

December 2018 Quarter Activities Report

Highlights

- Revenues for the Dec '18 Qtr exceed \$1.1 million (compared to the same period last year of \$710,000).
- Cash receipts from customers for the Dec '18 Qtr totaled circa \$1.2 million (Dec Qtr '17: \$720,000).
- Recurring revenues currently providing annualized revenue stream of approximately \$750,000 per annum.
- Combined sales and net rental deployment of camera units increased by 81% from Dec '17 Qtr.
- By the end of January 2019 (7 months) the Company had surpassed total revenues for all of FY2018.
- Cash at bank as at 31 December 2018 of \$1.4 million and inventory totaled \$1.4 million.

Spectur Limited (ASX:SP3, 'Spectur' or 'the Company') is pleased to provide an update for the quarter ended 31 December 2018, to accompany its quarterly cash flow report.

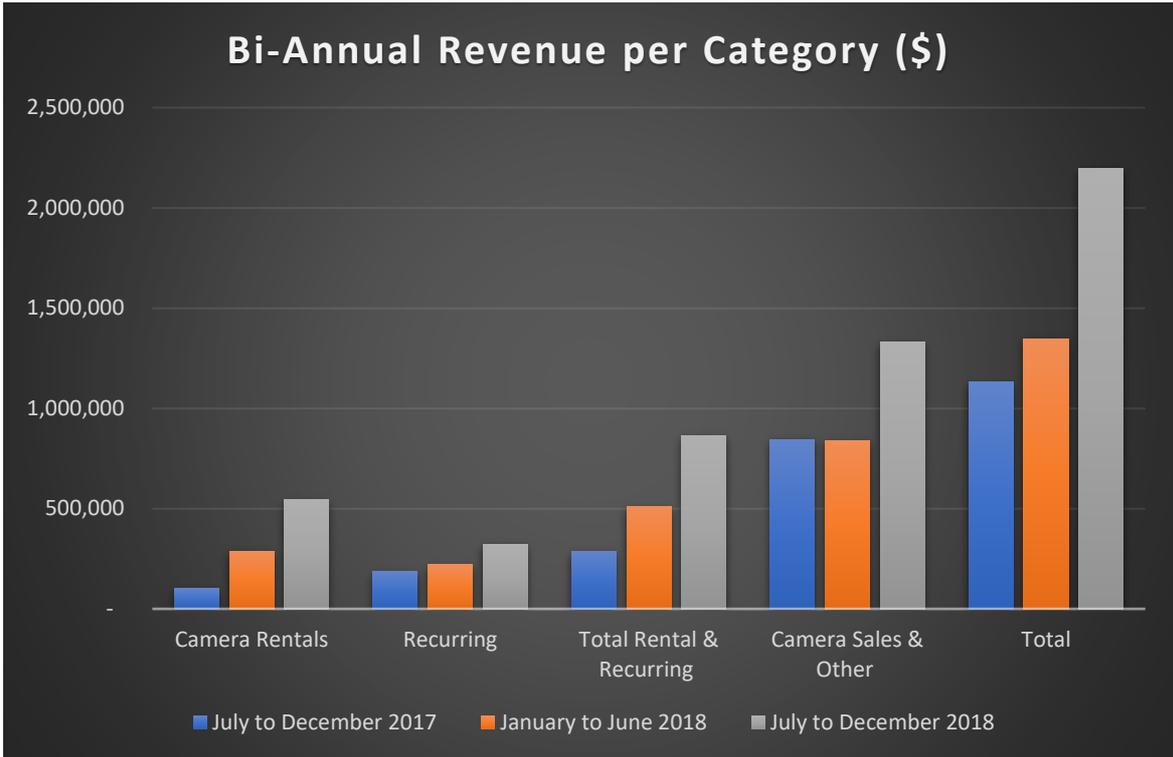
Financial Commentary

Sales revenues (unaudited) for the December '18 quarter were circa \$1.1 million, (Dec Qtr 2017: \$710,000) which represents an increase of 55% compared to the comparable period in 2017. Revenues for the half year to 31 December 2018 have increased by over 60% compared to the same 6 monthly period for the prior year. Camera rentals are showing strong growth, as are recurring revenues. Margins remain steady at around 60%.

Cash receipts from customers totaled \$1.2 million. Receipts from sales made in late November and December to larger customers on longer credit terms are not reflected in cash receipts in the current quarter.

