SPRINTEX LIMITED
ABN: 38 106 337 599

ASX Code: SIX

29 February 2016

SPRINTEX HALF YEAR REPORT

Sprintex Limited (ASX Code: SIX) (Company) is pleased to announce its results for the half-year ended 31 December 2015.

Sales revenues are up 252% and the loss from ordinary activities has been reduced by 70.2%.

David White, Deputy Chairman commented: "These results clearly demonstrate the progress being made by the Company in expanding its global footprint and the development of its patented Sprintex® supercharger systems. With its extensive dealership network around the World, Sprintex® supercharger systems are now sold in the USA, Middle East, China, Japan, S Korea, New Zealand and its home market in Australia. I look forward to a further strengthening of the Company's revenue base in the remaining months of the year".

For further information please contact the Company Secretary on +61 8 9262 7277.

ROBERT MOLKENTHIN
COMPANY SECRETARY

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Appendix 4D

(Rule 4.2A.3)

Half year report

Name of entity	ABN
Sprintex Limited	38 106 337 599

1. Details of the Reporting Period and the Previous Corresponding Period

Financial period ended ("current period")	Financial period ended ("previous period")
31 December 2015	31 December 2014

2. Results for Announcement to the Market

					$'000
2.1	Revenues from ordinary activities	up	252%	to	1,027
2.2	Loss from ordinary activities after tax attributable to members	down	70.2%	to	775
2.3	Net loss for the period attributable to members	down	82.4%	to	908
2.4	Dividends	Amount per security		Franked amount per security	
	Interim dividend	$Nil		$Nil	
2.5	Record date for determining entitlements to the dividend			N/A	
2.6	Brief explanation of any of the figures in 2.1 to 2.4 above necessary to enable to figures to be understood				
	Please refer to the Directors' Report in the Half Year Report which has been subject to independent review by the Auditors, PKF Mack for detailed explanation.				

3. NTA Backing

	Current period	Previous corresponding period
Net tangible asset backing per ordinary security	$0.028	$0.0008

4. Control Gained or Lost Over Entities

4.1	Name of entity (group of entities)	N/A
4.2	Date control gained or lost	N/A
4.3	Contribution of such entities to the reporting entity's profit/(loss) from ordinary activities during the period (where material)	N/A

5. Dividends

The Company has not declared or paid any final dividends for 2014/2015 year or interim dividend for current period.

6. Dividend Reinvestment Plans

The Company has no dividend reinvestment plan.

7. Details of Associates and Joint Venture Entities

See Notes 5 and 9 to the Half-year Report

8. Foreign Entities

Not Applicable.

9. If the accounts are subject to audit dispute or qualification, a description of the dispute or qualification.

Not Applicable.

SPRINTEX LIMITED
AND CONTROLLED ENTITIES

HALF-YEAR REPORT

FOR THE HALF-YEAR ENDED
31 DECEMBER 2015

SPRINTEX LIMITED
AND CONTROLLED ENTITIES

CONTENTS

CORPORATE INFORMATION

The Company's functional and presentation currency is AUD ($).

ASX Code: SIX

ABN 38 106 337 599

Directors
R Siemens, Chairman
D White, Deputy Chairman and Acting CEO
M Wilson
R O'Brien
R Lau

Company Secretary
R Molkenthin

Registered Office and Principal Place of Business
183 Mulgul Road
Malaga WA 6090
Phone: 08 9262 7277

Share Register
Advanced Share Registry Services
110 Stirling Highway
Nedlands WA 6009
Phone: 08 9389 8033

Bankers
National Australia Bank
3 Exhibition Drive
Malaga WA 6090

Auditors
PKF Mack
Level 4, 35 Havelock Street
West Perth WA 6005

Solicitors
Allion Legal
Level 9, 863 Hay Street
Perth WA 6000

DIRECTORS' REPORT

Your directors present their report on the Consolidated Entity consisting of Sprintex Limited (the Company) and the entities it controlled for the six months ended 31 December 2015.

