



**Consolidated Interim Financial Report**  
For the Half Year Ended 30 June 2018

# **SAPEX Group Limited**

ACN 619 195 283

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**For the Half Year Ended 30 June 2018**

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# SAPEX Group Limited

ACN 619 195 283

## Directors' Report

30 June 2018

The directors submit the consolidated financial report of the the Group for the half year ended 30 June 2018.

### 1. General information

#### Information on directors

The names of each person who has been a director during the half year and to the date of this report are:

|                         |   |
|-------------------------|---|
| Peter Chambers          | Non Executive Chairman  |
| Ronald Kenneth Larson   | Executive Director  |
| Kyle Roy Kenneth Larson | Executive Director  |
| Peter van Ratingen      | Non Executive Director  |
| Arran Marshall          | Non Executive Director<br>(Resigned 16 January 2018)                              |
| Guy Markham             | Non Executive Director<br>(Appointed 8 February 2018)<br>(Resigned 29 March 2018) |
| James Midgley           | Non Executive Director<br>(Appointed 29 March 2018)                               |

#### Principal activities and significant changes in nature of activities

The principal activities of the Group during the financial half year was the management and distribution, under licence, of the Dura Base product in the South East Asia region. Dura Base is a product, patented in the United States of America, and which has been extensively used in the establishment of working platforms and road infrastructure for the military, oil and gas, mining and civil construction industries. It is a durable, all weather, interlocking composite product, which permits flexible implementation to suit the particular needs of the user.

There were no significant changes in the nature of the Group's principal activities during the financial half year.

### 2. Operating results and review of operations for the year

#### Review of operations

A review of the operations of the Group during the half year and the results of those operations show that the Group incurred a net loss for the year of \$392,935 and was in a net liability position as at 30 June 2018 of \$1,141,154. The following summarises the Group's activities during the year:

- The Group is an Indonesian-based construction services firm operating exclusively with blue chip and top tier mining, oil & gas, plantation and civil construction firms. The Group specialises in providing heavy lift and all terrain access for clients operating in remote, inhospitable and often un-accessible locations for their heavy equipment & personnel using the world's leader in Composite Mats: Dura-Base. The Group focus on specialised location access solutions unavailable from any other service provider;
- Key clients include Chevron, Exxon-Mobil. Conoco-Philips, Pertamina, Repsol, Newcrest, Ophir Energy and others. The Group holds the exclusive rights for Indonesia, Myanmar and the Philippines for the Dura-Base Composite Mat System (manufactured by US listed firm NEWPARK Resources) and has been so since 2006. The Group continues to provide solutions to its existing client base and expand its breadth of operations into complementary industries across Indonesia;

# SAPEX Group Limited

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## Directors' Report

30 June 2018

### 2. Operating results and review of operations for the year (continued)

#### Review of operations (continued)

- On 25 June 2018, SAPEX agreed to purchase the Dura-Base Mat Rental Services business division of PT SAS International - an owner and operator of a large inventory of 4,500 mats. This transaction significantly expands SAPEX's inventory of Dura-Base mats. Accordingly, the Group has commenced the process of raising \$13,000,000 through Convertible Note issuance. The consideration for the transaction is structured as part cash part ordinary shares, with financial close expected to occur in October 2018.

### 3. Other items

#### Events after the reporting date

As announced on 3 August 2018, SAPEX Group Limited and PT SAS International (PT SAS) have executed a Variation to Agreement amending some of the terms in the original Asset Purchase Agreement executed on 25 June 2018, for the acquisition by the Company of PT SAS' Dura-Base Mat Rental Services business in Indonesia.

The key amendments include:

- PT SAS have agreed a partial settlement by way of a non-refundable US\$1.4m cash payment to be paid by 2 August 2018
- The financial close date is extended to 15 September 2018 (previously 31 July 2018)
- The balance of US\$5.025m to be settled before 15 September 2018
- The Company's revenue share of the Dura-Base Mat Rental business in the Indonesian Oil & Gas sector will increase from 20% to 45% as of the 31st of July 2018
- The Company's revenue share of the Dura-Base Mat Rental business in the Indonesian Oil & Gas sector will increase to 80% upon final settlement.