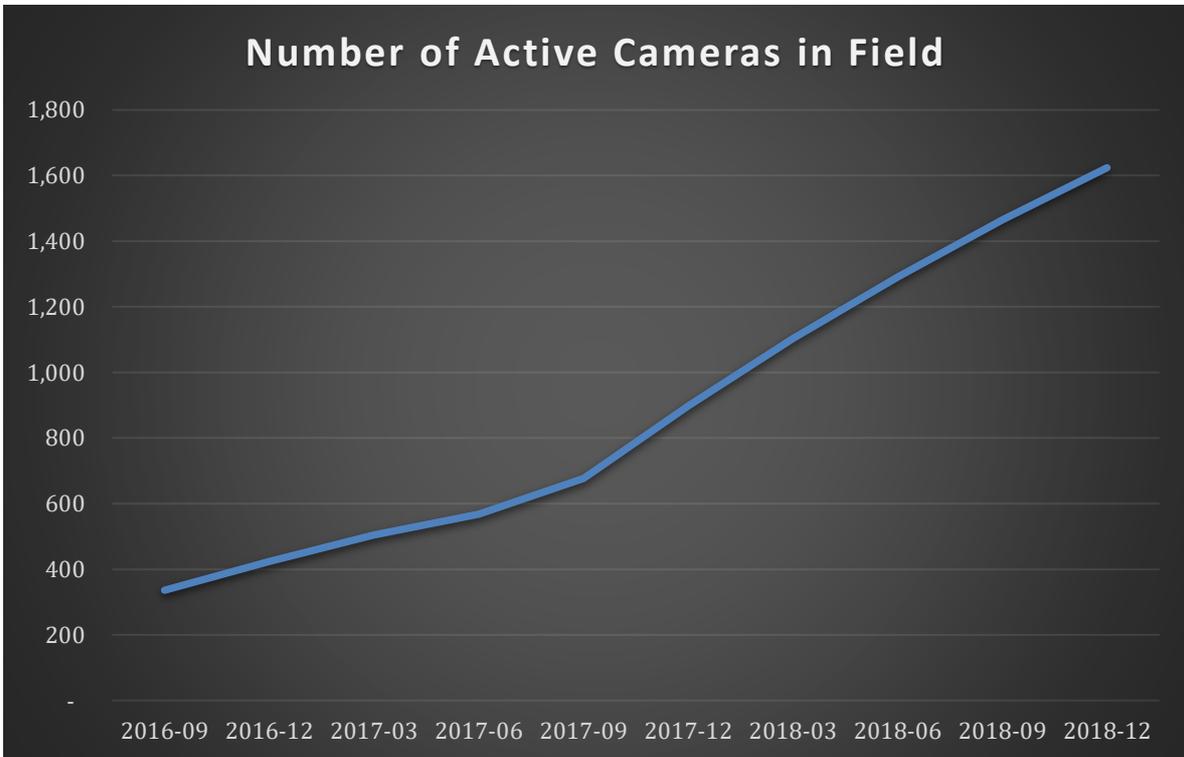
Recurring revenues from data plan, server access and monitoring services are consistently building. At 31 December 2018 annualized recurring revenues would provide an ongoing revenue stream of approximately \$750,000 per annum (based on systems currently in the field). This figure will continue to increase strongly as further camera sales are made.

Spectur MD, Mr Peter Holton says "Recurring revenues are very important to the Company's business model as they provide predictability in estimating cash flow looking forwards, they lower the cost of scaling revenues as customers represent more than a "one off" revenue opportunity, they give the Company the ability to cross-sell new products and services to existing clients and they keep the Company in regular contact with its customer base, ensuring a positive ongoing customer experience".



Camera Unit Growth

Combined sales and net rental deployment of camera units increased by 81% from December '17 Qtr of 900 units to 1,624 at December '18.



Unit rentals increased at a greater proportion to outright camera sales over the December '18 quarter. This has an effect on gross revenue as rental income is recognized month-by-month over the rental period, not at the time of customers placing an order for the full rental period. Rentals therefore don't provide the immediate turnover boost that sold systems generate. Unearned revenues (which comprise future rental and recurring revenues) were circa \$420,000 at 31 December 2018.

By the end of January 2019, the Company's YTD revenue surpassed total revenues for the whole of FY2018, demonstrating solid growth for the year.

The Company is forecasting a reduced net cash burn for the upcoming March '19 quarter, of under \$300,000 – and this could be significantly reduced depending on the success of converting larger enquiries to sales. As revenues continue to build, this quarterly net cash burn continues to reduce.

Spectur closed the quarter with \$1.4 million in cash and inventory on hand of \$1.4 million and trade debtors of approximately \$700,000.

