Spectur Limited

Appendix 4E

Preliminary Financial Report- For the year ended 30 June 2021
(Previous corresponding period: Year ended 30 June 2020)

Results for announcement to the market

1. Results for announcement to the market

	30 June 2021 Current Year $	*Percentage Change Up /(Down)* %	Change Up /(Down) $	30 June 2020 Previous Corresponding Year $
Revenue from ordinary activities	5,248,882	9.3%	447,227	4,801,655
Loss from ordinary activities after tax	(1,755,415)	(8.2%)	(132,717)	(1,622,698)
Net Loss for the period attributable to members	(1,755,415)	(8.2%)	(132,717)	(1,622,698)

Commentary on the above figures is included in the attached Annual Financial Report for the year ended 30 June 2021.

2. Statement of Profit and Loss and other comprehensive income
Refer to attached Annual Financial Report – 30 June 2021.

3. Statement of financial position
Refer to attached Annual Financial Report – 30 June 2021.

4. Statement of cash flows
Refer to attached Annual Financial Report – 30 June 2021.

5. Statement of changes in equity / retained earnings
Refer to attached Annual Financial Report – 30 June 2021.

6. Dividend payments
Refer to attached Annual Financial Report – 30 June 2021.
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 2021.

8. Net tangible assets per security

	Current Year (30 June 2021)	Previous Corresponding Year (30 June 2020)
Net Tangible Assets per ordinary share	1.82 cents	2.58 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 2021 has been audit reviewed and is not subject to dispute or qualification.

Spectur Limited

ACN 140 151 579

Annual Financial Report
30 June 2021

Content

Directors
Mr Darren John Cooper
Dr Gerard John Dyson
Ms 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)
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Managing Director's Review

Dear Fellow Shareholder,

Financial year 2021 was a rollercoaster for Spectur Limited, as it was for many companies and people in our community. Following on from a challenging H2 FY20, our customers, business and people remained exposed to a market characterised by extended lockdowns and uncertainty. The second half of the financial year saw sentiment improve with the advent of increasingly available vaccines, as well as an ongoing shift in the Spectur business as management implemented its growth strategy. The contrast in halves was stark in financial terms. Against an uncertain global backdrop, Spectur executed strategy consistent with a strengthening corporate culture based around our shared values and vision for the business.

Vision, Values and Mission

Following the strategic direction that the Company set in mid-2020, Spectur has been on a journey evolving from a product-oriented business to a solutions-oriented business. Our corporate vision is to harness the power of renewable energy to bring autonomous sensing, thinking and action to customers outdoors. This has shaped the customer sectors we have targeted, the products and solutions we have developed and the technology we are researching. To deliver on this vision, our chosen pathway (or mission) is through:

- A premium offering;
- Constant evolution of our sales and technology towards more differentiated and less commodified solutions; and
- Improving and maturing our internal processes and systems to support these pathways.

We pursue this mission towards our vision in a culture characterised by honesty, customer focus, innovation, excellence and team orientation. We have made some positive strides in FY21 and I am proud of this business, the people in it and the positive difference that we make to our communities.

FY21 strategy review

Spectur's strategic plan for FY21 was built around four key pillars:

1. Expanding product lines
2. Gaining entry into major projects
3. Adding sales channels; and
4. Improving sales through enhanced marketing.

Against these objectives we scored highly.

FY21 saw the introduction of the STA6 platform to Spectur, bringing an unprecedented level of capability and features to the market. The STA6 platform delivers up to 4 cameras in 4k ultra-low light configuration, paired with advanced 32-bit processors equipped with uniquely programmable edge artificial intelligence. This platform delivers the first production-scale solar-powered "fog computing" platform into the market. Market demand exceeded supply for much of H1 and was addressed in H2.

Spectur also expanded the HD5 platform range to include material variants solving safety, warning and communications needs. Incorporating sophisticated and robust two-way (video and audio) communications as well as advanced prototyping of a digital signboard, these variants are now ready for broader scale production and sales.

Major projects were another area where Spectur made considerable strides. In FY20, Spectur did not secure new contracts with values above $100k. In FY21, Spectur secured nearly $2m of contracts with values in excess of $100k. This transformation in order size and customer quality was in response to the implementation of the outbound sales team and processes, ongoing account management and the development of compelling technology that could meet customer needs at scale.

This financial year was also characterised by unprecedented and welcome stability in our sales team. With the final hires occurring in July and August 2021, the sales team is experienced and familiar with the Spectur solutions. The fruits of extended outbound prospecting and customer account management are being harvested. The addition of Mr Robin Walford, a very experienced Sales Manager (and former CEO) ultimately into the role of Chief Sales and Operations Officer, rounded out the team at the end of H1 and is propelling ongoing growth in the sales pipeline.

In addition to the maturing of the sales team, Spectur also investigated growing a number of additional sales channels, the most notable of which culminated in the formation of a joint venture with Deus-Ex Limited in NZ to create Spectur NZ. This business is now established, generating revenues and is expected to increase its contributions in FY22.

The final element of the FY21 strategy was to grow sales through enhanced marketing. Spectur engaged a highly respected digital marketing partner, concluded the bottom-up build of a new website that reflected our corporate strategy and experimented with a range of different outbound and inbound marketing strategies. Whilst "success has many fathers", enhanced marketing was surely a material contributor to revenue improvement of nearly 60% in H2 over H1.

Financial results

As discussed above, Spectur's FY21 financial performance was a tale of two halves. The first half of the year was characterised by very tight cost control and cost reduction, whilst available funds were invested in future growth around marketing, sales and technology. The second half of the year saw the fruits of earlier investments and the growth of the pipeline. Key milestones and metrics include:

- Revenue growth from FY21 H1 of $2.04m to FY21 H2 $3.21m – nearly 60%.
- Reduction in loss from FY21 H1 of $1.02m to FY21 H2 $740k – more than 25% improvement.
- Finished the financial year with $1.69m of cash and an unused debt facility of $1.5m.

FY22 strategy

The current (FY22) financial year brings an evolution and compounding of the successful elements and investments in FY21. Core strategic elements include:

1. **Evolving the customer profile towards more differentiated buyers**

Core to our mission has been the provision of a differentiated offering to sustain the historically high gross margins that Spectur has enjoyed. In the coming period, Spectur will continue to invest in outbound sales effort and associated targeted marketing on customers that value a differentiated or unique offering and can buy at scale. At present this focus continues to be on government, utilities and construction customers, and is expanding incrementally towards adjacent groups.

2. **Product and technology advances**

Increased connectivity with customers has meant that Spectur has greater visibility on current and future needs of target sectors. This financial year will see further development of the core platforms, including the STA7, roll out of a broader range of internal and third-party AI applications and deployment of the expanded IoT sensing suite that will complement our current security, surveillance, safety and warning solutions. It is also expected that broader commercialisation of the two-way communications capabilities developed in FY21 (VOIP phones and digital signboards) will continue.

3. **Production scaling**

FY22 will see ongoing evolution in the methods of production of core technology, whilst investigations and plans are made for future, larger scale production. A range of options considering geography, advanced manufacturing technologies, shipping and capital costs will be considered in the preparation of this longer-range blueprint for production scaling. Spectur production capability needs to be ready for efficient, broader geographical deployment.

4. **System and process maturation**

As Spectur moves from start up to scaling up, internal systems and processes, including enterprise resource planning (ERP), will be upgraded, matured and evolved, to deliver higher reliability, lower cost and overall improved performance.

<u>Outlook</u>

As of 25 August 2021, Spectur has increased the unweighted pipeline to $5.62m of work ($2.33m of weighted pipeline), a stable and engaged workforce, strong technical and institutional foundations and a clear plan to drive sustainable growth. Whilst there remains the ever-present potential of government-enforced lockdowns, pandemics and other events beyond the control of Spectur, the need for our solutions remains clearer than ever and the resilience of our target customer base increases. For comparative purposes, even with more than half of the country in lockdown, the revenues for July 2021 are more than 40% higher than those experienced in July 2020.

