# Spectur Limited

**(Formerly Uwatchit Pty Ltd)**

ACN 140 151 579

# Financial Report for the Half Year Ended 31 December 2016

# SPECTUR LIMITED
# (Formerly Uwatchit Pty Ltd)

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# SPECTUR LIMITED
# (Formerly Uwatchit Pty Ltd)

## CORPORATE INFORMATION
**ACN 140 151 579**

**Directors**
Mr Charles Richard Wallace Wilkins
Mr Peter William Holton
Mr Japheth Dela Torre

**Company Secretary**
Japheth Dela Torre

**Registered Address**
Unit 10, 14 Merino Entrance
Cockburn Central WA 6164
Telephone: 1300 802 960

**Principal place of business**
Unit 10, 14 Merino Entrance
Cockburn Central WA 6164
Telephone: 1300 802 960

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

**Bankers**
ANZ Bank
32 St Quentins Avenue
Claremont WA 6010

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

# SPECTUR LIMITED
# (Formerly Uwatchit Pty Ltd)

## DIRECTORS' REPORT

The Board of Directors of Spectur Limited (formerly Uwatchit Pty Ltd) present their report on Spectur Limited ("Company" or "Spectur") for the half year ended 31 December 2016.

### DIRECTORS AND OFFICERS

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

| | | |
|---|---|---|
| Charles Richard Wallace Wilkins | Director | Director since incorporation |
| Peter William Horton | Director | Appointed on 9 March 2017 |
| Japheth Dela Torre | Non-Executive Director | Appointed on 22 March 2017 |
| | Company Secretary | Appointed on 30 January 2017 |

### PRINCIPAL ACTIVITIES

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

### OPERATING AND FINANCIAL REVIEW

#### Results of Operations

The comprehensive loss of the Company for the half year ended 31 December 2016, after providing for income tax amounted to $34,592 (31 December 2015: $106,246).

The loss is primarily due to activities relating to the design and development of the Company's Remote Solar 3G/4G based Security Camera networks and associated products and services.

#### Review of financial conditions

The Company had cash in hand and in banks of $145,720 (net of bank overdraft of $22,330) as at 31 December 2016 (30 June 2016: bank overdraft of $2,325). As at the reporting date, the Company has unutilised bank overdraft facility of $77,670 (30 June 2016: $57,675).

At 31 December 2016, the Company had net assets of $15,659 (30 June 2016: net assets of $50,251), a decrease of $34,582 compared with the previous year which was primarily due to the effect of the loss of the Company during the period.

### DIVIDENDS

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

### SUBSEQUENT EVENTS AFTER THE REPORTING DATE

**10 Cent Seed Capital Raising**

On 19 December 2016, the then sole director of the Company, approved the 10 cent Seed Application Form for the issue of approximately 250,000 shares at an issue price of $1.00 (pre-split), being the equivalent of 2,500,000 shares at an issue price of $0.10 per share (post-split) to raise $250,000. On 30 January 2017, 250,000 fully paid ordinary shares were issued by the Company to the subscribers of the 10 cent capital raising.

**Buy-back of partly-paid shares**

On 27 January 2017, the Company entered into a Buy-Back Agreement with certain shareholders to buy-back and cancel 1,900,000 partly-paid shares amounting to $19,000. Thereafter, the Company issued 19,000 new fully paid ordinary shares equivalent to the amount paid for the partly-paid shares.

## DIRECTORS' REPORT (continued)

### SUBSEQUENT EVENTS AFTER THE REPORTING DATE (continued)

**Change of name and becoming a public company**
On 15 February 2017, the Company's name was changed in the company register to Spectur Pty Ltd. The Company converted to a public company on 22 March 2017. Accordingly, the Company's name was automatically changed to Spectur Limited. In addition, the Company also adopted a new Constitution with effect from the date that the Company's conversion to a public company limited by shares takes effect. The change of name, change from a proprietary company limited by shares to a public company limited by shares and adoption of a new constitution were approved by the shareholders on 27 January 2017.

**Share subdivision**
On 15 March 2017, the Company subdivided its share capital on a 10 for 1 basis for shareholders on record as at 27 January 2017.

**Employee Incentive Plan**
On 30 January 2017, the then Sole Director of the Company approved the establishment of an incentive plan subject to the rules of the Plan.

