



# **Spectur Limited**

ACN 140 151 579

## **Interim Financial Report 31 December 2018**

# SPECTUR LIMITED

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# SPECTUR LIMITED

## CORPORATE INFORMATION

ACN 140 151 579

### Directors

Mr Darren John Cooper  
Mr Peter William Holton  
Mr Stephen Paul Bodeker  
Mr Andrew Mark Hagen

### Company Secretary

Mrs Suzie Jayne Foreman

### Registered Address

Unit 2, 6 Merino Entrance  
Cockburn Central WA 6164  
Telephone: 1300 802 960

### Principal Place of Business

Unit 2, 6 Merino Entrance  
Cockburn Central WA 6164  
Telephone: 1300 802 960

### Solicitors

Jackson McDonald  
Level 17, 225 St Georges Terrace  
Perth WA 6000

### Bankers

ANZ Bank  
127/816 Beeliar Drive  
Success WA 6164

### Auditors

HLB Mann Judd (WA Partnership)  
Level 4, 130 Stirling Street  
Perth WA 6000

### Share Registry

Automic Registry Services  
Level 2, 267 St Georges Terrace  
Perth, WA 6000

PO Box 2226  
Strawberry Hills, NSW 2012  
Telephone: 1300 288 664 (within Australia)  
Email: [hello@automic.com.au](mailto:hello@automic.com.au)

# SPECTUR LIMITED

## DIRECTORS' REPORT

The Board of Directors of Spectur Limited present their report on Spectur Limited ("Company" or "Spectur") for the half year ended 31 December 2018.

### DIRECTORS AND OFFICERS

The names of directors and officers who held office during or since the end of the half year and until the date of this report are as follows.

|                                 |                                |                          |
|---------------------------------|--------------------------------|--------------------------|
| Darren John Cooper              | Director (Non-Executive Chair) | Appointed 5 October 2018 |
| Charles Richard Wallace Wilkins | Director (Executive Chair)     | Resigned 5 October 2018  |
| Peter William Holton            | Director                       |                          |
| Stephen Paul Bodeker            | Non-Executive Director         |                          |
| Andrew Mark Hagen               | Non-Executive Director         |                          |
| Suzie Jayne Foreman             | Company Secretary              |                          |

### PRINCIPAL ACTIVITIES

The principal activity of the Company during the half year was to develop, manufacture and sell Remote Solar 3G/4G based Security monitoring systems, and associated products and services. The Company is also expanding its research and commercial development pipeline of products, utilising its unique technology to expand into non-security related markets for the application of its cloud-based technology solutions.

### OPERATING AND FINANCIAL REVIEW

#### Results of Operations

For the six months to 31 December 2018 Spectur reported revenue of \$2,196k, up 94% on the corresponding half year period of \$1,132k. Recurring revenues from data plan, server access and monitoring services were \$322,320 for the six-month period demonstrating ongoing customer growth and retention and the contribution by the Software as a Service (SaaS) model to Spectur's sustainable growing revenue base. Total SaaS recurring revenues were \$750,000 annualised as at 31 December 2018.

Spectur's net loss after tax for the half year to 31 December 2018 was \$1,574k, an 11% decrease on the prior half year loss of \$1,753k.

Spectur's balance sheet remained strong at 31 December 2018, with net current assets of \$2.4 million and minimal total debt, (borrowings of approximately \$200k).

### DIVIDENDS

No dividends were paid or declared since the start of the financial period. No recommendation for payment of dividends has been made.

### AUDITOR INDEPENDENCE AND NON-AUDIT SERVICES

Section 307C of the Corporations Act 2001 requires our auditors, HLB Mann Judd, to provide the Directors of the Company with an Independence Declaration in relation to the audit of the half year report. This Independence Declaration is set out on page 4 and forms part of this Directors' report for the half year ended 31 December 2018.

Signed in accordance with a resolution of the directors.



**Mr Peter Holton**  
**Director**

Dated this 28 February 2019

## AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of Spectur Limited for the half-year ended 31 December 2018 I declare that to the best of my knowledge and belief, there have been no contraventions of:

- a) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b) any applicable code of professional conduct in relation to the review.

Perth, Western Australia  
28 February 2019



**N G Neill**  
Partner

**hlb.com.au**

**HLB Mann Judd (WA Partnership) ABN 22 193 232 714**

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HLB Mann Judd (WA Partnership) is a member of HLB International, the global advisory and accounting network.

