

Spectur Limited

Appendix 4D

Half Year Report- For the six months ended 31 December 2017

(Previous corresponding period: 31 December 2016)

Results for announcement to the market

1. Results for announcement to the market

	31 December 2017 Current Period \$	Percentage Change Up / (Down)	Change Up / (Down) \$	31 December 2016 Previous Corresponding Period \$
Revenue from ordinary activities	1,131,889	45%	353,756	778,133
Loss from ordinary activities after tax	(1,752,913)	(4,967%)	(1,718,321)	(34,592)
Net Loss for the period attributable to members	(1,752,913)	(4,967%)	(1,718,321)	(34,592)

Commentary on the above figures is included in the attached Interim Financial Report for the half year ended 31 December 2017.

2. Statement of comprehensive income

Refer to attached Interim Financial Report for the half year ended 31 December 2017.

3. Statement of financial position

Refer to attached Interim Financial Report for the half year ended 31 December 2017.

4. Statement of cash flows

Refer to attached Interim Financial Report for the half year ended 31 December 2017.

5. Statement of changes in equity

Refer to attached Interim Financial Report for the half year ended 31 December 2017.

6. Dividend payments

Refer to attached Interim Financial Report for the half year ended 31 December 2017

The Company does not propose to pay any dividends in the current period.

7. Dividend reinvestment plans

Not applicable.

This Appendix 4D Half Year Report is provided to the ASX under Listing Rule 4.2A3 and should be read in conjunction with the accompanying Interim Financial Report for the half year ended 31 December 2017.

8. Net tangible assets per security

	Current Period (31 December 2017)	Previous Corresponding Period (31 December 2016)
Cents per ordinary share	14.2cents	5.48 cents

9. Details of entities over which control has been gained or lost

Not applicable

10. Details of Associates and joint ventures

Not applicable

11. Other significant information

Not applicable

12. Foreign entities

Not applicable.

13. Status of audit

The Interim Financial Report for the half year ended 31 December 2017 has been audit reviewed and is not subject to dispute or qualification



Spectur Limited

ACN 140 151 579

Financial Report for the Half Year Ended 31 December 2017

SPECTUR LIMITED

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SPECTUR LIMITED

CORPORATE INFORMATION

ACN 140 151 579

Directors

Mr Charles Richard Wallace Wilkins
Mr Peter William Holton
Mr Stephen Paul Bodeker
Mr Andrew Mark Hagen

Company Secretary

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
Corporate and Commercial Banking
Level 1, 5 Queen Street,
Fremantle, WA 6160, Australia

Auditors

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

Share Registrar

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

PO Box 2226
Strawberry Hills, New South Wales 2012
Telephone: 1300 288 664 (within Australia)
Email: hello@automic.com.au

Securities Exchange Listing

Australian Securities Exchange
(Home Exchange: Perth, Western Australia)
Code: SP3, SP3O

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 2017.

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.

Charles Richard Wallace Wilkins	Director	
Peter William Holton	Director	
Stephen Paul Bodeker	Non-Executive Director	
Andrew Mark Hagen	Non-Executive Director	
Suzie Jayne Foreman	Joint Company Secretary	Appointed on 9 June 2017
Japheth Dela Torre	Joint Company Secretary	Resigned 28 July 2017

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

The comprehensive loss of the Company for the half year ended 31 December 2017, after providing for income tax amounted to \$1,752,913 (2016: \$34,592).

The loss is primarily due to

- ramping up of interstate expansion activities relating to the sale and distribution of the Company's Remote Solar 3G/4G based Security Camera networks and associated products and services;
- increase in research and design costs associated with developing new technologies of thermal camera, LIDAR and gas detection, as well as adding to the specifications of its existing HD4 security camera;
- Equity payments expense relating to the 20 million performance rights granted to Spectur shareholders and Directors Peter Holton and Richard Wilson as part of the Initial Public Offer transaction.

Review of financial conditions

The Company had cash and cash equivalents totalling \$5,467,512 (30 June 2017: \$136,206) as at 31 December 2017.

