trade and other receivables	10	227,516	184,876
Inventories	11	1,450,338	1,412,177
TOTAL CURRENT ASSETS		2,963,170	1,777,003
NON-CURRENT ASSETS			
Property, plant and equipment	13	1,098,144	1,228,404
Intellectual property	14	-	-
TOTAL NON-CURRENT ASSETS		1,098,144	1,228,404
TOTAL ASSETS		4,061,314	3,005,407
CURRENT LIABILITIES			
Trade and other payables	15	1,225,662	961,652
Interest bearing liabilities	16	2,579,907	107,734
Provisions	17	229,193	200,141
TOTAL CURRENT LIABILITIES		4,034,762	1,269,527
NON-CURRENT LIABILITIES			
Interest bearing liabilities	16	75,507	26,141
TOTAL NON-CURRENT LIABILITIES		75,507	26,141
TOTAL LIABILITIES		4,110,269	1,295,668
NET ASSETS / (LIABILITIES)		(48,955)	1,709,739
EQUITY			
Contributed equity	18	51,869,795	50,444,700
Reserves	19	84,582	37,685
Accumulated losses		(52,003,332)	(48,772,646)
TOTAL EQUITY / (DEFICIENCY)		(48,955)	1,709,739

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 2016

CONSOLIDATED ENTITY	Contributed equity	Share option/ performance rights reserve	Foreign translation reserve	Accumulated losses	Total
	Note 18 \$	Note 19 (a) \$	\$	\$	\$
Balance at 30 June 2014	42,668,526	76,648	-	(42,608,571)	136,603
Loss for the year	-	-	-	(6,164,075)	(6,164,075)
Other comprehensive income	-	-	(39,530)	-	(39,530)
Total Comprehensive income for the year	-	-	(39,530)	(6,164,075)	(6,203,605)
Transactions with owners in their capacity as owners					
Issue of shares	7,777,788	-	-	-	7,777,788
Options exercised					
Expiry of options					
Share issue expenses	(1,614)	-	-	-	(1,614)
Share based payment	-	567	-	-	567
Balance at 30 June 2015	50,444,700	77,215	(39,530)	(48,772,646)	1,709,739
Loss for the year	-	-	-	(3,230,686)	(3,230,686)
Other comprehensive income	-	-	46,897	-	46,897
Total Comprehensive income for the year	-	-	46,897	(3,230,686)	(3,183,789)
Transactions with owners in their capacity as owners					
Issue of shares	1,552,753	-	-	-	1,552,753
Share issue expenses	(177,658)	-	-	-	(177,658)
Share based payment	50,000	-	-	-	50,000
Balance at 30 June 2016	51,869,795	77,215	7,367	(52,003,332)	(48,955)

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

CONSOLIDATED STATEMENT OF CASH FLOW

FOR THE YEAR ENDED 30 JUNE 2016

	NOTES	2016 \$	2015 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		2,173,223	1,212,171
Payments to suppliers and employees		(5,781,938)	(4,854,266)
Interest and finance lease charges paid		(93,723)	14,018
Interest received		2,498	3,276
Research and development incentive grant received		1,636,810	1,466,428
Export Market Development Grant		-	47,565
Net cash flows used in operating activities	20(a)	(2,063,130)	(2,110,808)
CASH FLOWS FROM INVESTING ACTIVITIES			
Contribution to joint venture entity		(593,962)	(1,367,746)
Payment of secured deposit		-	25,695
Proceeds from sale of property, plant and equipment		16,229	31,168
Payments for property, plant and equipment		(150,406)	(176,394)
Net cash flows used in investing activities		(728,139)	(1,487,277)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		3,676,682	2,195,070
Repayment of borrowings		(1,155,143)	(865,948)
Proceeds from share capital raised		1,552,753	2,273,503
Capital raising costs		(177,657)	(109,657)
Net cash flows generated from financing activities		3,986,635	3,492,968
Net (decrease) / increase in cash and cash equivalents held		1,105,366	(105,117)
Cash and cash equivalents at the beginning of the financial year		67,950	173,067
Cash and cash equivalents at the end of the financial year	20(b)	1,173,316	67,950

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

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 Mulgool Road, Malaga WA 6090.

The consolidated financial statements of the Company as at and for the year ended 30 June 2016 comprise the Company and its subsidiaries (together referred to as the “Group”). The nature of the operations and principal activities of the Group are described in the Directors’ Report.