# SPECTUR LIMITED

## CONDENSED STATEMENT OF COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

|  | Notes | 31 December<br>2018<br>\$ | 31 December<br>2017<br>\$ |
|--|-------|---------------------------|---------------------------|
| <b>Continuing operations</b>                       |       |                           |                           |
| Revenue  | 3     | 2,196,068                 | 1,131,889                 |
| Cost of sales                                      |       | (905,832)                 | (662,081)                 |
| Gross profit                                       |       | 1,290,236                 | 469,808                   |
| Interest income                                    |       | 13,971                    | 28,163                    |
| Other income                                       |       | -                         | 5,491                     |
| Research and development expenses                  |       | (573,490)                 | (358,953)                 |
| Employee benefits                                  |       | (1,158,796)               | (589,626)                 |
| General and administrative expenses                |       | (563,923)                 | (456,867)                 |
| Marketing and advertising                          |       | (206,339)                 | (162,063)                 |
| Property expenses                                  |       | (126,575)                 | (102,485)                 |
| Depreciation and amortisation                      |       | (120,261)                 | (28,757)                  |
| Interest expense                                   |       | (6,634)                   | (2,960)                   |
| Share-based payment expense                        |       | (158,972)                 | (562,893)                 |
| <b>Loss before income tax benefit</b>              |       | <b>(1,610,783)</b>        | <b>(1,761,142)</b>        |
| Income tax benefit                                 |       | 36,728                    | 8,229                     |
| <b>Loss for the period</b>                         |       | <b>(1,574,055)</b>        | <b>(1,752,913)</b>        |
| Other comprehensive loss for the period            |       | -                         | -                         |
| <b>Total comprehensive loss for the period</b>     |       | <b>(1,574,055)</b>        | <b>(1,752,913)</b>        |
| <b>Loss attributable to members of the Company</b> |       | <b>(1,574,055)</b>        | <b>(1,752,913)</b>        |
| <b>Basic loss per share (cents per share)</b>      | 6     | <b>(3.03)</b>             | <b>(4.52)</b>             |

The accompanying notes form part of these financial statements.

# SPECTUR LIMITED

## CONDENSED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2018

|                                      | Notes | 31 December<br>2018<br>\$ | 30 June<br>2018<br>\$ |
|--------------------------------------|-------|---------------------------|-----------------------|
| <b>Assets</b>                        |       |                           |                       |
| <b>Current Assets</b>                |       |                           |                       |
| Cash and cash equivalents            |       | 1,405,210                 | 3,487,070             |
| Trade and other receivables          | 7     | 784,582                   | 1,028,304             |
| Inventories                          | 8     | 1,419,755                 | 907,528               |
| <b>Total Current Assets</b>          |       | <b>3,609,547</b>          | <b>5,422,902</b>      |
| <b>Non-Current Assets</b>            |       |                           |                       |
| Property, plant and equipment        |       | 676,347                   | 577,298               |
| Intangible assets                    | 9     | 770,136                   | 858,569               |
| <b>Total Non-Current Assets</b>      |       | <b>1,446,483</b>          | <b>1,435,867</b>      |
| <b>Total Assets</b>                  |       | <b>5,056,030</b>          | <b>6,858,769</b>      |
| <b>Liabilities</b>                   |       |                           |                       |
| <b>Current Liabilities</b>           |       |                           |                       |
| Trade and other payables             | 10    | 958,775                   | 1,343,833             |
| Borrowings                           |       | 63,416                    | 81,938                |
| Provisions                           |       | 178,262                   | 142,217               |
| <b>Total Current Liabilities</b>     |       | <b>1,200,453</b>          | <b>1,567,988</b>      |
| <b>Non-Current Liabilities</b>       |       |                           |                       |
| Borrowings                           |       | 139,805                   | 175,925               |
| <b>Total Non-Current Liabilities</b> |       | <b>139,805</b>            | <b>175,925</b>        |
| <b>Total Liabilities</b>             |       | <b>1,340,258</b>          | <b>1,743,913</b>      |
| <b>Net Assets</b>                    |       | <b>3,715,772</b>          | <b>5,114,856</b>      |
| <b>Equity</b>                        |       |                           |                       |
| Issued capital                       | 4     | 8,922,647                 | 8,220,651             |
| Reserves                             | 5     | 1,190,473                 | 1,717,498             |
| Accumulated losses                   |       | (6,397,348)               | (4,823,293)           |
| <b>Net Equity</b>                    |       | <b>3,715,772</b>          | <b>5,114,856</b>      |

The accompanying notes form part of these financial statements.