At 31 December 2017, the Company had net assets of \$5,276,948 (30 June 2017: \$491,140), an increase of \$4,785,808 compared with the previous corresponding period which was primarily due to the Company completing its Initial Public Offering (IPO) on 1 August 2017 and subsequent capital raisings, and a ramp up on operational activity.

DIVIDENDS

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

SIGNIFICANT EVENTS DURING THE YEAR

On 1 August 2017, the Company listed on the Australian Securities Exchange (ASX) following a capital raise and Initial Public Offer.

Spectur raised \$4,500,000 (before costs) through the issue of 22,500,000 fully paid ordinary shares at an issue price of \$0.20 per share, and an additional \$55,000 (before costs) through the issue of 5,500,000 options at an issue price of \$0.01 each. The options were unlisted and exercisable at \$0.20 on or before 31 December 2020.

SPECTUR LIMITED

DIRECTORS' REPORT (continued)

The Company also issued 1,000,000 fully paid ordinary shares to promoters and 1,000,000 Performance Rights to the lead Manager, Alto Capital (ACNS Capital Markets Pty Ltd) or its nominees.

Following its listing on the ASX, the Company commenced the expansion of its operations on the east coast of Australia, with the opening of a Melbourne distribution centre and office in August 2017.

The facility includes an internal research and development (R&D) department, which will be instrumental for Spectur's R&D efforts and development of new product lines which will assist with future sales growth.

Importantly, the Melbourne office started to contribute to revenue during the September quarter and this contribution to overall Company revenues is expected to increase over the next 12 months as sales volumes increase.

On 6 November 2017, the Company bolstered these expansion efforts with a strategic entry into the Queensland market through the acquisition of SolarCam - the solar-powered security surveillance business of leading seller of video surveillance and cloud-based camera systems, Forrestbridge Pty Ltd.

SolarCam operated through a number of distribution networks which Spectur is now leveraging off to increase sales and market share of its products and services within Australia.

The purchase price for acquisition was \$100,000 plus GST, to be paid evenly over a 36-month period. In conjunction with the sale agreement, Forrestbridge owner Mark Williamson was appointed as Spectur's Queensland State Manager and retained under a two-year consultancy agreement.

Forrestbridge was also granted 500,000 Performance Rights in the Company. Each Performance Right entitles Forrestbridge to receive one fully paid ordinary share, subject to performance milestones being satisfied over a three-year period, designed to create a net benefit for the Company if achieved. Mark Williamson is required to remain as a consultant for the three-year period for the Performance Rights to vest.

The Company is also currently working towards the opening of an office in Sydney, which will spearhead its expansion into the New South Wales market. The office is expected to open in the first quarter 2018.

On 8 December 2017, Spectur completed a Placement raising \$2,160,000 (before costs) through the issue of 6,000,000 fully paid ordinary shares at an issue price of \$0.36 each with a 1:4 free attaching option. The free attaching unlisted options were exercisable at \$0.20 on or before 31 December 2020 (Placement Option Offer). The Placement Option offer was subject to an Offer under a Prospectus dated 5 December 2017 (Prospectus).

The executive directors were also invited to participate in the Placement, subject to shareholder approval.

The Company also invited eligible shareholders to subscribe for up to \$5,000 shares each, at an issue price of \$0.36 with a 1:4 free attaching option through a Security Purchase Plan, conducted on the same terms as the Placement. The Security Purchase Plan aimed to raise a maximum of \$684,000 and was subject to shareholder approval. It closed on 22 December 2017 oversubscribed.

ACNS Capital Markets Pty Ltd trading as Alto Capital acted as lead manager to both the Placement and Security Purchase Plan and was entitled to receive brokerage on normal commercial terms. Pursuant to the Lead Manager Mandate, Alto Capital was also entitled to receive 2,000,000 options exercisable at \$0.50 on or before 31 December 2020, subject to the Placement closing successfully and the Company receiving shareholder approval at the relevant General Meeting.

