SPRINTEX LIMITED

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED
30 JUNE 2021

Index

CORPORATE INFORMATION

ABN: 38 106 337 599

Directors

Wayne Knight	Chairman
Jude Upton	Managing Director
Steven Apedaile	Non-executive Director
Li Chen	Non-executive Director

Secretary
Michael van Uffelen

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

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

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

ASX Code: SIX
Sprintex Limited's shares are listed on the Australian Securities Exchange (ASX)

Auditors
PKF Brisbane Audit
Level 6/10 Eagle St
Brisbane QLD, 4000

DIRECTORS' REPORT

Your Directors submit the financial report of Sprintex Limited (the Company or Sprintex), and the entities it controlled (the Group), for the year ended 30 June 2021.

1. Directors

The names of directors who held office during or since the end of the financial year and until the date of this report are as follows. Directors were in office for the entire financial year unless otherwise stated.

Name, qualifications, independence status and special responsibilities	**Experience**
Mr Wayne Knight *Independent, Non-executive Chairperson* Appointed 16 April 2021	Mr Knight has over 30 years' experience working as a financial adviser in the financial services industry. He provides advice on creating financial security through personal and business risk protection and provides services in the areas of personal superannuation planning, managed investments, rollover and redundancy planning, wealth creation and insurances. ASX listed company directorships in the past 3 years: None
Mr Jude Upton *Managing Director and CEO* Appointed 16 April 2021	Mr Upton has a broad range of business managerial and technical engineering experience gained over a 20-year period working in the international automotive industry where he has amassed a network of international industry contacts. Prior to this, Mr Upton gained a further 20 years' experience in engineering management in the heavy mobile equipment sector and in both industrial and automotive high- performance engine engineering. ASX listed company directorships in the past 3 years: None
Mr Li Chen *Independent Non-executive Director* Appointed 16 April 2021	Mr Chen has over 6 years' experience from an engineer to a managing director in mechatronics research and development, business development, project management, scheduling, budget control and resource planning. With a degree in Mechanical Engineering from University College London, Mr Chen is also qualified as a Senior New-energy Engineer (Ministry of Industry and information Technology, China). Mr Chen is fluent in Chinese and English. ASX listed company directorships in the past 3 years: None
Mr Steven Apedaile *Independent Non-executive Director* Appointed 16 April 2021	Mr Apedaile has worked in the accounting profession for over 30 years, 25 years of which were spent in Hong Kong with the first 7 years with KPMG HK and then 18 years with Horwath HK. In his position as Senior Audit Partner, Mr Apedaile's experience included management advice, risk analysis, strategic planning, public listings, forensic accounting, M&A and general business advice. Mr Apedaile served on the Member Review Committee of Horwath International for 3 years performing quality control and risk assessments on a number of Asian based member firms. Mr Apedaile also served for two terms (2 years) on the Hong Kong Society of Accountants Audit Standards Review Committee.

DIRECTORS' REPORT

ASX listed company directorships in the past 3 years:
- Nanoveu Limited – ASX: NVU

Mr Richard Siemens
Non-executive Chairman
Retired 16 April 2021

Mr Siemens was born and raised in Canada, trained as a Chartered Accountant and moved to Hong Kong in 1979. In 1984, he formed Hutchison Telephone Company Limited in partnership with Hutchison Whampoa and Motorola. While Group Managing Director of Hutchison Telecommunications Limited, Mr Siemens was instrumental in the establishment of other leading companies including AsiaSat (the first satellite company in Asia), STAR TV, Metro Radio (the radio station awarded with the first private radio licence granted by the Hong Kong Government in 25 years) and Hutchison's move into the European wireless business under the brand "Orange". His financial acumen and entrepreneurial leadership is also key to establishing mobile telecommunication businesses across the world led by Distacom Group, a privately-held group of companies in mobile telecommunication business including SUNDAY in Hong Kong, Blu in Italy, Spice in India and Madacom in Madagascar.

ASX listed company directorships in the past 3 years: None

Mr David White
Independent Non-executive Deputy Chairman
Retired 16 April 2021

Mr White was previously a non-executive director and was appointed to the office of Deputy Chairman on 6 September 2013. Mr White has over 40 years' experience in managing a variety of companies in the Information and Communications Technologies (ICT) industry, during which he was the Chairman of the Board of Telecom Malagasy, a nationwide telecommunications service provider in Madagascar offering both landline and mobile services, as well as a director of Abiba Software in India and Value Access in Hong Kong.

ASX listed company directorships in the past 3 years: None

Mr Michael Wilson
Non-executive Director
Retired 16 April 2021

Mr Wilson is the owner and managing director of a Perth-based company which supplies engineering, procurement, fabrication and construction services to the oil and gas and resources sector. Mr Wilson has overseen the growth of the business into a multi-million dollar annual revenue generating operation in the past 23 years. Mr Wilson has been a major shareholder of Sprintex Limited and Non-executive Director since 2009.

ASX listed company directorships in the past 3 years: None

Mr Richard O'Brien
Independent Non-executive Director
Retired 16 April 2021

Mr O'Brien has significant experience in company financial management and administration, which has been acquired through more than 35 years in senior finance and administration roles – including company secretary and chief accountant with two mining companies. He holds a Bachelor of Business, Post Graduate Diploma in Business and is a Fellow of the Australian Society of CPA's.

ASX listed company directorships in the past 3 years: None

DIRECTORS' REPORT

Mr Raymond Lau *Non-executive Director* Retired 16 April 2021	Mr Lau is qualified as a solicitor in Hong Kong and has wide-ranging experience in corporate and commercial matters as well as corporate governance practices. In the past 25 years, Mr Lau has been acting as legal counsel, company secretary and management executive to several companies listed on the Hong Kong Stock Exchange. Mr Lau graduated from the University of Hong Kong with LL.B. and P.C.LL., and holds a Certificate in Civil and Commercial Law issued by the China University of Political Science and Law. He is also a Fellow of the Hong Kong Institute of Directors. ASX listed company directorships in the past 3 years: None

2. Company Secretaries

Mr Michael van Uffelen Appointed 19 April 2021	Mr van Uffelen is an experienced director, CFO and company secretary actively engaged in managing companies. He holds a Bachelor of Commerce degree from the University of Western Australia and is a Chartered Accountant with over 30 years' experience gained with major accounting firms, investment banks and public companies.
Mr Henry Thong Appointed 5 March 2021 Resigned 19 April 2021	Mr Thong (*FCPA MBA GAICD*) joined the Company with over 20 years' experience in financial management and governance.
Mr Robert Molkenthin Resigned 5 March 2021	Mr Molkenthin joined the Company in 2014 and has held a variety of positions throughout his career and has over 25 years' experience in Australia and Internationally in a wide range of business environments.

3. Directors' Meetings

The number of meetings of Directors held during the financial year and the number of meetings attended by each Director was as follows:

Name	Number of meeting eligible to attend	Number of meetings attended
Mr Wayne Knight	2	2
Mr Jude Upton	2	2
Mr Li Chen	2	2
Mr Steven Apedaile	2	2
Mr Richard Siemens	8	8
Mr David White	8	8
Mr Michael Wilson	8	8
Mr Richard O'Brien	8	8
Mr Raymond Lau	8	8

4. Principal Activities

The principal activity of the Group for the financial year ended 30 June 2021 was the manufacture and distribution of the patented range of Sprintex® superchargers.

DIRECTORS' REPORT

5. Operating and financial review

The Company was established in 2003 and listed on the ASX in 2008.

The Group's focus is the development and commercialisation of the Sprintex® twin screw supercharger and supercharger systems incorporating the Sprintex® twin screw supercharger.

The Group's HQ facility in Perth, Western Australia is our dedicated research and development base, and is where our creative Design, Engineering and Calibration team work together to provided technical and innovative solutions to support both aftermarket and OEM requirements with the use of the Sprintex® twin screw supercharger. With capability for low volume production, manufacturing and testing at the facility, the team is well equipped to provide engineering concept ideas and solutions at low cost.

The production facility in Malaysia in the 'Glenmarie' area of Shah Alam, Selangor was commissioned in January 2013 encompassing 1,800 sqm. Certified to ISO9008 and able to provide high volume quality parts and systems, supported by a highly trained production and engineering team, the Malaysian facility and its team have continued to grow and expand their knowledge and performance to provide a solid production platform for the Group. The Group also has a distribution and final assembly facility in Detroit, Michigan USA, where we can launch our products to the USA and Canadian markets. The shared facility of over 36,000 sqm also provides customer support and sales and marketing for the region.

Overview for the year

Re-admission to the Official List of the ASX and Recapitalisation:

During the year a recapitalisation of the Company and re-admission to the Official List of the Australian Securities Exchange Limited were completed.

75,581,395 ordinary shares were issued at $0.086 per share to raise $6,500,000 before costs.

Acquisition of Remaining 50% interest in the Malaysian Production Facility:

The remaining 50% interest in its joint ventured production facility in Malaysia for the issue of 3,805,940 ordinary shares. This facility is now 100% owned by Sprintex.

Change of Board:

As part of the recapitalisation and re-admission to the Official List of the ASX, the Board of the Company was changed and now comprises of:

- Mr Wayne Knight – Non-executive Chairman
- Mr Jude (Jay) Upton – Managing Director
- Mr Li Chen – Non-executive Director
- Mr Steven Apedaile – Non-executive Director

As part of his remuneration package, Mr Knight was issued with 5,000,000 options with an exercise price of $0.086 on or before 12 April 2024.

Restructuring of Loans:

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. The balance of $930,000 was repaid during the year.

DIRECTORS' REPORT

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.

A loan from China Automotive Holdings Limited ("CAHL") a related party by way of a common former 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.

COVID-19

Beginning in February 2020, governments worldwide issued increasingly stringent orders to contain the spread of COVID-19, including shelter-in-place orders and travel bans. In response to this travel was ceased for all employees. Operations were impacted by COVID-19 restrictions with production not being possible from the facility in Malaysia and access to the facility in the US also being restricted at times. These restrictions did impact the ability of the Group to manufacture and assemble products. Additionally, the supply chain was impacted with part shortages and freight restrictions at times.

The COVID-19 pandemic is a new risk to human health and is a concern the Company's Board takes seriously and is confident appropriate procedures are in place to navigate the Group through this period.