As detailed in the announcement on 13 June 2018, the Company sought to raise \$12,000,000 by way of a Convertible Note issuance ("Facility") to finance the acquisition and to meet other working capital and expense requirements. The Company had received commitments totalling \$13,500,000 through the Facility and since then have drawn down \$3,046,000 through the issuance of 2,541,837 Convertible Notes at \$1.10 per Note issued

Except for the above, no other matters or circumstances have arisen since the end of the financial half year which significantly affected or could significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

# SAPEX Group Limited

ACN 619 195 283

## Directors' Report

30 June 2018

### Auditor's independence declaration

The auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001* for the half year ended 30 June 2018 has been received and can be found on page 4 of the consolidated financial report.

This report is signed in accordance with a resolution of the Board of Directors.



Director: .....

Peter Chambers



Director: .....

Kyle Roy Kenneth Larson

Dated 13 September 2018

Auditors' Independence Declaration under  
Section 307C of the Corporations Act 2001 to the Directors  
of SAPEX Group Limited

I declare that, to the best of my knowledge and belief, during the half-year ended 30 June 2018 there have been:

- (i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the review.



PKF



SCOTT TOBUTT  
PARTNER

13 SEPTEMBER 2018  
SYDNEY

## Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Half Year Ended 30 June 2018

|   |      | 30 June<br>2018<br>\$ | 30 June<br>2017<br>\$ |
|---|------|-----------------------|-----------------------|
|   | Note |                       |                       |
| Revenue   |      | 781,005               | -                     |
| Other income                                      |      | 63,944                | -                     |
| Employee benefits expense                         |      | (161,781)             | -                     |
| Depreciation and amortisation expense             |      | (161)                 | -                     |
| Corporate transaction accounting expense          | 4    | -                     | (7,521,698)           |
| Other expenses                                    | 3    | (1,056,001)           | (200,909)             |
| Finance costs                                     |      | (19,941)              | -                     |
| <b>Loss before income tax</b>                     | 3    | <b>(392,935)</b>      | <b>(7,722,607)</b>    |
| Income tax expense                                |      | -                     | -                     |
| <b>Loss for the half year</b>                     |      | <b>(392,935)</b>      | <b>(7,722,607)</b>    |
| Other comprehensive income, net of income tax     |      | -                     | -                     |
| <b>Total comprehensive loss for the half year</b> |      | <b>(392,935)</b>      | <b>(7,722,607)</b>    |
| Loss attributable to:                             |      |                       |                       |
| Members of the parent entity                      |      | (392,935)             | (7,722,607)           |
| Total comprehensive loss attributable to:         |      |                       |                       |
| Members of the parent entity                      |      | (392,935)             | (7,722,607)           |
| <b>Earnings per share</b>                         |      |                       |                       |
| From continuing operations:                       | 10   |                       |                       |
| Basic earnings per share (cents)                  |      | (0.02)                | (0.53)                |
| Diluted earnings per share (cents)                |      | (0.02)                | (0.53)                |