The funds raised will be used to:

- fast track the development and commercialisation of Spectur's Remote Gas Detection Technologies, LIDAR systems, and thermal camera technologies;
- expand the Company's presence in Victoria, New South Wales and Queensland;
- expedite the design and manufacture of trailer-mounted rental models,
- conduct market analysis for the Company's international launch;
- contribute to general working capital.

SPECTUR LIMITED

DIRECTORS' REPORT (continued)

SUBSEQUENT EVENTS AFTER THE REPORTING DATE

On 18 January 2018, the Company held a General Meeting where all resolutions relating to the Placement (including the Director Offer), Security Purchase Plan and Lead Manager Option Offer were approved by shareholders.

On 19 January 2018, Spectur issued 2,000,000 fully paid ordinary shares pursuant to the Security Purchase Plan and Director Offer and 1,999,958 Options exercisable at \$0.20 each under the terms of its Placement Offer, Security Purchase Plan and Director Offer. The Company also sought ASX quotation for the Options as outlined in its Prospectus.

On 19 January, the Company also issued 2,000,000 Lead Manager Options to Alto Capital.

On 22 January, 150,000 options were issued to Employees Under the Spectur Employee Incentive Plan, exercisable at \$0.37 each on or before 31 December 2020.

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 7 and forms part of this Directors' report for the half year ended 31 December 2017.

Signed in accordance with a resolution of the directors.



Mr Charles Richard Wallace Wilkins
Director

Dated this 28 February 2018

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of Spectur Limited for the half-year ended 31 December 2017 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 2018


N G Neill
Partner

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

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HLB Mann Judd (WA Partnership) is a member of  International, a world-wide organisation of accounting firms and business advisers

SPECTUR LIMITED

CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE HALF YEAR ENDED 31 DECEMBER 2017

	Notes	31 December 2017 \$	31 December 2016 \$
Continuing operations			
Revenue	2(a)	1,131,889	778,133
Cost of sales		(818,615)	(371,869)
Gross profit		313,274	406,264
Other income		33,654	-
Research and development	2(b)	(358,953)	(143,075)
Marketing and promotional		(347,268)	(83,448)
Corporate and compliance		(370,733)	(50,883)
General and administrative expenses		(468,223)	(163,450)
Equity-based payments expense		(562,893)	-
Loss before income tax benefit		(1,761,142)	(34,592)
Income tax benefit		8,229	-
Loss for the period		(1,752,913)	(34,592)
Other comprehensive income, net of income tax		-	-
Total comprehensive loss for the period		(1,752,913)	(34,592)
Loss attributable to members of the Company		(1,752,913)	(34,592)
Basic loss per share (cents)		(4.52)	(1.15)

The accompanying notes form part of these financial statements.

SPECTUR LIMITED

CONDENSED STATEMENT OF FINANCIAL POSITION 31 DECEMBER 2017

	Notes	31 December 2017 \$	30 June 2017 \$
Assets			
Current Assets			
Cash and cash equivalents		5,467,512	136,206
Trade and other receivables		378,842	593,351
Inventories		503,194	176,011
Total Current Assets		6,349,548	905,568
Non-Current Assets			
Other receivables		25,333	-
Property, plant and equipment		318,972	53,731
Intangible assets	7	102,533	2,861
Total Non-Current Assets		446,838	56,592
Total Assets		6,796,386	962,160
Liabilities			
Current Liabilities			
Trade and other payables	8	1,284,714	471,020
Provisions		80,373	-
Borrowings		22,818	-
Total Liabilities		1,387,905	471,020
Non-Current Liabilities			
Other payables		63,889	-
Borrowings		67,644	-
Total Non-current Liabilities		131,533	-
Total Liabilities		1,519,438	471,020
Net Assets		5,276,948	491,140
Equity			
Issued capital	4	7,579,924	1,936,890
Reserves	5	954,187	58,500
Accumulated losses		(3,257,163)	(1,504,250)
Net Equity		5,276,948	491,140

The accompanying notes form part of these financial statements.