Shareholder returns

	2021	**2020**	**2019**	**2018**	**2017**
Revenue	574,854	1,130,974	1,851,939	2,274,050	2,274,050
Net profit (loss) for the year	127,636	(2,834,549)	(2,938,035)	(1,884,472)	(4,321,180)
Earnings per share (cents)	0.1	(2.8)	(3.0)	(1.8)	(5.0)
Net assets / (liabilities)	2,844,899	(7,546,333)	(1,119,645)	(5,103)	539,196
Share price	$0.08	Suspended from the ASX(i)	Suspended from the ASX(i)	$0.095	$0.300

(i) The last quoted share price prior to suspension from the ASX on 30 September 2018 was of $0.095.

Investments for future performance

Commencement of Development of a Toyota Tacoma Supercharger System:

Following the continued success of the Group's industry leading composite supercharger systems to suit the very popular Jeep Wrangler range of lifestyle oriented on and off-road vehicles, the Group commenced development of a new supercharger system to suit the Toyota Tacoma 3.5 V6 pickup truck range to meet rising demand in the USA, Middle East and Asian markets.

The Tacoma 3.5 V6 model was introduced in the USA and is produced in similar volume to the Jeep Wrangler in USA, at approximately 250,000 units p.a. It is a popular choice for off-road and overland recreational lifestyle applications.

With a similar engine configuration to the Jeep 3.6 V6, the Toyota Tacoma 3.5 V6 supercharger system will share many common parts with the Group's latest Jeep supercharger system to suit Jeep Wrangler vehicles from 2019 on, leveraging off the Group's expertise and success with technically superior nylon composite manifolding and its highly efficient S5-335 front entry supercharger, which when combined, offer industry leading low speed torque that is essential to vehicles equipped with larger wheel and tyre packages and raised suspension for off-roading and rock climbing.

China Subsidiary Established

The Company established Sprintex Energy Technology (Suzhou) Co., Ltd (Sprintex China). Sprintex China will be the engineering centre and production base for Sprintex in China.

Chinese operations will be centred in the newly refurbished building which provides a floor area of 1,500 sqm for the office and factory, providing production capacity of 50,000 units per annum of high-speed electric compressors. High-speed electric compressors have rapidly increasing demands in clean emission transportation, clean energy/hydrogen fuel cell, and industrial applications.

The facility was established with the support of a series of subsidies from the Chinese Government for its high-tech operations and clean energy profile, including three years of free rental subsidised by local government, additional long term project grant incentives, and local tax exemption of up to 80%.

Sprintex China has recruited an experienced and resourceful operation and technical team from leading turbomachinery, electric motor and car manufacturers, to ensure swift development and production of products. One of Sprintex's directors, Mr. Li Chen, is based in Shanghai and leads the operations of Sprintex China. Li is a China registered senior engineer with a MEng degree in Mechanical Engineering from University College London.

Several expressions of interest from qualified customers and potential corporate partners have been received by Sprintex China.

Review of financial condition
The Group had $2,536,790 cash at bank as at 30 June 2021.

Significant changes in the state of affairs

Following the recapitailisation and re-admission to the Official List of the Australian Securities Exchange Limited, the Group had settled loans, completed the acquisition of the 50% ownership of the production facility in Malaysia it did not own and installed a new board of directors and management team.

Other than these matters, there have been no significant changes in the state of affairs of the Group to the date of this report, not otherwise disclosed in this report.

6. Dividends

No dividends have been paid or declared since the start of the financial year and the Directors do not recommend the payment of a dividend in respect of the financial year.

7. Significant events after balance date

Subsequent to year end, the Group purchased tooling and supercharger system designs it jointly owned with a supplier for $367,949, concluding all matters with the supplier.

The impact of the Coronavirus (COVID-19) pandemic is ongoing and it is not practicable to estimate the potential impact, positive or negative, after the reporting period. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

Apart from the items above, there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group, in future financial years.

8. Likely developments

The Group is focused on developing new superchargers and supercharger systems from its dedicated R&D facility in Perth with manufacturing of products being primarily from the Group's production facility in Malaysia. The expanded range of products is intended to immediately service the needs of the aftermarket sector, where the key drivers are improved performance, while also enabling the Group to showcase its products to Original Equipment Manufacturers with whom the Group is continuing to build business relationships, with a view to securing future sales orders.

9. Environmental legislation

The Group's operations are not regulated by any significant environmental regulations under a law of the Commonwealth or of a state or territory.

10. Directors' interests

As at the date of this report, the interests of the Directors in the Company were:

	Number of fully paid ordinary shares	Number of Options
Mr Wayne Knight	-	5,000,000
Mr Jude Upton	47,844	-
Mr Li Chen	7,034,883	-
Mr Steven Apedaile	2,717,588	-

11. Share options

At the date of this report 10,000,000 unissued shares of the Company were under option.

During the year the following options were issued:

- 5,000,000 unlisted options with an exercise price of $0.086 on or before 12 April 2024 were issued to Mr Wayne Knight on 12 April 2021 as part of his remuneration package;
- 3,000,000 unlisted options with an exercise price of $0.086 on or before 19 May 2024 were issued to an investor relations consultant on 19 May 2021 as part of their remuneration package; and
- 2,000,000 unlisted performance options with an exercise price of $0.015 on or before 19 May 2024, exercisable if SIX having traded at a minimum VWAP of $0.15 over 5 consecutive trading days, were issued to an investor relations consultant on 19 May 2021 as part of their remuneration package.

Options not exercised by the expiry date will lapse.

No shares were issued as a result of the exercise of options.

The options do not entitle the holder to participate in any share issue of the Company or any other body corporate.

During or since the end of the financial year the Company has not issued any shares as a result of the exercise of options.

12. Indemnification and insurance of Directors and Officers

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. $70,168 (2020: $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.

13. Auditor Independence and Non-Audit Services

The auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this Directors' Report.

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).

14. Non-Audit Services

The directors are of the opinion that the services as disclosed in Note 8 to the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risks and rewards

15. Proceedings on Behalf of the Company

There are no proceedings on behalf of the Company under section 237 of the Corporations Act 2001 in the financial year or at the date of this report.

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

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2021, there have been no contraventions of:

(a) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(b) any applicable code of professional conduct in relation to the audit.

PKF BRISBANE AUDIT

TIM FOLLETT
PARTNER

BRISBANE
31 AUGUST 2021

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DIRECTORS' REPORT – REMUNERATION REPORT (AUDITED)

This remuneration report, which forms part of the directors' report, outlines the director and executive remuneration arrangements of the Company in accordance with the requirements of the Corporations Act 2001 and its Regulations. The term "key management personnel" refers to those persons having the authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any director (whether executive or otherwise) of the parent company.

Details of key management personnel

The directors and other key management personnel in office at any time during the financial year and up to the date of this report were:

Parent Entity Directors

Mr Wayne Knight .... Independent Non-executive Chairman, appointed 16 April 2021
Mr Jude Upton .... Managing Director, appointed 16 April 2021
Mr Li Chen .... Independent Non-executive Director, appointed 16 April 2021
Mr Steven Apedaile .... Independent Non-executive Director, appointed 16 April 2021
Mr Richard Siemens.................... Non-executive Chairman, retired 16 April 2021
Mr David White .... Non-executive Deputy Chairman, retired 16 April 2021
Mr Michael Wilson .... Non-executive Director, retired 16 April 2021
Mr Richard O'Brien .... Independent Non-executive Director, retired 16 April 2021
Mr Raymond Lau .... Non-executive Director, retired 16 April 2021

Other Key Management Personnel

Mr Michael van Uffelen .... Chief Financial Officer and Company Secretary, appointed 19 April 2021
Mr Henry Thong .... Chief Financial Officer and Company Secretary, appointed 5 March 2021, resigned 19 April 2021
Mr Robert Molkenthin .... Chief Financial Officer and Company Secretary, resigned 5 March 2021
Mr Doug Runciman .... Consultant, General Manager, terminated 13 October 2020
Mr Tyrone Jones .... Chief Executive Office, terminated 1 January 2020

Remuneration Policy

For the purposes of this report, the term key management personnel encompasses the Directors, Chief Financial Officer and Company Secretary, Chief Executive Officer and General Manager.

Each Director of the Company is entitled to such remuneration from the Company as shareholders approve at the annual general meeting, but the total amount provided to all non-executive directors must not exceed in aggregate the amount fixed by the Company in a general meeting.

The Board of Directors of the Company is responsible for determining and reviewing remuneration arrangements for the directors and executives. The Board assesses the appropriateness of the nature and amount of remuneration of executives on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality, high performing director and executive team. Options can be issued as part of director and executive remuneration to encourage the alignment of personal and shareholder interests. The expected outcome of this remuneration structure is:

- Retention and motivation of Directors
- Performance rewards to allow Directors to share the rewards of the success of the Company
- Competitiveness and reasonableness
- Acceptability to shareholders

Non-executive directors with significant shareholdings have not been drawing any fees to assist the Company with preserving cash.

DIRECTORS’ REPORT – REMUNERATION REPORT (AUDITED)

To incentivise the executives with the strategic objectives of the Group to maximise shareholders wealth, the Company has previously offered key executives of the Company the ability to acquire shares in-lieu of remuneration. The Board will continue to monitor appropriate incentive schemes, including cash and share ownership plans, for the Company in future years.

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

Remuneration Structure

In accordance with best practice corporate governance, the structure of non-executive director and executive remuneration is separate and distinct.

Non-Executive Director Remuneration

Objective

The Board seeks to set aggregate remuneration at a level that provides the Company with the ability to attract and retain directors of the highest calibre, whilst incurring a cost that is acceptable to shareholders.

Structure

The ASX Listing Rules specify that the aggregate remuneration of non-executive directors shall be determined from time to time by a general meeting. The aggregate remuneration for all non-executive Directors has been set at a maximum amount of $300,000 per annum.

The amount of aggregate remuneration sought to be approved by shareholders and the fee structure is reviewed annually. All non-executive Directors do not receive retirement benefits.

All Directors are entitled to be paid reasonable travelling, accommodation and other expenses incurred in consequence of their attendance at Board meetings and otherwise in the execution of their duties as Directors.

Executive Directors and other Key Management Personnel Remuneration

As part of its Corporate Governance Policies and Procedures, the Board has adopted a formal Remuneration Committee Charter. Due to the current size of the Company and number of Directors, the board has elected not to create a separate Remuneration Committee but has instead decided to undertake the function of the Committee as a full Board under the guidance of the formal charter.

Structure

While it is intended to achieve the remuneration structure as mentioned in the Remuneration Policy, due to the current nature and performance of the Company’s business operations, the rewards for Directors have no set or pre-determined performance conditions or key performance indicators as part of their remuneration.