# SAPEX Group Limited

ACN 619 195 283

## Consolidated Statement of Financial Position As At 30 June 2018

|   |      | 30 June<br>2018    | 31 December<br>2017 |
|---|------|--------------------|---------------------|
|   | Note | \$                 | \$                  |
| <b>ASSETS</b>   |      |                    |                     |
| CURRENT ASSETS  |      |                    |                     |
| Cash and cash equivalents   |      | 4,019              | 13,142              |
| Trade and other receivables                                       | 6    | 11,769             | 4,473               |
| Other assets  |      | 443                | 368                 |
| <b>TOTAL CURRENT ASSETS</b>                                       |      | <b>16,231</b>      | <b>17,983</b>       |
| NON-CURRENT ASSETS  |      |                    |                     |
| Property, plant and equipment                                     |      | 1,469              | -                   |
| <b>TOTAL NON-CURRENT ASSETS</b>                                   |      | <b>1,469</b>       | <b>-</b>            |
| <b>TOTAL ASSETS</b>   |      | <b>17,700</b>      | <b>17,983</b>       |
| <b>LIABILITIES</b>  |      |                    |                     |
| CURRENT LIABILITIES   |      |                    |                     |
| Trade and other payables  | 7    | 735,704            | 508,727             |
| Borrowings  | 8    | 423,150            | 257,475             |
| <b>TOTAL CURRENT LIABILITIES</b>                                  |      | <b>1,158,854</b>   | <b>766,202</b>      |
| NON-CURRENT LIABILITIES   |      |                    |                     |
| <b>TOTAL LIABILITIES</b>  |      | <b>1,158,854</b>   | <b>766,202</b>      |
| <b>NET LIABILITIES</b>  |      | <b>(1,141,154)</b> | <b>(748,219)</b>    |
| <b>EQUITY</b>   |      |                    |                     |
| Issued capital  | 9    | 7,811,990          | 7,811,990           |
| Accumulated losses  |      | (8,953,144)        | (8,560,209)         |
| <b>Total equity attributable to equity holders of the Company</b> |      | <b>(1,141,154)</b> | <b>(748,219)</b>    |
| <b>TOTAL EQUITY</b>   |      | <b>(1,141,154)</b> | <b>(748,219)</b>    |

The accompanying notes form part of these financial statements.



## Consolidated Statement of Changes in Equity

### For the Half Year Ended 30 June 2018

|   | Ordinary<br>Shares | Accumulated<br>Losses | Total              |
|---|--------------------|-----------------------|--------------------|
| Note  | \$                 | \$                    | \$                 |
| <b>Balance at 1 January 2018</b>                            | <b>7,811,990</b>   | <b>(8,560,209)</b>    | <b>(748,219)</b>   |
| Loss attributable to members of the parent entity           | -                  | (392,935)             | (392,935)          |
| Other comprehensive income for the half year                | -                  | -                     | -                  |
| <b>Total comprehensive loss for the half year</b>           | <b>-</b>           | <b>(392,935)</b>      | <b>(392,935)</b>   |
| <b>Transactions with owners in their capacity as owners</b> | <b>-</b>           | <b>-</b>              | <b>-</b>           |
| <b>Balance at 30 June 2018</b>                              | <b>7,811,990</b>   | <b>(8,953,144)</b>    | <b>(1,141,154)</b> |

|   | Ordinary<br>Shares | Accumulated<br>Losses | Total              |
|---|--------------------|-----------------------|--------------------|
| Note  | \$                 | \$                    | \$                 |
| <b>Balance at 1 January 2017</b>                            | <b>97,428</b>      | <b>(97,428)</b>       | <b>-</b>           |
| Loss attributable to members of the parent entity           | -                  | (7,722,607)           | (7,722,607)        |
| Other comprehensive income for the half year                | -                  | -                     | -                  |
| <b>Total comprehensive loss for the half year</b>           | <b>-</b>           | <b>(7,722,607)</b>    | <b>(7,722,607)</b> |
| <b>Transactions with owners in their capacity as owners</b> |                    |                       |                    |
| Fair value of deemed reverse acquisition of SAA by SOS      | 4                  | 7,714,562             | -                  |
|   |                    |                       | 7,714,562          |
| <b>Balance at 30 June 2017</b>                              | <b>7,811,990</b>   | <b>(7,820,035)</b>    | <b>(8,045)</b>     |