We plan to inform the market of our ongoing technical developments, strategy implementation and material sales results throughout the year, demonstrating the predictable delivery of our plans. Thank you for your support during these interesting times. Spectur has a unique position in a global marketplace worth more than a billion dollars (solar sensing, thinking and action). We look forward to sharing this journey with you.

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 2021.

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
Bilyana Smith	Non-Executive Director
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	2 years, 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	2 years 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 10 months
Experience	Bilyana has extensive international experience as a company director, CEO, investor and strategic advisor. She is Non-Executive Director and member of the Remuneration and Nomination Committee member with Spectur. Also Board Director with Fishburners Ltd, Senior Advisor with First Home London, she runs her own advisory practice specialising in business strategy and innovation. Bilyana holds MBA from the University of Sydney, Bachelor of Architecture and is a graduate of the Australian Institute of Company Directors graduate (GAICD). 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
	Netccentric Limited	1 Sept 2020 - date
Dr Gerard John Dyson	-	-
Ms Bilyana Smith	-	-

Company Secretary for the reporting period

Mrs Suzie Jayne Foreman

Company Secretary
Qualifications: B Comm (Econs), CA, FGIA.
Ms Foreman is a Chartered Accountant and Governance Institute Fellow member, 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 in senior management roles including as a Chief Financial Officer and Company Secretary for a range of ASX listed entities from ASX top 300 tier entities to start-up enterprises. Ms Foreman is skilled in cash flow, governance and enterprise risk management, financial reporting, audit, and company secretarial work. Suzie has been involved in the listing of over 15 entities on the Australian Securities Exchange over the past 20 years and involved in capital raisings and M&A transactions exceeding $300 million in total.

Ms Foreman has previously held numerous Company Secretarial, Non-Executive Directorships, and/or Chief Financial Officer positions for ASX listed entities and is the Company Secretary of AIM and ASX listed Oilex Limited.

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 2021, Spectur reported total revenue of $5.2M, an approximate 8% increase on the corresponding prior year revenue of $4.8M.

Gross margins declined to 60% in FY2021 from 64% in the prior year, as the Company launched a new product line and absorbed some increases in costs within the component supply chain. Earnings / Loss before Interest, Tax and Depreciation and Amortisation (EBITDA) fell to $1.74M (loss) from the prior period loss of $1.47M. (Note 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 .)

Spectur's financial position remains strong with minimal debt of $61k (excluding office lease liabilities) and a cash balance of $1.7M at year end (2020: $1.6M). The Company's balance sheet is strengthened by access to a loan facility of $1.5M, which can be drawn down from 1 July 2021. The comprehensive loss for the year ended 30 June 2021, after providing for income tax, amounted to $1.76M (2020: $1.62M).

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

Capital Raising
On 16 July 2020, Spectur finalised a placement, raising $567,248 through the issue of 11,344,960 shares at 5 cents per share. In parallel, the Company announced a non-underwritten Share Purchase Plan (SPP), which closed significantly oversubscribed. The Company raised $945,413 in the SPP via the issue of 18,908,267 new shares at 5 cents per share.

New Zealand Acquisition
On 25 November 2020, and in line with its expansion strategy, Spectur announced the acquisition of Spectur New Zealand Limited. Spectur subscribed for 51% of the shares in Spectur NZ via a capital injection of $10,149 and Deus Ex 49% via a subscription of $9,751. Inventory and other contributions are to be funded via loans from the shareholders (Spectur and Deus Ex) proportionate to their shareholding.

Loan Facility
Spectur entered into a binding loan facility for A$1.5 million with its largest shareholder EGP Capital (Lender). The Agreement was completed on 14 May 2021, with draw down possible from 1 July 2021, and material terms as follows:

- Drawdowns at the election of the borrower, to be in minimum amounts of $100,000 and multiples of $50,000 with 30 days' notice.
- No security - Negative pledge obligation only;
- Fixed interest rate of 7.0% p.a. on drawn amounts;
- Line fee of 3% p.a. on total value of facility, effective 1 July 2021;
- 30-month term, with flexibility to repay at an earlier date;
- the Company will issue the following options to the Lender, subject to approval by shareholders at the Company's Annual General Meeting:
  - 2.25 million unquoted options to acquire fully paid ordinary shares in Spectur, exercisable at $0.12, on or before 31 December 2023. Should shareholder approval not be obtained, the outstanding loan principal and any fees / interest outstanding will be repaid within 45 days.
  - Financial Covenants – At all times, the amount of the drawn Facility is not to exceed the aggregate of:
    - Spectur's cash at bank;
    - 50% of Spectur's < 90 day debtors;
    - 50% of the value of Spectur's rental fleet and finished stock; and
    - 50% of the value of Spectur's other inventory.

  Spectur is to report to the financier on these matters for each month by the 21st day of the following month.
- Repayment election – Subject to obtaining the necessary shareholder approvals, if required, Spectur may, at its election, elect to repay all or part (in multiples of $100,000) of the outstanding amount under the Facility in the form of fully paid ordinary shares in lieu of cash. Each share will be issued at a 20% discount to the 30-day volume-weighted average price of Spectur shares traded on ASX leading up to the repayment date.

Employees

The Company had 31 employees as at 30 June 2021 (2020: 25 employees).

Loss per share

	30 June 2021	30 June 2020
Basic loss per share (cents per share)	(1.70)	(2.25)

Subsequent events after the reporting date

On 23 July 2021 Spectur completed the allocation of incentive awards to certain key management and senior employees under its Employee Incentive Scheme approved at the Company's 2019 Annual General Meeting (Scheme).

Long Term Incentives - Performance Rights
3,065,012 Performance Rights were allocated and issued to key management personnel and senior employees (other than directors) under the Scheme as long-term incentives.

In addition to the above issue, and pursuant to his Executive Employment Contract, Managing Director Dr Gerard Dyson, has been allocated 2,083,333 Performance Rights on the same terms and conditions. The issue of the Performance Rights to Dr Dyson is conditional on the receipt of shareholder approval which is to be sought at the Company's 2021 Annual General Meeting (AGM).

The Performance Rights are issued for nil cash consideration, but will not vest unless the performance conditions set by the Board have been satisfied, with the final quantum to be determined on the vesting and measurement date of 30 June 2023. Refer to Section E of the Remuneration Report for the details of the performance conditions.

Incentive Options
In recognition of the continued dedication of the key management and senior employees of Spectur, in particular during FY20 and FY21, throughout periods of Company imposed salary reductions, the Board issued 2,200,000 unquoted Options to members of Spectur's key management personnel (other than Directors) under the Scheme.

The Options are exercisable at $0.10, being a 43% premium to the SP3 5-day Volume Weighted Average Share Price (VWAP) prior to 30 June 2021, and have an expiry date of 30 June 2014. The Options are not subject to vesting conditions.

The Board has also resolved to issue, conditional on the receipt of shareholder approval to be sought at the AGM, 2,100,000 Incentive Options under the Scheme as follows:

- 1,100,000 Incentive Options to the Managing Director, Dr Gerard Dyson; and
- 500,000 Incentive Options to each of the Non-Executive Directors, Bilyana Smith and Darren Cooper.

The Director Incentive Options will be unquoted, exercisable at a 42% premium to the VWAP to be calculated based upon the 5-day period up to and including the date of the AGM. The Options will not be subject to vesting conditions.

Cancellation of Performance Rights
A total of 1,024,676 FY20 and FY21 Performance Rights were cancelled due to the vesting conditions no longer being attainable due to cessation of employment.

