

# Spectur Limited

## Appendix 4E

### Preliminary Financial Report- For the year ended 30 June 2018

(Previous corresponding period: Year ended 30 June 2017)

#### Results for announcement to the market

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##### 1. Results for announcement to the market

	30 June 2018 Current Year \$	Percentage Change Up /(Down)	Change Up /(Down) \$	30 June 2017 Previous Corresponding Year \$
Revenue from ordinary activities	2,476,501	86%	1,143,820	1,332,681
Loss from ordinary activities after tax	(3,319,043)	(678%)	(2,892,542)	(426,501)
Net Loss for the period attributable to members	(3,319,043)	(678%)	(2,892,542)	(426,501)

Commentary on the above figures is included in the attached Annual Financial Report for the year ended 30 June 2018.

##### 2. **Statement of Profit and Loss and other comprehensive income**

Refer to attached Annual Financial Report – 30 June 2018.

##### 3. **Statement of financial position**

Refer to attached Annual Financial Report – 30 June 2018.

##### 4. **Statement of cash flows**

Refer to attached Annual Financial Report – 30 June 2018.

##### 5. **Statement of changes in equity / retained earnings**

Refer to attached Annual Financial Report – 30 June 2018.

##### 6. **Dividend payments**

Refer to attached Annual Financial Report – 30 June 2018.

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

##### 7. **Dividend reinvestment plans**

The Company does not have a dividend reinvestment plan.

This Appendix 4E Annual Report is provided to the ASX under Listing Rule 4.3 and should be read in conjunction with the accompanying Financial Report for the year ended 30 June 2018.

**8. Net tangible assets per security**

Loss per share		
	<b>Current Year (30 June 2018)</b>	<b>Previous Corresponding Year (30 June 2017)</b>
Cents per ordinary share	7.61 cents	3.31 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 – Accounting Standards**

Not applicable.

**13. Results for the period**

Refer to the Directors report in the attached Annual Report.

**14. Statement on the financial statements**

The financial statements are based on audited accounts.

**15. Unaudited accounts**

Not applicable.

**16. Status of audit**

The Financial Report for the year ended 30 June 2018 has been audit reviewed and is not subject to dispute or qualification.



# **Spectur Limited**

ACN 140 151 579

## **Annual Financial Report 30 June 2018**

# 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  
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, New South Wales 2012  
Telephone: 1300 288 664 (within Australia)  
Email: [hello@automic.com.au](mailto:hello@automic.com.au)

# SPECTUR LIMITED

## Chairman's Review

Dear Fellow Shareholder,

It is my pleasure to present the 2018 Annual Report for Spectur Limited ("Spectur", ASX:SP3).

The past year has seen Spectur achieve important new milestones, as the Company continues to build on its plans of becoming the leading supplier of remote security monitoring systems and cloud-based technology solutions within the Australian market.

Delivering on the strategy outlined in the Prospectus has seen the expansion of Spectur's offices in Queensland, New South Wales and Victoria by the second half of the year, enabling the Company to provide a presence to directly service its client base and accelerate sales from these regions.

It is pleasing to see the Company exceeding its targeted revenue to almost double that of the prior year as it builds momentum from its IoT platform sales, rentals and recurring revenue streams. Recurring revenues have more than doubled since the prior year, providing the Company with a continuing income stream from which it can pursue its growth strategy.

The commercialisation of Spectur's internally developed products has widened our product offering and allowed the Company to provide more tailored product solutions to meet the needs of our clients.

We continue to focus on internal product development, and the recent trials of Artificial Intelligence and Machine Learning tools will be integrated into our existing IoT/VaaS systems, providing Spectur with the ability to supply more technically advanced systems into a broader and more discerning market.

Spectur has traditionally focused on servicing the construction and civil engineering industry security requirements. This year we expanded our product sales into transport, mining, critical infrastructure, military and government sectors, including a number of Tier 1 clients. Further growth potential exists with expansion into the new industries as our technology expands.

Moving our business into the R&D and commercialisation phase led to several changes during the year, most notably the appointment of experienced staff to implement the development and commercialisation of the Company's expanding product range. In addition, Mr Andrew Hagen was appointed on a consultancy basis to lead the go-to-market strategy for a range of industries and geographies. We believe these and other appointments will continue to serve our Company well through this next phase of our development.

Looking forward, our strategy is to build on our sales success of the past year. We are aiming to capitalise on our existing client relationships by providing larger contracted camera unit deployments as well as opening up opportunities by entering into new industries to drive our IoT platform sales and analysing international expansion strategies. What we have learnt throughout the year is that entering new markets and industries can be a challenging and time-consuming process however, once entered, can open up substantial revenue opportunities.

Spectur is also consolidating its financial position by reviewing strategies to further improve cashflow through a combination of increased sales, reducing overhead and operating expenses, and improving installation and maintenance efficiencies.

In the next few months, we are planning a 'soft' entry into the US market once market feasibility studies assess the potential risk/rewards as being favourable to Spectur. Now that our server systems have been adapted for virtually infinite scaling, we are confident that a large growth in our IoT platform will not be a limiting factor.

We anticipate 2019 will continue with the solid growth experienced in the current year and provide the Company with a sound financial platform as we focus on moving towards cost reduction programs and cash flow break even in the medium term; from Spectur's Australian operations.

# SPECTUR LIMITED

## Chairman's Review (continued)

I would like to thank the Board, in particular, Peter Holton, our Managing Director, senior management and SP3 staff for their efforts over the past year. Similarly, as the Chairman of the Board, I would like to thank SP3 shareholders for their continued support and confidence in the Company as it delivers on its growth strategy.

Sincerely,

A handwritten signature in blue ink, appearing to read 'R. Wilkins', is positioned above the printed name.

Richard Wilkins  
Executive Chairman

# SPECTUR LIMITED

## DIRECTORS' REPORT

The Board of Directors of Spectur Limited present their report on Spectur Limited ("Company" or "Spectur") for the year ended 30 June 2018.

### DIRECTORS AND OFFICERS

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

Charles Richard Wallace Wilkins	Executive Chairman	Director since incorporation
Peter William Holton	Managing Director	Appointed on 9 March 2017
Stephen Paul Bodeker	Non-Executive Director	Appointed on 9 June 2017
Andrew Mark Hagen	Non-Executive Director	Appointed on 9 June 2017
Suzie Jayne Foreman	Company Secretary	Appointed on 9 June 2017

### CURRENT DIRECTORS AND OFFICERS

#### Mr Charles Richard Wallace Wilkins

##### Director

**Qualifications:** Diploma of Electronic Engineering, Kilkenny Technical College, Adelaide

Richard Wilkins is the founding Director and Shareholder of Spectur. Richard has extensive industry experience in electronic engineering, telecommunications and radio communications. His experience spans from product design and technical development through to overseeing the commissioning and maintenance of major communications networks.

Richard began his career in the Royal Australian Navy, joining the radio (air) technical branch and finished in charge of the Electronics School of Avionics for pilots, navigators and technical staff. Richard entered the private sector where he headed Standard Telephones and Cables' maintenance team for microwave and mobile communications on the rail network between Newman and Port Hedland. He was subsequently engaged by the Natural Gas Pipeline Authority of South Australia (as it was then known) to oversee the commissioning and ongoing maintenance of the microwave and mobile communications network for the gas pipeline between Moomba and Adelaide. Richard successfully operated his own businesses, Radiolab, CR Labs and RF Innovations, which developed innovative electronic and communications products and serviced communications networks for government departments as well as major resources and telecommunications companies. He was integrally involved in the design and development of a high power paging transmitter which was ultimately sold to Telstra, Victoria's state-wide emergency services and to European markets under a license agreement. Richard, in his role as managing director, designed self-powered train wheel bearing temperature monitors and a low power active prototype radar system for collision avoidance, specifically for mine-site loading areas.

Richard remains actively involved in the day-to-day management and technical operations of Spectur, as well as working with the Board to set its strategy for ongoing business development, managing R&D and providing general support to the Managing Director.

During the three year period to the end of the financial year, Mr Wilkins has not held any other listed public directorships.

#### Mr Peter William Holton

##### Director

**Qualifications:** Bsc Hons Degree - Social and Political Science, Kingston University, London, United Kingdom

Peter Holton has over 20 years' senior management experience in product sales, distribution and marketing in Australia and Europe. He has been directly responsible for managing and increasing product lines and sales via direct sales, distribution and licensing. Peter has previously developed and led sales teams for market leading companies both in Australia and in Europe. He was the sales manager of Surf Sales Ltd where he helped introduced the O'Neill brand into the UK market. He subsequently became the sales and marketing director of ATB Sales Ltd, setting up the launch of the high-end Marin mountain bike brand in the UK.

Peter was also involved in financing the development of the 49er sailing dinghy developed by Australian 18-foot skiff legends, Frank and Julian Bethwaite. He held the European marketing rights to this boat which was ultimately selected by the International Olympic Committee for a new high sailing performance category at the 2000 Olympic Games held in Sydney.

Peter subsequently migrated to Australia where he established and operated successful coffee equipment sales and service business, Supreme Coffee Machines, as its managing director. Peter joined Spectur as Business Development Manager in 2012 and became the Managing Director in 2017.

During the three year period to the end of the financial year, Mr Holton has not held any other listed public directorships.



# SPECTUR LIMITED

## DIRECTORS' REPORT (continued)

### CURRENT DIRECTORS AND OFFICERS (continued)

#### Mr Stephen Paul Bodeker

##### Non-Executive Director

**Qualifications:** Bachelor of Accounting Science from the University of South Africa, Associate General Accountant (South Africa), Certified Practising Accountant, Chartered Management Accountant

Mr Bodeker is an accomplished senior finance executive with over 20 years' experience in the corporate sector, working within several industries including professional services, logistics, manufacturing, health services and media. He has held senior finance roles in organisations including KPMG, Nestor Healthcare, Britvic PLC, Carbon Conscious Limited (now Alterra Limited) and Silver Chain Group. He is currently the Chief Financial Officer of Speqs Pty Ltd.

Mr Bodeker's experience spans external and internal audit, financial control, staff management, taxation, financial modelling, cost control, risk management, company secretarial and corporate governance.

Mr Bodeker is an associate member of the South African Institute of Chartered Accountants, a practicing CPA, a member of the Chartered Institute of Management Accountants and a fellow of the Governance Institute of Australia.

During the three-year period to the end of the financial year, Mr Bodeker has not held any other listed public directorships.

#### Mr Andrew Mark Hagen

##### Non-Executive Director

**Qualifications:** Bachelor of Commerce (Property and Finance) from Curtin University

Mr Hagen has substantial experience in business development, management, marketing and sales. Mr Hagen worked in the property development industry as a director of Tuart Properties, a privately held property development business since 2003 and worked as a Development Manager for ASX listed as well as government owned property development firms such as Brookfield Ltd, Mirvac Ltd, Peet Ltd, Cedar Woods Ltd and LandCorp over the course of 17 years.

More recently, Mr Hagen co-founded Cycliq Group Ltd (ASX:CYQ), held the position of CEO for over five years and still remains a substantial shareholder. He was responsible for creating and developing the business direction, sourcing seed funding, key relationship management, co-developing products, team building and promotion of the brand. Mr Hagen managed early stage sales and established Cycliq's international sales distribution network. In his role as CEO, he oversaw Cycliq's senior management team including its Australian and international operations.

Mr Hagen is also the director of Breakwater (WA) Pty Ltd, a private project management company.

During the three-year period to the end of the financial year, Mr Hagen served as a Director of Cycliq Group Limited, an ASX listed entity.

#### Ms Suzie Jayne Foreman

##### Company Secretary

**Qualifications:** Bachelor of Commerce (Honours) from the University of Sheffield, Chartered Accountant

Ms Foreman is a Chartered Accountant with over 20 years of experience within the UK and Australia, including 11 years combined experience with a Big 4, and a boutique advisory firm, specialising in the areas of audit and corporate services. Ms Foreman has extensive experience as a Chief Financial Officer and Company Secretary for ASX listed and start-up companies. Ms Foreman is skilled in cash flow, enterprise risk management, financial reporting, audit, and company secretarial work.

Ms Foreman is currently the Company Secretary and Chief Financial Officer for Jameson Resources Ltd (ASX:JAL) and has previously held several Company Secretary and/or Chief Financial Officer positions for ASX listed entities.

### PRINCIPAL ACTIVITIES

The principal activity of the Company during the year was to develop, manufacture and sell Remote Solar 3G/4G based Security Camera IoT platforms, associated products and services.

### SIGNIFICANT EVENTS DURING THE YEAR

#### Initial Public Offering

On 19 June 2017, the Company lodged a Prospectus for an initial public offer with ASIC to raise up to \$4,500,000 via the issue of 22,500,000 fully paid ordinary shares at an issue price of \$0.20 per share (before costs); and an additional \$55,000 via the issue of 5,500,000 options at an issue price of \$0.01 each (before costs), collectively "The Offers". The Offers closed fully subscribed and Spectur was admitted to the official list of the ASX on 28 July 2017.

# SPECTUR LIMITED

## DIRECTORS' REPORT (continued)

### Business Asset Acquisition

On 6 November 2017, Spectur announced that Spectur also completed a strategic entry into the Queensland market via the acquisition of the solar-powered security surveillance business assets of leading Queensland seller of video surveillance and cloud-based camera systems, Forrestbridge Pty Ltd trading as 'SolarCam.' The purchase price for the business assets was \$100,000 plus GST, to be paid evenly over a 36-month period.

The acquisition provided the opportunity for Spectur to leverage off existing 'SolarCam' distributor networks that service various clients, including local and federal government departments to increase sales and market share of its products and services within the Australian market.

In conjunction with the Sale Agreement, Mark Williamson (through Forrestbridge) was retained as Spectur's Queensland State Manager under a 2-year Consultancy Agreement. Mark was granted 500,000 Performance Rights by Spectur. Each Performance Right entitles the holder to receive one fully paid ordinary share in Spectur, subject to performance milestones being satisfied over a 3-year period, designed to create a net benefit for Spectur if achieved. Mark Williamson is to remain as a consultant for the duration of the period for the Performance Rights to vest.

### Placement

On 29 November 2017 the Company announced that it had undertaken a share placement to raise \$2,196,000 before costs. The Placement comprised the issue of 6,100,000 fully paid ordinary shares at \$0.36 per share with 1,525,000 free attaching options (each exercisable at \$0.20, on or before 31 December 2020) on a 1:4 basis of each fully paid ordinary share subscribed. The shares were issued on 8 December 2017 under the Company's 15% capacity under Listing Rule 7.1. The options were issued under a prospectus dated 5 December 2017, and were approved at a shareholder meeting held on 17 January 2018.

### Security Purchase Plan

The Company also raised an additional \$684,000 before costs through a Security Purchase Plan (SPP) offer of shares and options. The SPP comprised an offer of 1,900,000 fully paid ordinary shares at \$0.36 per share with 475,000 free attaching options (each exercisable at \$0.20, on or before 31 December 2020) on a 1:4 basis of each fully paid ordinary share subscribed.

Funds from the Placement and SPP are to be utilised for fast tracking the development and commercialisation of the Company's gas detection, light detection and ranging camera system (**LIDAR**) and thermal camera technologies, as well as the continued expansion into the new distribution markets of Victoria, Queensland and New South Wales. Funds will also be allocated towards design and manufacture of trailer mounted rental models, as well as conducting market analysis for potential international expansion.

## OPERATING AND FINANCIAL REVIEW

### Results of Operations

For the year ended 30 June 2018, Spectur reported total revenue of \$2.48M, up 86% on the corresponding prior year revenue of \$1.3M, underpinned by customer retention and growth in the customer base.

During the year ended 30 June 2018, Spectur invested in product development, bringing into commercialisation its portable trailer mounted and thermal camera range.

Spectur's balance sheet remains strong with minimal debt of \$0.25M and a strong cash balance of \$3.5M at year end (2017: \$136,206).

The comprehensive loss of the Company for the year ended 30 June 2018, after providing for income tax amounted to \$3.3M (2017: \$426,501). The loss for the year is reduced to \$2.0M after adding back the effect of non-cash equity settled expenses.

Margins improved from the half yearly financials to finish just below 50% for the full year, highlighting the effort from the team during the second half of the year. The board mandated a focus on improving margins and the Managing Director achieved a solid result over such a short period.

### DIVIDENDS

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

### EMPLOYEES

The Company had 31 employees as at 30 June 2018 (2017: 7 employees).

# SPECTUR LIMITED

## DIRECTORS' REPORT (continued)

### LOSS PER SHARE

	30 June 2018	30 June 2017
Basic loss per share (cents per share)	(7.61)	(3.31)

### SUBSEQUENT EVENTS AFTER THE REPORTING DATE

The Directors are not aware of any other matter or circumstance that has arisen since 30 June 2018 which 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 years.

### LAWS AND REGULATIONS

Spectur's operations are subject to various laws and regulations under the relevant government legislation. Full compliance with these laws and regulations is regarded as a minimum standard for all operations to achieve the objectives of the Company. Instances of environmental non-compliance by an operation are identified either by internal investigations, external compliance audits or inspections by relevant government agencies. There have not been any known breaches of laws and regulations by the Company during the year and up to the date of this report.

### INDEMNIFICATION AND INSURANCE OF OFFICERS

The Constitution of the Company requires the Company, to the extent permitted by law, to indemnify any person who is or has been a director or officer of the Company for any liability caused as such a director or officer and any legal costs incurred by a director or officer in defending an action for any liability caused as such a director or officer.