## SAPEX Group Limited

ACN 619 195 283

### Consolidated Statement of Cash Flows For the Half Year Ended 30 June 2018

|   | Note | 30 June<br>2018<br>\$ | 30 June<br>2017<br>\$ |
|---|------|-----------------------|-----------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>                  |      |                       |                       |
| Receipts from customers                                       |      | 18,926                | -                     |
| Payments to suppliers and employees                           |      | (175,701)             | (200,000)             |
| Interest paid   |      | (16,409)              | -                     |
| Net cash used in operating activities                         |      | (173,184)             | (200,000)             |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>                  |      |                       |                       |
| Purchase of property, plant and equipment                     |      | (1,630)               | -                     |
| Net cash used in investing activities                         |      | (1,630)               | -                     |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>                  |      |                       |                       |
| Proceeds from borrowings                                      |      | 165,675               | 200,000               |
| Net cash provided by financing activities                     |      | 165,675               | 200,000               |
| Effects of exchange rate changes on cash and cash equivalents |      | 16                    | -                     |
| Net decrease in cash and cash equivalents held                |      | (9,123)               | -                     |
| Cash and cash equivalents at beginning of half year           |      | 13,142                | -                     |
| Cash and cash equivalents at end of the half year             |      | 4,019                 | -                     |

The accompanying notes form part of these financial statements.

## **Notes to the Financial Statements**

### **For the Half Year Ended 30 June 2018**

The consolidated financial report covers SAPEX Group Limited and its controlled entities ('the Group'). SAPEX Group Limited is a for-profit Company limited by shares, incorporated and domiciled in Australia.

Each of the entities within the Group prepare their financial statements based on the currency of the primary economic environment in which the entity operates (functional currency). The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

The financial report was authorised for issue by the Directors on 13 September 2018.

Comparatives are consistent with prior years, unless otherwise stated.

#### **1 Basis of Preparation**

This condensed consolidated interim financial report for the reporting period ending 30 June 2018 has been prepared in accordance with the requirements of the *Corporations Act 2001* and Australian Accounting Standard AASB 134: *Interim Financial Reporting*.

The interim financial report is intended to provide users with an update on the latest annual financial statements of SAPEX Group Limited and controlled entities (the Group). As such it does not contain information that represents relatively insignificant changes occurring during the half year within the Group. This condensed consolidated financial report does not include all the notes normally included in an annual financial report. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Group for the year ended 31 December 2017, together with any public announcements made during the half year.

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements.

The financial statements have been prepared on an accruals basis and are based on historical costs modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

Significant accounting policies adopted in the preparation of these financial statements are presented below and are consistent with prior reporting periods unless otherwise stated.

#### **2 Summary of Significant Accounting Policies**

##### **(a) Going concern**

As at 30 June 2018, SAPEX Group Limited was in a net liability position of \$1,141,154 (31 Dec 2017: \$748,219). Since that date, the Group has proceeded to successfully raised funds via the establishment of a \$12m Convertible Notes facility. As at 13 September 2018, Notes totalling \$3,046,000 have been issued with proceeds drawn down to assist with working capital requirements and the US\$1.4m deposit paid on 2 August 2018 (refer Note 12) with respect to the acquisition of the Dura-base Mat Rental Services business in Indonesia from PT SAS International. Further drawdowns will be made in coming days to fund the US\$5.025m due on 15 September 2018 (as noted in Note 12) and to strengthen SAPEX's financial position and expanding its capacity to meet client demand for mat rentals and purchases.

## **Notes to the Financial Statements**

### **For the Half Year Ended 30 June 2018**

#### **2 Summary of Significant Accounting Policies (continued)**

##### **(b) Adoption of new and revised accounting standards**

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

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

#### **3 Result for the Year**

The following revenue and expense items are relevant in explaining the financial performance for the interim period:

Bad and doubtful debts expense  
(included in other expenses)

| <b>30 June<br/>2018<br/>\$</b> | <b>30 June<br/>2017<br/>\$</b> |
|--------------------------------|--------------------------------|
|--------------------------------|--------------------------------|

|                |   |
|----------------|---|
| <b>827,811</b> | - |
|----------------|---|

## Notes to the Financial Statements

### For the Half Year Ended 30 June 2018

#### 4 Business Combinations

##### Reverse Acquisition

On 19 May 2017, the parent Company, SAPEX Group Limited ("SAA") acquired 100% interest of SAPEX Oilfield Services Ltd ("SOS") for cash consideration of \$3.00 and a total of 11,571,844 ordinary shares, as detailed in the information memorandum announced by the Company on 15 August 2017.

