Spectur Limited

Appendix 4E

Preliminary Financial Report- For the year ended 30 June 2020
(Previous corresponding period: Year ended 30 June 2019)

Results for announcement to the market

1. Results for announcement to the market

	30 June 2020 Current Year $	*Percentage Change Up /(Down)* %	Change Up /(Down) $	30 June 2019 Previous Corresponding Year $
Revenue from ordinary activities	4,801,655	(0.3%)	(16,475)	4,818,130
Loss from ordinary activities after tax	(1,622,698)	38%	985,469	(2,608,167)
Net Loss for the period attributable to members	(1,622,698)	38%	985,469	(2,608,167)

Commentary on the above figures is included in the attached Annual Financial Report for the year ended 30 June 2020.

2. Statement of Profit and Loss and other comprehensive income
Refer to attached Annual Financial Report – 30 June 2020.

3. Statement of financial position
Refer to attached Annual Financial Report – 30 June 2020.

4. Statement of cash flows
Refer to attached Annual Financial Report – 30 June 2020.

5. Statement of changes in equity / retained earnings
Refer to attached Annual Financial Report – 30 June 2020.

6. Dividend payments
Refer to attached Annual Financial Report – 30 June 2020.
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 2020.

8. Net tangible assets per security

	Current Year (30 June 2020)	Previous Corresponding Year (30 June 2019)
Net Tangible Assets per ordinary share	2.58 cents	3.68 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 2020 has been audit reviewed and is not subject to dispute or qualification.

Spectur Limited

ACN 140 151 579

Annual Financial Report
30 June 2020

Content

Directors
Mr Darren John Cooper
Dr Gerard John Dyson
Mrs Bilyana Smith

Company Secretary
Mrs Suzie Jayne Foreman

Registered Address and Principal Place of Business
12 Fargo Way,
Welshpool, WA 6106
Telephone: 1300 802 960

Solicitors
Blackwall Legal LLP
Level 26, 140 St Georges Terrace,
Perth, Western Australia 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

GPO Box 5193, Sydney, NSW 2001
Telephone: 1300 288 664 (within Australia)
Email: hello@automic.com.au

Chairman's Review

Dear Spectur Shareholder,

Once again, the past financial year has been one of change and growth for Spectur.

Effective 1 July 2019, Gerard Dyson assumed the role of Managing Director from previous MD Peter Holton, who remained with the business for a time to ensure an effective transition. Peter played a pivotal role in the early growth and development of Spectur over many years, and the Board thanks him on behalf of all shareholders for his contribution and service.

The Company set about the twin tasks of commencing development of the Company's new technology platform (later to be named "STA6"), and pivoting the business from an inbound sales model mostly servicing the building and construction sectors, to an outbound sales model targeting government, utilities and infrastructure.

In September 2019 the Board was bolstered with the appointment of Bilyana Smith as a Sydney-based Non-Executive Director. Bilyana's background in strategic marketing and technology commercialisation have brought considerable benefit to the Company's evolution and growth.

Of course, in early calendar 2020 the impacts of the COVID-19 pandemic were felt and Spectur was not immune, albeit our classification as an "essential service" has allowed us to continue operating and installing systems for customers.

On 31 May 2020 Mr Stephen Bodeker ceased as a Non-Executive Director of Spectur, and on behalf of my fellow Directors and all Shareholders I thank Stephen for his valuable contribution and assistance since his appointment in June 2017.

Late in 2020 we finalised our exciting new "STA6" technology platform ready for market roll-out, and announced a partnership with CSIRO and a distribution agreement with a New Zealand organisation, Deus Ex. To bolster the Company's balance sheet and provide funds for further technology development and growth we launched a capital raising via a combined Placement and a Share Purchase Plan. Both were well supported, raising a total of $1.5 million and we thank Shareholders for their support.

Since my last letter in last year's Annual Report I have continued building my own shareholding in Spectur, having added a further 1.5 million shares in the Company via a combination of on market purchases, off market acquisitions (from founding director Richard Wilkins), placement and SPP participations on the same terms as participants, and via accepting shares in lieu of cash remuneration. Similarly, Managing Director Gerard Dyson has added a further 1.27 million shares to his own holdings since August last year, separate to his Performance Rights arrangement.

COVID-19 continues to have a range of impacts – both positive and negative – on Spectur and its customers and target markets, and there remains many uncertainties in our operating environment. Nevertheless, we have a sound financial position, a robust strategy, a capable management team, an exciting new technology platform and a much-broadened "arc of opportunity" to pursue over the year ahead.

Finally, I'd like to thank my fellow Board Member Bilyana Smith, our Managing Director, our Company Secretary and the whole Spectur team for their efforts over FY20, and I look forward to working with them all over an exciting year ahead.

Darren Cooper
Non-Executive Board Chair

Managing Director's Review

Dear Fellow Shareholder,

Financial Year 2020 (**FY20**) has been a dynamic year for Spectur. We have made tremendous progress on delivering our strategy, have achieved meaningful financial milestones and have positioned the Company with multiple new growth avenues to pursue in Financial Year 2021 (**FY21**).

Strategy progress
In FY20, we introduced three key strategic pillars intended to underpin future growth of the Company:

1. Build our outbound sales organisation and improve performance of existing inbound sales and marketing.
2. Build our customer outreach program to generate insights that can feed our research & development team, marketing and sales groups.
3. Develop our research & development plans to narrow our choices for the next phases of technological expansion.

It is pleasing to confirm that we made great progress against all three objectives.

In the past 12 months we have recruited an additional four exceptional sales leaders located in Sydney, Melbourne and Perth. These candidates were selected for their experience and talent in outbound sales, industry background in either Government and Utilities or Building and Construction, and strong technology pedigree. Spectur has also onboarded a new digital marketing partner, suitable for the expanded business-to-business offering that the new technology platform offers. Progress is well advanced with a new website, which should be complete in September 2020.

Early in FY20, we designed, resourced and implemented a customer outreach program designed to regularly poll our existing customers to understand their experience with Spectur solutions, thoughts about new applications and areas for additional development. This program has been extended across all customers and been instrumental in guiding the technology development that underpins the new STA6 platform, shaping the sales and marketing approach and contributing to a strong Net Promoter Score that has consistently reported between 50 and 80 throughout the year.

The cornerstone of our technology advantage for the next few years will be the STA6 platform. The STA6, (a Sensing, Thinking and Acting platform) is the genesis of extended market testing and exploration of technology suitable to bring this to life. This platform was conceived, developed, and brought to market within FY20, with first systems sold in June 2020 and installed in August. An expandable, future-proof platform able to support edge and cloud based AI and processing (the Spectur "fog") as well as an extended (up to 20km) array of remote sensors and switching, the STA6 is truly a unique offering.

Our evolving vision, strategy and plans
FY21 marks the year we evolve from a solar security company to a technology company that brings the power of autonomous sensing, thinking and action from the wired environment to the outdoors. This evolution in purpose brings with it a significantly larger market potential and opportunity for growth for Spectur. To exploit this potential and accelerate growth back to pre-FY20 levels, the following growth themes will underpin the strategy for FY21:

1. Expanding product lines

The STA6 platform has multiple variants and will join the existing HD5, creating a tiered and progressively more capable system. These core platforms will be supplemented with an expanding range of ancillary devices, including additional visual AI based applications, remote sensors, lighting, switching and other products. This growing product line and the associated increased range of usage cases will lead to greater share of wallet with existing customers and opportunities to gain new customers in our target sectors.

2. Gaining entry into major projects

The new technology platform has also extended into our software ecosystem. Unique to Spectur, existing HD5s as well as the new STA6 platform will be able to be integrated into other wired camera Video Management Systems (VMS) via an ONVIF compliant interface. This means that Spectur technology can now be used as part of broader solutions and is a viable cornerstone or element of major smart city, parking or other projects. Bidding has already commenced for some of these larger projects and it is expected that success in this space will lead to larger orders.

3. Adding sales channels via technology partners, security and system integrators, increasing geographic presence

The STA6 platform combines increased capability and flexibility with greater simplicity of installation and configuration. Now suitable for deployment by third parties, Spectur expects to expand the current limited range of approved resellers to facilitate access to new geographies and markets with low incremental overhead costs.

4. Improving sales through enhanced marketing

Given the transformation in the vision for Spectur and associated applications for our technology, the prior (current) website was no longer considered suitable. It was intended that the new website would be ready for launch in July 2020, along with the STA6 platform; however, careful cost control in response to the outbreak of COVID-19 meant a delay in this project. It is expected that the new website, combined with a more sophisticated and expanded digital and other marketing approach will also lead to incremental growth for Spectur in FY21.

Impact of COVID-19
Spectur was impacted in different ways by the arrival of COVID-19. Whilst supply chains were uninterrupted due to local manufacture, lockdowns had an impact on outbound sales and customers in our target sectors were variably impacted. Greatest impact was felt in the capital expenditure on new hardware, further exacerbated by some delayed purchases as customers awaited the new STA6 technology. This is most visible in the reduction in hardware sales revenue from $2.27M in FY19 to $1.50M in FY20, the impact of which was felt in H2.

In response, Spectur took early and aggressive action to reduce discretionary short and longer-term costs without impacting core capabilities and strategic initiatives. To maintain capability for the recovery, an across the board and tiered reduction in salaries was implemented to reduce payroll costs as opposed to a reduction in human resources. Additional COVID-19 governmental assistance totalling $338k was also recognised during the reporting period, received as Job keeper, cashflow boost and payroll tax rebates.

Financial Performance
Spectur has continued to improve its financial performance in FY20. Key milestones have included:

- Two of the first ever positive cashflow quarters (including Q4, in the peak of COVID-19)
- Substantial improvement in EBITDA from ($2.59M) to ($1.45M);
- Adjusted EBITDA (from ($2.28M) to ($1.47M) when excluding the effects of any government COVID-19 relief payments which totalled $338k during the period). Adjusted EBITDA calculation refer to page 17.
- Improvement in Gross Margin percentage from 59% to 64%

We have demonstrated control of the business and that, even when revenues decline rapidly (in response to reduced Q4 hardware sales associated with COVID-19), we are able to control costs and bring the business to cashflow neutrality. The solid base of higher margin recurring revenue and rental revenue has supported the business and forms a strong foundation for the future. This improved performance has also been accompanied with a growing and increasingly capable sales team and technology platform. It is an ideal platform for growth.

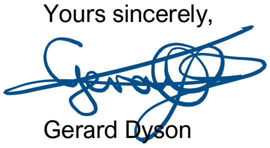
The financial position of Spectur was further strengthened during the year, with a closing cash balance of greater than $1.6m at year end. Combined with a placement and Share Purchase Plan (**SPP**) raising approximately $1.5 million in July and August 2020, Spectur is well capitalised to execute its growth plans and weather market swings as needed.

Outlook
The STA6 technology platform underpins the growth plans for Spectur. Noting a softer H2 compared with H1, which has continued into July 2020, a broader range of growth initiatives is forecast to deliver revenue which boosts Spectur's growth trajectory.

Following the recent completion of the placement and SPP, it is expected that a portion of these additional funds will be deployed during FY21 to accelerate growth initiatives. This will lead to a short to medium term increase in expenses, with a lagging increase in revenues. Growth investments are intended to create the underlying infrastructure that will drive and support revenues to $20m and beyond in the next few years. Should attractive, synergistic and strategic acquisitions be identified along this journey, these may be cumulative to the proposed organic growth trajectory.

It is an exciting time to be at Spectur. We have built the foundations for scale up and have moved well beyond start up. We have a strong, stable and forward-thinking shareholder base, and I look forward to your support as we execute our plans over the year ahead. We expect FY21 to be a company-defining year.

Yours sincerely,



Gerard Dyson
Managing Director

Directors' Report

The Board of Directors of Spectur Limited present their report on Spectur Limited ("Company" or "Spectur") for the year ended 30 June 2020.

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.