The Company has a Directors and Officers insurance policy in place.

### DIRECTORS' MEETINGS

The number of meetings of Directors (including meetings of Committees of Directors) held during the year and the number of meetings attended by each Director were as follows:

Director 2018	Directors' meetings		Remuneration Committee meetings	
	No. eligible to attend	No. attended	No. eligible to attend	No. attended
Richard Wilkins	6	6	-	-
Peter Holton	6	6	-	-
Stephen Bodeker	6	6	3	3
Andrew Hagen	6	6	3	3

In addition to the above meetings, the board executed 18 circular resolutions during the year.

### SECURITIES ON ISSUE

Total shares, options and convertible securities of the Company on issue as at the date of this report are as follows:

Number of fully paid ordinary shares	Number of options over ordinary shares	Number of performance rights
49,080,025	18,419,933	21,500,000

Directors' holdings of shares and performance rights during the financial period have been disclosed in the Remuneration Report. Option or performance rights holders do not have any right, by virtue of their option / performance rights, to participate in any share issue of the Company.

### Shares under option or issued on exercise of options

At the date of this report, unissued ordinary shares or interests of the Company under option are:

Type	Number of shares under option	Exercise price of option	Expiry date of option
Listed SP3O	6,994,933	\$0.20	31 December 2020
Unlisted	9,275,000	\$0.20	31 December 2020
Unlisted	2,000,000	\$0.50	31 December 2020
Unlisted	150,000	\$0.37	31 December 2020
<b>Total</b>	<b>18,419,933</b>		

There were 25 shares issued during the year as a result of an exercise of Options.

# SPECTUR LIMITED

## DIRECTORS' REPORT (continued)

### Performance Rights

As at the date of this report, the following performance rights ("PR's") in the Company were on issue.

Type	Date of Expiry	No. of Performance Rights on Issue	Vesting Conditions
Tranche 1	Earlier of 31 December in the year the PR's vest or 30 January 2022	7,000,000	The total Revenue for the year ended 30 June 2018 being at least \$1.75 million
Tranche 2	Earlier of 31 December in the year the PR's vest or 30 January 2022	7,000,000	The total Revenue for the year ended 30 June 2019 being at least \$3.5 million
Tranche 3	Earlier of 31 December in the year the PR's vest or 30 January 2022	7,000,000	The total Revenue for the year ended 30 June 2020 being at least \$7.0 million
Tranche A	6 November 2018	166,666	Agreed internal sales revenue targets for year 1 and Mark Williamson remaining as a consultant
Tranche B	6 November 2019	166,666	Agreed internal sales revenue targets for year 2 and Mark Williamson remaining as a consultant
Tranche C	6 November 2010	166,668	Agreed internal sales revenue targets for year 3 and Mark Williamson remaining as a consultant

### PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied for leave of court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings. The Company was not a party to any such proceedings during the year.

### FUTURE DEVELOPMENTS

The Company remains committed to building shareholders' value, through Spectur:

- Increasing its market share by growth within Australia from opening offices in Victoria, Queensland and New South Wales;
- Potentially exporting overseas by targeting US and other markets (pending international certifications and market analysis);
- Targeting new industries with the focus on large scale and highly regulated industries;
- Bringing new products and service extensions to market by continued research and development,
- Seeking to acquire or partner with synergistic technology and operating businesses that can assist with growth; and
- Focusing on improving cashflow through a combination of increased sales and reducing input costs and overheads.

### DIVERSITY

The Company believes that the promotion of diversity on its Board and within the organisation generally is good practice and is committed to managing diversity as a means of enhancing the Company's performance. There are currently no women on the Board, or in key management. Further information is set out in the Corporate Governance section on page 53 of this report, which will focus on the participation of women on Boards and set out objectives for gender diversity.

### NON-AUDIT SERVICES

No non-audit services were provided by the Company's auditor, HLB Mann Judd during the year (2017: \$10,000). The directors are satisfied that the provision of non-audit services in the prior year was compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The nature and scope of each type of non-audit service provided means that the auditor independence was not compromised.

### AUDITOR INDEPENDENCE

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 annual report. This Independence Declaration is set out on page 19 and forms part of this Directors' report for the year ended 30 June 2018.

# SPECTUR LIMITED

## DIRECTORS' REPORT (continued)

### DIRECTORS INTERESTS

#### Interests in the shares, options and convertible securities of the Company and related bodies corporate

The following relevant interests in shares and options of the Company or a related body corporate were held by the Directors as at the date of this report.

Directors	Number of fully paid ordinary shares	Number of options over ordinary shares	Number of performance rights
Charles Richard Wallace Wilkins	1,673,056	2,007,639	10,000,000
Peter William Holton	1,711,944	2,017,361	10,000,000
Stephen Paul Bodeker	36,501	252,875	-
Andrew Mark Hagen	25,000	500,000	-
<b>Total</b>	<b>3,446,501</b>	<b>4,777,875</b>	<b>20,000,000</b>

### REMUNERATION REPORT (AUDITED)

#### A. Introduction

This report, which forms part of the Directors' report, outlines the remuneration arrangements in place for the key management personnel ("KMP") of Spectur Limited for the financial year ended 30 June 2018. The information provided in this remuneration report has been audited as required by Section 308(3C) of the Corporations Act 2001.

The remuneration report details the remuneration arrangements for KMP who are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company, directly or indirectly, including any Director (whether executive or otherwise) of the Company.

#### Key Management Personnel

The KMP of the Company during or since the end of the financial year were as follows:

Directors	Position	Period of Employment (to present)
Mr Charles Richard Wallace Wilkins	Executive Chairman	22 October 2009
Mr Peter William Holton	Managing Director	9 March 2017
Mr Stephen Paul Bodeker	Non-Executive Director	9 June 2017
Mr Andrew Mark Hagen	Non-Executive Director	9 June 2017
<b>Executives</b>	<b>Position</b>	<b>Period of Employment (to present)</b>
Dr Nicholas Le Marshall	Technology and Development Manager	1 July 2017

#### Comments on Remuneration Report at Spectur's most recent AGM

The Company received a 97.0% of "yes" votes on its remuneration report for the 2017 financial year. The Company did not receive any specific feedback from shareholders at the 2017 Annual General Meeting on its remuneration practices.

#### B. Remuneration Policy

The Spectur Board is committed to transparent disclosure of its remuneration strategy and this report details the Company's remuneration objectives, practices and outcomes for KMP, which includes Directors and senior executives, for the period ended 30 June 2018. Any reference to "Executives" in this report refers to KMPs who are not Non-Executive Directors.

##### B. 1 Remuneration Policy Framework

The key objective of Spectur's remuneration policy is to be a key enabler for the Company in achieving its strategic goal of continuing to build a successful remote security monitoring system and cloud-based technology solutions company. It has been designed to reward executives and employees fairly and responsibly in accordance with the market in which the Company operates, and to ensure that Spectur:

- Provides competitive rewards that attract, retain and motivate executives and employees of the highest calibre, who can successfully deliver, particularly as the Company moves through a rapid growth phase;
- Sets demanding levels of expected performance that have a clear linkage to an executive's remuneration;
- Benchmarks remuneration against appropriate comparator peer groups to make the Company competitive in the human resources market, through an offering of both short and long-term incentives and competitive base salaries;
- Provides a level of remuneration structure to reflect each executive's respective duties and responsibilities;
- Aligns executive incentive rewards with the creation of value for shareholders; and
- Complies with legal requirements and appropriate standards of governance.

# SPECTUR LIMITED

## DIRECTORS' REPORT (continued)

### REMUNERATION REPORT (continued)

#### B.2 Remuneration Committee

The Board implemented a Remuneration Committee during the year which was responsible for determining and reviewing compensation arrangements for the Directors and Executives and making recommendations to the board.

#### B.3 Remuneration Structure

In accordance with best practice corporate governance, the structure of non-executive Director and executive remuneration is separate and distinct.

#### B.4 Policy for Executive Remuneration

The Company maintains its existing performance management procedures for key management personnel by having each key manager undertake an annual performance appraisal with the Managing Director based on individual and business performance expectations and other circumstances. The Executive Chairman and Managing Director's performance is in turn reviewed by the Remuneration Committee.

The Company's remuneration policy is to provide a fixed remuneration component and a short and long term performance based component. The Board believes that this remuneration policy is appropriate in aligning executives' objectives with shareholder and business objectives.

Executive Remuneration consists of the following key elements:

- Fixed remuneration or base salaries; and
- Variable remuneration, being the "at risk" component related to performance comprising:
  - i) Short Term Incentives (STI);
  - ii) Long Term Incentive (LTI).

The proportion of fixed remuneration and variable remuneration is established for each Executive Director by the Remuneration and Committee with reference to market comparator data and the scope of each of the individual executive's role and approved by the Board in accordance with the Remuneration Policy and the provisions of the STI and LTI Plans. These elements are both described in detail below.

### C. Remuneration Components

#### C.1 Fixed Remuneration

Fixed remuneration consists of base salaries, as well as employer contributions to superannuation funds and other non-cash benefits. Fixed remuneration was reviewed by the Remuneration Committee and approved by the Board having regard to remuneration paid to executives of relevant comparable peer group of companies taking into account company and individual performance. The Company sought to position its fixed remuneration in line with comparably sized ASX listed companies within the same sector. Size is determined by market capitalization at the time of comparison.

Executives receive an employer superannuation contribution made into a complying superannuation fund at the required Superannuation Guarantee rate (Currently 9.5%,) of base salary. In line with prevalent market practice, executives may receive other benefits including vehicle benefits and provision of a mobile telephone.

#### C.2 Variable Remuneration

##### C.2.1 STI Plan Applicable to the Reporting Period - 2018

The STI plan was implemented by the Remuneration Committee and approved by the Board during the year. Following a review conducted mid-year, the remuneration committee noted that the remuneration of Spectur executives fell significantly below the fixed remuneration component of that paid to executives of peer comparator companies. A STI scheme was designed to provide an incentive mechanism to bring the base remuneration of key executives in line with peer group companies if agreed KPI's were met.

STI bonuses were paid to the executives upon achievement of certain stretched specified revenue milestones during the financial year. The bonuses were paid in accordance with the terms of a short-term incentive scheme approved by the remuneration committee and by the board. 100% of the bonus vested during the year, no percentage was forfeited during the year as the service and performance criteria were met. No part of the bonus is payable in future periods. STI bonuses were paid as follows:

	Bonus Incentive 1	Bonus Incentive 2	Total
	\$	\$	\$
Richard Wilkins	10,000	10,000	20,000
Peter Holton	25,000	25,000	50,000



# SPECTUR LIMITED

## DIRECTORS' REPORT (continued)

### REMUNERATION REPORT (continued)

#### C.3 STI Plan for the 2019 Reporting Period

The Board and executive management team are currently reviewing the STI plan for the 2019 year taking into account the Company's cash flow and financial performance. Having regard to the operations of the Company, the Board may approve an STI plan based upon KPI's, including measures such as successful commercialisation of the Company's products and services, (e.g. specified levels of commercial sales of the solar camera systems within budgeted timeframes and costs), development activities, production and sales levels, operational cash flows, corporate activities (e.g. recruitment of key personnel) and business development activities (e.g. joint ventures and business development).

#### C.4.1 LTI Plan During the Reporting Period

The LTI plan in operation for the executive directors during the year was a performance rights plan which was implemented pre-IPO and links remuneration incentives by way of Performance Rights to Company performance targets. No Performance Rights were issued to key management personnel during the period. Any value recorded in the remuneration table in E.1, under "share based payments" received for key management personnel during the period relates to rights granted in prior periods, to which the value on the date of grant has been brought to account over the applicable vesting period, in accordance with relevant accounting standards.

The Board has also previously chosen to issue Options (where appropriate) to some executives and employees as a key component of the incentive portion of their remuneration, in order to attract and retain the services of the executives and to provide an incentive linked to the performance of the Company. Executives Directors also hold option incentives in the Company acquired as part of their pre-IPO subscription.

#### C.4.2 LTI Plan for Future Reporting Periods

The Board may grant Options to executives with exercise prices at and/or above market share price (at the time of agreement). As such, Incentive Options granted to executives will generally only be of benefit if the executives perform to the level whereby the value of the Company increases sufficiently to warrant exercising the Incentive Options granted.

Other than service-based vesting conditions, there are no additional performance criteria on the Incentive Options granted to executives, as given the speculative nature of the Company's activities and the small management team responsible for its running, it is considered the performance of the executives and the performance and value of the Company are closely related. The Company prohibits executives entering into arrangements to limit their exposure to Incentive Options granted as part of their remuneration package. No options were issued to executives during 2018.

#### C.5 Policy for and Components of Non-Executive Remuneration During the Reporting Period

##### Remuneration Policy

##### Non-Executive Director Fees

The overall level of annual Non-Executive Director fees was approved by shareholders in accordance with the requirements of the Company's Constitution and the Corporations Act. The maximum aggregate pool of Directors' fees payable to all of the Company's Non-Executive Directors is \$250,000 per annum. This aggregate amount was approved by shareholders at the 2017 Annual General Meeting.

##### Equity Compensation

In accordance with Australian practice and shareholder preference, the Company's current policy is not to grant any further equity-based compensation to Non-Executive Directors. Accordingly, no equity incentives were offered to Non-Executive Directors in the reporting period to 30 June 2018. Andrew Hagen and Steve Bodeker were issued options pre-IPO under the Spectur employee incentive scheme. Andrew Hagen and Steven Bodeker also hold options which were subscribed for as part of the IPO option offer and subsequent SPP offer on the same terms as offered to all shareholders.

# SPECTUR LIMITED

## DIRECTORS' REPORT (continued)

### REMUNERATION REPORT (continued)

#### C.5 Policy for and Components of Non-Executive Remuneration During the Reporting Period (continued)

##### Remuneration Structure

Non-Executive Directors receive a fixed remuneration of base fees plus statutory superannuation, presently set at \$35,000 per annum. These fees cover main board activities only. Non-Executive Directors may receive additional remuneration for other services provided to the Company. In addition to these fees, Non-Executive Directors are entitled to reimbursement of reasonable travel, accommodation and other expenses incurred in attending meetings of the Board, committee or shareholder meetings whilst engaged by Spectur. Non-Executive Directors do not earn retirement benefits other than superannuation and are not entitled to any compensation on termination of their directorships.

The annual Board and committee fees were reviewed during the reporting period to 30 June 2018 and have remained unchanged since this review. A further review will be conducted in the next financial period in accordance with the annual review of salaries performed by the Remuneration Committee.

The current Board and additional committee fee structure for Non-Executive Directors is as per the table below:

Board		Remuneration Committee	
Chair	Member	Chair	Member
N/A	\$35,000	-	-

Fees for Non-Executive Directors are not linked to the performance of the Company; however, to align directors' interests with shareholder interests, the directors may hold shares in the Company as governed by the Company's Securities Trading Policy.

#### C.6 Remuneration Governance Including Use Of Remuneration Consultants

##### (i) The role of the Board

The Board is responsible for ensuring Spectur's remuneration strategy is aligned with Company performance and shareholder interests and is equitable for participants. The Remuneration Committee ("RC") is responsible for reviewing and making recommendations to the Board on remuneration matters. The members of the Committee, are:

Chairman – Steve Bodeker  
Member – Andrew Hagen  
Member and Secretary – Suzie Foreman

The Chairman of the Committee, Steve Bodeker, is an independent director.

##### Employee Incentive Plan

Spectur implemented an Employee Incentive Plan ("Plan") during the prior year. Under the Plan, Spectur may grant to Eligible Employees options to subscribe for Shares or performance rights entitling the holder to be issued Shares on terms and conditions set by the Board at its discretion.

The objectives of the Plan are:

- (i) to establish a method by which eligible participants can participate in the future growth and profitability of Spectur;
- (ii) to provide an incentive and reward for eligible participants for their contributions to Spectur;
- (iii) to attract and retain a high standard of managerial and technical personnel for the benefit of Spectur; and
- (iv) to align the interests of eligible participants more closely with the interests of shareholders, by providing an opportunity for eligible participants to hold an equity interest in Spectur.

There were 150,000 options issued under the Employee Incentive Plan during the year (2017: 2,850,000). There were no shares or other equity benefits issued under the Employee Incentive Plan during the year (2017: Nil).



# SPECTUR LIMITED

## DIRECTORS' REPORT (continued)

### REMUNERATION REPORT (continued)

#### Employment Contracts

As of the date of this report, remuneration and other terms of employment of Directors and Other Key Management Personnel are formalised in employment contracts and service agreements. The major provisions of the agreements related to remuneration are set out below.

	Base salary/fee	Terms of agreement	Notice period
<b>Executive Directors</b>			
Richard Wilkins	\$190,000 plus vehicle allowance	Commencement date – 1 July 2017 for period of 2 years	6 months in writing by either party
Peter Holton	\$190,000 plus vehicle allowance	Commencement date – 1 July 2017 for period of 2 years	6 months in writing by either party
<b>Non-Executive Directors</b>			
Stephen Bodeker	\$35,000	Commencement date – 9 June 2017	Upon written advice of intention or in accordance with the Constitution of the Company or the Corporations Act 2001
Andrew Hagen	\$35,000	Commencement date – 9 June 2017	Upon written advice of intention or in accordance with the Constitution of the Company or the Corporations Act 2001
<b>Other KMP</b>			
Nick Le Marshall	\$180,000 – first 12 months \$200,000 – after 12 months	Commencement date -1 July 2017 for period of 2 years	With cause no notice, without cause as follows: <1 year – 1 week 1-3 years – 2 weeks 3-5 years – 3 weeks > 5 years – 4 weeks If over 45 years of age + 2 additional weeks after 2 years.