Consequently, the acquisition has been accounted for with reference to the guidance for reverse acquisitions set out in Australian Accounting Standard AASB 3 Business Combinations. At the time of the Company's acquisition of SOS, SAA's operations did not fall within the scope of a "business" under AASB 3. Consequently, the acquisition does not meet the definition of a "business combination" under AASB 3 Business Combinations and the principles of AASB 3 could not be applied in their entirety. Instead, the acquisition has been accounted for with reference to the guidance for reverse acquisitions as set out in AASB 3. The application of this guidance has determined that whilst SAA will be the legal acquirer of SOS, SOS has been treated as the accounting acquirer and SAA as the accounting acquiree.

SOS (the legal subsidiary) was deemed to be the acquirer for accounting purposes as it had obtained control over the operations of the legal acquirer SAA (the accounting subsidiary). Accordingly, the consolidated financial statements of SAA have been prepared as a continuation of the financial statements of SOS. SOS (as the deemed acquirer) has accounted for the acquisition of SAA from 19 May 2017.

SOS is considered to be the parent for accounting purposes, and the consolidated financial statements represent a continuation of the financial statements of SOS, with the exception of the capital structure. The results for the period ended 30 June 2017 comprise the results for the full interim period of SOS and the results of SAA subsequent to the acquisition. Similarly, the statement of cash flows and statement of changes in equity reflect the movements in cash flow and changes in equity of SOS for the full period ended 30 June 2017 and the results of SAA subsequent to the acquisition.

Further, the Acquisition has been accounted for as a share-based payment transaction using the principles set out in Australian Accounting Standard AASB 2 Share Based Payments, whereby SOS has been deemed to have issued shares to shareholders of SAA in exchange for the net assets and listing status of SAA. In accordance with AASB 2, the difference between the fair value of the deemed consideration paid by SOS and the fair value of the identifiable net assets of SAA, is required to be recognised as an expense.

Consequently, an expense of \$7,521,698 has been recognised as set out below. Given SOS is considered to be the parent for accounting purposes, the consolidated financial statements represent a continuation of the financial statements of SAA with the exception of the capital structure. The results for the period ended 30 June 2017 include the results of SOS for the complete half year ended on that date, and the results of SAA subsequent to the acquisition.

##### Period ended 30 June 2017

|   | Acquiree's<br>carrying<br>amount<br>\$ | Fair value<br>\$ |
|---|--|------------------|
| Purchase consideration:                                     |  |                  |
| - Cash  |  | 3                |
| - Fair value of shares transferred                          |  | 7,714,562        |
| <b>Total purchase consideration</b>                         |  | <b>7,714,565</b> |
| Assets or liabilities acquired:                             |  |                  |
| Cash  | 3                                      | 3                |
| Trade and other receivables                                 | 192,864                                | 192,864          |
| <b>Identifiable assets acquired and liabilities assumed</b> | <b>192,867</b>                         | <b>192,867</b>   |
| <b>Corporate transaction accounting expense</b>             |  | <b>7,521,698</b> |

## Notes to the Financial Statements

### For the Half Year Ended 30 June 2018

#### 5 Operating Segments

##### Identification of reportable segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (chief operating decision maker) in assessing performance and determining the allocation of resources.

The Group is managed primarily on the basis of product category and service offerings as the diversification of the Group's operations inherently have notably different risk profiles and performance assessment criteria. Operating segments are therefore determined on the same basis.

Accordingly, management currently identified the Group as having only one reportable segment, being the management and distribution of industrial mats, being the Dura-Base product.