The Directors are not aware of any other matter or circumstance that has arisen since 30 June 2021 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	
FY21	No. eligible to attend	No. attended	No. eligible to attend	No. attended
Darren Cooper	14	14	3	3
Bilyana Smith	14	14	3	3
Gerard Dyson	14	14	-	-

In addition to the above meetings, the board executed 2 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
106,305,280	2,200,000	8,496,144

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
Unlisted	2,200,000	$0.10	30 June 2024
Total	**2,200,000**		

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
Employee LTI Issued FY20	12 months from reporting of the Company's audited FY22 financial statements	1,787,265	Earnings per share (75%) and total shareholder return (25%) weighted targets.
Employee LTI Issued FY21	12 months from reporting of the Company's audited FY23 financial statements	3,643,868	Earnings per share (75%) and total shareholder return (25%) weighted targets.
Employee LTI Issued FY22	12 months from reporting of the Company's audited FY23 financial statements	3,065,012	Revenue (50%) and EBITDA (50%) weighted targets.

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 saw the consolidation of a revised marketing strategy, a stabilised outbound sales team and a new product line (the STA6). Spectur's focus in the coming twelve months is to:

- Continue the migration of the customer base from more transactional inbound customers to more strategic customers in our target sectors of government and utilities, major construction and adjacent groups. In particular, the Company is looking to focus on customers where the differentiated capabilities of Spectur around customisation, integration, low power and data management and "fog" computing can be leveraged.
- Further optimise and narrow the focus of marketing activities to target key customer groups and support the sales process. This will include key outbound events, publications and other digital marketing.
- Extend the next phase of the research and development long term roadmap. This includes a number of key performance, reliability, cost and production related elements of existing platforms as well as the development of new features and the next generation STA7. Ultimately, Spectur is seeking to build a fully modular software and hardware platform in the next three-year period, integrating core Spectur technology with third party sensing, AI and peripherals.
- Mature internal processes as the business increases scale. Combined with the implementation of a new, company wide, Microsoft Dynamics ERP, processes around research and development through to production will be matured and documented supporting scaling, efficiency in execution and the ability to interact productively with partner organisations.

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. The Company has two Officers / Directors who are female, Bilyana Smith (Non-executive director) and Suzie Foreman (company secretary). 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 2021.

Director's 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	2,503,879	-	-
Bilyana Smith	749,614	-	-
Gerard John Dyson	1,462,179	-	4,909,806
Total	**4,715,672**	**-**	**4,909,806**

Remuneration Report (Audited)

Remuneration Report Contents

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 2021. 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 FY21 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
Dr Gerard John Dyson	Managing Director (Executive)	Full Term
Ms Bilyana Smith	Non-Executive Director	Full Term

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 2021.

B. Remuneration Governance

Spectur Board	
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**).	
Remuneration and Nomination Committee (RNC)	
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.	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 FY21, as defined under section 300A of the Corporations Act.
Managing Risk	
The board retains discretion to adjust STI outcomes. All variable remuneration is subject to Board approval prior to grant / payment.	

The members of the RNC currently are:

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

C. Remuneration Policy Framework

The key objective of Spectur's remuneration policy is to be an 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.

Remuneration Policy
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.

Remuneration Strategy		
Performance Driven	**Market Competitive**	**Aligns with Shareholders**
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."	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 caliber, 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.	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 and senior management team of Spectur.

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 rowspan="1">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, note this was reduced to two years for FY22.
➢ 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 2/3-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 (tested at the end of the financial year).
Award opportunities	**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. **FY22** 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. **FY21** ➢ H1 and H2 targets and weightings set to - financial performance - Revenue (75%); and EBITDA (25%). **FY22** ➢ H1 and H2 targets and weightings set to - financial performance - Revenue (50%); and EBITDA (50%).
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. **FY21** For FY21 approximately 11% of the potential bonus award pool is payable as a result of achievement of EBITDA financial targets for key management and senior employees. 100% of awards are made in cash with PAYG tax deducted. **FY22** 100% of awards to be made in cash with PAYG tax deducted, following the measurement against the Company's FY22 audited accounts.
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 full year audited results. The individual performance of the Managing Director is also rated and considered when determining the amount, if any, of the STI component to be paid at the award end. 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 for FY21:

(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 was consistent with market practice at the time.

For FY21 the performance hurdles were amended to reflect an equal weighting against Full Year FY2023 Revenue and Full Year FY2023 EBITDA (both tested at the end of FY23). The Remuneration Committee and Board considered that as a result of the general economic uncertainty surrounding the impacts of the COVID-19 pandemic, a reduced timeframe of 2 years and performance hurdles relating to internal financial measurements under the control of the executive provided a more appropriate reward and retention mechanism.

The hurdles motivate executives with a clear line of sight to strategic outcomes outcome through the performance hurdle measurements.

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 3,301,887 performance rights to the Managing Director for FY21 which was approved by shareholders at the Company Annual General Meeting in October 2020.

The structure and details of LTIP Performance Rights issued to executives in FY21 and proposed for FY22 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 a specified period prior to the award date. 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: **FY21** ➢ 75% EPS in FY2022 (tested at the end of the 2-year period). ➢ 25% Share price growth over a 2-year period 'Total Shareholder Return' (**TSR**) tested at the end of FY2022

	FY22 ➢ 50% Full Year FY2023 Revenue (tested at the end of FY23). ➢ 50% Full Year FY2023 EBITDA (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. Vesting may also be subject to the achievement of pro-rata performance conditions 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). The Board retains discretion to modify outcomes to ensure that the LTIP does not produce outcomes that shareholders would be likely to consider inappropriate.

F. Performance and remuneration outcomes for FY21

Remuneration Consultants

The Remuneration and Nomination Committee may use independent Remuneration Consultants to provide advice but elected not to do so for FY21.

Remuneration Policy vs 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.

FY21 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:

	2021 $	2020 $	2019 $	2018 $	2017 $
Revenue	5,248,882	4,801,655	4,818,130	2,476,501	1,332,681
EBITDA loss	(1,755,415)	(1,452,264)	(2,586,997)	(3,764,137)	(607,237)
Adjusted EBITDA loss[1]	(1,736,321)	(1,474,251)	(2,282,948)	(2,471,633)	(578,737)
Earnings / (Loss) Per Share (cents per share)	(1.70)	(2.25)	(4.82)	(7.61)	(3.31)
Product Development	Beach Warning System	STA6	Shark Warning, mobile systems	HD5 Thermal camera	Cloud Management platform

[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 the Company's policy was not to grant any incentive equity-based compensation to NEDs. This policy was revised in FY22 following a change in circumstances related to COVID-19 impacting the business:

- NED's took a 20% salary reduction during Q4 FY20 and Q1FY21 (a total of approx. 6 months), and revised to a 10% reduction for Q2FY21 in alignment with Company policy implemented during the COVID-19 pandemic to limit overhead expenses.
- NED's were paid via shares in lieu of remaining salary for Q4FY20, escrowed for 12 months.
- NED fees have remained static (for Bilyana Smith through FY20, 21 and now FY22), Darren Cooper FY19-22.
- In the interests of cash preservation for the Company, and retaining the talent pool of directors, 500,000 unquoted options were awarded to each of the NED's (July 2021) as a reward for their commitment and retention.
- The options have no vesting conditions, expire 30 June 2024, and will be exercisable at a 42% premium to Spectur's share price at the time of grant, and are subject to approval by shareholders at Spectur's 2021 AGM. An expense of $73,938 was recognised in FY21 in relation to these.

Accordingly, no other equity incentives were offered to NEDs in the reporting period to 30 June 2021. Shares were issued to Darren Cooper and Bilyana Smith during the year in lieu of their reduced Board fees for Q4FY20. These were approved by Spectur shareholders at the 2020 Annual General Meeting.

Remuneration Structure

NEDs receive a fixed remuneration of base fees, presently set at $40,000 per annum plus statutory superannuation. These fees cover 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.