#### Relationship between Remuneration of KMP and Company Performance

The Board anticipates that the Company will retain earnings (if any) and other cash resources for the development of its solar cameras and associated products and services activities. The Company does not currently have a policy with respect to the payment of dividends and returns of capital however this will be reviewed on an annual basis.

Director's remuneration is set by reference to payments made by other companies of similar size and industry, and by reference to the skills and experience of Directors. During the initial growth phase of the Company the key measurable driver to the Company's performance was sales revenue. A limited component of executives' remuneration was linked to revenue growth. Directors and executives also hold performance rights and options whose performance is linked to shareholder wealth (via the Company's share price).

The earnings of the Company for the previous 3 financial periods are summarised below:

	2018 \$	2017 \$	2016 \$
Sales Revenue	2,476,501	1,332,681	935,320
Gross profit	1,231,150	775,897	534,285
EBITDA	(3,764,137)	(607,237)	(208,202)
Loss after income tax	(3,319,043)	(426,501)	(66,971)

# SPECTUR LIMITED

## DIRECTORS' REPORT (continued)

### REMUNERATION REPORT (continued)

#### Relationship between Remuneration of KMP and Company Performance (continued)

The factors that are considered to affect total shareholder return (TSR) are summarised below:

	2018	2017	2016
Share price (\$)	0.28	N/A	N/A
Dividend declared (\$)	-	-	-
Loss per share (cents)	(7.61)	(3.31)	(0.60)

The remuneration of KMP is aligned to Company performance via remuneration incentives issued in previous years and potential LTI and STI incentives. Director Performance rights are aligned to revenue growth and options to share price targets.

#### E.1 Remuneration of Key Management Personnel

There were no material changes to base salaries paid to key management personnel during the period.

Details of the nature and amount of each element of the emoluments received by or payable to each of the Key Management Personnel (KMP) of Spectur Limited for the financial years specified are as follows:

	Short-term benefits			Share-based payments(ii)		Percentage performance related
	Salary & fees	Bonus Payments	Super-annuation	\$	Total	%
2018	\$	\$	\$		\$	
<b>Directors</b>						
Richard Wilkins <sup>(i)</sup>	205,000	20,000	19,000	611,111	855,111	73.8
Peter Holton <sup>(i)</sup>	205,000	50,000	20,425	611,111	886,536	74.6
Stephen Bodeker	38,325	-	-	-	38,325	-
Andrew Hagen <sup>(iii)</sup>	97,417	-	3,325	-	100,742	-
<b>Other KMP</b>						
Nick Le Marshall	180,000	-	17,100	-	197,100	-
<b>Total</b>	<b>725,742</b>	<b>70,000</b>	<b>59,850</b>	<b>1,222,222</b>	<b>2,077,814</b>	<b>-</b>

#### Notes:

- (i) Salary and fees includes \$15,000 for a vehicle allowance paid to Peter Holton and Richard Wilkins.
- (ii) The share-based payments related to the value of performance rights which were issued to Richard Wilkins and Peter Holton as part of the IPO process. In accordance with AASB 2, the performance rights issued to the Executives have been valued based on factors such as the underlying share price, the expected vesting date and vesting probability in achieving the specified revenue hurdles at the reporting date.  
It should be noted that the Executives have not received this amount and the performance rights may have no actual financial value unless the required performance hurdles are achieved. Stock may also be issued to the recipient at a share issue price lower than valued and recognised in the financial report. Note that the valuation does not reflect the value of the equity benefits received for tax purposes.
- (iii) Mr Hagen was paid \$35,000 for director fees and \$62,417 to Breakwater (WA) Pty Ltd for business development activities during 2018.

	Short-term benefits			Share-based payments		Percentage performance related
	Salary & fees	Super-annuation	Termination payments	\$	Total	%
2017	\$	\$	\$		\$	
<b>Directors</b>						
Richard Wilkins <sup>1</sup>	195,000	-	-	-	195,000	-
Peter Holton <sup>2</sup>	185,000	-	-	-	185,000	-
Stephen Bodeker <sup>3</sup>	2,154	204	-	2,500	4,858	-
Andrew Hagen <sup>3</sup>	2,358	-	-	2,500	4,858	-
Japheth Dela Torre	34,000	-	-	-	34,000	-
<b>Other KMP</b>						
Nick Le Marshall <sup>5</sup>	126,585	-	-	5,000	131,585	-
Suzie Foreman <sup>6</sup>	1,533	-	-	500	2,033	-
<b>Total</b>	<b>546,630</b>	<b>204</b>	<b>-</b>	<b>10,500</b>	<b>557,334</b>	<b>-</b>

# SPECTUR LIMITED

## DIRECTORS' REPORT (continued)

### REMUNERATION REPORT (continued)

#### E.1 Remuneration of Key Management Personnel (continued)

<sup>1</sup> Richard Wilkins became a full time employee only on 1 July 2017. Prior to this, he provided consulting and management services through a related entity, Space Nominees Pty Ltd (Space Nominees). During the year, a total of \$195,000 was recognised as an expense by the Company for consulting and management services, associated services and reimbursements. As at 30 June 2017, \$5,500 was payable to Space Nominees for the abovementioned services.

<sup>2</sup> Peter Holton became a full time employee only on 1 July 2017. Prior to this, he provided consulting and management services through a related entity, Chelsea Brook Pty Ltd (Chelsea Brook). During the year, a total of \$185,000 was recognised as an expense by the Company for consulting and management services, associated services and reimbursements. As at 30 June 2017, \$5,500 was payable to Chelsea Brook for the abovementioned services.

<sup>3</sup> Stephen Bodeker and Andrew Hagen were appointed as Non-Executive Directors on 9 June 2017. Their remuneration was effective from that date.

<sup>4</sup> Dr Nick Marshall became a full time employee only on 1 July 2017. Prior to this, he provided technical and development services through a related entity, Burtek Pty Ltd (Burtek). During the year, a total of \$126,585 was recognised as an expense by the Company for technical and development services, associated services and reimbursements. As at 30 June 2017, \$8,348 was payable to Burtek.

<sup>5</sup> Ms Foreman's remuneration is set out in the Company Secretarial and Corporate Services agreement between Spectur and Athena Corporate Pty Ltd, a related entity to Ms Foreman. As at 30 June 2017, \$1,533 was payable to Athena Corporate Pty Ltd.

No member of key management personnel appointed during the period received a payment as part of his or her consideration for agreeing to hold the position.

#### Options

##### Details of employee share option plans granted as compensation for the current financial year

For details on the valuation of the options, including models and assumptions used, please refer to Notes 6 and 21. There were no material alterations to the terms and conditions of options granted as remuneration since their grant date.

Terms and conditions of share-based plans in existence affecting key management personnel during the financial year or future financial years included options issued under the Employee Incentive Plan. The below table details all options issued under the Employee Incentive Plan, noting some options have been issued to employees or consultants that are not KMPs.

Date options granted	Number of shares under option	Exercise price of option	Value per option at grant date	Value of options at grant date	Expiry date of option
09/06/2017	2,800,000	\$0.20	\$0.01	\$28,500	31/12/2020
19/02/2018	150,000	\$0.37	\$0.20	\$30,165	31/12/2020
<b>Total</b>	<b>2,850,000</b>				

##### Share options granted to KMP

During the financial year there were no equity securities granted to key management personnel of the Company and the entities they controlled as part of their remuneration.

There were no shares issued during the year as a result of the exercise of an Option or Performance Rights to KMP. No Options or Performance Rights lapsed during the year.

# SPECTUR LIMITED

## DIRECTORS' REPORT (continued)

### REMUNERATION REPORT (continued)

#### Key management personnel equity holdings

##### Fully paid ordinary shares

	Balance at beginning of year	Granted as compensation	Received on exercise of options	Net change other <sup>1</sup>	Balance at end of year	Balance held nominally
30 June 2018	Number	Number	Number	Number	Number	Number
<b>Directors</b>						
Richard Wilkins <sup>2</sup>	2,157,500	-	-	92,057	2,249,557	1,673,056
Peter Holton	1,592,500	-	-	119,444	1,711,944	1,711,944
Stephen Bodeker	-	-	-	36,501	36,501	36,501
Andrew Hagen	-	-	-	25,000	25,000	25,000
<b>Executives</b>						
Nick Le Marshall	-	-	-	31,501	31,501	31,501

<sup>1</sup> Acquired pursuant to the IPO, the director placement offer or SPP offer - December 2017

<sup>2</sup> 576,501 fully paid ordinary shares are held by Mr Wilkins de-facto spouse Judith van Ross, 11,501 of which were acquired during the year as part of the share purchase plan offer. Mrs van Ross is defined as a related party pursuant to AASB124 and S608 of the Corporations Act, which includes a close member of the family of an individual as a related party and is required to be disclosed within financial reports.

	Balance at beginning of year	Granted as compensation	Received on exercise of options	Net change other	Balance at end of year	Balance held nominally
30 June 2017	Number	Number	Number	Number*	Number	Number
<b>Directors</b>						
Richard Wilkins	204,000	-	-	1,953,500 <sup>1</sup>	2,157,500	1,592,500
Peter Holton	150,000	-	-	1,442,500 <sup>2</sup>	1,592,500	1,592,500

<sup>1</sup> The net change include issue of 9,250 shares equivalent to the amount paid for the partly-paid shares bought back on 27 January 2017; increase in number of shares as a result of share subdivision by 1,919,250 and subscription of 25,000 new shares.

<sup>2</sup> The net change include issue of 9,250 shares equivalent to the amount paid for the partly-paid shares bought back on 27 January 2017 and increase in number of shares as a result of share subdivision by 1,433,250 shares.

#### Share options

	Balance at beginning of year	Granted as compensation	Exercised	Net change other <sup>1</sup>	Balance at end of year
30 June 2018	Number	Number	Number	Number	Number
<b>Directors</b>					
Richard Wilkins	2,000,000	-	-	7,639	2,007,639
Peter Holton	2,000,000	-	-	17,361	2,017,361
Stephen Bodeker	250,000	-	-	2,875	252,875
Andrew Hagen	250,000	-	-	250,000	500,000
<b>Executives</b>					
Nick Le Marshall	500,000	-	-	2,875	502,875

<sup>1</sup> The net change for Richard Wilkins, Peter Holton and Stephen Bodeker are options acquired pursuant to the director placement offer and Share Purchase Plan Offer– December 2017. Andrew Hagen acquired 250,000 options under the IPO option offer.

# SPECTUR LIMITED

## DIRECTORS' REPORT (continued)

### REMUNERATION REPORT (continued)

30 June 2017	Balance at beginning of year Number	Granted as compensation Number	Exercised Number	Net change other Number	Balance at end of year Number
<b>Directors</b>					
Richard Wilkins	-	-	-	2,000,000 <sup>1</sup>	2,000,000
Peter Holton	-	-	-	2,000,000 <sup>1</sup>	2,000,000
Stephen Bodeker	-	250,000	-	-	250,000
Andrew Hagen	-	250,000	-	-	250,000
<b>Executives</b>					
Nick Le Marshall	-	500,000	-	-	500,000

<sup>1</sup> These options were subscribed by the respective directors' nominees at \$0.05 per option raising \$20,000.

For details of the employee share option plan and of share options granted during the 2017 financial year, please refer to Notes 6 and 21. All share options issued to KMP were made in accordance with the provisions of the employee incentive plan except for options issued to Richard Wilkins and Peter Holton.

#### Performance Rights

30 June 2018	Balance at beginning of year Number	Granted as compensation for services Number	Balance at end of year Number	Vested and Exercisable <sup>1</sup> Number
<b>Directors</b>				
Richard Wilkins	10,000,000	-	10,000,000	3,333,333
Peter Holton	10,000,000	-	10,000,000	3,333,333

30 June 2017	Balance at beginning of year Number	Granted as compensation for services Number	Balance at end of year Number	Vested and Exercisable Number
<b>Directors</b>				
Richard Wilkins	10,000,000	10,000,000	10,000,000	-
Peter Holton	10,000,000	10,000,000	10,000,000	-

The 10,000,000 performance rights held by each executive have the following vesting conditions:

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

Total Revenue is determined by reference to Spectur's audited financial statements for each respective financial year. Performance rights or shares issued upon conversion are subject to a 24 month ASX imposed escrow period from IPO.

Signed in accordance with a resolution of the directors.



**Mr Charles Richard Wallace Wilkins**  
**Director**

Dated this 31 August 2018

**AUDITOR'S INDEPENDENCE DECLARATION**

As lead auditor for the audit of the financial report of Spectur Limited for the year ended 30 June 2018, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

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

**Perth, Western Australia**

**31 August 2018**



**N G Neill**

**Partner**

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

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# SPECTUR LIMITED

## STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2018

	Notes	30 June 2018 \$	30 June 2017 \$
<b>Continuing operations</b>			
Revenue	3(a)	2,476,501	1,332,681
Cost of sales		(1,245,351)	(556,784)
Gross profit		1,231,150	775,897
Interest income		68,674	-
Other income		986	2,569
Research and development expenses	3(b)	(313,661)	(525,502)
Employee benefits		(1,795,502)	(382,211)
General and administrative expenses		(1,084,555)	(321,113)
Marketing and advertising		(336,029)	(85,679)
Property expenses		(174,022)	(42,698)
Depreciation and amortisation		(51,524)	(20,227)
Interest expense		(7,662)	(3,599)
Share-based payment expense		(1,292,504)	(28,500)
<b>Loss before income tax benefit</b>		<b>(3,754,649)</b>	<b>(631,063)</b>
Income tax benefit	4	435,606	204,562
<b>Loss for the year</b>		<b>(3,319,043)</b>	<b>(426,501)</b>
<b>Other comprehensive income, net of income tax</b>		<b>-</b>	<b>-</b>
<b>Total comprehensive loss for the year</b>		<b>(3,319,043)</b>	<b>(426,501)</b>
 <b>Loss attributable to members of the Company</b>		 <b>(3,319,043)</b>	 <b>(426,501)</b>
 <b>Basic loss per share (cents per share)</b>	7	 <b>(7.61)</b>	 <b>(3.31)</b>

The accompanying notes form part of these financial statements.

# SPECTUR LIMITED

## STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2018

	Notes	30 June 2018 \$	30 June 2017 \$
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents	8	3,487,070	136,206
Trade and other receivables	9	1,028,304	593,351
Inventories	10	907,528	176,011
<b>Total Current Assets</b>		<b>5,422,902</b>	<b>905,568</b>
<b>Non-Current Assets</b>			
Property, plant and equipment	11	577,298	53,731
Intangible assets	12	858,569	2,861
<b>Total Non-Current Assets</b>		<b>1,435,867</b>	<b>56,592</b>
<b>Total Assets</b>		<b>6,858,769</b>	<b>962,160</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and other payables	13	1,343,833	471,020
Borrowings	14	81,938	-
Provisions	15	142,217	-
<b>Total Current Liabilities</b>		<b>1,567,988</b>	<b>471,020</b>
<b>Non-Current Liabilities</b>			
Borrowings	14	175,925	-
<b>Total Non-Current Liabilities</b>		<b>175,925</b>	<b>-</b>
<b>Total Liabilities</b>		<b>1,743,913</b>	<b>471,020</b>
<b>Net Assets</b>		<b>5,114,856</b>	<b>491,140</b>
<b>Equity</b>			
Issued capital	5	8,220,651	1,936,890
Reserves	6	1,717,498	58,500
Accumulated losses		(4,823,293)	(1,504,250)
<b>Net Equity</b>		<b>5,114,856</b>	<b>491,140</b>

The accompanying notes form part of these financial statements.



# SPECTUR LIMITED

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2018

	Issued Capital	Reserves	Accumulated Losses	Total Equity
	\$	\$	\$	\$
<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 year	-	-	(3,319,043)	(3,319,043)
<b>Total comprehensive loss for the year</b>	<b>-</b>	<b>-</b>	<b>(3,319,043)</b>	<b>(3,319,043)</b>
Shares issued during the year (net of costs)	7,580,005	-	-	7,580,005
Shares issue costs	(1,296,244)	-	-	(1,296,244)
Options issued during the year	-	312,863	-	312,863
Performance rights issued during the year	-	1,346,135	-	1,346,135
<b>Balance as at 30 June 2018</b>	<b>8,220,651</b>	<b>1,717,498</b>	<b>(4,823,293)</b>	<b>5,114,856</b>

  

	Issued Capital	Reserves	Accumulated Losses	Total Equity
	\$	\$	\$	\$
<b>Balance at 1 July 2016</b>	<b>1,128,000</b>	<b>-</b>	<b>(1,077,749)</b>	<b>50,251</b>
Loss for the year	-	-	(426,501)	(426,501)
<b>Total comprehensive loss for the year</b>	<b>-</b>	<b>-</b>	<b>(426,501)</b>	<b>(426,501)</b>
Shares issued during the year	861,800	-	-	861,800
Shares issue costs	(52,910)	-	-	(52,910)
Options issued during the year	-	30,000	-	30,000
Performance rights issued during the year	-	28,500	-	28,500
<b>Balance as at 30 June 2017</b>	<b>1,936,890</b>	<b>58,500</b>	<b>(1,504,250)</b>	<b>491,140</b>

The accompanying notes form part of these financial statements.

