

Spectur Limited

(Formerly Uwatchit Pty Ltd)

ACN 140 151 579

Annual Financial Report

30 June 2015

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 year ended 30 June 2015.

DIRECTORS AND OFFICERS

The names of directors and officers who held office during or since the end of the interim period 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

CURRENT DIRECTORS AND OFFICERS

Mr Charles Richard Wallace Wilkins

Director

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

Mr Wilkins joined the Royal Australian Navy for a nine-year period in the radio (air) technical branch where he designed and built a test set to accurately calibrate Westland Wessex helicopter radar altimeters for which he was officially commended. His later years in the Navy were spent as in charge of the Electronics School of Avionics for pilots, navigators and technical staff. After leaving the Navy, Mr Wilkins headed the maintenance team of Standard Telephones and Cables for microwave and mobile communications rail network between Newman and Port Hedland. After three years in the Pilbara, Mr Wilkins took a job with the NGPLA to oversee the commissioning and ongoing maintenance of the microwave and mobile communications network for the gas pipeline from Moomba to Adelaide. During this time, Mr Wilkins pursued his engineering studies and qualified as an Electronics Engineer.

After gaining his qualifications, Mr Wilkins started his own company in WA trading as Radiolab. Radiolab designed and developed from concept to production, electronic and communications products for the oil and gas industry. Radiolab obtained major contracts to develop and upgrade communications networks for major mining, telecommunication and government entities. Mr Wilkins remained as a consultant for Radiolab after it was sold. After leaving his consultancy role, he formed CR Labs where he designed and developed a high power paging transmitter which was sold to Telstra to replace their aging networks. Mr Wilkins then became the Managing Director for RF Innovations Pty Ltd where he applied for and was granted two Commonwealth grants for RF Innovations: one grant was for a unique approach to self-powered train wheel bearing temperature monitoring and to develop a low power active prototype Radar system for collision avoidance, specifically for mine-site loading areas. Mr Wilkins then took a short break prior to the establishment of Uwatchit Pty Ltd (now Spectur Limited) in 2009 to design, manufacture and distribute a new camera paradigm.

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

Mr Peter William Holton

Director

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

Mr Holton has a degree in social and political science at Kingston University in London. Mr Holton started working in sales after completing his degree, particularly, in the windsurfing industry culminating as sales manager of Surf Sales Ltd. He helped introduced the O'Neill brand into the UK market. In 1986, Mr Holton became the Sales and Marketing Director of ATB Sales Ltd, setting up the launch of the Marin branded mountain bikes in the UK. Mr Holton and his team successfully launched Marin and was considered to be the leading brand of high end mountain bikes in the UK. During this time, Mr Holton was also involved in financing the development of the 49er sailing dinghy developed by Australian 18 Foot Skiff legends, Frank and Julian Bethwaite. Mr Holton held the European marketing rights to this boat. When the Olympic committee was looking for a new boat to fill the high sailing performance category for the 2000 Olympic Games, the 49 sailing dinghy was selected.

In 2001, Mr Holton migrated to Australia and engaged in hospitality business for two years and then established a coffee equipment sales and service business. The coffee equipment and service business was successful and Mr Holton was instrumental in tripling its turnover. Mr Holton sold the business and after a short break joined Spectur as Business Development Manager.

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

SPECTUR LIMITED (Formerly Uwatchit Pty Ltd)

DIRECTORS' REPORT (continued)

CURRENT DIRECTORS AND OFFICERS (continued)

Mr Japheth Dela Torre

Non-Executive Director & Company Secretary

Qualifications: Bachelor of Science in Accountancy, University of Santo Tomas, Manila, Philippines, CPA

Mr. Dela Torre is a Certified Public Accountant and a member of CPA Australia. Mr. Dela Torre has more than 17 years experience in external audit. He started his audit career at Ernst & Young Philippines. He spent more than 10 years in Ernst & Young Dubai, 5 years of which as a manager and one year in Crowe Horwath UAE as senior audit manager. Mr. Dela Torre migrated to Western Australia in 2015 and has held contract positions in a national mid tier network firm. Mr. Dela Torre is currently a senior consultant at Cobblestones Corporate Pty Ltd.