Directors

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

Richard John Siemens	Non-Executive Chairman
David Kenneth White	Deputy Chairman and Acting Chief Executive Officer
Michael John Wilson	Non-Executive Director
Richard John O'Brien	Non-Executive Director
Raymond Wai Ming Lau	Non-Executive Director - appointed 28 October 2015

Principal Activities

The principal activity of Sprintex Limited ("Sprintex") and the entities it controlled for the six months ended 31 December 2015 was the manufacture and distribution of the patented range of Sprintex® superchargers and supercharger systems.

Review and Results of Operations

The Consolidated Entity recorded a decrease in the net loss from $5,146,855 for the half-year period ended 31 December 2014 to $920,714 for the current half-year. Sales for the half-year were $1,026,936 (2014: $291,863) representing an increase of 252%. Gross profit on sales for the half-year ended 31 December 2015 was $223,392, compared to a gross loss of $134,020 for the same period in 2014.

The focus of activities over the past six months has been:

1. Development of the SPS Performance Series supercharger systems for the Jeep Chrysler models and the Toyota FT86.
2. Continued expansion and development of the North American market for the Company's products.
3. Expansion of the Company's global footprint into the Middle East and Asia.
4. Ongoing refinements and improvements to the existing range of supercharger systems, providing improved performance and efficiencies, and improved driveability.

On 10 July 2015 the Company announced that it had secured short term financing of approx. $1m. This financing facility was repaid in full, including interest accrued to date, on 10 December 2015.

On 12 October 2015 the Company announced a 1-for-2 non-renounceable pro rata offer to eligible shareholders at an issue price of $0.001 per new share (the "Offer"), to raise $1.57m. The Offer successfully closed on 19 November 2015, raising $1.56m, with only a minor shortfall of 4m shares.

The Company received the 2015 R&D Tax Incentive of $1.64m on 3 December 2015.

On 4 December 2015, pursuant to a resolution approved by shareholders at the Company's Annual General Meeting held on 30 November 2015, the Company consolidated its issued share capital with the conversion of every 55 shares held by a shareholder into one share.

Events after Reporting Date

In the interval between the end of the half-year period and the date of this report, in the opinion of the directors of the Company, no item, transaction or event of a material and unusual matter has occurred which is likely to significantly affect the operations of the consolidated entity, the results of these operations, or the state of affairs of the Company, in future financial years.

Auditor's Independence Declaration

The auditor's independence declaration for the half-year ended 31 December 2015 has been received and is included at Page 4 and forms part of this Directors' Report.

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

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David White
Deputy Chairman
Perth, 29 February 2016

PKF MACK

Accounting, Financial and Business Advisory

AUDITOR'S INDEPENDENCE DECLARATION

TO THE DIRECTORS OF SPRINTEX LIMITED

In relation to our review of the financial report of Sprintex Limited for the half year ended 31 December 2015, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.

PKF Mack

PKF MACK

S Fermanis

SIMON FERMANIS
PARTNER

29 FEBRUARY 2016
WEST PERTH,
WESTERN AUSTRALIA

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2015

	NOTES	31 December 2015 $	30 June 2015 $
CURRENT ASSETS			
Cash and cash equivalents	8	526,175	67,950
Pledged bank deposits	3	112,000	112,000
Trade and other receivables	4	331,803	184,876
Inventories		1,219,344	1,412,177
TOTAL CURRENT ASSETS		**2,189,322**	**1,777,003**
NON-CURRENT ASSETS			
Investment in joint venture	5	-	-
Property, plant and equipment		1,226,383	1,228,404
TOTAL NON-CURRENT ASSETS		**1,226,383**	**1,228,404**
TOTAL ASSETS		**3,415,705**	**3,005,407**
CURRENT LIABILITIES			
Trade and other payables		677,373	961,652
Interest bearing liabilities	6	60,288	107,734
Provisions		225,699	200,141
TOTAL CURRENT LIABILITIES		**963,360**	**1,269,527**
NON-CURRENT LIABILITIES			
Interest bearing liabilities	6	95,970	26,141
TOTAL LIABILITIES		**1,059,330**	**1,295,668**
NET ASSETS		**2,356,375**	**1,709,739**
EQUITY			
Contributed equity	7	51,999,216	50,444,700
Reserves		50,519	37,685
Accumulated losses		(49,693,360)	(48,772,646)
TOTAL EQUITY		**2,356,375**	**1,709,739**