# SPECTUR LIMITED

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2018

	Note	30 June 2018 \$	30 June 2017 \$
<b>Cash flows from operating activities</b>			
Payments to suppliers and employees		(4,848,064)	(2,102,461)
Receipts from customers		2,497,683	1,274,210
Interest received		65,686	-
Interest paid		(1,909)	(3,599)
Finance and related charges		(5,753)	-
R & D tax incentive received		212,792	153,772
<b>Net cash used in operating activities</b>	8.1	<b>(2,079,565)</b>	<b>(678,078)</b>
<b>Cash flows from investing activities</b>			
Payments for intangible assets		(875,754)	-
Purchase of property, plant and equipment		(576,947)	(33,801)
<b>Net cash used in investing activities</b>		<b>(1,452,701)</b>	<b>(33,801)</b>
<b>Cash flows from financing activities</b>			
Proceeds from issue and subscription of shares		7,380,005	865,390
Proceeds from issue of options for cash		55,000	30,000
Payment for share issue costs		(809,738)	(31,500)
Proceeds from borrowings	8.2	301,842	-
Repayment of borrowings	8.2	(43,979)	(13,480)
<b>Net cash from financing activities</b>		<b>6,883,130</b>	<b>850,410</b>
<b>Net increase in cash and equivalents held</b>		<b>3,350,864</b>	<b>138,531</b>
<b>Cash and cash equivalents at the beginning of the year</b>		<b>136,206</b>	<b>(2,325)</b>
<b>Cash and cash equivalents at the end of the year</b>	8	<b>3,487,070</b>	<b>136,206</b>

The accompanying notes form part of these financial statements.

# SPECTUR LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

### NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

#### (a) Basis of preparation

These financial statements are general purpose financial statements, which have been prepared in accordance with the requirements of the *Corporations Act 2001*, Accounting Standards and Interpretations and comply with other requirements of the law.

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

The accounting policies detailed below have been consistently applied to all of the years presented unless otherwise stated. The financial statements are for Spectur Limited. Spectur Limited does not have any subsidiaries.

The financial statements have been prepared on a historical cost basis. Historical cost is based on the fair values of the consideration given in exchange for goods and services.

The Company is a listed public company, incorporated and operating in Australia.

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

*Standards and Interpretations applicable to 30 June 2018*

In the year ended 30 June 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 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 Company accounting policies.

*Standards and Interpretations in issue not yet adopted*

The Directors have also reviewed all Standards and Interpretations in issued but are not yet adopted for the year ended 30 June 2018. As a result of this review the Directors have determined that the following Standards and Interpretations will have a material effect on Group accounting policies in future financial periods, namely:

- AASB 16 Leases
- AASB 15 Revenue from contracts with Customers

The Company has elected not to early adopt these Standards and Interpretations

*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.

# SPECTUR LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

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

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

##### *AASB 16 Leases*

AASB 16 replaces the AASB 117 Leases, Interpretation 4 Determining whether an Arrangement contains a Lease, Interpretation 115 Operating Leases-Incentives and Interpretation 127 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. 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 lease liability for the present value obligation and a 'right-of-use' asset. The right of use assets 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 expense recognition, with interest and depreciation replacing operating lease expense. There are exemptions for short-term leases and leases of low-value items.

Lessor accounting remains similar to current practice, i.e. lessors continue to classify leases as finance and operating leases.

This standard will primarily affect the accounting for the Group's operating lease. As at 30 June 2018, the Company has \$299,000 of non-cancellable operating lease commitments, predominantly relating to a property lease. The Company is considering the available options to account for this transition, but the Company expects a change in reported earnings before interest, tax, depreciation and amortisation (EBITDA) and increase in lease assets and liabilities recognition. The lease standard is also expected to impact on deferred tax balances. This will however be dependent on the lease arrangements in place when the new standard is effective. The Group has commenced the process of evaluating the impact of the new lease standard.

AASB 16 is effective from annual reporting periods beginning on or after 1 January 2019, with early adoption permitted for entities that also adopt AASB 15. A lessee can choose to apply the standard using a full retrospective or a modified retrospective approach.

Other than the above, the Directors have determined that there is no material impact of the Standards and Interpretations in issue not yet adopted on the Company and, therefore, no material change is necessary to Company accounting policies.

#### (c) Statement of compliance

The financial report was authorised for issued in accordance with a resolution of the Directors on 31 August 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).

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

The application of accounting policies requires the use of judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions are recognised in the period in which the estimate is revised if it affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

##### *Impairment of intangibles with indefinite useful lives:*

The Company determines whether intangibles with indefinite useful lives are impaired at least on an annual basis. This requires an estimation of the recoverable amount of the cash generating units to which the intangibles with indefinite useful lives are allocated.

##### *Share-based payment transactions:*

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using internal valuation models in conjunction with the market price of the share-based payments.

#### (e) Going concern

The financial report has been prepared on the going concern basis, which contemplates continuity of normal business activities and the realization of assets and settlements of liabilities in the ordinary course of business.

# SPECTUR LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

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

#### (f) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the board of Directors of Spectur.

#### (g) Foreign currency translation

Both the functional and presentation currency of Spectur is Australian dollars.

Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance date. All exchange differences in the financial report are taken to profit or loss with the exception of differences on foreign currency borrowings that provide a hedge against a net investment in a foreign entity. These are taken directly to equity until the disposal of the net investment, at which time they are recognised in profit or loss.

Tax charges and credits attributable to exchange differences on those borrowings are also recognised in equity.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction.

Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

#### (h) Revenue recognition

Revenue is measured at fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates and amounts collected on behalf of third parties.

##### *Sale of goods*

Revenue is recognised when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

##### *Rendering of services*

Revenue from the rendering of services is recognised by reference to the stage of completion of the contract. The stage of completion of the contract is determined as follows:

- Contract income is recognised by reference to the total actual costs incurred at the end of the reporting period relative to the proportion of the total costs expected to be incurred over the life of the contract;
- Servicing fees are recognised by reference to the proportion of the total cost of providing the service for the product sold; and
- Revenue from time and material contracts are recognised at the contractual rates as labour hours are delivered and direct expenses are incurred.

##### *Interest income*

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of revenue can be reliably measured. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that assets' net carrying amount on initial recognition.

#### (i) Leases

Operating lease payments are recognised as an expense on a straight line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

# SPECTUR LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

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

#### (j) Income tax

The income tax expense or benefit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary difference and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance date.

Deferred income tax is provided on all temporary differences at the balance date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- when the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each balance date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

# SPECTUR LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

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

#### (k) Other taxes

Revenues, expenses and assets are recognised net of the amount of GST except:

- when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

#### (l) Impairment of tangible and intangible assets other than goodwill

The Company assesses at each balance date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or Company's of assets and the asset's value in use cannot be estimated to be close to its fair value.

In such cases the asset is tested for impairment as part of the cash-generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset unless the asset is carried at revalued amount (in which case the impairment loss is treated as a revaluation decrease).

An assessment is also made at each balance date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at its revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

#### (m) Cash and cash equivalents

Cash comprises cash at bank and in hand, net of bank overdrafts. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above.



# SPECTUR LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

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

#### (n) Trade and other receivables

Trade receivables are measured on initial recognition at fair value and are subsequently measured at amortised cost using the effective interest rate method, less any allowance for impairment. Trade receivables are generally due for settlement within periods ranging from 15 to 45 days.

Impairment of trade receivables is continually reviewed and those that are considered to be uncollectible are written off by reducing the carrying amount directly. An allowance account is used when there is objective evidence that the Company will not be able to collect all amounts due according to the original contractual terms. Factors considered by the Company in making this determination include known significant financial difficulties of the debtor, review of financial information and significant delinquency in making contractual payments to the Company. The impairment allowance is set equal to the difference between the carrying amount of the receivable and the present value of estimated future cash flows, discounted at the original effective interest rate. Where receivables are short-term discounting is not applied in determining the allowance.

The amount of the impairment loss is recognised in the statement of comprehensive income within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the statement of comprehensive income.

#### (o) Inventories

Inventories are valued at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and condition is accounted for as follows:

- Raw materials – purchase cost on a first-in, first-out basis; and
- Finished goods and work-in-progress – cost of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity but excluding borrowing costs.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

#### (p) Property, plant and equipment

Plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses. Such cost includes the cost of replacing parts that are eligible for capitalisation when the cost of replacing the parts is incurred. Similarly, when each major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement only if it is eligible for capitalisation.

Depreciation is calculated on diminishing value basis using the following rates:

Motor vehicle	25%
Plant equipment	10% to 50%
Office equipment	10% to 50%
Camera equipment	33.33%

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial year end.

#### *Impairment*

The carrying values of plant and equipment are reviewed for impairment at each reporting date, with recoverable amount being estimated when events or changes in circumstances indicate that the carrying value may be impaired. The recoverable amount of plant and equipment is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, recoverable amount is determined for the cash-generating unit to which the asset belongs, unless the asset's value in use can be estimated to approximate fair value. An impairment exists when the carrying value of an asset or cash-generating unit exceeds its estimated recoverable amount. The asset or cash-generating unit is then written down to its recoverable amount. For plant and equipment, impairment losses are recognised in the statement of comprehensive income in the cost of sales line item. However, because land and buildings are measured at revalued amounts, impairment losses on land and buildings are treated as a revaluation decrement.



# SPECTUR LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

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

#### (p) **Property, plant and equipment (continued)**

##### *Derecognition and disposal*

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

#### (q) **Intangible assets**

##### *Intangible assets acquired separately*

Intangible assets acquired separately are recorded at cost less accumulated amortisation and impairment. Amortisation is charged on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method is reviewed at the end of each annual reporting period, with any changes in these accounting estimates being accounted for on a prospective basis.

##### *Internally generated intangible assets – research and development expenditure*

Expenditure on research activities is recognised as an expense in the period in which it is incurred. Where no internally-generated intangible asset can be recognised, development expenditure is recognised as an expense in the period as incurred.

An intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale;
- The intention to complete the intangible asset and use or sell it;
- The ability to use or sell the intangible asset;
- How the intangible asset will generate probable future economic benefits;
- The availability of adequate technical, financial and other resources to complete development and to use or sell the intangible asset; and
- The ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets acquired separately.

The following useful lives are used in the calculation of amortisation:

Patents	8 years following grant of patent
Trademarks	10 years following grant of trademark
Goodwill	3 years following acquisition
Product development	5 years following commercial use

#### (r) **Trade and other payables**

Trade payables and other payables are carried at amortised cost and represent liabilities for goods and services provided to the Company prior to the end of the financial year that are unpaid and arise when the Company becomes obliged to make future payments in respect of the purchase of these goods and services. Trade and other payables are presented as current liabilities unless payment is not due within 12 months.

#### (s) **Borrowings**

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

The fair value of the liability portion of a convertible note is determined using a market interest rate for an equivalent non-convertible note. This amount is recorded as a liability on an amortised cost basis until extinguished on conversion or maturity of the note. The remainder of the proceeds is allocated to the conversion option. This is recognised and included in shareholders' equity, net of income tax effects.

# SPECTUR LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

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

#### (s) Borrowings (continued)

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

#### (t) Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating losses.

When the Company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of comprehensive income net of any reimbursement.

Provisions are measured at the present value or management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability.

When discounting is used, the increase in the provision due to the passage of time is recognised as an interest expense.

#### (u) Share-based payment transactions

##### *Equity settled transactions*

The Company provides benefits to employees (including senior executives) of the Company in the form of share-based payments, whereby employees render services in exchange for shares or rights over shares (equity-settled transactions).

##### *Equity settled transactions (continued)*

The Company has the following plan in place:

- the Employee Incentive Plan (EIP), which provides benefits to Directors, senior executives and employees and is governed by the Employee Incentive Plan Rules.

The cost of these equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by internal valuation using a Black-Scholes model.

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of Company (market conditions) if applicable.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the vesting period).

The cumulative expense recognised for equity-settled transactions at each balance date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the Company's best estimate of the number of equity instruments that will ultimately vest. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. The statement of comprehensive income charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is only conditional upon a market condition.

If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

# SPECTUR LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

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

#### (u) Share-based payment transactions(continued)

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share.

#### *Cash settled transactions:*

The Company also provides benefits to employees in the form of cash-settled share-based payments, whereby employees render services in exchange for cash, the amounts of which are determined by reference to movements in the price of the shares of Company.

The cost of cash-settled transactions is measured initially at fair value at the grant date using the Black-Scholes formula taking into account the terms and conditions upon which the instruments were granted. This fair value is expensed over the period until vesting with recognition of a corresponding liability. The liability is remeasured to fair value at each balance date up to and including the settlement date with changes in fair value recognised in profit or loss.

#### *Cash settled transactions: (continued)*

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a new business are not included in the cost of acquisition as part of the purchase consideration.

#### (v) Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

#### (w) Earnings per share

Basic earnings per share is calculated as net profit attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share is calculated as net profit attributable to members of the parent, adjusted for:

- costs of servicing equity (other than dividends) and preference share dividends;
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares; divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

# SPECTUR LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

### 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 AND EXPENSES

	30 June 2018 \$	30 June 2017 \$
<b>(a) Revenue</b>		
<b>Sales</b>		
Equipment sales	1,529,449	890,364
Server access and data plan and monitoring	403,798	278,266
Equipment rentals	388,971	92,746
Other (installation, parts etc)	154,283	71,305
<b>Total</b>	<b>2,476,501</b>	<b>1,332,681</b>
<b>(b) Research and Development expenses*</b>		
Consulting and development fees	236,958	506,585
Supplies	76,703	18,917
<b>Total</b>	<b>313,661</b>	<b>525,502</b>

\* 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 4: INCOME TAX

	30 June 2018 \$	30 June 2017 \$
<b>(a) Income tax benefit</b>	<b>435,606</b>	<b>204,562</b>
<b>(b) Numerical reconciliation between tax-benefit and pre-tax net loss</b>		
(Loss) from ordinary activities	(3,754,649)	(631,063)
Income tax using the Company's domestic tax rate of 27.5% (2017:27.5%)	(1,032,528)	(173,542)
Effect of items that are not assessable/deductible in determining taxable loss:		
- Non-deductible expenses	766,605	167,626
- Non-assessable income	(118,190)	4,347
- Other deductible expenses	(271,052)	(19,104)
Tax losses for which no deferred tax asset was recognised	655,165	20,673
Income tax benefit relating to R&D claim	(435,606)	(204,562)
<b>Income tax benefit attributable to entity</b>	<b>(435,606)</b>	<b>(204,562)</b>

### (c) Unrecognised deferred tax

	30 June 2018 \$	30 June 2017 \$
<b>Tax losses for which no deferred tax asset has been recognised</b>		
Losses available for offset against future taxable income	2,382,419	75,173
<b>Total</b>	<b>2,382,419</b>	<b>75,173</b>
<b>Potential tax benefits at 27.5%</b>	<b>655,165</b>	<b>20,673</b>

The benefit of deferred tax assets not brought to account will only be brought to account if:

- future assessable income is derived of a nature and of an amount sufficient to enable the benefit to be realised;
- the conditions for deductibility imposed by tax legislation continue to be complied with; and
- no changes in tax legislation adversely affect the Company in realising the benefit.

# SPECTUR LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

### NOTE 4: INCOME TAX (continued)

#### (d) Income tax recognised in profit or loss

	30 June 2018 \$	30 June 2017 \$
Current tax expense/(income)	(493,401)	(31,547)
Deferred tax expense/(income)	(161,764)	10,874
Tax losses not recognised	655,165	20,673
Income tax benefit relating to R&D claim	(435,606)	(204,562)
<b>Net income tax benefit</b>	<b>(435,606)</b>	<b>(204,562)</b>

#### (e) Income tax recognised directly in equity

	30 June 2018 \$	30 June 2017 \$
Current tax expense/(income)	(180,844)	-
Deferred tax expense/(income)	144,675	-
Tax losses not recognised	36,169	-
<b>Net income tax benefit</b>	<b>-</b>	<b>-</b>

### NOTE 5: ISSUED CAPITAL

As at 30 June 2018, the Company had the following issued share capital:

	30 June 2018		30 June 2017	
	Number	\$	Number	\$
Fully paid ordinary shares	49,000,025	8,220,651	17,500,000	1,936,890
	<b>49,000,025</b>	<b>8,220,651</b>	<b>17,500,000</b>	<b>1,936,890</b>
Movement of issued share capital:				
Balance at beginning of year	17,500,000	1,936,890	2,998,625	1,128,000
Shares issued on IPO - 20c (i)	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	25	5	-	-
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	-
10c seed capital raising	-	-	2,500,000	250,000
16c seed capital raising	-	-	3,323,750	531,800
2 <sup>nd</sup> 16c seed capital raising	-	-	500,000	80,000
Share issue costs	-	(1,296,244)	-	(52,910)
<b>Balance at end of year</b>	<b>49,000,025</b>	<b>8,220,651</b>	<b>17,500,000</b>	<b>1,936,890</b>

- (i) Included in this amount are 1,000,000 Fully paid ordinary shares issued to the Company's lead manager pursuant to the Lead Manager Mandate and payable upon IPO.

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.