**Issue of Performance Rights to Directors**
On 30 January 2017, the then Sole Director of the Company approved a resolution to make the following offer of Performance Rights:

a. 10,000,000 Performance Rights to Mr. Richard Wilkins, being the Company's Managing Director; and
b. 10,000,000 Performance Rights to Mr. Peter Holton, being an employee and proposed executive director of the Company.

The performance rights will have the following vesting conditions (which were updated on 26 April 2017):

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

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

**Issue of New Options to Directors' Nominees**
On 30 January 2017, the Company approved the offer of the following new Options:

a. 2,000,000 new options at $0.005 each to Mr. Richard Wilkins (or his nominee); and
b. 2,000,000 new options at $0.005 each to Mr. Peter Holton (or his nominee).

On 20 March 2017, the New Options were issued to the respective nominees, being in total 4,000,000 at $0.005 to raise $20,000.

**Approval of 16 Cent Seed Application Form**
On 15 March 2017, the Directors approved the 16 cent Seed Application Form for the issue of approximately 2,823,750 shares at an issue price of $0.16 per share to raise $451,800. The Company received $531,800 equivalent to 3,323,750 shares at as a result of the 16 cent capital raising. The additional $80,000 received equivalent to 500,000 shares was approved by the Directors on 7 April 2017. The 3,323,750 shares were issued to the shareholders on 7 April 2017. Following the issue of shares there were 17,000,000 ordinary shares on issue.

**Issue of New Options**
On 10 April 2017, the Company issued 2,000,000 Company Options at $0.005 to raise $10,000. On 19 May 2017, the Company issued 700,000 Company Options to a consultant and an employee at $0.20 each under the Employee Incentive Plan.

## DIRECTORS' REPORT (continued)

### AUDITOR INDEPENDENCE AND NON-AUDIT SERVICES

Section 307C of the Corporations Act 2001 requires our auditors, HLB Mann Judd, to provide the Directors of the Company with an Independence Declaration in relation to the audit of the annual report. This Independence Declaration is set out on page 7 and forms part of this Directors' report for the half year ended 31 December 2016.

Signed in accordance with a resolution of the directors.



**Mr Charles Richard Wallace Wilkins**
**Director**
Dated this 7 June 2017

HLB Mann Judd

Accountants | Business and Financial Advisers

**AUDITOR'S INDEPENDENCE DECLARATION**

As lead auditor for the audit of the financial report of Spectur Limited (formerly UWatchit Pty Ltd) for the period ended 31 December 2016, 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**
**7 June 2017**

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

# SPECTUR LIMITED
# (Formerly Uwatchit Pty Ltd)

## STATEMENT OF COMPREHENSIVE INCOME
## FOR THE HALF YEAR ENDED 31 DECEMBER 2016

| | Notes | 31 December 2016 $ | 31 December 2015 $ |
|---|---|---|---|
| **Continuing operations** | | | |
| Revenue | 2(a) | 778,133 | 477,141 |
| Cost of sales | | (288,209) | (191,009) |
| Gross profit | | 489,924 | 286,132 |
| Research and development expenses | 2(b) | (255,395) | (205,746) |
| General and administrative expenses | | (64,013) | (49,266) |
| Employee benefits | | (153,052) | (88,161) |
| Marketing and advertising | | (22,032) | (20,492) |
| Rent | | (18,901) | (21,197) |
| Depreciation and amortisation | | (9,169) | (4,815) |
| Interest expense | | (1,954) | (2,701) |
| **Loss before income tax benefit** | | **(34,592)** | **(106,246)** |
| Income tax benefit | 3 | - | - |
| **Loss for the period** | | **(34,592)** | **(106,246)** |
| **Other comprehensive income, net of income tax** | | - | - |
| **Total comprehensive loss for the period** | | **(34,592)** | **(106,246)** |
| **Loss attributable to members of the Company** | | **(34,592)** | **(106,246)** |

The accompanying notes form part of these financial statements.