All NED fees remain unchanged 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	
Chair	**Member**
$75,000	$40,000

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	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% for Q1FY21 and 10% for Q2FY21, and reinstated in full from 1 January 2021.
Any salary reviews for the NED's have been placed on hold pending a review of market conditions.

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

	Short-term benefits					
FY2021	**Salary & fees $**	**Bonus Payments $**	**Super-annuation $**	**Share-based payments(iii) $**	**Total $**	**Percentage performance related %**
Directors						
Darren Cooper (i) (iv)	69,375	-	6,769	17,604	93,748	-
Bilyana Smith (ii) (iv)	37,000	-	3,609	17,604	58,213	-
Key Management Personnel						
Gerard Dyson (iii) (iv)	255,584	-	24,280	54,461	334,325	16%
Total	**361,959**		**34,658**	**89,669**	**486,286**	

Notes:

(i) Darren Cooper elected to receive at 20% reduction in NED fees for Q1FY21 and a 10% reduction for Q2FY21, in alignment with Company policy implemented during the COVID-19 pandemic to limit overhead expenses.

(ii) Bilyana Smith elected to receive at 20% reduction in NED fees for Q1FY21 and a 10% reduction for Q2FY21 in alignment with Company policy implemented during the COVID-19 pandemic to limit overhead expenses.

(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 2020 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 (Note 26). 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) The issue of the Performance Rights and/or options is conditional on the receipt of shareholder approval which is to be sought at the Company's 2021 Annual General Meeting (AGM)

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

FY2020	Short-term benefits: Salary & fees $	Short-term benefits: Bonus Payments $	Super-annuation $	Share-based payments[(iii)] $	Total $	Percentage performance related %
Directors						
Darren Cooper [(i)]	72,333	-	6,871	-	79,204	-
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**	**511,305**	

Notes:

(i) Darren Cooper 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 was 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 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 was 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.

I. Additional statutory disclosures

Key Management Personnel Equity Holdings

Fully paid ordinary shares

FY21

30 June 2021	Balance at beginning of year Number	Granted in lieu of cash compensation Number	Received on exercise of PRs Number	Purchased during year Number	Balance at resignation Number	Balance held at year end Number
Directors						
Darren Cooper[1]	1,500,000	273,253	-	730,626	-	2,503,879
Bilyana Smith[2]	200,000	145,735	-	403,879	-	749,614
Executives						
Gerard Dyson[3]	1,058,300	-	-	403,879	-	1,462,179

[1] Darren Cooper acquired 326,747 Spectur shares on market and a further 403,879 shares were acquired pursuant to Spectur's Share Purchase Plan in July 2020. 273,253 shares were paid to Darren Cooper in lieu of cash consideration for salaries forgone Q4FY20. As at 30 June 2021, 1,903,879 shares were held in the Cooper Retirement Pty Ltd <The Cooper Retirement Fund A/C>, of which Mr Cooper is the beneficiary, and 600,000 shares were directly held.
[2] 145,735 shares were paid to Bilyana Smith, in lieu of cash consideration for salaries forgone Q4FY20. This was approved at Spectur's Annual General Meeting in October 2020. A further 403,879 shares were acquired pursuant to Spectur's Share Purchase Plan in July 2020.
[3] 403,879 of shares were acquired pursuant to Spectur's Share Purchase Plan in July 2020. Dr Dysons shares are held in a family trust, with Gerard John Dyson and Chantel Yvette Dyson as trustees of the family trust.

Key Management Personnel equity holdings (Continued)
Fully paid ordinary shares

FY20

30 June 2020	Balance at beginning of year / on appointment Number	Granted in lieu of cash compensation Number	Received on exercise of PRs Number	Purchased during year Number	Balance at resignation Number	Balance held at year end 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.

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.

FY21

30 June 2021	Balance at beginning of year Number	Granted as compensation Number	Exercised Number	Expired unexercised Number	Balance at end of year Number
Directors					
Darren Cooper	150,000	-	-	(150,000)	-
Bilyana Smith	-	-	-	-	-
Executives					
Gerard Dyson	-	-	-	-	-

[1] 150,000 options exercisable at $0.20 on or before 31 December 2020 expired unexercised.

FY20

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.

Key Management Personnel equity holdings (Continued)
Performance Rights

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

FY21

	Balance at beginning of year	Issued during the year	Cancelled / forfeited during the year	Balance at end of year	Vested and Exercisable
30 June 2021	**Number**	**Number**	**Number**	**Number**	**Number**
Directors					
Gerard Dyson	1,607,919	3,301,887	-	4,909,806	-

FY20

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

Performance Rights

For details of the employee share option plan and of Performance Rights granted during FY20, please refer to Notes 9 and 26. All share options issued to KMP were made in accordance with the provisions of the Spectur EIP.

Comments on Remuneration Report at Spectur's most recent AGM

The Company received a 90.5% of "yes" votes on its remuneration report for the 2020 financial year. The Company did not receive any specific feedback from shareholders at the 2020 Annual General Meeting on its remuneration practices.

Signed in accordance with a resolution of the directors.

Mr Darren John Cooper
Director
Dated this 30 August 2021

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Spectur Limited for the year ended 30 June 2021, 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	**L Di Giallonardo**
30 August 2021	**Partner**

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Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 30 June 2021

	Notes	30 June 2021 $	30 June 2020 $
Continuing Operations			
Revenue	5	5,248,882	4,801,655
Cost of sales		(2,108,881)	(1,727,751)
Gross profit		3,140,001	3,073,904
Interest income		1,646	14,626
COVID 19 relief		393,989	333,428
(Loss) / profit on disposal of property, plant and equipment		(1,674)	(45,931)
Depreciation and amortisation		(317,198)	(392,773)
Employee benefits		(3,573,765)	(3,015,247)
Finance charges	6	(16,528)	(23,413)
General and administrative expenses		(935,555)	(925,479)
Impairment of intangible assets	16	(12,640)	(74,006)
Inventories written back / (off)		4,919	(173,471)
Marketing and advertising		(310,567)	(235,318)
Property expenses – lease payments for short term leases		(107,757)	(225,991)
Research and development expenses		(182,477)	(146,120)
Share-based payment expense	26	(167,342)	(18,033)
Loss before income tax benefit		**(2,084,948)**	**(1,853,824)**
Income tax benefit	7	329,533	231,126
Loss for the year		**(1,755,415)**	**(1,622,698)**
Other comprehensive loss for the year		-	-
Total comprehensive loss for the year		**(1,755,415)**	**(1,622,698)**
Loss attributable to members of the Company		**(1,755,415)**	**(1,622,698)**
Basic and diluted loss per share (cents per share)	10	**(1.70)**	**(2.25)**

The accompanying notes form part of these financial statements.

Statement of Financial Position

At 30 June 2021

	Notes	30 June 2021 $	30 June 2020 $
Assets			
Current Assets			
Cash and cash equivalents	11	1,688,712	1,632,513
Trade and other receivables	12	1,264,594	691,424
Inventories	13	774,913	493,430
Total Current Assets		**3,728,219**	**2,817,367**
Non-Current Assets			
Property, plant and equipment	14	541,521	621,848
Other receivables		30,114	52,057
Investments accounted for using the equity method	15	9,985	-
Intangible assets	16	179,589	309,773
Right-of-use assets	17	320,288	278,030
Total Non-Current Assets		**1,081,497**	**1,261,708**
Total Assets		**4,809,716**	**4,079,075**
Liabilities			
Current Liabilities			
Trade and other payables	18	1,340,866	806,063
Employee Benefits	19	463,529	214,340
Borrowings	20	60,513	32,975
Lease liabilities	21	158,310	100,534
Provisions	22	114,299	88,830
Total Current Liabilities		**2,137,517**	**1,242,742**
Non-Current Liabilities			
Borrowings	20	-	60,513
Lease liabilities	21	169,453	180,537
Employee benefits	19	67,324	60,117
Total Non-Current Liabilities		**236,777**	**301,167**
Total Liabilities		**2,374,294**	**1,543,909**
Net Assets		**2,435,422**	**2,535,166**
Equity			
Issued capital	8	12,573,174	11,084,845
Reserves	9	177,772	504,479
Accumulated losses		(10,315,524)	(9,054,158)
Net Equity		**2,435,422**	**2,535,166**

The accompanying notes form part of these financial statements.