Darren John Cooper	Non-Executive Chairman	
Gerard John Dyson	Managing Director	Appointed 1 July 2019
Bilyana Smith	Non-Executive Director	Appointed 1 October 2019
Stephen Paul Bodeker	Non-Executive Director	Resigned 31 May 2020
Andrew Mark Hagen	Non-Executive Director	Retired 22 October 2019
Suzie Jayne Foreman	Company Secretary	

Current Directors and Officers

Mr Darren John Cooper	**Independent Non-Executive Chairman**
Qualifications	B.Bus (Curtin), Masters of Applied Finance (Macquarie), Australian Institute of Company Directors graduate.
Length of Service	1 year, 10 months
Experience	Darren Cooper spent in excess of 20 years with various companies in management and senior executive roles. Darren now holds a number of Board and Strategic Advisory roles across a range of industries including property, construction, labour hire, professional services and telecommunications. He is also an investor in and director of a range of technology & media-based start-up businesses.
Special Responsibilities	Chairman of the Remuneration and Nomination Committee

Gerard John Dyson	**Managing Director**
Qualifications	B.Eng (Hons, Civil), B.Com (Mgmt, Mktg), PhD (Geotechnical Engineering) from the University of Western Australia, Adv Dip Bus from Federation University, Graduate of the Australian Institute of Company Directors.
Length of Service	1 year as Managing Director
Experience	Gerard Dyson is a seasoned Managing Director and prior to joining Spectur held the role of Executive Vice President and Regional Managing Director, Americas for Advisian, a global consulting and advisory firm of Worley Limited (ASX:WOR), from 2015 to 2018. Dr Dyson has held a number of global, regional and local roles in Australia, USA, Canada, Latin America, Asia and the Middle East, including as Group Managing Director, Infrastructure in 2014 to 2015 and Director of Consulting, Australia & New Zealand from 2011 to 2014. Dr Dyson has also led sales teams, developed and implemented strategy and has strong experience in infrastructure, environment, mining, power and chemicals sectors.
Special Responsibilities	N/A

Ms Bilyana Smith	**Independent Non-Executive Director**
Qualifications	MBA from University of Sydney, Bachelor of Architecture, Australian Institute of Company Directors graduate (GAICD).
Length of Service	<1 year
Experience	Mrs Smith brings to the Spectur board extensive international experience as a company director, CEO and strategic advisor in the technology, property development and media industries. Mrs Smith is currently a Director of Fishburners Ltd, Australia's leading technology startup hub. She runs her own advisory practice specialising in business strategy, with clients in technology, media, property/development and healthcare sectors. Previously CEO of Emerystudio, Executive Director with Clemenger Group Ltd, and Director of Marketing and Communications at Barangaroo Delivery Authority. She lives in Sydney.
Special Responsibilities	Remuneration and Nomination Committee member

Directorships of other listed companies

Directorships of other listed companies held by directors currently and in the 3 years immediately before the end of the financial year are as follows:

Name	Company	Period of directorship
Mr Darren John Cooper	GO2 People Limited	28 July 2017 - date
Dr Gerard John Dyson	-	-
Ms Bilyana Smith	-	-

Company Secretary for the reporting period

Mrs 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, governance and enterprise risk management, financial reporting, audit, and company secretarial work.

Ms Foreman held the position of Company Secretary and Chief Financial Officer for Jameson Resources Ltd (ASX:JAL), for 11 years until 25 September 2019, 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 sensing, thinking and acting solutions powered by solar and using the IoT [Internet of Things], camera and cloud-based technology.

Operating and Financial Review

Results of Operations

For the year ended 30 June 2020, Spectur reported total revenue of $4.8M, consistent with the corresponding prior year revenue of $4.8M.

Gross margins increased to 63% in FY2020 from 59% in the prior year, as the Company worked to improve efficiencies and reduce input costs. Earnings / Loss before Interest, Tax and Depreciation and Amortisation (EBITDA) fell to ($1.45M) from the prior period loss of ($2.59M). Adjusted EBITDA excludes share-based compensation, impairments, write downs, one of gains / losses, non-cash expenses and one-off income / expenses, (including any government COVID-19 relief payments). Adjusted EBITDA fell from ($2.28M) to (1.47M).

Spectur's financial position remains strong with minimal debt of $94k (excluding office lease liabilities) and a cash balance of $1.6M at year end (2019: $1.3M). Cash assets were strengthened by $1.5M of SPP and placement funds received post year end. The comprehensive loss for the year ended 30 June 2020, after providing for income tax, amounted to $1.6M (2019: $2.6M).

Dividends

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

Significant events during the year

Gerard Dyson was appointed as the Managing Director effective 1 July 2019.

On 23 August 2019, Spectur concluded the settlement of a two-tranche placement raising $1.59 million before costs.

During Q1, the Board reviewed its composition and considered the requirement for industry specific, strategic, commercial and leadership skills with a particular focus on marketing. A recruitment / selection was undertaken by the Nomination Committee and on 1 October 2019 Mrs Bilyana Smith was appointed to the role.

Mrs Smith fulfilled the requirements of the role, in particular bringing:

- Demonstrated industry experience in technology and innovation with particular focus on early start-up and scaleup organisations;
- Experience in corporate strategy, marketing, communications and strategic growth; and
- East coast-based presence.

Mr Hagen retired from the board by rotation at the Company's AGM on 22 October 2019.

Mr Bodeker stepped down from the board on 31 May 2020.

Employees

The Company had 25 employees as at 30 June 2020 (2019: 20 employees).

Loss per share

	30 June 2020	30 June 2019
Basic loss per share (cents per share)	(2.25)	(4.82)

Subsequent events after the reporting date

On 16 July 2020 the Company completed a placement raising $567,248 before costs, via the issue of 11,344,960 fully paid ordinary shares at $0.05 per share to existing and new shareholders who qualified as sophisticated or professional investors.

Subsequently, the Company conducted a Share Purchase Plan (**SPP**) to raise a target of $567,248 through the issue of an additional 11,344,960 shares at the placement price of $0.05 per share, with the capacity to accept oversubscriptions for up to a further 7,563,307 shares to raise an additional $378,165.

The SPP closed on 7 August 2020 significantly oversubscribed and the Board resolved to accept applications up to the oversubscription amount of $945,413, and accordingly 18,908,267 new shares were issued under the SPP.

The net proceeds of the placement and parallel SPP will be used to strengthen the financial position to fund growth initiatives. These include accelerating the rollout of the Company's scalable next-generation STA6 technology platform, driving sales through geographic and channel partnerships, expansion of strategic marketing activities and assessing potential acquisitions.

Alto Capital (Lead Manager) is to receive a success fee of 1,000,000 Spectur Options exercisable at $0.10 on or before 30 June 2023, on successfully raising in excess of $1.1 million (before costs) via the Placement and SPP. The Options will be subject to shareholder approval to be sought at Spectur's Annual General Meeting.

The Directors are not aware of any other matter or circumstance that has arisen since 30 June 2020 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.

Indemnifications 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	Directors' meetings		Remuneration Committee meetings	
FY20	No. eligible to attend	No. attended	No. eligible to attend	No. attended
Darren Cooper	12	12	4	4
Bilyana Smith	9	9	1	1
Gerard Dyson	12	12	-	-
Stephen Bodeker	11	10	3	3
Andrew Hagen	4	4	1	1

In addition to the above meetings, the board executed 3 circular resolutions during the year.

Securities on issue

Total shares, options and performance rights 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
105,886,292	22,419,933	2,646,264

Directors' holdings of shares, options 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	11,094,933	$0.20	31 December 2020
Unlisted	9,175,000	$0.20	31 December 2020
Unlisted	2,000,000	$0.50	31 December 2020
Unlisted	150,000	$0.37	31 December 2020
Total	**22,419,933**		

There were no shares issued during the year as a result of an exercise of Options.

Performance Rights

As at the date of this report, the following performance rights (**PRs**) in the Company were on issue.

Type	Date of Expiry	No. of Performance Rights on Issue	Vesting Conditions
Tranche 3	31 December in the year the PRs vest.	333,334 (i)	The Total Revenue for FY20 being at least $7.0 million, which is subject to the lodgement of the FY20 audited financial report.
Employee LTI FY22	12 months from reporting of the Company's audited FY22 financial statements	2,312,930	Earnings per share (75%) and total shareholder return (25%) weighted targets.

(i) These performance rights will not vest as performance conditions will not be met. They will be cancelled following the reporting of FY20 results.

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 last twelve months have laid a foundation for growth based around our new STA6 technology platform. This platform, and the expanded and expandable value that it can create for customers, brings with it additional revenue growth opportunities that were previously inaccessible. The Company will seek to address this in a number of ways, by including:

- Expanding product lines (the STA6 and other new products are additional to the existing HD5 platform).
- Gaining entry into major projects (the STA6 is ONVIF compliant and designed to easily integrate with 3rd party software and sensors).
- Adding sales channels via technology partners, security and system integrators (the STA6 is simultaneously able to solve more complex problems, yet simpler to install, set up and maintain, enabling sales via resellers. This provides a low overhead cost option for expanding the revenues and geographic footprint of Spectur).

- Expanding and improving the range of solutions and applications for existing customers (the STA6 is an expandable platform with a growing range of internally and externally developed applications and sensors – creating more value from the same core hardware).
- Improving sales through enhanced marketing (a new website, enhanced digital marketing approach and updated sales collateral to support the additional value that the STA6 and accessories can create will drive increased inbound and outbound sales, customer retention and brand awareness).

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. Mrs Bilyana Smith was appointed to the role of non-executive director and Mrs Suzie Foreman was employed as Company Secretary during the year. Further information is set out in the Corporate Governance statement detailed on the Company's website.

Non-audit services

No non-audit services were provided by the Company's auditor, HLB Mann Judd during the year.

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 23 and forms part of this Directors' report for the year ended 30 June 2020.

Directors interests

Interests in the shares, options and performance rights of the Company and related bodies corporate
The following relevant interests in shares and options and performance rights 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
Darren John Cooper	1,903,879	150,000	-
Bilyana Smith	603,879	-	-
Gerard John Dyson	1,462,179	-	1,607,919
Total	**3,969,937**	**150,000**	**1,607,919**

Remuneration Report (Audited)

Remuneration Report Contents

A. Introduction

B. Remuneration governance

C. Remuneration policy framework

D. Remuneration structure and link to business strategy

E. Executive remuneration framework and overview of incentive plans

F. Link between performance and remuneration outcomes

G. Non-executive Directors remuneration

H. Executive service agreements / remuneration

I. Additional statutory disclosures

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 2020. The information provided in this remuneration report has been audited as required by Section 308(3C) of the Corporations Act 2001.

For the purposes of this report KMP 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. For FY20 it was deemed that only the Managing Director qualified as executive KMP for the purposes of this report.

Key Management Personnel (KMP)

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

	Position	Period of Employment (to present)
Current Directors		
Mr Darren John Cooper	Non-Executive Chairman	Full Term
Mr Gerard John Dyson	Managing Director (Executive)	Full Term
Mrs Bilyana Smith	Non-Executive Director	Appointed 1 October 2019
Previous Directors		
Mr Stephen Paul Bodeker	Non-Executive Director	Resigned 31 May 2020
Mr Andrew Mark Hagen	Non-Executive Director	Resigned 22 October 2019

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 all directors, for the period ended 30 June 2020.

B. Remuneration Governance

<table>
<tr><th colspan="2">Spectur Board</th></tr>
<tr><td colspan="2">Overall responsibility for ensuring Spectur's remuneration strategy is aligned with Company performance and shareholder interests and is equitable for participants.
Reviews, and as appropriate, approves recommendations from the Company's Remuneration and Nomination Committee (RNC).</td></tr>
<tr><th colspan="2">Remuneration and Nomination Committee (RNC)</th></tr>
<tr><td>Monitors, recommends and reports to the Board on:
➢ The remuneration policies and framework;
➢ Non-executive Director remuneration within the fee pool approved by shareholders;
➢ Remuneration for the Managing Director, and equity-based compensation for the leadership team and other key management personnel as recommended by the Managing Director;
➢ Managing Director incentive arrangements;
➢ Board remuneration including terms and conditions of appointment and retirement;
➢ Induction of new non-executive directors and evaluation of board performance.</td><td>The RNC may use independent advisors to provide advice, remuneration benchmarking data and market trend information. No external advisors provided advice or remuneration recommendations for FY20, as defined under section 300A of the Corporations Act.</td></tr>
<tr><th colspan="2">Managing Risk</th></tr>
<tr><td colspan="2">The board retains discretion to adjust STI outcomes.
All variable remuneration is subject to Board approval prior to grant / payment.</td></tr>
</table>

The members of the RNC currently are:

- Chairman – Darren Cooper
- Member – Bilyana Smith
- Secretary – Suzie Foreman

Mr Steve Bodeker resigned from the Board and as a member of the Remuneration and Nomination Committee.

C. 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 solar-powered sensing and cloud-based technology solutions company. The remuneration framework is designed to attract and retain high caliber talent by rewarding them for achievement of goals designed to deliver shareholder value.

<table>
<tr><th colspan="3">Remuneration Policy</th></tr>
<tr><td colspan="3">The Company's remuneration framework has been designed to reward executives and employees fairly and responsibly in accordance with the market in which the Company operates. Remuneration is performance driven, market completive, and aligns with shareholder interests.</td></tr>
<tr><th colspan="3">Remuneration Strategy</th></tr>
<tr><th>Performance Driven</th><th>Market Competitive</th><th>Aligns with Shareholders</th></tr>
<tr><td>Sets demanding levels of expected performance that have a clear linkage to an executive's remuneration.
Rewards are based upon achievement of targets aligned to the Company's business plans and longer-term strategy.
Variable components (short and long term) are driven by challenging targets focused on external and internal measures of financial and non- financial performance.
A proportion of the executive's remuneration is "at risk."</td><td>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 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.
Provides a level of remuneration structure to reflect each executive's respective duties and responsibilities.</td><td>Aligns executive incentive rewards with the creation of value for shareholders through an emphasis on variable remuneration. Incentive plans and performance measures are aligned with the company's success.
Equity participation in long term incentive plan (LTIP) applies to executives and the leadership team of Spectur.</td></tr>
</table>

D. Remuneration Structure

The proportion of fixed remuneration and variable remuneration is established for the Managing Director by the RNC with reference to market comparator data and the scope of the Managing Director's role, and is approved by the Board in accordance with the Remuneration Policy and the provisions of the Short Term Incentive (**STI**) and Long Term Incentive (**LTI**) Plans. These elements are both described in detail below. Non-executive Directors are excluded from participation.

