

# FORM: Half yearly/preliminary final report

Name of issuer

SAPEX GROUP LIMITED

ACN or ARBN

619 195 283

Half yearly  
(tick)

Preliminary  
final (tick)

√

Half year/financial year ended  
(‘Current period’)

31 December 2018

## For announcement to the market

Extracts from this statement for announcement to the market (see note 1).

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				\$A,000
Revenue (item 1.1)	up/down	59% up	to	1,226
Loss for the period (item 1.9)	up/down	79% down	to	(1,760)
Loss for the period attributable to members of the parent (item 1.11)	up/down	79% down	to	(1,760)
<b>Dividends</b>		Current period	Previous corresponding period	
Franking rate applicable:				
<b>Final dividend</b> (preliminary final report only)(item 10.13-10.14)		N/A	N/A	
Amount per security				
Franked amount per security				
<b>Interim dividend</b> (Half yearly report only) (item 10.11 – 10.12)		N/A	N/A	
Amount per security				
Franked amount per security				
Short details of any bonus or cash issue or other item(s) of importance not previously released to the market:				
N/A				

**Consolidated income statement** *(The figures are not equity accounted)**(see note 3)**(as per paragraphs 81-85 and 88-94 of AASB 101: Presentation of Financial Statements)*

	Current period - \$A'000	Previous corresponding period - \$A'000
1.1 Revenues <i>(item 7.1)</i>	1,226	769
1.2 Expenses, excluding finance costs <i>(item 7.2)</i>	(2,421)	(9,202)
1.3 Finance costs <i>(item 7.2)</i>	(565)	(30)
1.4 Share of net profits (losses) of associates and joint ventures <i>(item 15.7)</i>	-	-
1.5 <b>Profit (loss) before income tax</b>	(1,760)	(8,463)
1.6 Income tax expense <i>(see note 4)</i>	-	-
1.7 Profit (loss) from continuing operations	(1,760)	(8,463)
1.8 Profit (loss) from discontinued operations <i>(item 13.3)</i>	-	-
1.9 <b>Profit (loss) for the period</b>	(1,760)	(8,463)
1.10 Profit (loss) attributable to minority interests	-	-
1.11 <b>Profit (loss) attributable to members of the parent</b>	(1,760)	(8,463)
1.12 Basic earnings per security <i>(item 9.1)</i>	(0.09)	(0.59)
1.13 Diluted earnings per security <i>(item 9.1)</i>	(0.09)	(0.59)
1.14 Dividends per security <i>(item 9.1)</i>	-	-

**Comparison of half-year profits***(Preliminary final statement only)*

	Current period - \$A'000	Previous corresponding period - \$A'000
2.1 Consolidated profit (loss) after tax attributable to members reported for the 1st half year <i>(item 1.11 in the half yearly statement)</i>	(393)	N/A
2.2 Consolidated profit (loss) after tax attributable to members for the 2nd half year	(1,367)	(8,463)

## Consolidated balance sheet

(See note 5)

(as per paragraphs 68-69 of AASB 101: Financial Statement Presentation)

Current assets		Current period - \$A'000	Previous corresponding period - \$A'000
3.1	Cash and cash equivalents	87	13
3.2	Trade and other receivables	1,619	5
3.3	Inventories	-	-
3.4	Other current assets (Prepayments)	360	-
3.5	<b>Total current assets</b>	2,066	18
Non-current assets			
3.6	Available for sale investments	-	-
3.7	Other financial assets	-	-
3.8	Investments in associates	-	-
3.9	Deferred tax assets	-	-
3.10	Exploration and evaluation expenditure capitalised (see para. 71 of AASB 1022 – new standard not yet finalised)	-	-
3.11	Development properties (mining entities)	-	-
3.12	Property, plant and equipment (net)	6,177	-
3.13	Investment properties	-	-
3.14	Goodwill	5,827	-
3.15	Other intangible assets	-	-
3.16	Other (provide details if material)	-	-
3.17	<b>Total non-current assets</b>	12,004	-
3.18	<b>Total assets</b>	14,070	18
Current liabilities			
3.19	Trade and other payables	1,586	509
3.20	Short term borrowings	14,325	257
3.21	Current tax payable	-	-
3.22	Short term provisions	-	-
3.23	Current portion of long term borrowings	-	-
3.24	Other current liabilities (provide details if material)	-	-
		9,564	766
3.25	Liabilities directly associated with non-current assets classified as held for sale (para 38 of AASB 5)	-	-
3.26	<b>Total current liabilities</b>	9,564	766
Non-current liabilities			

