



**SPRINTEX LIMITED**  
**ABN: 38 106 337 599**

29 March 2021

Company Announcement Office  
ASX Limited  
Exchange Centre  
20 Bridge Street  
SYDNEY NSW 2000

Dear Sirs

**Appendix 4D and half-yearly results**

Attached is the Appendix 4D and half yearly results for Sprintex Limited for the period ended 31 December 2020.

Yours faithfully

A handwritten signature in blue ink, appearing to read 'Henry Thong', is written over a faint, larger version of the signature.

Henry Thong  
Company Secretary

This announcement is approved for release by the Board of Directors.

For further information, please contact:

Mr Henry Thong  
Tel: +61 400 207 056

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# Appendix 4D

## Sprintex Limited

### ABN 38 106 337 599

Preliminary financial statements for the half-year ended 31 December 2020 as required by ASX listing rule 4.2A

Results for announcement to the market  
(All comparisons to half year accounts ended 31 December 2019)

	Half Year ended 31 December 2020 \$'000	Half Year ended 31 December 2019 \$'000	\$'000 Movement	% Movement
Revenue from ordinary activities	325	672	(347)	(51.6)
Revenue from ordinary activities excluding interest income	325	672	(347)	(51.6)
Net profit / (loss) before tax	2,659	(1,614)	4,273	264.7
Net profit/(loss) attributable to members	2,659	(1,614)	4,273	264.7
Net tangible assets/(liabilities) per security (cents)	(1.4)	(7.5)		

#### Dividend Information

The company has not declared and does not propose to pay any dividends for the half-year ended 31 December 2020. There are no dividend reinvestment plans.

#### Other

Additional information supporting the Appendix 4D disclosure requirements can be found in the Directors' Report and the consolidated financial statements for the half-year ended 31 December 2020.

This report has been issued with a review opinion which includes a material uncertainty regarding the going concern.

This report is based on the consolidated financial statements for the half-year ended 31 December 2020 which have been reviewed by PKF Brisbane Audit.

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**SPRINTEX LIMITED  
AND CONTROLLED ENTITIES**

**HALF-YEAR REPORT**

**FOR THE HALF-YEAR ENDED  
31 DECEMBER 2020**

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SPRINTEX LIMITED  
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CORPORATE INFORMATION

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**ASX Code: SIX**

**ABN 38 106 337 599**

**Directors**

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

**Company Secretary**

R Molkenthin (resigned 5 March 2021)  
H Thong (appointed 5 March 2021)

**Registered Office and Principal Place of Business**

Unit 2 / 63 Furniss Road  
Darch WA 6065  
T: +61 8 9262 7277

**Share Register**

Advanced Share Registry  
110 Stirling Highway  
Nedlands WA 6009  
T: +61 8 9389 8033

**Bankers**

National Australia Bank  
3 Exhibition Drive  
Malaga WA 6090

**Auditors**

PKF Brisbane Audit  
6/10 Eagle Street  
Brisbane QLD 4000

**Solicitors**

Steinepreis Paganin  
16 Milligan Street  
Perth WA 6000

SPRINTEX LIMITED  
AND CONTROLLED ENTITIES

**DIRECTORS REPORT**

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This financial 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 (\$).

Your directors present their report on the Consolidated Entity consisting of Sprintex Limited (the Company) and the entities it controlled (“the Group”, “the Consolidated Entity”) for the six months ended 31 December 2020.

**Directors**

The directors of the Company in office during the financial period and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

Richard John Siemens	Non-Executive Chairman
David Kenneth White	Deputy Chairman
Michael John Wilson	Non-Executive Director
Richard John O’Brien	Non-Executive Director
Raymond Wai Ming Lau	Non-Executive Director

**Principal Activities**

The principal activity of Sprintex Limited (“Sprintex”) and the entities it controlled for the six months ended 31 December 2020 was the manufacture and distribution of the patented range of Sprintex® superchargers and supercharger systems. The Company continued research and development on the installation of the supercharger assembly for production of the new FE supercharger system and reviewed and refined production samples and modelling for the supercharger sub-components.

