

## September 2018 Quarter Activities Report

### Highlights

- Revenues for the Sept '18 Qtr exceed \$1.1 million (compared to the same period last year of \$441,000).
- Cash receipts from customers for the Sept '18 Qtr totaled circa \$830,000 (June Qtr '17: \$390,000).
- Inventory levels increase in the Sept '18 Qtr to meet anticipated future demand and longer lead times.
- Total rental and recurring revenues increase of 31% on the previous quarter.
- Combined sales and net rental deployment of camera units increased by 163% from Sept '17 Qtr.
- Cash as at 30 September 2018 of \$2.0 million.
- PAC Partners appointed as new lead broker.

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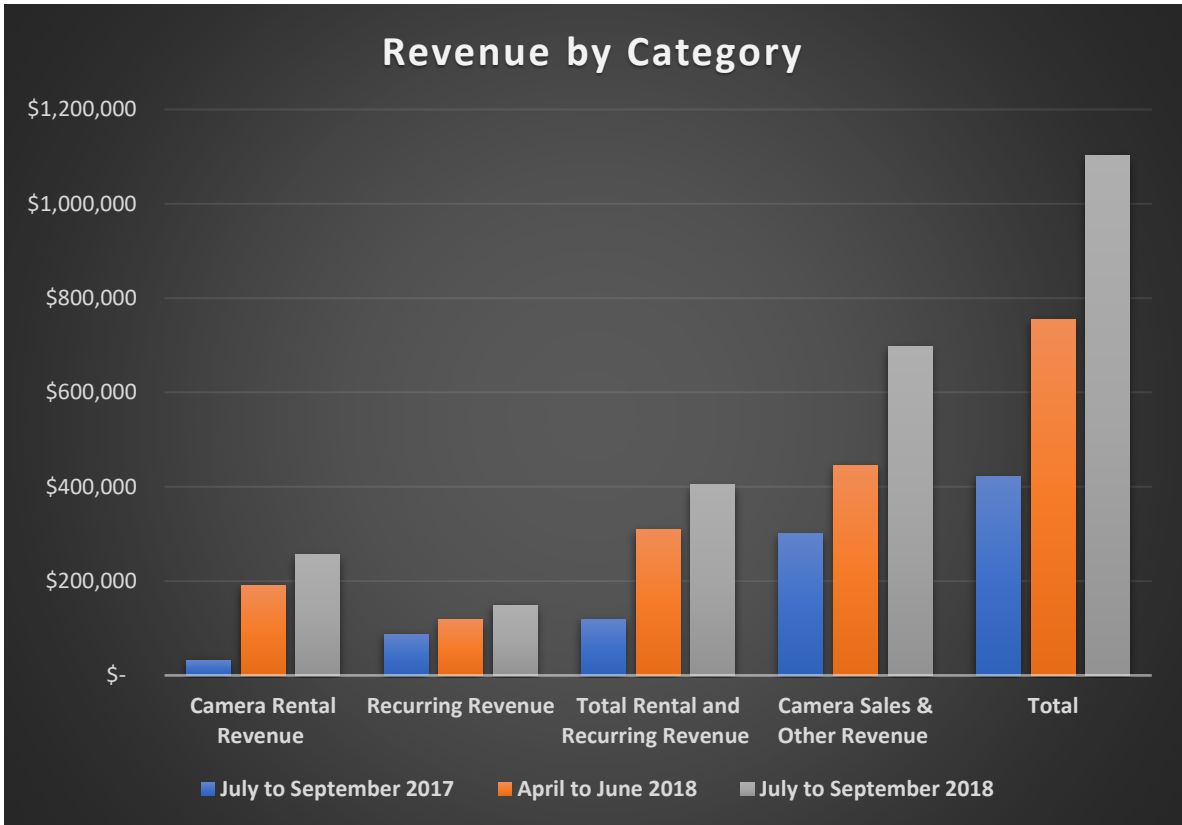
Spectur Limited (ASX:SP3, 'Spectur' or 'the Company') is pleased to provide an update for the quarter ended 30 September 2018, to accompany its quarterly cash flow report.

### Financial Commentary

Sales revenues (unaudited) for the September '18 quarter were circa \$1.1 million, (Sept Qtr 2017: \$441,000) which represents an increase of 149% compared to the comparable period in 2017. Cash receipts from customers totaled \$830,000. Increased debtor levels have reduced cash collections below revenue earned during the quarter as sales continue to grow.