		Current period - \$A'000	Previous corresponding period - \$A'000
3.27	Long-term borrowings	-	-
3.28	Deferred tax liabilities	-	-
3.29	Long term provisions	-	-
3.30	Other (provide details if material)	-	-
3.31	<b>Total non-current liabilities</b>	-	-
3.32	<b>Total liabilities</b>	15,911	766
3.33	<b>Net assets</b>	(1,841)	(748)
	<b>Equity</b>		
3.34	Share capital (including other securities)	8,158	7,812
3.35	Other reserves	296	-
3.36	Retained earnings	(10,320)	(8,560)
	Amounts recognised directly in equity relating to non-current assets classified as held for sale		
3.37	<b>Parent interest</b>	(1,866)	(748)
3.38	<b>Minority interest</b>	25	-
3.39	<b>Total equity</b>	(1,841)	(748)

## Consolidated statement of changes in equity

(as per paragraphs 96-97 of AASB 101: Presentation of Financial Statements)

	Current period – A\$'000	Previous corresponding period – A\$'000
Revenues recognised directly in equity:	-	-
Expenses recognised directly in equity:	-	-
4.1 <b>Net income recognised directly in equity</b>	-	-
4.2 <b>Profit for the period</b>	(1,760)	(8,463)
4.3 <b>Total recognised income and expense for the period</b>	(1,760)	(8,463)
Attributable to:		
4.4 Members of the parent	(1,760)	(8,463)
4.5 Minority interest	-	-
Effect of changes in accounting policy (as per AASB 108: Accounting Policies, Changes in Accounting Estimates and Errors):	N/A	N/A
4.6 Members of the parent entity	(1,760)	(8,463)
4.7 Minority interest	-	-

## Consolidated statement of cash flows

(See note 6)

(as per AASB 107: Cash Flow Statements)

		Current period - \$A'000	Previous corresponding period - \$A'000
	<b>Cash flows related to operating activities</b>		
5.1	Receipts from customers	71	137
5.2	Payments to suppliers and employees	(1,307)	(255)
5.3	Interest and other costs of finance paid	(369)	(22)
5.4	Income taxes paid	-	-
5.5	Other (provide details if material)	-	(200)
5.6	<b>Net cash used in operating activities</b>	(1,605)	(340)
	<b>Cash flows related to investing activities</b>		
5.7	Payments for purchases of property, plant and equipment	(5)	-
5.8	Proceeds from sale of property, plant and equipment	-	-
5.9	Payment for purchases of equity investments, net of cash acquired	(8,856)	-
5.10	Proceeds from sale of equity investments	-	-
5.11	Loans from other entities	355	-
5.12	Loans repaid by other entities	-	-
5.13	Interest and other items of similar nature received	-	-
5.14	Dividends received	-	-
5.15	Other (provide details if material)	-	-
5.16	<b>Net cash used in investing activities</b>	(8,506)	-
	<b>Cash flows related to financing activities</b>		
5.17	Proceeds from issues of securities (shares, options, etc.)	-	193
5.18	Proceeds from borrowings	10,185	470
5.19	Repayment of borrowings	-	(310)
5.20	Dividends paid	-	-
5.21	Other (provide details if material)	-	-
5.22	<b>Net cash used in financing activities</b>	10,185	353
	<b>Net increase (decrease) in cash and cash equivalents</b>	<b>74</b>	<b>13</b>
5.23	Cash at beginning of period (see Reconciliations of cash)	13	-
5.24	Exchange rate adjustments to item 5.23	-	-
5.25	<b>Cash at end of period</b> (see Reconciliation of cash)	<b>87</b>	<b>13</b>

## Reconciliation of cash provided by operating activities to profit or loss

(as per paragraph Aus20.1 of AASB 107: Cash Flow Statements)