**Review and Results of Operations**

Financial results and financial position

The Consolidated Entity recorded a net profit after tax of \$2,659,749 for the half-year period ended 31 December 2020 after extinguishing \$3,361,720 in debt and accrued interest payments as part of the Company’s recapitalisation mandate (2019 loss: \$1,613,793). Sales for the half-year were \$325,239 (2019: \$671,816) representing a decrease of 51.6%. Gross profit on sales for the half-year ended 31 December 2020 was \$143,752, compared to a gross profit of \$74,909 for the same period in 2019.

Covid-19

Covid 19 continued to have an impact on the group operations, with some relaxing and subsequent reinstatement of restriction on Movement Control Orders (“MCO”) in effect in Malaysia, Stay at Home Orders in the USA, and social distancing restrictions imposed in Australia, which lead to continuing challenges on production and sales activity. A resurgence of the virus has added further uncertainty to economies. Conditions created by the Covid-19 pandemic remain fluid, uncertain and constantly evolving. The Company continues to adapt to a work-from-home environment, as and when required, and follows increased hygiene, health and work practice advice from relevant state and federal governments across its global operations. Although the Company continues to be a recipient of a number of Australian Government assistance packages, it remains focussed on conservatively managing its cash flow through this period of uncertainty. The Company continues to monitor announcements on stimulus measures to support its ongoing work arrangements with its employees and will implement further responses as required. The health and safety of its staff members remains a key priority.

Corporate

The following corporate activities were completed and the Company remains focussed on the successful reinstatement of its securities to trading on the official list of the ASX in accordance with the letter received from the ASX detailing the conditions to be satisfied (“Reinstatement Letter”):

- On 28 September 2020 Sprintex held a general meeting of shareholders at which the key resolutions required for the successful completion of the Company’s recapitalisation plan were passed;

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**DIRECTORS REPORT**

- On 19 October 2020, the Company released its recapitalisation prospectus under which it offered 75,581,396 new shares at an issue price of \$0.086 per new share to raise \$6,500,000 (“Prospectus”). The Prospectus also contained an offer of up to 100 new shares at an issue price of \$0.086 per new share to raise up to \$8.60 (“Cleansing Offer”) and an offer of 5,000,000 Options exercisable at \$0.086 each on or before 3 years from the date of issue to the proposed Chairman, Mr Wayne Knight;
- On 28 October 2020, the Company issued securities to a number of investors in satisfaction of its obligations under a number of recapitalisation agreements including:
  - 5,755,814 shares to Lidx Technology Limited (an entity controlled by Director, Li Chen)(Lidx) in lieu of a financing charge payable to Lidx and in lieu of repayment of \$440,000 owing under the loan agreement entered into between the Company and Lidx; and
  - 10,146,790 shares to Wilson’s Pipe Fabrication Pty Ltd (WPF) in lieu of part conversion of the amount owing to WPF of \$1,462,642; and
  - 5,000,000 options exercisable to Mr Wayne Knight (proposed Chairman who will be appointed upon reinstatement of the Company’s securities to trading), which options will be cancelled by the Company where reinstatement does not occur by 31 March 2021.
- On 30 October 2020, the Company issued a supplementary prospectus and on 19 January 2021 issued a second supplementary prospectus as a “refresh document” detailing an extension to the timetable for the offer under the Prospectus and to meet the conditions for Minimum Subscription and Quotation (among other things);
- On 21 December 2020, the Company held its Annual General Meeting for the financial year ended 30 June 2020 at which all resolutions were passed;
- On 22 December 2020, the Company issued 18,681,395 shares to Ganado Investments Corporation Limited (GICL) in full and final repayment of the total amount of US \$1,110,000 owing to GICL.

The planned reinstatement of the Company’s securities to quotation on the official list of the ASX is at the discretion of the ASX, including satisfaction of the Listing Rules. There is no guarantee that the securities of the Company will be reinstated and if so, when.

The Company has until 31 March 2021 to satisfy the conditions set out in the Reinstatement Letter. Where the conditions are not satisfied by 31 March 2021, the Company will be removed from the official list of the ASX. This is by virtue of the Company being a long term suspended entity.