The financial results from this segment are equivalent to the financial statements for the Group.

#### 6 Trade and Other Receivables

|  | 30 June<br>2018<br>\$ | 31 December<br>2017<br>\$ |
|--|-----------------------|---------------------------|
| CURRENT  |                       |                           |
| Trade receivables                                | -                     | 631,631                   |
| Provision for impairment                         | -                     | (631,631)                 |
| Net trade receivables                            | -                     | -                         |
| GST receivable                                   | 11,769                | 4,473                     |
| <b>Total current trade and other receivables</b> | <b>11,769</b>         | <b>4,473</b>              |

#### 7 Trade and Other Payables

|                                      | 30 June<br>2018<br>\$ | 31 December<br>2017<br>\$ |
|--------------------------------------|-----------------------|---------------------------|
| Current                              |                       |                           |
| Trade payables                       | 704,097               | 492,727                   |
| Sundry payables and accrued expenses | 31,607                | 16,000                    |
|                                      | <b>735,704</b>        | <b>508,727</b>            |

Trade and other payables are unsecured, non-interest bearing and are normally settled within 30 days. The carrying value of trade and other payables is considered a reasonable approximation of fair value due to the short-term nature of the balances.

# Notes to the Financial Statements

## For the Half Year Ended 30 June 2018

### 8 Borrowings

|                                 | 30 June<br>2018<br>\$ | 31 December<br>2017<br>\$ |
|---------------------------------|-----------------------|---------------------------|
| CURRENT                         |                       |                           |
| Unsecured liabilities:          |                       |                           |
| Other loans                     | 8(a) 423,150          | 257,475                   |
| <b>Total current borrowings</b> | <b>423,150</b>        | <b>257,475</b>            |

#### (a) Loan facility

The Company has been provided with a loan facility from First Guardian Holdings Pty Ltd and APAC Partners which expires on 25 September 2018. The lenders have full lien over all assets in the event of default. Interest of 1.5% per month is payable quarterly in advance.

### 9 Issued Capital

|   | 30 June<br>2018<br>\$ | 31 December<br>2017<br>\$ |
|---|-----------------------|---------------------------|
| 19,286,406 (2017: 19,286,406) Ordinary shares | 7,811,990             | 7,811,990                 |

#### (a) Ordinary shares

The holders of ordinary shares are entitled to participate in dividends and the proceeds on winding up of the Company. On a show of hands at meetings of the Company, each holder of ordinary shares has one vote in person or by proxy, and upon a poll each share is entitled to one vote.

The Company does not have authorised capital or par value in respect of its shares.

## Notes to the Financial Statements

### For the Half Year Ended 30 June 2018

#### 10 Earnings per Share

(a) Reconciliation of earnings to profit or loss from continuing operations

|  | 30 June<br>2018<br>\$ | 30 June<br>2017<br>\$ |
|--|-----------------------|-----------------------|
| Loss from continuing operations  | (392,935)             | (7,722,607)           |
| <b>Earnings used in the calculation of<br/>dilutive EPS from continuing<br/>operations</b> | <b>(392,935)</b>      | <b>(7,722,607)</b>    |

(b) Earnings used to calculate overall earnings per share

|  | 30 June<br>2018<br>\$ | 30 June<br>2017<br>\$ |
|--|-----------------------|-----------------------|
| Earnings used to calculate overall<br>earnings per share | (392,935)             | (7,722,607)           |

(c) Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS

|  | 30 June<br>2018<br>No. | 30 June<br>2017<br>No. |
|--|------------------------|------------------------|
| Weighted average number of ordinary<br>shares outstanding during the year used<br>in calculating basic EPS | 19,286,406             | 14,464,804             |

#### 11 Contingencies

In the opinion of the Directors, the Company did not have any contingencies at 30 June 2018 (31 December 2017:None).