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

DIRECTORS INTERESTS

Interests in the shares, options and convertible securities of the Company

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

Directors	Number of fully paid ordinary shares (post share split)	Number of options over ordinary shares	Number of performance rights
Charles Richard Wallace Wilkins	1,592,500	2,000,000	10,000,000
Peter William Holton	1,592,500	2,000,000	10,000,000
Japheth Dela Torre	-	-	-
Total	3,185,000	4,000,000	20,000,000

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:

Date options granted (or issued)	Number of shares under option	Exercise price of option	Expiry date of option
20 March 2017	4,000,000	\$0.20	31 December 2020
10 April	2,000,000	\$0.20	31 December 2020
19 May 2017	700,000	\$0.20	31 December 2020
Total	6,700,000		

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

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

Number of fully paid ordinary shares (post share split)	Number of options over ordinary shares	Number of performance rights
17,000,000	6,700,000	20,000,000

PRINCIPAL ACTIVITIES

The principal activity of the Company during the 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 year ended 30 June 2015, after providing for income tax amounted to \$49,242 (2014: \$79,355).

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.

SPECTUR LIMITED

(Formerly Uwatchit Pty Ltd)

DIRECTORS' REPORT (continued)

Review of financial conditions

The Company had a net bank overdraft of \$25,260 as at 30 June 2015 (2014: \$17,808). As at the reporting date, the Company has unutilised bank overdraft facility of \$18,570.

At 30 June 2015, the Company had net assets of \$117,222 (2014: net assets of \$166,464), a decrease of \$49,242 compared with the previous year which was primarily due to the effect of the loss of the Company during the year.

DIVIDENDS

No dividends were paid or declared since the start of the financial year. 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.

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.

SPECTUR LIMITED

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DIRECTORS' REPORT (continued)

SUBSEQUENT EVENTS AFTER THE REPORTING DATE (continued)

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 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.

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.

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 8 and forms part of this Directors' report for the year ended 30 June 2015.

Signed in accordance with a resolution of the directors.



Mr Charles Richard Wallace Wilkins
Director

Dated this 7 June 2017

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Spectur Limited (formerly UWatchit Pty Ltd) for the year ended 30 June 2015, 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 YEAR ENDED 30 JUNE 2015

	Notes	30 June 2015 \$	30 June 2014 \$
Continuing operations			
Revenue	3(a)	618,451	388,923
Cost of sales		(341,589)	(137,903)
Gross profit		276,862	251,020
Other income		-	4,308
Research and development	3(b)	(300,083)	(305,035)
General and administrative expenses		(83,976)	(57,522)
Employee benefits		(70,134)	(75,316)
Marketing and advertising		(45,784)	(75,490)
Rent		(17,502)	(17,075)
Depreciation and amortisation		(8,114)	(7,546)
Interest expense		(2,267)	(8,487)
Loss before income tax benefit		(250,998)	(291,143)
Income tax benefit	4	201,756	211,788
Loss for the year		(49,242)	(79,355)
Other comprehensive income, net of income tax		-	-
Total comprehensive loss for the year		(49,242)	(79,355)
Loss attributable to members of the Company		(49,242)	(79,355)

The accompanying notes form part of these financial statements.

SPECTUR LIMITED

(Formerly Uwatchit Pty Ltd)

STATEMENT OF FINANCIAL POSITION

30 JUNE 2015

	Notes	30 June 2015 \$	30 June 2014 \$
Assets			
Current Assets			
Cash and cash equivalents	7	-	67
Trade and other receivables	8	295,546	294,647
Total Current Assets		295,546	294,714
Non-Current Assets			
Property, plant and equipment	9	20,472	21,105
Intangible assets	10	4,174	4,830
Total Non-current Assets		24,646	25,935
Total Assets		320,192	320,649
Liabilities			
Current Liabilities			
Trade and other payables	11	179,490	105,705
Loan payable	12	23,480	48,480
Total Liabilities		202,970	154,185
Net Assets		117,222	166,464
Equity			
Issued capital	5	1,128,000	1,128,000
Option reserves	6	-	-
Accumulated losses		(1,010,778)	(961,536)
Net Equity		117,222	166,464

The accompanying notes form part of these financial statements.