SPECTUR LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED 31 DECEMBER 2017

	Issued Capital \$	Reserve \$	Accumulated Losses \$	Total Equity \$
Balance at 1 July 2017	1,936,890	58,500	(1,504,250)	491,140
Loss for the period	-	-	(1,752,913)	(1,752,913)
Total comprehensive loss for the period	-	-	(1,752,913)	(1,752,913)
Shares issued during the period (net of costs)	6,860,000	-	-	6,860,000
Share 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
Balance as at 31 December 2017	7,579,924	954,187	(3,257,163)	5,276,948

	Issued Capital \$	Option Reserve \$	Accumulated Losses \$	Total Equity \$
Balance at 1 July 2016	1,128,000	-	(1,077,749)	50,251
Loss for the period	-	-	(34,592)	(34,592)
Total comprehensive loss for the period	-	-	(34,592)	(34,592)
Balance as at 31 December 2016	1,128,000	-	1,112,341	15,659

The accompanying notes form part of these financial statements.

SPECTUR LIMITED

STATEMENT OF CASH FLOWS FOR THE HALF YEAR ENDED 31 DECEMBER 2017

	31 December 2017 \$	31 December 2016 \$
Cash flows from operating activities		
Payments to suppliers and employees	(2,476,325)	(814,965)
Receipts from customers	1,107,964	666,199
Interest received/(paid)	21,747	(1,954)
Research and development grant benefit	212,791	153,772
Net cash used / (provided by) in operating activities	<u>(1,133,823)</u>	<u>3,052</u>
Cash flows from investing activities		
Property, plant and equipment	(293,667)	(23,007)
Acquisition of SolarCam assets	(2,778)	-
Net cash used in investing activities	<u>(296,445)</u>	<u>(23,007)</u>
Cash flows from financing activities		
Payment of financing lease	(2,879)	-
Proceeds from issue of shares securities	6,715,000	-
Payments for security issue costs	(634,559)	-
Amounts received for securities subscribed but not yet issued	684,012	168,000
Net cash from financing activities	<u>6,761,574</u>	<u>168,000</u>
Net increase in cash and equivalents held	5,331,306	148,045
Cash and cash equivalents at the beginning of the period	136,206	(2,325)
Cash and cash equivalents at the end of the period	<u>5,467,512</u>	<u>145,720</u>

The accompanying notes form part of these financial statements.

SPECTUR LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2017

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The condensed interim consolidated financial statements (the interim financial statements) are general purpose interim financial statements and have 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.

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 2017 and any public announcements made by Spectur Limited 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. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

The interim financial statements has been prepared on a historical cost basis, except for the revaluation of certain financial instruments to fair value. 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.

(b) Statement of compliance

The financial report was authorised for issued in accordance with a resolution of the Directors on 28 February 2018.

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

(c) Adoption of new and revised standards

Standards and Interpretations applicable to 31 December 2017

In the period ended 31 December 2017, 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 period. As a result of this review, the Directors have determined that there is no material impact of the new and revised Standards and Interpretations on the Company and, therefore, no material change is necessary to the company's accounting policies.

Standards and Interpretations in issue not yet adopted

Certain new accounting standards and interpretations have been publishes that are not mandatory for 31 December 2017 reporting periods. Those which may have a significant impact to the Company are set out below. The Company does not plan to adopt these standards early.

AASB 9 Financial Instruments (2014)

AASB 9 (2014), published in December 2014, replaces the existing guidance AASB 9 (2009), AASB 9 (2010) and AASB 139 Financial Instruments: Recognition and Measurement and is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted.

The new standard results in changes to accounting policies for financial assets and liabilities covering classification and measurement, hedge accounting and impairment. The Company has assessed these changes and determined that based on the current financial assets and liabilities held at reporting date, the Company will need to reconsider its accounting policies surrounding impairment recognition. The new impairment requirements for financial assets are based on a forward looking 'expected loss model' (rather than the current 'incurred loss model').