<table>
<tr><th>Fixed Remuneration</th><th colspan="2">Variable Remuneration</th></tr>
<tr><td rowspan="3">Fixed remuneration is made up of base salary, superannuation.
Fixed remuneration is targeted at the remuneration paid to executives of relevant comparable peer group of ASX companies taking into account the executive's role, responsibility, skills and previous experience.</td><td colspan="2">Variable component of executive target remuneration mix allows a greater share of remuneration at risk and subject to performance.</td></tr>
<tr><th>STI (at risk)</th><th>LTI (at Risk)</th></tr>
<tr><td>➢ Cash based payment based upon percentage of base salary.
➢ STI hurdles based upon the achievement of certain stretched specified KPI's during the financial year over which the executive would be able to exert sufficient control to achieve a demonstrated strategic outcome in his role.
➢ The targets can consist of KPI's covering both financial and non-financial measures of performance and may be based on company, individual, business and personal objectives.</td><td>LTI plan in the form of performance rights.
➢ Grants made annually with vesting after three financial years.
➢ Performance hurdles reviewed annually by the Board to align with the Company's strategic plan.
- The hurdles applied to reflect stretched achievement against the Company's long-term strategic goals.
- Shareholder Return tested at the end of 3-year period.</td></tr>
</table>

E. Executive remuneration framework and overview of incentive plans

Variable Remuneration – Short Term Incentive Plan

Short Term Incentive Plan (STIP)	
Aspect	**Plan, Offers and Comments**
Purpose	This element of remuneration aims to provide an incentive for executives to deliver on or outperform annual business plans that will lead to sustainable and superior returns for shareholders.
Measurement period	The Company's financial year (testing performed at six-monthly intervals).
Award opportunities	**FY20** The Managing Director was offered a target based STIP equivalent of up to 35% of the base package for target performance, with a maximum/stretch opportunity of up to 50% of the base package for achievement of the high case target. **FY21** The Managing Director was offered a target based STIP equivalent of up to 35% of the base package for target performance, with a maximum/stretch opportunity of up to 50% of the base package for achievement of the high case target.
Key Performance indicators, weightings and performance goals	The operational targets consist of several KPI's covering both financial and non-financial measures of performance and may be based on company, individual, business and personal objectives. **FY20** ➢ H1 targets and weightings set to - financial performance - EBITDA (75%); and - product development (25%). ➢ H2 targets set to: - financial performance – revenue (50%) EBITDA (30%) and - product commercialisation (20%). **FY21** ➢ H1 and H2 targets and weightings set to - financial performance - Revenue (75%); and EBITDA (25%).
Award determination and payment	Calculations are performed following the end of the measurement period and the audit of Company accounts. The Board retains discretion to modify outcomes to ensure that the STIP does not produce outcomes that shareholders would be likely to consider inappropriate. **FY20** 100% of awards are made in cash with PAYG tax deducted. Note that the H1 award was made and the H2 award was cancelled in full in response to cost control activities instigated to respond to COVID-19. **FY21** As at the date of writing this Report, FY21 invitations had not been determined due to prior economic uncertainties and capital availability for application. These will be finalised imminently.
Cessation of employment during measurement period	All entitlements in relation to the measurement period are forfeited.
Plan gate and discretion	With Safety performance as a "deleterious multiplier" which may be modified at the discretion of the board. An overall performance rating for the Company is approved by the Remuneration Committee, with assessment of performance against KPIs conducted following the finalisation of the half and full year audited results. The individual performance of the Executive Director is also rated and considered when determining the amount, if any, of the STI component to be paid, and this is performed at six-monthly intervals. The Board's has discretion over payments to suit the circumstances of the event(s).

Variable Remuneration – Long Term Incentive Plan

Performance rights were granted to executives with hurdles that apply as follows:

(1) 75% of the LTIP grant is subject to an Earnings Per Share (**EPS**) hurdle; and
(2) 25% of the LTIP grant is subject to a Total Shareholder Return (**TSR**) hurdle.

The use of two performance hurdles is consistent with market practice. The hurdles motivate executives with a clear line of sight to the outcome through the combination of an internal EPS and external TSR measure. When expectations are met, and all other things being equal, the LTIP is intended to vest and deliver the appropriate level of remuneration and market positioning.

In total, the Company granted 1,607,919 performance rights to the Managing Director for FY20 which was approved by shareholders at the 2020 Annual General Meeting.

The structure and details of LTIP Performance Rights issued to executives in FY20 and proposed for FY21 under the plan are summarised in the following table:

Long Term Equity Incentive Plan (LTIP)	
Aspect	**Plan, Offers and Comments**
Purpose	The LTIP's purpose is to align executive interests with those of shareholders by linking reward to sustainable value creation for shareholders and to assist in the attraction and retention of a stable focused Managing Director and leadership team.
Participation	Grants are made to those Executives and key employees that are able to influence the generation of shareholders' wealth and thus have a direct impact on the Company's performance against the relevant long-term performance hurdle. NEDs are not eligible to participate in the LTIP.
Nature	Each LTIP Performance Right entitles the participant to one share in the Company upon vesting.
Grant Frequency	Annual grant and ad-hoc on commencement of employment and future potential grants.
Delivery	LTI's are delivered under the Company's Employee Incentive Plan (**EIP**). The EIP enables the Company to offer Executive Directors and key employees (Eligible Participants) a range of different employee incentive scheme (**ESS**) interests with the aim of attracting, motivating and retaining key management. These ESS interests or awards include options, performance rights, service rights, deferred shares, exempt shares, cash rights and stock appreciation rights. Awards under the LTI plan are made in the form of Performance Rights which provide, when vested, one share at nil cost (provided the specified performance hurdle is met). No dividends are paid on unvested LTI awards. A new share will be issued for each vested Performance Right. The number of Performance Rights allocated for each Eligible Participant is calculated by reference to their maximum LTI opportunity value.
Value / Number	Allocations are made based on a face value approach using the Volume Weighted Average Price of Spectur's shares over the first five trading days of the financial year. This fixes the maximum number of shares / rights and the actual number will vest in accordance with the performance conditions which are set.
Key Performance indicators, weightings and performance goals	The hurdles and relative weightings applying to LTI grants issued in the respective periods are as follows: **FY20** ➢ 75% EPS in FY2022 (tested at the end of the 3-year period). ➢ 25% Share price growth over a 3-year period (Total Shareholder Return) tested at the end of FY2022 **FY21** ➢ 75% EPS in FY2023 (tested at the end of the 3-year period). ➢ 25% Share price growth over a 3-year period - TSR tested at the end of FY23
Cessation of employment during measurement period	If cessation of employment occurs, the following treatment will apply in respect of unvested rights: • If the participant ceases employment with Spectur on resignation or on termination for cause, unvested Performance Rights will normally be forfeited.

	• If the participant ceases employment in other circumstances (for example, due to illness, total or permanent disablement, retirement, redundancy, end of contract or other circumstances determined by the Board), unvested rights will stay 'on foot' and may vest at the end of the original performance period to the extent performance conditions are met. The Board may determine in its discretion that the number of rights available to vest will be reduced pro-rata for time at the date employment ceases. The Board will retain discretion to allow for accelerated vesting (pro-rated for performance and/or time) in special circumstances (as opposed to allowing unvested rights to remain 'on foot' on cessation of employment).
Change of Control	Unless the Board determines otherwise, a pro-rata number of the participant's unvested rights will vest based on the proportion of the performance period that has passed at the time of the change of control.
Plan gate and discretion	Safety performance as a "deleterious multiplier" which may be modified at the Board's discretion to suit the circumstances of the event(s).

F. Performance and remuneration outcomes for FY20

Remuneration Consultants

The Remuneration and Nomination Committee may use independent Remuneration Consultants to provide advice but elected not to do so for FY20.

Remuneration Policy v's Financial Performance

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.

FY20 short term remuneration incentives were linked to financial performance via Revenue and EBITDA measurement and product development initiatives. Longer term incentives are linked to EPS and TSR targets.

The earnings of the Company for the previous five financial years are summarised below:

	2020 $	2019 $	2018 $	2017 $	2016 $
Revenue	4,801,655	4,818,130	2,476,501	1,332,681	935,320
EBITDA loss	(1,452,264)	(2,586,997)	(3,764,137)	(607,237)	(202,415)
Adjusted EBITDA loss[1]	(1,474,251)	(2,282,948)	(2,471,633)	(578,737)	(202,415)
Earnings / (Loss) Per Share (cents per share)	(2.25)	(4.82)	(7.61)	(3.31)	(0.60)
Product Development	STA6	Shark Warning, mobile systems	HD5 Thermal camera	Cloud Management platform	HD4

Managing Director Gerard Dyson was awarded the maximum opportunity cash bonus of $65,500 based upon the achievement of short term KPI's for H1FY20 for achievement of stretched EBITDA and product development milestones. This was paid in February 2020.

Due to impacts of COVID-19 and operational rationalisations across all cost centres including human resources, the Board and management agreed to forgo any remaining STI bonuses for FY20.

[1] Adjusted EBITDA is adjusted for share-based compensation, one off income / expenses (including COVID-19 relief), impairments, write downs, one off gains / losses and non-cash expenses.

G. Non-Executive Director Remuneration During the Reporting Period

Remuneration Policy

In accordance with best practice corporate governance, the structure of Non-Executive Director (**NED**) and executive remuneration is separate and distinct.

The overall level of annual NED 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 NEDs 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 equity-based compensation to NEDs. Accordingly, no equity incentives were offered to NEDs in the reporting period to 30 June 2020. Shares were issued to Darren Cooper during the year in lieu of his cash remuneration for the first six months following his appointment in October 2018, as approved by shareholders at Spectur's 2019 Annual General Meeting.

In the interests of preserving cashflow in Q4FY20, Board Chair Darren Cooper and NED Bilyana Smith agreed to take their COVID reduced Board fees in Spectur shares. Subject to any shareholder approvals required, these will be issued at the 30-day volume weighted average share price calculated on the last trading day of each of the three months.

Remuneration Structure

NEDs receive a fixed remuneration of base fees, presently set at $40,000 per annum plus statutory superannuation. These fees cover main the board activities and membership of any relevant committees. In addition to these fees, NEDs 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. NEDs do not earn retirement benefits other than superannuation and are not entitled to any compensation on termination of their directorships.

The annual Board fees were reviewed during the reporting period to 30 June 2020 and NED fees were increased from $35,000 to $40,000 from 1 October 2019 based upon a peer review. The Chair elected to forego a review of remuneration. In response to the view of market conditions in Q4FY20, and in addition to cost reduction measures implemented, all Board fees were reduced by 20% from 27 April 2020, until further notice and pending review of market conditions and Company performance.

The current Board fee structure which includes committee fees for NEDs is as per the table below:

NED Fees– to 26 April 2020	
Chair	Member
$75,000	$40,000

NED Fees – from 27 April 2020	
Chair	Member
$60,000	$32,000

NEDs remuneration is 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.

H. Director and Executive Service Agreements and Remuneration

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 per annum	Terms of Agreement	Notice Period
Executive Directors (i)			
Gerard Dyson	$260,000 per annum for year 1, $280,000 per annum for year 2, $300,000 per annum for year 3. And STI and LTI component included and detailed above.	Executive Service Agreement - Commencement date – 1 July 2019 for period of 2 years	3 months in writing by either party. The parties mutually agreed to amend the contract from a fixed term to a rolling contract with a 3-month notice period.
Non-Executive Directors (i)			
Darren Cooper	$75,000	Non-Executive Director contract Commencement date – 5 October 2018	Upon written advice of intention or in accordance with the Constitution of the Company or the Corporations Act 2001
Bilyana Smith	$40,000	Non-Executive Director contract Commencement date –1 October 2019	Upon written advice of intention or in accordance with the Constitution of the Company or the Corporations Act 2001

(i) Board fees including the MD's remuneration were reduced by 20% from 27 April 2020, until further notice. Any contracted salary increases have been placed on hold pending review of market conditions.