# SPECTUR LIMITED
# (Formerly Uwatchit Pty Ltd)

## STATEMENT OF FINANCIAL POSITION
## 31 DECEMBER 2016

| | Notes | 31 December 2016 $ | 30 June 2016 $ |
|---|---|---|---|
| **Assets** | | | |
| **Current Assets** | | | |
| Cash and cash equivalents | | 168,050 | - |
| Trade and other receivables | | 181,569 | 223,407 |
| Inventories | | 84,032 | - |
| **Total Current Assets** | | **433,651** | **223,407** |
| **Non-Current Assets** | | | |
| Property, plant and equipment | | 53,640 | 42,612 |
| Intangible assets | 6 | 3,190 | 3,517 |
| **Total Non-current Assets** | | **56,830** | **46,129** |
| **Total Assets** | | **490,481** | **269,536** |
| **Liabilities** | | | |
| **Current Liabilities** | | | |
| Trade and other payables | 7 | 461,342 | 205,805 |
| Loan payable | | 13,480 | 13,480 |
| **Total Liabilities** | | **474,822** | **219,285** |
| **Net Assets** | | **15,659** | **50,251** |
| **Equity** | | | |
| Issued capital | 4 | 1,128,000 | 1,128,000 |
| Option reserves | 5 | - | - |
| Accumulated losses | | (1,112,341) | (1,077,749) |
| **Net Equity** | | **15,659** | **50,251** |

The accompanying notes form part of these financial statements.

# SPECTUR LIMITED
# (Formerly Uwatchit Pty Ltd)

## STATEMENT OF CHANGES IN EQUITY
## FOR THE HALF YEAR ENDED 31 DECEMBER 2016

| | Issued Capital $ | Option Reserve $ | Accumulated Losses $ | Total Equity $ |
|---|---|---|---|---|
| **Balance as at 1 July 2015** | 1,128,000 | - | (1,010,778) | 117,222 |
| Loss for the period | - | - | (106,246) | (106,246) |
| **Total comprehensive loss for the period** | - | - | (106,246) | (106,246) |
| **Balance as at 31 December 2015** | 1,128,000 | - | (1,117,024) | 10,976 |

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

The accompanying notes form part of these financial statements.

# SPECTUR LIMITED
# (Formerly Uwatchit Pty Ltd)

## STATEMENT OF CASH FLOWS
## FOR THE HALF YEAR ENDED 31 DECEMBER 2016

| | Note | 31 December 2016 $ | 31 December 2015 $ |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Payments to suppliers and employees | | (814,965) | (560,299) |
| Receipts from customers | | 666,199 | 501,122 |
| Interest paid | | (1,954) | (2,701) |
| Income tax benefit | | 153,772 | 201,756 |
| Net cash (used in)/from operating activities | | **(3,052)** | **139,878** |
| **Cash flows from investing activities** | | | |
| Property, plant and equipment | | (23,007) | (18,287) |
| Net cash (used in) investing activities | | **(23,007)** | **(18,287)** |
| **Cash flows from financing activities** | | | |
| Amounts received for shares subscribed but not yet issued | | 168,000 | - |
| Net cash from financing activities | | **168,000** | **-** |
| **Net increase in cash and equivalents held** | | **148,045** | **121,591** |
| **Cash and cash equivalents at the beginning of the period** | | **(2,325)** | **(25,260)** |
| **Cash and cash equivalents at the end of the period** | | **145,720** | **96,331** |

The accompanying notes form part of these financial statements.

# SPECTUR LIMITED
# (Formerly Uwatchit Pty Ltd)

## NOTES TO THE FINANCIAL STATEMENTS
## FOR THE HALF YEAR ENDED 31 DECEMBER 2016

### NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

**(a) Basis of preparation**

The directors have prepared the financial statements on the basis that the company is a non-reporting entity because there are no users dependent on general purpose financial statements. The financial statements are therefore special purpose financial statements that have been prepared in order to meet the needs of members.

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

The accounting policies detailed below have been consistently applied to all of the periods presented unless otherwise stated. The financial statements are for Spectur Limited (formerly Uwatchit Pty Ltd) ("Spectur" or the "Company") which has no subsidiaries.

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

The financial statements are presented in Australian dollars.

The Company is an unlisted private company, incorporated in Australia. The entity's principal activities are to develop, manufacture and sell Remote Solar 3G/4G based Security Camera networks and associated products and services.

**Comparative information**

The comparative information in the statements of comprehensive income, statement of changes in equity, statement of cashflows and related notes were not audited and is for additional information only.

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

*Standards and Interpretations applicable to 31 December 2016*

In the half year ended 31 December 2016, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Company and effective for the current annual reporting period.

As a result of this review, the Directors have determined that there is no material impact of the new and revised Standards and Interpretations on the Company and, therefore, no material change is necessary to Company accounting policies.