Other key management personnel

Other key management personnel are remunerated in cash and are entitled to participate in any employee share ownership plans which may be introduced from time to time.

The remuneration of directors and executives is detailed under the heading “Compensation of Key Management Personnel” below.

DIRECTORS' REPORT – REMUNERATION REPORT (AUDITED)

Compensation of Key Management Personnel

2021 Year	Salary & fees	Non-monetary benefits	Post Employment Benefits	Share-based Payments	Total	Proportion of remuneration performance based
	$	$	$	$	$	%[8]
Directors						
Mr W Knight[1]	10,000	-	950	264,158	275,108	-
Mr J Upton[1]	50,000	-	-	-	50,000	-
Mr L Chen[1]	8,333	-	-	-	8,333	-
Mr S Apedaile[1]	8,333	-	-	-	8,333	-
Mr R Siemens[2]	-	-	-	-	-	-
Mr M Wilson[2]	-	-	-	-	-	-
Mr R O'Brien[2]	-	-	-	-	-	-
Mr D White[2]	-	-	-	-	-	-
Mr R Lau[2]	-	-	-	-	-	-
Sub-total	76,667	-	950	264,158	341,775	-
Other key management personnel						
Mr M van Uffelen[3,6]	25,000	-	-	-	25,000	-
Mr H Thong[4]	69,878	-	-	-	69,878	-
Mr T Jones[7]	-	37,495	-	-	37,495	-
Mr R Molkenthin[5]	157,856	-	13,181	-	171,037	-
Mr D Runciman[6]	66,500	-	-	-	66,500	-
Sub-total	319,234	37,495	13,181	-	369,910	-
Total	395,900	37,495	14,131	264,158	711,685	-

1. Appointed 16 April 2021
2. Retired 16 April 2021
3. Appointed 19 April 2021
4. Appointed 5 March 2021, resigned 19 April 2021
5. Resigned 5 March 2021
6. Paid through third-party companies or arrangements with foreign operations, therefore no superannuation applies.
7. Includes provision of accommodation while in the USA and settlement of contract termination in prior years. T Jones no longer provides services to the Company.
8. None of the remuneration disclosed herein was performance related.

2020 Year	Salary & fees	Non-monetary benefits	Post Employment Benefits	Share-based Payments	Total	Proportion of remuneration performance based
	$	$	$	$	$	%[1]
Directors						
Mr R Siemens	-	-	-	-	-	-
Mr M Wilson	-	-	-	-	-	-
Mr R O'Brien	-	-	-	-	-	-
Mr D White	-	-	-	-	-	-
Mr R Lau	-	-	-	-	-	-
Sub-total	-	-	-	-	-	-
Other key management personnel						
Mr T Jones[2,3,4]	162,000	50,230	-	-	212,230	-
Mr R Molkenthin	180,000	-	17,100	-	197,100	-
Mr D Runciman[2]	180,000	-	-	-	180,000	-
Sub-total	522,000	50,230	17,100	-	589,330	-
Total	522,000	50,230	17,100	-	589,330	-

1. None of the remuneration disclosed herein was performance related.
2. Paid through third-party companies or arrangements with foreign operations, therefore no superannuation applies.
3. Provision of accommodation while in the USA.
4. Paid to 31 December 2019. T Jones no longer provides services to the Company.

DIRECTORS' REPORT – REMUNERATION REPORT (AUDITED)

Key management personnel (KMP) disclosures

(a) Option holdings of key management personnel

Year ended 30 June 2021

5,000,000 unlisted options with an exercise price of $0.086 on or before 12 April 2024 were issued to Mr Wayne Knight as part of his remuneration package. The fair value was calculated using a Black-Scholes Option pricing model and estimated to be $0.053 per option.

Year ended 30 June 2020

No options were on issue.

(b) Shareholdings of key management personnel

Ordinary shares

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

Year ended 30 June 2021	**Balance at start of the financial year/ date of appointment**	**Received as remuneration**	**Other changes**	**Balance at the end of financial year / date of retirement**
Directors				
Mr W Knight[i]	-	-	-	-
Mr J Upton[i]	47,844	-	-	47,844
Mr L Chen[i]	7,034,883	-	-	7,034,883
Mr S Apedaile[i]	2,717,588	-	-	2,717,588
Mr R Siemens[ii]	61,822,000	-	-	61,822,000
Mr M Wilson[ii]	15,166,090	-	10,146,790	25,312,880
Mr R O'Brien[ii]	512,687	-	-	512,687
Mr D White[ii]	235,169	-	-	235,169
Mr R Lau[ii]	681	-	-	681
Other key management personnel				
Mr M van Uffelen[iii]	28,541	-	-	28,541
Mr R Molkenthin[iv]	567,350	-	-	567,350
	88,132,833	-	10,146,790	98,279,623

i. Appointed 16 April 2021
ii. Retired 16 April 2021
iii. Appointed 19 April 2021
iv. Resigned 5 March 2021

Year ended 30 June 2020	**Balance at start of the financial year/ date of appointment**	**Received as remuneration**	**Other changes**	**Balance at the end of financial year / date of retirement**
Directors				
Mr R Siemens	61,822,000	-	-	61,822,000
Mr M Wilson	15,166,090	-	-	15,166,090
Mr R O'Brien	512,687	-	-	512,687
Mr D White	235,169	-	-	235,169
Mr R Lau	681	-	-	681
Other key management personnel				
Mr T Jones[i]	556,701	-	(556,701)	-
Mr R Molkenthin	567,350	-	-	567,350
	78,860,678	-	-	78,303,977

i. Tyrone Jones was no longer a member of the key management personnel as at 30 June 2020

DIRECTORS' REPORT – REMUNERATION REPORT (AUDITED)

(c) Loans from Directors

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

$930,000 was repaid to 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 former non-executive Director of the Company.

A loan from China Automotive Holdings Limited ("CAHL") a related party by way of a common former 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.

(d) Performance rights of key management personnel

There were no performance rights on issue at 30 June 2021 or 30 June 2020.

END OF REMUNERATION REPORT

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

Wayne Knight
Chairman

Perth, 31 August 2021

CORPORATE GOVERNANCE OVERVIEW

The Board of Sprintex Limited is committed to fulfilling its corporate governance obligations and responsibilities in the best interests of the company and its stakeholders.

A copy of the Sprintex 2021 Corporate Governance Statement, which provides detailed information about governance, and a copy of the Sprintex Limited Appendix 4G which sets out the company's compliance with the recommendations in the third edition of the ASX Corporate Governance Council's Principles and Recommendations (ASX Principles) is available on the corporate governance section of the company's website at www.sprintex.com.au.

The Board believes that the governance policies and practices adopted by Sprintex Limited during 2021 are in accordance with the recommendations contained in the ASX Principles.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2021

	NOTES	2021 $	2020 $
Sales of goods and services		574,854	1,130,974
Revenue		**574,854**	**1,130,974**
Cost of goods sold		(242,020)	(477,703)
Gross profit		**332,834**	**653,271**
Other income	5.1	134,308	139,197
Research and development incentive grant		150,185	696,686
Distribution and marketing expenses	5.4, 5.5	(770,267)	(156,733)
Research and development expenses	5.6	(421,232)	(541,394)
Joint venture / goodwill impairment expense	12(b)	(304,615)	(547,904)
Impairment of assets	11	(973,033)	(122,305)
Administration expenses	5.4, 5.5	(1,695,277)	(2,009,878)
Other gains / (expenses)	5.2	(20,302)	(96,384)
Operating profit / (loss)		**(3,567,399)**	**(1,985,443)**
Finance income		5,538	-
Finance income / (costs)	5.3	57,777	(849,106)
Gain on extinguishment of financial liability	16	3,631,720	-
Profit (loss) before income tax expense (benefit)		**127,636**	**(2,834,549)**
Income tax benefit	6	-	-
Net profit (loss) for the year		**127,636**	**(2,834,549)**
Other comprehensive income, net of tax		**-**	**-**
Items that may be reclassified subsequently to profit or loss			
Translation of foreign operation		544,573	(203,932)
Total other comprehensive income, net of tax		**544,573**	**(203,932)**
Total comprehensive income for the year		**672,209**	**(3,038,481)**
Profit (loss) per share attributable to the ordinary equity holders of the Company			
Basic earnings (loss) per share (cents)	7	0.1	(2.8)
Diluted earnings (loss) per share (cents)	7	0.1	(2.8)

The Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Notes to the Financial Statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2021

	NOTES	2021 $	2020 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	21(b)	2,536,790	146,260
Pledged bank deposits	9	30,000	30,000
Trade and other receivables	10	392,040	242,259
Inventories	11	-	48,623
TOTAL CURRENT ASSETS		**2,958,830**	**467,142**
NON-CURRENT ASSETS			
Property, plant and equipment	13	246,965	206,746
Right of use asset	14	250,176	-
TOTAL NON-CURRENT ASSETS		**497,141**	**206,746**
TOTAL ASSETS		**3,455,971**	**673,888**
CURRENT LIABILITIES			
Trade and other payables	15	245,001	1,888,664
Borrowings	16	10,805	6,246,151
Provisions	17	82,057	60,365
Building lease liabilities	14	175,111	-
TOTAL CURRENT LIABILITIES		**512,974**	**8,195,180**
NON-CURRENT LIABILITIES			
Borrowings	16	7,203	25,043
Building lease liabilities	14	90,895	-
TOTAL NON-CURRENT LIABILITIES		**98,098**	25,043
TOTAL LIABILITIES		**611,072**	**8,220,222**
NET ASSETS / (LIABILITIES)		**2,844,899**	**(7,546,333)**
EQUITY			
Contributed equity	18	65,834,374	56,477,246
Reserves	20	787,241	(119,227)
Accumulated losses		(63,776,716)	(63,904,352)
TOTAL EQUITY / (DEFICIENCY)		**2,844,899**	**(7,546,333)**

