

# Spectur Limited

## Appendix 4D

Half Year Report- For the six months ended 31 December 2017

(Previous corresponding period: 31 December 2016)

Results for announcement to the market

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### 1. Results for announcement to the market

|   | 31 December<br>2017<br>Current<br>Period<br>\$ | Percentage<br>Change<br>Up / (Down) | Change<br>Up / (Down)<br>\$ | 31 December<br>2016<br>Previous<br>Corresponding<br>Period<br>\$ |
|---|--|-------------------------------------|-----------------------------|--|
| Revenue from ordinary activities                | 1,131,889                                      | 45%                                 | 353,756                     | 778,133  |
| Loss from ordinary activities after tax         | (1,752,913)                                    | (4,967%)                            | (1,718,321)                 | (34,592)   |
| Net Loss for the period attributable to members | (1,752,913)                                    | (4,967%)                            | (1,718,321)                 | (34,592)   |

Commentary on the above figures is included in the attached Interim Financial Report for the half year ended 31 December 2017.

### 2. Statement of comprehensive income

Refer to attached Interim Financial Report for the half year ended 31 December 2017.

### 3. Statement of financial position

Refer to attached Interim Financial Report for the half year ended 31 December 2017.

### 4. Statement of cash flows

Refer to attached Interim Financial Report for the half year ended 31 December 2017.

### 5. Statement of changes in equity

Refer to attached Interim Financial Report for the half year ended 31 December 2017.

### 6. Dividend payments

Refer to attached Interim Financial Report for the half year ended 31 December 2017

The Company does not propose to pay any dividends in the current period.

### 7. Dividend reinvestment plans

Not applicable.

This Appendix 4D Half Year Report is provided to the ASX under Listing Rule 4.2A3 and should be read in conjunction with the accompanying Interim Financial Report for the half year ended 31 December 2017.

**8. Net tangible assets per security**

|                          | <b>Current Period<br/>(31 December 2017)</b> | <b>Previous<br/>Corresponding Period<br/>(31 December 2016)</b> |
|--------------------------|--|---|
| Cents per ordinary share | 14.2cents                                    | 5.48 cents  |

**9. Details of entities over which control has been gained or lost**

Not applicable

**10. Details of Associates and joint ventures**

Not applicable

**11. Other significant information**

Not applicable

**12. Foreign entities**

Not applicable.

**13. Status of audit**

The Interim Financial Report for the half year ended 31 December 2017 has been audit reviewed and is not subject to dispute or qualification



# **Spectur Limited**

ACN 140 151 579

## **Financial Report for the Half Year Ended 31 December 2017**

# SPECTUR LIMITED

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# SPECTUR LIMITED

## CORPORATE INFORMATION

ACN 140 151 579

### Directors

Mr Charles Richard Wallace Wilkins  
Mr Peter William Holton  
Mr Stephen Paul Bodeker  
Mr Andrew Mark Hagen

### Company Secretary

Suzie Jayne Foreman

### Registered Address

Unit 2, 6 Merino Entrance  
Cockburn Central WA 6164  
Telephone: 1300 802 960

### Principal place of business

Unit 2, 6 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  
Corporate and Commercial Banking  
Level 1, 5 Queen Street,  
Fremantle, WA 6160, Australia

### Auditors

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

### Share Registrar

Automic Registry Services  
Level 2, 267 St Georges Terrace  
Perth WA 6000

PO Box 2226  
Strawberry Hills, New South Wales 2012  
Telephone: 1300 288 664 (within Australia)  
Email: hello@automic.com.au

### Securities Exchange Listing

Australian Securities Exchange  
(Home Exchange: Perth, Western Australia)  
Code: SP3, SP3O

# SPECTUR LIMITED

## DIRECTORS' REPORT

The Board of Directors of Spectur Limited present their report on Spectur Limited ("Company" or "Spectur") for the half year ended 31 December 2017.

## DIRECTORS AND OFFICERS

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

|                                 |                         |                          |
|---------------------------------|-------------------------|--------------------------|
| Charles Richard Wallace Wilkins | Director                |                          |
| Peter William Holton            | Director                |                          |
| Stephen Paul Bodeker            | Non-Executive Director  |                          |
| Andrew Mark Hagen               | Non-Executive Director  |                          |
| Suzie Jayne Foreman             | Joint Company Secretary | Appointed on 9 June 2017 |
| Japheth Dela Torre              | Joint Company Secretary | Resigned 28 July 2017    |

## PRINCIPAL ACTIVITIES

The principal activity of the Company during the half year was to develop, manufacture and sell Remote Solar 3G/4G based Security monitoring systems, and associated products and services. The Company is also expanding its research and commercial development pipeline of products, utilising its unique technology to expand into non-security related markets for the application of its cloud-based technology solutions.

## OPERATING AND FINANCIAL REVIEW

### Results of Operations

The comprehensive loss of the Company for the half year ended 31 December 2017, after providing for income tax amounted to \$1,752,913 (2016: \$34,592).