2. SIGNIFICANT ACCOUNTING POLICIES

a) Statement of compliance

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

b) Basis of preparation

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

The financial statements were authorised for issue in accordance with a resolution of the directors, on 29 September 2016. 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 \$48,955 (2015: net assets of \$1,709,739) and net current liabilities of \$1,071,592 (2015: net current assets of \$507,476) as at 30 June 2016 and incurred a loss of \$3,230,686 (2015: \$6,164,075) and net operating cash outflow of \$2,063,130 (2015: \$2,110,808) for the year ended 30 June 2016.

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

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

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

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

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

c) Functional and presentation currency

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

d) Application of new and revised Accounting Standards

The following Australian Accounting Standards have been issued or amended and are applicable to the annual financial statements of the Group (or the Company) but are not yet effective. 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.

AUSTRALIAN ACCOUNTING STANDARDS

AASB No.	Title	Application date of standard	Issue date
AASB 9	Financial Instruments	1 January 2018	December 2010
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 D – Consequential Amendments arising from AASB 14 Regulatory Deferral Accounts Part E – Financial Instruments	Part D - 1 January 2016 Part E - 1 January 2018	June 2014
AASB 2014-3	Amendments to Australian Accounting Standard – Accounting for Acquisition of Interest in Joint Operations [AASB 1 & AASB 11]	1 January 2016	August 2014
AASB 2014-4	Amendments to Australian Accounting Standard – Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to AASB 116 and AASB 138)	1 January 2016	August 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 2014-9	Amendments to Australian Accounting Standard – Equity Method in Separate Financial Statements	1 January 2016	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 2015-1	Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012-2014 Cycle	1 January 2016	January 2015
AASB 2015-2	Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101	1 January 2016	January 2015
AASB 2015-5	Amendments to Australian Accounting Standards – Investment Entities: Applying the Consolidation Exception	1 January 2016	January 2015
AASB 2015-8	Amendments to Australian Accounting Standards – Effective Date of AASB 15	1 January 2018	October 2015
AASB 2015-9	Amendments to Australian Accounting Standards – Scope and Application Paragraphs	1 January 2016	November 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 2016-1	Amendments to Australian Accounting Standards – Recognition of Deferred Tax Assets for Unrealised Losses [AASB 112]	1 January 2017	February 2016
AASB 2016-2	Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107	1 January 2017	March 2016
AASB 2016-3	Amendments to Australian Accounting Standards – Clarifications to AASB 15	1 January 2018	May 2016
AASB 14	Regulatory Deferral Account	1 January 2016	June 2014
AASB 15	Revenues from Contracts with Customers	1 January 2018	October 2015
AASB 16	Leases	1 January 2019	February 2016
AASB 1057	Application of Australian Accounting Standards	1 January 2016	November 2015

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 2016 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 & 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

Intangible assets acquired separately or in a business combination are initially measured at cost. The cost of an intangible asset acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is recognised in profit or loss in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired (see note 2(v) for methodology). The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for prospectively by changing the amortisation period or method, as appropriate, which is a change in accounting estimate. The amortisation expense on intangible assets with finite lives is recognised in profit or loss in the expense category consistent with the function of the intangible asset.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level consistent with the methodology outlined for goodwill above. Such intangibles are not amortised. The useful life of an intangible asset with an indefinite life is reviewed each reporting period to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for as a change in an accounting estimate and is thus accounted for on a prospective basis.

RESEARCH AND DEVELOPMENT COSTS

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

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

PATENTS

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

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 an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the profit or loss net of any reimbursement.

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 references to expected future selling prices and where these are lower than the cost of the inventory, reduces the value of inventory to the expected selling price less selling cost. In addition, as the Group operates in the technology sector, an appropriate provision is made against all inventory that is considered to be obsolete.

WARRANTY PROVISION

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

RESEARCH AND DEVELOPMENT TAX CONCESSION

The Company's accounting policy for research and development tax claim requires management's judgement in assessing whether the tax claim is probable. Historical experience of the success of prior years' claims 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

	2016 \$	2015 \$
United States	1,163,499	572,068
Australia	288,103	346,148
United Arab Emirates	209,349	29,368
Other countries	553,762	316,532
Total revenue	2,214,713	1,264,116

The revenue information above is based on the location of the customer. During 2016, 2% of sales were to one customer in Australia and 0.61% (2015: 1.6%) 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, \$995,695 (2015: \$1,201,849). Non-current assets located in the USA, \$102,450 (2015: \$26,555).