# SPECTUR LIMITED

## CONDENSED STATEMENT OF CHANGES IN EQUITY FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

|  | Issued<br>Capital<br>\$ | Reserves<br>\$   | Accumulated<br>Losses<br>\$ | Total Equity<br>\$ |
|--|-------------------------|------------------|-----------------------------|--------------------|
| <b>Balance at 1 July 2018</b>                  | <b>8,220,651</b>        | <b>1,717,498</b> | <b>(4,823,293)</b>          | <b>5,114,856</b>   |
| Loss for the period                            | -                       | -                | (1,574,055)                 | (1,574,055)        |
| <b>Total comprehensive loss for the period</b> | <b>-</b>                | <b>-</b>         | <b>(1,574,055)</b>          | <b>(1,574,055)</b> |
| Shares issued                                  | 16,000                  | -                | -                           | 16,000             |
| Shares issue costs                             | (14,004)                | -                | -                           | (14,004)           |
| Performance rights converted                   | 700,000                 | (700,000)        | -                           | -                  |
| Performance rights forfeited                   | -                       | (111,111)        | -                           | (111,111)          |
| Vesting of options                             | -                       | 7,603            | -                           | 7,603              |
| Vesting of performance rights                  | -                       | 276,483          | -                           | 276,483            |
| <b>Balance as at 31 December 2018</b>          | <b>8,922,647</b>        | <b>1,190,473</b> | <b>(6,397,348)</b>          | <b>3,715,772</b>   |

  

|  | Issued<br>Capital<br>\$ | Reserves<br>\$ | Accumulated<br>Losses<br>\$ | Total Equity<br>\$ |
|--|-------------------------|----------------|-----------------------------|--------------------|
| <b>Balance at 1 July 2017</b>                | <b>1,936,890</b>        | <b>58,500</b>  | <b>(1,504,250)</b>          | <b>491,140</b>     |
| Loss for the period                          | -                       | -              | (1,752,913)                 | (1,752,913)        |
| <b>Total comprehensive loss for the year</b> | <b>-</b>                | <b>-</b>       | <b>(1,752,913)</b>          | <b>(1,752,913)</b> |
| Shares issued during the period              | 6,860,000               | -              | -                           | 6,860,000          |
| Shares issue costs                           | (1,216,966)             | -              | -                           | (1,216,966)        |
| Options issued during the period             | -                       | 305,384        | -                           | 305,384            |
| Performance rights issued during the period  | -                       | 590,303        | -                           | 590,303            |
| <b>Balance as at 31 December 2017</b>        | <b>7,579,924</b>        | <b>954,187</b> | <b>(3,257,163)</b>          | <b>5,276,948</b>   |

The accompanying notes form part of these financial statements.



# SPECTUR LIMITED

## CONDENSED STATEMENT OF CASH FLOWS FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

|   | Note | 31 December<br>2018<br>\$ | 31 December<br>2017<br>\$ |
|---|------|---------------------------|---------------------------|
| <b>Cash flows from operating activities</b>                     |      |                           |                           |
| Payments to suppliers and employees                             |      | (4,584,113)               | (2,476,325)               |
| Receipts from customers   |      | 2,127,503                 | 1,107,964                 |
| Interest received   |      | 13,967                    | 21,747                    |
| Finance and related charges                                     |      | (7,050)                   | -                         |
| R & D tax incentive received                                    |      | 464,104                   | 212,791                   |
| <b>Net cash used in operating activities</b>                    |      | <b>(1,985,589)</b>        | <b>(1,133,823)</b>        |
| <b>Cash flows from investing activities</b>                     |      |                           |                           |
| Payments for intangible assets                                  |      | (16,667)                  | (2,778)                   |
| Proceeds from disposal of property, plant and equipment         |      | 36,190                    | -                         |
| Purchase of property, plant and equipment                       |      | (73,025)                  | (293,667)                 |
| <b>Net cash used in investing activities</b>                    |      | <b>(53,502)</b>           | <b>(296,445)</b>          |
| <b>Cash flows from financing activities</b>                     |      |                           |                           |
| Proceeds from issue and subscription of shares                  |      | 16,000                    | 6,715,000                 |
| Payment for share issue costs                                   |      | -                         | (634,559)                 |
| Amounts received for securities subscribed but not yet issued   |      | -                         | 684,012                   |
| Repayment of borrowings   |      | (58,769)                  | (2,879)                   |
| <b>Net cash (used in) / from financing activities</b>           |      | <b>(42,769)</b>           | <b>6,761,574</b>          |
| <b>Net (decrease) / increase in cash and equivalents held</b>   |      | <b>(2,081,860)</b>        | <b>5,331,306</b>          |
| <b>Cash and cash equivalents at the beginning of the period</b> |      | <b>3,487,070</b>          | <b>136,206</b>            |
| <b>Cash and cash equivalents at the end of the period</b>       |      | <b>1,405,210</b>          | <b>5,467,512</b>          |

The accompanying notes form part of these financial statements.