SPECTUR LIMITED
(Formerly Uwatchit Pty Ltd)

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2015

	Issued Capital \$	Option Reserve \$	Accumulated Losses \$	Total Equity \$
Balance at 1 July 2013	1,118,000	47,500	(929,681)	235,819
Loss for the year	-	-	(79,355)	(79,355)
Total comprehensive loss for the year	-	-	(79,355)	(79,355)
Equity issued during the year (net of share issue costs)	10,000	-	-	10,000
Expiry of options	-	(47,500)	47,500	-
Balance as at 30 June 2014	1,128,000	-	(961,536)	166,464
	Issued Capital \$	Option Reserve \$	Accumulated Losses \$	Total Equity \$
Balance at 1 July 2014	1,128,000	-	(961,536)	166,464
Loss for the year	-	-	(49,242)	(49,242)
Total comprehensive loss for the year	-	-	(49,242)	(49,242)
Balance as at 30 June 2015	1,128,000	-	(1,010,778)	117,222

The accompanying notes form part of these financial statements.

SPECTUR LIMITED

(Formerly Uwatchit Pty Ltd)

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2015

	Note	30 June 2015 \$	30 June 2014 \$
Cash flows from operating activities			
Payments to suppliers and employees		(792,735)	(655,261)
Receipts from customers		607,274	380,463
Interest paid		(2,267)	(8,387)
Income tax benefit		212,034	291,248
Net cash from operating activities	7	<u>24,306</u>	<u>8,063</u>
Cash flows from investing activities			
Property, plant and equipment		(6,825)	(2,273)
Additions to patents and trademarks		-	(3,256)
Net cash (used in) investing activities		<u>(6,825)</u>	<u>(5,529)</u>
Cash flows from financing activities			
Proceeds from borrowings		20,000	34,791
Repayment of borrowings		(45,000)	(145,864)
Proceeds from issue of shares (net of capital raising costs)		-	10,000
Net cash (used in) financing activities		<u>(25,000)</u>	<u>(101,073)</u>
Net decrease in cash and equivalents held		(7,519)	(98,539)
Cash and cash equivalents at the beginning of the year		(17,741)	80,798
Cash and cash equivalents at the end of the year	7	<u>(25,260)</u>	<u>(17,741)</u>

The accompanying notes form part of these financial statements.

SPECTUR LIMITED

(Formerly Uwatchit Pty Ltd)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

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 years 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 entity to which the class order applies.

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 financial position, 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 30 June 2015

In the year ended 30 June 2015, 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 year ended 30 June 2015. 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.

SPECTUR LIMITED

(Formerly Uwatchit Pty Ltd)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

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 bank overdraft of \$25,260. 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 year end, the Company has raised \$781,800 by the issue of 5,823,750 new shares (post share split) to sophisticated and exempt investors under the Corporation Act Section 708. The Company's cash flows indicate that the Company will still be required to raise additional funds (on top of those raised post year end) in order to complete its stated objectives.

In the event that the Company is not able to raise additional funds through ongoing operations and further capital raisings, 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.

(f) Segment reporting

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

(g) Foreign currency translation

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

Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance date.

All exchange differences in the financial report are taken to profit or loss with the exception of differences on foreign currency borrowings that provide a hedge against a net investment in a foreign entity. These are taken directly to equity until the disposal of the net investment, at which time they are recognised in profit or loss.

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

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

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

(h) Revenue recognition

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

Sale of goods

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

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

SPECTUR LIMITED

(Formerly Uwatchit Pty Ltd)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Revenue recognition (continued)

Interest income

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

(i) Leases

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

(j) Income tax

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

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

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

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

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

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

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

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

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

SPECTUR LIMITED

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Income tax (continued)

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.

(k) Other taxes

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

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

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

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

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.