5. REVENUE AND EXPENSES

	2016 \$	2015 \$
5.1 Other income		
Export market development grant	-	47,565
Sundry income	1,152	29,485
	1,152	77,050
5.2 Other expenses		
Net foreign exchange gain / (loss)	(88,865)	(2,678)
Other	-	4,112
Total other expenses	(88,865)	1,434
5.3 Other revenue		
Interest income	2,498	27,999
5.4 Finance costs		
Interest and finance charges paid	93,723	10,705
Total finance costs	93,723	10,705
5.5 Employee payments including benefits expense		
Salaries and wages	2,086,452	1,984,098
Superannuation expense	93,879	70,804
Annual leave and long service leave	31,097	9,144
Other employment expense	51,927	62,225
Share based payments	50,000	40,000
	2,313,355	2,166,271
5.6 Depreciation and amortisation expenses		
Depreciation of property, plant and equipment	252,464	250,007
Amortisation for leasehold improvements	11,973	10,023
Amortisation for trademarks and patents	-	11,098
Total depreciation and amortisation	264,437	271,128
5.7 Operating lease expense	290,123	295,581
5.8 Research and development expense		
Research and development staff costs	824,640	693,373
Consultants' costs	288,000	355,962
Materials / service costs	717,989	880,931
	1,830,629	1,930,266

Research and development expense includes salaries and wages of \$769,036, which are also included in note 5.5, and depreciation of \$221,484, which is also included in note 5.6.

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

	2016	2015
	\$	\$
Loss before income tax expense	(3,230,686)	(6,164,075)
Income tax calculated at statutory tax rate of 30% (2015: 30%)	(969,206)	(1,849,223)
Government grants exempted from tax	(491,043)	(454,198)
Tax losses and temporary differences not recognised	1,460,249	2,303,421
Aggregate income tax benefit	-	-

The franking account balance at year end was \$Nil (2015: \$Nil)

b) Unrecognised temporary differences

At 30 June 2016, 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 (2015: \$Nil).

c) Deferred tax assets and liabilities

At 30 June 2016, the Company has unused tax losses of \$36,175,437 (2015: \$32,431,208) 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 \$12,626,464 (2015: \$12,091,779) 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:

	2016	2015
	\$	\$
(i) Deferred tax assets		
Provisions and accruals	81,403	71,608
Joint venture impairment	516,222	403,738
Business related costs	62,376	26,318
Inventory diminution	268,793	268,793
Other impairments	753,694	522,977
Unrealised foreign exchange losses	-	(803)
Carry forward revenue losses (USA)	91,345	-
Carry forward revenue losses (Australia)	10,852,631	10,799,148
Gross deferred tax assets	12,626,464	12,091,779
Deferred tax asset not recognised	(12,626,464)	(12,091,779)
	-	-

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 \$3,230,686 (2015: \$6,164,075) and the weighted average of 73,809,187 (2015: 35,837,913) 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 and the outstanding performance rights are anti-dilutive at 30 June 2016.

8. REMUNERATION OF AUDITORS

	2016 \$	2015 \$
Auditors of the Company:		
Audit and review of the financial report	87,350	82,500

9. PLEDGED BANK DEPOSITS

	2016 \$	2015 \$
Deposit – fixed term	82,000	82,000
Deposit – at call	30,000	30,000
	112,000	112,000

Pledged bank deposits at 30 June 2016 represented fixed deposits as follows:

- ▶ a term deposit maturing on 31 December 2016 bearing interest at 2.75% per annum of \$30,000 supporting credit card facilities;
- ▶ a term deposit maturing on 30 September 2016 bearing interest at 2% per annum, pledged against a guarantee in the amount of \$82,000 issued by a bank on behalf of the Company.

10. TRADE AND OTHER RECEIVABLES

	2016 \$	2015 \$
Trade receivables	131,898	103,846
Other receivables	254	4,170
Trade deposits	7,533	3,300
Prepayments	87,831	73,560
	227,516	184,876

a) Allowance for impairment loss

	2016	2015
	\$	\$
Trade receivables are non- interest bearing and are generally on 0-90 day terms. An allowance for impairment loss is recognised when there is objective evidence that an individual trade receivable is impaired.		
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:		
Neither past due nor impaired	117,333	25,117
Less than 1 month past due	3,295	37,316
1 to 3 months past due	4,078	34,056
Over 3 months past due	7,192	7,357
	131,898	103,846

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 25.