# SPECTUR LIMITED

## NOTES TO THE INTERIM FINANCIAL STATEMENTS

### NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

#### (a) Basis of preparation

The condensed interim financial statements (the interim financial statements) is a general-purpose financial report and has been prepared in accordance with the requirements of the Corporations Act 2001, applicable accounting standards including AASB 134 Interim Financial Reporting, Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board ('AASB'). Compliance with AASB 134 ensures compliance with IAS 34 Interim Financial Reporting.

The interim financial statements comprise the condensed interim financial statements for the Company. For the purposes of preparing the interim financial statements, the Company is a for-profit entity.

The interim financial statements do not include full disclosures of the type normally included in the full financial report. Therefore, it cannot be expected to provide as full an understanding of the financial performance, financial position and cash flows of the Company as in the full financial report. It is recommended interim financial statements be read in conjunction with the full financial report for the year ended 30 June 2018 and any public announcements made by Spectur Ltd during the half-year in accordance with continuous disclosure requirements arising under the Corporations Act 2001 and the ASX Listing Rules.

The accounting policies and methods of computation adopted are consistent with those of the previous financial year and corresponding half-year, except for the impact of the new Standards and Interpretations effective 1 July 2018 disclosed in section 1(b). To ensure comparability with current year disclosures, some presentation changes have been made to comparative information. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

The interim financial statements have been prepared on a historical cost basis, except for financial instruments. Cost is based on the fair value of the consideration given in exchange for assets.

The company is domiciled in Australia and all amounts are presented in Australian dollars, unless otherwise noted.

For the purpose of preparing the interim financial statements, the half-year has been treated as a discrete reporting period.

#### (b) Adoption of new and revised standards

##### ***Standards and Interpretations applicable to 31 December 2018***

In the period ended 31 December 2018, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Company and effective for the current annual reporting periods beginning on or after 1 July 2018.

As a result of this review, Spectur Ltd has initially applied AASB 9 and AASB 15 from 1 July 2018.

Due to the transition methods chosen by Spectur Ltd in applying AASB 9 and AASB 15, comparative information throughout the interim financial statements has not been restated to reflect the requirements of the new standards.

##### ***Disclosure consideration***

###### ***AASB 9 Financial Instruments***

AASB 9 replaces AASB 139 Financial Instruments: Recognition and Measurement and makes changes to a number of areas including classification of financial instruments, measurement, impairment of financial assets and hedge accounting model.

Financial instruments are classified as either held at amortised cost or fair value

Financial instruments are carried at amortised cost if the business model concept can be satisfied.

The Company has applied AASB 9 retrospectively with the effect of initially applying this standard recognised at the date of initial application, being 1 July 2018 and has elected not to restate comparative information. Accordingly, the information presented for 31 December 2017 and 30 June 2018 has not been restated.

There is no material impact to profit or loss or net assets on the adoption of this new standard in the current or comparative years.

# SPECTUR LIMITED

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

### NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (b) Adoption of new and revised standards (continued)

##### *AASB 15 Revenue from contracts with Customers*

AASB 15 replaces AASB 118 Revenue and AASB 111 Construction Contracts and related interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards.

AASB 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised, including in respect of multiple element arrangements. The core principle of AASB 15 is that it requires identification of discrete performance obligations within a transaction and associated transaction price allocation to these obligations. Revenue is recognised upon satisfaction of these performance obligations, which occur when control of goods or services is transferred, rather than on transfer of risks or rewards. Revenue received for a contract that includes a variable amount is subject to revised conditions for recognition, whereby it must be highly probable that no significant reversal of the variable component may occur when the uncertainties around its measurement are removed.

The Company has adopted AASB 15 using the modified retrospective method of adoption (without practical expedients) with the effect of initially applying this standard recognised at the date of initial application, being 1 July 2018. Accordingly, the information presented for 31 December 2017 and 30 June 2018 has not been restated. The effect of the application of AASB 15 has been applied to all contracts at date of initial application. Where the effect is material, an adjustment has been recognised in the statement of changes in equity for the six months ended 31 December 2018.

The Company is in the business of providing sale of solar powered security goods and the provision of ancillary services. The sale of goods and services are sold on their own or in separately identified contracts with customers and together as a bundled package of goods and/or services.

Other than the above, the Directors have determined that there is no material impact of the other new and revised Standards and Interpretations on the Company and therefore, no material change is necessary to Company accounting policies.

##### ***Standards and Interpretations in issue not yet adopted***

The Directors have also reviewed all the new and revised Standards and Interpretations in issue not yet adopted for the period ended 31 December 2018.

As a result of this review the Directors have determined that AASB 16 Leases may have a material effect on the application in future period.

AASB 16 replaces the AASB 117 Leases and related interpretations.

