

December 2017 Quarter Update

Highlights

- ❖ Spectur continues quarter-on-quarter revenue growth with an increase of more than 60% on the previous quarter, driven by strong growth in camera sales and rentals.
- ❖ Recurring revenues also increased by more than 40% on the previous quarter and currently represent approximately 25% of total revenue.
- ❖ East coast expansion positions the Company for further growth with operations now in place in Queensland, New South Wales and Victoria.
- ❖ Lodgment of patents for innovative gas detection and LIDAR technologies build on Company's intellectual property portfolio.
- ❖ Oversubscribed placement and share purchase plan raises \$2.88mn before costs; funds to be used to help accelerate commercialisation of new technologies.
- ❖ Cash as at 31 December 2017 of \$5.5m providing Spectur with strong balance sheet going forward.

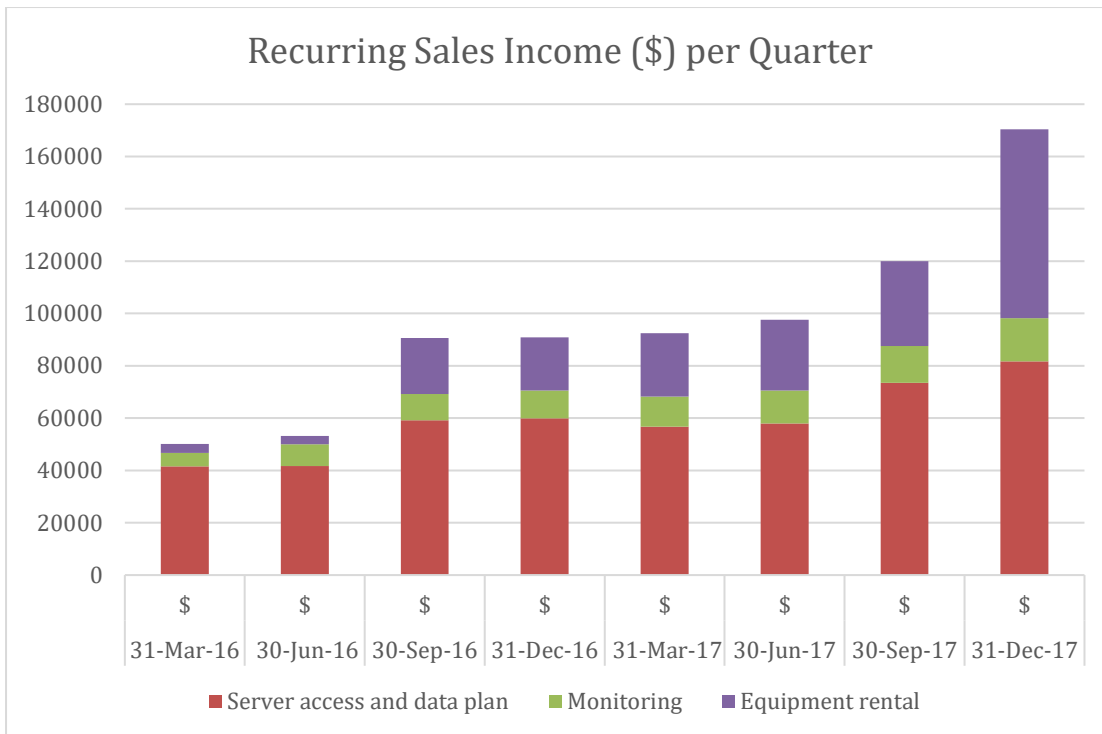
Spectur Limited (ASX:SP3, 'Spectur' or 'the Company') is pleased to provide an update for the quarter ended 31 December 2017 to accompany its quarterly cash flow report.

Corporate and Financials

Record quarter driven by strong sales and rental growth

Spectur continues to experience strong revenue growth with total sales and rental revenues increasing to a record of \$710,000 in the December quarter, an increase of more than 60% on the previous quarter. The Company's recurring revenues also increased by more than 40% on the previous quarter and now represent approximately 25% of total revenues. Recurring revenues consist of server access and data plans, monitoring revenues and equipment rentals.