The loss is primarily due to

- ramping up of interstate expansion activities relating to the sale and distribution of the Company's Remote Solar 3G/4G based Security Camera networks and associated products and services;
- increase in research and design costs associated with developing new technologies of thermal camera, LIDAR and gas detection, as well as adding to the specifications of its existing HD4 security camera;
- Equity payments expense relating to the 20 million performance rights granted to Spectur shareholders and Directors Peter Holton and Richard Wilson as part of the Initial Public Offer transaction.

### Review of financial conditions

The Company had cash and cash equivalents totalling \$5,467,512 (30 June 2017: \$136,206) as at 31 December 2017.

At 31 December 2017, the Company had net assets of \$5,276,948 (30 June 2017: \$491,140), an increase of \$4,785,808 compared with the previous corresponding period which was primarily due to the Company completing its Initial Public Offering (IPO) on 1 August 2017 and subsequent capital raisings, and a ramp up on operational activity.

## DIVIDENDS

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

## SIGNIFICANT EVENTS DURING THE YEAR

On 1 August 2017, the Company listed on the Australian Securities Exchange (ASX) following a capital raise and Initial Public Offer.

Spectur raised \$4,500,000 (before costs) through the issue of 22,500,000 fully paid ordinary shares at an issue price of \$0.20 per share, and an additional \$55,000 (before costs) through the issue of 5,500,000 options at an issue price of \$0.01 each. The options were unlisted and exercisable at \$0.20 on or before 31 December 2020.

# **SPECTUR LIMITED**

## **DIRECTORS' REPORT (continued)**

The Company also issued 1,000,000 fully paid ordinary shares to promoters and 1,000,000 Performance Rights to the lead Manager, Alto Capital (ACNS Capital Markets Pty Ltd) or its nominees.

Following its listing on the ASX, the Company commenced the expansion of its operations on the east coast of Australia, with the opening of a Melbourne distribution centre and office in August 2017.

The facility includes an internal research and development (R&D) department, which will be instrumental for Spectur's R&D efforts and development of new product lines which will assist with future sales growth.

Importantly, the Melbourne office started to contribute to revenue during the September quarter and this contribution to overall Company revenues is expected to increase over the next 12 months as sales volumes increase.

On 6 November 2017, the Company bolstered these expansion efforts with a strategic entry into the Queensland market through the acquisition of SolarCam - the solar-powered security surveillance business of leading seller of video surveillance and cloud-based camera systems, Forrestbridge Pty Ltd.

SolarCam operated through a number of distribution networks which Spectur is now leveraging off to increase sales and market share of its products and services within Australia.

The purchase price for acquisition was \$100,000 plus GST, to be paid evenly over a 36-month period. In conjunction with the sale agreement, Forrestbridge owner Mark Williamson was appointed as Spectur's Queensland State Manager and retained under a two-year consultancy agreement.

Forrestbridge was also granted 500,000 Performance Rights in the Company. Each Performance Right entitles Forrestbridge to receive one fully paid ordinary share, subject to performance milestones being satisfied over a three-year period, designed to create a net benefit for the Company if achieved. Mark Williamson is required to remain as a consultant for the three-year period for the Performance Rights to vest.

The Company is also currently working towards the opening of an office in Sydney, which will spearhead its expansion into the New South Wales market. The office is expected to open in the first quarter 2018.

On 8 December 2017, Spectur completed a Placement raising \$2,160,000 (before costs) through the issue of 6,000,000 fully paid ordinary shares at an issue price of \$0.36 each with a 1:4 free attaching option. The free attaching unlisted options were exercisable at \$0.20 on or before 31 December 2020 (Placement Option Offer). The Placement Option offer was subject to an Offer under a Prospectus dated 5 December 2017 (Prospectus).

The executive directors were also invited to participate in the Placement, subject to shareholder approval.

The Company also invited eligible shareholders to subscribe for up to \$5,000 shares each, at an issue price of \$0.36 with a 1:4 free attaching option through a Security Purchase Plan, conducted on the same terms as the Placement. The Security Purchase Plan aimed to raise a maximum of \$684,000 and was subject to shareholder approval. It closed on 22 December 2017 oversubscribed.

ACNS Capital Markets Pty Ltd trading as Alto Capital acted as lead manager to both the Placement and Security Purchase Plan and was entitled to receive brokerage on normal commercial terms. Pursuant to the Lead Manager Mandate, Alto Capital was also entitled to receive 2,000,000 options exercisable at \$0.50 on or before 31 December 2020, subject to the Placement closing successfully and the Company receiving shareholder approval at the relevant General Meeting.

The funds raised will be used to:

- fast track the development and commercialisation of Spectur's Remote Gas Detection Technologies, LIDAR systems, and thermal camera technologies;
- expand the Company's presence in Victoria, New South Wales and Queensland;
- expedite the design and manufacture of trailer-mounted rental models,
- conduct market analysis for the Company's international launch;
- contribute to general working capital.