# SPECTUR LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

### NOTE 6: RESERVES

#### Nature and purpose of reserves

##### Options Reserve

This reserve is used to record the value of options subscribed for or provided to investors, employees and consultants. Refer to note 21 for further details of these plans

##### Performance Rights Reserve

This reserve is used to record the value of performance rights provided to employees, Directors and consultants as part of their remuneration. Refer to note 21 for further details of these plans

As at 30 June 2018, the Company had the following reserve accounts:

	30 June 2018		30 June 2017	
	Number	\$	Number	\$
Options	18,499,933	371,363	8,850,000	58,500
Performance Rights	21,500,000	1,346,135	20,000,000	-
	<b>39,999,933</b>	<b>1,717,498</b>	<b>28,850,000</b>	<b>58,500</b>

### OPTION RESERVE MOVEMENT

	30 June 2018		30 June 2017	
	Number	\$	Number	\$
Movement of Company options:				
Balance at beginning of year	8,850,000	58,500	200,000	-
Issued during the year to an employee at nil consideration before the EIP	-	-	50,000	-
Options issued on a 1:4 basis under share offers during the year	1,999,958	-	-	-
Cancellation of options	-	-	(250,000)	-
Issued during the year for cash consideration	5,500,000	55,000	6,000,000	30,000
Issued during the year to employees under the EIP	150,000	7,480	2,050,000	20,500
Issued during the year to consultants	2,000,000	250,383	800,000	8,000
Options exercised	(25)	-	-	-
<b>Balance at end of year</b>	<b>18,499,933</b>	<b>371,363</b>	<b>8,850,000</b>	<b>58,500</b>

- I. The Company issued 5,500,000 options to subscribers under the IPO Prospectus for \$0.01 each. The options are exercisable at \$0.20 on or before 31 December 2020
- II. During the year the Company issued 1,999,958 options at nil consideration, on a 1:4 basis to shares subscribed for under the Placement, Director offer and Share Purchase Plan Offer. The options are exercisable at \$0.20 each on or before 31 December 2020.
- III. On 19 January 2018, the Company issued 2,000,000 options to its lead manager for services provided pursuant to their mandate regarding the Placement and Share Purchase Plan. The options are exercisable at \$0.50 each on or before 31 December 2020, and were valued in accordance with AASB 2
- IV. 150,000 options were issued at nil consideration to employees of the Company subject to the conditions of the offer and the Employee Incentive Plan. The options have been valued in accordance with AASB 2 and the value represents the amount brought to account in the financial period based upon the vesting conditions.
- V. 25 Options were exercised at \$0.20 each (2017: nil) and nil lapsed during the year ended 30 June 2018 (2017: nil).

# SPECTUR LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

### NOTE 6: RESERVES (continued)

#### PERFORMANCE RIGHTS MOVEMENT

	30 June 2018		30 June 2017	
	Number	\$	Number	\$
Performance rights	21,500,000	-	20,000,000	-
	<b>21,500,000</b>	-	<b>20,000,000</b>	-
Movement of issued performance rights:				
Balance at beginning of year	20,000,000	-	-	-
Value of all performance rights brought to account during the year	-	1,346,135	-	-
Issue of performance rights to consultants / directors	1,500,000	-	20,000,000	-
<b>Balance at end of year</b>	<b>21,500,000</b>	<b>1,346,135</b>	<b>20,000,000</b>	-

On 20 March 2017, the following Performance Rights were issued to the respective directors. On 26 April 2017, the Board of Directors approved the resolution to amend the Tranche 3 vesting condition.

- a. 10,000,000 Performance Rights to Mr. Charles Richard Wilkins, and
  - b. 10,000,000 Performance Rights to Mr. Peter Holton,
- The performance rights have the following vesting conditions (which were updated on 26 April 2017):

- (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.

A further 1,000,000 performance rights were issued to Spectur's lead manager on IPO, which are split 1/3 and have the same vesting conditions at the 20,000,000 Directors performance rights issued above.

On 6 November 2017, 500,000 performance rights were issued to Spectur's Queensland state manager Mark Williamson as part of Mark's consultancy arrangement for remaining with Spectur following the Forestbridge acquisition. The performance rights vest upon the achievement of agreed annual internal sales revenue targets (for years 1-3).

All performance rights have been valued in accordance with AASB 2, which takes into account factors such as the underlying share price, the expected vesting date and vesting probability in achieving the specified revenue hurdles at the reporting date. The 500,000 performance rights were valued at \$0.31 each being the underlying share price at the time of grant, and have been brought to account over their vesting period. The director and lead manager performance rights issued were valued at \$0.10 each, being the underlying share price at the time of their grant.

At the reporting date, the Company considers that it is probable that all of the performance milestones for performance shares on issue will be met (this being the best available estimate) and as such a value of \$2,255,000 has been assigned to the performance rights as at the reporting date and this has been brought to account over the vesting period in accordance with AASB 2 Share based payments with \$1,346,135 being expensed in the current financial year. The Company continuously reassess the probability of each performance milestone being achieved up until the expiry of the performance rights.

### NOTE 7: LOSS PER SHARE

Basic loss per share

	30 June 2018 Cents per share	30 June 2017 Cents per share
Basic loss per share (cents per share)	(7.61)	(3.31)



# SPECTUR LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

### NOTE 7: LOSS PER SHARE (continued)

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

	30 June 2018	30 June 2017
	\$	\$
Losses	(3,319,043)	(426,501)

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:

	30 June 2018	30 June 2017
	Number	Number
Weighted average number of ordinary shares for the purpose of basic loss per share	43,631,511	12,866,362

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

### NOTE 8: CASH AND CASH EQUIVALENTS

#### Reconciliation to the Statement of Cash Flows:

For the purposes of the statement of cash flows, cash and cash equivalents comprise cash on hand and at bank, net of outstanding bank overdrafts.

Cash and cash equivalents as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:

	30 June 2018	30 June 2017
	\$	\$
Cash at hand and in bank	465,068	111,206
Credit Cards	(33,382)	-
Cash in bank – share subscriptions held on trust <sup>1</sup>	-	25,000
Short term deposits	3,055,384	-
<b>Net cash and cash equivalents</b>	<b>3,487,070</b>	<b>136,206</b>

<sup>1</sup> Cash in bank includes \$nil (2017: \$25,000) which relates to equity application funds held on behalf of investors for unissued securities. A corresponding current liability was recorded for \$nil (2017: \$25,000) as funds owed to investors until such time as shares had been validly issued under the prospectus dated 19 June 2017.

At 30 June 2018, the Company had a credit card facility of \$50,000 (2017: \$0) and does not attract any interest if paid within the required period.

Term deposits are taken for periods between one and three months, depending on the immediate cash requirements of the Company, and earn interest at the respective short-term deposit rates



# SPECTUR LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

### NOTE 8: CASH AND CASH EQUIVALENTS (continued)

#### 8.1 Reconciliation of loss after tax to net cash outflow from operating activities:

	30 June 2018 \$	30 June 2017 \$
Loss for the year	(3,319,043)	(426,502)
<b>Adjustment for non-cash income and expense items</b>		
Depreciation and amortisation	72,743	20,227
Accrued R&D refund receivable	(427,376)	(204,562)
R&D refund received	204,562	153,772
Loss on disposal of property and equipment	683	3,111
Share-based payment expense	1,292,504	28,500
Provisions	142,217	-
<b>Change in assets and liabilities</b>		
Increase in trade and other receivables	(211,986)	(319,153)
Increase in inventories	(731,517)	(176,011)
Increase in trade and other payables	897,648	242,540
<b>Net cash outflow from operating activities</b>	<b>(2,079,565)</b>	<b>(678,078)</b>

#### 8.2 Reconciliation of liabilities arising from cash flows from financing activities

	30 June 2018 \$	30 June 2017 \$
Balance as at 1 July 2017	-	13,480
Proceeds from financing activities	301,842	-
Repayments	(48,928)	(13,480)
Interest paid	4,949	-
<b>Balance as at 30 June 2018</b>	<b>257,863</b>	<b>-</b>

### NOTE 9: TRADE AND OTHER RECEIVABLES

	30 June 2018 \$	30 June 2017 \$
Trade receivables <sup>(i)</sup>	399,693	130,345
Allowance for impairment	(14,953)	-
	384,740	130,345
GST	36,944	38,753
Prepayments	170,310	6,827
IPO prepayments	-	191,699
Advances to suppliers	-	21,165
Other	8,934	-
R&D refund receivable	427,376	204,562
<b>Total</b>	<b>1,028,304</b>	<b>593,351</b>

- (i) the average credit period on sales of goods and rendering of services is 56 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

IPO prepayments represents amounts paid and payable as part of the IPO process. The IPO was completed in the current year and these were transferred to capital raising fees upon issuance of the shares.

# SPECTUR LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

### NOTE 9: TRADE AND OTHER RECEIVABLES (continued)

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

	30 June 2018 \$	30 June 2017 \$
30 – 60 days	102,371	32,036
60 – 90 days	19,915	528
90 – 120 days	30,407	16,982
<b>Total</b>	<b>152,693</b>	<b>49,546</b>

#### Movement in allowance for doubtful debts

	30 June 2018 \$	30 June 2017 \$
Balance at the beginning of the year	-	-
Impairment losses recognised on receivables	14,953	-
Amounts recovered during the year	-	-
Impairment losses reversed	-	-
<b>Total</b>	<b>14,953</b>	<b>-</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

	30 June 2018 \$	30 June 2017 \$
30 – 60 days	-	-
60 – 90 days	-	-
90 – 120 days	14,953	-
<b>Total</b>	<b>14,953</b>	<b>-</b>

### NOTE 10: INVENTORIES

	30 June 2018 \$	30 June 2017 \$
Raw materials – cost	576,318	102,636
Work in progress – cost	16,553	-
Finished goods - cost	314,657	73,375
<b>Total</b>	<b>907,528</b>	<b>176,011</b>

Inventories are valued at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and condition is accounted for as follows:

- Raw materials – purchase cost on a first-in, first-out basis; and
- Work in progress – purchase cost on a first-in, first-out basis; and
- Finished goods – cost of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

# SPECTUR LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

### NOTE 11: PROPERTY, PLANT AND EQUIPMENT

	Camera equipment \$	Improve- ments \$	Plant and equipment \$	Office equipment \$	Motor Vehicles \$	Total \$
Balance at 1 July 2017	18,355	-	8,131	11,300	15,945	53,731
Additions	274,156	18,607	50,494	92,913	140,777	576,947
Disposals	-	-	(320)	(363)	-	(683)
Depreciation charge for the year	(12,913)	(2,353)	(6,366)	(17,507)	(13,558)	(52,697)
<b>Balance at 30 June 2018</b>	<b>279,598</b>	<b>16,254</b>	<b>51,939</b>	<b>86,343</b>	<b>143,164</b>	<b>577,298</b>
Balance at 1 July 2016	13,092	-	6,643	14,567	8,310	42,612
Additions	12,021	-	2,985	3,924	20,620	39,550
Disposal	(749)	-	-	-	(8,111)	(8,860)
Depreciation charge for the year	(6,009)	-	(1,497)	(7,191)	(4,874)	(19,571)
<b>Balance at 30 June 2017</b>	<b>18,355</b>	<b>-</b>	<b>8,131</b>	<b>11,300</b>	<b>15,945</b>	<b>53,731</b>

#### Plant and equipment

The carrying value of plant and equipment held under chattel mortgage contracts at 30 June 2018 is \$30,268 (2017: \$nil). Additions during the year include \$31,800 (2017: \$nil) of plant and equipment held under chattel mortgage contracts.

#### Motor Vehicles

The carrying value of motor vehicles held under chattel mortgage contracts at 30 June 2018 is \$132,433 (2017: \$nil). Additions during the year include \$140,777 (2017: \$nil) of motor vehicles held under chattel mortgage contracts.

### NOTE 12: INTANGIBLES

	Patents \$	Product Development \$	Goodwill \$	Total \$
<i>Carrying value</i>				
Cost	3,517	-	-	3,517
Accumulated amortisation	(656)	-	-	(656)
<b>Carrying value as at 30 June 2017</b>	<b>2,861</b>	<b>-</b>	<b>-</b>	<b>2,861</b>
Cost	39,932	739,339	100,000	879,271
Accumulated amortisation	(1,258)	-	(19,444)	(20,702)
<b>Carrying value as at 30 June 2018</b>	<b>38,674</b>	<b>739,339</b>	<b>80,556</b>	<b>858,569</b>
<i>Reconciliation</i>				
Carrying value as at 1 July 2017	2,861	-	-	2,861
Additions	36,415	739,339	100,000	875,754
Amortisation	(602)	-	(19,444)	(20,046)
Impairment	-	-	-	-
<b>Carrying value as at 30 June 2018</b>	<b>38,674</b>	<b>739,339</b>	<b>80,556</b>	<b>858,569</b>

#### Intangible assets acquired separately

Intangible assets acquired separately are recorded at cost less accumulated amortisation and impairment. Amortisation is charged on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method is reviewed at the end of each annual reporting period, with any changes in these accounting estimates being accounted for on a prospective basis.

# SPECTUR LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

### NOTE 12: INTANGIBLES (continued)

#### **Patents**

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

#### **Internally generated intangible assets – research and development expenditure**

Expenditure on research activities is recognised as an expense in the period in which it is incurred. Where no internally-generated intangible asset can be recognised, development expenditure is recognised as an expense in the period as incurred.

An intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale;
- The intention to complete the intangible asset and use or sell it;
- The ability to use or sell the intangible asset;
- How the intangible asset will generate probable future economic benefits;
- The availability of adequate technical, financial and other resources to complete development and to use or sell the intangible asset; and
- The ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets acquired separately.

The following useful lives are used in the calculation of amortisation:

Patents	8 Years
Product development	5 Years
Goodwill	3 Years

#### **Impairment of tangible and intangible assets other than goodwill**

The Company assesses at each balance date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or Company's of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash-generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

#### **Goodwill**

Goodwill acquired is initially measured at cost .

Following initial recognition, goodwill is measured at cost less amortisation and any impairment losses.

Goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (Company of cash-generating units), to which the goodwill relates. When the recoverable amount of the cash-generating unit (Company of cash-generating units) is less than the carrying amount, an impairment loss is recognised. When goodwill forms part of a cash-generating unit (Company of cash-generating units) and an operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this manner is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Impairment losses recognised for goodwill are not subsequently reversed.

# SPECTUR LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

### NOTE 13: TRADE AND OTHER PAYABLES

	30 June 2018 \$	30 June 2017 \$
Accounts payable (i)	668,232	267,139
Accruals	190,866	31,330
Advances from customers	-	10,972
Unearned revenue	406,807	104,622
Share subscriptions received	-	25,000
Other payables	77,928	31,957
<b>Total</b>	<b>1,343,833</b>	<b>471,020</b>

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

### NOTE 14: BORROWINGS AND OTHER FINANCIAL LIABILITIES

	30 June 2018 \$	30 June 2017 \$
<i>Current loans</i>		
Secured loans	33,998	-
Unsecured loans	47,940	-
<b>Total current loans</b>	<b>81,938</b>	<b>-</b>
<i>Non-current loans</i>		
Secured loans	128,703	-
Unsecured loans	47,222	-
<b>Total non-current loans</b>	<b>175,925</b>	<b>-</b>
<b>Total loans</b>	<b>257,863</b>	<b>-</b>

#### Secured Loans

These loans are secured by Plant & Equipment as well as Motor Vehicles. The interest rates on these loans are fixed and range between 4.97% to 5.87% and interest is repayable within a period of 6 to 45 months from the reporting date. Total monthly repayments are \$5,934.

### NOTE 15: PROVISIONS

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating losses.

When the Company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of profit or loss and other comprehensive income net of any reimbursement. Provisions are measured at the present value or management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability.

When discounting is used, the increase in the provision due to the passage of time is recognised as an interest expense.

#### Warranties

Provisions for the expected cost of warranty obligations under local sale of goods legislation are recognised at the date of sale of the relevant products, at the Directors' best estimate of the expenditure required to settle the Company's obligation. The Company does not currently have a track record of any material warranty expense and are therefore expensing this as and when it is incurred.

# SPECTUR LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

### NOTE 15: PROVISIONS (continued)

#### *Equipment Rental Costs*

The provision for equipment rental costs relates to the estimated cost of work to be carried out in relation to the removal and refurbishment of rental equipment at the end of the rental agreement term. The provision represents the best estimate of the present value of the expenditure required to settle the obligation at the reporting date. Future costs are reviewed annually and any changes in the estimate are reflected in the present value of the equipment rental provision at each reporting date.

30 June 2018	Warranties	Equipment Rental	Annual Leave	Total
	\$	\$	\$	\$
Balance as at 30 June 2017	-	-	-	-
Provided during the year	-	44,992	148,932	193,924
Utilised	-	(12,292)	(39,415)	(51,707)
Unused amounts reversed	-	-	-	-
<b>Balance as at 30 June 2018</b>	<b>-</b>	<b>32,700</b>	<b>109,517</b>	<b>142,217</b>

### NOTE 16: 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 17: DIVIDENDS

The directors of the Company have not declared any dividend for the years ended 30 June 2018 and 2017.

### NOTE 18: COMMITMENTS

As at 30 June 2018, the Company had the following commitments:

	30 June 2018 \$	30 June 2017 \$
<i>Lease commitments</i>		
Not longer than 1 year	149,500	114,313
Longer than 1 year and shorter than 5 years	149,500	216,452
<b>Total</b>	<b>299,000</b>	<b>330,765</b>

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

- I. Unit 2/6 Merino Entrance, Cockburn Central WA 6164
- II. Unit 2/6 Merino Entrance, Cockburn Central WA 6164
- III. 20 Enterprise Way, Sunshine West VIC 3020
- IV. 100 Walker Street North Sydney

### NOTE 19: FINANCIAL INSTRUMENTS

#### *a) Overview*

The Company's principal financial instruments comprise receivables, payables, cash and bank overdrafts. The main risks arising from the Company's financial instruments are credit risk, liquidity risk, interest rate risk and foreign currency risk. This note presents information about the Company's exposure to each of the above risks, its objectives, policies and processes for measuring and managing risk, and the management of capital. Other than as disclosed, there have been no significant changes since the previous financial year to the exposure or management of these risks.