SPECTUR LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2017

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The Company does not expect a significant effect on the financial statements resulting from the change of this standard however the Company is in the process of evaluating the impact of the new financial instrument standard. The changes in the Company's accounting policies from the adoption of AASB 9 will be applied from 1 July 2018 onwards.

AASB 15 Revenue from Contracts with Customers

AASB 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised, including in respect of multiple element arrangements. It replaces existing revenue recognition guidance, AASB 111 Construction Contracts, AASB 118 Revenue and AASB 1004 Contributions. AASB 15 is effective from annual reporting periods beginning on or after 1 January 2018, with early adoption permitted.

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 and 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 commenced the process of evaluating the impact of the new standard on existing revenue streams and will first apply AASB 15 in the financial year beginning 1 July 2018.

AASB 16 Leases

AASB 16 replaces the current AASB 17 Leases standard. 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 balance sheet by recognising a 'right-of-use' asset and a lease liability for the present value obligation. This will result in an increase in the recognised assets and liabilities in the statement of financial position as well as a change in expense recognition, with interest and depreciation replacing operating lease expense.

(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 2017.

SPECTUR LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2017

NOTE 2: REVENUE AND EXPENSES

	31 December 2017 \$	31 December 2016 \$
(a) Revenue		
Sales		
Hardware and installation	844,436	597,179
Server access and data plan	155,260	118,737
Monitoring	30,567	20,710
Equipment rental and repairs	101,626	41,507
Total	<u>1,131,889</u>	<u>778,133</u>
(b) Research and Development expenses		
Consulting fees and employment expenses	253,240	133,806
Supplies	105,713	9,269
Total	<u>358,953</u>	<u>143,075</u>

* Research and Development expenses relate to direct expenses only and it should be noted that a portion of other costs may be considered R&D expenses for tax purposes.

NOTE 3: SEGMENT REPORTING

The Company only operated in one segment, being design, development, manufacture and selling of Remote Solar 3G/4G based Security monitoring systems and cloud-based technology solutions.

NOTE 4: ISSUED CAPITAL

As at 31 December 2017, the Company had the following issued share capital:

	Six months ended 31 December 2017		Year ended 30 June 2017	
	Number	\$	Number	\$
Fully paid ordinary shares	47,000,000	7,579,924	17,500,000	1,936,890
Movement of issued share capital:				
Balance at beginning of period/year	17,500,000	1,936,890	2,998,625	1,128,000
Initial Public Offering	22,500,000	4,500,000	-	-
Issue to promoters – IPO	1,000,000	200,000	-	-
Placement at \$0.36 per share	6,000,000	2,160,000	-	-
Buy-back of partly paid shares	-	-	(1,900,000)	(19,000)
Issue of new shares in exchange for partly paid shares bought back	-	-	19,000	19,000
Share subdivision – 10 for 1 share	-	-	10,058,625	-
\$0.10 seed capital raising	-	-	2,500,000	250,000
\$0.16 seed capital raising	-	-	3,323,750	531,800
2 nd \$0.16 seed capital raising	-	-	500,000	80,000
Share issue costs	-	(1,216,966)	-	(52,910)
Balance at end of period/year	47,000,000	7,579,924	17,500,000	1,936,890

Included in share issues costs are the non-cash items of

- \$250,385 relating to the value attributed to the 2 million Lead Manager Options of \$0.50 issued to ACNS Capital Markets pursuant to the December 2017 Placement and Share Purchase Plan Lead Manager Mandate;
- 1 million shares issued to the lead manager on IPO at \$0.20 each, at value of \$200,000;
- \$27,410 vested expense associated with the 1m performance rights issued to the lead manager on IPO.

Refer Note 5.

SPECTUR LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2017

NOTE 4: ISSUED CAPITAL (continued)

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held.