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

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

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

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

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

SPECTUR LIMITED

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

a revaluation increase. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

(m) Cash and cash equivalents

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

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

(n) Trade and other receivables

Trade receivables are measured on initial recognition at fair value and are subsequently measured at amortised cost using the effective interest rate method, less any allowance for impairment. Trade receivables are generally due for settlement within periods ranging from 15 to 30 days.

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

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

(o) Inventories

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

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

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

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

(p) Property, plant and equipment

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

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(p) Property, plant and equipment (continued)

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

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

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

Impairment

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

Derecognition and disposal

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

(q) Intangible assets

Intangible assets acquired separately

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

Internally generated intangible assets – research and development expenditure

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

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

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

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

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(q) Intangible assets (continued)

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

(r) Trade and other payables

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

(s) Borrowings

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

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

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

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

(t) Provisions

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

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

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

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

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

(u) Share-based payment transactions

Equity settled transactions

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

SPECTUR LIMITED

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(u) Share-based payment transactions (continued)

Equity settled transactions (continued)

The Company has the following plan in place:

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

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

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

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

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

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

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

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

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

Cash settled transactions:

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

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

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

(v) Dividends

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

SPECTUR LIMITED

(Formerly Uwatchit Pty Ltd)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(w) Earnings per share

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

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

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

NOTE 2: SEGMENT REPORTING

The Company only operated in one segment, being design, development, manufacture and selling Remote Solar 3G/4G based Security Camera networks and associated products and services.

NOTE 3: REVENUE AND EXPENSES

	30 June 2015 \$	30 June 2014 \$
(a) Revenue		
Sales		
Hardware	462,446	231,328
Installation	29,815	36,984
Server access and data plan	98,901	92,649
Monitoring	22,529	25,350
Equipment rental and repairs	4,760	2,612
Total	618,451	388,923
(b) Research and Development expenses		
Consulting and development fees	226,685	205,887
Supplies	73,398	99,148
Total	300,083	305,035

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

NOTE 4: INCOME TAX

	30 June 2015 \$	30 June 2014 \$
(a) Income tax benefit	201,756	291,143
(b) Numerical reconciliation between tax-benefit and pre-tax net loss		
(Loss) from ordinary activities	(250,998)	(291,143)
Income tax using the Company's domestic tax rate of 30%	(75,299)	(87,343)
Current period (loss) for which no deferred tax liability was recognised	75,299	87,343
Income tax benefit relating to Research and Development claim	201,756	211,788
Income tax benefit attributable to entity	201,756	211,788

SPECTUR LIMITED

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

NOTE 4: INCOME TAX (continued)

(c) Unrecognised deferred tax

Tax losses for which no deferred tax asset has been recognised	30 June 2015 \$	30 June 2014 \$
Losses available for offset against future taxable income	-	242,958
Total	-	242,958
Potential tax benefits at 30%	-	72,887

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 5: ISSUED CAPITAL

As at 30 June 2015, the Company had the following issued share capital:

	30 June 2015		30 June 2014	
	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 year	2,998,625	1,128,000	1,998,625	1,118,000
Partially paid shares issued on 13 January 2014	-	-	1,000,000	10,000
Balance at end of 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 6: COMPANY OPTIONS

	30 June 2015		30 June 2014	
	Number	\$	Number	\$
Movement of issued share capital:				
Balance at beginning of year	200,000	-	400,000	-
Issued on 4 March 2014 (i)	-	-	200,000	-
Lapsed unexercised (ii)	-	-	(400,000)	-
Balance at end of year	200,000	-	200,000	-

SPECTUR LIMITED (Formerly Uwatchit Pty Ltd)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

NOTE 6: 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) 400,000 options granted on 1 July 2013 at an exercise price of \$1.00 expired on 30 June 2014.

- (iii) No Options were exercised during the year ended 30 June 2015 and 2014.

NOTE 7: 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 2015 \$	30 June 2014 \$
Cash at hand and in bank	-	67
Bank overdraft (Note 11)	(25,260)	(17,808)
Net cash and cash equivalents	<u>(25,260)</u>	<u>(17,741)</u>

As at 30 June 2015, the Company has unutilised overdraft facility amounting to \$18,570 (30 June 2014: \$22,192).