Statement of Changes in Equity

For the Year Ended 30 June 2021

	Issued Capital $	Reserves $	Accumulated Losses $	Total Equity $
Balance at 1 July 2020	11,084,845	504,479	(9,054,158)	2,535,166
Loss after income tax for the year	-	-	(1,755,415)	(1,755,415)
Total Comprehensive loss for the year	**-**	**-**	**(1,755,415)**	**(1,755,415)**
Shares issued during the year	1,537,322	-	-	1,537,322
Share issue costs	(48,993)	-	-	(48,993)
Value of expired options transferred to accumulated losses	-	(494,049)	494,049	-
Options issued during the year	-	151,396	-	151,396
Value of Performance Rights brought to account during the year	-	15,946	-	15,946
Balance as at 30 June 2021	**12,573,174**	**177,772**	**(10,315,524)**	**2,435,422**

	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)	-	-
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**

The accompanying notes form part of these financial statements.

Statement of Cash Flows

For the Year Ended 30 June 2021

	Notes	30 June 2021 $	30 June 2020 $
Cash flows from operating activities			
Receipts from customers		5,408,095	5,128,663
Payments to suppliers and employees		(7,162,964)	(6,098,773)
Interest received		1,734	15,057
Interest paid		(12,102)	(15,793)
Finance and related charges		(4,425)	(7,620)
COVID 19 relief		531,673	195,744
R & D tax incentives received		274,185	331,533
Net cash used in operating activities	11.1	**(963,804)**	**(451,189)**
Cash flows from investing activities			
Payments for loans to joint venture		(7,489)	-
Payments to acquire investments		(9,985)	-
Payments for intangible assets		-	(47,162)
Purchase of property, plant and equipment		(281,478)	(288,331)
Net cash used in investing activities		**(298,952)**	**(335,493)**
Cash flow from financing activities			
Proceeds from issue and subscription of shares		1,512,661	1,407,399
Payments for share issue costs		(48,993)	(124,491)
Repayment of lease liabilities		(111,738)	(98,677)
Repayment of borrowings		(32,975)	(68,297)
Net cash from financing activities		**1,318,955**	**1,115,934**
Net increase in cash and cash equivalents held		56,199	329,252
Cash and cash equivalents at the beginning of the year		1,632,513	1,303,261
Cash and cash equivalents at the end of the year		**1,688,712**	**1,632,513**

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 holds a 51% interest in Spectur New Zealand Ltd. The investment in Spectur NZ is accounted for using the equity method in accordance with AASB 128.

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 30 August 2021.

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

New Standards and Interpretations applicable for the year ended 30 June 2021

For the year ended 30 June 2021, 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 reporting period. As a result of this review the Directors have determined that there is no material impact of the new and revised Standards and Interpretations on the Company, and therefore no change is necessary to accounting policies.

New 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 2021. 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 accounting policies.

(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.

(e) Investment in associates and joint ventures

Investments in associates and joint ventures are accounted for using the equity method. The carrying amount of the investment in associates and joint ventures is increased or decreased to recognise the Company's share of the profit or loss and other comprehensive income of the associate and joint venture, adjusted where necessary to ensure consistency with the accounting policies of the Company.

Unrealised gains and losses on transactions between the Company and its associates and joint ventures are eliminated to the extent of the Company's interest in those entities. Where unrealised losses are eliminated, the underlying asset is also tested for impairment.

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.

Note 2: Significant Accounting Policies

(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.

(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.

(l) Employee benefits

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 employee benefits 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 employee benefits 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.

The liability for long service leave is recognised in 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.

(m) 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.

(n) 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.

(o) 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.

(p) 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.

(p) Share-based payment transactions (continued)

Equity settled transactions (Continued)

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.

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.

(q) 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.

(r) Dividends

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

(s) Earnings per Share

Basic earnings/(loss) per share is calculated as net profit/(loss) 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/(loss) per share is calculated as net profit/(loss) 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 2021 $	30 June 2020 $
At a point in time		
Equipment sales	1,762,276	1,502,734
Field services	701,503	593,304
	2,463,779	**2,096,038**
Over Time		
Equipment rentals	1,578,006	1,501,293
Recurring revenue	1,207,097	1,204,324
	2,785,103	**2,705,617**
Total revenue	**5,248,882**	**4,801,655**

The Company recognised an impairment loss on receivables from contracts with customers in the statement of profit or loss and other comprehensive income, amounting to $26,906 for the year ended 30 June 2021 (2020: $32,709).

Note 6: Finance charges

	30 June 2021 $	30 June 2020 $
Interest and finance charges paid/payable on borrowings	(4,425)	(7,620)
Interest and finance charges paid/payable on lease liabilities	(12,103)	(15,793)
	(16,528)	**(23,413)**

Note 7: Income Tax

	30 June 2021 $	30 June 2020 $
(a) The components of income tax benefit comprise:		
Research & Development tax incentive	(329,533)	(231,126)
	(329,533)	**(231,126)**
(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 26% (2020: 27.5%) from ordinary operations:	(542,086)	(509,807)
Effect of items that are not assessable/deductible in determining taxable loss:		
- Other non-allowable items	190,268	153,115
- Other non-assessable items	(16,250)	(13,750)
- Revenue losses not recognised	377,317	400,906
- Other deferred tax balances not recognised	(9,249)	(30,464)
- Research & Development tax incentive	(329,533)	(231,126)
Income tax benefit reported in the consolidated statement of profit or loss and other comprehensive income from ordinary operations	**(329,533)**	**(231,126)**
(c) Recognised deferred tax liabilities at 25% (2020:27.5%) (Note1)		
Intangible assets	44,898	89,523
Other	394	718
	45,292	**90,241**
Recognised deferred tax assets at 25% (2020:27.5%) (Note 1)		
Carry forward revenue losses	45,292	90,241
Net deferred tax	**-**	**-**
(d) Unrecognised deferred tax assets at 25% (2020:27,.5%) (Note 1)		
Carry forward revenue losses	1,478,413	1,118,225
Provisions and accruals	173,039	135,217
Capital raising costs	73,020	67,686
Other	4,147	3,493
	1,728,619	**1,324,621**

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 2021, the Company had the following issued share capital:

	30 June 2021		30 June 2020	
	Number	$	Number	$
Fully paid ordinary shares	**106,305,280**	**12,573,174**	**75,633,065**	**11,084,845**
Movement of issued share capital:				
Balance at beginning of year	75,633,065	11,084,845	56,402,293	8,997,115
Placement at $0.13	-	-	12,230,773	1,590,000
Placement at $0.05	30,253,227	1,512,661	-	-
Shares issued on exercise of performance rights [(i)]	-	-	6,999,999	700,000
Issue of shares in lieu of Director fees	418,988	24,661	-	-
Share issue costs	-	(48,993)	-	(202,270)
Balance at end of year	**106,305,280**	**12,573,174**	**75,633,065**	**11,084,845**

(i) Performance rights converted during the prior financial 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 26 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 26 for further details of these plans

At 30 June 2021, the Company had the following reserve accounts:

	30 June 2021		30 June 2020	
	Number	$	Number	$
Options	4,300,000	151,396	22,419,933	494,049
Performance rights	11,604,153	26,376	2,646,263	10,430
Balance at end of year	**15,904,153**	**177,772**	**25,066,196**	**504,479**

Note 9: Reserves (continued)

OPTIONS RESERVE MOVEMENT

	30 June 2021		30 June 2020	
	Number	$	Number	$
Movement of Company options:				
Balance at beginning of year	22,419,933	494,049	18,419,933	386,446
Options issued to broker (i)	-	-	4,000,000	100,000
Options issued to employees	2,200,000	77,458	-	-
Options issued to directors (ii)	2,100,000	73,938	-	-
Value of all employee options brought to account during the year	-	-	-	7,603
Expired options transferred to retained earnings	(22,419,933)	(494,049)	-	-
Balance at end of year	**4,300,000**	**151,396**	**22,419,933**	**494,049**

(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.
(ii) Shareholder approval to be sought at the upcoming AGM.