AASB 16 removes the classification of leases as either operating leases or finance leases – for the lessee – effectively treating all leases as finance leases. Most leases will be capitalised on the statement of financial position by recognising a lease liability for the present value obligation and a 'right of use' asset. The right of use asset is calculated based on the lease liability plus initial direct costs, prepaid lease payments and estimated restoration costs less lease incentives received. This will result in an increase in the recognised assets and liabilities in the statement of financial position as well as a change in the expense recognition with interest and depreciation replacing operating lease expense. There are exemptions for short-term leases and leases of low-value items.

This Standard will primarily affect the accounting for the Company's operating lease commitments predominately relating to operating leases. The Company is considering available options to account for this transition which may result in an increase in reported earnings before interest, tax and depreciation and amortisation (EBITDA) and increase in lease assets and liabilities recognition. The Standard may also have an impact on deferred tax balances. This will however be dependent on the lease arrangements in place when the new Standard is effective. The Company has commenced the process of evaluating the impact of the new Standard.

AASB 16 is effective from annual reporting periods beginning on or after 1 January 2019. A lessee can choose to apply the Standard using a full retrospective or modified retrospective approach

Other than the above, there is no material impact of the new and revised Standards and Interpretations on the Company and therefore, no material change is necessary to Company accounting policies.

# SPECTUR LIMITED

## NOTES TO THE INTERIM FINANCIAL STATEMENTS

### NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (c) Statement of compliance

The interim financial statements were authorised for issue on 28 February 2019.

The interim financial statements comply with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial report, comprising the interim financial statements and notes thereto, complies with International Financial Reporting Standards (IFRS).

#### (d) Significant accounting estimates and judgements

The preparation of the interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

The judgements, estimates and assumptions applied in the interim financial statements, including the key sources of estimation uncertainty were the same as those applied in the Company's last annual financial statements for the year ended 30 June 2018, except for the impact of the new Standards and Interpretations effective 1 July 2018 as disclosed in section 1(b).

#### (e) Going concern

The interim financial statements have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlements of liabilities in the ordinary course of business.

### NOTE 2: SEGMENT REPORTING

The Company only operated in one segment, being design, development, manufacture and selling Remote Solar 3G/4G based Security Camera networks and associated products and services.

### NOTE 3: REVENUE FROM CONTRACTS WITH CUSTOMERS

#### *Disaggregation of revenue*

AASB 134 requires an entity to disclose a disaggregation of revenue from contracts with customers required by paragraphs 114-115 of AASB 15. The Company has selected to disaggregate revenue according to the timing of the transfer of goods and/or services. As the Company elected the modified retrospective method of adoption, comparative information under AASB 15 is not required as disclosures for the comparative period in the notes follow the requirements of AASB 111, AASB 118 and other related interpretations.

The Company derives its revenue from the sale of goods and the provision of services at a point in time and over time in the following major categories.

|                                 | Six months to<br>31 December<br>2018<br>\$ |
|---------------------------------|--|
| <b>At a point in time</b>       |  |
| Equipment sales                 | 1,067,566                                  |
| Other (installation, parts etc) | 262,712                                    |
|                                 | <b>1,330,278</b>                           |
| <b>Over time</b>                |  |
| Equipment Rentals               | 543,470                                    |
| Recurring revenue               | 322,320                                    |
|                                 | <b>865,790</b>                             |
| <b>Total revenue</b>            | <b>2,196,068</b>                           |

The Company recognised an impairment loss on receivables from contracts with customers in the statement of comprehensive income, amounting to \$8,844 for the six months ended 31 December 2018.

# SPECTUR LIMITED

## NOTES TO THE INTERIM FINANCIAL STATEMENTS

### NOTE 4: ISSUED CAPITAL

As at 31 December 2018, the Company had the following issued share capital:

|   | Six months to<br>31 December 2018 |                  | Year to<br>30 June 2018 |                  |
|---|-----------------------------------|------------------|-------------------------|------------------|
|   | Number                            | \$               | Number                  | \$               |
| Fully paid ordinary shares                      | 56,080,025                        | 8,922,647        | 49,000,025              | 8,220,651        |
|   | <b>56,080,025</b>                 | <b>8,922,647</b> | <b>49,000,025</b>       | <b>8,220,651</b> |
| Movement of issued share capital:               |                                   |                  |                         |                  |
| Balance at beginning of period                  | 49,000,025                        | 8,220,651        | 17,500,000              | 1,936,890        |
| Shares issued on exercise of performance rights | 7,000,000                         | 700,000          | -                       | -                |
| Shares issued on IPO - 20c                      | -                                 | -                | 23,500,000              | 4,700,000        |
| Placement (including Director offer) at 36c     | -                                 | -                | 6,100,000               | 2,196,000        |
| Share Purchase Plan Offer at 36c                | -                                 | -                | 1,900,000               | 684,000          |
| Shares issued on exercise of options            | 80,000                            | 16,000           | 25                      | 5                |
| Share issue costs                               | -                                 | (14,004)         | -                       | (1,296,244)      |
| <b>Balance at end of period</b>                 | <b>56,080,025</b>                 | <b>8,922,647</b> | <b>49,000,025</b>       | <b>8,220,651</b> |