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

	30 June 2015 \$	30 June 2014 \$
Loss for the year	(49,242)	(79,355)
Adjustment for non-cash income and expense items		
Depreciation and amortisation	8,114	7,546
R&D refund received	212,034	291,248
Change in assets and liabilities		
Increase in trade and other receivables	(212,933)	(224,802)
Increase in trade and other payables	66,333	13,426
Net cash inflow from operating activities	<u>24,306</u>	<u>8,063</u>

NOTE 8: TRADE AND OTHER RECEIVABLES

	30 June 2015 \$	30 June 2014 \$
Trade receivables	88,002	57,731
GST	5,787	24,882
R&D refund receivable	201,757	212,034
Total	<u>295,546</u>	<u>294,647</u>

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

NOTE 9: PROPERTY, PLANT AND EQUIPMENT

	Camera equipment \$	Plant and equipment \$	Office equipment \$	Motor Vehicles \$	Total \$
Balance at 1 July 2013	-	3,672	2,591	19,698	25,961
Additions	-	2,273	-	-	2,273
Depreciation charge for the year	-	(1,319)	(885)	(4,925)	(7,129)
Balance at 30 June 2014	-	4,626	1,706	14,773	21,105
Balance at 1 July 2014	-	4,626	1,706	14,773	21,105
Additions	1,830	-	4,995	-	6,825
Depreciation charge for the year	(152)	(1,659)	(1,954)	(3,693)	(7,458)
Balance at 30 June 2015	1,678	2,967	4,747	11,080	20,472

NOTE 10: INTANGIBLES

	30 June 2015 \$	30 June 2014 \$
Intangibles consist of patents and trademarks granted to the Company		
Balance at the beginning of the year	4,830	1,992
Additions during the year	-	3,256
Amortisation during the year	(656)	(418)
Balance at end of year	4,174	4,830

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 11: TRADE AND OTHER PAYABLES

	30 June 2015 \$	30 June 2014 \$
Bank overdrafts	25,260	17,808
Trade and other payables		
Accounts Payable	35,384	54,264
Accruals	20,609	7,500
Advances from customers	12,797	12,797
Unearned revenue	47,397	-
Other payables	38,043	13,336
	179,490	105,705

NOTE 12: LOANS PAYABLE

	30 June 2015 \$	30 June 2014 \$
Loans payable	23,480	48,480

Loans payable represents amounts received from the Company's Director and key management personnel for working capital requirements. The loans bear no interest and were fully paid on 9 February 2017.

SPECTUR LIMITED

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

NOTE 13: 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.

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:

- c. 2,000,000 new options at \$0.005 each to Mr. Richard Wilkins (or his nominee); and
- d. 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 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.

SPECTUR LIMITED

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

NOTE 13: SIGNIFICANT EVENTS AFTER THE REPORTING DATE (continued)

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 14: DIVIDENDS

The directors of the Company have not declared any dividend for the years ended 30 June 2015 and 2014.

NOTE 15: COMMITMENTS

As at 30 June 2015, the Company had the following commitments:

	30 June 2015 \$	30 June 2014 \$
<i>Lease commitments</i>		
Not longer than 1 year	13,200	13,200
Longer than 1 year and shorter than 5 years	9,350	22,550
Total	<u>22,550</u>	<u>35,750</u>

NOTE 16: 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

	30 June 2015 \$	30 June 2014 \$
<u>Financial assets</u>		
Cash on hand	-	67
Trade and other receivables	295,546	294,647
	<u>295,546</u>	<u>294,714</u>
<u>Financial liabilities</u>		
Trade and other payables	179,490	105,705
Borrowings	23,480	48,480
	<u>202,970</u>	<u>154,185</u>

SPECTUR LIMITED (Formerly Uwatchit Pty Ltd)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

NOTE 16: FINANCIAL INSTRUMENTS (continued)

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.