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2021

	Contributed Equity	Share Option Reserve	Foreign Translation Reserve	Accumulated Losses	Total
	$	$	$	$	$
Balance at 1 July 2020	**56,477,246**	**-**	**(119,227)**	**(63,904,352)**	**(7,546,333)**
Profit for the year	-	-	-	127,636	127,636
Movement in the foreign translation reserve	-	-	544,573	-	544,573
Total Comprehensive gain for the year	-	-	**544,573**	**127,636**	**672,209**
Transactions with owners in their capacity as owners					
Issue of shares	6,500,000	-	-	-	6,500,000
Issue of shares for satisfaction of loans	2,974,225	-	-	-	2,974,225
Issue of shares for business acquisition	327,311	-	-	-	327,311
Share issue expenses	(444,408)	-	-	-	(444,408)
Options issued	-	361,895	-	-	361,895
Balance at 30 June 2021	**65,834,374**	**361,895**	**425,346**	**(63,776,716)**	**2,844,899**
Balance at 1 July 2019	**56,477,246**	**-**	**84,705**	**(61,069,803)**	**(4,507,852)**
Loss for the year	-	-	-	(2,834,549)	(2,834,549)
Movement in the foreign translation reserve	-	-	(203,932)	-	(203,932)
Total Comprehensive loss for the year	-	-	**(203,932)**	**(2,834,549)**	**(3,038,481)**
Transactions with owners in their capacity as owners					
Issue of shares	-	-	-	-	-
Share issue expenses	-	-	-	-	-
Balance at 30 June 2020	**56,477,246**	**-**	**(119,227)**	**(63,904,352)**	**(7,546,333)**

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2021

	NOTES	2021 $	2020 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		575,258	1,151,626
Payments to suppliers and employees		(4,062,989)	(2,931,492)
Interest and finance lease charges paid		(1,746)	(7,618)
Interest received		5,538	2,222
Government grant received		134,307	74,000
Research and development incentive grant received		-	696,686
Net cash flows used in operating activities	21(a)	(3,350,036)	(1,014,576)
CASH FLOWS FROM INVESTING ACTIVITIES			
Contribution to joint venture entity		(304,615)	(436,100)
Proceeds from sale of property, plant and equipment		-	33,817
Payments for property, plant and equipment		(53,022)	(10,729)
Net cash flows used in investing activities		(357,637)	(413,012)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		969,000	1,041,220
Repayment of borrowings		(930,000)	(67,924)
Proceeds from the issue of shares		6,500,000	-
Share issue costs		(444,408)	-
Net cash flows generated from financing activities		6,094,592	973,296
Net increase / (decrease) in cash and cash equivalents held		2,386,920	(454,292)
Cash and cash equivalents at the beginning of the financial year		146,260	600,551
Cash acquired in a business combination		3,610	-
Cash and cash equivalents at the end of the financial year	21(b)	2,536,790	146,260

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

1. Corporate information

Sprintex Limited (the "Company") is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange.

The consolidated financial statements of the Company as at and for the year ended 30 June 2021 comprise the Company and its subsidiaries (together referred to as the "Group"). The nature of the operations and principal activities of the Group are described in the Directors' Report.

2. Significant accounting policies

a. Basis of Preparation

Statement of compliance

The financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards and Interpretations, and as appropriate for profit oriented entities.

Accounting Standards include Australian Accounting Standards (AASBs). Compliance with Australian Accounting Standards ensures that the financial statements and notes comply with International Financial Reporting Standards (IFRS) adopted by the International Accounting Standards Board (IASB).

The financial statements were authorised for issue by the directors on 31 August 2021.

Basis of measurement

The financial report has also been prepared under the historical cost convention.

Functional and presentation currency

The financial report is presented in Australian dollars, which is the Company's functional currency.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Sprintex Limited ('Company' or 'parent entity') as at 30 June 2021 and the results of all subsidiaries for the year then ended. Sprintex Limited and its subsidiaries together are referred to in these financial statements as the Group.

Subsidiaries are all those entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the Group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Non-controlling interest in the results and equity of subsidiaries are shown separately in the statement of profit or loss and other comprehensive income, statement of financial position and statement of changes in equity of the Group. Losses incurred by the Group are attributed to the non-controlling interest in full, even if that results in a deficit balance.

Where the Group loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The Group recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

b. Going concern

The Company has net assets of $2,844,899 (2020: net liabilities of $7,546,333) and net current assets of $2,295,672 (2020: net current liabilities of $7,728,038) as at 30 June 2021 and incurred a profit of $127,636 (2020: loss of $2,834,549) and net operating cash outflows of $3,350,036 (2020: $1,014,576) for the year ended 30 June 2021.

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:

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

The financial report has been prepared on a going concern basis, which contemplates the continuity of normal business and economic activities and the realisation of assets and discharge of liabilities in the normal course of business. In arriving at this position, in the opinion of the directors the Company will, based on varying cash flow forecasts, have access to sufficient funds to meet administrative and other committed expenditure for a period of not less than 12 months from the date of this report.

With the increasing disruption to normal economic and business activity, as a result of the COVID-19 pandemic announced by the World Health Organisation in March 2020 and the Federal Government's subsequent announcements of protocols that have already been instigated and the potential for others, the likelihood of normal business operating conditions prevailing in the near term is uncertain. This creates a level of uncertainty about the future trading outlook for all organisations in Australia and the Company is no exception. It is not possible to reliably assess the potential impacts at the present time.

Consequently, the Directors believe that the above factors represents a material uncertainty that casts significant doubt as to whether the Company will be able to continue as a going concern and 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.

c. Functional and presentation currency

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

d. New, revised or amending Accounting Standards and Interpretations adopted

The Group has adopted all of the 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.

The following Accounting Standards and Interpretations are most relevant to the consolidated entity:

Conceptual Framework for Financial Reporting (Conceptual Framework)

The consolidated entity has adopted the revised Conceptual Framework from 1 July 2020. The Conceptual Framework contains new definition and recognition criteria as well as new guidance on measurement that affects several Accounting Standards, but it has not had a material impact on the consolidated entity's financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

e. Earnings per share

Basic earnings per share

Basic earnings per share is determined by dividing net profit after income tax attributable to members of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

f. Revenue recognition

The Group recognises revenue as follows:

Sale of goods

Revenue from the sale of goods is recognised at the point in time when the customer obtains control of the goods, which is generally at the time of delivery.

Interest

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

g. Government grants

Government grants relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate.

h. Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is current when: it is expected to be realised or intended to be sold or consumed in normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within twelve months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period. All other assets are classified as non-current.

A liability is current when: it is expected to be settled in normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within twelve months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

i. Cash and cash equivalents

Cash and short-term deposits in the statement of financial position comprise cash at bank and in hand and short-term deposits with an original maturity date of twelve months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts. Bank overdrafts are included within interest-bearing liabilities in current liabilities on the statement of financial position.

j. Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 0 to 90 days.

The consolidated entity has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

k. Inventories

Inventories are valued at the lower of cost or net realisable value. Costs incurred in bringing each product to its present location and conditions are accounted for as follows:

Raw materials – purchase cost on a first in, first out basis.

Finished goods and work in progress – cost of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity but excluding borrowing costs. Costs are assigned on a first in, first out basis.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

l. Investments and other financial assets

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless, an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, it's carrying value is written off.

Financial assets at fair value through profit or loss

Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either: (i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or (ii) designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss.

Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income include equity investments which the consolidated entity intends to hold for the foreseeable future and has irrevocably elected to classify them as such upon initial recognition.

Impairment of financial assets

The consolidated entity recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the consolidated entity's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets measured at fair value through other comprehensive income, the loss allowance is recognised within other comprehensive income. In all other cases, the loss allowance is recognised in profit or loss.

Recognition and de-recognition

All regular way purchases and sales of financial assets are recognised on the trade date, i.e. the date that the Company commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets under contracts that require delivery of the assets within the period established generally by regulation or convention in the market place. Financial assets are derecognised when the right to receive cash flows from the financial assets have expired or been transferred.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired. These are included in current assets, except for those with maturities greater than 12 months after reporting date, which are classified as non-current.

m. Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

The Group determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs.

The acquired process is considered substantive if it is critical to the ability to continue producing outputs, and the inputs acquired include an organised workforce with the necessary skills, knowledge, or experience to perform that process or it significantly contributes to the ability to continue producing outputs and is considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9 Financial Instruments, is measured at fair value with the changes in fair value recognised in the statement of profit or loss in accordance with IFRS 9. Other contingent consideration that is not within the scope of IFRS 9 is measured at fair value at each reporting date with changes in fair value recognised in profit or loss.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit (CGU) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

n. Joint arrangements

Joint arrangements are classified as either a joint operation or a joint venture, based on the rights and obligations arising from the contractual obligations between the parties to the arrangement. To the extent the joint arrangement provides the Group with rights to the net assets of the arrangement, the investment is accounted for using the equity method. To the extent the joint arrangement provides the Group with rights to the individual assets and obligations arising from the joint arrangements, the Group recognises its share of assets, liabilities, revenues and expenses of the operation.

The Company had an investment in a joint venture. The Company's investment in the joint venture was accounted for using the equity method of accounting as the joint venture provides the Group with rights to the net assets of the joint venture.

The joint arrangement concluded during the year with the entity becoming a subsidiary. Refer to the business combination note.

o. Property, plant and equipment

Recognition

Plant and equipment and leasehold improvements are carried at cost, less accumulated depreciation/amortisation and any impairment in value. Such cost includes the cost of replacing parts that are eligible for capitalisation when the cost of replacing the parts is incurred. Similarly, when each major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement only if it is eligible for capitalisation. All other repairs and maintenance are recognised in profit or loss as incurred.

Land and buildings are measured at fair value, based on periodic but at least triennial valuations by external independent valuer who apply the International Valuations Standards Committee's International Valuation Standards, less accumulated depreciation on buildings and less any impairment losses recognised after the date of the revaluation.

Depreciation and amortisation

Depreciation is calculated on a diminishing value basis over the estimated useful life of the asset as follows:

- Plant and Equipment: 15%
- Engineering Equipment and Software: 15%-37.5%
- Furniture and Office Equipment: 7.5%-37.5%
- Motor Vehicles: 18.75%
- Leasehold Improvements: 30%

The assets' residual values, useful lives and amortisation method are reviewed, and adjusted if appropriate, at each financial year end.