11. INVENTORIES

	2016	2015
	\$	\$
Finished goods – at cost	2,346,314	2,308,153
Provision for impairment	(895,976)	(895,976)
Total inventories at lower of cost and net realisable value	1,450,338	1,412,177

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

			2016 \$	2015 \$
<i>Unlisted</i>				
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.

c) Loan due from a joint venture

			2016 \$	2015 \$
Proreka Sprintex Sdn. Bhd.			1,847,557	1,253,994
Provision for impairment (note 12(d))			(1,847,557)	(1,253,994)
			-	-

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) Share of interest in a joint venture
Share of assets and liabilities

	2016	2015
	\$	\$
Current assets	812,410	856,514
Non-current assets	1,332,266	1,781,342
Total assets	2,144,676	2,637,856
Current liabilities	252,064	175,073
Non-current liabilities	2,621,142	2,331,597
Total liabilities	2,873,206	2,506,670
Net assets	(728,530)	131,186

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.

Share of revenue, expenses and results

	2016	2015
	\$	\$
Revenue	549,536	434,629
Expenses	(1,404,430)	(1,427,853)
Net loss	(854,894)	(993,224)

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 2015						
Opening net book amount	48,407	1,083,840	35,661	142,391	32,698	1,342,997
Additions	12,724	113,718	6,681	36,913	6,358	176,394
Disposals, net	-	-	-	(30,390)	-	(30,390)
Depreciation charge	(10,023)	(205,054)	(12,631)	(23,122)	(9,767)	(260,597)
Closing net book amount	51,108	992,504	29,711	125,792	29,289	1,228,404
At 30 June 2015						
Cost	277,046	2,172,820	296,708	214,376	136,084	3,097,034
Accumulated depreciation	(225,938)	(1,180,316)	(266,997)	(88,584)	(106,795)	(1,868,630)
Net book amount	51,108	992,504	29,711	125,792	29,289	1,228,404
Year ended 30 June 2016						
Opening net book amount	51,108	992,504	29,711	125,792	29,289	1,228,404
Additions	-	30,927	5,013	112,554	1,912	150,406
Disposals, net	(7,821)	-	-	(6,100)	(2,308)	(16,229)
Depreciation charge	(11,973)	(183,869)	(9,691)	(47,987)	(10,917)	(264,437)
Closing net book amount	31,314	839,562	25,033	184,259	17,976	1,098,144
At 30 June 2016						
Cost	264,322	2,203,594	301,720	304,394	112,423	3,186,453
Accumulated depreciation	(233,008)	(1,364,032)	(276,688)	(120,134)	(94,447)	(2,088,309)
Net book amount	31,314	839,562	25,032	184,260	17,976	1,098,144

14. INTELLECTUAL PROPERTY

	2016	2015
	\$	\$
Intellectual Property – Sprintex® Technology - Cost	457,502	457,502
Accumulated amortisation	(457,502)	(457,502)
	-	-
Intellectual property – Sprintex® Technology represents the cost paid to a third party to develop the profile of the rotors used in the Company's superchargers. Intellectual property is carried at cost less accumulated amortisation.		

15. TRADE AND OTHER PAYABLES

	2016	2015
	\$	\$
Trade payables	557,473	336,174
Other payables and accruals	668,189	625,478
	1,225,662	961,652
Trade payables are non-interest bearing and are predominately settled on 30 to 60 day terms.		

16. INTEREST BEARING BORROWINGS

	2016	2015
	\$	\$
Current		
Insurance premium funding (unsecured) (note a)	87,176	91,408
Finance lease liabilities (note b)	37,480	16,326
Loans from related parties	1,075,024	-
Unsecured convertible facility (note c)	1,380,227	-
	2,579,907	107,734
Non-current		
Finance lease liabilities (note b)	75,507	26,141
<p>a) Insurance premium funding is unsecured and due for repayment over 10 equal instalments. The effective interest rate of the loan was 3.22% (2015: 3.22%) per annum.</p> <p>b) The average effective interest rate on finance lease liabilities approximated 8.19% (2015: 8.79%) per annum in the year. The carrying value of leased plant and equipment as at 30 June 2016 was \$27,311 (2015: \$38,498). Other details of finance lease liabilities are disclosed in note 25.</p> <p>c) Unsecured, short term, convertible facility for US\$1m incurring interest rate of 9%. On 27 September 2016 agreement was reached to extend this facility for a further six (6) months to 27 March 2017.</p>		

17. PROVISIONS

	2016	2015
	\$	\$
Provision for warranty	107,420	108,162
Provision for employee benefits	121,773	91,979
	229,193	200,141

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

	2016 \$	2015 \$
At 1 July	108,162	111,320
Provision made during the year	-	653
Utilisation of provisions	(742)	(3,811)
At 30 June	107,420	108,162

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.