PERFORMANCE RIGHTS RESERVE MOVEMENT

	30 June 2021		30 June 2020	
	Number	$	Number	$
Movement of issued performance rights:				
Balance at beginning of year	2,646,263	10,430	7,333,332	722,222
Brought to account during the year (i)	9,464,383	61,615	2,312,930	55,772
Performance rights cancelled during the year	(506,493)	-		
Performance rights converted to shares (ii)	-	-	(6,999,999)	(700,000)
Performance rights forfeited / written off (iii)	-	(45,669)	-	(67,564)
Balance at end of year	**11,604,153**	**26,376**	**2,646,263**	**10,430**

(i) Issued to key employees under Spectur's LTI plan. Refer Note 26. The issue of the 2,083,333 Performance Rights to Dr Dyson is conditional on the receipt of shareholder approval which is to be sought at the Company's 2021 Annual General Meeting (AGM).
(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 and employee cessation.

Other Notes to the Financial Statements

Note 10: Loss per Share

Basic loss per share

	30 June 2021 Cents per share	30 June 2020 Cents per share
Basic and diluted loss per share	(1.70)	(2.25)

Losses

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

	30 June 2021 $	30 June 2020 $
Loss for the year	(1,755,415)	(1,622,698)

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 2021 Number	30 June 2020 Number
Weighted average number of ordinary shares for the purpose of basic loss per share	103,464,820	72,053,005

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 2021 $	30 June 2020 $
Cash on hand and in bank	1,689,960	621,739
Credit cards	(1,248)	(3,710)
Short term deposits	-	1,014,484
Net cash and cash equivalents	**1,688,712**	**1,632,513**

At 30 June 2021, the Company had a credit card facility of $50,000 (2020: $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 2021 $	30 June 2020 $
Loss for the year	(1,755,415)	(1,622,698)
Adjustments for non-cash income and expense items		
Depreciation and amortisation	568,257	581,069
Impairment of intangibles	12,640	74,006
Accrued R&D & COVID 19 refund receivable	(220,283)	(302,619)
(Profit) / Loss on disposal of property and equipment	1,674	45,931
Share-based payment expense	167,342	18,033
Issue of Shares in lieu of Director fees	24,661	-
Provisions	264,911	(31,318)
Change in assets and liabilities		
Decrease / (Increase) in trade and other receivables	(323,455)	779,606
(Increase) in inventories	(281,482)	443,266
(Decrease) / Increase in trade and other payables	577,346	(436,465)
Net cash outflow from operating activities	**(963,804)**	**(451,189)**

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

	Notes	Lease liability	Loans	Total
Balance at 1 July 2019	20	-	208,947	208,947
Leases recognised on the adoption of AASB 16	21	242,852	-	242,852
Acquisition of leases	21	322,910	-	322,910
Derecognition of leases	21	(190,760)	-	(190,760)
Repayments	21	(109,724)	(75,857)	(185,581)
Repayment relating to investing activities		-	(47,162)	(47,162)
Interest paid	21	15,793	7,560	23,353
Balance at 30 June 2020	21	**281,071**	**93,488**	**374,559**
Acquisition of leases	21	142,443	-	142,443
Derecognition of leases	21	-	-	-
Repayments	21	(107,853)	(37,400)	(145,253)
Repayment relating to investing activities		-	-	-
Interest paid	21	12,102	4,425	16,527
Balance at 30 June 2021	**20 & 21**	**327,763**	**60,513**	**388,276**

Note 12: Trade and Other receivables

	30 June 2021 $	30 June 2020 $
Trade receivables (i)	996,481	413,724
Allowance for expected credit losses (ii)	(30,898)	(51,765)
	965,583	361,959
Prepayments	30,920	26,758
Other	47,808	88
COVID 19 relief	-	137,684
R&D refund receivable	220,283	164,935
Total	**1,264,594**	**691,424**

(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 24 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 2021 $	30 June 2020 $
Balance at the beginning of the year	51,765	19,056
Provision for expected credit losses	6,039	32,709
Written off	(26,906)	-
Closing balance	**30,898**	**51,765**

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 2021 and 30 June 2020 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 at 30 June 2021 and 30 June 2020 was determined as follows:

	Trade receivables past due					
30 June 2021	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	1.6%	2.2%	4.0%	9.9%	17.6%	3.1%
Gross carrying amount	689,035	190,939	26,554	15,588	74,365	996,481
Lifetime expected credit loss	10,969	4,236	1,061	1,547	13,085	30,898

Note 12: Trade and other Receivables (continued)

Expected credit losses (continued)

30 June 2020	Trade receivables past due					
	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	65,000	413,724
Lifetime expected credit loss	-	-	-	-	51,765	51,765

The closing balance of the trade receivables allowance for expected credit losses as at 30 June 2021 reconciles with the trade receivables allowance for expected credit losses opening balance as follows:

	30 June 2021 $
30 June 2019	**19,056**
Amounts written off	-
Net remeasurement of loss allowance	32,709
30 June 2020	**51,765**
Amounts written off	(26,906)
Net remeasurement of loss allowance	6,039
Closing balance – 30 June 2021	**30,898**

Note 13: Inventories

	30 June 2021 $	30 June 2020 $
Raw materials – cost	559,209	209,317
Work in progress – cost	18,287	108,592
Finished goods - cost	197,417	175,521
Total	**774,913**	**493,430**

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 2020	388,945	4,761	43,738	60,696	123,708	621,848
Additions	218,101	6,256	12,863	10,938	-	248,158
Disposals	(1,808)	-	-	-	-	(1,808)
Depreciation charge for the year	(243,194)	(1,525)	(16,158)	(28,915)	(36,885)	(326,677)
Balance at 30 June 2021	**362,044**	**9,492**	**40,443**	**42,719**	**86,823**	**541,521**
Balance at 1 July 2019	348,801	13,594	51,534	80,744	150,595	645,268
Additions	268,592	-	8,842	12,125	-	289,559
Disposal	(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**

Plant and equipment

The carrying value of plant and equipment held under chattel mortgage contracts at 30 June 2021 is $8,894 (2020: $12,993). Additions during the year include $nil (2020: $nil) of plant and equipment held under chattel mortgage contracts. There were no disposals during the current or prior year 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 2021 is $67,855 (2020: $117,759).

Note 15: Investment accounted for using the equity method

Name of joint venture	Country of incorporation and principal place of business	Principal activity	Proportion of ownership interests held by Spectur 30 June 2021	Proportion of ownership interests held by Spectur 30 June 2020
Spectur New Zealand Pty Ltd	NZ	Provide Spectur security, sensing and visual artificial intelligence products to New Zealand customers.	**51%**	**-**

The investment in Spectur NZ is accounted for using the equity method in accordance with AASB 128.
No dividends were received from Spectur NZ during the year ended 30 June 2021.
Spectur NZ is a private company; therefore, no quoted market prices are available for its shares.