H. Director and Executive Service Agreements and Remuneration (continued)

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:

2020	Short-term benefits Salary & fees $	Bonus Payments $	Super-annuation $	Share-based payments(iii) $	Total $	Percentage performance related %
Directors						
Darren Cooper (i)	72,333	-	6,871	-	79,205	-
Bilyana Smith (ii)	28,578	-	2,715	-	31,293	-
Stephen Bodeker (iv)	38,781	-	-	-	38,781	-
Andrew Hagen (v)	11,667	-	1,108	-	12,775	-
Key Management Personnel						
Gerard Dyson	252,000	65,500	23,940	7,812	349,252	21%
Total	**403,359**	**65,500**	**34,634**	**7,812**	**511,306**	

Notes:

(i) Darren Cooper has elected to receive the equivalent of $16,083 of his fees in fully paid ordinary shares, in lieu of the cash component. The equity consideration is subject to shareholder approval. In addition, $8,769 was reimbursed for travel and expenses outside of directors' fees.

(ii) Appointed 1 October 2019. Bilyana Smith has elected to receive the equivalent of $8,578 of her fees in fully paid ordinary shares, in lieu of the cash component. The equity consideration is subject to shareholder approval. In addition, $6,348 was reimbursed for travel and expenses outside of directors fees.

(iii) The share-based payments related to the value of Long Terms Incentive Performance Rights which were issued to Gerard Dyson following shareholder approval at the 2019 AGM. In accordance with AASB 2, the performance rights issued to the Managing Director have been valued based on factors such as the underlying share price, the expected vesting date and vesting probability in achieving the specified vesting hurdles at the reporting date.
It should be noted that Dr Dyson has 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 or higher than valued and recognised in the financial report.

(iv) Resigned 31 May 2020.

(v) Mr Hagen retired by rotation at the Company's AGM on 22 October 2019.

2019	Short-term benefits Salary & fees $	Bonus Payments $	Super-annuation $	Share-based payments(iv) $	Total $	Percentage performance related %
Directors						
Darren Cooper (i)	18,750	-	5,267	36,690	60,707	-
Richard Wilkins (ii)	59,134	-	5,345	55,553	120,032	46.3%
Peter Holton (iii)	245,000	36,000	23,275	55,553	359,828	25.4%
Stephen Bodeker	38,325	-	-	-	38,325	-
Andrew Hagen (vi)	92,771	-	3,325	-	96,096	-
Key Management Personnel						
Gerard Dyson (v)	50,000	27,083	4,750	-	81,833	33.1%
Total	**503,980**	**63,083**	**41,962**	**147,796**	**756,821**	**-**

Notes:

(i) Darren Cooper received the equivalent of $36,690 of his salary in fully paid ordinary shares, in lieu of the cash component.

(ii) Resigned 5 October 2018. Mr Wilkins was also paid $115,100 plus statutory superannuation of $8,886 for the 6-month period following his resignation, for his services performed as an employee during the transition.

(iii) Salary and fees include $15,000 for a vehicle allowance paid to Peter Holton (resigned on 30 June 2019).

(iv) 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.

(v) Appointed 5 April 2019 as an executive.

(vi) Mr Hagen was paid $35,000 for director fees and $57,771 to Breakwater (WA) Pty Ltd for business development activities during 2019.

(vii) G Dyson bonus payment resulting from achievement of H1 FY20 STI stretched target KPI's. Refer Section F for further information.

I. Additional statutory disclosures

Key Management Personnel equity holdings

Fully paid ordinary shares

30 June 2020	Balance at beginning of year / on appointment	Granted in lieu of cash compensation	Received on exercise of PRs	Purchased during year	Balance at resignation	Balance held at year end
	Number	Number	Number	Number	Number	Number
Directors						
Darren Cooper[1]	355,602	-	-	1,144,398	-	1,500,000
Bilyana Smith[2]	-			200,000	-	200,000
Stephen Bodeker[3]	113,424	-	-	250,000	363,424	-
Andrew Hagen[4]	25,000	-	-	-	25,000	-
Executives						
Gerard Dyson[5]	192,307	-	-	865,993	-	1,058,300

[1] 750,000 Shares acquired on/off market. 394,398 Shares issued pursuant to placement subscription, issued 21 August 2019.
[2] Appointed 1 October 2019.
[3] Shares acquired via off market transfer– 24 March 2020. Resigned 31 May 2020.
[4] Resigned 29 October 2019.
[5] 558,300 Shares acquired on market. 307,693 Shares issued pursuant to placement subscription, issued 21 August 2019.

30 June 2019	Balance at beginning of year / on appointment	Granted in lieu of cash compensation	Received on exercise of PRs[3]	Purchased during year	Balance at end of year / on resignation	Balance held nominally
	Number	Number	Number	Number	Number	Number
Directors						
Darren Cooper[1]	150,000	155,602	-	50,000	355,602	355,602
Richard Wilkins[2]	2,249,557	-	3,333,333	-	5,582,890	5,006,389
Peter Holton[6]	1,711,944	-	3,333,333		5,045,277	5,045,277
Stephen Bodeker[4]	36,501	-	-	76,923	113,424	113,424
Andrew Hagen	25,000	-	-	-	25,000	25,000
Executives						
Gerard Dyson[5]	-	-	-	192,307	192,307	192,307

[1] Appointed 5 October 2018.
[2] Resigned 5 October 2018. 576,501 fully paid ordinary shares were held by Mr Wilkins de-facto spouse Judith van Ross.
[3] Exercise of Tranche 1 Performance Rights, which vested during the financial year.
[4] Shares acquired on market.
[5] Appointed 5 April 2019. Shares acquired on market.
[6] Resigned 30 June 2019

Key Management Personnel equity holdings (Continued)
Share options

Share options granted to KMP
During the financial year there were no options granted to KMP's of the Company and the entities they controlled as part of their remuneration.

30 June 2020	Balance at beginning of year/ on appointment Number	Granted as compensation Number	Exercised Number	Net change other Number	Balance at end of year / on resignation Number
Directors					
Darren Cooper	150,000	-	-	-	150,000
Bilyana Smith[1]					
Stephen Bodeker[2]	252,875	-	-	-	252,875
Andrew Hagen[3]	500,000	-	-	-	500,000
Executives					
Gerard Dyson	-	-	-	-	-

[1] Appointed 1 October 2019.
[2] Resigned 31 May 2020
[3] Resigned 29 October 2019.

30 June 2019	Balance at beginning of year/ on appointment Number	Granted as compensation Number	Exercised Number	Net change other Number	Balance at end of year / on resignation Number
Directors					
Darren Cooper[1]	150,000				150,000
Richard Wilkins[2]	2,007,639	-	-	-	2,007,639
Peter Holton	2,017,361	-	-	-	2,017,361
Stephen Bodeker	252,875	-	-	-	252,875
Andrew Hagen	500,000	-	-	-	500,000
Executives					
Gerard Dyson[3]	-	-	-	-	-

[1] Appointed 5 October 2018.
[2] Resigned 5 October 2018
[3] Appointed 5 April 2019.

Performance Rights
During the year Performance Rights were granted to G Dyson as part of the Company's LTI plan.

30 June 2020	Balance at beginning of year Number	Issued during the year Number	Cancelled / forfeited during the year Number	Balance at end of year Number	Vested and Exercisable Number
Directors					
Gerard Dyson	-	1,607,919	-	1,607,919	-

For details of the employee share option plan and of Performance Rights granted during FY20, please refer to Notes 9 and 24. All share options issued to KMP were made in accordance with the provisions of the Spectur EIP.

Key Management Personnel equity holdings (Continued)

Performance Rights

30 June 2019	Balance at beginning of year Number	Converted during the year Number	Cancelled / forfeited during the year[2] Number	Balance at end of year / upon resignation Number	Vested and Exercisable[3] Number
Directors					
Richard Wilkins[1]	10,000,000	(3,333,333)	(3,333,334)	3,333,333	3,333,333
Peter Holton[2]	10,000,000	(3,333,333)	(3,333,334)	3,333,333	3,333,333

[1] Resigned 5 October 2018.
[2] Tranche 3 performance rights cancelled for each director during the year. Resigned 30 June 2019.
[3] Tranche 2 Performance Rights vested for FY19.

Comments on Remuneration Report at Spectur's most recent AGM

The Company received a 98.9% of "yes" votes on its remuneration report for the 2019 financial year. The Company did not receive any specific feedback from shareholders at the 2019 Annual General Meeting on its remuneration practices.

Signed in accordance with a resolution of the directors.

Mr Darren John Cooper
Director
Dated this 31 August 2020

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Spectur Limited for the year ended 30 June 2020, I declare that to the best of my knowledge and belief, there have been no contraventions of:

a) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

b) any applicable code of professional conduct in relation to the audit.

Perth, Western Australia
31 August 2020

L Di Giallonardo
Partner

HLB Mann Judd (WA Partnership) ABN 22 193 232 714
Level 4, 130 Stirling Street, Perth WA 6000 / PO Box 8124 Perth BC WA 6849
T: +61 (0)8 9227 7500 E: mailbox@hlbwa.com.au

Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 30 June 2020

	Notes	30 June 2020 $	30 June 2019 $
Continuing Operations			
Revenue	5	4,801,655	4,818,130
Cost of sales		(1,727,751)	(1,982,549)
Gross profit		3,073,904	2,835,581
Interest income		14,626	21,109
COVID 19 relief		333,428	-
(Loss) / profit on disposal of property, plant and equipment		(45,931)	2,530
Depreciation and amortisation		(392,773)	(332,811)
Employee benefits		(3,015,247)	(2,999,754)
Finance charges	6	(23,413)	(11,538)
General and administrative expenses		(925,479)	(1,298,756)
Impairment of intangible assets	15	(74,006)	-
Inventories written off		(173,471)	-
Marketing and advertising		(235,318)	(353,043)
Property expenses – lease payments for short term leases		(225,991)	(257,072)
Research and development expenses		(146,120)	(209,904)
Restructuring costs		-	(535,716)
Share-based payment expense	24	(18,033)	229,137
Loss before income tax benefit		**(1,853,824)**	**(2,910,237)**
Income tax benefit	7	231,126	302,070
Loss for the year		**(1,622,698)**	**(2,608,167)**
Other comprehensive loss for the year		-	-
Total comprehensive loss for the year		**(1,622,698)**	**(2,608,167)**
Loss attributable to members of the Company		**(1,622,698)**	**(2,608,167)**
Basic and diluted loss per share (cents per share)	10	**(2.25)**	**(4.82)**

The accompanying notes form part of these financial statements.

Statement of Financial Position

At 30 June 2020

	Notes	30 June 2020 $	30 June 2019 $
Assets			
Current Assets			
Cash and cash equivalents	11	1,632,513	1,303,261
Trade and other receivables	12	743,481	1,226,843
Inventories	13	493,430	936,696
Total Current Assets		**2,869,424**	**3,466,800**
Non-Current Assets			
Property, plant and equipment	14	621,848	645,268
Intangible assets	15	309,773	597,310
Right-of-use assets	16	278,030	-
Total Non-Current Assets		**1,209,651**	**1,242.578**
Total Assets		**4,079,075**	**4,709,378**
Liabilities			
Current Liabilities			
Trade and other payables	17	869,266	1,494,726
Borrowings	18	32,975	101,570
Lease liabilities	19	100,534	-
Provisions	20	239,967	271,265
Total Current Liabilities		**1,242,742**	**1,867,561**
Non-Current Liabilities			
Borrowings	18	60,513	107,377
Lease liabilities	19	180,537	-
Provisions	20	60,117	60,117
Total Non-Current Liabilities		**301,167**	**167,494**
Total Liabilities		**1,543,909**	**2,035,055**
Net Assets		**2,535,166**	**2,674,323**
Equity			
Issued capital	8	11,084,845	8,997,115
Reserves	9	504,479	1,108,668
Accumulated losses		(9,054,158)	(7,431,460)
Net Equity		**2,535,166**	**2,674,323**

The accompanying notes form part of these financial statements.

Statement of Changes in Equity

For the Year Ended 30 June 2020

	Issued Capital $	Reserves $	Accumulated Losses $	Total Equity $
Balance at 1 July 2019	8,997,115	1,108,668	(7,431,460)	2,674,323
Loss after income tax for the year	-	-	(1,622,698)	(1,622,698)
Total Comprehensive loss for the year	**-**	**-**	**(1,622,698)**	**(1,622,698)**
Shares issued during the year	1,590,000	-	-	1,590,000
Share issue costs	(202,270)	-	-	(202,270)
Performance rights converted during the year	700,000	(700,000)	-	-
Performance rights forfeited during the year	-	-	-	-
Options issued during the year	-	107,541	-	107,541
Value of Performance Rights brought to account during the year	-	(11,730)	-	(11,730)
Balance as at 30 June 2020	**11,084,845**	**504,479**	**(9,054,158)**	**2,535,166**

	Issued Capital $	Reserves $	Accumulated Losses $	Total Equity $
Balance at 1 July 2018	**8,220,651**	**1,717,498**	**(4,823,293)**	**5,114,856**
Loss after income tax for the year	-	-	(2,608,167)	(2,608,167)
Total Comprehensive loss for the year	**-**	**-**	**(2,608,167)**	**(2,608,167)**
Shares issued during the year (net of costs)	52,690	-	-	52,690
Share issue costs	(27,892)	-	-	(27,892)
Performance rights converted during the year	751,666	(751,666)	-	-
Performance rights forfeited during the year	-	(250,769)	-	(250,769)
Options issued during the year	-	15,083	-	15,083
Value of Performance Rights brought to account during the year	-	378,522	-	378,522
Balance as at 30 June 2019	**8,997,115**	**1,108,668**	**(7,431,460)**	**2,674,323**

The accompanying notes form part of these financial statements.