The Company manages its exposure to key financial risks in accordance with the Company's risk management policy. Key financial risks are identified and reviewed annually and policies are revised as required. The overall objective of the Company's risk management policy is to recognise and manage risks that affect the Company and to provide a stable financial platform to enable the Company to operate efficiently.

# SPECTUR LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

### NOTE 19: FINANCIAL INSTRUMENTS (continued)

#### a) Overview (continued)

The Company does not enter into derivative transactions to mitigate the financial risks. In addition, the Company's policy is that no trading in financial instruments shall be undertaken for the purposes of making speculative gains. As the Company's operations change, the Directors will review this policy periodically going forward.

The Directors have overall responsibility for the establishment and oversight of the risk management framework. The Directors review and approve policies for managing the Company's financial risks as summarised below.

#### Categories of financial instruments

	30 June 2018	30 June 2017
	\$	\$
<u>Financial assets</u>		
Cash on hand and in bank	3,487,070	136,206
Trade and other receivables	1,028,304	593,351
<b>Total</b>	<b>4,515,374</b>	<b>729,557</b>
<u>Financial liabilities</u>		
Trade and other payables	1,343,833	471,020
Borrowings	257,863	-
<b>Total</b>	<b>1,601,696</b>	<b>471,020</b>

#### b) Capital risk management

The Company manages its capital to ensure that it will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Company's overall strategy remains unchanged from prior years. The capital structure of the Company consists of debt, cash and cash equivalents and equity, comprising issued capital, reserves and retained earnings (accumulated losses). Operating cash flows are used to maintain and expand operations, as well as to make routine expenditures such as tax, and general administrative outgoings.

Gearing levels are reviewed by the Board on a regular basis in line with its target gearing ratio, the cost of capital and the risks associated with each class of capital.

#### c) Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults.

The Company only transacts with entities that are rated the equivalent of investment grade and above. This information is supplied by independent rating agencies where available and, if not available, the Company uses publicly available financial information and its own trading record to rate its major customers.

The Company does not have any significant credit risk exposure to any single counterparty or any Company of counterparties having similar characteristics.

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. This arises principally from cash and cash equivalents and trade and other receivables.

# SPECTUR LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

### NOTE 19: FINANCIAL INSTRUMENTS (continued)

#### c) Credit Risk (continued)

There are no significant concentrations of credit risk within the Company. The carrying amount of the Company's financial assets represents the maximum credit risk exposure, as represented below:

	30 June 2018 \$	30 June 2017 \$
Cash on hand and in bank	3,487,070	136,206
Trade and other receivables	1,028,304	593,351
<b>Total</b>	<b>4,515,374</b>	<b>729,557</b>

Trade and other receivables are comprised primarily of trade receivables, R&D and GST refunds due. Where possible the Company trades only with recognised, creditworthy third parties. The Company only extends credit to tier 1 companies and all other sales are on a cash basis..

With respect to credit risk arising from cash and cash equivalents, the Company's exposure to credit risk arises from default of the counter party, with a maximum exposure equal to the carrying amount of these instruments.

#### d) Interest Rate Risk

The Company's exposure to the risk of changes in market interest rates relates primarily to the bank overdrafts with floating interest rate.

These financial assets with variable rates expose the Company to cash flow interest rate risk. All other financial assets and liabilities, in the form of receivables and payables are non-interest bearing.

At the reporting date, the interest rate profile of the Company's interest-bearing financial instruments was:

	30 June 2018 \$	30 June 2017 \$
<i>Interest-bearing financial instruments</i>		
Bank balances	-	25,000
Credit cards	(33,382)	-
Term deposits	3,055,384	-
<b>Total</b>	<b>3,022,002</b>	<b>25,000</b>

The Company currently does not engage in any hedging or derivative transactions to manage interest rate risk.

#### Interest rate sensitivity

A 1% (100 basis points) movement in interest rates at the reporting date would have increased (decreased) equity and profit and loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2017.

	Profit or loss	
	100bp Increase	100bp Decrease
<b>30 June 2018</b>		
Credit cards	334	(334)
Term deposits	(30,554)	30,554
	<b>(30,220)</b>	<b>30,220</b>
<b>30 June 2017</b>		
Bank overdraft	<b>250</b>	<b>(250)</b>



# SPECTUR LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

### NOTE 19: FINANCIAL INSTRUMENTS (continued)

#### e) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Board's approach to managing liquidity is to ensure, as far as possible, that the Company will always have sufficient liquidity to meet its liabilities when due by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The contractual maturities of financial liabilities, including estimated interest payments, are provided below. There are no netting arrangements in respect of financial liabilities.

30 June 2018	≤6 Months \$	6-12 Months \$	1-5 Years \$	≥5 Years \$	Total \$
<i>Financial Liabilities</i>					
Bank overdraft	-	-	-	-	-
Trade and other payables	1,343,834	-	-	-	1,343,834
Loans payable	48,032	33,884	175,946	-	257,862
<b>Total</b>	<b>1,391,866</b>	<b>33,884</b>	<b>175,946</b>	<b>-</b>	<b>1,601,696</b>

30 June 2017	≤6 Months \$	6-12 Months \$	1-5 Years \$	≥5 Years \$	Total \$
<i>Financial Liabilities</i>					
Bank overdraft	-	-	-	-	-
Trade and other payables	471,020	-	-	-	471,020
Loans payable	-	-	-	-	-
<b>Total</b>	<b>471,020</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>471,020</b>

#### f) Foreign Exchange Risk

The Company's has an exposure to foreign exchange rates given that the Company purchases materials and parts from overseas suppliers as part of the manufacturing process of the solar camera systems. A fluctuation in foreign exchange rates may affect the cost base of the solar camera systems. The carrying amounts of the Company's foreign currency denominated monetary liabilities as at the reporting date expressed in Australian dollars are as follows:

	30 June 2018 \$	30 June 2017 \$
US dollar denominated balances	47,180	-

#### Foreign currency sensitivity analysis

The sensitivity analysis below details the Company's sensitivity to an increase/decrease in the Australian Dollar against the United States Dollar. The sensitivity analysis includes only outstanding foreign currency denominated monetary items. A 100 basis point is the sensitivity rate used when reporting foreign currency risk internally to management and represents management's assessment of the possible change in foreign exchange rates.

At reporting date, if foreign exchange rates had been 100 basis points higher or lower and all other variables held constant, the Company's loss will increase/decrease by \$872 (2017: \$Nil); and net assets will increase/decrease by \$872 (2017: \$Nil).

The Company's sensitivity to foreign exchange rates has not changed significantly from prior year.

#### g) Fair values

The net fair value of financial assets and financial liabilities approximates their carrying value. The methods for estimating fair value are outlined in the relevant notes to the financial statements.

# SPECTUR LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

### NOTE 20: CONTINGENT LIABILITIES

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

### NOTE 21: SHARE-BASED PAYMENTS

#### a) Recognised Share-based Payment Expense

From time to time, the Company provides Incentive Options to officers, employees, consultants and other key advisors as part of remuneration and incentive arrangements. The number of options granted, and the terms of the options granted are determined by the Board. Shareholder approval is sought where required. During the past two years, the following equity-settled share-based payments have been recognised:

	30 June 2018 \$	30 June 2017 \$
Expense arising from equity-settled share-based payment transactions	1,292,504	28,500
<b>Net share based payment expense recognised in the profit or loss</b>	<b>1,292,504</b>	<b>28,500</b>

#### b) Summary of Options Granted as Share-based Payments

The following table illustrates the number and weighted average exercise prices (WAEP) of Incentive Options granted as share-based payments at the beginning and end of the financial year:

	30 June 2018		30 June 2017	
	Number	WAEP	Number	WAEP
<b>Outstanding at beginning of year</b>	2,850,000	\$0.20	200,000	\$1.00
Granted by the Company during the year	150,000	\$0.37	2,850,000	\$0.20
Granted by the Company during the year	-	-	50,000	\$(1.50)
Cancelled during the year	-	-	(50,000)	\$(1.50)
Cancelled during the year	-	-	(200,000)	\$(1.00)
<b>Outstanding at end of year</b>	<b>3,000,000</b>	<b>\$0.21</b>	<b>2,850,000</b>	<b>\$0.20</b>
<b>Exercisable at the end of year</b>	<b>3,000,000</b>	<b>-</b>	<b>-</b>	<b>-</b>

#### c) Option Pricing Model

The fair value of the equity-settled share options granted is estimated as at the date of grant using an internal valuation methodology taking into account the terms and conditions upon which the options were granted. In conjunction to the internal valuation model, the Board gave consideration to the market price for options being issued at arm's length during and since the end of the reporting date.

	Options - \$0.37
Dividend yield (%)	0%
Expected volatility (%)	69%
Risk-free interest rate (%)	1.90%
Expected life of option (years)	3
Exercise price (cents)	37
Grant date share price	41

As at 30 June 2018, management has provided the best estimate of the number of options expected to vest. The options have been valued in accordance with AASB 2 Share Based Payments and brought to account over their vesting periods. The length of the expected vesting period is between 12 and 24 months, and a value of \$7,479 has been expensed for the year.

# SPECTUR LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

### NOTE 22: RELATED PARTY DISCLOSURES

The Group's related parties include Key Management and others as described below.

#### Transactions with Key Management Personnel

The aggregate compensation made to Directors and other Key Management Personnel of the Company is set out below:

	30 June 2018 \$	30 June 2017 \$
Short-term employee benefits	855,592	546,834
Share-based payment	1,222,222	10,500
<b>Total</b>	<b>2,077,814</b>	<b>557,334</b>

The amount of share based payments is calculated in accordance with AASB 2  
More detailed information concerning the remuneration of key management is shown in the Remuneration report page 15.

### NOTE 23: AUDITOR'S REMUNERATION

The auditor of Spectur Limited is HLB Mann Judd.

	30 June 2018 \$	30 June 2017 \$
Audit or review of the financial statements	18,500	29,000
Other services – Investigating Accountants' Report	-	10,000
<b>Total</b>	<b>18,500</b>	<b>39,000</b>

The audit fees paid and accrued in 2017 relate to the audits of the Company's financial statements for the years ended 30 June 2017, 2016 and 2015; and for the half year ended 31 December 2016.

# 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 30 June 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 financial year ended 30 June 2018.

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



---

**Charles Richard Wallace Wilkins**  
**Director**

Dated this 31 August 2018

**Independent Auditor's Report to the Members of Spectur Limited****REPORT ON THE AUDIT OF THE FINANCIAL REPORT****Opinion**

We have audited the financial report of Spectur ("the Company") which comprises the statement of financial position as at 30 June 2018, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Company is in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the Company's financial position as at 30 June 2018 and of its financial performance for the year then ended; and
- b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

**Basis for Opinion**

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* ("the Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Key Audit Matters**

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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

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<b>Key Audit Matter</b>	<b>How our audit addressed the key audit matter</b>
<b>Recognition and recoverability of intangible asset</b> Note 12	
<p>The company has recorded intangible assets of \$739,339 as at 30 June 2018 which relate to various internally generation asset projects.</p> <p>Recognition and recoverability of intangible assets relating to these projects was considered to be a key audit matter due to its importance to users of the financial statements and the degree of audit effort directed towards this area.</p>	<p>Our procedures included but were not limited to:</p> <ul style="list-style-type: none"> <li>- Reviewing amounts capitalised as intangible assets during the year to ensure such items met the recognition criteria within Australian accounting standards;</li> <li>- Considering the existence of any indicators of impairment under AASB 136 'Impairment of Assets'.</li> <li>- Ensuring that appropriate disclosures are made within the financial report.</li> </ul>
<b>Going concern</b> Note 1(e)	
<p>The company recorded a loss of \$3,319,043 and had cash outflows from operating and investing activities of \$3,532,266. As at 30 June 2018 the company had cash and cash equivalents of \$3,487,070.</p> <p>The going concern basis of accounting was a key audit matter due to the significance to users of the financial report and the significant judgement involved with forecasting cash flows.</p>	<p>Our procedures included but were not limited to the following:</p> <ul style="list-style-type: none"> <li>- We considered the appropriateness of the going concern basis of accounting by evaluating the underlying assumptions in cash flow projections prepared by the Group including sensitivity analysis.</li> <li>- Our responsibilities in respect of the going concern basis of accounting are included below under Auditor's responsibilities for the audit of the financial report; and</li> <li>- We examined the disclosures made in the financial report.</li> </ul>

### **Information Other than the Financial Report and Auditor's Report Thereon**

The directors are responsible for the other information. The other information comprises the information included in the Company's annual financial report for the year ended 30 June 2018, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Responsibilities of the Directors for the Financial Report**

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

In preparing the financial report, the directors are responsible for assessing the ability of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's Responsibilities for the Audit of the Financial Report**

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## **REPORT ON THE REMUNERATION REPORT**

### **Opinion on the Remuneration Report**

We have audited the Remuneration Report included in pages 10 to 18 of the directors' report for the year ended 30 June 2018.

In our opinion, the Remuneration Report of Spectur Limited for the year ended 30 June 2018 complies with section 300A of the *Corporations Act 2001*.

### **Responsibilities**

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.



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

Perth, Western Australia  
31 August 2018



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



# SPECTUR LIMITED

## CORPORATE GOVERNANCE STATEMENT

This Corporate Governance summary discloses the extent to which the Company will follow the recommendations set by the ASX Corporate Governance Council in its publication Corporate Governance Principles and Recommendations (3<sup>rd</sup> Edition) (**Recommendations**). The Recommendations are not mandatory, however the Recommendations that have not been followed have been identified and reasons have been provided for not following them.

The Company's Corporate Governance Plan has been posted on the Company's website at [www.spectur.com.au](http://www.spectur.com.au).

ASX Principle and Recommendation	Compliance (Yes/No)	Explanation
<b>Principle 1: Lay solid foundations for management and oversight</b>		
<b>Recommendation 1.1</b> A listed entity should disclose: (a) the respective roles and responsibilities of its board and management; and (b) those matters expressly reserved to the board and those delegated to management.	Yes	<p>Spectur has adopted a Board Charter which discloses the roles and responsibilities of the Board and senior management.</p> <p>Under the Board Charter, the Board is responsible for the overall operation and stewardship of Spectur (and any future subsidiaries), including charting the direction, strategies and financial objectives for Spectur, monitoring the implementation of those policies, strategies and financial objectives, and monitoring compliance with regulatory requirements and ethical standards.</p> <p>The Board Charter is available on Spectur's website.</p>
<b>Recommendation 1.2</b> A listed entity should: (a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and (b) provide security holders with all material information relevant to a decision on whether or not to elect or re-elect a director.	Yes	<p>Spectur will conduct background checks of candidates for new Director positions prior to their appointment or nomination for election by Shareholders, including checks as to good character, experience, education, qualifications, criminal history and bankruptcy.</p> <p>Spectur does not propose to conduct specific checks prior to nominating an existing Director for re-election by Shareholders at a general meeting on the basis that this is not considered necessary given that each Director was required to submit to the ASX 'good fame and character' assessment during Spectur's admission to the Official List of ASX. Any changes to that assessment are required to be notified by all directors to the board.</p> <p>As a matter of practice, Spectur will include in its notices of meeting a brief biography and other material information in relation to each Director who stands for election or re-election, including relevant qualifications and professional experience of the nominated Director for consideration by Shareholders.</p>
<b>Recommendation 1.3</b> A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	Yes	<p>Spectur engages or employs its Directors and other senior management under written agreements setting out key terms and otherwise governing their engagement or employment by Spectur.</p> <p>Each Executive Director is employed pursuant to a written employment agreement and each Non-Executive Director is engaged under an engagement letter.</p>

# SPECTUR LIMITED

## CORPORATE GOVERNANCE STATEMENT (continued)

ASX Principle and Recommendation	Compliance (Yes/No)	Explanation
<b>Recommendation 1.4</b> <p>The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.</p>	Yes	<p>The Company Secretary reports directly, and is accountable, to the Board through the Chairperson in relation to all governance matters.</p> <p>The Company Secretary advises and supports the Board members on general governance matters, implements adopted governance procedures, and coordinates circulation of meeting agendas and papers.</p>
<b>Recommendation 1.5</b> <p>A listed entity should:</p> <ul style="list-style-type: none"> <li>(a) have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them;</li> <li>(b) disclose that policy or a summary of it; and</li> <li>(c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them, and either: <ul style="list-style-type: none"> <li>(1) the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or</li> <li>(2) if the entity is a "relevant employer" under the <i>Workplace Gender Equality Act</i>, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.</li> </ul> </li> </ul>	No	<p>Given Spectur's size and its stage of development, Spectur has not adopted a formal diversity policy at this stage.</p> <p>Spectur has a policy to select the best available officers and staff for each relevant position in a non-discriminatory manner based on merit.</p> <p>Notwithstanding this, the Board respects and values the benefits that diversity (e.g. gender, age, ethnicity, cultural background, disability and marital/family status etc.) brings in relation to expanding Spectur's perspective and thereby improving corporate performance, increasing Shareholder value and maximising the probability of achieving Spectur's objectives.</p> <p>The Board is committed to developing a diverse workplace where appointments or advancements are made on a fair and equitable basis.</p>
<b>Recommendation 1.6</b> <p>A listed entity should:</p> <ul style="list-style-type: none"> <li>(a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and</li> <li>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</li> </ul>	Yes	<p>Spectur has adopted in its Board Charter a process for evaluation of the Board and its committees.</p> <p>The Chairman of the board is responsible for ensuring that a formal review of the performance of the board, committees and individual directors occurs regularly. The Chairman is responsible for determining the process under which this evaluation takes place.</p> <p>The board conducts the performance evaluation of the Chair.</p> <p>Insights gained from these evaluations are used to further improve the board's efficiency and performance. Formal reviews of individual directors will be undertaken post year end, following their 12 month employment period.</p> <p>No review of committees were undertaken, as the remuneration committee was only formed during the year.</p>