18. CONTRIBUTED EQUITY

	2016 \$	2015 \$
Paid up capital – ordinary shares	53,242,971	51,640,218
Capital raising costs capitalised	(1,373,176)	(1,195,518)
	51,869,795	50,444,700

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.

Movements in Ordinary Share Capital	2016		2015	
	Number of shares	\$	Number of shares	\$
Balance at 1 July	3,113,578,798	50,444,700	959,977,044	42,668,526
Placement of Shares	20,000,000	40,000	135,666,666	407,000
Conversion of short term loans	-	-	1,114,325,128	3,342,975
Entitlement Issue	1,562,753,472	1,562,753	784,443,340	1,568,887
Share Purchase Plan	-	-	99,166,620	297,500
Share based payments	-	-	20,000,000	40,000
Other including loss on extinguishment of liability	-	-	-	2,228,631
Share consolidation	(4,610,944,660)	-	-	-
Share issue costs	-	(177,658)	-	(108,819)
Balance as at 30 June	85,387,610	51,869,795	3,113,578,798	50,444,700

b) Share Options

There were no options on issue at 30 June 2016 (2015: Nil), nor any options issued during the year.

(i) Conversion of Performance Rights

On 30 November 2011, the Company issued 5,000,000 Class A, 5,000,000 Class B, 5,000,000 Class C and 5,000,000 Class D performance rights to senior management of the Company. All Class A performance rights have previously been converted into shares. 3,750,000 Class B, C and D performance rights remained prior to the consolidation of capital, which then converted to 68,181 performance rights after consolidation.

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

19. 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 (\$46,897), (2015:(\$39,530)), has been recognised in other comprehensive income.

20. STATEMENT OF CASH FLOWS RECONCILIATION**a) Reconciliation of cash flows from operating activities to operating loss after income tax**

	2016	2015
	\$	\$
Operating loss after income tax	(3,230,686)	(6,203,605)
Add non-cash items:		
Share based payments	50,000	40,000
Net loss (gain) on the sale of assets	-	(211)
Depreciation and amortisation	264,437	271,965
Joint venture impairment/share of losses	593,962	718,241
Impairment of inventory	-	649,505
Loss on extinguishment of liability	-	2,228,631
Foreign exchange movement	46,897	-
Changes in assets and liabilities:		
Decrease / (increase) in trade and other receivables	(42,640)	4,638
Decrease / (increase) in inventories	(38,161)	(233,723)
Increase / (decrease) in trade and other payables	264,010	409,258
Increase / (decrease) in provisions	29,051	4,493
Net cash flows used in operating activities	(2,063,130)	(2,110,808)

b) Reconciliation of cash and cash equivalents to cash flow statement of cash flow

	2016	2015
	\$	\$
For the purpose of the statement of cash flow, cash and cash equivalents comprise the following at 30 June:		
Cash at bank and on hand	1,173,316	67,950

21. PARENT ENTITY INFORMATION

a) Information relating to Sprintex Limited

	2016	2015
	\$	\$
Current assets	2,308,833	1,731,517
Total assets	3,304,528	2,911,020
Current liabilities	3,985,045	1,269,194
Total liabilities	3,999,401	1,272,989
Contributed equity	51,869,796	50,444,700
Share option reserve	77,215	77,215
Accumulated losses	(52,641,884)	(48,883,884)
Total shareholders' equity	694,873	1,638,031
Loss for the parent entity	3,758,000	6,275,313
Total comprehensive loss of the parent entity	3,758,000	6,275,313

b) Guarantees

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

c) Commitments

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

d) Tax consolidation

The Company and its 100% owned Australian resident subsidiaries formed a tax consolidated group with effect from 1 July 2004. The Company is the head entity of the tax consolidated group. The head entity and the controlled entities in the tax consolidated group continue to account for their own current and deferred tax amounts. The Group has applied the group allocation approach in determining the appropriate amount of current taxes and deferred taxes to allocate to members of the tax consolidated group. The current and deferred tax amounts are measured in a systematic manner that is consistent with the broad principles in AASB 112 Incomes Taxes. There is no tax funding agreement in place.