De-recognition

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

Right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the consolidated entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

p. Lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the consolidated entity's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

q. Impairment of non-financial assets other than goodwill

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

At each reporting date, management assess whether there is any indication that an asset may be impaired, where an indicator of impairment exists, management makes a formal estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

Recoverable amount is the greater of fair value less cost to sell and value in use. It is determined for an individual asset, unless the asset's value in use cannot be estimated to be close to its fair value less costs to sell and it does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case, the recoverable amount is determined for the cash-generating unit to which the asset belongs. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset.

r. Trade and other payables

Trade and other payables are carried at amortised cost. Due to their short term nature they are not discounted. They represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 30 days of recognition.

s. Interest-bearing loans and borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Fees paid on the establishment of loan facilities that are yield related are included as part of the carrying amount of the loans and borrowings.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

t. Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the Group expects some or all of a provision to be reimbursed, for example under and insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Service warranties

Provision is made for the estimated liability on all products still under warranty at reporting date. The amount of the provision is the estimated cash flows expected to be required to settle the warranty obligations and is calculated based on a percentage of sales. The provision is not discounted to its present value as the effect of discounting is not material.

u. Employee leave benefits

Wages, salaries, annual leave and non-monetary benefits

Provision is made for the employee benefits accumulated as a result of the employee rendering services up to the reporting date. These benefits including on costs due to be settled within one year, together with benefits arising from wages and salaries, annual leave and non-monetary benefits which will be settled after one year, are measured at their nominal amounts based on remuneration rates which are due to be paid when the liability is settled.

Long service leave

Long service leave including on costs, payable later than one year have been measured at the present value of estimated future cash outflows to be made for those benefits using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

Retirement benefit obligations

The Company contributes to various superannuation plans in accordance with and at rates set down by law. Some employees contribute to these plans at differing percentages of their salaries.

The Company's contributions and costs are charged as an expense as incurred.

v. Share based payment transactions

The Group provides incentives to the key management personnel (KMP) of the Group in the form of share based payment transactions, whereby KMP render services in exchange for shares or rights over shares ("equity settled transactions").

The cost of these equity settled transactions with employees is measured by reference to the fair value at the date at which they are granted using a Black Scholes model to determine the fair value, which takes into account the factors including the option exercise price, the current level and volatility of the underlying share price, the risk-free interest rate, expected dividends on the underlying share, current market price of the underlying share, the expected life of the option, and any barriers associated with vesting.

The fair value of equity settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the option ('vesting date').

The cumulative expense recognised for equity settled transactions at each reporting date until vesting reflects:

- the grant date fair value of the award,
- the extent to which the vesting period has expired, and
- the number of options that, in the opinion of the Directors of the Company, will ultimately vest. This opinion is formed based on the best available information at reporting date. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date.

No expense is recognised for options that do not ultimately vest, except for options where vesting is conditional upon a market condition.

Where the terms of an equity settled option are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any increase in the value of the transaction as a result of the modification, as measured at the date of modification.

Where an equity settled option is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the option is recognised immediately. However, if a new option is substituted for the cancelled option and designated as a replacement option on the date that it is granted, the cancelled and new option are treated as if they were a modification of the original option, as described in the previous paragraph.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share.

Equity-settled share-based payments transactions with other parties are measured at the fair value of the goods or services received, except where the fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

w. Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

x. Foreign currency translation

The financial statements are presented in Australian dollars, which is Sprintex Limited's functional and presentation currency.

Foreign currency transactions

Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign operations

The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

3. Significant accounting estimates, assumptions and judgements

(a) Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Share-based payment transactions

The consolidated entity measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Binomial or Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

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 consolidated entity based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the consolidated entity operates.

Revenue from contracts with customers involving sale of goods

When recognising revenue in relation to the sale of goods to customers, the key performance obligation of the consolidated entity is considered to be the point of delivery of the goods to the customer, as this is deemed to be the time that the customer obtains control of the promised goods and therefore the benefits of unimpeded access.

Allowance for expected credit losses

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience, historical collection rates, the impact of the Coronavirus (COVID-19) pandemic and forward-looking information that is available.

Provision for impairment of inventories

The provision for impairment of inventories assessment requires a degree of estimation and judgement. The level of the provision is assessed by taking into account the recent sales experience, the ageing of inventories and other factors that affect inventory obsolescence.

Estimation of useful lives of assets

The consolidated entity determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Impairment of non-financial assets other than goodwill and other indefinite life intangible assets

The consolidated entity assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the consolidated entity and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Income tax

The consolidated entity is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The consolidated entity recognises liabilities for anticipated tax audit issues based on the consolidated entity's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

Recovery of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences only if the consolidated entity considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Employee benefits provision

As discussed in note 1, the liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

Warranty provision

In determining the level of provision required for warranties the consolidated entity has made judgements in respect of the expected performance of the products, the number of customers who will actually claim under the warranty and how often, and the costs of fulfilling the conditions of the warranty. The provision is based on estimates made from historical warranty data associated with similar products and services.

Business combinations

Business combinations are initially accounted for on a provisional basis. The fair value of assets acquired, liabilities and contingent liabilities assumed are initially estimated by the consolidated entity taking into consideration all available information at the reporting date. Fair value adjustments on the finalisation of the business combination accounting is retrospective, where applicable, to the period the combination occurred and may have an impact on the assets and liabilities, depreciation and amortisation reported.

4. Segment information

(a) Identification of reportable segments

The Group identifies its operating segments based on the internal reports that are reviewed and used by the executive management team (chief operating decision makers) in assessing performance and in determining the allocation of resources. Operating segments are identified by management based on the similarity of the products produced and sold.

The Group is operating in one segment, being the manufacture and distribution of the patented range of Sprintex® superchargers.

The accounting policies applied for internal reporting purposes are consistent with those applied in the preparation of the financial statements.

(b) Geographic information and major customers

	2021 $	2020 $
United States	419,571	875,046
Australia	75,042	115,580
United Arab Emirates	8,222	24,146
Other countries	72,019	116,202
Total revenue	574,854	1,130,974

The revenue information above is based on the location of the customer.

(c) Location of non-current assets

Non-current assets for this purpose consist of property, plant and equipment. Non-current assets of the Company located in Australia amounted to $65,673 (2020: $35,365). Non-current assets located in the USA amounted to $123,264 (2020: $171,380), Malaysia $48,824 (2020: nil) and China $9,203 (2020: nil).

5. Revenue and expenses

		2021 $	2020 $
5.1	**Other income**		
	Government grants – COVID-19	134,308	136,000
	Sundry income	-	3,197
	Total other income	134,308	139,197
5.2	**Other (gains) expenses**		
	Net foreign exchange loss	20,302	97,364
	(Gain) / loss on disposal of assets	-	(980)
	Total other expenses	20,302	96,384

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

5.3 Finance income / (costs)		
Interest and finance (gains) / charges	(57,777)	849,106
Total finance income /(costs)	(57,777)	849,106
5.4 Employee payments including benefits expense		
Salaries and wages	1,331,502	1,382,993
Superannuation expense	42,935	49,152
Other employment expense	189,156	110,557
Total employee payments including benefits expense	1,563,594	1,542,702
5.5 Depreciation and amortisation expenses		
Depreciation of property, plant and equipment	70,192	49,153
Total depreciation and amortisation	70,192	49,153
5.6 Research and development expenses		
Research and development staff costs	292,533	226,074
Consultants' costs	-	180,000
Materials / service costs	128,699	135,320
Total research and development expenses	421,232	541,394

6. Income tax

(a) Income tax recognised in profit/loss

No income tax is payable by the Group as it recorded a loss for income tax purposes for the period.

(b) Numerical reconciliation between income tax expense and the profit before income tax

The prima facie income tax expense on pre-tax accounting loss from operations reconciles to the income tax expense in the financial statements as follows:

	2021	**2020**
	$	**$**
Profit (loss) before income tax expense	127,636	(2,834,549)
Income tax calculated at statutory tax rate of 25% (2020: 27.5%)	31,909	(779,501)
Permanent differences non-assessable/non-deductible	(55,365)	(210,052)
Impact of reduction in future tax rates	-	1,104,214
Tax losses and temporary differences not recognised	23,456	(114,661)
Aggregate income tax benefit	**-**	**-**

The franking account balance at year end was $Nil (2020: $Nil)

(c) Unrecognised temporary differences

At 30 June 2021, there are no unrecognised temporary differences associated with the Company's investments in subsidiaries as the Company has no liability for additional taxation should unremitted earnings be remitted (2020: $Nil).

(d) Unrecognised deferred tax balances

	2021 $	2020 $
Tax losses - USA (shown at 30%)	1,083,156	947,584
Tax losses - Australia (shown at 25%)	8,479,270	9,122,839
Tax losses - Malaysia (shown at 25%)	29,090	-
Tax losses - China (shown at 25%)	23,013	-
Deferred tax assets not booked		
Provisions and accruals	42,316	234,520
Impairment provisions	2,771,090	2,451,678
Prepayments	(18,063)	(28,806)
Other	-	(1,521)
	12,409,873	12,726,294

Unused tax losses available for offset against future taxable profits. Such losses may be carried forward indefinitely subject to meeting relevant statutory tests.

The net deferred tax asset arises from temporary differences but has not been recognised due to the unpredictability of future profit streams.

7. Earnings per share

	2021	2020
Basic and diluted earnings (loss) per share (cents per share)	0.1	(2.8)

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share is as follows:

Profit (loss) for the year	$127,636	($2,834,549)
Weighted average number of shares outstanding during the year used in the calculations of basic earnings per share:	137,005,604	100,000,000

There is no dilution of shares due to options as the potential ordinary shares are not dilutive and are therefore not included in the calculation of diluted earnings per share.

8. Remuneration of auditors

	2021 $	2020 $
Amounts paid to the auditor or related company of the auditor:		
• Audit and review of the financial report – current year	67,500	102,500
• Audit and review of the financial report – prior year fees	59,980	-
• Investigating accountant's report	20,000	-
Other services		
• Tax compliance	4,750	-
Total remuneration of auditors	149,730	102,500

9. Pledged bank deposits

	2021 $	2020 $
Deposits at call	30,000	30,000
	30,000	30,000

Pledged bank deposits at 30 June 2021 represented a term deposit matured on 30 April 2022 bearing interest at 0.25% (2020: 1.00%) per annum of $30,000 supporting credit card facilities.

10. Trade and other receivables

	2021	2020
	$	$
Trade receivables	4,263	34,317
R&D tax incentive grant receivable	150,185	-
Other receivables (note b)	-	62,000
Trade deposits (note a)	165,339	30,542
Prepayments	72,254	115,400
	392,040	242,259

(a) Expected credit losses

Trade receivables are non-interest bearing and, where provided, are generally on 0-90 day terms. Expected credit losses are recognised when there is objective evidence that an individual trade receivable is impaired.

Trade deposits represent payments to suppliers with no history of unsatisfactory product quality or delivery default and are considered fully recoverable.

Based on past experience, management believes that no expected credit losses are necessary to be provided in respect of these balances as there have not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances.