*Standards and Interpretations in issue not yet adopted*

The Directors have also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the half year ended 31 December 2016. As a result of this review the Directors have determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change necessary to Company accounting policies.

**(c) Statement of compliance**

The financial report was authorised for issued in accordance with a resolution of the Directors on 7 June 2017.

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

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

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

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

*Impairment of intangibles with indefinite useful lives:*

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

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

**(d) Significant accounting estimates and judgements (continued)**

*Share-based payment transactions:*

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

**(e) Going concern**

As at the reporting date, the Company has net assets of $15,659. The Company will require further funds from operations and will need to raise capital to enable it to continue to develop, manufacture and sell its products and expand its operations throughout Australia.

Subsequent to the half year end, the Company has raised $781,800 by issue of 5,823,750 new shares (post share split) to sophisticated investors. The Company's cash flows indicate that the Company will still be required to raise additional funds (on top of those raised post half year end) in order to complete its stated objectives.

In the event that the Compay is not able to raise sufficient funds through ongoing operations and further capital raising, there exists a material uncertainty that may cast significant doubt that the Company may not be able to continue its operations as a going concern and therefore may not be able to realise its assets and extinguish its liabilities in the ordinary course of operations and at the amounts stated in the financial report.

NOTE 2: REVENUE AND EXPENSES

| | 31 December 2016 $ | 31 December 2015 $ |
|---|---|---|
| **(a) Revenue** | | |
| **Sales** | | |
| Hardware | 573,651 | 382,150 |
| Installation | 23,528 | 17,949 |
| Server access and data plan | 118,737 | 56,940 |
| Monitoring | 20,710 | 13,487 |
| Equipment rental and repairs | 41,507 | 6,615 |
| Total | **778,133** | **477,141** |
| **(b) Research and Development expenses** | | |
| Consulting and development fees | 246,126 | 196,118 |
| Supplies | 9,269 | 9,628 |
| Total | **255,395** | **205,746** |

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

NOTE 3: INCOME TAX

| | 31 December 2016 $ | 31 December 2015 $ |
|---|---|---|
| **(a) Income tax benefit** | - | - |
| **(b) Numerical reconciliation between tax-benefit and pre-tax net loss** | | |
| (Loss) from ordinary activities | (34,592) | (106,246) |
| Income tax using the Company's domestic tax rate of 30% | (10,378) | (31,874) |
| Current period (loss) for which no deferred tax liability was recognised | 10,378 | 31,874 |
| Income tax benefit relating to Research and Development claim | - | - |
| Income tax benefit attributable to entity | - | - |

### NOTE 3: INCOME TAX (continued)

**(c) Unrecognised deferred tax**

| **Tax losses for which no deferred tax asset has been recognised** | **31 December 2016 $** | **31 December 2015 $** |
|---|---|---|
| Losses available for offset against future taxable income | - | - |
| Total | - | - |
| Potential tax benefits at 30% | - | - |

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

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

### NOTE 4: ISSUED CAPITAL

As at 31 December 2016, the Company had the following issued share capital:

| | **31 December 2016** | | **30 June 2016** | |
|---|---|---|---|---|
| | **Number** | **$** | **Number** | **$** |
| Fully paid ordinary shares | 1,098,625 | 1,109,000 | 1,098,625 | 1,109,000 |
| Partially paid ordinary shares | 1,900,000 | 19,000 | 1,900,000 | 19,000 |
| | **2,998,625** | **1,128,000** | **2,998,625** | **1,128,000** |
| Movement of issued share capital: | | | | |
| Balance at beginning of period/year | 2,998,625 | 1,128,000 | 2,998,625 | 1,218,000 |
| **Balance at end of period/year** | **2,998,625** | **1,128,000** | **2,998,625** | **1,128,000** |

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

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

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

### NOTE 5: COMPANY OPTIONS

| | **31 December 2016** | | **30 June 2016** | |
|---|---|---|---|---|
| | **Number** | **$** | **Number** | **$** |
| Movement of issued share capital: | | | | |
| Balance at beginning of period/year | 200,000 | - | 200,000 | - |
| Issued on during the period/year | 50,000 | - | - | - |
| Lapsed unexercised | - | - | - | - |
| **Balance at end of period/year** | **250,000** | **-** | **200,000** | **-** |

### NOTE 5: COMPANY OPTIONS (continued)

(i) The Company issued 200,000 options to Venture Skills Pty Ltd at Nil consideration. The options have an exercise price of $1.00 per share and expire on 30 March 2019. On 30 January 2017, the Company's then sole director approved the cancellation of the 200,000 options above. The director also approved the issue of New Options which will entitle Venture Skills Pty Ltd to subscribe for 1 fully paid ordinary share in the Company at an exercise price of $0.20 each on or before 31 December 2020. On 21 March 2017, Venture Skills Pty Ltd accepted the offer of 250,000 New Options with an exercise price of $0.20 each and expiry date of 31 December 2020. These options are unlisted and were issued on 19 May 2017.