### NOTE 5: RESERVES

As at 31 December 2018, the Company had the following reserve accounts:

|                    | 31 December 2018  |                  | 30 June 2018      |                  |
|--------------------|-------------------|------------------|-------------------|------------------|
|                    | Number            | \$               | Number            | \$               |
| Options            | 18,419,933        | 378,966          | 18,499,933        | 371,363          |
| Performance Rights | 11,166,667        | 811,507          | 21,500,000        | 1,346,135        |
|                    | <b>29,586,600</b> | <b>1,190,473</b> | <b>39,999,933</b> | <b>1,717,498</b> |

#### Option reserve movement

|  | Six months to<br>31 December 2018 |                | Year to<br>30 June 2018 |                |
|--|-----------------------------------|----------------|-------------------------|----------------|
|  | Number                            | \$             | Number                  | \$             |
| Movement of Company options:                                     |                                   |                |                         |                |
| Balance at beginning of year                                     | 18,499,933                        | 371,363        | 8,850,000               | 58,500         |
| Options converted to shares                                      | (80,000)                          | -              | -                       | -              |
| Options issued on a 1:4 basis under share offers during the year | -                                 | -              | 1,999,958               | -              |
| Issued during the year to employees under the EIP                | -                                 | 7,603          | 150,000                 | 7,480          |
| Options exercised  | -                                 | -              | (25)                    | -              |
| Issued during the year for cash consideration                    | -                                 | -              | 5,500,000               | 55,000         |
| Issued during the year to consultants                            | -                                 | -              | 2,000,000               | 250,383        |
| <b>Balance at end of the period</b>                              | <b>18,419,933</b>                 | <b>378,966</b> | <b>18,499,933</b>       | <b>371,363</b> |

# SPECTUR LIMITED

## NOTES TO THE INTERIM FINANCIAL STATEMENTS

### NOTE 5: RESERVES (continued)

#### Performance rights movement

|  | Six months to<br>31 December 2018 |                | Year to<br>30 June 2018 |                  |
|--|-----------------------------------|----------------|-------------------------|------------------|
|  | Number                            | \$             | Number                  | \$               |
| Performance rights   | 11,166,667                        | 811,507        | 21,500,000              | 1,346,135        |
|  | <b>11,166,667</b>                 | <b>811,507</b> | <b>21,500,000</b>       | <b>1,346,135</b> |
| Movement of issued performance rights:                               |                                   |                |                         |                  |
| Balance at beginning of year   | 21,500,000                        | 1,346,135      | 20,000,000              | -                |
| Performance rights converted to shares                               | (7,000,000)                       | (700,000)      | -                       | -                |
| Performance rights forfeited   | (3,333,333)                       | (111,111)      | -                       | -                |
| Value of all performance rights brought to account during the period | -                                 | 276,483        | -                       | 1,346,135        |
| Issue of performance rights to consultants / directors               | -                                 | -              | 1,500,000               | -                |
| <b>Balance at end of period</b>                                      | <b>11,166,667</b>                 | <b>811,507</b> | <b>21,500,000</b>       | <b>1,346,135</b> |

### NOTE 6: LOSS PER SHARE

#### Basic loss per share

|  | Six months to<br>31 December<br>2018<br>Cents per<br>share | Six months to<br>31 December<br>2017<br>Cents per<br>share |
|--|--|--|
| Basic loss per share (cents per share) | <b>(3.03)</b>  | <b>(4.52)</b>  |

Losses used in the calculation of basic loss per share is as follows:

|        | Six months to<br>31 December<br>2018<br>\$ | Six months to<br>31 December<br>2017<br>\$ |
|--------|--|--|
| Losses | <b>(1,574,055)</b>                         | <b>(1,752,913)</b>                         |

#### Weighted average number of ordinary shares

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

|  | Six months to<br>31 December<br>2018<br>Number | Six months to<br>31 December<br>2017<br>Number |
|--|--|--|
| Weighted average number of ordinary shares for the purpose of basic loss per share | <b>52,019,862</b>                              | <b>38,717,391</b>                              |

Share options and performance rights are not considered dilutive, as their impact would be to decrease the net loss per share.