## **Notes to the Financial Statements**

### **For the Half Year Ended 30 June 2018**

#### **12 Events Occurring After the Reporting Date**

The consolidated financial report was authorised for issue on 13 September 2018 by the board of directors.

As announced on 3 August 2018, SAPEX Group Limited and PT SAS International (PT SAS) have executed a Variation to Agreement amending some of the terms in the original Asset Purchase Agreement executed on 25 June 2018, for the acquisition by the Company of PT SAS' Dura-Base Mat Rental Services business in Indonesia.

The key amendments include:

1. PT SAS have agreed a partial settlement by way of a non-refundable US\$1.4m cash payment to be paid by 2 August 2018
2. The financial close date is extended to 15 September 2018 (previously 31 July 2018)
3. The balance of US\$5.025m to be settled before 15 September 2018
4. The Company's revenue share of the Dura-Base Mat Rental business in the Indonesian Oil & Gas sector will increase from 20% to 45% as of the 31st of July 2018
5. The Company's revenue share of the Dura-Base Mat Rental business in the Indonesian Oil & Gas sector will increase to 80% upon final settlement.

As detailed in the announcement on 13 June 2018, the Company sought to raise \$12,000,000 by way of a Convertible Note issuance ("Facility") to finance the acquisition and to meet other working capital and expense requirements. The Company had received commitments totalling \$13,500,000 through the Facility and since then have drawn down \$3,046,000 through the issuance of 2,541,837 Convertible Notes at \$1.10 per Note issued.

Except for the above, no other matters or circumstances have arisen since the end of the financial half year which significantly affected or could significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

#### **13 Statutory Information**

The registered office of the company is:

Level 29  
201 Elizabeth Street  
Sydney NSW 2000

The principal place of business is:

Level 28  
1 Market Street  
Sydney NSW 2000

## SAPEX Group Limited


ACN 619 195 283

### Directors' Declaration

The directors of the Company declare that:

1. The consolidated financial statements and notes, as set out on pages 5 to 15 are in accordance with the *Corporations Act 2001*, including:
  - (a) complying with Accounting Standard AASB 134: Interim Financial Reporting; and
  - (b) give a true and fair view of the consolidated group's financial position as at 30 June 2018 and of its performance for the half-year ended on that date.
2. In the directors opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable with the continuing support of creditors.

This declaration is made in accordance with a resolution of the Board of Directors.

  
Director .....  
Peter Chambers

  
Director .....  
Kyle Roy Kenneth Larson

Dated 13 September 2018

## INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF SAPEX GROUP LIMITED

### Report on the Half-Year Financial Report

#### Conclusion

We have reviewed the accompanying half-year financial report of SAPEX Group Limited (the Group), which comprises the consolidated statement of financial position as at 30 June 2018, and 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 half-year ended on that date, a statement of accounting policies, other selected explanatory notes, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of SAPEX Group Limited is not in accordance with the Corporations Act 2001 including:

- (a) giving a true and fair view of the Group's financial position as at 30 June 2018, and of its financial performance for the half-year ended on that date; and
- (b) complying with the Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

#### Emphasis of Matter – Going Concern

We draw our attention to Note 2(a) of the financial report, which describes management's assessment of the Group's ability to continue as a going concern. The Group is currently in a net deficit position of (\$1,141,154) after writing off the doubtful debt on outstanding accounts receivable. Our conclusion is not modified in respect of this matter.

#### Independence

In conducting our review, we have complied with the independence requirements of the Corporations Act 2001. In accordance with the Corporations Act 2001, we have given the directors' of the Group a written Auditor's Independence Declaration.

#### Directors' Responsibility for the Half-Year Financial Report

The directors' of the Group are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with the Australian Accounting Standards and the Corporations Regulations 2001 and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

## Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the Group's financial position as at 30 June 2018 and its performance for the half year ended on that date, and complying with Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of SAPEX Group Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



PKF



SCOTT TOBUTT  
PARTNER

13 SEPTEMBER 2018  
SYDNEY