



SPRINTEX LIMITED
ABN: 38 106 337 599

ASX Announcement

ASX Code: SIX

13 August 2014

COMPANY UPDATE AND CAPITAL RAISING

Manufacturer and distributor of the patented twin screw supercharger and supercharger systems, Sprintex Limited ("**Company**" and ASX code: "**SIX**") is pleased to provide the market with the following Company Update in conjunction with announcing its intention to launch a Share Purchase Plan (**SPP**), and a placement of shares to existing substantial shareholders, Directors and certain senior management executives of the Company (**Placement**).

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

During 2014, the provision by a limited number of shareholders and Directors of short term loans to the Company, has enabled the continued development of the Company and its products. The conversion of these short term loan amounts of \$2.2m into fully paid shares in the Company, at the same price as the **Placement** of \$0.003, are expected to result in a net increase in cash resources of at least \$890,000. This net increase in cash resources may increase further as final amounts from some of the substantial shareholders are yet to be confirmed.

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

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

During the year, short term loans in the order of \$2.2m have been provided to the Company by a limited number of shareholders and Directors. These loans have been important to the continuation of the Company and have facilitated the completion of various important projects, enabled the re-establishment of supplier relationships and provided funds for the development of a new direct route to market in the important aftermarket of North America. In order to assist the Company through its next stage of development, the shareholders and Directors who have provided these loan funds have agreed to the conversion of the loan amounts into fully paid shares in the Company at the same price as the Placement and the SPP (**Debt Conversion**). The Debt Conversion is important to the Company as it will reduce the level of debt on the Company's balance sheet and free working capital for the future needs of the Company.

The shareholder documentation in relation to the Placement and Debt Conversion as well as SPP documentation will be sent to shareholders shortly.

Company Update

The proposed raising of capital for Sprintex, comprising both the Placement and SPP, reflects the funding requirement for a positive step change in both product and system delivery as well as direct distribution of the products.

In 2014, the Company reorganised and sought to stabilise its position in the automotive market as a leading global producer of superchargers. The Company entered 2014 with considerable development work to complete, ineffective supply chain and a number of distributors who were less focused on selling the Company's products than the Company had anticipated.

The release of the new Jeep JK 3.6L Pentastar system is imminent and this same product requires only limited modification to facilitate fitting to other applications which use the Chrysler Pentastar 3.6L engine. These applications include RAM 1500, Dodge Challenger and Charger in the first instance. These projects will be completed prior to the end of this year. Amongst other projects are the completion and availability of systems for the Toyota FT86 / Scion FRS / Subaru BRZ vehicles including a more powerful 335 supercharger version aimed for professional racing purposes. Another project is demonstrated in the extension of the Honda Jazz system to include the hybrid Honda CRZ.

The Company is also close to releasing the S5-100 supercharger which is suitable for 800cc to 1.2L engines. This product will be particularly relevant to small engine vehicles and other products such as ATV's, snowmobiles and jet skis.

Recognising that North America is the largest global aftermarket, the Company has recently established Sprintex USA as its distribution arm, enabling direct distribution through Manufacturers Representatives for this market. A new distribution warehouse has been opened in Oklahoma City, Oklahoma which will provide a central point for selling and shipping our products.

A new website for Sprintex USA is currently under development and will be 'live' in the coming weeks. Sales focus will be targeted at the relevant customers through social media and specific advertising campaigns. A program of communication to these groups has been established and will be rolled out in the coming months. Through social media all materials and communications developed for the North American market will then be available globally.

Historically, quality issues have caused some problems and the Company has recently invested in people and systems to enhance and ensure the timely delivery of OEM-quality product and systems. With a highly efficient range of twin screw superchargers, the Company has developed a product which compares favourably with competitive products. The recent investment in quality means the Company can provide its customers and potential OEM companies with the confidence to help establish Sprintex as a major supplier of superchargers in the market place.

Having established our product base and enhanced the distribution route to market, the Company will now be focusing on sales supported by high quality inventory.

Existing shareholders will be invited to participate in helping to support the future of Sprintex.

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Company Overview

Sprintex Limited (Sprintex) is the ISO 9001 accredited designer and manufacturer of the patented low emission, highly efficient Sprintex® twin screw supercharger. Following commissioning of a low cost volume manufacturing facility in Malaysia, Sprintex is now focusing on participation in the exponential growth underway in the global forced induction marketplace from this new state of the art facility.