Statement of Cash Flows

For the Year Ended 30 June 2020

	Notes	30 June 2020 $	30 June 2019 $
Cash flows from operating activities			
Receipts from customers		5,128,663	4,388,331
Payments to suppliers and employees		(6,098,773)	(6,764,027)
Restructuring costs		-	(191,635)
Interest received		15,057	23,578
Interest paid		(15,793)	(1,315)
Finance and related charges		(7,620)	(10,223)
COVID 19 relief		195,744	-
R & D tax incentives received		331,533	464,104
Net cash used in operating activities	11.1	**(451,189)**	**(2,091,187)**
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		-	32,900
Payments for intangible assets		(47,162)	(33,333)
Purchase of property, plant and equipment		(288,331)	(275,207)
Net cash used in investing activities		**(335,493)**	**(275,640)**
Cash flow from financing activities			
Proceeds from issue and subscription of shares		1,407,399	16,000
Funds received for shares to be allotted		-	182,601
Payments for share issue costs		(124,491)	-
Repayment of lease liabilities		(98,677)	-
Proceeds from borrowings		-	66,713
Repayment of borrowings		(68,297)	(82,296)
Net cash from financing activities		**1,115,934**	**183,018**
Net increase / (decrease) in cash and cash equivalents held		329,252	(2,183,809)
Cash and cash equivalents at the beginning of the year		1,303,261	3,487,070
Cash and cash equivalents at the end of the year		**1,632,513**	**1,303,261**

The accompanying notes form part of these financial statements.

Note 1: 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.

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 the years presented unless otherwise stated. The financial statements for Spectur Limited (**Spectur**) or (**Company**). 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 financial statements are presented in Australian dollars.

Spectur is listed on the Australian Securities Exchange (**ASX**), is a public company, incorporated and operating in Australia. The entity's principal activities are detailed in the Directors' Report.

(a) Statement of compliance

The financial report was authorised for issue on 31 August 2020.
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).

(b) Adoption of New and Revised Standards

Standards and Interpretations applicable to 30 June 2020

In the year ended 30 June 2020, 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. The impact of these new standards on the Company are detailed below.

AASB 16 Leases

Change in accounting policy

AASB 16 Leases supersedes AASB 117 Leases. The Company has adopted AASB 16 from 1 July 2019 which has resulted in changes in the classification, measurement and recognition of leases. The changes result in almost all leases where the Company is the lessee being recognised on the Statement of Financial Position and removes the former distinction between 'operating and 'finance' leases. The new standard requires recognition of a right-of-use asset (the leased item) and a financial liability (to pay rentals). The exceptions are short-term leases and leases of low value assets.

The Company has adopted AASB 16 using the modified retrospective approach under which the reclassifications and the adjustments arising from the new leasing rules are recognised in the opening Statement of Financial Position on 1 July 2019. Under this approach, there is no initial impact on retained earnings, and comparatives have not been restated.

The Company leases various premises. Prior to 1 July 2019, leases were classified as operating leases. Payments made under operating leases were charged to profit or loss on a straight-line basis over the period of the lease.
From 1 July 2019, where the Company is a lessee, the Company recognises a right-of-use asset and a corresponding liability at the date which the lease asset is available for use by the Company (i.e. commencement date). Each lease payment is allocated between the liability and the finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a consistent period rate of interest on the remaining balance of the liability for each period.

The lease liability is initially measured at the present value of the lease payments that are not paid at commencement date, discounted using the rate implied in the lease. If this rate is not readily determinable, the Company uses its incremental borrowing rate.

Lease payments included in the initial measurement if the lease liability consist of:
- Fixed lease payments less any lease incentives receivable.
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at commencement date.
- Any amounts expected to be payable by the Company under residual value guarantees.
- The exercise price of purchase options, if the Company is reasonably certain to exercise the options; and
- Termination penalties of the lease term reflects the exercise of an option to terminate the lease.

Extension options are included in a number of property leases across the Company. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option.

Extension options are only included in the lease term if, at commencement date, it is reasonably certain that the options will be exercised.

Subsequent to initial recognition, the lease liability is measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made. The lease liability is remeasured (with a corresponding adjustment to the right-of-use asset) whenever there us a change in the lease term (including assessments relating to extension and termination options), lease payments due to changes in an index or rate, or expected payments under guaranteed residual values.

Right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before commencement date, less any lease incentives received and any initial direct costs. These right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses.

Where the terms of a lease require the Company to restore the underlying asset, or the Company has an obligation to dismantle and remove a leased asset, a provision is recognised and measured in accordance with AASB 137. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset.

Right-of-use assets are depreciated on a straight-line basis over the term of the lease (or the useful life of the leased asset if this is shorter). Depreciation starts on commencement date of the lease.

Where leases have a term of less than 12 months or relate to low value assets, the Company has applied the optional exemptions to not capitalise these leases and instead account for the lease expense on a straight-line basis over the lease term.

Impact on adoption

On adoption of AASB 16, the Company recognised lease liabilities in relation to leases which had previously been classified as operating leases under the principles of AASB 117. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 July 2019. The weighted average lessee's incremental borrowing rate applied to lease liabilities on 1 July 2019 was 5.5%.

On initial application right-of-use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised In the Statement of Financial Position as at 30 June 2019.

In the Statement of Cash Flows, the Company has recognised cash payments for the principal portion of the lease liability within financing activities, cash payments for the interest portion of the lease liability as interest paid within operating activities and short-term lease payments and payments for lease of low-value assets within operating activities.

The adoption of AASB 16 resulted in the recognition of right-of-use assets of $242,852 and lease liabilities of $242,852 in respect of all operating leases at 1 July 2019, other than short-term leases and leases of low-value assets.
The net impact on accumulated losses on 1 July 2019 was $nil.

Standards and Interpretations in issue not yet adopted

The Directors have also reviewed all of the new and revised Standards and Interpretations in issue not yet adopted for the year ended 30 June 2020. As a result of this review 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 change is necessary to Company accounting policies. The Company's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the Company, are set out below.

Conceptual Framework for Financial Reporting (Conceptual Framework)

The revised Conceptual Framework is applicable to annual reporting periods beginning on or after 1 January 2020 and early adoption is permitted. The Conceptual Framework contains new definition and recognition criteria as well as new guidance on measurement that affects several Accounting Standards. Where the Company has relied on the existing framework in determining its accounting policies for transactions, events or conditions that are not otherwise dealt with under the Australian Accounting Standards, the Company may need to review such policies under the revised framework. At this time, the application of the Conceptual Framework is not expected to have a material impact on the Company's financial statements.

(c) Going Concern

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

(d) Foreign currency translation

The functional and presentation currency of Spectur Limited 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.

Note 2: Significant Accounting Policies

(a) Revenue recognition

Revenue from contracts with customers

Revenue is recognised at an amount that reflects the consideration to which the Company, is expected to be entitled in exchange for transferring goods or services to a customer.

For each contract with a customer, the Company:

- identifies the contract with a customer.
- identifies the performance obligations in the contract.
- determines the transaction price which takes into account estimates of variable consideration and the time value of money.
- allocates the transaction price to the separate performance obligations based on the relative stand-alone selling price of each distinct good or service to be delivered; and
- recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

Sale of goods

Revenue from the sale of goods is recognised at the point in time when the customer obtains control of the goods, which is generally at the time of delivery.

Rendering of service

Revenue from a contract to provide services is recognised over time as the services are rendered based on either a fixed price or an hourly rate.

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

(b) Other Income and Expenses

Dividends

Dividends are recognised as revenue when the right to receive payment is established. This applies even if they are paid out of pre-acquisition profits. However, the investment may need to be tested for impairment as a consequence.

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.

Borrowing costs

Borrowing costs are capitalised that are directly attributable to the acquisition, construction or production of qualifying assets where the borrowing cost is added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(c) Income Tax Expenses

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 based on the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company operates and generates taxable income. 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 balance 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.

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.

Note 2: Significant Accounting Policies

(d) 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 Managing Director of Spectur Limited.

(e) Cash and Cash Equivalents

Cash comprises cash at bank and in hand. 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.

Bank overdrafts are shown within borrowings as current liabilities in the statement of financial position. For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

(f) 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 30 days to 60 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 profit or loss and other 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 profit or loss and other comprehensive income.

(g) 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.

(h) 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.

(h) Property, plant and equipment (continued)

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.

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.

(i) 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
Other Intangibles	3 years following acquisition
Product development	3 to 5 years following commercial use

Impairment of tangible and intangible assets other than Other Intangibles

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 group of assets and the asset's value in use cannot be estimated to be close to its fair value.

Note 2: Significant Accounting Policies

(j) Right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the Company expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The Company has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

(k) Trade and other payables

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.

Employee leave benefits

Wages, salaries, annual leave and long service leave

Liabilities accruing to employees in respect of wages and salaries, annual leave, long service leave and sick leave expected to be settled within 12 months of the balance date are recognised in other payables in respect of employees' services up to the balance date. They are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

Liabilities accruing to employees in respect of wages and salaries, annual leave, long service leave and sick leave not expected to be settled within 12 months of the balance date are recognised in non-current other payables in respect of employees' services up to the balance date. They are measured as the present value of the estimated future outflows to be made by the Company

(l) Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company performs under the contract.

(m) Lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following:

- future lease payments arising from a change in an index or a rate used.
- residual guarantee.
- lease term.
- certainty of a purchase option and
- termination penalties.

When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

(n) 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.

Onerous contracts

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Company has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract.

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.

Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the balance date. Consideration is given to expected future wage and salary levels, experience of employee departures, and period of service. Expected future payments are discounted using market yields at the balance date on national government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

(o) 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).

The Company has an Employee Incentive Plan (**EIP**) in place, which provides benefits to Directors, senior executives and employees and is governed by the EIP 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 binomial / trinomial valuation model where appropriate.

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
(a) the extent to which the vesting period has expired; and
(b) (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.

Equity settled 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 volume weighted average traded share price for the equity granted 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.

(p) Issued capital

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.

(q) Dividends

Dividends are recognised when declared during the financial year and no longer at the discretion of the Company.

(r) 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.

Note 3: 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.

(a) Revenue from contracts with customers involving sale of goods

When recognising revenue in relation to the sale of goods to customers, the key performance obligation of the Company is considered to be the point of delivery of the goods to the customer, as this is deemed to be the time that the customer obtains control of the promised goods and therefore the benefits of unimpeded access.

(b) Inventories

Management estimates the net realisable values of inventories, taking into account the most reliable evidence available at each reporting date. The future realisation of these inventories may be affected by future technology or other market-driven changes that may reduce future selling prices.

(c) Useful lives of depreciable assets

Management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical obsolescence that may change the utility of certain software and IT equipment.

(d) Impairment

In assessing impairment, management estimates the recoverable amount of each asset or cash-generating unit based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate.

(e) 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 by using a binomial or trinomial model where appropriate.

The Company measures the cost of cash-settled share-based payments at fair value at the grant date using the volume weighted average traded share price for the equity granted taking into account the terms and conditions upon which the instruments were granted.

(f) Recovery of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences as management considers that it is probable that sufficient future tax profits will be available to utilise those temporary differences. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits.

(g) Allowance for expected credit losses

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience, historical collection rates, the impact of the Coronavirus (COVID-19) pandemic and forward-looking information that is available. The allowance for expected credit losses, as disclosed in note 12, is calculated based on the information available at the time of preparation. The actual credit losses in future years may be higher or lower.

(h) Lease term

The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease or purchase the underlying asset will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the Company's operations; comparison of terms and conditions to prevailing market rates; incurrence of significant penalties; existence of significant leasehold improvements; and the costs and disruption to replace the asset. The Company reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

(i) Incremental borrowing rate
Where the interest rate implicit in a lease cannot be readily determined, an incremental borrowing rate is estimated to discount future lease payments to measure the present value of the lease liability at the lease commencement date. Such a rate is based on what the Company estimates it would have to pay a third party to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset, with similar terms, security and economic environment.