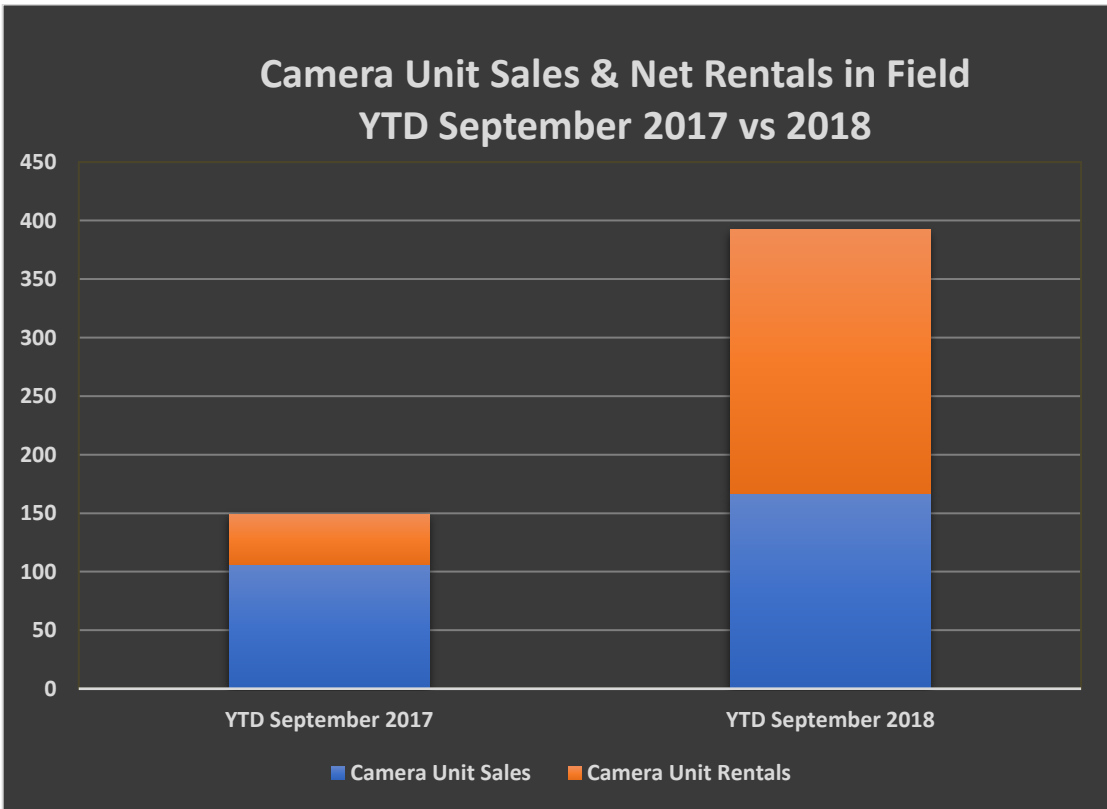
Cash outflows of \$438,000 were incurred as inventory levels were increased in the Sept '18 Qtr to meet anticipated future sales demand, typically highest in the December quarter.

Total rental and recurring revenues for Sept '18 Qtr were \$404,000 an increase of 238% on the previous year (Sept '17: \$119,000) and an increase of 31% on the previous quarter (June '18: \$309,000). A proportion of rentals converted into sales during the quarter as several larger customers completed paid trials of camera systems prior to committing to making a purchase.



**Camera Unit Growth**

Unit sales of systems for the Sept '18 Qtr have shown growth of around 58%, (Sept'18 Qtr: 167 compared with Sept '17 Qtr: 106) whilst rental deployment has increased by 182 units since the comparable period last year.



Gross margins of 60% were achieved for the September quarter, an increase on the 2018 financial year margins which were reported at 50%. Spectur anticipates further margin increases as changes to pricing and costs are worked through.

The Company closed the quarter with \$2.0m in cash

### New Product Development

Spectur added additional capabilities to its existing systems by launching a high-resolution 4K time lapse camera during the quarter. Time lapse systems can be used to capture 4K footage of buildings through their construction phase which is used as a record for the builders and is often used as a marketing tool.

Trials with systems incorporating number plate recognition technology are currently being undertaken, which if proven successful will allow for a wider range of security detection applications.