		Current period \$A'000	Previous corresponding period \$A'000
6.1	<b>Profit</b> <i>(item 1.9)</i>	(1,760)	(8,463)
	Adjustments for:		
6.2	Corporate transaction accounting expense	-	7,521
6.3	Bad debts	827	-
6.4	Depreciation and amortisation	1	-
6.5	Increase/decrease in trade and other receivables	(1,519)	-
6.6	Increase/decrease in prepayments	284	-
6.7	Increase/decrease in accrued expenses	(14)	-
6.8	Increase/decrease in other provisions	12	-
6.9	Increase/decrease in trade and other payables	564	602
6.10	<b>Net cash from operating activities</b> <i>(item 5.6)</i>	(1,605)	(340)

## **Notes to the financial statements**

### **Details of revenues and expenses**

(see note 16)

(Where items of income and expense are material, disclose nature and amount below in accordance with paragraphs 86-87 of AASB 101: Presentation of Financial Statements)

	Current period - \$A'000	Previous corresponding period - \$A'000
<b>Revenue</b>		
Provision of services	414	-
License fee	781	769
Other	31	-
<b>7.1 Total Revenue</b>	<b>1,226</b>	<b>769</b>
<b>Expenses</b>		
Bad debts	(828)	-
Doubtful debts	-	(631)
Employee benefits expense	(369)	(166)
Corporate transaction accounting expense	-	(7,522)
Finance costs	(565)	(30)
Other	(1,224)	(883)
<b>7.2 Total Expenses</b>	<b>(2,986)</b>	<b>(9,232)</b>
<b>Profit (loss) before tax</b>	<b>(1,760)</b>	<b>(8,463)</b>

<b>Ratios</b>	<b>Current period</b>	<b>Previous corresponding period</b>
<b>Profit before tax / revenue</b>		
<b>8.1 Consolidated profit (loss) before tax (item 1.5) as a percentage of revenue (item 1.1)</b>	<b>(144%)</b>	<b>(1101%)</b>
<b>Profit after tax / equity interests</b>		
<b>8.2 Consolidated profit (loss) after tax attributable to members (item 1.11) as a percentage of equity (similarly attributable) at the end of the period (item 3.37)</b>	<b>94%</b>	<b>103%</b>



## Earnings per Security

- 9.1 Provide details of basic and fully diluted EPS in accordance with paragraph 70 and Aus 70.1 of AASB 133: Earnings per Share below:

	Current period	Previous corresponding period
Profit / (loss) attributable to the ordinary members of the Company used in calculating earnings per share (\$000)	(1,367)	(8,463)
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	19,286,406	14,464,804
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share (if different)	19,286,406	14,464,804

## Dividends

- 10.1 Date the dividend is payable

N/A

- 10.2 Record date to determine entitlements to the dividend (i.e. on the basis of registrable transfers received up to 5.00 pm if paper based, or by 'End of Day' if a proper ASTC/CHESS transfer)

N/A

- 10.3 If it is a final dividend, has it been declared?

*(Preliminary final report only)*

- 10.4 The *dividend or distribution plans* shown below are in operation.

N/A

The last date(s) for receipt of election notices to the *dividend or distribution plans*

N/A

- 10.5 Any other disclosures in relation to *dividends or distributions*

N/A

**Dividends paid or provided for on all securities***(as per paragraph Aus126.4 AASB 101: Presentation of Financial Statements)*

	Current period - \$A'000	Previous corresponding period - \$A'000	Franking rate applicable
<b>Dividends paid or provided for during the reporting period</b>	N/A	N/A	N/A
10.6 Current year interim			
10.7 Franked dividends			
10.8 Previous year final			
10.9 Franked dividends			
<b>Dividends proposed and not recognised as a liability</b>			
10.10 Franked dividends			

**Dividends per security***(as per paragraph Aus126.4 of AASB 101: Presentation of Financial Statements)*

	Current year	Previous year	Franking rate applicable
<b>Dividends paid or provided for during the reporting period</b>	N/A	N/A	N/A
10.11 Current year interim			
10.12 Franked dividends – cents per share			
10.13 Previous year final			
10.14 Franked dividends – cents per share			
<b>Dividends proposed and not recognised as a liability</b>			
10.15 Franked dividends – cents per share			