New Product Development

The Company is undertaking trials of its Shark Warning System with a number of WA local councils and has extended discussions to WA State Government level. It has also entered into a collaboration with drone technology company The Ripper Group ("TRG") to provide joint solutions for beachside warning systems. Spectur foresees exciting future opportunities within this area.

Outlook

Other Business activities:

A number of larger customers are undertaking trials of thermal and regular cameras across a range of industries, which if successful, are anticipated to generate significant ongoing sales.

Current legal requirements in Australia require medicinal cannabis to be grown under strict regulations. The Company's further research indicates that, to meet these regulations, most cropping is conducted hydroponically in secure "large laboratory" conditions, which invariably have ready access to power and often have access to a cabled or wireless data connection – negating the need to deploy a Spectur solution. However, the medicinal cannabis industry in Australia is still in its infancy and the Company will continue to closely monitor this industry as it advances to capture any opportunities as they arise.

Since the initial trials of the Company's Shark Warning System, interest has been received from a number of other local councils, as well as WA State Government. Spectur looks forward to providing further information on these opportunities as they develop.

The Company is also reviewing a distributor arrangement for the New Zealand market, which it views as a relatively low risk overseas opportunity with similar market characteristics and legislative & regulatory frameworks as its current Australian market.

Research is currently ongoing into the market feasibility of Spectur's solar powered security surveillance technology in specific US states, with a view to a limited market trial. The Company will provide an update as and when the feasibility outcome has been determined.

Spectur has no plans to sell to international end users on an ad-hoc basis. In addition to the obvious solar and mobile network coverage requirements, international markets need to be supported with "in-country" staff or contracted backup to ensure a high quality customer experience.

For further information, please contact:

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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")

31 DECEMBER 2018

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	1,220	2,047
1.2 Payments for		
(a) research and development ^{Note a}	(54)	(196)
(b) product manufacturing and operating costs ^{Note a}	(736)	(1,604)
(c) inventory ^{Note b}	-	-
(d) advertising and marketing	(119)	(185)
(e) leased assets	-	-
(f) staff costs	(887)	(1,713)
(g) administration and corporate costs	(402)	(753)
1.3 Dividends received	-	-
1.4 Interest received	4	14
1.5 Interest and other costs of finance paid	(3)	(7)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	396	396
1.8 Other (GST Refund)	37	4
1.9 Net cash used in operating activities	(544)	(1,997)

^{Note a:} Only includes direct costs paid to third parties. All staff costs are shown as "staff costs".

^{Note b:} Cash flows pertaining to inventory have been adjusted on a year to date basis and is now included in product manufacturing

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(3)	(63)
(b) businesses (see item 10)	-	-
(c) investments	(8)	(16)
(d) intellectual property	-	-
(e) rental equipment	-	-
(f) product development & patents	-	-
2.2 Proceeds from disposal of:		
(a) property, plant and equipment	1	33
(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)	-	-
2.6 Net cash used in investing activities	(10)	(46)

3. Cash flows from financing activities		
3.1 Proceeds from issues of shares & options	-	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	(37)	(54)
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (Monies for shares to be allotted)	-	-
3.10 Net cash used in financing activities	(37)	(38)

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of quarter/year to date	1,997	3,487
4.2 Net cash from used in operating activities (item 1.9 above)	(544)	(1,997)
4.3 Net cash used in investing activities (item 2.6 above)	(10)	(46)
4.4 Net cash used in financing activities (item 3.10 above)	(37)	(38)
4.5 Effect of movement in exchange rates on cash held	-	-
4.6 Cash and cash equivalents at end of quarter	1,406	1,406

5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1 Bank balances	406	497
5.2 Call deposits	1,000	1,500
5.3 Bank overdrafts	-	-
5.4 Other (monies for shares to be allotted)	-	-
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	1,406	1,997

6. Payments to directors of the entity and their associates	Current quarter \$A'000
6.1 Aggregate amount of payments to these parties included in item 1.2	110
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	

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	Current quarter \$A'000
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	

8. Financing facilities available <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)	164	139
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.		

9. Estimated cash outflows for next quarter	\$A'000
9.1 Research and development ^{Note c}	(54)
9.2 Product manufacturing and operating costs ^{Note c}	(210)
9.3 Advertising and marketing	(119)
9.4 Leased assets	-
9.5 Staff costs	(744)
9.6 Administration and corporate costs	(340)
9.7 Government grants and tax incentives	-
9.8 Other – GST payments	(21)
9.9 Total estimated cash outflows	(1,488)

^{Note c}: Only includes direct costs paid to third parties. All staff costs are shown as "staff costs".

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

10. Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	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: 
(Company Secretary)

Date: 31 January 2019.....

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.