# SPECTUR LIMITED

## CORPORATE GOVERNANCE STATEMENT (continued)

ASX Principle and Recommendation	Compliance (Yes/No)	Explanation
<b>Recommendation 1.7</b> A listed entity should: <ul style="list-style-type: none"> <li>(a) have and disclose a process for periodically evaluating the performance of its senior executives; and</li> <li>(b) disclose in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</li> </ul>	Yes	<p>The Remuneration Policy provides that the Board will undertake performance evaluation of the Directors and on at least an annual basis. The CEO performs the review of senior management.</p> <p>The remuneration committee is responsible for evaluating the performance of the executive directors and evaluates their performance via an ongoing process of assessment and a formal annual review.</p> <p>During the formal review, the executive's performance is measured against their role's assessment criteria and KPI's. Such performance evaluation was undertaken prior to the release of this report.</p>
<b>Principal 2: Structure the Board to add value</b>		
<b>Recommendation 2.1</b> The board of a listed entity should: <ul style="list-style-type: none"> <li>(a) have a nomination committee which: <ul style="list-style-type: none"> <li>(1) has at least three members, a majority of whom are independent directors; and</li> <li>(2) is chaired by an independent director, and disclose: <ul style="list-style-type: none"> <li>(3) the charter of the committee;</li> <li>(4) the members of the committee; and</li> <li>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</li> </ul> </li> </ul> </li> <li>(b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.</li> </ul>	No	<p>Spectur does not have a nomination committee at this stage. The Board considers that, given the current size and scope of Spectur's operations, efficiencies or other benefits would not be gained by establishing a separate nomination committee.</p> <p>The full Board, which comprises 2 Executive Directors and 2 Non-Executive Directors, considers the matters and issues that would otherwise be addressed by a nomination committee in accordance with Spectur's Nomination and Remuneration Policy.</p> <p>Under the Board Charter, candidacy for the Board is based on merit against objective criteria with a view to maintaining an appropriate balance of skills and experience.</p> <p>As a matter of practise, candidates for the office of Director are individually assessed by the Chairperson and the Managing Director before appointment or nomination to ensure that they possess the relevant skills, experience or other qualities considered appropriate and necessary to provide value and assist in advancement of Spectur's operations.</p> <p>The Board intends to reconsider the requirement for, and benefits of, a separate nomination committee as Spectur's operations grow and evolve.</p>
<b>Recommendation 2.2</b> A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.	No	<p>Spectur does not currently have a skills or diversity matrix in relation to the Board members.</p> <p>The Board considers that such a matrix is not necessary given the current size and scope of Spectur's operations. The Board may adopt such a matrix at a later time as Spectur's operations grow and evolve.</p>

# SPECTUR LIMITED

## CORPORATE GOVERNANCE STATEMENT (continued)

ASX Principle and Recommendation	Compliance (Yes/No)	Explanation
<b>Recommendation 2.3</b> A listed entity should disclose: (a) the names of the directors considered by the board to be independent directors; (b) if a director has an interest, position, association or relationship of the type described in the Corporate Governance Recommendations but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and (c) the length of service of each director.	Yes	<p>The Board reviewed the independence of each of the Directors in office during the reporting period and determined that Non-executive Director Mr Steven Bodeker and Mr Andrew Hagen were independent directors.</p> <p>Independence can only be satisfied if a director is free of any business or relationship that could materially interfere with or could reasonably be perceived to materially interfere with the independent exercise of their judgement.</p> <p>Mr Andrew Hagen provided consulting services to Spectur during the year, however Mr Hagen has not served as a member of management. The Board have determined that the provision of services does not pose an interference with Mr Hagen's independence as a Director. Mr Hagen is therefore deemed to be independent. This will be reviewed on an ongoing basis.</p> <p>Details of the Directors' interests, positions, associations and relationships are provided in the Remuneration Report section of the Annual Report.</p> <p>The length of service of each Director is as follows:</p> <ul style="list-style-type: none"> <li>• Richard Wilkins – since 22 October 2009;</li> <li>• Peter Holton – since 9 March 2017;</li> <li>• Stephen Bodeker – since 9 June 2017; and</li> <li>• Andrew Hagen – since 9 June 2017.</li> </ul>
<b>Recommendation 2.4</b> A majority of the board of a listed entity should be independent directors.	No	<p>The Board is not comprised of a majority of independent Directors.</p> <p>There are currently 2 Directors who satisfy the criteria for independence for the purposes of ASX Recommendation 2.3, being Stephen Bodeker and Andrew Hagen. The independent directors represent half of the Board.</p> <p>However, given the size and scope of Spectur's operations, the Board considers that it has relevant experience in industrial technology, sales and is otherwise appropriately structured to discharge its duties in a manner that is in the best interests of Spectur and its Shareholders from both a long-term strategic and operational perspective.</p> <p>The Board Charter provides that it is preferable that the majority of the Board be independent Non-Executive Directors. Accordingly, the Board intends to appoint further independent Non-Executive Directors as suitably qualified candidates are identified and when Spectur's operations warrant such appointments.</p>
<b>Recommendation 2.5</b> The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.	No	<p>The Board does not consider that the Chairman of Spectur, Richard Wilkins, is independent with the criteria for independence outlined in ASX Recommendation 2.3.</p>

# SPECTUR LIMITED

## CORPORATE GOVERNANCE STATEMENT (continued)

ASX Principle and Recommendation	Compliance (Yes/No)	Explanation
<b>Recommendation 2.5 (continued)</b>		<p>The Board does not consider that an independent non-executive chair is necessary given Spectur's current size and scope of operations. As it develops and its operations expand, the Board will review this position.</p> <p>The Managing Director, Peter Holton, is the chief executive officer and is not the Chairperson, which is in compliance with Recommendation 2.5.</p>
<b>Recommendation 2.6</b> A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.	No	<p>Spectur does not currently have a formal induction program for new Directors nor does it have a formal professional development program for existing Directors. The Board does not consider that a formal induction program is necessary given the current size and scope of Spectur's operations.</p> <p>The Directors have been selected on the basis that collectively they have experience across business management, product design and development, industrial technology (including electronics and telecommunications), product sales and marketing, finance and accounting. Mr Bodeker and Mr Hagen also have experience with management of an ASX listed company.</p> <p>All Directors are generally experienced in company operations, albeit in different aspects (e.g. operations, finance, corporate governance etc.). The Board seeks to ensure that all of its Shareholders understand Spectur's operations. The Company encourages and supports, Directors to attend, on behalf of Spectur and otherwise, professional education, technical and commercial seminars and industry conferences which enable them to maintain their understanding of directors duties, risk and corporate governance, industry matters and technical advances.</p>
<b>Principal 3: Act ethically and responsibly</b>		
<b>Recommendation 3.1</b> A listed entity should: <ul style="list-style-type: none"> <li>(a) have a code of conduct for its directors, senior executives and employees; and</li> <li>(b) disclose that code or a summary of it.</li> </ul>	Yes	<p>The Board believes that the success of Spectur has been and will continue to be enhanced by a strong ethical culture within the organisation.</p> <p>Accordingly, Spectur has established a Code of Conduct which sets out the standards with which the Directors, officers, managers, employees and consultants of Spectur (and any future subsidiaries of Spectur) are expected to comply in relation to the affairs of Spectur's business and when dealing with each other, Shareholders and the broader community.</p> <p>The Code also outlines the procedure for reporting any breaches of the Code and the possible disciplinary action Spectur may take in respect of any breaches.</p> <p>In addition to their obligations under the Corporations Act in relation to inside information, all Directors, employees and consultants have a duty of confidentiality to Spectur in relation to confidential information they possess.</p>

# SPECTUR LIMITED

## CORPORATE GOVERNANCE STATEMENT (continued)

ASX Principle and Recommendation	Compliance (Yes/No)	Explanation
<b>Recommendation 3.1 (continued)</b>		In fulfilling their duties, each Director dealing with corporate governance matters may obtain independent professional advice at Spectur's expense, subject to prior approval of the Managing Director, whose approval will not be unreasonably withheld.  Spectur's Code of Conduct is available on Spectur's website.
<b>Principal 4: Safeguard integrity in corporate reporting</b>		
<b>Recommendation 4.1</b> The board of a listed entity should: (a) have an audit committee which: <ol style="list-style-type: none"> <li>(1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and</li> <li>(2) is chaired by an independent director, who is not the chair of the board,</li> </ol> and disclose: <ol style="list-style-type: none"> <li>(3) the charter of the committee;</li> <li>(4) the relevant qualifications and experience of the members of the committee; and</li> <li>(5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</li> </ol> (b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.	No	Spectur has not established a separate audit committee.  The audit function is performed by the full Board pursuant to the Audit Policy.  The Board does not consider that a separate audit committee is necessary given the current size and scope of Spectur's operations and its Board.  The Audit Policy is available on Spectur's website.
<b>Recommendation 4.2</b> The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.	Yes	As a matter of practise, Spectur obtains declarations from its Managing Director and CFO (or equivalent) and Company Secretary before its financial statements are approved substantially in the form referred to in ASX Recommendation 4.2.



# SPECTUR LIMITED

## CORPORATE GOVERNANCE STATEMENT (continued)

ASX Principle and Recommendation	Compliance (Yes/No)	Explanation
<b>Recommendation 4.3</b> A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.		In accordance with Spectur's Shareholder Communications Policy, Spectur will request that its external auditor attends each annual general meeting and be available to answer Shareholder questions about the conduct of the audit and the preparation and content of the auditor's report.
<b>Principal 5: Make timely and balanced disclosure</b>		
<b>Recommendation 5.1</b> A listed entity should: (a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and disclose that policy or a summary of it.	Yes	<p>Spectur has adopted a Continuous Disclosure and Market Communications Policy.</p> <p>Spectur is a "disclosing entity" pursuant to section 111AR of the Corporations Act and, as such, is required to comply with the continuous disclosure requirements of section 674 of the Corporations Act and Chapter 3 of the ASX Listing Rules.</p> <p>Spectur is committed to observing its disclosure obligations under the Corporations Act and its obligations under the ASX Listing Rules. All announcements provided to ASX will be posted on Spectur's website.</p> <p>The Continuous Disclosure and Market Communications Policy is available on Spectur's website.</p>
<b>Principal 6: Respect the rights of security holders</b>		
<b>Recommendation 6.1</b> A listed entity should provide information about itself and its governance to investors via its website.	Yes	Information about Spectur and its corporate governance, including copies of its various corporate governance policies and charters, is available on Spectur's website.
<b>Recommendation 6.2</b> A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	Yes	<p>Spectur has adopted a Shareholder Communications Policy, the purpose of which is to facilitate the effective exercise of Shareholders' rights by communicating effectively with Shareholders, giving Shareholders ready access to balanced and understandable information about Spectur and its corporate strategies and making it easy for Shareholders to participate in general meetings of Spectur.</p> <p>Spectur communicates with Shareholders as follows:</p> <ul style="list-style-type: none"> <li>• following admission to ASX, through releases to the market via the ASX;</li> <li>• through Spectur's website;</li> <li>• through information provided directly to Shareholders; and</li> <li>• at general meetings.</li> </ul> <p>The Shareholder Communications Policy is available on Spectur's website.</p>

# SPECTUR LIMITED

## CORPORATE GOVERNANCE STATEMENT (continued)

ASX Principle and Recommendation	Compliance (Yes/No)	Explanation
<b>Recommendation 6.3</b> A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.	Yes	<p>Spectur supports Shareholder participation in general meetings and seeks to provide appropriate mechanisms for such participation, including by ensuring that meetings are held at convenient times and places to encourage Shareholder participation.</p> <p>In preparing for general meetings of Spectur, Spectur will draft the notice of meeting and related explanatory information so that they provide all of the information that is relevant to Shareholders in making decisions on matters to be voted on by them at the meeting. This information will be presented clearly and concisely so that it is easy to understand and not ambiguous.</p> <p>Spectur will use general meetings as a tool to effectively communicate with Shareholders and will allow Shareholders a reasonable opportunity to ask questions of the Board and to otherwise participate in the meeting.</p> <p>Mechanisms for encouraging and facilitating Shareholder participation will be reviewed regularly to encourage the highest level of Shareholder participation.</p>
<b>Recommendation 6.4</b> A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	Yes	<p>Spectur considers that communicating with Shareholders by electronic means is an efficient way to distribute information in a timely and convenient manner.</p> <p>Spectur provides new Shareholders with the option to receive communications from Spectur electronically and Spectur encourages them to do so. Existing Shareholders are also encouraged to request communications electronically.</p> <p>All Shareholders that have opted to receive communications electronically will be provided with notifications by Spectur when an announcement or other communication (including an annual reports and notice of meeting) is uploaded to the ASX announcements platform.</p>



# SPECTUR LIMITED

## CORPORATE GOVERNANCE STATEMENT (continued)

ASX Principle and Recommendation	Compliance (Yes/No)	Explanation
<b>Principal 7: Recognise and manage risk</b>		
<b>Recommendation 7.1</b> The board of a listed entity should: (a) have a committee or committees to oversee risk each of which: (1) has at least three members, a majority of whom are independent directors; an (2) is chaired by an independent director, and disclose (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or	No	<p>Spectur does not have a separate risk management committee.</p> <p>The Board is responsible for supervising management's framework of control and accountability systems to enable risk to be assessed and managed in accordance with Spectur's Risk Management Policy.</p> <p>The Board considers that, given the current size and scope of Spectur's operations and that only two Directors hold executive positions, efficiencies or other benefits would not be gained by establishing a separate risk management committee at present.</p> <p>As Spectur's operations grow and evolve, the Board will reconsider the appropriateness of forming a separate risk management committee.</p>
(b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.		<p>However, Spectur has adopted a Risk Management Policy for Spectur. The purpose of the policy is to:</p> <ul style="list-style-type: none"> <li>• provide a framework for identifying, assessing, monitoring and managing risk;</li> <li>• communicate the roles and accountabilities of participants in the risk management system; and</li> <li>• highlight the status of risks to which Spectur is exposed, including any material changes to Spectur's risk profile.</li> </ul> <p>Further, the Board is responsible for the following under the policy:</p> <ul style="list-style-type: none"> <li>• risk management and oversight of internal controls;</li> <li>• establishing procedures which provide assurance that business risks are identified, consistently assessed and adequately addressed; and</li> <li>• for the overseeing of such procedures.</li> </ul> <p>The Risk Management Policy is available on Spectur's website.</p>

# SPECTUR LIMITED

## CORPORATE GOVERNANCE STATEMENT (continued)

ASX Principle and Recommendation	Compliance (Yes/No)	Explanation
<b>Recommendation 7.2</b> The board or a committee of the board should: <ul style="list-style-type: none"> <li>(a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and</li> <li>(b) disclose, in relation to each reporting period, whether such a review has taken place.</li> </ul>	Yes	<p>The Board has responsibility for the monitoring of risk management and reviews Spectur's risk management framework a bi-annual basis to ensure Spectur's risk management framework continues to be effective. The executive directors identify and monitor major risks in line with the board defined risk appetite and ensuring appropriate systems are in place for management. Risk are documented in a risk matrix and tabled at bi-annual board meetings.</p> <p>A risk management review was undertaken during the financial period.</p>
<b>Recommendation 7.3</b> A listed entity should disclose: <ul style="list-style-type: none"> <li>(a) if it has an internal audit function, how the function is structured and what role it performs; or</li> <li>(b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.</li> </ul>	No	<p>Spectur does not currently have an internal audit function. This function is undertaken by relevant staff under the direction of the full Board.</p> <p>Spectur has adopted internal control procedures pursuant to its Risk Management Policy.</p> <p>Spectur's internal controls include the following:</p> <ul style="list-style-type: none"> <li>• Spectur has authorisation limits in place for expenditure and payments;</li> <li>• a Director or senior manager must not approve a payment to themselves or a related party, other than standard salary/directors fees in accordance with their Board approved remuneration;</li> <li>• Spectur prepares cash flow forecasts which include materiality thresholds and which are regularly reviewed; and</li> <li>• Spectur regularly reviews its other financial materiality thresholds.</li> </ul> <p>The Board and senior management are charged with evaluating and considering improvements to Spectur's risk management and internal control processes on an ongoing basis.</p> <p>The Board considers that an internal audit function is not currently necessary given the current size and scope of Spectur's operations.</p> <p>As Spectur's operations grow and evolve, the Board will reconsider the appropriateness of adopting an internal audit function.</p>