**AutoV Acquisition Agreement:**

The Company has also entered into and is in the process of completing the acquisition of the remaining interest in the Malaysian joint venture, Proreka Sprintex Sdn. Bhd. (Sprintex Malaysia) that it does not already own, being a 50% interest held by AutoV Corporation Sdn. Bhd. (AutoV) (Acquisition) pursuant to a share sale agreement between the parties (Acquisition Agreement). The Company has agreed to issue to AutoV US\$250,000 (approximately \$348,275) worth of Shares at a deemed issue price of \$0.086 per Share in consideration for, and at completion of, the Acquisition. Completion of the Acquisition is conditional upon:

- AutoV and Sprintex Malaysia obtaining all required shareholder and regulatory approvals necessary to completion the Acquisition;
- the Company undertaking the Placement (defined below) and receiving valid subscription amounts under the Placement for the minimum amount required to satisfy the ASX reinstatement conditions (as determined by the Company in its sole discretion); and
- the Company receiving the conditional approval from ASX for the securities of the Company to be reinstated to trading on the official list of the ASX.

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**DIRECTORS REPORT**

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**Placement**

Following receipt of the Reinstatement Letter, the Company has determined that the amount to be raised under the capital raising to be undertaken as part of the Recapitalisation is a minimum of \$6,500,000 at an issue price of \$0.086 per Share (Placement).

**Lead Manager to Placement**

As part of the Recapitalisation, the Company has appointed Indian Ocean Corporate Pty Ltd (IOC) (an unrelated party of the Company) as lead manager to the Placement. IOC will receive a fee of 6% of the total amount raised under the Placement (being, up to \$360,000) in cash at completion of the Recapitalisation.

**Proposed Board Changes**

The General Meeting of 21 December 2020 carried the motion, pursuant to the terms of the Recapitalisation, to appoint Mr Wayne Knight as the Chairman of the Board, Mr Jude (Jay) Upton as the Managing Director and Messrs Li Chen and Steve Apedaile as Non-Executive Directors of the Company. Existing directors would resign upon completion of the Recapitalisation.

**Likely Developments and Expected Results**

The Company is working to complete the conditions set out by the ASX for reinstatement of its securities to trading on the official list of the ASX.

**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.

**Events After Reporting Date**

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 Group, or the results of those operations, other than as set out below:

- On 28 January 2021, the Company announced that the ASX had granted a waiver of Listing Rule 14.7 permitting the Company to issue certain shares (including shares under the Prospectus) after the date which is 3 months from the date of shareholder approval, which was received at the General Meeting held on 28 September 2020. The Company has until 31 March 2021 to issue these shares.
- On 11 March 2021 the ASX granted an extension of the deadline to meet re-listing conditions to 31 March 2021.
- Mr Henry Thong was appointed Company Secretary following the resignation of Mr Robert Molkenthin.
- PKF Brisbane Audit was appointed the Company's auditor after PKF Perth resigned as a result of the audit partner having served the required time under the independence provisions of the Corporations Act and APES 110 Code of Ethics of Professional Accountants (including Independence Standards)
- As at the date of signing this financial report, the minimum total of \$6.5 million has been received in share applications in satisfaction of the minimum amount to be raised under the Prospectus issued on 20 October 2020, Second Supplementary Prospectus issued on 20 January 2021 and Third Supplementary Prospectus issued on 25 March 2021.

The planned reinstatement of the Company's securities to quotation on the official list of the ASX is at the discretion of the ASX, including satisfaction of the Listing Rules. There is no guarantee that the securities of the Company will be reinstated and if so, when.

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**DIRECTORS REPORT**

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**Events After Reporting Date (continued)**

The Company has until 31 March 2021 to satisfy the conditions set out in the Reinstatement Letter. Where the conditions are not satisfied by 31 March 2021, the Company will be removed from the official list of the ASX. This is by virtue of the Company being a long term suspended entity.