**Exploration and evaluation expenditure capitalised**

*To be completed only by issuers with mining interests if amounts are material. Include all expenditure incurred regardless of whether written off directly against profit*

		Current period \$A'000	Previous corresponding period \$A'000
11.1	Opening balance		
11.2	Expenditure incurred during current period	N/A	N/A
11.3	Expenditure written off during current period		
11.4	Acquisitions, disposals, revaluation increments, etc.		
11.5	Expenditure transferred to Development Properties		
11.6	<b>Closing balance as shown in the consolidated balance sheet (item 3.10)</b>		

**Development properties**

*(To be completed only by issuers with mining interests if amounts are material)*

		Current period \$A'000	Previous corresponding period \$A'000
12.1	Opening balance		
12.2	Expenditure incurred during current period	N/A	N/A
12.3	Expenditure transferred from exploration and evaluation		
12.4	Expenditure written off during current period		
12.5	Acquisitions, disposals, revaluation increments, etc.		
12.6	Expenditure transferred to mine properties		
12.7	<b>Closing balance as shown in the consolidated balance sheet (item 3.11)</b>		

**Discontinued Operations**

*(see note 18)*

*(as per paragraph 33 of AASB 5: Non-current Assets Held for Sale and Discontinued Operations)*

		Current period – A\$'000	Previous corresponding period – A\$'000
13.1	Revenue		
13.2	Expense	N/A	N/A
13.3	<b>Profit (loss) from discontinued operations before income tax</b>		
13.4	Income tax expense <i>(as per para 81 (h) of AASB 112)</i>		
13.5	<b>Gain (loss) on sale/disposal of discontinued operations</b>		
13.6	Income tax expense <i>(as per paragraph 81(h) of AASB 112)</i>		

## Movements in Equity

(as per paragraph 97 of AASB 101: Financial Statement Presentation)

		Number issued	Number listed	Paid-up value (cents)	Current period – A\$'000	Previous corresponding period – A\$'000
14.1	<b>Preference securities</b> (description)					
14.2	Balance at start of period					
14.3	a) Increases through issues					
14.4	a) Decreases through returns of capital, buybacks etc.					
14.5	Balance at end of period					
14.6	<b>Ordinary securities</b> (description)	Ordinary securities are fully paid ordinary shares, listed on the NSX.				
14.7	Balance at start of period	19,286,406	19,286,406	0.4051	7,812	97
14.8	a) Increases through issues	-	-		-	7,715
14.9	b) Decreases through returns of capital, buybacks etc.	-	-		-	-
14.10	Balance at end of period	19,286,406	19,286,406	0.4051	7,812	7,812
14.11	<b>Convertible Debt Securities</b> (description & conversion factor)	<p>Convertible debt securities were issued during the year as follows:</p> <p>\$A1.10 face value, 10% coupon rate, maturity term of 12 months with 20-day conversion period. Conversion at holders' discretion except for automatic conversion upon SAA listing on the ASX.</p> <p>The debt component of the convertible notes is recorded in short term borrowings (refer 3.20).</p> <p>The following represents the value of conversion rights of the convertible notes.</p>				
14.12	Balance at start of period	-	-	-	-	-
14.13	a) Increases through issues	6,084,844	-	-	346	-
14.14	b) Decreases through maturity, converted.	-	-	-	-	-
14.15	Balance at end of period	6,084,844			346	-
		Number	Number	Paid-up value	Current period –	Previous corresponding

		issued	listed	(cents)	A\$'000	period – A\$'000
14.16	<b>Options</b>  <i>(description &amp; conversion factor)</i>					
14.17	Balance at start of period					
14.18	Issued during period					
14.19	Exercised during period					
14.20	Expired during period					
14.21	Balance at end of period					
14.22	<b>Debentures</b>  <i>(description)</i>					
14.23	Balance at start of period					
14.24	a) Increases through issues					
14.25	b) Decreases through maturity, converted					
14.26	Balance at end of period					
14.27	<b>Unsecured Notes</b>  <i>(description)</i>					
14.28	Balance at start of period					
14.29	a) Increases through issues					
14.30	b) Decreases through maturity, converted					
14.31	Balance at end of period					
14.32	<b>Total Securities including convertible notes</b>	<b>25,371,250</b>	<b>19,286,406</b>	<b>0.4223</b>	<b>8,158</b>	<b>7,812</b>