(j) Long service leave
The liability for long service leave expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

(k) Lease make good provision
A provision has been made for the present value of anticipated costs for future restoration of leased premises. The provision includes future cost estimates associated with closure of the premises. The calculation of this provision requires assumptions such as application of closure dates and cost estimates. The provision recognised for each site is periodically reviewed and updated based on the facts and circumstances available at the time. Changes to the estimated future costs for sites are recognised in the statement of financial position by adjusting the asset and the provision. Reductions in the provision that exceed the carrying amount of the asset will be recognised in profit or loss.

(l) Warranty provision
In determining the level of provision required for warranties the Company has made judgements in respect of the expected performance of the products, the number of customers who will actually claim under the warranty and how often, and the costs of fulfilling the conditions of the warranty. The provision is based on estimates made from historical warranty data associated with similar products and services.

(m) Coronavirus (COVID-19) pandemic
Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the Company based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the Company operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the Company unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

NOTE 4: SEGMENT REPORTING

The Company only operated in one segment, being design, development, manufacture and selling Remote Solar sensing, thinking and acting platforms and associated products and services.

NOTE 5: REVENUE FROM CONTRACTS WITH CUSTOMERS

Disaggregation of revenue

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

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

	30 June 2020 $	30 June 2019 $
At a point in time		
Equipment sales	1,502,734	2,271,506
Field services	593,304	539,334
	2,096,038	**2,810,840**
Over Time		
Equipment rentals	1,501,293	1,241,593
Recurring revenue	1,204,324	765,697
	2,705,617	**2,007,290**
Total revenue	**4,801,655**	**4,818,130**

The Company recognised an impairment loss on receivables from contracts with customers in the statement of profit and loss or other comprehensive income, amounting to $32,709 for the year ended 30 June 2020 (2019: $15,439).

NOTE 6: FINANCE CHARGES

	30 June 2020 $	30 June 2019 $
Interest and finance charges paid/payable on borrowings	(7,620)	(11,538)
Interest and finance charges paid/payable on lease liabilities	(15,793)	-
	(23,413)	**(11,538)**

NOTE 7: INCOME TAX

	30 June 2020 $	30 June 2019 $
(a) The components of income tax benefit comprise:		
Research & Development tax incentive	(231,126)	(302,070)
	(231,126)	**(302,070)**
(b) The prima facie tax benefit on loss from ordinary activities before income tax is reconciled to the income tax as follows:		
Prima facie tax benefit on loss from ordinary activities before income tax at 27.5% (2019: 27.5%) from ordinary operations:	(509,807)	(800,315)
Effect of items that are not assessable/deductible in determining taxable loss:		
- Other non-allowable items	153,115	492,804
- Other non-assessable items	(13,750)	-
- Revenue losses not recognised	400,906	499,486
- Other deferred tax balances not recognised	(30,464)	(191,975)
- Research & Development tax incentive	(231,126)	(302,070)
Income tax benefit reported in the consolidated statement of profit or loss and other comprehensive income from ordinary operations	**(231,126)**	**(302,070)**
(c) Recognised deferred tax liabilities at 25% (2019:27.5%) [Note1]		
Intangible assets	89,523	176,116
Other	718	4,454
	90,241	**180,570**
Recognised deferred tax assets at 25% (2019:27.5%) [Note 1]		
Carry forward revenue losses	90,241	180,570
Net deferred tax	**-**	**-**
(d) Unrecognised deferred tax assets at 25% (2019:27.5%) [Note 1]		
Carry forward revenue losses	1,118,225	829,145
Provisions and accruals	135,217	133,546
Capital raising costs	67,686	106,591
Other	3,493	3,316
	1,324,621	**1,072,598**

The tax benefits of the above Deferred Tax Assets will only be obtained if:

(a) the company derives future assessable income of a nature and of an amount sufficient to enable the benefits to be utilised;
(b) the company continues to comply with the conditions for deductibility imposed by law; and
(c) no changes in income tax legislation adversely affect the company in utilising the benefits.

[Note 1] - the corporate tax rate for eligible companies will reduce from 27.5% to 25% by 30 June 2022 providing certain turnover thresholds and other criteria are met. Deferred tax assets and liabilities are required to be measured at the tax rate that is expected to apply in the future income year when the asset is realised, or the liability is settled. The Directors have determined that the deferred tax balances be measured at the tax rates stated.

NOTE 8: ISSUED CAPITAL

As at 30 June 2020, the Company had the following issued share capital:

	30 June 2020		30 June 2019	
	Number	$	Number	$
Fully paid ordinary shares	**75,633,065**	**11,084,845**	**56,402,293**	**8,997,115**
Movement of issued share capital:				
Balance at beginning of year	56,402,293	8,997,115	49,000,025	8,220,651
Placement at $0.13	12,230,773	1,590,000	-	-
Shares issued on exercise of performance rights (i)	6,999,999	700,000	7,166,666	751,666
Issue of remuneration shares (ii)	-	-	155,602	36,690
Shares issued on exercise of options	-	-	80,000	16,000
Share issue costs	-	(202,270)	-	(27,892)
Balance at end of year	**75,633,065**	**11,084,845**	**56,402,293**	**8,997,115**

(i) Performance rights converted during the financial year.
(ii) Issued to Chairman Darren Cooper in lieu of cash salary earned during the prior year.

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held. On a show of hands every holder of ordinary shares present at a meeting in person or proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

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

NOTE 9: RESERVES

Nature and purpose of reserves

Options Reserve

This reserve is used to record the value of options subscribed for or provided to employees and consultants. Refer to note 24 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 24 for further details of these plans

At 30 June 2020, the Company had the following reserve accounts:

	30 June 2020		30 June 2019	
	Number	$	Number	$
Options	22,419,933	494,049	18,419,933	386,446
Performance rights	2,646,263	10,430	7,333,332	722,222
Balance at end of year	**25,066,196**	**504,479**	**25,753,265**	**1,108,668**

NOTE 9: RESERVES (continued)

OPTIONS RESERVE MOVEMENT

	30 June 2020		30 June 2019	
	Number	$	Number	$
Movement of Company options:				
Balance at beginning of year	18,419,933	386,446	18,499,933	371,363
Options issued to broker (i)	4,000,000	100,000	-	-
Value of all employee options brought to account during the year	-	7,603	-	15,083
Options exercised	-	-	(80,000)	-
Balance at end of year	**22,419,933**	**494,049**	**18,419,933**	**386,446**

(i) Issued to Pac Partners (or their nominees) on 23 August 2019, as part consideration for services performed by acting as lead manager to the 2019 Placement. Approved by shareholders on 12 August 2019.

PERFORMANCE RIGHTS MOVEMENT

	30 June 2020		30 June 2019	
	Number	$	Number	$
Movement of issued performance rights:				
Balance at beginning of year	7,333,332	722,222	21,500,000	1,346,135
Brought to account during the year (i)	2,312,930	55,772	-	378,522
Performance rights converted to shares (ii)	(6,999,999)	(700,000)	(7,166,666)	(751,666)
Performance rights forfeited / written off (iii)	-	(67,564)	(7,000,002)	(250,769)
Balance at end of year	**2,646,263**	**10,430**	**7,333,332**	**722,222**

(i) Issued to key employees under Spectur's LTI plan. Refer Note 24.
(ii) Tranche 2 performance rights vesting for FY19 converted into fully paid ordinary shares.
(iii) Value of performance rights written back due to vesting conditions not anticipated being met.

NOTE 10: LOSS PER SHARE

	30 June 2020	30 June 2019
	Cents per share	Cents per share
Basic and diluted loss per share	**(2.25)**	**(4.82)**

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

	30 June 2020	30 June 2019
	$	$
Losses	**(1,622,698)**	**(2,608,167)**

NOTE 10: LOSS PER SHARE (continued)

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 2020 Number	30 June 2019 Number
Weighted average number of ordinary shares for the purpose of basic loss per share	**72,053,005**	**54,075,317**

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

NOTE 11: 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 2020 $	30 June 2019 $
Cash on hand and in bank	621,739	520,125
Credit cards	(3,710)	(337)
Cash in bank – share subscriptions held on trust [1]	-	182,595
Short term deposits	1,014,484	600,878
Net cash and cash equivalents	**1,632,513**	**1,303,261**

[1] Cash in bank includes $nil (2019: $182,595) which relates to equity application funds held on behalf of investors for unissued securities. A corresponding current liability was recorded for $nil (2019: $182,595) as funds owed to investors until such time as shares had been validly issued under the Tranche 1 and Tranche 2 share placements.

At 30 June 2020, the Company had a credit card facility of $50,000 (2019: $50,000) 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

Other Notes to the Financial Statements

NOTE 11: CASH AND CASH EQUIVALENTS (continued)

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

	30 June 2020 $	30 June 2019 $
Loss for the year	(1,622,698)	(2,608,167)
Adjustments for non-cash income and expense items		
Depreciation and amortisation	581,069	438,125
Impairment of intangibles	74,006	
Accrued R&D & COVID 19 refund receivable	(302,619)	(265,342)
(Profit) / Loss on disposal of property and equipment	45,931	(2,530)
Share-based payment expense	18,033	(229,137)
Restructuring costs – non-cash	-	380,773
Provisions	(31,318)	189,165
Change in assets and liabilities		
Decrease / (Increase) in trade and other receivables	779,606	66,803
(Increase) in inventories	443,266	(29,168)
(Decrease) / Increase in trade and other payables	(436,465)	(31,709)
Net cash outflow from operating activities	**(451,189)**	**(2,091,187)**

11.2 Reconciliation of liabilities arising from cash flows from financing activities:

	Notes	Lease liability	Loans	Total
Balance at 1 July 2018	18	-	257,863	257,863
Proceeds from financing activities		-	66,713	66,713
Repayments		-	(92,219)	(92,219)
Repayment relating to investing activities		-	(33,333)	(33,333)
Interest paid		-	9,923	9,923
Balance at 30 June 2019	18	**-**	**208,947**	**208,947**
Leases recognised on the adoption of AASB 16	19	242,852	-	242,852
Acquisition of leases	19	322,910	-	322,910
Derecognition of leases	19	(190,760)	-	(190,760)
Repayments	19	(109,724)	(75,857)	(185,581)
Repayment relating to investing activities		-	(47,162)	(47,162)
Interest paid	19	15,793	7,560	23,353
Balance at 30 June 2020	**19 & 18**	**281,071**	**93,488**	**374,559**

NOTE 12: TRADE AND OTHER RECEIVABLES

	30 June 2020 $	30 June 2019 $
Trade receivables (i)	413,724	868,721
Allowance for expected credit losses (ii)	(51,765)	(19,056)
	361,959	849,665
Prepayments	78,815	106,212
Advances to suppliers	-	5,105
Other	88	519
COVID 19 relief	137,684	-
R&D refund receivable	164,935	265,342
Total	**743,481**	**1,226,843**

(i) Trade receivables are non-interest bearing and are generally on terms of 30 days to 60 days. All amounts are short term. The carrying value of trade receivables is considered a reasonable approximation of fair value.

(ii) Note 22 includes disclosures relating to the credit risk exposures and analysis relating to the allowance for expected credit losses.

Movement in allowance for expected credit losses

	30 June 2020 $	30 June 2019 $
Balance at the beginning of the year	19,056	14,953
Provision for expected credit losses	32,709	15,439
Written off	-	(11,336)
Closing balance	**51,765**	**19,056**

Expected credit losses

The Company applies the AASB 9 simplified model of recognising lifetime expected credit losses for all trade receivables as these items do not have a significant financing component. In measuring the expected credit losses, the trade receivables have been assessed on a collective basis as they possess shared credit risk characteristics. They have been grouped based on the days past due.

The expected loss rates are based on the payment profile for sales over the past 24 months before 30 June 2020 and 30 June 2019 respectively as well as the corresponding historical credit losses during that period. Trade receivables are written off when there is no reasonable expectation of recovery. Failure to make payments within 180 days from the invoice date and failure to engage with the Company on alternative payment arrangement amongst other is considered indicators of no reasonable expectation of recovery. On the above basis the expected credit loss for trade receivables as at 30 June 2020 and 30 June 2019 was determined as follows:

	Trade receivables past due					
30 June 2020	Current (not past due)	1 – 30 days past due	31 – 60 days past due	61 – 90 days past due	More than 90 days past due	Total
Expected credit loss rate	0%	0%	0%	0%	79.6%	12.5%
Gross carrying amount	139,830	113,017	71,403	24,474	65,001	413,724
Lifetime expected credit loss	-	-	-	-	51,765	51,765

NOTE 12: TRADE AND OTHER RECEIVABLES (continued)

Expected credit losses (continued)

	Trade receivables past due					
30 June 2019	Current (not past due)	1 – 30 days past due	31 – 60 days past due	61 – 90 days past due	More than 90 days past due	Total
Expected credit loss rate	0%	0%	0%	0%	69.7%	2.2%
Gross carrying amount	542,544	240,937	56,385	1,525	27,330	868,721
Lifetime expected credit loss	-	-	-	-	19,056	19,056

The closing balance of the trade receivables allowance for expected credit losses as at 30 June 2020 reconciles with the trade receivables allowance for expected credit losses opening balance as follows:

	30 June 2020 $
30 June 2018	**14,953**
Amounts written off	(11,336)
Net remeasurement of loss allowance	15,439
30 June 2019	**19,056**
Amounts written off	-
Net remeasurement of loss allowance	32,709
Closing balance – 30 June 2020	**51,765**

NOTE 13: INVENTORIES

	30 June 2020 $	30 June 2019 $
Raw materials – cost	209,317	550,244
Work in progress – cost	108,592	97,272
Finished goods - cost	175,521	289,180
Total	**493,430**	**936,696**

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.