22. RELATED PARTY DISCLOSURES

Key management personnel compensation

The key management personnel compensation is as follows:

	2016 \$	2015 \$
Short-term employee benefits	1,039,680	1,180,630
Share-based payments	50,000	40,000
Post-employment benefits	-	-
Total	1,089,680	1,220,630

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		Investment	
		2016	2015	2016	2015
				\$	\$
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. For information regarding balances at 30 June 2016 and 2015.

Related Party		Purchases from Related Party	Sales to Related party
<i>Joint venture in which the parent is a venturer</i>			
Proreka Sprintex Sdn. Bhd.	2016	558,027	13,508
Proreka Sprintex Sdn. Bhd.	2015	595,168	41,179

THE ULTIMATE PARENT

Sprintex Limited is the ultimate parent, based and listed in Australia. Net loans of \$284,470 were provided to Sprintex USA. There were no other transactions with Sprintex Limited and its subsidiaries.

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.

LOAN TO JOINT VENTURE IN WHICH THE GROUP IS A VENTURER

The loan to the joint arrangement is interest free and unsecured.

Transactions with key management personnel**DIRECTOR ADVANCES**

The Directors advanced funds to the Company during the year to provide short term liquidity support. These loans incurred interest at 9% per annum, this is consistent with loans on commercial terms for this type of facility. Pursuant to a resolution passed at a general meeting of shareholders in August 2016, the funds provided by China Automotive Holdings Ltd, were converted to equity in September 2016 as part of a placement agreement for the issue of 5,000,000 fully paid ordinary shares in the Company at 30 cents per share. The interest amount on the funds provided by all directors was forgiven by the directors. The remaining debt, except for that provided by China Automotive Holdings Ltd, was settled in cash.

KEY MANAGEMENT PERSONNEL

20,000,000 fully paid ordinary shares were issued under the entitlements issue which closed in November 2015. 10,000,000 shares each were issued to Mr Tyrone Jones and Mr Robert Molkenhuth.

23. COMMITMENTS**a) Operating lease commitments**

The Company is the lessee in respect of certain property and items of plant and machinery and office equipment held under operating leases. The lease for the property has a term of 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:

	2016	2015
	\$	\$
Within one year	206,959	208,023
After one year but not more than five years	168,170	-
After more than five years	-	-
Total minimum lease payments	375,129	208,023

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.

	2016	2015
	\$	\$
Within one year	42,803	110,459
After one year but not more than five years	79,688	28,542
Total minimum lease payments	122,491	139,001
Less: amounts representing finance charges	(9,504)	(5,126)
Present value of minimum lease payments	112,987	133,875
Included in the financial statements as:		
Current interest-bearing liabilities (note 16)	37,480	107,734
Non-current interest-bearing liabilities (note 16)	75,507	26,141
	112,987	133,875

c) Capital commitments

As at 30 June 2016 and 2015, the Company did not have any outstanding capital commitments in respect of acquisition of property plant and equipment contracted for but not provided for in the financial statements.

d) Guarantees issued

As at 30 June 2016, the Company had an outstanding guarantee issued in favour of the landlord of leased premises in the amount of \$82,000 (2015: \$82,000). The guarantee is backed by a restricted bank deposit for the same amount.

24. CAPITAL RISK MANAGEMENT

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

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

During 2016 and 2015, no dividends have been paid. The Company does not yet have a dividend policy and payment of future dividends will be dependent upon the future profitability and financial position of the Company.

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

Management monitor capital through the gearing ratio (net debt/total capital). For this purpose the Company defines net debts as total debts as defined above, less cash and cash equivalents. The gearing ratios at 30 June 2016 and 2015 were as follows:

	2016	2015
	\$	\$
Total debts	2,655,414	133,875
Less: cash and cash equivalents	(1,173,316)	(67,950)
Net debt	1,482,098	65,925
Total equity	(48,955)	1,709,739
Total capital	1,433,143	1,775,664
Gearing ratio - Net debt / total capital	103.4%	3.7%

The Company's debts have increased over the last year primarily as a result of the loan received from a related party which was an advance received in against the amount due pursuant to the share placement which was completed in September 2016, and the unsecured loan facility.