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

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

	2015 $	2014 $
Revenue	1,026,936	291,863
Cost of goods sold	(803,544)	(425,883)
Gross profit (loss)	**223,392**	**(134,020)**
Other income	1,972	58,449
Research and development incentive grant	1,636,810	-
Distribution and marketing expenses	(323,134)	(34,840)
Research and development expenses	(881,132)	(904,916)
Inventory impairment expense	-	(649,505)
Joint venture impairment expense	(301,250)	117,274
Administration expenses	(1,131,395)	(1,053,938)
Operating loss	**(774,737)**	**(2,601,496)**
Finance costs	(52,298)	(7,090)
Share of loss of joint venture	(93,679)	(309,638)
Loss on extinguishment of financial liability	-	(2,228,631)
Loss before income tax expense	**(920,714)**	**(5,146,855)**
Income tax	-	-
Net loss for the period	**(920,714)**	**(5,146,855)**
Other comprehensive income for the period (net of tax)		
- Movement in foreign translation reserve	12,834	-
Total comprehensive loss for the period	**(907,880)**	**(5,146,855)**
Loss per share attributable to the ordinary equity holders of the Company		
Basic (cents per share)	1.48	21.74
Diluted (cents per share)	1.48	21.74

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

	Contributed equity	Reserves			
	Ordinary shares	Share option reserve	Foreign translation reserve	Accumulated Losses	Total
	$	$	$	$	$
For the half-year ended 31 December 2015					
Balance at 1 July 2015	**50,444,700**	**77,215**	**(39,530)**	**(48,772,646)**	**1,709,739**
Loss for the period	-	-	-	(920,714)	(920,714)
Movement in the foreign translation reserve	-	-	12,834	-	12,834
Total Comprehensive Income	-	-	12,834	(920,714)	(907,880)
Transactions with owners in their capacity as owners					
Issue of shares and options	1,504,516	-	-	-	1,504,516
Share-based payments	50,000	-	-	-	50,000
Balance at 31 December 2015	**51,999,216**	**77,215**	**(26,696)**	**(49,693,360)**	**2,356,375**
For the half-year ended 31 December 2014					
Balance at 1 July 2014	**42,668,526**	**76,648**	**-**	**(42,608,571)**	**136,603**
Loss for the period	-	-	-	(5,146,855)	(5,146,855)
Total Comprehensive Income	-	-	-	(5,146,855)	(5,146,855)
Transactions with owners in their capacity as owners					
Issue of shares and options	6,200,519	-	-	-	6,200,519
Share-based payments	-	567	-	-	567
Balance at 31 December 2014	**48,869,045**	**77,215**	**-**	**(47,755,426)**	**1,190,834**

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 HALF-YEAR ENDED 31 DECEMBER 2015

	NOTES	2015 $	2014 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		977,931	319,171
Payments to suppliers and employees		(2,991,501)	(2,127,019)
Interest and finance lease charges paid		(52,298)	(7,090)
Interest received		1,292	473
Research and development grant received		1,636,810	-
Net cash flows used in operating activities		(427,766)	(1,814,465)
CASH FLOWS FROM INVESTING ACTIVITIES			
Advance to joint venture		(394,929)	(788,489)
Proceeds from sale of property, plant and equipment		6,200	440
Refund of restricted deposit		-	25,695
Payments for property, plant and equipment		(24,749)	(90,580)
Net cash flows used in investing activities		(413,478)	(852,934)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from share capital raising		1,346,313	704,617
Capital raising costs		(48,237)	(75,686)
Proceeds from borrowings		1,087,057	2,004,360
Repayment of borrowings		(1,085,664)	(60,547)
Net cash flows generated from financing activities		1,299,469	2,572,744
Net (decrease) / increase in cash and cash equivalents		458,225	(94,655)
Cash and cash equivalents at the beginning of the period	8	67,950	173,067
Cash and cash equivalents at the end of the period	8	526,175	78,412