This growth in sales and rental cameras is off the back of the Company's east coast expansion and subsequent sales to a number of large national tier-one firms that cover some of Australia's largest industries including construction, transport and critical infrastructure. These included an agreement to provide its state-of-the-art HD4 camera systems to a large automotive shutdown project in Geelong, Victoria. During the quarter, Spectur reach its 1,000th installation and now has more than 1,100 cameras deployed in the field.



Gross cash receipts from sales for the quarter per the Appendix 4C were \$720,000. Stock levels also increased over the period contributing to the product and manufacturing cash outflows in the 4C.

Placement and Share Purchase Plan

The Company also completed a placement and share purchase plan to raise a total of \$2.88 million before costs. These funds will be used to fast track the commercialisation of the Company's new gas detection technology, LIDAR, thermal cameras and new camera rental models.

Spectur also received an R&D Tax incentive rebate totalling \$213,000 during the quarter in respect of its entitlement under the R&D tax incentive program for the 2017 financial year. The Company closed the quarter with \$5.5m in cash ensuring it is well funded to pursue its aggressive growth strategy in 2018.

Operational Overview

New technology and products to drive growth

During the quarter, Spectur lodged patents for innovative new technologies relating to gas detection and incorporation of LIDAR systems. The development of these new technologies will provide the Company with the ability to rapidly move into new security, as well as non-security related markets, which will help the Company to diversify and drive future sales growth.

The unique remote gas detection system takes advantage of Internet of Things (IoT) technology to enable the remote monitoring of operational plants and pipelines to identify potential hazards

or leaks with a high degree of accuracy. Traditionally, this type of environmental risk monitoring needed to be performed by humans or with remote vehicle inspections at substantial expense and effort to the operators.

The (Light Detection And Ranging) camera system utilises state-of-the art technology. The system enables intrusion detection and is capable of alerting security breaches with an extremely high level of accuracy across large and remote perimeters. The technology is scalable and suitable for a wide variety of applications.

Spectur has already initiated LIDAR and thermal camera system testing and early results are positive, with commercialisation expected in the first half of 2018.

During the quarter, Spectur also designed and released a number of new installation systems for its HD4 security camera system which has allowed the Company to expand its offering for sites with hard standing, such as bitumen and concrete. The new models are designed to be able to be set up by a single person.

The Company has also commenced the design of additional rental products, including HD4 camera systems fitted to a custom-made trailer which will open up new markets for Spectur where a short-term, rapidly deployed security systems are required.

Successful expansion into Victoria and Queensland

The Victorian operation is now making a significant contribution to overall sales with more than two thirds of camera unit rentals and over a quarter of camera unit sales being driven from the facility. The Company is also expanding its research and development team, based in Victoria, as part of its overall growth strategy.

Spectur also completed a strategic entry into the Queensland market in November 2017, via the acquisition of the solar-powered security surveillance business assets of leading Queensland seller of video surveillance and cloud-based camera systems, Forrestbridge Pty Ltd trading as 'SolarCam.' The Company is leveraging existing 'SolarCam' distributor networks that service various clients, including local and federal government departments to increase sales and market share of its products and services in Australia.

Post quarter end, Spectur has commenced the establishment of its Sydney operations and has secured an operating base that will enable the Company to service the large NSW market.

Outlook

Spectur expects strong sales growth to continue throughout the new year as the benefits of the Company's east coast expansion continue to be realised.

The Company is rapidly progressing the commercialization of its new products and is in discussions for a number of field trials that it expects to commence during the first quarter of 2018, ahead of the commercial launch.

Spectur will also continue to focus on its research and development program to ensure there is a pipeline of new products and services it can bring to market to help drive sales growth. Part of this will involve utilising its existing IoT management platform for use in new products and services across new industries not aligned with the security market.

For further information, please contact:

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About Spectur Limited

Spectur Limited is an Australian-based company which designs, develops, manufactures and installs security and surveillance systems for powered and non-powered/remote locations. Spector's core product is the HD4 security camera system and associated cloud based platform. The HD4 is a solar powered battery backup security system which is remotely accessed and connected via 3G/4G technology which is connected to the cloud based platform. The Company is rapidly implementing a growth plan to firstly grow revenues and market share in the Australian security surveillance sector and, secondly to penetrate other key strategic markets.