# SPECTUR LIMITED

## NOTES TO THE INTERIM FINANCIAL STATEMENTS

### NOTE 7: TRADE AND OTHER RECEIVABLES

|                          | Six months to<br>31 December<br>2018<br>\$ | Year to<br>30 June<br>2018<br>\$ |
|--------------------------|--|----------------------------------|
| Trade receivables        | 686,363                                    | 399,693                          |
| Allowance for impairment | (8,844)                                    | (14,953)                         |
|                          | 677,519                                    | 384,740                          |
| GST                      | (21,238)                                   | 36,944                           |
| Prepayments              | 125,309                                    | 170,310                          |
| R&D refund receivable    | -  | 427,376                          |
| Other                    | 2,992                                      | 8,934                            |
| <b>Total</b>             | <b>784,582</b>                             | <b>1,028,304</b>                 |

- (i) the average credit period on sales of goods and rendering of services is 65 days. An allowance has been made for estimated irrecoverable trade receivable amounts arising from the past sale of goods and rendering of services, determined by reference to past default experience.

#### Ageing of past due but not impaired trade receivables

|               | 31 December<br>2018<br>\$ | 30 June<br>2018<br>\$ |
|---------------|---------------------------|-----------------------|
| 30 – 60 days  | 230,617                   | 102,371               |
| 60 – 90 days  | 115,275                   | 19,915                |
| 90 – 120 days | 21,609                    | 30,407                |
| <b>Total</b>  | <b>367,501</b>            | <b>152,693</b>        |

#### Movement in allowance for doubtful debts

|   | 31 December<br>2018<br>\$ | 30 June<br>2018<br>\$ |
|---|---------------------------|-----------------------|
| Balance at the beginning of the year        | 14,953                    | -                     |
| Impairment losses recognised on receivables | 5,227                     | 14,953                |
| Amounts recovered during the year           | -                         | -                     |
| Impairment losses reversed                  | (11,336)                  | -                     |
| <b>Total</b>                                | <b>8,844</b>              | <b>14,953</b>         |

In determining the recoverability of a trade receivable, the Company considers any changes in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the Directors believe that there is no further credit provision required in excess of the allowance for impairment.

#### Ageing of impaired trade receivables

|               | 31 December<br>2018<br>\$ | 30 June<br>2018<br>\$ |
|---------------|---------------------------|-----------------------|
| 30 – 60 days  | 1,386                     | -                     |
| 60 – 90 days  | 924                       | -                     |
| 90 – 120 days | 6,534                     | 14,953                |
| <b>Total</b>  | <b>8,844</b>              | <b>14,953</b>         |

# SPECTUR LIMITED

## NOTES TO THE INTERIM FINANCIAL STATEMENTS

### NOTE 8: INVENTORIES

|                         | 31 December<br>2018<br>\$ | 30 June<br>2018<br>\$ |
|-------------------------|---------------------------|-----------------------|
| Raw materials – cost    | 776,930                   | 576,318               |
| Work in progress – cost | 341,101                   | 16,553                |
| Finished goods - cost   | 301,724                   | 314,657               |
| <b>Total</b>            | <b>1,419,755</b>          | <b>907,528</b>        |

### NOTE 9: INTANGIBLES

|                                  | Patents<br>\$ | Product<br>Development<br>\$ | Other intangibles<br>\$ | Total<br>\$    |
|----------------------------------|---------------|------------------------------|-------------------------|----------------|
| <b>31 December 2018</b>          |               |                              |                         |                |
| Carrying value as at 1 July 2018 | 38,674        | 739,339                      | 80,556                  | 858,569        |
| Additions                        | -             | -                            | -                       | -              |
| Accumulated amortisation         | (2,604)       | (69,161)                     | (16,668)                | (88,433)       |
|                                  | <b>36,070</b> | <b>670,178</b>               | <b>63,888</b>           | <b>770,136</b> |
| <b>30 June 2018</b>              |               |                              |                         |                |
| Carrying value as at 1 July 2017 | 2,861         | -                            | -                       | 2,861          |
| Additions                        | 36,415        | 739,339                      | 100,000                 | 875,754        |
| Amortisation expense             | (602)         | -                            | (19,444)                | (20,046)       |
|                                  | <b>38,674</b> | <b>739,339</b>               | <b>80,556</b>           | <b>858,569</b> |

### NOTE 10: TRADE AND OTHER PAYABLES

|                      | 31 December<br>2018<br>\$ | 30 June<br>2018<br>\$ |
|----------------------|---------------------------|-----------------------|
| Accounts payable (i) | 301,912                   | 668,232               |
| Accruals             | 176,665                   | 190,866               |
| Unearned revenue     | 417,404                   | 406,807               |
| Other payables       | 62,794                    | 77,928                |
| <b>Total</b>         | <b>958,775</b>            | <b>1,343,833</b>      |

(i) Trade payables are non-interest bearing and are normally settled on 30-day terms.