Current period –	Previous corresponding period
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		A\$'000	– A\$'000
<b>Reserves</b>			
14.33	Balance at start of period	-	-
14.34	Transfers to/from reserves	296	-
14.35	Total for the period	296	-
14.36	Balance at end of period	296	-
14.37	<b>Total reserves</b>	296	-
<b>Retained earnings</b>			
14.38	<b>Balance at start of period</b>	(8,560)	(97)
14.39	Changes in accounting policy	-	-
14.40	Restated balance	-	-
14.41	Profit for the balance	(1,760)	(8,463)
14.42	Total for the period	(1,760)	(8,463)
14.43	Dividends	-	-
14.44	<b>Balance at end of period</b>	(10,320)	(8,560)

**Details of aggregate share of profits (losses) of associates and joint venture entities***(equity method)**(as per paragraph Aus 37.1 of AASB 128: Investments in Associates and paragraph Aus 57.3 of AASB 131: Interests in Joint Ventures)*

Name of associate or joint venture entity

N/A

Reporting entities percentage holding

N/A

		Current period - \$A'000	Previous corresponding period - \$A'000
15.1	Profit (loss) before income tax	N/A	N/A
15.2	Income tax		
15.3	<b>Profit (loss) after tax</b>		
15.4	Impairment losses		
15.5	Reversals of impairment losses		
15.6	Share of non-capital expenditure contracted for (excluding the supply of inventories)		
15.7	<b>Share of net profit (loss) of associates and joint venture entities</b>		

**Control gained over entities having material effect***(See note 8)*16.1 Name of *issuer* (or *group*)

PT. SAPEX SERVIS INDONESIA

16.2 Consolidated profit (loss) after tax of the *issuer* (or *group*) since  
the date in the current period on which control was acquired

\$A'000

55

16.3 Date from which profit (loss) in *item 16.2* has been calculated

26 September 2018

16.4 Profit (loss) after tax of the *issuer* (or *group*) for the whole of the  
previous corresponding period

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## Loss of control of entities having material effect

(See note 8)

17.1	Name of <i>issuer</i> (or <i>group</i> )	N/A
17.2	Consolidated profit (loss) after tax of the entity (or <i>group</i> ) for the current period to the date of loss of control	\$A'000 N/A
17.3	Date from which the profit (loss) in <i>item 17.2</i> has been calculated	
17.4	Consolidated profit (loss) after tax of the entity (or <i>group</i> ) while controlled during the whole of the previous corresponding period	
17.5	Contribution to consolidated profit (loss) from sale of interest leading to loss of control	

## Material interests in entities which are not controlled entities

The economic entity has an interest (that is material to it) in the following entities.

		Percentage of ownership interest (ordinary securities, units etc) held at end of period or date of disposal		Contribution to profit (loss) ( <i>item 1.9</i> )	
18.1	Equity accounted associated entities	Current period	Previous corresponding period	Current period \$A'000	Previous corresponding period \$A'000
	N/A			Equity accounted	
18.2	Total	N/A			
18.3	Other material interests	N/A		Non equity accounted (i.e. part of <i>item 1.9</i> )	
18.4	Total	N/A			



**Reports for industry and geographical segments**

Information on the industry and geographical segments of the entity must be reported for the current period in accordance with AASB 114: Segment Reporting. Because of the different structures employed by entities, a pro forma is not provided. Segment information should be completed separately and attached to this statement. However, the following is the presentation adopted in the Appendices to AASB 114 and indicates which amount should agree with items included elsewhere in this statement.