**Indemnification and Insurance of Directors and Auditors**

The Company has entered into an Indemnity, Insurance and Access Deed with each Director and Officer. Pursuant to the Deed, the Director/Officer is indemnified by the Company against any liability incurred in that capacity as an officer of the Company to the maximum extent permitted by law subject to certain exclusions. The Company must keep a complete set of company documents until the later of:

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

The Director has the right to inspect and/or copy a company document in connection with Relevant Proceedings during the period referred to above. Subject to the next sentence, the Company must maintain an insurance policy insuring the Director/Officer against liability as a director and officer of the Company while the Director/Officer is an officer of the Company and until the later of:

- the date which is seven years after the Director/Officer ceases to be an officer of the Company; and
- the date any Relevant Proceedings have been finally resolved. The Company may cease to maintain the insurance policy if the Company reasonably determines that the type of coverage is no longer available. \$68,450 has been paid by the Company in respect of insurance contract premiums for directors and officers during the year.

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

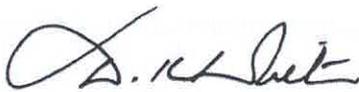
**Auditor's Independence Declaration**

The auditor's independence declaration for the half-year ended 31 December 2020 has been received and is included at Page 7 and forms part of this Directors' Report.

**Significant Changes in the State of Affairs**

There are no further significant changes outside of that disclosed in this Report and announced to the market.

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



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**David White**  
Deputy Chairman  
Perth, 29 March 2021

AUDITOR'S INDEPENDENCE DECLARATION  
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001  
TO THE DIRECTORS OF SPRINTX LIMITED

I declare that, to the best of my knowledge and belief, during the half-year ended 31 December 2020, there have been:

- (a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (b) no contraventions of any applicable code of professional conduct in relation to the review.

PKF BRISBANE AUDIT



TIM FOLLETT  
PARTNER

29 MARCH 2021  
BRISBANE

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SPRINTEX LIMITED  
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**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
AS AT 31 DECEMBER 2020

	NOTES	31 December 2020 \$	30 June 2020 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	9	148,327	146,260
Pledged bank deposits	3	30,000	30,000
Trade and other receivables	4	179,761	242,259
Inventories	12	-	48,623
<b>TOTAL CURRENT ASSETS</b>		<b>358,088</b>	<b>467,142</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		183,545	206,746
<b>TOTAL NON-CURRENT ASSETS</b>		<b>183,545</b>	<b>206,746</b>
<b>TOTAL ASSETS</b>		<b>541,633</b>	<b>673,888</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	6	1,299,225	1,888,664
Borrowings	7	1,038,925	6,246,151
Provisions		104,210	60,365
<b>TOTAL CURRENT LIABILITIES</b>		<b>2,442,360</b>	<b>8,195,180</b>
<b>NON-CURRENT LIABILITIES</b>			
Borrowings	7	11,632	25,043
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>11,632</b>	<b>25,043</b>
<b>TOTAL LIABILITIES</b>		<b>2,453,992</b>	<b>8,220,222</b>
<b>NET ASSETS / (LIABILITIES)</b>		<b>(1,912,359)</b>	<b>(7,546,333)</b>
<b>EQUITY</b>			
Contributed equity	8	59,451,471	56,477,246
Reserves		(119,227)	(119,227)
Accumulated losses		(61,244,603)	(63,904,352)
<b>TOTAL EQUITY</b>		<b>(1,912,359)</b>	<b>(7,546,333)</b>

The consolidated statement of financial position should be read in conjunction with the notes to the financial statements.

SPRINTEX LIMITED  
AND CONTROLLED ENTITIES

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND  
OTHER COMPREHENSIVE INCOME**  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

	Notes	31 December 2020 \$	31 December 2019 \$
Revenue		325,239	671,816
Cost of goods sold		(181,487)	(596,907)
<b>Gross profit</b>		<u>143,752</u>	<u>74,909</u>
Other income	7b	3,787,558	337
Distribution and marketing expenses		(13,479)	(82,820)
Research and development expenses		(158,162)	(290,689)
Joint venture impairment expense		(278,803)	(311,409)
Administration expenses		(739,377)	(996,293)
<b>Operating profit/(loss)</b>		<u>2,741,488</u>	<u>(1,605,975)</u>
Finance costs		(81,739)	(7,818)
<b>Profit/(loss) before income tax expense</b>		<u>2,659,749</u>	<u>(1,613,793)</u>
Income tax		-	-
<b>Net profit/(loss) for the period</b>		<u>2,659,749</u>	<u>(1,613,793)</u>
<b>Other comprehensive income for the period</b>			
Items that may be reclassified subsequently to profit and loss			
- Movement in foreign translation reserve		-	8,454
<b>Total comprehensive income for the period(net of tax)</b>		<u>2,659,749</u>	<u>(1,605,339)</u>
<b>Earnings/(loss) per share attributable to the ordinary equity holders of the Company</b>			
Basic (cents per share)		0.23	(1.61)
Diluted (cents per share)		0.22	(1.61)

The consolidated statement of profit and loss and other comprehensive income should be read in conjunction with the notes to the financial statements.