On a show of hands every holder of ordinary shares present at a meeting in person or proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

Ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

NOTE 5: RESERVES

As at 31 December 2017, the Company had the following reserve accounts:

	Six months ended 31 December 2017		Year ended 30 June 2017	
	Number	\$	Number	\$
Options	14,350,000	363,884	8,850,000	58,500
Performance Rights	21,500,000	590,303	20,000,000	-
	35,850,000	954,187	28,850,000	58,500

OPTION RESERVE MOVEMENT

	Six months ended 31 December 2017		Year ended 30 June 2017	
	Number	\$	Number	\$
Movement of options:				
Balance at beginning of period/year	8,850,000	58,500	200,000	-
Issued - IPO at \$0.01 (i)	5,500,000	55,000	-	-
Options issued – capital raising (ii)	-	250,384	-	-
Issued during the year to an employee at nil consideration before the EIP	-	-	50,000	-
Cancellation of options	-	-	(250,000)	-
Issued during the year for cash consideration \$0.005	-	-	6,000,000	30,000
Issued during the year to employees under the EIP	-	-	2,050,000	20,500
Issued during the year to consultants	-	-	800,000	8,000
Lapsed unexercised	-	-	-	-
Balance at end of period/year	14,350,000	363,884	8,850,000	58,500

(i) On 25 July 2017, in accordance with the Initial Public Offer, the Company issued 5,500,000 unlisted options at an issue price of \$0.01 per option to raise \$55,000. The options are exercisable at \$0.20 on or before 31 December 2020. Refer Note 9.

(ii) On 27 November 2017 Spectur entered into a Terms Sheet with ACNS Capital Markets to raise \$2.16m via a Placement Offer and \$684,000 by way of a Share Purchase Plan. Alto Capital or its nominee are to receive 2,000,000 options, each exercisable at \$0.50 on or before 31 December 2020, for facilitating and successfully closing the Placement. The options were not on issue by the year-end as the placement was subject to shareholder approval, however as Spectur had an obligation to issue the options as part of the capital raising fee, the value of the options has been included within capital raising costs for the half year period,

(ii) No Options were exercised nor lapsed during the half year ended 31 December 2017.

SPECTUR LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2017

NOTE 5: RESERVES (continued)

PERFORMANCE RIGHTS MOVEMENT

	Six months ended 31 December 2017		Year ended 30 June 2017	
	Number	\$	Number	\$
Movement of performance rights:				
Balance at beginning of year	20,000,000	-	-	-
Issue of performance rights to lead manager	1,000,000	27,410	-	-
Issue of performance rights to sales consultant	500,000	14,680	-	-
Vesting period of Director Incentive	-	548,213	20,000,000	-
Balance at end of year	21,500,000	590,303	20,000,000	-

Director Incentive Performance Rights

During the prior year, the Board of Directors approved the following performance rights:

- a. 10,000,000 Performance Rights to Mr. Charles Richard Wilkins, and
- b. 10,000,000 Performance Rights to Mr. Peter William Holton,

The performance rights have the following vesting conditions:

- (i) Tranche 1 – 33 1/3% - The Total Revenue for the year ended 30 June 2018 being at least \$1.75 million;
- (ii) Tranche 2 – 33 1/3% - The Total Revenue for the year ended 30 June 2019 being at least \$3.5 million; and
- (iii) Tranche 3 – 33 1/3% - The Total Revenue for the year ended 30 June 2020 being at least \$7 million.

The fair value of the performance rights granted was estimated as at the date of grant using the market value at that date, and at 31 December 2017 management have provided the best available estimate of the number of equity instruments expected to vest. The performance rights have been valued in accordance with AASB 2 Share Based payments and are brought to account over their relevant vesting periods. The length of the expected vesting period is consistent with the assumptions used in valuing the fair value of the rights granted. Refer note 9 for valuation calculations.

Lead Manager Incentive performance rights

In accordance with the IPO Corporate Advisory Mandate with ACNS Capital Markets Pty Ltd (Alto Capital), Spectur issued 1,000,000 performance rights to its Corporate Advisor on 27 July 2017. The Performance Rights are in 3 tranches and vest on the same terms as the Director Incentive Performance Rights above. Refer Note 9 for valuation calculations.