(b) Other receivables

Other receivables represent government grants receivable to support the group during the COVID-19 pandemic, as well as trade deposits, which represent payments to suppliers with no history of unsatisfactory product quality or delivery default.

(c) Fair value and credit risk

Due to the short-term nature of the receivables, their carrying value is assumed to approximate their fair value.

11. Inventories

	2021	2020
	$	$
Finished goods – at cost	1,185,616	663,497
Provision for impairment	(1,185,616)	(614,874)
Total inventories at lower of cost and net realisable value	-	48,623

Inventory was fully impaired consistent with the interest in a joint venture previously having been impaired.

12. Investment in a joint venture

Interests in joint venture are accounted for using the equity method of accounting. Information relating to the joint venture is set out below:

Investment details

	2021	2020
	$	$
Unlisted Proreka Sprintex Sdn. Bhd. - 50% interest in 2020	n/a	-

Proreka Sprintex Sdn. Bhd. is a Malaysian company which owns and operates a facility in Malaysia which has been licenced by the Company to assemble and manufacture Sprintex products. In prior years the Company 50% was owned by the Company. The remaining 50% interest was acquired by the Company during the year. See Note 28 for details.

The Company's investment in the joint venture was considered to be fully impaired prior to the acquisition of the further 50% interest at which time the joint venture entity became a subsidiary.

13. Property, plant & equipment

	Manufact-uring Plant and Equipment	Engineering Equipment and Software	Motor Vehicles	Office Furniture and Equipment	Total
Year ended 30 June 2021					
Opening net book amount	25,712	1,690	174,800	4,544	206,746
Additions	-	-	53,022	-	53,022
Acquired in a business combination	57,389	-	-	-	57,389
Depreciation charge	(8,447)	(507)	(56,842)	(4,395)	(70,192)
Closing net book amount	74,654	1,183	170,979	149	246,964
At 30 June 2021					
Cost	389,916	31,562	447,417	11,994	880,889
Accumulated depreciation	(315,262)	(30,379)	(276,438)	(11,845)	(633,925)
Net book amount	74,654	1,183	170,979	149	246,964

	Manufact-uring Plant and Equipment	Engineering Equipment and Software	Motor Vehicles	Office Furniture and Equipment	Total
Year ended 30 June 2020					
Opening net book amount	3,759	2,418	248,584	6,824	261,585
Additions	24,908	-	-	1,616	26,524
Disposals, net	-	-	(30,646)	(1,564)	(32,210)
Depreciation charge	(2,955)	(728)	(43,138)	(2,332)	(49,153)
Impairment of assets[1]	-	-	-	-	-
Closing net book amount	25,712	1,690	174,800	4,544	206,746
At 30 June 2020					
Cost	332,527	31,562	394,396	11,994	770,479
Accumulated depreciation	(306,815)	(29,872)	(219,596)	(7,450)	(563,733)
Net book amount	25,712	1,690	174,800	4,544	206,746

14. Right of use asset and liability

	2021 $	2020 $
Right of use asset	250,176	-
Lease liabilities - current	175,111	-
Lease Liabilities – non-current	90,895	-
	266,006	-

The Group has a property lease in Malaysia.

15. Trade and other payables

	2021 $	2020 $
Trade payables	157,794	775,079
Other payables and accruals	87,207	1,113,585
	245,001	1,888,664

Trade payables are non-interest bearing and are predominately settled on 30 to 60 day terms.

16. Borrowings

	2021 $	2020 $
Current		
Insurance premium funding (unsecured)	-	56,109
Finance lease liabilities (note a)	10,805	13,411
Short term loans (note b)	-	5,901,631
Secured loan (note c)	-	275,000
	10,805	6,246,151
Non-current		
Finance lease liabilities (note a)	7,203	25,043

Trade payables are non-interest bearing and are predominately settled on 30 to 60 day terms.

(a) The average effective interest rate on finance lease liabilities approximated 8.50% (2020: 8.50%) per annum in the year. The carrying value of leased plant and equipment as at 30 June 2021 was $39,658 (2020: $38,454). Other details of finance lease liabilities are disclosed in note 24.

(b) Short term loans:

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;
- 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
- 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. Ganado Investments Corporation Ltd ("GICL"), an unrelated third party, is an investment holding company, registered in St Lucia, which is controlled by Mrs Jennifer Saran.

$930,000 was repaid to 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 former non-executive Director of the Company.

A loan from China Automotive Holdings Limited ("CAHL") a related party by way of a common former director, was extinguished by way of a debt settlement agreement, resulting in a reduction in the recognition of other income loan forgiveness for $3,631,720.

The above loans were payable at an interest rate of 9% per annum.

(c) On 27 May 2020, the Company entered into an interim funding loan agreement of $275,000 (including a facility fee payable of $25,000) from LIDX Technology Ltd, a company registered in

Hong Kong. These funds were an advance on the funds to be received upon completion of the recapitalisation plan noted above was satisfied upon the successful recapitalisation of the Company.

17. Provisions

	2021 $	2020 $
Provision for warranty (note a)	33,908	33,908
Provision for employee benefits	48,149	26,457
	82,057	60,365

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

	2021 $	2020 $
At 1 July	33,908	103,809
Provision adjustment during the year	-	(69,901)
Utilisation of provisions	-	-
At 30 June	33,908	33,908

Warranty provision

Under the terms of the Company's sales arrangements, the Company will rectify any product defects arising within one year of the date of sale. Provision is therefore made for the present value of the management's best estimate of the expected settlement under these agreements in respect of sales made within the year prior to the reporting date.

18. Contributed equity

	2021 $	2020 $
Paid up capital – ordinary shares	67,719,748	57,918,212
Capital raising costs capitalised	(1,885,374)	(1,440,966)
	65,834,374	56,477,246

(a) Ordinary shares

	Date	Number of shares	$
30 June 2021 movements in issued capital:			
Balance at 1 July 2020		100,000,000	56,477,246
Conversion of debt to equity at $0.086 per share:			
- Wilson's Pipe Fabrications Pty Ltd (i)	28/10/20	10,146,790	872,624
- Lidx Technology Limited (ii)	28/10/20	5,755,814	495,000
- Ganado Investments Corporation (iii)	29/12/20	18,681,395	1,606,601
Purchase of 50% interest in joint venture at $0.086 per share (iv)	13/4/21	3,805,940	327,311
Placement at $0.086 per share (v)	13/4/21	75,581,395	6,500,000
Costs relating to issue of shares (vi)		-	(444,408)
Balance at 30 June 2021		213,971,334	65,834,374

i. 10,146,790 shares were issued to Wilson's Pipe Fabrication Pty Ltd (entity controlled by former director Michael Wilson) (WPF) in lieu of part conversion of the amount owing to WPF of $1,462,642.
ii. 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.
iii. 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.
iv. The Company acquired the remaining interest in the Malaysian joint venture, Proreka Sprintex Sdn. Bhd. (Sprintex Malaysia) that it did 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) for the issue to AutoV of US$250,000 worth of Shares at a deemed issue price of $0.086 per Share (refer to Note 27).
v. Includes brokerage fee of $390,000 paid to Indian Ocean Corporate Pty Ltd for arranging the placement of $6,500,000.

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held. The fully paid shares have no par value. There are no externally imposed capital requirements.

Voting at meetings is now conducted via a poll. Every member present at a meeting in person or by proxy shall have one vote.

There is no current on-market share buy-back.

(b) Share Options

Options issued and exercised:

During 2021, the following options were issued:

- 5,000,000 unlisted options with an exercise price of $0.086 on or before 12 April 2024 were issued to Mr Wayne Knight as part of his remuneration package;
- 3,000,000 unlisted options with an exercise price of $0.086 on or before 19 May 2024 were issued to an investor relations consultant as part of their remuneration package; and
- 2,000,000 unlisted performance options with an exercise price of $0.015 on or before 19 May 2024, exercisable if SIX having traded at a minimum VWAP of $0.15 over 5 consecutive trading days, were issued to an investor relations consultant as part of their remuneration package.

Expiry Date	Exercise Price	Number Issued	Number Exercised	Number Remaining at 30 June 2021
12 Apr 2024	$0.086	5,000,000	-	5,000,000
19 May 2024	$0.086	3,000,000	-	3,000,000
19 May 2024	$0.15	2,000,000	-	2,000,000

No options were issued nor exercised during the year ended 30 June 2020.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

Options on issue:

At 30 June 2021, unissued ordinary shares of the Company under option.

Terms of Options	Number on Issue
Unlisted options with an exercise price of $0.086 on or before 12 April 2024	5,000,000
Unlisted options with an exercise price of $0.086 on or before 19 May 2024	3,000,000
Unlisted options with an exercise price of $0.086 on or before 19 May 2024, exercisable if SIX having traded at a minimum VWAP of $0.15 over 5 consecutive trading days (Performance Options)	2,000,000
Total	10,000,000

At 30 June 2020 there were no unissued ordinary shares of the Company under option:

Weighted average exercise prices:

The following table illustrates the number (No.) and weighted average exercise prices of and movements in share options issued as compensation during 2021 and 2020:

	2021 No	2021 Weighted average exercise price	2020 No	2020 Weighted average exercise price
Outstanding at the beginning of the year	-	-	-	-
Granted during the year	10,000,000	$0.099	-	-
Forfeited during the year	-	-	-	-
Exercised during the year	-	-	-	-
Expired during the year	-	-	-	-
Outstanding at the end of the year	10,000,000	$0.099	-	-
Exercisable at the end of the year	8,000,000	$0.086	-	-

Valuation of options

Options were valued using a Black Scholes Option Pricing model. The fair value of Options is recognised as an expense at the date of issue using the following assumptions:

Grant Date	Number Issued	Exercise Price	Assumed Stock Price at Grant Date	Interest Rate	Volatility	Value Per Option (cents)
12 Apr 2021	5,000,000	$0.086	$0.086	0.10%	100%	5.28
19 May 2021	3,000,000	$0.086	$0.06	0.11%	100%	3.26
19 May 2021	2,000,000	$0.15	$0.06	0.11%	100%	0

Performance Options are valued when the performance hurdle is achieved.

The amount recognised as a share issue expense for Options issued during the 2021 year was $361,894 (2020: nil).

19. Share-based payments

During 2021, the following options were issued:

- 5,000,000 unlisted options with an exercise price of $0.086 on or before 12 April 2024 were issued to Mr Wayne Knight as part of his remuneration package;
- 3,000,000 unlisted options with an exercise price of $0.086 on or before 19 May 2024 were issued to an investor relations consultant as part of their remuneration package; and
- 2,000,000 unlisted performance options with an exercise price of $0.015 on or before 19 May 2024, exercisable if SIX having traded at a minimum VWAP of $0.15 over 5 consecutive

trading days, were issued to an investor relations consultant as part of their remuneration package.