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**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

	Contributed equity	Reserves		
	Ordinary shares	Foreign translation reserve	Accumulated Losses	Total
	\$	\$	\$	\$
<i>For the half-year ended 31 December 2020</i>				
<b>Balance at 1 July 2020</b>	56,477,246	(119,227)	(63,904,352)	(7,546,333)
Profit for the period	-	-	2,659,749	2,659,749
Movement in the foreign translation reserve	-	-	-	-
<b>Total Comprehensive Income</b>	-	-	2,659,749	2,659,749
Issue of new securities	2,974,225	-	-	2,974,225
<b>Transactions with owners in their capacity as owners</b>	2,974,225	-	-	2,974,225
<b>Balance at 31 December 2020</b>	59,451,471	(119,227)	(61,244,603)	(1,912,359)
<i>For the half-year ended 31 December 2019</i>				
<b>Balance at 1 July 2019</b>	56,477,246	84,705	(61,069,803)	(4,507,852)
Loss for the period	-	-	(1,613,793)	(1,613,793)
Movement in the foreign translation reserve	-	8,454	-	8,454
<b>Total Comprehensive Income</b>	-	8,454	(1,613,793)	(1,605,339)
<b>Transactions with owners in their capacity as owners</b>	-	-	-	-
<b>Balance at 31 December 2019</b>	56,477,246	93,159	(62,683,596)	(6,113,191)

The consolidated statement of changes in equity should be read in conjunction with the notes to the financial statements.

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**CONSOLIDATED STATEMENT OF CASH FLOWS**  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

	NOTES	31 December 2020 \$	31 December 2019 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers		461,283	689,592
Payments to suppliers and employees		(665,263)	(1,336,651)
Interest and finance lease charges paid		(81,739)	(356)
<b>Net cash flows used in operating activities</b>		<u>(285,719)</u>	<u>(647,415)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Advance to joint venture		(278,803)	(261,768)
<b>Net cash flows used in investing activities</b>		<u>(278,803)</u>	<u>(261,768)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayment of lease liabilities		(13,411)	-
Proceeds from borrowings		580,000	342,300
<b>Net cash flows generated from financing activities</b>		<u>566,589</u>	<u>342,300</u>
<b>Net (decrease) / increase in cash and cash equivalents</b>		2,067	(566,883)
Cash and cash equivalents at the beginning of the period	9	146,260	600,551
Effect of movement in exchange rates on cash held		-	569
<b>Cash and cash equivalents at the end of the period</b>	9	<u>148,327</u>	<u>34,237</u>

The consolidated statement of cash flows should be read in conjunction with the notes to the financial statements.

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**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

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**1. Significant Accounting Policies**

*Statement of compliance*

The half year financial report is a general purpose financial report prepared in accordance with AASB 134 *Interim Financial Reporting* as issued by the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001* as appropriate for “for-profit” oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 ‘Interim Financial Reporting’.

*Basis of preparation*

The principal accounting policies adopted are consistent with those adopted in the annual financial report for the year ended 30 June 2020, and the corresponding interim reporting period, unless otherwise stated, and the condensed consolidated financial statements have been prepared on the historical cost basis, except for investments, which have been measured at fair value.

The half-year financial report does not include full disclosures of the type normally included in an annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the Group as the full financial report.

The half-year financial report should be read in conjunction with the annual report of the Group for the year ended 30 June 2020, and any public announcements made by the Group during the interim period, in accordance with continuing disclosure requirements of the Corporations Act 2001.

The financial statements were authorised for issue in accordance with a resolution of the directors, 28 March 2021.