Sales Consultant Incentive performance rights

During the half year, the Company issued 500,000 Performance Rights to Mark Williamson following the Forrestbridge (SolarCam) acquisition. The performance rights are designed to retain Mr Williamson, and if achieved will provide a net benefit for Spectur.

The performance rights have the following vesting conditions:

- (i) Tranche 1 – 33 1/3% - (Relevant Sales), totalling \$300,000 or more, by 1 November 2018;
- (ii) Tranche 2 – 33 1/3% - (Relevant Sales), totalling \$360,000 or more, by 1 November 2019; and
- (iii) Tranche 3 – 33 1/3% - (Relevant Sales), totalling \$430,000 or more, by 1 November 2020.

The fair value of the performance rights granted was estimated as at the date of grant using the market value at that date, and at 31 December 2017 management have provided the best available estimate of the number of equity instruments expected to vest. The performance rights have been valued in accordance with AASB 2 Share Based payments and are brought to account over their relevant vesting periods. The length of the expected vesting period is consistent with the assumptions used in valuing the fair value of the rights granted. Refer note 9 for valuation calculations.

SPECTUR LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2017

NOTE 6: LOSS PER SHARE

Basic and diluted loss per share

31 December 2017	31 December 2016
Cents per share	Cents per share
(4.52)	(1.15)

Basic loss per share (cents per share)

Loss

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

31 December 2017	31 December 2016
\$	\$
(1,752,913)	(34,592)

Losses

Weighted average number of ordinary shares

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

31 December 2017	31 December 2016
Number	Number
38,717,391	2,998,625

Weighted average number of ordinary shares for the purpose of
basic loss per share

NOTE 7: INTANGIBLES

Patents and trademarks at cost

Accumulated amortisation
Net carrying amount

31 December 2017	30 June 2017
\$	\$
2,861	3,517
(328)	(656)
2,533	2,861

Other intangibles

Goodwill of Solarcam (i)
Net carrying amount

100,000	-
100,000	-
102,533	2,861

Balance at end of year

Patents that have lapsed or are forfeited and are not rolled into new patents and are impaired and moved to an expense in the year/period the patents lapsed/expired.

(i) On 6 November 2017, the company entered into a Business Asset Purchase Agreement to acquire the intangibles assets of SolarCam Refer Note 13 for terms.

Spectur has provisionally recognised the fair value of identifiable net assets and liabilities of the SolarCam asset acquisition, based on the best information available as at the reporting date.

This accounting has only been provisionally determined as the Company is yet to fully value the components of the acquisition. The fair value of assets acquired including goodwill is based on the directors' best estimate assessment of the fair value.

SPECTUR LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2017

NOTE 8: TRADE AND OTHER PAYABLES

Current

	31 December 2017 \$	30 June 2017 \$
<i>Trade and other payables</i>		
Amounts received for shares subscribed but not yet issued	684,012	25,000
Accounts Payable	247,536	267,139
Accruals	85,056	31,330
SolarCam investment liability	33,333	-
Advances from customers	-	10,972
Unearned revenue	151,478	104,622
Employee related liabilities	83,299	-
	1,284,714	471,020

NOTE 9: SHARE BASED PAYMENTS

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

The fair value of the equity-settled share options granted is estimated as at the date of grant using the Black-Scholes model taking into account the terms and conditions upon which the options were granted. Performance rights are valued at the prevailing share price on the date of grant.

	Corporate Advisor	Consultant	Lead Manager
Type	Performance Rights	Performance Rights	Options
Number	1,000,000	500,000	2,000,000
Grant date	30/11/2016	6/11/2018	27/11/2017
Expiry date / vesting date	3 tranches split equally (i) FY 2018 (ii) FY 2019 (iii) FY 2020	3 tranches split equally (i) FY 2018 (ii) FY 2019 (iii) FY 2020	31 December 2017
Exercise Price	-	-	\$0.50
Dividend yield (%)	-	-	-
Expected volatility (%)	-	-	69
Risk-free interest rate (%)	-	-	1.90
Expected life of option (years)	-	-	3.1
Grant date share price	\$0.10	\$0.31	\$0.34
Fair value of equity instrument at grant	\$0.10	\$0.31	\$0.125

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.