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

1. Significant Accounting Policies

Statement of compliance

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

Basis of preparation

The principal accounting policies adopted are consistent with those adopted in the annual financial report for the year ended 30 June 2015, and the corresponding interim reporting period, unless otherwise stated, and the condensed consolidated financial statements have been prepared on the historical cost basis, except for investments, which have been measured at fair value.

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

The half-year financial report should be read in conjunction with the annual report of the Company for the year ended 30 June 2015, and any public announcements made by the Company during the interim period, in accordance with continuing disclosure requirements of the Corporations Act 2001.

New, revised or amending Accounting Standards

The Company has adopted all of the new and revised Accounting Standards and Interpretations issued by the AASB that are relevant to their operations and effective for the current half-year.

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

Going concern

The Company has net assets and net current assets of $2,356,375 and $1,225,962, respectively, as at 31 December 2015 and incurred a loss of $920,714 and net operating cash outflow of $427,766 for the six month period ended 31 December 2015.

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

- the ability to raise sufficient working capital to ensure the continued implementation of the Company’s business plan; and
- delivery of existing and new products through the Company’s distribution network to generate sales revenues and positive cash flows.

The financial report has been prepared on a going concern basis. In arriving at this position the directors have had regard to the fact that the Company has, or in the directors’ opinion will have access to, sufficient cash to fund administrative and other committed expenditure for a period of not less than 12 months from the date of this report.

Should the Company not achieve the matters set out above, there is significant uncertainty whether it will be able to continue as a going concern and therefore whether it will be able to pay its debts as and when they fall due and realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial statements.

Significant Accounting Policies (continued)

Principles of Consolidation

The consolidated financial statements incorporate all of the assets, liabilities and results of the parent (Sprintex Limited) and all of the subsidiaries (including any structured entities). Subsidiaries are entities the parent controls. The parent controls an entity when it 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 over the entity. A list of the subsidiaries is provided in Note 9.

The assets, liabilities and results of all subsidiaries are fully consolidated into the financial statements of the Group from the date on which control is obtained by the Group. The consolidation of a subsidiary is discontinued from the date that control ceases. Intercompany transactions, balances and unrealised gains or losses on transactions between Group entities are fully eliminated on consolidation. Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the Group.

Equity interests in a subsidiary not attributable, directly or indirectly, to the Group are presented as “non-controlling interests". The Group initially recognises non-controlling interests that are present ownership interests in subsidiaries and are entitled to a proportionate share of the subsidiary's net assets on liquidation at either fair value or at the non-controlling interests' proportionate share of the subsidiary's net assets. Subsequent to initial recognition, non-controlling interests are attributed their share of profit or loss and each component of other comprehensive income. Non-controlling interests are shown separately within the equity section of the consolidated statement of financial position and consolidated statement of comprehensive income.

Interests in Joint Arrangements

Joint arrangements represent the contractual sharing of control between parties in a business venture where unanimous decisions about relevant activities are required.

Separate joint venture entities providing joint venturers with an interest to net assets are classified as a "joint venture" and accounted for using the equity method.

Joint venture operations represent arrangements whereby joint operators maintain direct interests in each asset and exposure to each liability of the arrangement. The Group's interests in the assets, liabilities, revenue and expenses of joint operations are included in the respective line items of the consolidated financial statements.

Gains and losses resulting from sales to a joint operation are recognised to the extent of the other parties' interests. When the Group makes purchases from a joint operation, it does not recognise its share of the gains and losses from the joint arrangement until it resells those goods/assets to a third party.

Details of the Group's interests in joint arrangements are provided in Note 5.