*New, revised or amending Accounting Standards*

The Group has adopted all of the new and revised Accounting Standards and Interpretations issued by the AASB that are relevant to their operations and effective for the current half-year. There has been no material impact on the adoption of these.

*Critical accounting estimates and judgements*

Estimates and judgements are continually evaluated 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.

*Coronavirus (COVID-19) pandemic*

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the group based on known information. This consideration extends to the supply chain, staffing and geographic regions in which the group operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the group unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

*Inventory*

Judgement has been exercised in the determination of the recoverable amount of inventory. As a result, a provision for impairment has been recorded for the full amount of inventory as at 31 December 2020.

*Joint venture*

Judgement has been exercised in the determination of the recoverable amount of the 50% joint venture in Proreka Sprintex Sdn. Bhd, which has been fully impaired as at 31 December 2020.

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**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

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**Going concern**

The Group has a net liability position of \$1,912,359 and net current liability position of \$2,084,272 as at 31 December 2020 and, while making a profit of \$2,659,749, the key factor in this result was non cash other income being the extinguishment of \$3,361,720 in debt and accrued interest. The Group incurred a net operating cash outflow of \$303,264 for the six months period ended 31 December 2020.

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

- the ability to raise sufficient working capital to ensure the continued implementation of the Group's business plan;
- the ongoing support of shareholders, related parties and Directors;
- delivery of existing and new products through the Group's distribution network to generate sales revenues and positive cash flows;
- the successful completion of the restructure, recapitalisation and issue of new shares to raise \$6.5 million as detailed within Prospectus, and set out within Note 11; and
- all the pre-conditions set out in Note 11 relating to the above restructure and recapitalisation plan being satisfied;

As at the date of signing this report, the minimum \$6.5m has been received in the applications and cash funds in relation to the recapitalisation capital raise of \$6.5m.

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 Group 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.

These financial statements do not give effect to any adjustments which could be necessary should the group be unable to continue as a going concern and therefore be required to realise its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in the accompanying financial statements. Should the Group not achieve the matters set out above, there is a material uncertainty whether it will be able to continue as a going concern and therefore whether it will be able to pay its debts as and when they fall due and realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial statements.

**2. Operating Segment**

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 operates in one segment, being the manufacture and distribution of the patented range of Sprintex® superchargers and supercharger systems. These products are complementary, produced using similar production processes and sold to similar customers through the same distribution channels.

**3. Pledged Bank Deposits**

Pledged bank deposits at 31 December 2020 represented a term deposit of \$30,000 maturing on 30 April 2021, bearing interest at 2.20% per annum supporting credit card facilities.

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**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

	31 December 2020 \$	30 June 2020 \$
<b>4. Trade and Other Receivables</b>		
Trade receivables	3,460	34,317
Other receivables	5,380	62,000
R&D grant receivable	113,000	-
Trade deposits	-	30,542
Prepayments	57,921	115,400
	<u>179,761</u>	<u>242,259</u>

**5. Investment in a Joint Venture**

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 to assemble and manufacture Sprintex® products under licence from the Company.

At 31 December 2020, 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.

	31 December 2020 \$	30 June 2020 \$
<b>6. Trade and Other Payables</b>		
Trade payables	988,239	775,079
Other payables (note 7a)	310,986	1,113,585
	<u>1,299,225</u>	<u>1,888,664</u>

	31 December 2020 \$	30 June 2020 \$
<b>7. Borrowings</b>		
<b>Current</b>		
Insurance premium funding	15,514	56,109
Finance lease liabilities	13,411	13,411
Short term loans (a)	600,000	5,901,631
Secured loan (b)	410,000	275,000
	<u>1,038,925</u>	<u>6,246,151</u>
<b>Non-current</b>		
Finance lease liabilities	11,632	25,043
	<u>11,632</u>	<u>25,043</u>

- (a) Short term loans comprise \$600,000 from Wilson's Pipe Fabrication Pty Ltd ("WPF") a related party of the Company by virtue of WPF being an entity controlled by Mr Michael Wilson, a substantial shareholder and a non-executive Director of the Company. During the period, WPF converted loans of \$872,624 to shares. This loan from WPF has a due date of 31 March 2021. During the period, the loan from China Automotive Holdings Limited ("CAHL") a related party by way of a common Director, was extinguished by way of a debt settlement agreement, resulting in a reduction in borrowings of \$2,822,406, a reduction of \$809,314 in accrued interest and fees recorded in other payables and the recognition of other income loan forgiveness for \$3,631,720. During the period, the loan from Ganado Investments Corporation ("GICL") of \$1,606,601 was converted to shares. These conversions, combined with Lidx as detailed below, resulted in a total amount of \$2,974,225 in loans being converted to shares during the period.