No share options were exercised during the half-year.

Included in the statement of profit and loss is \$562,893 which relates to equity settled share-based payment transactions which have been brought to account in the half year.

SPECTUR LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2017

NOTE 10: SIGNIFICANT EVENTS AFTER THE REPORTING DATE

On 18 January 2018, the Company held a General Meeting where all resolutions relating to the Placement Offers (including the Director Offer), Security Purchase Plan and Lead Manager Option Offer were approved by shareholders.

On 19 January 2018, Spectur issued 2,000,000 fully paid ordinary shares pursuant to the Security Purchase Plan and Director Offer and 1,999,958 Options exercisable at \$0.20 each under the terms of its Placement Offer, Security Purchase Plan and Director Offer. The Company also sought ASX quotation for the Options as outlined in its Prospectus.

On 19 January, the Company also issued 2,000,000 Lead Manager Options to Alto Capital.

On 22 January, 150,000 options were issued to Employees Under the Spectur Employee Incentive Plan, exercisable at \$0.37 each on or before 31 December 2020.

Other than detailed above, 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 11: COMMITMENTS AND CONTINGENCIES

As at 31 December 2017, the Company had the following commitments:

	31 December 2017	30 June 2017
	\$	\$
<i>Lease commitments</i>		
Not longer than 1 year	154,250	114,313
Longer than 1 year and shorter than 5 years	222,875	216,452
Total	<u>377,125</u>	<u>330,765</u>

The lease commitments refer to the lease of the following premises:

- (i) Unit 2/6 Merino Entrance, Cockburn Central WA 6164 (current head office);
- (ii) Unit 3/6 Merino Entrance, Cockburn Central WA 6164; and
- (iii) 20 Enterprise Way, Sunshine West VIC 3020 (Melbourne branch).

	31 December 2017	30 June 2017
	\$	\$
<i>Hire purchase commitments</i>		
Not longer than 1 year	19,032	-
Longer than 1 year and shorter than 5 years	46,027	-
Total	<u>65,059</u>	<u>-</u>

During the period the Company entered into 3 Hire Purchase agreements for the purchase of 2 Hyundai iLoad vans and a forklift.

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

SPECTUR LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2017

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.

NOTE 13: PURCHASE OF BUSINESS ASSETS OF SOLARCAM

On 6 November 2017, the Company entered into a binding conditional Business Asset Purchase Agreement ('Sale Agreement') to acquire the solar-powered security surveillance business of Forrestbridge Pty Ltd (Forrestbridge), trading as "SolarCam".

Key terms of the Sale Agreement are as follows:

The Company acquired 100% of the assets of Forrestbridge's SolarCam business, including the SolarCam web site domain name (www.solarcam.com.au), its client list and associated database, its intellectual property rights related to the SolarCam business, goodwill and certain ongoing client contracts (including ongoing video surveillance and cloud-based subscription services) identified by Spectur.

The purchase price for the business assets is \$100,000 plus GST, to be paid evenly over a 36-month period.

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 2017 and of its performance for the half year then ended; 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 financial half year ended 31 December 2017.

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



Charles Richard Wallace Wilkins
Director
Dated this 28 February 2018

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Spectur Limited

Report on the Condensed Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of Spectur Limited ("the company"), which comprises the condensed statement of financial position as at 31 December 2017, the condensed statement of 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 half-year 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 2017 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 half-year financial report

The directors of the company are responsible for the preparation of the half-year 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 half-year 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 half-year 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 half-year 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 2017 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.

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

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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*.



HLB Mann Judd
Chartered Accountants

Perth, Western Australia
28 February 2018



N G Neill
Partner