Note 16: Intangibles

	Patents $	Product Development $	Other Intangibles $	Total $
Carrying value				
Cost	38,674	739,339	100,000	878,013
Impairment	-	(72,763)	(13,884)	(86,647)
Accumulated amortisation	(15,624)	(510,037)	(86,116)	(611,777)
Carrying value at 30 June 2021	**23,050**	**156,539**	**-**	**179,589**
Cost	38,674	739,339	100,000	878,013
Impairment	-	(60,122)	(13,884)	(74,006)
Accumulated amortisation	(10,416)	(397,702)	(86,116)	(494,234)
Carrying value at 30 June 2020	**28,258**	**281,515**	**-**	**309,773**

	Patents $	Product Development $	Other Intangibles $	Total $
Reconciliation – current year				
Carrying value as at 1 July 2020	28,258	281,515	-	309,773
Amortisation	(5,208)	(112,336)	-	(117,544)
Impairment	-	(12,640)	-	(12,640)
Carrying value at 30 June 2021	**23,050**	**156,539**	**-**	**179,589**
Reconciliation – prior 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**

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.

Note 16: Intangibles (continued)

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

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.

Other Notes to the Financial Statements

Note 17: Right-of-use Assets

	30 June 2021 $	30 June 2020 $
Land and buildings – right-of-use	480,932	322,910
Less: Accumulated depreciation	(160,644)	(44,880)
Carrying value at 30 June 2021	**320,288**	**278,030**

Reconciliation

	30 June 2021 $	30 June 2020 $
Recognised on 1 July 2019 on adoption of AASB 16	278,030	242,852
Additions	158,022	322,910
Derecognised [1]	-	(186,014)
Depreciation expense	(115,764)	(101,718)
Total	**320,288**	**278,030**

[1] A new 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 18: Trade and other payables

	30 June 2021 $	30 June 2020 $
Accounts payable [(i)]	245,034	116,999
Accruals	166,725	227,676
ATO & State Governments	324,704	127,423
Unearned revenue	558,764	330,221
Customer pre-payments	45,391	-
Other payables	248	3,744
Total	**1,340,866**	**806,063**

(i) Trade payables are non-interest bearing and are normally settled on 30-day terms. Refer to note 24 for further information on financial instruments.

Other Notes to the Financial Statements

Note 19: Employee benefits

	30 June 2021 $	30 June 2020 $
Current Liabilities	**463,529**	**214,340**
Non-Current liabilities	**67,324**	**60,117**

Current
Employee benefits expected to be settled within the next 12 months. The current provision for employee benefits includes all unconditional entitlements where employees have completed the required period of service and also where employees are entitled to pro-rata payments in certain circumstances. The entire amount is presented as current, since the company does not have an unconditional right to defer settlement. However, based on past experience, the company does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months.

Non-current
Employee benefits expected to be settled after 12 months

Note 20: Borrowings and other financial liabilities

	30 June 2021 $	30 June 2020 $
Current loans		
Secured loans	60,513	32,975
Total current loans	**60,513**	**32,975**
Non-current loans		
Secured loans	-	60,513
Total non-current loans	-	60,513
Total loans	**60,513**	**93,488**

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 12 months from the reporting date. Total monthly repayments are $1,149 with total balloon payments of $45,810.

Spectur Ltd has secured a $1.5 million loan facility from EGP Capital with drawdown available from 1 July 2021. There is a 3%-line fee payable, as well as interest at 7% on any drawn amounts. Spectur Ltd will also issue 2.25 million unquoted options to EGP Capital exercisable at $0.12 on or before 31 December 2023. The issue of the options is subject to shareholder approval, failing which the drawn down amounts (principal, fees and interest) will become payable with 45 days.

Other Notes to the Financial Statements

Note 21: Lease liabilities

	30 June 2021 $	30 June 2020 $
Current lease liabilities	158,310	100,534
Non-current lease liabilities	169,453	180,537
	327,763	**281,071**

Reconciliation

	30 June 2021 $	30 June 2020 $
Opening Balance	281,071	-
Recognised on 1 July 2019 on adoption of AASB 16	-	242,852
Lease inception	142,443	322,910
Leases derecognised	-	(190,760)
Principal repayments	(95,751)	(93,931)
Total	**327,763**	**281,071**

The Company leases several premises, and the average lease term is 3 years.
Refer Note 24 for further information on financial instruments.

Note 22: 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.

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.

Note 22: Provisions (continued)

	Warranties $	Equipment Rental $	Total current $
Balance as at 30 June 2020	29,693	59,137	**88,830**
Provided during the year	87,103	31,596	**118,699**
Utilised	(61,634)	(31,596)	**(93,230)**
Balance at 30 June 2021	**55,162**	**59,137**	**114,299**
Balance as at 30 June 2019	76,494	49,449	**125,943**
Provided during the year	-	42,492	**42,492**
Unused amounts reversed	(2,811)	-	**(2,811)**
Utilised	(43,990)	(32,804)	**(76,794)**
Balance at 30 June 2020	**29,693**	**59,137**	**88,830**

Note 23: Dividends

The directors of the Company have not declared any dividend for the years ended 30 June 2021 and 2020.

Note 24: 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 2020 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.

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 were nil.

Note 24: Financial Instruments(continued)

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 (2020: $nil); and
- Equity reserves would increase/decrease by $nil (2020: $nil).

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 $nil (2020: $1,014); and
- Equity reserves would increase/decrease by $nil (2020: $1,014).

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.

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.

Note 24: Financial instruments (continued)

30 June 2021	≤6 Months $	6-12 Months $	1-5 Years $	≥5 Years $	Total $
Financial Liabilities					
Trade and other payables	1,340,866	-	-	-	1,340,866
Lease liabilities	85,598	85,698	175,882	-	347,178
Loans payable	40,824	19,689	-	-	60,513
Total	**1,467,288**	**105,387**	**175,882**	**-**	**1,748,557**

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**

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 25: Contingent liabilities

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

Note 26: 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 2021 $	30 June 2020 $
Expense arising from equity-settled share-based payment transactions	213,011	52,264
Value of Performance Rights forfeited / written back	(45,669)	(34,231)
Net share based (income) / payment expense recognised in profit or loss	**167,342**	**18,033**

Note 26: Share-based payments (continued)

a) Recognised Share-based Payment Expense (continued)

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 balance date $	Vesting date $
Employee options	2,200,000	30 June 2021	30 June 2024	0.10	77,458	30 June 2021
Director options	2,100,000	30 June 2021	30 June 2024	0.10	73,938	(ii

(i) During the year ended 30 June 2021, an expense of $151,396 (2020: $7,686) was incurred for options issued.
(ii) The issue of the Director options is conditional on the receipt of shareholder approval which is to be sought at the Company's 2021 Annual General Meeting (AGM).

Performance rights	Number	Grant date	Expiry date	Value at grant date $	Fair value at balance date[3] $	Vesting date $
Director	1,607,919	11 Nov 2019	30 Jun 2023	0.09	147,971	30 Jun 2022
Employees [1]	531,851	11 Nov 2019	30 Jun 2023	0.09	14,500	30 Jun 2022
Director	3,301,887	30 Oct 2020	30 Jun 2024	0.05	138,422	30 Jun 2023
Employees	1,014,151	30 Oct 2020	30 Jun 2024	0.05	14,337	30 Jun 2023
Director [2 & 3]	2,083,333	28 Jun 2021	30 Jun 2024	0.07	145,833	30 Jun 2023
Employees [2]	3,065,012	28 Jun 2021	30 Jun 2024	0.07	214,551	30 Jun 2023

[1] During the year ended 30 June 2021, 1,024,676 (2020: 173,160) employee performance rights were forfeited for cessation of employment. This resulted in a reversal of previously expensed amounts of $5,035 (2020: $2,940). These Performance Rights will be cancelled following the year end audit.

[2] No expense was recognised for the year ended 30 June 2021 due to the minimal vesting relating to the 2021 financial year.