NOTE 14: PROPERTY, PLANT AND EQUIPMENT

	Camera equipment $	Improve-ments $	Plant and equipment $	Office equipment $	Motor Vehicles $	Total $
Balance at 1 July 2019	348,801	13,594	51,534	80,745	150,595	645,268
Additions	268,592	-	8,842	12,125	-	289,559
Disposals	(40,152)	(6,566)	-	(440)	-	(47,158)
Depreciation charge for the year	(188,296)	(2,267)	(16,638)	(31,733)	(26,887)	(265,821)
Balance at 30 June 2020	**388,945**	**4,761**	**43,738**	**60,696**	**123,708**	**621,848**
Balance at 1 July 2018	279,598	16,254	51,939	86,343	143,164	577,297
Additions	174,517	-	42,943	23,287	34,460	275,207
Disposal	-	-	(30,462)	-	-	(30,462)
Depreciation charge for the year	(105,314)	(2,660)	(12,886)	(28,885)	(27,029)	(176,774)
Balance at 30 June 2019	**348,801**	**13,594**	**51,534**	**80,745**	**150,595**	**645,268**

Plant and equipment

The carrying value of plant and equipment held under chattel mortgage contracts at 30 June 2020 is $12,993 (2019: $17,091). Additions during the year include $nil (2019: $20,494) of plant and equipment held under chattel mortgage contracts. Disposals during the year include $nil (2019: $29,535) 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 2020 is $117,759 (2019: $142,403).

NOTE 15: INTANGIBLES

	Patents $	Product Development $	Other Intangibles $	Total $
Carrying value				
Cost	38,674	739,339	100,000	878,013
Impairment	-	(60,122)	(13,884)	(74,006)
Accumulated amortisation	(10,416)	(397,702)	(86,116)	(494,233)
Carrying value at 30 June 2020	**28,258**	**281,515**	**-**	**309,773**
Cost	38,674	739,339	80,556	858,569
Accumulated amortisation	(5,208)	(222,715)	(52,780)	(280,703)
Carrying value at 30 June 2019	**33,466**	**516,624**	**47,220**	**597,310**

NOTE 15: INTANGIBLES (continued)

	Patents $	Product Development $	Other Intangibles $	Total $
Reconciliation – current year				
Carrying value as at 1 July 2019	33,466	516,624	47,220	597,310
Amortisation	(5,208)	(174,987)	(33,336)	(213,531)
Impairment	-	(60,122)	(13,884)	(74,006)
Carrying value at 30 June 2020	**28,258**	**281,515**	**-**	**309,773**
Reconciliation – prior year				
Carrying value as at 1 July 2018	38,674	739,339	100,000	878,013
Additions	-	-	-	-
Amortisation	(5,208)	(174,987)	(33,336)	(213,531)
Impairment	-	(47,728)	-	(47,728)
Carrying value at 30 June 2019	**33,466**	**516,624**	**47,220**	**597,310**

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.

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	3 to 5 Years
Other Intangibles	3 Years

NOTE 15: INTANGIBLES (continued)

Impairment of tangible and intangible assets other than Other Intangibles

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 group 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.

Other Intangibles

Other Intangibles acquired are initially measured at cost.

Following initial recognition, Other Intangibles are measured at cost less amortisation and any impairment losses.

Other Intangibles are 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 (Group of cash-generating units), to which the Other Intangibles relates. When the recoverable amount of the cash-generating unit (Group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. When Other Intangibles forms part of a cash-generating unit (Group of cash-generating units) and an operation within that unit is disposed of, the Other Intangibles 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. Other Intangibles 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 Other Intangibles are not subsequently reversed.

NOTE 16: RIGHT-OF-USE ASSETS

	30 June 2020 $	30 June 2019 $
Land and buildings – right-of-use	322,910	-
Less: Accumulated depreciation	(44,880)	-
Carrying value at 30 June 2020	**278,030**	**-**

Reconciliation

	30 June 2020 $	30 June 2019 $
Recognised on 1 July 2019 on adoption of AASB 16	242,852	-
Additions	322,910	-
Derecognised [1]	(186,014)	-
Depreciation expense	(101,718)	-
Total	**278,030**	**-**

[1] A new short-term lease was signed for the Sunshine West premises.

The Company leases land and buildings for its offices and warehouses under agreements of between two to three years with, in some cases, options to extend. The leases have various escalation clauses. On renewal, the terms of the leases are renegotiated.

NOTE 17: TRADE AND OTHER PAYABLES

	30 June 2020 $	30 June 2019 $
Accounts payable (i)	225,083	360,515
Accruals	227,676	224,062
GST	39,003	61,091
Unearned revenue	330,221	457,372
Share subscriptions received	-	182,613
Other payables	47,283	209,073
Total	**869,266**	**1,494,726**

(i) Trade payables are non-interest bearing and are normally settled on 30-day terms. Refer to note 22 for further information on financial instruments.

NOTE 18: BORROWINGS AND OTHER FINANCIAL LIABILITIES

	30 June 2020 $	30 June 2019 $
Current loans		
Secured loans	32,975	68,297
Unsecured loans	-	33,273
Total current loans	**32,975**	**101,570**
Non-current loans		
Secured loans	60,513	93,488
Unsecured loans	-	13,889
Total non-current loans	60,513	**107,377**
Total loans	**93,488**	**208,947**

Secured Loans

These loans are secured by Plant and 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 26 to 33 months from the reporting date. Total monthly repayments are $3,117.

NOTE 19: LEASE LIABILITIES

	30 June 2020 $	30 June 2019 $
Current lease liabilities	100,534	-
Non-current lease liabilities	180,537	-
	281,071	**-**

NOTE 19: LEASE LIABILITIES (continued)

Reconciliation

	30 June 2020 $	30 June 2019 $
Recognised on 1 July 2019 on adoption of AASB 16	242,852	-
Lease inception	322,910	-
Leases derecognised	(190,760)	-
Principal repayments	(93,931)	-
Total	**281,071**	**-**

AASB 16 has been adopted during the period, refer note 1(b) for details.

The Company leases several premises and the average lease term is 3 years.
Refer note 22 for further information on financial instruments.

In previous years, the Company disclosed commitments for lease payments on leased premises. As the Company has adopted AASB 16 in the current year, these commitments are factored into the balances above, with the exception of the short-term lease of the Sunshine West premises. This lease expires on 15 June 2021 with an annual rental of $55,000.

Reconciliation of operating lease commitments previously disclosed and lease liabilities on 1 July 2019

Below is a reconciliation of total operating lease commitments as at 30 June 2019, as disclosed in the annual financial statements for the year ended 30 June 2019, and the lease liabilities recognised on 1 July 2019:

Lease liabilities	30 June 2020 $
Operating lease commitments disclosed as at 30 June 2019	156,820
Additional lease term recognised	178,968
Excluded operating lease under short-term practical expedient	(92,936)
Lease liabilities at 1 July 2019	**242,852**

NOTE 20: 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.

NOTE 20: 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.

	Warranties $	Equipment Rental $	Annual Leave $	Total current $	Long service leave $	Total non-current $
Balance as at 30 June 2019	76,494	49,449	145,322	**271,265**	60,117	60,117
Provided during the year	-	42,492	139,496	**181,988**	-	-
Utilised	(43,990)	(32,805)	(133,680)	**(210,475)**	-	-
Unused amounts reversed	(2,811)	-	-	**(2,811)**	-	-
Balance at 30 June 2020	**29,693**	**59,137**	**151,138**	**239,967**	**60,117**	**60,117**

NOTE 21: DIVIDENDS

The directors of the Company have not declared any dividend for the years ended 30 June 2020 and 2019.

NOTE 22: FINANCIAL INSTRUMENTS

Capital risk management

The Company's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure and reduce the cost of capital.

The capital structure of the Company consists of cash and cash equivalents, borrowings and equity attributable to equity holders of the Company, comprising issued capital, reserves and retained earnings. Operating cash flows are used to maintain and expand operations, as well as to make routine expenditures such as tax, dividends and general administrative outgoings. The Company would look to raise capital when an opportunity to invest in a business or company was seen as value adding relative to the current Company's share price at the time of the investment.

The capital risk management policy remains unchanged from the 30 June 2019 Annual Report.

Financial risk management objectives

The Company is exposed to:
(i) market risk (which includes foreign currency exchange risk, interest rate risk, share price risk and commodity price risk),
(ii) credit risk and
(iii) liquidity risk.

Compliance with policies and exposure limits is reviewed by management on a continuous basis. The Company does not enter into or trade financial instruments, including derivative financial instruments.

Market risk

The Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates, interest rates, and share prices. There has been no change to the Company's exposure to market risks or the way it manages and measures the risk from the previous period.

NOTE 22: FINANCIAL INSTRUMENTS (continued)

Foreign currency exchange risk management

The Company undertakes certain transactions denominated in foreign currencies, hence exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters utilising purchasing limits.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the balance date expressed in Australian dollars are as follows:

30 June 2020	Short term exposure $	Long term exposure $
US Dollars		
• Financial liabilities	-	-
	-	**-**

30 June 2019	Short term exposure $	Long term exposure $
US Dollars		
• Financial liabilities	299	-
	299	**-**

Foreign currency sensitivity analysis

The sensitivity analyses below detail 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 balance date, if foreign exchange rates had been 10 basis point higher or lower and all other variables were held constant, the Company's:

- Profit or loss would increase/decrease by $nil (2019: $4); and
- Equity reserves would increase/decrease by $nil (2019: $4).

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

Interest rate risk management

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.

A 10-basis point increase or decrease is used when reporting interest rate risk internally to management and represents management's assessment of the change in interest rates.

At balance date, if interest rates had been 10 basis points higher or lower and all other variables were held constant, the Company's:

- Profit or loss would increase/decrease by $1,014 (2019: $601); and
- Equity reserves would increase/decrease by $1,014 (2019: $601).

The Company's sensitivity to interest rate risk has decreased during the year mainly due to the reduction in cash invested in term deposits.

Credit risk management

Credit risk is the risk that a counterparty fails to discharge an obligation to the Company. The Company is exposed to credit risk from financial assets including cash and cash equivalents held at banks and trade and other receivables. 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.

NOTE 22: FINANCIAL INSTRUMENTS (continued)

Liquidity risk management

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.

Non-derivative financial liabilities

The following tables detail the Company's expected contractual maturity for its non-derivative financial liabilities.
These have been drawn up based on undiscounted contractual maturities of the financial liabilities based on the earliest date the Company can be required to repay.
The tables include both interest and principal cash flows.

30 June 2020	≤6 Months $	6-12 Months $	1-5 Years $	≥5 Years $	Total $
Financial Liabilities					
Trade and other payables	869,266	-	-	-	869,266
Lease liabilities	61,920	61,920	176,730	-	300,570
Loans payable	18,700	18,700	60,915	-	98,315
Total	**949,886**	**80,620**	**237,645**	**-**	**1,268,151**

30 June 2019	≤6 Months $	6-12 Months $	1-5 Years $	≥5 Years $	Total $
Financial Liabilities					
Trade and other payables	1,494,726	-	-	-	1,494,726
Loans payable	59,691	41,939	107,377	-	208,947
Total	**1,554,417**	**41,939**	**107,377**	**-**	**1,703,673**

Fair value measurement

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.

The Company has several financial instruments which are not measured at fair value in the statement of financial position. The Directors consider that the carrying amounts of current receivables, current payables and current borrowings are a reasonable approximation of their fair values.

NOTE 23: CONTINGENT LIABILITIES

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

NOTE 24: SHARE-BASED PAYMENTS

a) Recognised Share-based Payment Expense

From time to time, the Company provides Incentive Options or Performance Rights to officers, employees, consultants and other key advisors as part of remuneration and incentive arrangements. The number of options / Performance Rights 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 2020 $	30 June 2019 $
Expense arising from equity-settled share-based payment transactions	52,264	64,687
Value of Performance Rights forfeited / written back	(34,231)	(293,824)
Net share based (income) / payment expense recognised in profit or loss	**18,033**	**(229,137)**

The following share-based payment arrangements were in place during the current and prior periods:

Options	Number	Grant date	Expiry date	Exercise price $	Fair value at grant date $	Vesting date $
Consultant options	250,000	19 May 2017	31 Dec 2020	0.20	2,500	19 May 2017
Employee options	450,000	19 May 2017	31 Dec 2020	0.20	4,500	19 May 2017
Consultant options	500,000	9 Jun 2017	31 Dec 2020	0.20	5,000	9 Jun 2017
Employee options	1,650,000	9 Jun 2017	31 Dec 2020	0.20	16,500	9 Jun 2017
Employee options (i)	150,000	19 Jan 2018	31 Dec 2020	0.37	30,165	19 Jan 2019
Consultant options (ii)	4,000,000	15 Aug 2019	31 Dec 2020	0.20	100,000	15 Aug 2019

(i) During the year ended 30 June 2020, an expense of $7,686 (2019:15,083) was incurred for options issued in prior periods.