See Note 18(b) for details.

20. Reserves

(a) Share option/performance rights reserve

Share option reserve represents the fair value of the actual or estimated number of unexercised share options granted to directors, management and consultants of the Company recognised in accordance with the accounting policy adopted for share-based payments.

(b) Foreign currency reserve

On the translation of the subsidiaries of the Company a foreign exchange gain of $544,573 (2020: foreign exchange loss of $203,932), has been recognised in other comprehensive income.

21. Statement of cash flows reconciliation

	2021 $	2020 $
(a) Reconciliation of cash flows from operating activities to operating earnings after income tax		
Operating profit (loss) before income tax	127,636	(2,834,550)
Add non-cash items:		
Depreciation and amortisation	70,192	49,153
Interest and finance charges accrued	57,777	-
Share based payments	361,894	-
Impairment	(2,998,548)	234,107
(Gain) on disposal of assets	-	(2,717)
Foreign exchange movement	544,573	71,673
Changes in assets and liabilities		
Decrease / (increase) in trade and other receivables	(149,781)	(42,323)
Decrease / (increase) in inventories	48,623	301,189
Increase / (decrease) in trade and other payables	(1,434,595)	1,360,793
Increase / (decrease) in provisions	21,692	(151,901)
Net cash flows used in operating activities	(3,350,036)	(1,014,576)

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

For the purpose of the statement of cash flow, cash and cash equivalents comprise the following at 30 June:

	2021	2020
Cash at bank and on hand	2,536,790	146,260

Non-cash financing activities:

Shares with a value of $2,974,225 were issued from the conversion of financial liabilities reducing financial liabilities by the same amount.

Financial liabilities with a value of $3,631,720 were forgiven.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

22. Parent entity information

(a) Information relating to Sprintex Limited

	2021 $	2020 $
Current assets	2,666,702	335,840
Total assets	2,732,375	607,701
Current liabilities	168,746	8,008,028
Total liabilities	168,746	8,008,028
Contributed equity	65,834,374	56,477,246
Share option reserve	361,895	-
Accumulated losses	(59,859,749)	(63,877,573)
Total shareholders' equity	(6,336,520)	(7,400,327)
Income / (loss) for the parent entity	4,017,824	(2,372,675)
Total comprehensive income / (loss) of the parent entity	4,017,824	(2,372,675)

(b) Guarantees

No guarantees have been entered into by the Company in relation to the debts of its subsidiaries.

(c) Commitments

Commitments of the Company as at reporting date are disclosed in note 24 to the financial statements.

(d) Tax consolidation

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

23. Related party disclosures

Key management personnel compensation

The key management personnel compensation is as follows:

	2021 $	2020 $
Short-term employee benefits	697,554	572,230
Post employment benefits	14,131	17,100
Total	711,685	589,330

Please see the Remuneration Report for further details.

Subsidiaries

The financial statements include the financial statements of the Company and the subsidiaries listed in the following table:

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

Name of Entity	Country of Incorporation	% equity interest 2021	% equity interest 2020	Investment 2021 $	Investment 2020 $
Sprintex Australasia Pty Limited	Australia	100	100	-	-
AAC Property Investments Pty Limited	Australia	-	100	-	2
Sprintex USA, Inc.	United States	100	100	50	50
Proreka Sprintex Sdn. Bhd.	Malaysia	100	50	327,311	-
Sprintex Energy Technology (Suzhou) Co., Ltd	China	100	-	201,359	-
				528,720	52

Sprintex Australasia Pty Ltd holds patents.

AAC Property Investments Pty Ltd was dormant and was deregistered during the year.

Sprintex USA, Inc. was incorporated on 13 July 2012 to facilitate sales and distribution in the United States.

Proreka Sprintex Sdn. Bhd. operates a production facility in Malaysia. This entity was formerly jointly owned and became a subsidiary during 2021 (refer Note 27).

Sprintex Energy Technology (Suzhou) Co., Ltd was established in 2021 to pursue clean energy technology opportunities in China.

The following table provides the total amount of transactions that were entered into with related parties for the relevant financial year.

Sales and purchases with related parties

Related Party		Purchases from Related Party	Sales to Related party
Joint venture in which the parent is a venturer			
Proreka Sprintex Sdn. Bhd.	2021	74,744	-
Proreka Sprintex Sdn. Bhd.	2020	113,443	-

The ultimate parent

Sprintex Limited is the ultimate parent, based and listed in Australia.

Joint venture in which the entity is a venturer

Proreka Sprintex Sdn. Bhd.

The Group had a 50% interest in the assets, liabilities and net income of Proreka Sprintex Sdn. Bhd. until 31 March 2021 at which time it became a subsidiary following the acquisition of the remaining 50% interest. See Note 27 for details.

Loans to the joint venture have been fully impaired.

Transactions with key management personnel

Director advances

The Directors advanced funds to the Company during the year to provide short term liquidity support.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

- 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

$930,000 was repaid to 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 former non-executive Director of the Company.

A loan from China Automotive Holdings Limited ("CAHL"), a related party by way of a common former 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.

24. Contingent liabilities

Subsequent to year end, the Group purchased tooling and supercharger system designs it jointly owned with a supplier for $367,949, concluding all matters with the supplier, including claims for late payments. There are no contingent assets nor other contingent liabilities.

25. Commitments

(a) Operating lease commitments

The Company is the lessee in respect of certain property and items of plant and machinery and office equipment held under operating leases.

At the reporting date, the Group and the Company had outstanding minimum commitments under non-cancellable operating leases, which fall due as follows:

	2021 $	2020 $
Within one year	-	37,577
Total minimum lease payments	-	37,577

(b) Finance lease and hire purchase commitments

The Company leases certain plant and equipment under finance leases expiring from 1 to 5 years. At the end of the lease terms the Company owns the equipment outright or has the option to purchase the equipment for the residual amount owing. The Company's obligations under finance leases are secured by the lessors' title to the leased assets.

	2021 $	2020 $
Within one year	12,551	16,170
After one year but not more than five years	8,368	26,940
Total minimum lease payments	20,918	43,110
Less: amounts representing finance charges	(2,910)	(4,656)
Present value of minimum lease payments	18,008	38,454
Included in the financial statements as:		
Current interest-bearing liabilities (note 15)	10,805	13,411
Non-current interest-bearing liabilities (note 15)	7,203	25,043
	18,203	38,454

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

(c) Capital commitments

As at 30 June 2021 and 2020, the Company did not have any outstanding capital commitments in respect of acquisition of property plant and equipment contracted for but not provided for in the financial statements.

26. Capital risk management

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

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

During 2021 and 2020, no dividends have been paid. The Company does not yet have a dividend policy and payment of future dividends will be dependent upon the future profitability and financial position of the Company.

27. Financial risk management

The Group's financial situation is not complex. Its activities may expose it to a variety of financial risks in the future: market risk (including currency risk and fair value interest rate risk), credit risk, liquidity risk and cash flow interest rate risk. At that stage the Group's overall risk management program will focus on the unpredictability of the financial markets and seek to minimise potential adverse effects on the financial performance of the Group.

Risk management is carried out under an approved framework covering a risk management policy and internal compliance and control by management. The Board identifies, evaluates and approves measures to address financial risks.

The Group holds the following financial instruments:

	2021	2020
	$	$
Financial Assets		
Cash and cash equivalents	2,536,790	146,250
Pledged bank deposits	30,000	30,000
Trade and other receivables	392,040	242,259
	2,958,830	418,509
Financial Liabilities		
Financial liabilities at amortised cost:		
- Trade and other payables	245,001	1,888,664
- Loans and finance leases	18,008	6,271,194
- Building lease liabilities	266,006	-
	529,015	8,159,858

Financial risk management policies

The Board of Directors has overall responsibility for the establishment of the Group's financial risk management framework. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. Mitigation strategies for specific risks faced are described below.

Specific financial risk exposures and management

The main risk the Group is exposed to through its financial instruments are interest rate risk, credit risk, liquidity and foreign currency risk.

Interest rate risk

The Group is not exposed to any material interest rate risk.

Credit risk

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

Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis. In respect of trade and other receivables, individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay and take into account information specific to the customers as well as pertaining to the economic environment in which the customers operate. Trade receivables are due within 0 to 90 days from the date of billing. Debtors with balances that are more than 3 months past due are requested to settle all outstanding balances before any further credit is granted. Normally, the Group does not obtain collateral from customers.

Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans, finance leases, committed available credit lines and raising additional capital. The Group manages its liquidity risk by monitoring the total cash inflows and outflows expected on a monthly basis and monitoring compliance with lending covenants on an ongoing basis.

The following table details the remaining contractual maturities at the reporting date of the Group's financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates, or if floating, based on rates current at the reporting date) and the earliest date the Group can be required to pay.

Year ended 30 June 2021	Carrying amount	Total contractual undiscounted cash flow	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but Less than 5 years
	$	$	$	$	$
Trade and other payables	245,001	245,001	245,001	-	-
Finance lease liabilities	18,008	18,008	10,805	7,203	-
Building lease liabilities	266,006	266,006	175,111	90,895	-
	529,015	529,015	430,916	98,098	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

Year ended 30 June 2020	Carrying amount $	Total contractual undiscounted cash flow $	Within 1 year or on demand $	More than 1 year but less than 2 years $	More than 2 years but Less than 5 years $
Trade and other payables	1,888,664	1,888,664	1,888,664	-	-
Insurance premium funding	56,109	56,109	56,109	-	-
Finance lease liabilities	38,454	43,111	16,170	16,164	10,776
Short term loan	5,901,631	-	-	-	-
Secured loan	275,000	-	-	-	-
	8,220,222	1,987,884	1,960,643	16,164	10,776

Currency risk

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

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

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

	2021 US Dollars	**2020 US Dollars**
Trade and other receivables	12,023	29,090
Cash and cash equivalents	7,740	28,033
Trade and other payables	(71,963)	(120,037)
Overall net exposure	(52,200)	(62,914)

	2021 Malaysian Ringit	**2020 Malaysian Ringit**
Trade and other receivables	428,243	-
Cash and cash equivalents	128,430	-
Trade and other payables	(203,896)	-
Overall net exposure	352,777	-

	2021 Chinese Yuan	**2020 Chinese Yuan**
Trade and other receivables	8,000	-
Cash and cash equivalents	448,175	-
Trade and other payables	(13,217)	-
Overall net exposure	442,958	-

Fair value estimation

All financial instruments are carried at amounts not materially different from their fair values as at 30 June 2021 and 2020.