25. FINANCIAL RISK MANAGEMENT

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

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

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

a) Credit risk

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

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

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 2016	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	1,225,662	1,225,662	1,225,662	-	-
Insurance premium funding	87,176	90,233	90,233	-	-
Finance lease liabilities	112,987	122,491	42,803	42,803	36,885
Loans from related entities	1,075,024	1,125,242	1,125,242	-	-
Unsecured convertible facility	1,380,227	1,414,284	1,414,284	-	-
	3,881,076	3,977,912	3,898,224	42,803	36,885

Year ended 30 June 2015	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	961,652	961,652	961,652	-	-
Insurance premium funding	91,408	94,348	94,348	-	-
Finance lease liabilities	42,467	47,593	19,051	13,473	15,069
Loans from related entities	-	-	-	-	-
Unsecured convertible facility	-	-	-	-	-
	1,095,527	1,103,593	1,075,051	13,473	15,069

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 2016	Floating interest rate	Fixed interest rate	Total
	\$	\$	\$
Financial assets			
Cash and cash equivalents	1,173,316	-	1,173,316
Pledged bank deposits	-	112,000	112,000
	1,173,316	112,000	1,285,316
Financial liabilities			
Insurance premium funding	-	87,176	87,176
Finance lease liabilities	-	112,987	112,987
Loans from related parties	-	1,075,024	1,075,024
Unsecured Convertible facility	-	1,380,227	1,380,227
	-	2,655,414	2,655,414
Net exposure	1,173,316	(2,543,414)	(1,370,098)

Year ended 30 June 2015	Floating interest rate \$	Fixed interest rate \$	Total \$
Financial assets			
Cash and cash equivalents	67,950	-	67,950
Pledged bank deposits	-	112,000	112,000
	67,950	112,000	179,950
Financial liabilities			
Insurance premium funding	-	91,408	91,408
Finance lease liabilities	-	42,467	42,467
Loans from related parties	-	-	-
Unsecured Convertible facility	-	-	-
	-	133,875	133,875
Net exposure	67,950	(21,875)	46,075

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 \$11,733 (2015: \$679). 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 2016. There would be no impact on equity.

d) Currency risk

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

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

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

	2016 US Dollars
Trade and other receivables	90,845
Cash and cash equivalents	826,103
Trade and other payables	216,581
Overall net exposure	1,133,529

	2015 US Dollars
Trade and other receivables	52,419
Cash and cash equivalents	38,551
Trade and other payables	55,883
Overall net exposure	146,853

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

	2016		2015	
	Decrease in foreign exchange rates	Effect on loss for the year and accumulated losses	Increase in foreign exchange rates	Effect on loss for the year and accumulated losses
		\$		\$
United States Dollars	2.8%	46,897	3.2%	(39,530)

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

The stated changes represent management's assessment of reasonably possible changes in foreign exchange rates over the period until the next annual reporting date. Results of the analysis as presented in the above table represent an aggregation of the effects on each of the group entities' net loss for the year and accumulated losses measured in the respective functional currencies, translated into AUD at the exchange rate ruling at the statement of financial position date for presentation purposes. The analysis is performed on the same basis for 2015.

e) Fair value estimation

All financial instruments are carried at amounts not materially different from their fair values as at 30 June 2016 and 2015.

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

No financial instruments are carried at fair value.

26. EVENTS SUBSEQUENT TO REPORTING PERIOD

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

On 22 July 2016, the Company announced a share placement of 5,000,000 fully paid ordinary shares at an issue price of \$0.30 per share to China Automotive Holdings Limited, a company controlled by Mr Siemens, to raise approximately \$1.5 million (Placement), and a Share Purchase Plan (SPP). The outstanding loan from the related party, as per note 16, has been offset in full against the capital raised. The resolution for the Placement was passed by the requisite majority of security holders at a Shareholders General Meeting on 26 August 2016. The issue of shares pursuant to this Placement took place on 22 September 2016. The SPP resulted in 64,998 shares being issued to SPP applicants.

Agreement was reached on 27 September 2016 for the convertible loan facility with one of our substantial shareholders to be extended for a further 6 months to 27 March 2017.

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 2016 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 2016.