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**7. Borrowings (Continued)**

- (b) The Company has entered into a loan agreement with Lidx Technology Limited, (Lidx) under which Lidx has agreed to provide an interest free loan of up to \$500,000 to the Company for general working capital purposes (Loan). The Loan is to be repaid via an issue of Shares at a deemed issue price of \$0.086 per Share on the reinstatement of the Company's securities to trading on the official list. Where reinstatement does not occur on or before 31 March 2021, the Loan will be repaid in cash on 1 April 2021. The Company has agreed to issue Lidx 639,535 Shares in consideration for providing the Loan at a deemed issue price of \$0.086 per Share. Where reinstatement does not occur on or before 31 March 2021, the consideration for providing the Loan (being, \$55,000) will be satisfied in cash on 1 April 2021. Accordingly, the total number of Shares to be issued to Lidx, is 7,034,883 Shares. The Loan is secured by a general security charge over the assets of the Company. The Company notes that, following entry into the Loan in May 2020 (at which time Lidx was an unrelated party of the Company), Lidx has subsequently become a related party of the Company by virtue of the Company proposing to appoint Mr Li Chen (who controls Lidx) as a director of the Company upon completion of the Recapitalisation.

**8. Contributed Equity**

	<b>31 December 2020</b>	<b>30 June 2020</b>
	\$	\$
Paid up capital – ordinary shares	60,892,437	57,918,212
Capital raising costs capitalised	(1,440,966)	(1,440,966)
	59,451,471	56,477,246

**(a) Ordinary Shares**

	<b>Number of shares</b>	<b>\$</b>
<b>Movements in Ordinary Share Capital</b>		
<b>Balance at 1 July 2020</b>	100,000,000	56,477,246
Issue of ordinary shares(refer Note 7a)		
28 October 2020 to Wilson's Pipe Fabrication Pty Ltd	10,146,790	872,624
28 October 2020 to Lidx Technology Limited	5,755,814	495,000
29 December 2020 to Ganado Investments Corporation	18,861,395	1,606,601
<b>Balance as at 31 December 2020</b>	134,763,999	59,451,471

**9. Cash and Cash equivalents**

	<b>31 December 2020</b>	<b>30 June 2020</b>
	\$	\$
For the purpose of the Statement of Cash Flows, cash and cash equivalents comprise the following amounts:		
Cash	148,327	146,260
Total cash and cash equivalents	148,327	146,260

SPRINTEX LIMITED  
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**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

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**10. Commitments and Contingencies**

The only changes to the commitments and contingencies disclosed in the most recent annual financial report are specified below.

- (a) There have been no significant changes to operating lease commitments or capital commitments since 30 June 2020 or subsequent to 31 December 2020.
- (b) A former group employee based in the USA has made a claim against the Company. This matter is considered to have no merit and is being vigorously defended.
- (c) The USA controlled entity, Sprintex USA Inc. have engaged an independent taxation firm that have processed and lodged the outstanding direct and indirect taxation returns for the current and previous years. Based on these returns, Sprintex USA Inc. does not have any outstanding obligations. However, due to their outstanding returns being lodged past their due date, there may be penalties incurred. An amount of USD \$35,000 has been provided for as a payable in the statement of financial position.