### NOTE 11: SIGNIFICANT EVENTS AFTER THE REPORTING DATE

There has been no additional matter or circumstance that has arisen after balance date that has significantly affected, or may significantly affect, the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial periods.

### NOTE 12: FINANCIAL INSTRUMENTS

The methods and valuation techniques used for the purpose of measuring fair value are unchanged from previous periods. The carrying amounts of the current receivables and current payables are considered to be a reasonable approximation of their fair values.



# SPECTUR LIMITED

## NOTES TO THE INTERIM FINANCIAL STATEMENTS

### NOTE 13: CONTINGENT LIABILITIES

The Company had no contingent liabilities as at the reporting date.

### NOTE 14: SHARE-BASED PAYMENTS

The following share-based payment arrangements were entered into during the period:

#### a) Fully paid ordinary shares

|                                       | Total Shares | Number Accrued | Value Accrued<br>\$ |
|---------------------------------------|--------------|----------------|---------------------|
| Chairman – Fully paid ordinary shares | 155,602      | 74,454         | 17,940              |

The Company appointed Mr Darren John Cooper as Non-Executive Chairman of the Company's Board during the period. The Chairman's remuneration for the first 6-month period will be settled by the issuing of fully paid ordinary shares in the Company. This will be calculated based on the Volume Weighted Average Market Price (VWAP) of the Company shares quoted on the ASX over the last 5 trading days prior to the date of his appointment. The VWAP price is 24.1 cents per share and the Chairman will receive a total of 155,602 fully paid shares in the Company. The shares will be issued upon completion of the first six months of service.

#### b) Performance rights

|                     | Number  | Grant date | Expiry date | Exercise price<br>\$ | Fair value at grant date<br>\$ | Vesting date | Value accrued<br>\$ |
|---------------------|---------|------------|-------------|----------------------|--------------------------------|--------------|---------------------|
| Lead broker options | 150,000 | 1 Nov 2018 | 31 Dec 2020 | 0.20                 | 0.11                           | 1 Nov 2018   | 16,502              |

The Company has entered into an agreement with PAC Partners Securities Pty Ltd (PAC) in which PAC will receive 75 000 unlisted options per month at an exercise price of 20 cents per option in payment for their services. This agreement came into effect on 1 November 2018 and is for an initial 12-month period. The options will be issued bi-annually.

The fair value of the equity-settled share options granted to PAC are estimated as at each date of grant using the Black-Scholes model taking into account the terms and conditions upon which the options were granted.

|                                 | Lead broker options |
|---------------------------------|---------------------|
| Dividend yield (%)              | 0%                  |
| Expected volatility (%)         | 96%                 |
| Risk-free interest rate (%)     | 2.04                |
| Expected life of option (years) | 2                   |
| Exercise price (cents)          | \$0.20              |
| Grant date share price          | \$0.205             |

The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. No other features of options granted were incorporated into the measurement of fair value.

# SPECTUR LIMITED

## DIRECTORS' DECLARATION

1. In the opinion of the Directors of Spectur Limited ("Spectur" or the "Company"):
  - a. the accompanying financial statements and notes are in accordance with the Corporations Act 2001 including:
    - i. giving a true and fair view of the Company's financial position as at 31 December 2018 and of its performance for the year then ended in accordance with the accounting policies described in the notes to the financial statements; and
    - ii. complying with Australian Accounting Standards, the Corporations Regulations 2001, professional reporting requirements and other mandatory requirements.
  - b. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
  - c. the financial statements and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board.
2. 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 6 months ended 31 December 2018.

This declaration is signed in accordance with a resolution of the board of Directors.



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**Peter Holton**  
**Director**

Dated this 28 February 2019

**INDEPENDENT AUDITOR'S REVIEW REPORT**

To the members of Spectur Limited

**Report on the Condensed Interim Financial Report***Conclusion*

We have reviewed the accompanying interim financial report of Spectur Limited ("the company"), which comprises the condensed statement of financial position as at 31 December 2018, the condensed statement of profit or loss and other comprehensive income, the condensed statement of changes in equity and the condensed 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.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the interim financial report of Spectur Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the company's financial position as at 31 December 2018 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*.

*Directors' responsibility for the interim financial report*

The directors of the company are responsible for the preparation of the interim 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 interim financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

*Auditor's responsibility*

Our responsibility is to express a conclusion on the interim financial report based on our review. We conducted our review in accordance with Auditing Standard 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 interim financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the company's financial position as 31 December 2018 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the company, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of an interim 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.

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*Independence*

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.



**HLB Mann Judd**  
**Chartered Accountants**

**Perth, Western Australia**  
**28 February 2019**



**N G Neill**  
**Partner**