(ii) On 5 August 2016, the Company issued 50,000 options to an employee during the year at Nil consideration. The options have an exercise price of $1.50 per share and expire on 30 June 2019. On 30 January 2017, the Company's then sole director approved the cancellation of the 50,000 options above. The director also approved the issue of New Options which will entitle the employee to subscribe for 1 fully paid ordinary share in the Company at an exercise price of $0.20 each on or before 31 December 2020. On 19 May 2017, the employee accepted the offer of 450,000 New Options with an exercise price of $0.20 each and expiry date of 31 December 2020. These options are unlisted and are subject to the conditions of the offer and the Employee Incentive Plan.

(iii) No Options were exercised nor lapsed during the half year ended 31 December 2016 and the year ended 30 June 2016.

### NOTE 6: INTANGIBLES

| | 31 December 2016 $ | 30 June 2016 $ |
|---|---|---|
| **Intangibles consist of patents and trademarks granted to the Company** | | |
| **Balance at the beginning of the year** | 3,517 | 4,174 |
| Amortisation during the year | (327) | (657) |
| **Balance at end of year** | **3,190** | **3,517** |

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

### NOTE 7: TRADE AND OTHER PAYABLES

| | 31 December 2016 $ | 30 June 2016 $ |
|---|---|---|
| *Bank overdrafts* | 22,330 | 2,325 |
| *Trade and other payables* | | |
| Amounts received for shares subscribed but not yet issued | 168,000 | |
| Accounts Payable | 81,554 | 36,590 |
| Accruals | - | 36,648 |
| Advances from customers | 12,797 | 12,797 |
| Unearned revenue | 105,004 | 75,209 |
| Other payables | 71,657 | 42,236 |
| | **461,342** | **205,805** |

### NOTE 8: SIGNIFICANT EVENTS AFTER THE REPORTING DATE

**10 Cent Seed Capital Raising**
On 19 December 2016, the then sole director of the Company, approved the 10 cent Seed Application Form for the issue of approximately 250,000 shares at an issue price of $1.00 (pre-split), being the equivalent of 2,500,000 shares at an issue price of $0.10 per share (post-split) to raise $250,000. On 30 January 2017, 250,000 fully paid ordinary shares were issued by the Company to the subscribers of the 10 cent capital raising.

**Buy-back of partly-paid shares**
On 27 January 2017, the Company entered into a Buy-Back Agreement with certain shareholders to buy-back and cancel 1,900,000 partly-paid shares amounting to $19,000. Thereafter, the Company issued 19,000 new fully paid ordinary shares equivalent to the amount paid for the partly-paid shares.

NOTE 8: SIGNIFICANT EVENTS AFTER THE REPORTING DATE (continued)

**Change of name and becoming a public company**
On 15 February 2017, the Company's name was changed in the company register to Spectur Pty Ltd. The Company converted to a public company on 22 March 2017. Accordingly, the Company's name was automatically changed to Spectur Limited. In addition, the Company also adopted a new Constitution with effect from the date that the Company's conversion to a public company limited by shares takes effect. The change of name, change from a proprietary company limited by shares to a public company limited by shares and adoption of a new constitution were approved by the shareholders on 27 January 2017.

**Share subdivision**
On 15 March 2017, the Company subdivided its share capital on a 10 for 1 basis for shareholders on record as at 27 January 2017.

**Employee Incentive Plan**
On 30 January 2017, the then Sole Director of the Company approved the establishment of an incentive plan subject to the rules of the Plan.

**Issue of Performance Rights to Directors**

On 30 January 2017, the then Sole Director of the Company approved a resolution to make the following offer of Performance Rights:

c. 10,000,000 Performance Rights to Mr. Richard Wilkins, being the Company's Managing Director; and
d. 10,000,000 Performance Rights to Mr. Peter Holton, being an employee and proposed executive director of the Company.