[3] The issue of the Performance Rights is conditional on the receipt of shareholder approval which is to be sought at the Company's 2021 Annual General Meeting (AGM).

	Director	Employees
Dividend yield (%)	0%	0%
Expected volatility (%)	90.97%	90.97%
Risk-free interest rate (%)	1.69%	1.69%
Expected life of rights (years)	3	3
Exercise price (cents)	-	-
Grant date share price	0.07	0.07

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.

Note 26: Share-based payments (continued)

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 2021		30 June 2020	
	Number	WAEP	Number	WAEP
Outstanding at beginning of year	7,000,000	$0.20	3,000,000	$0.21
Expired options	(7,000,000)	$0.20	-	-
Granted by the Company during the year	4,300,000	$0.10	4,000,000	$0.20
Outstanding at end of year	**4,300,000**	**$0.10**	**7,000,000**	**$0.20**
Exercisable at the end of year	**4,300,000**	**-**	**7,000,000**	-

Note 27: 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 2021 $	30 June 2020 $
Short-term employee benefits	396,617	502,993
Share-based payment	89,669	7,812
Total	**486,286**	**510,805**

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 12.

Note 28: Auditor's remuneration

The auditor of Spectur Limited is HLB Mann Judd.

	30 June 2021 $	30 June 2020 $
Audit and review of the financial statements	**46,100**	**44,700**

Note 29: Events after the reporting date

On 23 July 2021 Spectur completed the allocation of incentive awards to certain key management and senior employees under its Employee Incentive Scheme approved at the Company's 2019 Annual General Meeting (Scheme).

Long Term Incentives - Performance Rights
3,065,012 Performance Rights were allocated and issued to key management personnel and senior employees (other than Directors) under the Scheme as long-term incentives.

In addition to the above issue, and pursuant to his Executive Employment Contract, Managing Director Dr Gerard Dyson, has been allocated 2,083,333 Performance Rights on the same terms and conditions. The issue of the Performance Rights to Dr Dyson is conditional on the receipt of shareholder approval which is to be sought at the Company's 2021 Annual General Meeting (AGM).

The Performance Rights are issued for $nil cash consideration but will not vest unless the performance conditions set by the Board have been satisfied, with the final quantum to be determined on the vesting and measurement date of 30 June 2023. Refer to Section E of the Remuneration Report of the accounts for the details of the performance conditions.

Note 29: Events after the reporting date (continued)

Incentive Options
In recognition of the continued dedication of the key management and senior employees of Spectur, in particular during FY20 and FY21, throughout periods of Company imposed salary reductions, the Board issued 2,200,000 unquoted Options to members of Spectur's key management personnel (other than Directors) under the Scheme.

The Options are exercisable at $0.10, being a 43% premium to the SP3 5-day Volume Weighted Average Share Price (VWAP) prior to 30 June 2021, and have an expiry date of 30 June 2024. The Options are not subject to vesting conditions.

The Board has also resolved to issue, conditional on the receipt of shareholder approval to be sought at the AGM, 2,100,000 Incentive Options under the Scheme as follows:

- 1,100,000 Incentive Options to the Managing Director, Dr Gerard Dyson; and
- 500,000 Incentive Options to each of the Non-Executive Directors, Bilyana Smith and Darren Cooper.

The Director Incentive Options will be unquoted, exercisable at a 42% premium to the VWAP to be calculated based upon the 5-day period up to and including the date of the AGM. The Options will not be subject to vesting conditions.

Cancellation of Performance Rights
A total of 1,024,676 FY20 and FY21 Performance Rights were cancelled due to the vesting conditions no longer being attainable due to cessation of employment.

The Directors are not aware of any matter or circumstance that has arisen since 30 June 2021 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 at 30 June 2021 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 2021.

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

Darren Cooper
Director
Dated this 30 August 2021

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HLB MANN JUDD
ADVISORY AND ACCOUNTING

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 2021, 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 2021 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 Refer to Note 5	
The total revenue from operations for the year is $5,248,882, with revenue being predominately generated through equipment sales, rentals and related services. Due to the material nature of this balance and 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 financial report for the year ended 30 June 2021, 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 2021.

In our opinion, the Remuneration Report of Spectur Limited for the year ended 30 June 2021 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

L Di Giallonardo
Partner

Perth, Western Australia
30 August 2021

Additional Securities Information

SHAREHOLDER INFORMATION

The security holder information set out below was applicable as at 13 August 2021.
There is one class of quoted securities, being fully paid ordinary shares.

1) Quoted Securities – (i) Fully Paid Ordinary Shares
a) Distribution of Security Number

Category	Ordinary Shares	
(Size of holding)	Shareholders	Shares
1 – 1,000	39	6,273
1,001 – 5,000	78	243,118
5,001 – 10,000	126	1,020,890
10,001 – 100,000	483	19,201,126
100,001 and over	203	85,833,873
Total	**929**	**106,305,280**

There are 929 holders of ordinary shares. Each shareholder is entitled to one vote per share held.

b) Marketable parcel
There are 106 shareholders with less than a marketable parcel (basis price $0.10), with a total of 194,391 shares amounting to 0.18% 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 13 August 2021.

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

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	NATIONAL NOMINEES LIMITED	4,070,000	3.83%
2	MR DUMINDA AMARAKOON & MRS GERALDINE AMARAKOON <DURO SUPERFUND A/C>	3,650,000	3.43%
3	CHARLES RICHARD WALLACE WILKINS	3,403,966	3.20%
4	MR DARREN JOHN COOPER	2,503,879	2.36%
5	DR MALAKA AMERATUNGA	2,500,000	2.35%
6	MR PETER JOHN FERRIS	1,849,480	1.74%
7	FACOORY INVESTMENTS (QLD) PTY LTD	1,801,250	1.69%
8	MS SNEZANA BOWDEN	1,600,000	1.51%
9	MR ANTON DE SILVA GUNAWARDENA & MRS THERESE SASHA MARIETTE FERNANDO <SEROTUTOR SUPERFUND A/C>	1,500,000	1.41%
10	GERARD JOHN DYSON	1,462,179	1.38%
11	FRY SUPER PTY LTD <INXS SUPER FUND A/C>	1,300,000	1.22%
12	MR ALISTAIR CHARLES JACKSON	1,300,000	1.22%
13	BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	1,273,602	1.20%
14	MR GEORGE LIONTOS & MRS CRISTINA LIONTOS <FRANCIS ALEXANDRA S/F A/C>	1,263,645	1.19%
15	MR SHAUN ROMESH ANTONY FERNANDO & MS WEI JUN LI	1,209,890	1.14%
16	LEE NICOLA JOHN RINALDI & CAROL ANGUS RINALDI	1,185,000	1.11%
17	DR ROBIN BRUCE ENDERSBEE & MRS HELEN MARGARET ENDERSBEE	1,100,000	1.03%
18	MR MATTHEW JAMES BOWDEN	1,039,000	0.98%
19	MR MATTHEW REGOS <REGOS FAMILY A/C>	1,036,949	0.98%
20	CITICORP NOMINEES PTY LIMITED	1,025,945	0.97%
	Total	**36,074,785**	**33.94%**

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:

Position	Holder Name	Holding	% Held
1	SUZIE FOREMAN	500,000	22.73%
2	FREDERIK MARE	600,000	27.27%
3	NICHOLAS LE MARSHALL	800,000	36.36%
4	ROBIN WALFORD	300,000	13.64%
	Total	**2,200,000**	**100.00%**

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.

SHAREHOLDER INFORMATION (continued)

2B) Performance Rights
There are 8 holders of Performance Rights totalling 8,496,144

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 4,909,806 performance rights which is equal to 57.8% 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 Securities Exchange.

3. Restricted Securities
There are 418,988 ordinary shares held in voluntary escrow until 29/10/2021, as at the date of signing of the report.