Spectur will be trialing its new Shark Warning System with the Shire of Augusta-Margaret River in Western Australia, starting November 2018. This demonstrates a non-security application of its existing HD4 technology.

### Outlook

Other Business activities:

- Thermal camera system trials continuing
- Focus on managing costs and maximizing revenues

Thermal camera systems trials are continuing in a range of industries, specifically for securing perimeter fencing.

Spectur Managing Director Mr Peter Holton stated *“We have had a very strong quarter in terms of sales and rental growth. As highlighted previously, one of our focus points was on improving our margins and it is pleasing to see the results of our efforts to address our margins reflecting so soon in our financials.”*

*“We have experienced higher cash outflows than the previous quarter due predominantly to an increase in inventory to accommodate for sales growth and an increase in lead times to cover seasonal shutdowns. We are currently holding \$1.5m of inventory to cover the expected growth in demand for our products. This inventory will be monetised by new orders over coming periods, reducing cash outflows as existing inventory levels are sold down.”*

*“The increasing amount of business that we are undertaking with larger companies has also resulted in longer payment timeframes. The quarter also saw several large annual payments and some one-off capital items. Spending on these items will not be repeated in the coming quarters.”*

*“Finally, the expected \$464,000 R&D tax refund was delayed beyond the quarter and was received in early October.”*

*“Looking forward to future quarters, net cash outflows are anticipated to be substantially offset by cash receipts from customers. Historically the December quarter is our busiest trading period.”*

### **Lead Broker Appointment**

The Company is also pleased to announce that it has appointed PAC Partners as its new lead broker. PAC Partners also intends to initiate and maintain research coverage on the stock.

PAC Partners is based in Melbourne, and specialises in Emerging and Mid-Cap companies operating in the Agribusiness, Industrials, Technology, Communications, Life Science, Resources and Energy sectors. Commenting on their appointment, Board Chair Darren Cooper said *“PAC Partners is an excellent fit for Spectur, as their east-coast presence, focus on emerging and mid-cap companies and their range of expertise across industries in which Spectur either currently operates or is seeking to enter will provide significant synergies for the Company.”*

*Managing Director Peter Holton added, “It’s encouraging to conclude our discussions with PAC as well to have their support and experience behind Spectur. I’m sure having PAC on board will help us achieve our goals and take Spectur to the next level. I would like to thank Alto who were instrumental in guiding us through this transition and working closely with PAC to become Spectur’s lead broker.”*

As payment for their engagement, PAC Partners will be remunerated by way of 75,000 December 2020 options per month, exercisable at 20 cents, and issued bi-annually in arrears.

### **For further information, please contact:**

Spectur Ltd:  
Darren Cooper  
0413 120 606

### **ABOUT SPECTUR**

Spectur Limited is an Australian-based company which owns the rights to its innovative hardware and disruptive cloud based IOT and security systems which operate in Australia. The two key industries that Spectur currently services are the building/construction/civil industry and the critical infrastructure industry. The Company’s focus is to service the commercial, industrial and governments sectors. Spectur’s core product is the HD4 security camera system and associated cloud based platform. The HD4 is a solar powered battery backup security system which is remotely accessed and connected via 3G/4G technology which is connected to the cloud based platform. Spectur has also added thermal camera surveillance as a stand-alone system to complement its existing product base. The Company is rapidly implementing a growth plan to firstly grow revenues and market share in the Australian security surveillance sector and, secondly to penetrate other key strategic markets.

### **FORWARD-LOOKING STATEMENTS**

This announcement contains forward-looking statements which are subject to elements of uncertainty, risk and other factors which could cause the actual results or outcomes to differ materially from those stated. These statements are based on an evaluation of current economic, contractual and operating conditions, as well as assumptions regarding future events. These events are, as at the date of this announcement, expected to take place, but there cannot be any guarantee that such events will occur as anticipated, when anticipated or at all given that many of the events are outside Spectur's control.

Accordingly, neither Spectur nor any of its directors, officers, employees, contractors or agents, gives any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this announcement will actually occur as and when anticipated.