**11. Events after Reporting Date**

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 Group, or the results of those operations, other than as set out below:

- On 28 January 2021, the Company announced that the ASX had granted a waiver of Listing Rule 14.7 permitting the Company to issue certain shares (including shares under the Prospectus) after the date which is 3 months from the date of shareholder approval, which was received at the General Meeting held on 28 September 2020. The Company has until 31 March 2021 to issue these shares.
- On 11 March 2021 the ASX granted an extension of the deadline to meet re-listing conditions to 31 March 2021.
- Mr Henry Thong was appointed Company Secretary following the resignation of Mr Robert Molkenhuth.
- PKF Brisbane Audit was appointed the Company's auditor after PKF Perth resigned as a result of the audit partner having served the required time under the independence provisions of the Corporations Act and APES 110 Code of Ethics of Professional Accountants (including Independence Standards)
- As at the date of signing this financial report, the minimum \$6.5 million been received in share applications in satisfaction of the minimum amount to be raised under the Prospectus issued on 20 October 2020, Second Supplementary Prospectus issued on 20 January 2021 and Third Supplementary Prospectus issued on 25 March 2021.

The planned reinstatement of the Company's securities to quotation on the official list of the ASX is at the discretion of the ASX, including satisfaction of the Listing Rules. There is no guarantee that the securities of the Company will be reinstated and if so, when.

The Company has until 31 March 2021 to satisfy the conditions set out in the Reinstatement Letter. Where the conditions are not satisfied by 31 March 2021, the Company will be removed from the official list of the ASX. This is by virtue of the Company being a long term suspended entity.

SPRINTEX LIMITED  
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**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

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**12. Inventories**

Inventories comprise finished goods – at cost, as offset by a provision for impairment. As at 31 December 2020, the total of inventories measured at the lower of cost or net realisable value had been impaired down to \$nil (30 June 2020: \$48,623).

**13. Related Party Transactions**

During the period, the loan from China Automotive Holdings Limited (“CAHL”) a related party by way of a common Director, was extinguished by way of a debt settlement agreement, resulting in a reduction in borrowings of \$2,822,406, a reduction of \$809,314 in accrued interest and fees recorded in other payables and the recognition of other income loan forgiveness for \$3,631,720.

Short term loans comprise \$600,000 from Wilson’s Pipe Fabrication Pty Ltd (“WPF”) a related party of the Company by virtue of WPF being an entity controlled by Mr Michael Wilson, a substantial shareholder and a non-executive Director of the Company. During the period, WPF converted loans of \$872,624 to shares.

Loans provided to the Group from Lidx Technology Limited and any subsequent conversion to equity as disclosed in Note 7(b) are noted as a Related Party transaction by virtue of the Company proposing to appoint Mr Li Chen (who controls Lidx) as a director of the Company upon completion of the Recapitalisation.

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SPRINTEX LIMITED  
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DIRECTORS' DECLARATION

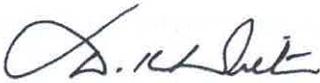
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In accordance with a resolution of the directors of Sprintex Limited, we state that:

The directors declare that:

- (a). The financial statements and notes of the Consolidated Entity are in accordance with the Corporations Act 2001, including:
- (i) compliance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporation Regulations 2001*; and
  - (ii) giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2020 and of its performance for the half-year ended on that date; and
- (b). There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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



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**David White**  
Deputy Chairman  
Perth, 29 March 2021

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

### Conclusion

We have reviewed the accompanying half-year financial report of Sprintex Limited ("the company"), which comprises the consolidated statement of financial position as at 31 December 2020, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and 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 of the consolidated entity, comprising the company and the entities it controlled at the half-year's end or from time to time during the financial half-year.

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 Sprintex Limited is not in accordance with the *Corporations Act 2001* including:-

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2020, 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*.

### Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Financial Report section of our report. We are independent of the consolidated entity in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

### Independence

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

PKF Brisbane Audit  
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### Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial report, which indicates that the consolidated entity incurred cash outflows from operating activities of \$303,264 during the half-year ended 31 December 2020 and had net current liabilities of \$2,084,272 and net liabilities of \$1,912,359 as at 31 December 2020. As stated in Note 1, these events or conditions, along with other matters set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business. Our opinion is not modified in respect of this matter.

### Responsibility of the Directors for the Financial Report

The directors of the company 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 Responsibilities for the Review of the Financial Report

Our responsibility is to express a conclusion on the half year financial report based on our review. ASRE 2410 requires us to conclude whether 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 consolidated entity's financial position as at 31 December 2020 and its performance for the half year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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 BRISBANE AUDIT



TIM FOLLETT  
PARTNER

29 MARCH 2021  
BRISBANE