2. Operating Segment

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity), whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available. This includes start-up operations which are yet to earn revenues. Management will also consider other factors in determining operating segments such as the existence of a line manager and the level of segment information presented to the board of directors.

Operating segments have been identified based on the information provided to the chief operating decision makers, being the executive management team.

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

3. Pledged Bank Deposits

Pledged bank deposits at 31 December 2015 represented fixed deposits as follows:

- a term deposit maturing on 30 June 2016 bearing interest at 2.35% per annum of $30,000 supporting credit card facilities;
- a term deposit maturing on 31 March 2016 bearing interest at 2.00% per annum, pledged against a guarantee in the amount of $82,000 issued by a bank on behalf of the Company.

	31 December 2015 $	30 June 2015 $
4. Trade and Other Receivables		
Trade receivables	153,530	103,847
Other receivables	129,999	4,170
Trade deposits	3,300	3,300
Prepayments	44,974	73,560
	331,803	184,876

Trade deposits

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

5. Investment in a Joint Venture

Proreka Sprintex Sdn. Bhd. is a Malaysian company which is 50% owned by the Company and owns and operates a facility in Malaysia which has been licenced to assemble and manufacture Sprintex® products under licence from the Company.

At 31 December 2015, in view of the losses being incurred by the joint venture, the carrying value of the balances with the joint venture were assessed for impairment and fully impaired.

	31 December 2015 $	30 June 2015 $
6. Interest Bearing Liabilities		
Current		
Insurance premium funding	22,852	91,408
Finance lease liabilities	37,436	16,326
	60,288	107,734
Non-current		
Finance lease liabilities	95,970	26,141

7. Contributed Equity

	31 December 2015 $	30 June 2015 $
Paid up capital – ordinary shares	53,242,972	51,640,218
Capital raising costs capitalised	(1,243,756)	(1,195,518)
	51,999,216	50,444,700

(a) Ordinary shares

Movements in Ordinary Share Capital	**Number of shares**	**$**
Balance at 1 July 2015	3,113,578,798	50,444,700
Issue of shares in lieu of salaries (i)	30,000,000	50,000
Entitlements issue	1,552,753,472	1,504,516
Shares on issue, pre-consolidation	4,696,332,270	51,999,216
Consolidation of shares at 1 new share for every 55 held	(4,610,944,660)	-
Balance as at 31 December 2015	85,387,610	51,999,216

(i) Shares issued to key management personnel in lieu of salary, issued at the value of the service.

8. Cash and cash equivalents

For the purpose of the Statement of Cash Flows, cash and cash equivalents comprise the following amounts:

	31 December 2015 $	30 June 2015 $
Cash	526,175	67,950
Cash and cash equivalents	526,175	67,950

9. Interests in Subsidiaries

Name of Entity	Principal Place of Business	Ownership Held by the Group 31 December 2015 %	30 June 2015 %
Sprintex Australasia Pty Limited	Australia	100	100
AAC Property Investments Pty Limited	Australia	100	100
Sprintex USA, Inc.	United States	100	100

10. Commitments and contingencies

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

(a) Finance lease and hire purchase commitments

Since 30 June 2015, the Company repaid several leases in respect of certain plant and equipment and motor vehicles under finance leases and purchased additional assets via finance leases. The revised finance lease and hire purchase commitments for the Company are as follows:

	31 December 2015 $	30 June 2015 $
Within one year	43,923	19,051
After one year but not more than five years	102,640	28,542
Total minimum lease payments	146,563	47,593
Less: amounts representing finance charges	(13,157)	(5,126)
Present value of minimum lease payments	133,406	42,467
Included in the financial statements as:		
Current interest-bearing liabilities	37,436	16,326
Non-current interest-bearing liabilities	95,970	26,141
	133,406	42,467

11. Events after the reporting date

No matter or circumstance has arisen since 31 December 2015 that has significantly affected or may significantly affect the operations, results or state of affairs of the Company in the following or future years.