The performance rights will have the following vesting conditions (which were updated on 26 April 2017):

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

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

**Issue of New Options to Directors' Nominees**

On 30 January 2017, the Company approved the offer of the following new Options:

a. 2,000,000 new options at $0.005 each to Mr. Richard Wilkins (or his nominee); and
b. 2,000,000 new options at $0.005 each to Mr. Peter Holton (or his nominee).

On 20 March 2017, the New Options were issued to the respective nominees, being in total 4,000,000 at $0.005 to raise $20,000.

**Approval of 16 Cent Seed Application Form**
On 15 March 2017, the Directors approved the 16 cent Seed Application Form for the issue of approximately 2,823,750 shares at an issue price of $0.16 per share to raise $451,800. The Company received $531,800 equivalent to 3,323,750 shares at as a result of the 16 cent capital raising. The additional $80,000 received equivalent to 500,000 shares was approved by the Directors on 7 April 2017. The 3,323,750 shares were issued to the shareholders on 7 April 2017. Following the issue of shares there were 17,000,000 ordinary shares on issue.

**Issue of New Options**
On 10 April 2017, the Company issued 2,000,000 Company Options at $0.005 to raise $10,000. On 19 May 2017, the Company issued 700,000 Company Options to a consultant and an employee at $0.20 each under the Employee Incentive Plan.

### NOTE 9: COMMITMENTS AND CONTINGENCIES

As at 31 December 2016, the Company had the following commitments:

| | 31 December 2016 $ | 30 June 2016 $ |
|---|---|---|
| *Lease commitments* | | |
| Not longer than 1 year | 29,837 | 28,646 |
| Longer than 1 year and shorter than 5 years | 5,294 | 36,575 |
| Total | **35,131** | **65,221** |

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

### NOTE 10: FINANCIAL INSTRUMENTS

*a) Overview*

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

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

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

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

*Categories of financial instruments*

| | 31 December 2016 $ | 30 June 2016 $ |
|---|---|---|
| Financial assets | | |
| Cash on hand | 168,050 | - |
| Trade and other receivables | 181,569 | 223,407 |
| | **349,619** | **223,407** |
| Financial liabilities | | |
| Trade and other payables | 461,342 | 205,805 |
| Borrowings | 13,480 | 13,480 |
| | **474,822** | **219,285** |

*b) Capital risk management*

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

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

**NOTE 10: FINANCIAL INSTRUMENTS (continued)**

*c) Credit Risk*

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

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

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

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

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

| | 31 December 2016 $ | 30 June 2016 $ |
|---|---|---|
| Cash on hand | 168,050 | - |
| Trade and other receivables | 181,569 | 223,407 |
| Total | **349,619** | **223,407** |

Trade and other receivables are comprised primarily of trade receivables, R&D and GST refunds due. Where possible the Company trades only with recognised, creditworthy third parties. It is the Company's policy that all customers who wish to trade on credit terms are subject to credit verification procedures.

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

*d) Interest Rate Risk*

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

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

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

| | 31 December 2016 $ | 30 June 2016 $ |
|---|---|---|
| *Interest-bearing financial instruments* | | |
| Bank overdrafts | 22,330 | 2,325 |
| Total | **22,330** | **2,325** |

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

**NOTE 10: FINANCIAL INSTRUMENTS (continued)**

*d) Interest Rate Risk (continued)*

**Interest rate sensitivity**
A sensitivity of 0.1% (10 basis points) has been selected as this is considered reasonable given the current level of both short term and long term interest rates. A 1% (100 basis points) movement in interest rates at the reporting date would have increased (decreased) equity and profit and loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2016.

| | Profit or loss | |
|---|---|---|
| | 100bp Increase | 100bp Decrease |
| **31 December 2016** | | |
| Bank overdraft | (223) | 223 |
| **30 June 2016** | | |
| Bank overdraft | (23) | 23 |