(ii) Listed options – valued at $0.025 being the traded price at the grant date

Performance rights	Number	Grant date	Expiry date	Value at grant date $	Fair value at grant date[3] $	Vesting date $
Director	1,607,919	11 Nov 2019	30 Jun 2023	0.09	147,971	30 Jun 2022
Employees [1]	705,011	11 Nov 2019	30 Jun 2023	0.09	64,880	30 Jun 2022
Consultants [Tranche 3] [2]	333,333	25 Jul 2017	31 Dec 2020	0.10	33,333	30 Jun 2020

[1] During the year ended 30 June 2020, 173,160 employee performance rights were forfeited for cessation of employment. This resulted in a reversal of previously expensed amounts of $2,940. These Performance Rights will be cancelled following the year end audit.

[2] These Performance Rights were issued to Spectur's lead manager on IPO and are accounted for in share issue cost and not share based payments. Note the full value was written back during the year due to performance conditions not being met. The Performance Rights will be cancelled following issuance of the FY20 financial statements.

NOTE 24: SHARE-BASED PAYMENTS (continued)

a) Recognised Share-based Payment Expense (continued)

	Director	Employees
Dividend yield (%)	0%	0%
Expected volatility (%)	89.49%	89.49%
Risk-free interest rate (%)	0.86%	0.86%
Expected life of rights (years)	2.6	2.6
Exercise price (cents)	-	-
Grant date share price	0.105	0.105

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

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 2020		30 June 2019	
	Number	WAEP	Number	WAEP
Outstanding at beginning of year	3,000,000	$0.21	3,000,000	$0.21
Granted by the Company during the year	4,000,000	$0.20	-	-
Outstanding at end of year	**7,000,000**	**$0.20**	**3,000,000**	**$0.21**
Exercisable at the end of year	**7,000,000**	**-**	**3,000,000**	-

NOTE 25: RELATED PARTY DISCLOSURES

The Company'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 2020 $	30 June 2019 $
Short-term employee benefits	503,494	609,025
Share-based payment	7,812	147,796
Total	**511,306**	**756,821**

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 19.

NOTE 26: AUDITOR'S REMUNERATION

The auditor of Spectur Limited is HLB Mann Judd.

	30 June 2020 $	30 June 2019 $
Audit or review of the financial statements	**39,000**	**39,280**

NOTE 27: EVENTS AFTER THE REPORTING DATE

On 16 July 2020 Company completed a placement raising $567,248 before costs, via the issue of 11,344,960 fully paid ordinary shares at $0.05 per share to existing and new shareholders who qualify as sophisticated or professional investors.

In parallel, the Company conducted a Share Purchase Plan (SPP) to raise a target of $567,248 through the issue of an additional 11,344,960 shares at the placement price of $0.05 per share, with the capacity to accept oversubscriptions for up to a further 7,563,307 shares to raise an additional $378,165.

The SPP closed on 7 August 2020 significantly oversubscribed and the Board resolved to accept applications up to the oversubscription amount of $945,413, and accordingly 18,908,267 new shares were issued under the SPP.

The net proceeds of the Placement and parallel SPP will be used to strengthen the balance sheet to fund growth initiatives. These include accelerating the rollout of the Company's scalable next-generation STA6 technology platform, driving sales through geographic and channel partnerships, expansion of strategic marketing activities and assessing potential acquisitions.

Alto Capital (Lead Manager) is to receive a success fee of 1,000,000 Spectur Options exercisable at $0.10 on or before 30 June 2023, on successful completion of raising more than $1.5 million (before costs) via the Placement and SPP. The Options will be subject to shareholder approval to be sought at Spectur's Annual General Meeting.

The Directors are not aware of any other matter or circumstance that has arisen since 30 June 2020 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.

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 2020 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 2020.

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

Darren Cooper
Director
Dated this 31 August 2020

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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 Limited ("the Company") which comprises the statement of financial position as at 30 June 2020, the statement of profit or loss and other 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 2020 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 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. We have determined the matters described below to be the key audit matters to be communicated in our report.

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Key Audit Matter	How our audit addressed the key audit matter
Revenue and related risk of fraud Note 5	
The total revenue from operations for the year is \$4,801,655, with revenue being predominately generated through equipment sales, rentals and related services. Due to the presumption of fraud risk over revenue recognition, as prescribed by Australian Auditing Standards, this area has been subject to significant audit procedures.	Our procedures included but were not limited to the following: • We reviewed the Company's accounting policy regarding the recognition and/or deferral of revenue in line with AASB 15 *Revenue from Contracts with Customers*; • We reviewed the calculation of deferred revenue to ensure that it is correctly calculated and in accordance with AASB 15; • We selected a sample of revenue transactions and agreed the transactions to underlying supporting documentation; • We performed audit procedures to ensure that revenue is materially complete, including procedures surrounding cut-off at balance date; and • We assessed the adequacy of the Company's disclosures in respect of revenue and deferred revenue.

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 report for the year ended 30 June 2020, 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 within the directors' report for the year ended 30 June 2020.

In our opinion, the Remuneration Report of Spectur Limited for the year ended 30 June 2020 complies with section 300A of the *Corporations Act 2001*.

HLB MANN JUDD
ADVISORY AND ACCOUNTING

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

HLB Mann Judd
Chartered Accountants

L Di Giallonardo
Partner

Perth, Western Australia
31 August 2020

Additional Securities Information

SHAREHOLDER INFORMATION

The security holder information set out below was applicable as at 18 August 2020.
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	Ordinary Shares	
(Size of holding)	Shareholders	Shares
1 – 1,000	28	3,753
1,001 – 5,000	89	269,677
5,001 – 10,000	98	812,626
10,001 – 100,000	408	16,382063
100,001 and over	189	88,418,173
Total	**812**	**105,886,292**

There are 812 holders of ordinary shares. Each shareholder is entitled to one vote per share held.

b) Marketable parcel
There are 145 shareholders with less than a marketable parcel (basis price $0.07), with a total of 441,695 amounting to 0.42% of issued capital.

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 are no substantial shareholders listed on the Companies register as at 18 August 2020.

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

Additional Securities Information

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 hold is as follows:

Position	Holder Name	Holding	% Held
1	MR CHARLES RICHARD WALLACE WILKINS	4,704,966	4.44%
2	NATIONAL NOMINEES LIMITED	4,061,656	3.84%
3	ROBBIE HUNT PTY LTD <ROBBIE HUNT FAMILY SUPER A/C>	2,450,000	2.31%
4	DRP 2006 SUPER PTY LTD <DRP (2006) SUPER FUND A/C>	2,215,000	2.09%
5	MR DUMINDA AMARAKOON & MRS GERALDINE AMARAKOON <DURO SUPERFUND A/C>	1,971,847	1.86%
6	BASAPA PTY LTD <KEHOE FAMILY A/C>	1,966,422	1.86%
7	MR DARREN JOHN COOPER	1,903,879	1.80%
8	DR MALAKA AMERATUNGA	1,801,939	1.70%
9	STOW COURT PTY LTD <RM & JP BOLTON S/F A/C>	1,540,880	1.46%
10	SANDHURST TRUSTEES LTD <CYAN C3G FUND A/C>	1,538,462	1.45%
11	PABASA PTY LTD <KEHOE FAMILY SUPER FUND A/C>	1,528,879	1.44%
12	OLDVIEW ENTERPRISES PTY LTD <THE PRIESTLEY A/C>	1,467,313	1.39%
13	DR GERARD JOHN DYSON	1,462,179	1.38%
14	SANDHURST TRUSTEES LTD <EQUIT INV DRAGONFLY A/C>	1,420,630	1.34%
15	MR PETER JOHN FERRIS	1,195,981	1.13%
16	MR LEE NICOLA JOHN RINALDI & MRS CAROL ANGUS RINALDI <LEECA SUPER FUND A/C>	1,185,000	1.12%
17	MR ALISTAIR CHARLES JACKSON	1,054,810	1.00%
18	LEE MILLER	1,053,879	1.00%
19	CITICORP NOMINEES PTY LIMITED	1,042,277	0.98%
20	FRY SUPER PTY LTD <INXS SUPER FUND A/C>	1,000,000	0.94%
	Total	**36,565,999**	**34.53%**

1) Quoted Securities – (ii) Options exercisable at $0.20 on or before 31 December 2020.
a) Distribution of Security Number

Category	Options - $0.20	
(Size of holding)	Option holders	Options
1 – 1,000	5	2,648
1,001 – 5,000	116	328,065
5,001 – 10,000	28	223,714
10,001 – 100,000	76	3,159,276
100,001 and over	24	7,381,230
Total	**249**	**11,094,933**

There are 249 holders of quoted options. Option holders are not entitled to vote.

SHAREHOLDER INFORMATION (continued)

b) Marketable parcel
Based on the price per security, number of holders with an unmarketable holding: 244, with a total 7,962,813, amounting to 71.77% of Issued Capital.

c) Substantial Option holders
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 hold is as follows:

Position	Holder Name	Holding	% IC
1	BASAPA PTY LTD <KEHOE FAMILY A/C>	875,000	7.89%
2	MR PHILIP JOHN CAWOOD	646,154	5.82%
3	MR CHARLES SIMON ARMYTAGE REED	570,276	5.14%
4	PAC PARTNERS SECURITIES PTY LTD	534,331	4.82%
5	MR DAVID JASON BOURKE	506,359	4.56%
6	SANDHURST TRUSTEES LTD <EQUIT INV DRAGONFLY A/C>	493,601	4.45%
7	MR PETER ANTHONY <PETER ANTHONY FAMILY A/C>	400,000	3.61%
8	MR MATTHEW REGOS <REGOS FAMILY A/C>	280,375	2.53%
9	MR MICHAEL JAMES BUNN	260,000	2.34%
10	NICHOLAS LE MARSHALL	250,000	2.25%
10	MR JASON ROBERT WALL	250,000	2.25%
11	ALSTONVILLE NOMINEES PTY LTD <S J LACEY FAMILY A/C>	200,906	1.81%
12	GARY LESLIE SARGEANT	200,000	1.80%
12	MR ZEFNY MOHD IDRIS	200,000	1.80%
12	RACCOLTO INVESTMENTS PTY LTD <MAPLELEAF SUPER FUND A/C>	200,000	1.80%
12	MR BERNARD MARIE FRANCOIS LE CLEZIO & MR MARIE ROBERT FRANCOIS LE CLEZIO <LE CLEZIO SUPER FUND A/C>	200,000	1.80%
13	MR PETER JOHN FERRIS	184,600	1.66%
14	MS LAYLA ANNA PAULINE MCNAUGHTON	180,000	1.62%
15	MRS JOANNE KAYE JENSZ	176,923	1.59%
16	MR DUNCAN WILLIAM JONES	176,622	1.59%
17	MRS BROOKE LAUREN PICKEN	171,083	1.54%
18	INVERMORE PTY LTD <THE A MIDDENDORP FAMILY A/C>	150,000	1.35%
18	MR DARREN JOHN COOPER	150,000	1.35%
19	MR GREGORY JOHN BROWN	125,000	1.13%
20	MS ROSEMARY PATERSON	102,875	0.93%
	Total	**7,484,105**	**67.46%**

Additional Securities Information

SHAREHOLDER INFORMATION (continued)

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	Ordinary Options	
(Size of holding)	Option holders	Options
1 – 1,000	-	-
1,001 – 5,000	-	-
5,001 – 10,000	3	30,000
10,001 – 100,000	18	1,121,250
100,001 and over	14	10,173,750
Total	**35**	**11,325,000**

There are 35 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
There are 8 holders of Performance Rights totalling 2,646,263

2C) Performance Rights

a) Voting rights
Unlisted Performance Rights do not entitle the holder to any voting rights.

b) Holders of more than 20% of unquoted Performance Rights
- Gerard Dyson owns 1,607,919 performance rights which is equal to 60.8% of the Performance Rights on issue. Further information including vesting conditions relating to the performance rights are contained in the Remuneration Report.

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 in Appendix 4G.

This corporate governance statement lodged on the same day as the Annual Report 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. Restricted Securities
There are 4,704,966 ordinary shares held in voluntary escrow until 18/09/2020, as at the date of signing of the report.