## Appendix 4C

### Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

**Name of entity**

SPECTUR LIMITED

**ABN**

79140151579

**Quarter ended ("current quarter")**

30 SEPTEMBER 2018

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (3 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	827	827
1.2 Payments for		
(a) research and development	(416)	(416)
(b) product manufacturing and operating costs	(499)	(499)
(c) inventory	(440)	(440)
(d) advertising and marketing	(66)	(66)
(e) leased assets	-	-
(f) staff costs <sup>Note a</sup>	(483)	(483)
(g) administration and corporate costs	(351)	(351)
1.3 Dividends received	-	-
1.4 Interest received	10	10
1.5 Interest and other costs of finance paid	(3)	(3)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (GST Payment)	(33)	(33)
<b>1.9 Net cash used in operating activities</b>	<b>(1,454)</b>	<b>(1,454)</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment	(60)	(60)
(b) businesses (see item 10)	-	-
(c) investments	(8)	(8)

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
(d) intellectual property	-	-
(e) rental equipment	-	-
(f) product development & patents	-	-
2.2 Proceeds from disposal of:		
(a) property, plant and equipment	32	32
(b) businesses (see item 10)	-	-
(c) investments	-	-
(d) intellectual property	-	-
(e) other non-current assets	-	-
2.3 Cash flows from loans to other entities	-	-
2.4 Dividends received	-	-
2.5 Other (provide details if material)	-	-
<b>2.6 Net cash used in investing activities</b>	<b>(36)</b>	<b>(36)</b>

<b>3. Cash flows from financing activities</b>		
3.1 Proceeds from issues of shares & options	16	16
3.2 Proceeds from issue of convertible notes	-	-
3.3 Proceeds from exercise of share options	-	-
3.4 Transaction costs related to issues of shares, convertible notes or options	-	-
3.5 Proceeds from borrowings	-	-
3.6 Repayment of borrowings	(16)	(16)
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (Monies for shares to be allotted)	-	-
<b>3.10 Net cash (used in)/from financing activities</b>	<b>-</b>	<b>-</b>

<b>4. Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1 Cash and cash equivalents at beginning of quarter/year to date	3,487	3,487
4.2 Net cash from used in operating activities (item 1.9 above)	(1,454)	(1,454)
4.3 Net cash used in investing activities (item 2.6 above)	(36)	(36)
4.4 Net cash (used in)/from financing activities (item 3.10 above)	-	-

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (3 months) \$A'000</b>
4.5	Effect of movement in exchange rates on cash held	-	-
<b>4.6</b>	<b>Cash and cash equivalents at end of quarter</b>	<b>1,997</b>	<b>1,997</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	497	432
5.2	Call deposits	1,500	3,055
5.3	Bank overdrafts	-	-
5.4	Other (monies for shares to be allotted)	-	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>1,997</b>	<b>3,487</b>

**6. Payments to directors of the entity and their associates**

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

<b>Current quarter \$A'000</b>
154
-

The payments to directors or their associates in 6.1 include gross salaries, superannuation and fees and benefits to executive and non-executive directors.

**7. Payments to related entities of the entity and their associates**

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

<b>Current quarter \$A'000</b>
-
-



8. <b>Financing facilities available</b> <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Other (chattel mortgage)	222	182

8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.

The Company entered into a chattel mortgage lending facility with United Equipment for a Caterpillar Forklift. The loan amount was for \$20,494 and is financed over a period of 36 months from the date of draw down at a rate of 6.29%. The lending is secured over the assets.

9. <b>Estimated cash outflows for next quarter</b>	\$A'000
9.1 Research and development	(198)
9.2 Product manufacturing and operating costs	(851)
9.3 Advertising and marketing	(75)
9.4 Leased assets	-
9.5 Staff costs <sup>Note c</sup>	(612)
9.6 Administration and corporate costs	(260)
9.7 Government grants and tax incentives	464
9.8 Other – GST Payment	(30)
<b>9.9 Total estimated cash outflows</b>	<b>(1,562)</b>

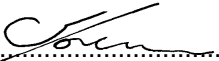
<sup>Note c:</sup> Excludes staff costs allocated to research & development.

\* Estimated cash outflows for the next quarter do not include any sales revenue.

10. <b>Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)</b>	Acquisitions	Disposals
10.1 Name of entity	-	-
10.2 Place of incorporation or registration	-	-
10.3 Consideration for acquisition or disposal	-	-
10.4 Total net assets	-	-
10.5 Nature of business	-	-

**Compliance statement**

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here: .....  ..... Date: .30 October 2018  
(Company Secretary)

Print name: Suzie Foreman.....

**Notes**

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.