*e) Liquidity risk*

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

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

| 31 December 2016 | ≤6 Months $ | 6-12 Months $ | 1-5 Years $ | ≥5 Years $ | Total $ |
|---|---|---|---|---|---|
| *Financial Liabilities* | | | | | |
| Bank overdraft | 22,330 | - | - | - | 22,330 |
| Trade and other payables | 439,012 | - | - | - | 439,012 |
| Loans payable | 13,480 | - | - | - | 13,480 |
| Total | **474,822** | - | - | - | **474,822** |

| 30 June 2016 | ≤6 Months $ | 6-12 Months $ | 1-5 Years $ | ≥5 Years $ | Total $ |
|---|---|---|---|---|---|
| *Financial Liabilities* | | | | | |
| Bank overdraft | 2,325 | - | - | - | 2,325 |
| Trade and other payables | 203,480 | - | - | - | 203,480 |
| Loans payable | 13,480 | - | - | - | 13,480 |
| Total | **219,285** | - | - | - | **219,285** |

*f) Foreign Exchange Risk*

The Company's has an exposure to foreign exchange rates given that the Company purchases parts as part of the manufacture process of the solar camera systems. A fluctuation in foreign exchange rates may affect the cost base of the solar camera systems. The Company purchases materials and parts from overseas suppliers generally through credit cards, accordingly, there is minimal impact on the cost base due to fluctuations in foreign currency exchange rates.

*g) Fair values*

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

# SPECTUR LIMITED
# (Formerly Uwatchit Pty Ltd)

## DIRECTORS' DECLARATION

1. In the opinion of the Directors of Spectur Limited (formerly Uwatchit Pty Ltd) ("Spectur" or the "Company"):

   a. the accompanying financial statements and notes are in accordance with the Corporations Act 2001 including:

      i. giving a true and fair view of the Company's financial position as at 31 December 2016 and of its performance for the half year then ended; and

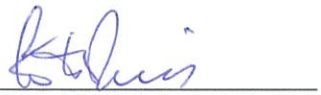
      ii. complying with Australian Accounting Standards, the Corporations Regulations 2001, professional reporting requirements and other mandatory requirements.

   b. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

   c. the financial statements and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board.

2. This declaration has been made after receiving the declarations required to be made to the Directors in accordance with Section 295A of the Corporations Act 2001 for the financial half year ended 31 December 2016.

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



**Charles Richard Wallace Wilkins**
**Director**
Dated this 7 June 2017

HLB Mann Judd

Accountants | Business and Financial Advisers

**INDEPENDENT AUDITOR'S REPORT**
To the members of Spectur Limited (formerly known as Uwatchit Pty Ltd)

**Report on the Audit of the Financial Report**

*Basis for Qualification*

The company's financial report for the period ended 31 December 2015 was not audited. As the year 30 June 2015 was our first period of audit and the terms of the engagement did not extend to the examination of balances as at 31 December 2015, we were unable to obtain sufficient appropriate audit evidence to be satisfied that balances contained in the statement of comprehensive income and statement of cash flows for the period ended 31 December 2015 are correctly stated.

Additionally, as the date of our appointment occurred post 31 December 2016, we did not observe the counting of the physical inventory at the end of the financial period and have been unable to satisfy ourselves by alternative means concerning inventory quantities held as at 31 December 2016.

The possible effects of the inability to obtain sufficient appropriate audit evidence regarding opening balances of inventory are deemed to be material but not pervasive to the entity's financial performance and cash flows.

*Qualified Opinion*

In our opinion, except for the effects of the matter described in the *Basis for Qualified Opinion* section of our report, 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 31 December 2016 and of its financial performance for the period then ended; and

b) complying with Australian Accounting Standards to the extent described in Note 1 and the *Corporations Regulations 2001*.

We are unable to and do not express an opinion on the comparative balances in the statement of comprehensive income and statement of cash flows for the period ended 31 December 2015.

*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.

*Material uncertainty regarding going concern*

Without qualification to opinion expressed above, we draw attention to Note 1(e) to the financial report which indicates that the Company is dependent on further funds from operations or capital raising in order to continue as a going concern.

Should these funds from operations or capital raising not be completed to the extent necessary, there exists a material uncertainty that may cast significant doubt as to whether the Company will be able to continue as a going concern and, therefore, that it may be unable to realise its assets and extinguish its liabilities in the normal course of business

*Emphasis of matter – basis of accounting*

We draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the director's financial reporting responsibilities under the *Corporations Act 2001*. As a result, the financial report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

*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 and have determined that the basis of preparation described in Note 1 to the financial report is appropriate to meet the requirements of the *Corporations Act 2001* and is appropriate to meet the needs of the members. The director's responsibility also includes 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.

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

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

**Perth, Western Australia**
**7 June 2017**