Appendix 4C

Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

Name of entity

SPECTUR LIMITED

ABN

79140151579

Quarter ended ("current quarter")

31 December 2017

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	720	1,108
1.2 Payments for		
(a) research and development	(106)	(170)
(b) product manufacturing and operating costs	(466)	(741)
(c) advertising and marketing	(84)	(173)
(d) leased assets	(5)	(11)
(e) staff costs	(542)	(856)
(f) administration and corporate costs	(330)	(717)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	22	23
1.5 Interest and other costs of finance paid	(1)	(2)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives (R&D tax incentive)	213	213
1.8 Other (GST refund)	76	102
1.9 Net cash from / (used in) operating activities	(503)	(1,224)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment (Rental cameras and equipment)	(74)	(203)
(b) businesses (see item 10)	-	-

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
(c) investments	(3)	(3)
(d) intellectual property	-	-
(e) other non-current assets		
2.2 Proceeds from disposal of:		
(a) property, plant and equipment	-	-
(b) businesses (see item 10)	-	-
(c) investments		
(d) intellectual property	-	-
(e) other non-current assets		
2.3 Cash flows from loans to other entities	-	-
2.4 Dividends received (see note 3)		
2.5 Other (provide details if material)	-	-
2.6 Net cash from / (used in) investing activities	(77)	(206)

3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	2,160	6,660
3.2 Proceeds from issue of convertible notes	-	55
3.3 Proceeds from exercise of share options		
3.4 Transaction costs related to issues of shares, convertible notes or options	(145)	(634)
3.5 Proceeds from borrowings		
3.6 Repayment of borrowings	-	-
3.7 Transaction costs related to loans and borrowings		
3.8 Dividends paid	-	-
3.9 Other (Monies for shares to be allotted)	684	684
3.10 Net cash from / (used in) financing activities	2,699	6,765

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of quarter/year to date	3,352	136
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(503)	(1,224)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(77)	(206)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	2,699	6,765

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of quarter	5,471	5,471

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	265	352
5.2	Call deposits	4,522	3,000
5.3	Bank overdrafts	-	-
5.4	Other (monies for shares to be allotted)	684	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	5,471	3,352

6.	Payments to directors of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to these parties included in item 1.2	139
6.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	-
6.3	Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	

The payments to directors or their associates in 6.1 include gross salaries, superannuation and fees and benefits to executive and non-executive directors.

7.	Payments to related entities of the entity and their associates	Current quarter \$A'000
7.1	Aggregate amount of payments to these parties included in item 1.2	-
7.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	-
7.3	Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Other (chattel mortgage)	95	79
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

The Company entered into a chattel mortgage lending facility with ANZ Banking Group Limited for a total of \$18,784 for the purchase of Liftsmart forklift during the quarter. The loan is for a period of 36 months from the date of draw down at a rate of 4.97%. The lending is secured over the forklift. No further facilities have been entered into or are proposed to be entered into after the quarter end.

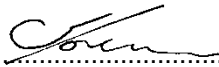
9. Estimated cash outflows for next quarter	\$A'000
9.1 Research and development	(28)
9.2 Product manufacturing and operating costs	(309)
9.3 Advertising and marketing	(66)
9.4 Leased assets	(4)
9.5 Staff costs	(647)
9.6 Administration and corporate costs	(297)
9.7 Other (R&D Tax Incentive Income)	-
Other (GST refund)	31
9.8 Total estimated cash outflows *	(1,320)

* Note estimated cash outflows for the next quarter do not include any sales revenues.

10. Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions	Disposals
10.1 Name of entity		
10.2 Place of incorporation or registration		
10.3 Consideration for acquisition or disposal		
10.4 Total net assets		
10.5 Nature of business		

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here: 
(Company secretary)

Date: 31 January 2018

Print name: ..Suzie Foreman.....

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.