	Current period - \$A'000	Previous corresponding period - \$A'000
<b>Segments</b>		
Revenue:		
19.1 External sales	N/A	N/A
19.2 Inter-segment sales		
19.3 <b>Total</b> (consolidated total equal to <i>item 1.1</i> )		
19.4 Segment result		
19.5 Unallocated expenses		
19.6 <b>Operating profit</b> (equal to <i>item 1.5</i> )		
19.7 Interest expense		
19.8 Interest income		
19.9 Share of profits of associates		
19.10 Income tax expense		
19.11 <b>Net profit</b> (consolidated total equal to <i>item 1.9</i> )		
<b>Other information</b>		
19.12 Segment assets		
19.13 Investments in equity method associates		
19.14 Unallocated assets		
19.15 <b>Total assets</b> (equal to <i>item 3.18</i> )		
19.16 Segment liabilities		
19.17 Unallocated liabilities		
19.18 <b>Total liabilities</b> (equal to <i>item 3.32</i> )		
19.19 Capital expenditure		
19.20 Depreciation		
19.21 Other non-cash expenses		

## NTA Backing

(see note 7)

20.1	Current period	Previous corresponding period
Net tangible asset backing per ordinary security	0.00040	0.00004

## Non-cash financing and investing activities

*Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows are as follows. If an amount is quantified, show comparative amount.*

21.1	Payments to suppliers were settled by way of issuance of \$1,403,083 convertible notes.  Payment for the acquisition of PT SAPEX Servis Indonesia (SSI) was partially funded by SAPEX Group Limited assuming the liability over a loan by a SSI shareholder to SSI.
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## International Financial Reporting Standards

*Under paragraph 39 of AASB 1: First –time Adoption of Australian Equivalents to International Financial Reporting Standards, an entity's first Australian-equivalents-to-IFRS's financial report shall include reconciliations of its equity and profit or loss under previous GAAP to its equity and profit or loss under Australian equivalents to IFRS's. See IG63 in the appendix to AASB 1 for guidance.*

22.1	N/A
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*Under paragraph 4.2 of AASB 1047: Disclosing the Impacts of Adopting Australian Equivalents to International Financial Reporting Standards, an entity must disclose any known or reliably estimable information about the impacts on the financial report had it been prepared using the Australian equivalents to IFRSs or if the aforementioned impacts are not known or reliably estimable, a statement to that effect.*

22.2	N/A
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**Comments by directors**

Comments on the following matters are required by the Exchange or, in relation to the half yearly statement, by AASB 134: Interim Financial Reporting. The comments do not take the place of the directors' report and statement (as required by the Corporations Act) but may be incorporated into the directors' report and statement. For both half yearly and preliminary final statements, if there are no comments in a section, state NIL. If there is insufficient space in comment, attach notes to this statement.

**Basis of accounts preparation**

If this statement is a half yearly statement, it is a general purpose financial report prepared in accordance with the listing rules and AASB 134: Interim Financial Reporting. It should be read in conjunction with the last annual report and any announcements to the market made by the issuer during the period. This report does not include all notes of the type normally included in an annual financial report [Delete if inapplicable.]

A description of each event since the end of the current period which has had a material effect and is not to matters already reported, with financial effect quantified (if possible). In a half yearly report, provide explanatory comments about any seasonal or irregular factors affecting operations *(as per paragraphs 16(b), 16(b) and Aus 16.1 of AASB 134: Interim Financial Reporting)*

Shareholder approval at the General Meeting on 30 January 2019 was granted and the Company issued 2,954,545 fully paid ordinary shares to PT SAS International. PT SAS International transferred the original 2,954,545 shares to the Shareholder Group on successful share issue. At 31 December 2018, the Shareholder Group had transferred 2,954,545 fully paid ordinary shares to PT SAS International by way of an off-market share transfer for a fair value of \$3.4 million. This was to expedite the completion of the acquisition of the Dura-base business and assets from PT SAS International.

Accordingly, a loan to the Shareholder Group was recorded at 31 December 2018.

Any other factors which have affected the results in the period, or which are likely to affect results in the future, including those where the effect could not be quantified.

SAPEX Group Limited has entered into an agreement with the First Guardian Secured Convertible Bond Fund to provide funding of \$11.5m AUD to the business for drawdown in April 2019. This funding will be structured as a convertible note, with terms approved by the BoD of Sapex.

The Convertible Note Deed Poll is being drafted at this time.