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

No financial instruments are carried at fair value.

28. Business combinations

On 31 March 2021 the Company acquired the remaining interest in the Malaysian joint venture, Proreka Sprintex Sdn. Bhd. (Sprintex Malaysia), that it did 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) for the issue to AutoV of US$250,000 (AUD 327,311) worth of Shares at a deemed issue price of $0.086 per Share.

Details of the acquisition are as follows:

	Fair value $
Cash and cash equivalents	3,610
Trade and other receivables	104,806
Inventory	-
Property, plant and equipment	57,389
Right of use assets	411,997
Trade and other payables	(151,721)
Building lease liabilities	(427,327)
Acquisition-date total fair value of the identifiable net assets acquired	(1,246)
Shares issued to the vendor	327,311
Goodwill recognised	328,557
Impairment of goodwill	(328,557)
Net cash used	-

Goodwill was assessed as being impaired based on assessing the cash consumed in this business unit.

29. Events subsequent to reporting period

Subsequent to year end, the Group purchased tooling and supercharger system designs it jointly owned with a supplier for $367,949, concluding all matters with the supplier.

The impact of the Coronavirus (COVID-19) pandemic is ongoing and it is not practicable to estimate the potential impact, positive or negative, after the reporting period. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

Apart from the item above, there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Group, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group in future.

DIRECTORS' DECLARATION
FOR THE YEAR ENDED 30 JUNE 2021

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

1. In the opinion of the directors:

a. The financial statements, notes and the Remuneration Report in the Directors' Report designated as audited are in accordance with the *Corporations Act 2001*, including:

   (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2021 and of its performance for the year ended on that date; and

   (ii) complying with the Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*;

b. the financial statements and notes also comply with International Financial Reporting Standards as disclosed in note 2(a); and

c. subject to note 2(b) to the financial statements, there are reasonable grounds to believe that the consolidated entity will be able to pay its debts as and when they become due and payable.

d. this declaration has been made after receiving the declarations required to be made to the directors in accordance with section 295A of the *Corporations Act 2001* for the financial year ended 30 June 2021.

Wayne Knight
Chairman
Perth, 31 August 2021

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SPRINTEX LIMITED

Report on the Financial Report

Opinion

We have audited the accompanying financial report of Sprintex Limited (the Company), which comprises the consolidated statement of financial position as at 30 June 2021, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the Company and the consolidated entity comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

In our opinion the financial report of Sprintex Limited is in accordance with the *Corporations Act 2001*, including:

a) Giving a true and fair view of the consolidated entity's financial position as at 30 June 2021 and of its performance for the year ended on that date; and

b) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report.

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

Material Uncertainty Related to Going Concern

We draw attention to Note 2(b) of the financial report, which indicates that the consolidated entity incurred a loss of $3,504,083 excluding loan forgiveness income and operating cash outflows of $3,350,036 for the year ended 30 June 2021. As stated in Note 2, these conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt about 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.

Independence

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 financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters was addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed these matters is provided in that context.

1. Business combination

Why significant	How our audit addressed the key audit matter
During the year, the consolidated entity acquired the remaining 50% of the Malaysian joint venture Proreka Sprintex Sdn. Bhd. (Sprintex Malaysia). As disclosed in Note 27, as part of the business combination, the consolidated entity recognised goodwill of $328,557 which was subsequently impaired to $nil at 30 June 2021. Business combination is a key audit matter due to: • the significant audit effort required to test the acquisition during the year; • the level of judgement applied in evaluating management's assessment of goodwill allocated in the purchase and subsequent impairment assessment.	Our work included, but was not limited to, the following procedures: • reviewing of acquisition documentation; • assessing the appropriateness of the valuation methodology of the assets acquired; • reviewing management's fair value assessment of the assets and liabilities acquired; • reviewing management's assessment of the fair value of the consideration paid and any recognition; • reviewing management's assessment of whether any specific identifiable intangible assets were identified as part of the practice acquisition; • assessment of management's goodwill allocation; • evaluating management's methodology for determining the carrying amount of intangible assets by comparing the value in use model with generally accepted valuation methodology and accounting standard requirements; • assessment of management's impairment of goodwill; and • assessing the appropriateness of the disclosures in relation to both the business combination and intangible assets acquired included in Notes 2 (p) & 27.

Other Information

The Directors are responsible for the other information. The other information comprises the information included in the consolidated entity's annual report, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Directors' Responsibilities for the Financial Report

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

In preparing the financial report, the Directors are responsible for assessing the consolidated entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the consolidated entity or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue and auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individual or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the consolidated entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and other related disclosures made by the Directors.

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the consolidated entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the consolidated entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the consolidated entity to express an opinion on the group financial report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2021. The Directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of Sprintex Limited for the year ended 30 June 2021 complies with section 300A of the *Corporations Act 2001*.

PKF BRISBANE AUDIT

TIM FOLLETT
PARTNER

BRISBANE
31 AUGUST 2021

ASX ADDITIONAL INFORMATION
FOR THE YEAR ENDED 30 JUNE 2021

The following additional information is provided in accordance with the listing rules and is current as at 12 August 2021.

(a) Distribution of equity securities

(i) *Ordinary share capital*

213,971,334 fully paid ordinary shares are held by 653 individual shareholders. All issued ordinary shares carry one vote per share and carry the rights to dividends.

The number of security holders, by size of holding:

Holding	Fully Paid Ordinary Shares
1 – 1,000	139
1,001 - 5,000	115
5,001 - 10,000	115
10,001 - 100,000	211
100,001 and over	73
	653

There were 345 holders (0.41% of total issued capital) with less than a marketable parcel.

(b) Substantial shareholders

The following parties are substantial shareholders at the date of this report:

	Fully paid ordinary shares	
Ordinary shareholders	**Number**	**% of issued capital**
China Automotive Holdings Limited	33,154,390	15.49%
Mr Michael John Wilson + Mrs Megan Joy Wilson	28,321,511	13.24%
Euro Mark Limited	21,027,296	9.83%
	82,503,197	**38.56%**

ASX ADDITIONAL INFORMATION
FOR THE YEAR ENDED 30 JUNE 2021

(c) Twenty largest shareholders

The 20 largest shareholders of fully paid ordinary shares on the company's register were:

Rank	Name	Units	% of Units
1	**GROUP # 17737**	**34,024,134**	**15.9**
.	CITICORP NOMINEES PTY LIMITED	34,024,134	15.9
2	**GROUP # 5293**	**31,312,880**	**14.63**
.	MR MICHAEL JOHN WILSON + MRS MEGAN JOY WILSON <THE WILSON S/F A/C>	2,991,369	1.4
.	MR MICHAEL JOHN WILSON + MRS MEGAN JOY WILSON	28,321,511	13.24
3	EURO MARK LIMITED	21,027,751	9.83
4	BNP PARIBAS NOMINEES PTY LTD SIX SIS LTD <DRP A/C>	18,984,212	8.87
5	E&E TURBO-POWER CO LIMITED	15,697,582	7.34
6	MR DAVID PAUL STEICKE	10,000,000	4.67
7	INDIAN OCEAN SECURITIES PTY LTD <CLIENT HOLDING A/C>	8,439,792	3.94
8	PLATINUM CONSULTING FZ LLC	7,558,140	3.53
9	LIDX TECHNOLOGY LIMITED	5,755,814	2.69
10	KING CORPORATE PTY LTD	5,613,218	2.62
11	ELLIOTS ELEVEN LTD	5,000,000	2.34
12	BELLRAY HOLDINGS PTY LTD	4,535,490	2.12
13	GUANGZHOU FINANCIAL PTY LTD	4,439,729	2.07
14	AUTOV CORPORATION SDN BHD	3,805,940	1.78
15	MISHTALEM PTY LTD	3,000,000	1.4
16	INVESTORLEND PTY LTD <CLIENT HOLDING A/C>	3,000,000	1.4
17	**GROUP # 34986**	**2,717,588**	**1.27**
.	POWERTRAVELLER PTY LTD	127	0
.	MR STEVEN JAMES APEDAILE + MRS MICHELLE LYNDA APEDAILE <THE APEDAILE SUPER FUND A/C>	113,308	0.05
.	MR STEVEN JAMES APEDAILE + MRS MICHELLE LYNDA APEDAILE <APEDAILE FAMILY A/C>	217,856	0.1
.	MR STEVEN JAMES APEDAILE + MRS MICHELLE LYNDA APEDAILE <THE APEDAILE S/F A/C>	2,386,297	1.12
18	MR GEOFFREY CRAIG BOYCE + MR PAUL JULIAN BIRTLES	1,662,800	0.78
19	BELLRAY HOLDINGS PTY LTD	1,560,208	0.73
20	CHINA TONGHAI SECURITIES LTD	1,500,000	0.7

Totals: Top 20 holders of SIX ORDINARY FULLY PAID	**189,635,278**	**88.63**
Total Remaining Holders Balance	**24,336,056**	**11.37**
Total Holders Balance	**213,971,334**	**100**

(d) Holders of over 20% of unlisted securities

Unlisted performance options with an exercise price of $0.015 on or before 19 May 2024:

Rank	Name	Units	% of Units
1	ROYAL EXCHANGE SECURITIES PTY LTD	2,000,000	100

Totals: Top 20 holders of SIX72441 UO18052024/$0.15	**2,000,000**	**100**
Total Remaining Holders Balance	**0**	**0**
Total Holders Balance	**2,000,000**	**100**

ASX ADDITIONAL INFORMATION
FOR THE YEAR ENDED 30 JUNE 2021

Unlisted options with an exercise price of $0.086 on or before 19 May 2024:

Rank	Name	Units	% of Units
1	ROYAL EXCHANGE SECURITIES PTY LTD	3,000,000	100
	Totals: Top 20 holders of SIX72440 UO18052024/$0.086	**3,000,000**	**100**
	Total Remaining Holders Balance	**0**	**0**
	Total Holders Balance	**3,000,000**	**100**

(e) Additional ASX required disclosures not made elsewhere

In accordance with Listing Rule 4.10, the Company confirms:

- There is no current on-market share buy-back; and
- The Company used its cash and assets in a form readily convertible to cash that it has at the time of admission to the Official List of the ASX in a way consistent with its business objectives.