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:

	30 June 2015 \$	30 June 2014 \$
Cash on hand	-	67
Trade and other receivables	295,546	294,647
Total	<u>295,546</u>	<u>294,714</u>

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:

	30 June 2015 \$	30 June 2014 \$
<i>Interest-bearing financial instruments</i>		
Bank overdrafts	25,260	17,808
Total	<u>25,260</u>	<u>17,808</u>

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

SPECTUR LIMITED

(Formerly Uwatchit Pty Ltd)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

NOTE 16: 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 2015.

	Profit or loss 100bp Increase	100bp Decrease
30 June 2015		
Bank overdraft	<u>(253)</u>	<u>253</u>
30 June 2014		
Bank overdraft	<u>(178)</u>	<u>178</u>

e) Liquidity risk

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

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

30 June 2015	≤6 Months \$	6-12 Months \$	1-5 Years \$	≥5 Years \$	Total \$
<i>Financial Liabilities</i>					
Bank overdraft	25,260	-	-	-	25,260
Trade and other payables	154,230	-	-	-	154,230
Loans payable	23,480	-	-	-	23,480
Total	202,970	-	-	-	202,970
30 June 2014	≤6 Months \$	6-12 Months \$	1-5 Years \$	≥5 Years \$	Total \$
<i>Financial Liabilities</i>					
Bank overdraft	17,808	-	-	-	17,808
Trade and other payables	87,897	-	-	-	87,897
Loans payable	48,480	-	-	-	48,480
Total	154,185	-	-	-	154,185

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)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

NOTE 17: CONTINGENT LIABILITIES

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

NOTE 18: SHARE-BASED PAYMENTS

a) Recognised Share-based Payment Expense

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

	30 June 2015 \$	30 June 2014 \$
Expense arising from equity-settled share-based payment transactions	-	-
Reversal of expense arising from expiry of options which had not vested	-	-
Net share based payment expense/(income) recognised in the profit or loss	-	-

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 2015		30 June 2014	
	Number	WAEP	Number	WAEP
Outstanding at beginning of year	200,000	\$1.00	400,000	\$1.00
Granted by the Company during the year	-	-	200,000	\$1.00
Expired during the year	-	-	(400,000)	\$1.00
Outstanding at end of year	200,000	\$1.00	200,000	\$1.00

e) Option Pricing Model

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

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 30 June 2015 and of its performance for the 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 year ended 30 June 2015.

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



Charles Richard Wallace Wilkins

Director

Dated this 7 June 2017

INDEPENDENT AUDITOR'S REPORT

To the members of Spectur Limited (formerly known as Uwatchit Pty Ltd)

Report on the Financial Report

We have audited the accompanying financial report of Spectur Limited (formerly known as Uwatchit Pty Ltd) ("the Company"), which comprises the statement of financial position as at 30 June 2015, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration for Spectur Limited.

Directors' responsibility 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 is free from material misstatement, whether due to fraud or error.

In Note 1(a), the directors also state, in accordance with Accounting Standard AASB 101: *Presentation of Financial Statements*, that the financial report complies with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial report 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 internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

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

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Basis for Disclaimer of opinion

The company's financial report for the year ended 30 June 2014 was not audited. As the year ended 30 June 2015 was our first period of audit and the terms of our engagement did not extend to the examination of balances as at 30 June 2014, we have been unable to obtain sufficient appropriate audit evidence to be satisfied that these balances are correctly stated. We therefore do not express an opinion on the comparative balances in the statement of financial position. As these balances contribute to the determination of the results for the year ended 30 June 2015, we are not in a position and do not express an opinion on results, statement of changes in equity and statement of cash flows for the year ended 30 June 2015.

Disclaimer of opinion

Because of the significance of the matters described in the basis for Disclaimer of Opinion paragraph above, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on the financial report.

Basis of accounting

Without modifying our opinion, we draw attention to Note 1(e) of the financial report, which describes the basis of accounting. The financial report has been prepared by management to meet the needs of the members. As a result, the financial report may not be suitable for another purpose.

Emphasis of matter – going concern

Without further 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 is 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.



HLB Mann Judd
Chartered Accountants



N G Neill
Partner

Perth, Western Australia
7 June 2017