David White
Deputy Chairman and acting CEO

Perth, 30 September 2016

INDEPENDENT AUDITOR'S REPORT



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SPRINTEX LIMITED

Report on the Financial Report

We have audited the accompanying financial report of Sprintex Limited (the company), which comprises the consolidated statement of financial position as at 30 June 2016, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the company and consolidated entity. The consolidated entity comprises the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 2(a), the directors also state, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that the financial statements comply with International Financial Reporting Standards.

Auditor's Responsibility

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

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

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

Independence

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

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Accounting, Financial and Business Advisory

Basis for Qualified Opinion

Opening Balances

During the audit of the financial report for the year ended 30 June 2015, we were unable to obtain sufficient and appropriate audit evidence to support the Company's share of loss in the joint venture entity, Proreka Sprintex Sdn. Bhd (Proreka) for that reporting year amounting to \$(993,224) and an impairment expense of \$(718,241). Our opinion on the financial report for the year ended 30 June 2015 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 2016. 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 \$(854,894) and an impairment expense of \$(593,962) in the 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.

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 had been appropriately accounted for 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.

Qualified Opinion

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

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



Accounting, Financial and Business Advisory

Emphasis of Matter

Without modifying our opinion, we draw attention to Note 2(b) in the financial report, which indicates that the consolidated entity incurred a net loss after tax of \$(3,230,686) (2015: \$(6,164,075)) during the year ended 30 June 2016. These conditions, along with other matters as set forth in Note 2(b), indicate the existence of a material uncertainty that may cast significant doubt about the company's and consolidated entity's ability to continue as a going concern and therefore, the company and consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business.

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

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 18 to 23 of the directors' report for the year ended 30 June 2016. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

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

PKF MACK

SIMON FERMANIS
PARTNER

30 SEPTEMBER 2016
WEST PERTH,
WESTERN AUSTRALIA

ASX ADDITIONAL INFORMATION

The following additional information is provided in accordance with the listing rules and is current as at 23 September 2016.

a) Distribution of equity securities

(i) Ordinary share capital

90,452,608 fully paid ordinary shares are held by 473 individual shareholders. All issued ordinary shares carry one vote per share and carry the rights to dividends.

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

	Fully Paid Ordinary Shares
1 - 1,000	148
1,001 - 5,000	139
5,001 - 10,000	46
10,001 - 100,000	112
100,001 and over	28
	473

Holding less than a marketable parcel

175 (0.091% of total issued capital)

b) Substantial shareholders

Ordinary shareholders	Fully paid	
	Number	Percentage
Citicorp Nominees Pty Limited	56,585,466	62.56%
Mr Michael John Wilson and Mrs Megan Joy Wilson	15,166,090	16.77%
JP Morgan Nominees Australia Limited	5,959,918	6.59%
	77,711,474	85.92%

c) Twenty largest holders of quoted equity securities

Ordinary shareholders	Fully paid	
	Number	Percentage
Citicorp Nominees Pty Limited	56,585,466	62.56%
Mr Michael John Wilson & Mrs Megan Joy Wilson	15,166,090	16.77%
JP Morgan Nominees Australia Limited	5,959,918	6.59%
Mr Steven James Apedaile & Mrs Michelle Lynda Apedaile	2,699,962	2.98%
HSBC Custody Nominees (Australia) Limited	765,889	0.85%
Euro Mark Limited	678,913	0.75%
Mr Kok Keong Kong	605,555	0.67%
Captiva Super Pty Ltd <Molkenthin Super Fund A/C>	565,755	0.63%
Mr Tyrone Jones	552,104	0.61%
Mr Richard John O'Brien	512,687	0.57%
Australian Executor Trustees Limited <No 1 Account>	392,910	0.43%
Daily Power Pty Limited <Ross Evans Super Fund A/C>	311,181	0.34%
Yarrumup Pty Ltd <Capulet Super Fund A/C>	296,969	0.33%
Falmac Pty Ltd	240,482	0.27%
Mr David White	220,384	0.24%
Ethereal PSF Pty Ltd <Keith Leather Super Fund A/C>	206,180	0.23%
Mr Glen Stephen Douglas	200,000	0.22%
Mrs Aileen Jean Watson	182,808	0.20%
Mr John Allan Robertson	146,400	0.16%
Netwealth Investments Limited <Super Services A/C>	130,608	0.14%
	86,420,261	95.54%





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