This funding is for the purposes of expanding SAA's mat inventory, refinancing existing liabilities and providing working capital for the Company's ASX conversion and other operational requirements. It will result in a significant strengthening of SAA's financial position and allow it efficiently execute its business plan over 2019.

Franking credits available and prospects for paying fully or partly franked dividends for at least the next year

N/A

Changes in accounting policies, estimation methods and measurement bases since the last annual report are disclosed as follows.

*(Disclose changes in the half yearly statement in accordance with paragraph 16(a) of AASB 134: Interim Financial Reporting. Disclose changes in the preliminary final statement in accordance with paragraphs 28-29 of 108: Accounting Policies, Changes in Accounting Estimates and Errors.)*

N/A

An issuer shall explain how the transition from previous GAAP to Australian equivalents to IFRS' affected its reported financial position, financial performance and cash flows. *(as per paragraph 38 of AASB 1: First-time Adoption of Australian Equivalents to International Financial Reporting Standards)*

N/A

Revisions in estimates of amounts reported in previous periods. For half yearly reports the nature and amount of revisions in estimates of amounts reported in previous annual reports if those revisions have a material effect in this half year *(as per paragraph 16(d) of AASB 134: Interim Financial Reporting)*

N/A

Changes in contingent liabilities or assets. For half yearly reports, changes in contingent liabilities and contingent assets since the last annual report *(as per paragraph 16(j) of AASB 134: Interim Financial Reporting)*

N/A

The nature and amount of items affecting assets, liabilities, equity, profit or loss, or cash flows that are unusual because of their nature, size or incidence *(as per paragraph 16(c) of AASB 134: Interim Financial Reporting)*

N/A

Effect of changes in the composition of the entity during the interim period, including business combinations, acquisition or disposal of subsidiaries and long-term investments, restructurings and discontinued operations (as per paragraph 16(i) of AASB 134: Interim Financial Reporting)

During the year SAPEX Group Limited completed two business acquisitions.

SAPEX Group Limited acquired PT SAPEX Servis Indonesia (SSI) on 26 September 2018.

SSI further acquired the Dura-base Business and Assets of PT SAS International on 31 December 2018. This was financed by way of issue of convertible notes and loans.

The Athos loan is secured by way of detachable warrants. 3.7 million warrants were struck at A\$1.10 with expiry of 12 months (in-line with loan termination date).

Other loans were provided by First Guardian Capital and MK Engineering.

### Annual meeting

(Preliminary final statement only)

The annual meeting will be held as follows:

Place	To be confirmed
Date	
Time	
Approximate date the annual report will be available	31 March 2019

### Compliance statement

1. This statement has been prepared under accounting policies which comply with accounting standards as defined in the *Corporations Act* or other standards acceptable to the Exchange.

Identify other standards used

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2. This statement, and the financial statements under the *Corporations Act* (if separate), use the same accounting policies.

3. This statement does give a true and fair view of the matters disclosed.

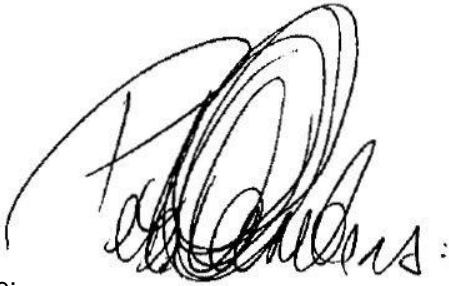
4. This statement is based on financial statements to which one of the following applies:

- |  |   |
|--|---|
| <input type="checkbox"/> The financial statements have been audited.   | <input type="checkbox"/> The financial statements have been subject to review by a registered auditor (or overseas equivalent). |
| <input checked="" type="checkbox"/> The financial statements are in the process of being audited or subject to review. | <input type="checkbox"/> The financial statements have <i>not</i> yet been audited or reviewed.                                 |

5. If the accounts have been or are being audited or subject to review and the audit report is not

attached, details of any qualifications will follow immediately they are available.

6. The *issuer* has a formally constituted audit committee.

A handwritten signature in black ink, appearing to read 'Peter Chambers', written over a dotted line.

Sign here: .....  
(Director)

Date: 15 March 2019 .....

Print name: Peter Chambers .....