# SPECTUR LIMITED

## CORPORATE GOVERNANCE STATEMENT (continued)

ASX Principle and Recommendation	Compliance (Yes/No)	Explanation
<b>Recommendation 7.4</b> A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.	Yes	<p>Spectur's primary activity is the sale and distribution of security surveillance products and services. These activities do not expose Spectur to any particular economic, environmental or social sustainability risks not faced by all other participants in an open economy.</p> <p>The Board will consider on an on-going basis whether Spectur has any particular exposure to material economic, environmental and social sustainability risks and, if identified, Spectur will include details in its annual report.</p>
<b>Principal 8: Remunerate fairly and responsibly</b>		
<b>Recommendation 8.1</b> The board of a listed entity should: <ul style="list-style-type: none"> <li>(a) have a remuneration committee which: <ul style="list-style-type: none"> <li>(1) has at least three members, a majority of whom are independent directors; and</li> <li>(2) is chaired by an independent director, and disclose: <ul style="list-style-type: none"> <li>(3) the charter of the committee;</li> <li>(4) the members of the committee; and</li> <li>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</li> </ul> </li> </ul> </li> <li>(b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.</li> </ul>	Yes	<p>Spectur has established a separate remuneration committee.</p> <p>The remuneration committee has 3 members, two of which are independent directors.</p> <p>Members of the Remuneration committee are:</p> <p>Chairman – Steve Bodeker  Member – Andrew Hagen  Member and Secretary – Suzie Foreman</p> <p>The Chairman of the Committee, Steve Bodeker, is an independent director.</p> <p>The number of times the remuneration committee met throughout the year and the individual attendances of the members at those meetings is detailed in the Remuneration Report to the Annual Financial Report. Spectur has set out the remuneration paid or provided to Directors and senior executives annually in the remuneration report contained within this Annual Report to Shareholders.</p> <p>The remuneration committee proposes and the Board approves, all compensation arrangements for Directors. It is also responsible for setting performance criteria, performance indicators, share option schemes, incentive performance schemes, superannuation entitlements, retirement and termination entitlements and professional indemnity and liability insurance cover.</p> <p>The Remuneration Policy Charter is available on Spectur's website.</p>

# SPECTUR LIMITED

## CORPORATE GOVERNANCE STATEMENT (continued)

ASX Principle and Recommendation	Compliance (Yes/No)	Explanation
<b>Recommendation 8.2</b> A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.	Yes	Spectur's policies and practices regarding the remuneration of Executive and Non-Executive Directors and other senior management are set out in the Remuneration Report contained in this Annual Report for each financial year.
<b>Recommendation 8.3</b> A listed entity which has an equity-based remuneration scheme should: <p>(a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and</p> <p>(b) disclose that policy or a summary of it.</p>	Yes	<p>Spectur has adopted an Employee Incentive Plan. In accordance with Spectur's Securities Trading Policy, the plan does not allow participants to enter transactions that would limit their economic risk under the scheme.</p> <p>Spectur's Securities Trading Policy sets out the circumstances in which the Directors, executives, employees, contractors, consultants and advisors (<b>Designated Persons</b>) are prohibited from dealing in Spectur's Securities.</p> <p>The policy provides that where a Designated Person is entitled to equity-based remuneration arrangements, that Designated Person must not at any time enter into a transaction (e.g. writing a call option) that operates or is intended to operate to limit the economic risk of holdings of unvested Spectur Securities or vested Spectur Securities which are subject to a holding lock.</p> <p>The Securities Trading Policy is available on Spectur's website.</p>

# SPECTUR LIMITED

## ADDITIONAL SECURITIES INFORMATION

### SHAREHOLDER INFORMATION

The security holder information set out below was applicable as at 3 August 2018.  
There are two classes of quoted securities, being fully paid ordinary shares and options.

#### 1) Quoted Securities – (i) Fully Paid Ordinary Shares

##### a) Distribution of Security Number

Category (Size of holding)	Ordinary Shares	
	Shareholders	Shares
1 – 1,000	20	1,422
1,001 – 5,000	110	326,401
5,001 – 10,000	97	792,979
10,001 – 100,000	432	16,454,888
100,001 and over	88	31,424,335
<b>Total</b>	<b>747</b>	<b>49,000,025</b>

There are 747 holders of ordinary shares. Each shareholder is entitled to one vote per share held.

##### b) Marketable parcel

There are no shareholders with less than a marketable parcel (basis price \$0.30).

##### c) Voting rights

On a show of hands every person present who is a member or a proxy, attorney or representative of a member has one vote and upon a poll every person present who is a member or a proxy, attorney or representative of a member shall have one vote for each share held

##### d) Substantial Shareholders

There were two substantial shareholder listed on the Companies register as at 3 August 2018, being

- Gillian Woodford who is the trustee for <The Woodford Family A/C> and <Dewcorp Superannuation A/C>, holding a combined 3,000,000 fully paid ordinary shares, being 6.10% of the fully paid ordinary shares on issue.
- Paul Kehoe who held a relevant interest under s608(1)(b) and (c) of the Corporations Act 2001 as, the power to exercise, or control the exercise of a right or vote, or dispose securities in PABASA PTY LTD <KEHOE FAMILY SUPER A/C> and BASAPA PTY LTD <KEHOE FAMILY A/C> with a combined holding of 3,042,543 fully paid ordinary shares, being 6.21% of the fully paid ordinary share capital on issue.

##### e) On market buy-back

There is no on-market buy-back scheme in operation for the company's quoted shares or quoted options.

# SPECTUR LIMITED

## ADDITIONAL SECURITIES INFORMATION (continued)

### SHAREHOLDER INFORMATION (continued)

#### f) Top 20 security holders

The names of the twenty largest holders of each class of quoted equity security, being fully paid ordinary shares, the number of equity security each holds and the percentage of capital each holds is as follows:

Number	Holder Name	Holding	% Held
1	GILLIAN WOODFORD <DEWCORP SUPERANNUATION A/C>	2,450,000	5.00%
2	CHARLES RICHARD WALLACE WILKINS	1,592,500	3.25%
3	PETER WILLIAM HOLTON & SARAH JANE FRANCES HOLTON <HOLTON FAMILY S/F A/C>	1,589,444	3.24%
4	BASAPA PTY LTD <KEHOE FAMILY A/C>	1,562,543	3.19%
5	MR PETER ANTHONY	1,500,000	3.06%
6	MR LEE NICOLA JOHN RINALDI & MRS CAROL ANGUS RINALDI <LEECA SUPER FUND A/C>	1,185,000	2.42%
7	PABASA PTY LTD <KEHOE FAMILY SUPER A/C>	1,125,000	2.30%
8	OLDVIEW ENTERPRISES PTY LTD	1,109,082	2.26%
9	DRP 2006 SUPER PTY LTD	805,890	1.64%
10	LONHRO (WA) PTY LTD	783,372	1.60%
11	MDC FUNDS PTY LTD	740,000	1.51%
12	SOVRAN RESOURCES PTY LTD	630,000	1.29%
13	JUDITH VAN ROSS	551,501	1.13%
14	GILLIAN WOODFORD <THE WOODFORD FAMILY A/C>	550,000	1.12%
15	STOW COURT PTY LTD <RM & JP BOLTON S/F A/C>	537,001	1.10%
16	TRI BUDIHASTUTI	500,000	1.02%
17	COBBLESTONES CORPORATE PTY LTD	465,000	0.95%
18	CITICORP NOMINEES PTY LIMITED	457,870	0.93%
19	LEE MILLER INVESTMENTS PTY LTD <DM & L INVESTMENT A/C>	425,000	0.87%
20	RISBEC CORPORATION PTY LTD	396,501	0.81%
	<b>Total</b>	<b>18,955,704</b>	<b>38.68%</b>
	<b>Total issued capital – Fully paid ordinary shares</b>	<b>49,000,025</b>	<b>100.00%</b>

# SPECTUR LIMITED

## ADDITIONAL SECURITIES INFORMATION (continued)

### SHAREHOLDER INFORMATION (continued)

#### 1) Quoted Securities – (ii) Options exercisable at \$0.20 on or before 31 December 2020.

##### a) Distribution of Security Number

Category (Size of holding)	Option holders	Options - \$0.20 Options
1 – 1,000	5	2,648
1,001 – 5,000	135	382,029
5,001 – 10,000	29	225,964
10,001 – 100,000	81	3,404,292
100,001 and over	10	3,060,000
<b>Total</b>	<b>260</b>	<b>7,074,933</b>

There are 260 holders of quoted options. Option holders are not entitled to vote.

##### b) Marketable parcel

There are no shareholders with less than a marketable parcel (basis price \$0.30).

##### c) Substantial Optionholders

Refer to table below:

##### d) Top 20 security holders

The names of the twenty largest holders of each class of quoted equity security, being \$0.20 options, the number of equity security each holds and the percentage of capital each holds is as follows:

Position	Holder Name	Holding	% IC
1	BASAPA PTY LTD <KEHOE FAMILY A/C>	875,000	12.37%
2	MR PETER ANTHONY	727,875	10.29%
3	MR MICHAEL JAMES BUNN	260,000	3.67%
4	NICHOLAS LE MARSHALL	250,000	3.53%
5	GARY LESLIE SARGEANT	200,000	2.83%
5	MR ZEFNY MOHD IDRIS	200,000	2.83%
6	MS LAYLA ANNA PAULINE MCNAUGHTON	180,000	2.54%
7	MR COLIN PRIESTLEY BELTON & MR CRAIG DOUGLAS PENTLAND <C2 UNIT A/C>	125,000	1.77%
7	MR GREGORY JOHN BROWN	125,000	1.77%
8	FRY SUPER PTY LTD <INXS SUPER FUND A/C>	120,000	1.70%
9	MR EDWARD MAX DOZAK	102,875	1.45%
9	MS ROSEMARY PATERSON	102,875	1.45%
10	SOVRAN RESOURCES PTY LTD	100,000	1.41%
10	VADLAMUDI (MEDICAL) PTY LTD <RAMINENI SUPER FUND A/C>	100,000	1.41%
10	MS CAROLINE SARAH LYTHE & MR BARRI MALCOLM LYTHE	100,000	1.41%
10	MR JOHN ANDERSON & MRS LYN ANDERSON	100,000	1.41%

# SPECTUR LIMITED

## ADDITIONAL SECURITIES INFORMATION (continued)

### SHAREHOLDER INFORMATION (continued)

#### d) Top 20 security holders (continued)

Position	Holder Name	Holding	% IC
10	MRS NICOLA SUZANNE BADGER	100,000	1.41%
10	ANDREW EDWARD SLOAN	100,000	1.41%
10	MR MARCUS ASHLEY ROBB	100,000	1.41%
10	MR SAI KUMAR RAMINENI & DR SARADA VADLAMUDI RAMINENI	100,000	1.41%
10	LEE MILLER INVESTMENTS PTY LTD <DM & L INVESTMENT A/C>	100,000	1.41%
10	JEFFREY WAYNE MARRINER	100,000	1.41%
11	MR DUNCAN WILLIAM JONES	88,625	1.25%
12	BHAVDIP SANGHAVI	80,000	1.13%
12	PROSPERION WEALTH MANAGEMENT PTY LTD <INVESTMENT A/C>	80,000	1.13%
13	GREEN MOUNTAINS INVESTMENTS LTD	75,000	1.06%
14	HUA HIN CAPITAL PTY LTD <CR BOLTON SUPER FUND A/C>	65,375	0.92%
15	MR DARREN JOHN COOPER	63,889	0.90%
16	MISS ANDREA LOUISE MCINTOSH	60,000	0.85%
17	LONHRO (WA) PTY LTD	55,931	0.79%
18	ALSTONVILLE NOMINEES PTY LTD <S J LACEY FAMILY A/C>	55,906	0.79%
19	RISBEC CORPORATION PTY LTD	52,875	0.75%
19	STOW COURT PTY LTD <RM & JP BOLTON S/F A/C>	52,875	0.75%
19	MR PETER JOHN FERRIS	52,875	0.75%
20	MRS JANNI MAREI LUCIA	50,000	0.71%
20	LACHLAN HENRY GEORGE LAWSON	50,000	0.71%
20	MDC FUNDS PTY LTD	50,000	0.71%
20	MR BRETT GRAEME WALKER	50,000	0.71%
20	REDIMA PTY LTD <THE REDIMA A/C>	50,000	0.71%
	<b>Total</b>	<b>5,301,976</b>	<b>76.12%</b>
	<b>Total listed options</b>	<b>7,074,933</b>	<b>100.00%</b>

#### 2) Unquoted Securities – Company Options and Performance Shares

There are two classes of unquoted securities, being Company Options and Performance Rights.

##### 2A) Company Options

###### a) Distribution of unquoted Options holder numbers

Category (Size of holding)	Ordinary Options	
	Option holders	Options
1 – 1,000	-	-
1,001 – 5,000	-	-
5,001 – 10,000	3	30,000
10,001 – 100,000	19	1,221,250
100,001 and over	14	10,173,750
<b>Total</b>	<b>36</b>	<b>11,425,000</b>



# SPECTUR LIMITED

## ADDITIONAL SECURITIES INFORMATION (continued)

### SHAREHOLDER INFORMATION (continued)

#### 2A) Company Options (continued)

There are 36 holders of Unlisted Company Options.

##### b) Voting rights

Unlisted options do not entitle the holder to any voting rights.

##### c) Holders of more than 20% of unquoted options.

There are no holders, holding more than 20% of the unquoted options on issue.

#### 2B) Performance Rights (Tranche 1, Tranche 2 & Tranche 3)

##### a) Distribution of unquoted Performance Rights (Tranche 1, Tranche 2 & Tranche 3)

Category (Size of holding)	Performance Rights Tranche 1		Performance Rights Tranche 2		Performance Rights Tranche 3	
	Shareholders	Shares	Shareholders	Shares	Shareholders	Shares
100,001 and over	5	7,000,000	5	7,000,000	5	7,000,000

There are 5 holders of Performance Rights (Tranche 1, Tranche 2, and Tranche 3).

#### 2C) Performance Rights (Tranche A, Tranche B & Tranche C)

##### a) Distribution of unquoted Performance Rights (Tranche A, Tranche B & Tranche C)

Category (Size of holding)	Performance Rights Tranche A		Performance Rights Tranche B		Performance Rights Tranche C	
	Shareholders	Shares	Shareholders	Shares	Shareholders	Shares
100,001 and over	1	166,667	1	166,667	1	166,666

There is 1 holder of Performance Rights (Tranche A, Tranche B, and Tranche C).

##### b) Voting rights

Unlisted Performance Rights (Tranche 1, Tranche 2, and Tranche 3) do not entitle the holder to any voting rights.

##### c) Holders of more than 20% of unquoted Performance Rights (Tranche 1, Tranche 2, Tranche 3)

- Performance Rights Tranche 1: Richard Wilkins owns 3,333,333 rights which is equal to 47.62% of the Performance Rights Tranche 1 on issue. Peter Holton also owns 3,333,333 rights which is equal to 47.62% of the Performance Rights Tranche 1 on issue.
- Performance Rights Tranche 2: Richard Wilkins owns 3,333,334 rights which is equal to 47.62% of the Performance Rights Tranche 2 on issue. Peter Holton also owns 3,333,333 rights which is equal to 47.62% of the Performance Rights Tranche 2 on issue.
- Performance Rights Tranche 3: Richard Wilkins owns 3,333,333 rights which is equal to 47.62% of the Performance Rights Tranche 3 on issue. Peter Holton also owns 3,333,334 rights which is equal to 47.62% of the Performance Rights Tranche 3 on issue.

# SPECTUR LIMITED

## ADDITIONAL SECURITIES INFORMATION (continued)

### OTHER ASX INFORMATION

#### 1. Corporate Governance

A statement disclosing the extent to which the Company has followed the best practice recommendations set by the ASX Corporate Governance Council during the year is contained on page 54.

This corporate governance statement is current as at the Company's reporting date and has been approved by the Board of the Company.

#### 2. Stock exchange on which the Company's securities are quoted:

The Company's listed equity securities are quoted on the Australian Stock Exchange.

#### 3. Review of Operations

A review of operations is contained in the Directors' Report.

#### 4. Consistency with business objectives - ASX Listing Rule 4.10.19

In accordance with Listing Rule 4.10.19, the Company states that it has used the cash and assets in a form readily convertible to cash that it had at the time of admission in a way consistent with its business objectives. The business objective is primarily to develop, manufacture and sell Remote 3G/4G based security camera networks and associated products and services.

The Company believes it has used its cash in a consistent manner to which was disclosed under the prospectus dated 19 June 2017.

#### 5. Restricted Securities

Class	Number Escrowed	Date Escrow Period Ends
<b>Fully Paid Ordinary Shares (FPOS) comprising:</b>		
3,661,957 FPOS issued on various dates	3,661,957	28/07/2019
<b>Total FPOS escrowed</b>	<b>3,661,957</b>	<b>n/a</b>
<b>Unquoted Options (all options are exercisable at \$0.20 on or before 31/12/2020) comprising:</b>		
8,705,000 options issued on various dates	8,705,000	28/07/2019
<b>Total Options escrowed</b>	<b>8,705,000</b>	<b>n/a</b>
<b>Performance Rights (PR) comprising:</b>		
7,000,000 PR Tranche 1 issued on various dates	7,000,000	28/07/2019
7,000,000 PR Tranche 2 issued on various dates	7,000,000	28/07/2019
7,000,000 PR Tranche 3 issued on various dates	7,000,000	28/07/2019
<b>Total Performance Rights escrowed</b>	<b>21,000,000</b>	<b>n/a</b>