DIRECTORS' DECLARATION

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

The directors declare that:

(a). The financial statements and notes of the Consolidated Entity are in accordance with the Corporations Act 2001, including:

   (i) compliance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*; and

   (ii) giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2015 and of its performance for the half-year ended on that date; and

(b). Subject to the matters referred to in note 1 to the financial statements, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

David White
Deputy Chairman
Perth, 29 February 2016

PKF MACK

Accounting, Financial and Business Advisory

INDEPENDENT AUDITOR'S REVIEW REPORT

TO THE MEMBERS OF

SPRINTEX LIMITED

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Sprintex Limited (the Company) and controlled entities (the consolidated entity) which comprises the consolidated statement of financial position as at 31 December 2015, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at 31 December 2015 or during the half year.

Director's Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standards on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half year financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and its performance for the half year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporation Regulations 2001. As the auditor of Sprintex Limited and controlled entities, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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

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PKF MACK
Accounting, Financial and Business Advisory

Basis for Qualified Review Conclusion

Opening Balances

During the audit of the financial report for the year ended 30 June 2015, we were unable to obtain sufficient and appropriate audit evidence to support the Company's share of loss in the joint venture entity, Proreka Sprintex Sdn. Bhd (Proreka) for that reporting period amounting to $(993,224) and related impairment of the investment expense of $(718,241). Furthermore, a limitation of scope existed as we were unable to obtain sufficient and appropriate audit evidence to ensure the USA entity's local direct and indirect tax obligations had been appropriately recognised within the financial report. Our audit opinion on the financial report for the year ended 30 June 2015 was modified accordingly as a result of these matters.

Since the opening balances affect the determination of the results of operations and cash flows, we are unable to determine whether any adjustments to the results of operations, cash flows and opening accumulated losses might be necessary for the half year period ended 31 December 2015. Our conclusion on the current period's interim report is modified because of the possible effect of this matter and on the comparability of the current period's figures and corresponding figures.

Joint Venture

During the review of the financial report for the half year ended 31 December 2015, we were unable to obtain sufficient and appropriate audit evidence to support the Company's share of loss in the joint venture entity, Proreka for that reporting period amounting to $(93,679) and related write back of joint venture impairment expense of $(301,250). Accordingly, we could not determine whether any adjustments to the share of loss in the joint venture entity or the write back of joint venture impairment expense were necessary.

Inventory

The Company's inventory balance at 31 December 2015 totals $1,219,344 in the statement of financial position and the cost of goods sold in the statement of profit or loss and other comprehensive income totals $(803,544).

We were unable to obtain sufficient appropriate evidence for inventory held by a third party on behalf of the Company with a value of $408,367 as at 31 December 2015. We were unable to satisfy ourselves by other means as to the existence of this inventory and therefore we cannot confirm the existence of this inventory. Accordingly, we could not determine whether any adjustments to inventory or cost of goods sold were necessary.

USA Tax Obligations

During the review of the financial report for the half year ended 31 December 2015, we were unable to obtain sufficient and appropriate audit evidence to ensure the company within the USA's local direct and indirect tax obligations had been appropriately recognised within the financial report.

Qualified Conclusion

Based on our review, which is not an audit, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to satisfy ourselves in relation to the matters detailed in the basis for qualified review conclusion, we have not become aware of any matter that makes us believe that the half-year financial report of Sprintex Limited and controlled entities is not in accordance with the Corporations Act 2001 including:

PKF Mack
Accounting, Financial and Business Advisory

(a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

Emphasis of Matter

Without qualifying our conclusion, we draw attention to Note 1 in the financial report in which indicates that the consolidated entity incurred a net loss of $(920,714) during the half year ended 31 December 2015 and had negative operating cashflow of $(427,766). These conditions, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty which 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, and at the amounts stated in the financial report.

PKF Mack

PKF MACK

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SIMON FERMANIS
PARTNER

29 FEBRUARY 2016
WEST PERTH,
WESTERN AUSTRALIA