# **SPECTUR LIMITED**

## **DIRECTORS' REPORT (continued)**

### **SUBSEQUENT EVENTS AFTER THE REPORTING DATE**

On 18 January 2018, the Company held a General Meeting where all resolutions relating to the Placement (including the Director Offer), Security Purchase Plan and Lead Manager Option Offer were approved by shareholders.

On 19 January 2018, Spectur issued 2,000,000 fully paid ordinary shares pursuant to the Security Purchase Plan and Director Offer and 1,999,958 Options exercisable at \$0.20 each under the terms of its Placement Offer, Security Purchase Plan and Director Offer. The Company also sought ASX quotation for the Options as outlined in its Prospectus.

On 19 January, the Company also issued 2,000,000 Lead Manager Options to Alto Capital.

On 22 January, 150,000 options were issued to Employees Under the Spectur Employee Incentive Plan, exercisable at \$0.37 each on or before 31 December 2020.

### **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 half year report. This Independence Declaration is set out on page 7 and forms part of this Directors' report for the half year ended 31 December 2017.

Signed in accordance with a resolution of the directors.



**Mr Charles Richard Wallace Wilkins**  
**Director**

Dated this 28 February 2018



**AUDITOR'S INDEPENDENCE DECLARATION**

As lead auditor for the review of the financial report of Spectur Limited for the half-year ended 31 December 2017 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 review; and
- b) any applicable code of professional conduct in relation to the review.



Perth, Western Australia  
28 February 2018


**N G Neill**  
Partner

**HLB Mann Judd (WA Partnership) ABN 22 193 232 714**

Level 4 130 Stirling Street Perth WA 6000 | PO Box 8124 Perth BC WA 6849 | Telephone +61 (08) 9227 7500 | Fax +61 (08) 9227 7533

Email: [mailbox@hlbwa.com.au](mailto:mailbox@hlbwa.com.au) | Website: [www.hlb.com.au](http://www.hlb.com.au)

Liability limited by a scheme approved under Professional Standards Legislation

HLB Mann Judd (WA Partnership) is a member of  International, a world-wide organisation of accounting firms and business advisers

# SPECTUR LIMITED

## CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE HALF YEAR ENDED 31 DECEMBER 2017

|  | Notes | 31 December<br>2017<br>\$ | 31 December<br>2016<br>\$ |
|--|-------|---------------------------|---------------------------|
| <b>Continuing operations</b>                         |       |                           |                           |
| Revenue  | 2(a)  | 1,131,889                 | 778,133                   |
| Cost of sales  |       | <u>(818,615)</u>          | <u>(371,869)</u>          |
| Gross profit   |       | 313,274                   | 406,264                   |
| Other income   |       | 33,654                    | -                         |
| Research and development                             | 2(b)  | (358,953)                 | (143,075)                 |
| Marketing and promotional                            |       | (347,268)                 | (83,448)                  |
| Corporate and compliance                             |       | (370,733)                 | (50,883)                  |
| General and administrative expenses                  |       | (468,223)                 | (163,450)                 |
| Equity-based payments expense                        |       | <u>(562,893)</u>          | <u>-</u>                  |
| <b>Loss before income tax benefit</b>                |       | <b>(1,761,142)</b>        | <b>(34,592)</b>           |
| Income tax benefit                                   |       | 8,229                     | -                         |
| <b>Loss for the period</b>                           |       | <b>(1,752,913)</b>        | <b>(34,592)</b>           |
| <b>Other comprehensive income, net of income tax</b> |       | <b>-</b>                  | <b>-</b>                  |
| <b>Total comprehensive loss for the period</b>       |       | <b>(1,752,913)</b>        | <b>(34,592)</b>           |
| <b>Loss attributable to members of the Company</b>   |       | <b>(1,752,913)</b>        | <b>(34,592)</b>           |
| Basic loss per share (cents)                         |       | (4.52)                    | (1.15)                    |

The accompanying notes form part of these financial statements.

# SPECTUR LIMITED

## CONDENSED STATEMENT OF FINANCIAL POSITION 31 DECEMBER 2017

|                                      | Notes | 31 December<br>2017<br>\$ | 30 June<br>2017<br>\$ |
|--------------------------------------|-------|---------------------------|-----------------------|
| <b>Assets</b>                        |       |                           |                       |
| <b>Current Assets</b>                |       |                           |                       |
| Cash and cash equivalents            |       | 5,467,512                 | 136,206               |
| Trade and other receivables          |       | 378,842                   | 593,351               |
| Inventories                          |       | 503,194                   | 176,011               |
| <b>Total Current Assets</b>          |       | <b>6,349,548</b>          | <b>905,568</b>        |
| <b>Non-Current Assets</b>            |       |                           |                       |
| Other receivables                    |       | 25,333                    | -                     |
| Property, plant and equipment        |       | 318,972                   | 53,731                |
| Intangible assets                    | 7     | 102,533                   | 2,861                 |
| <b>Total Non-Current Assets</b>      |       | <b>446,838</b>            | <b>56,592</b>         |
| <b>Total Assets</b>                  |       | <b>6,796,386</b>          | <b>962,160</b>        |
| <b>Liabilities</b>                   |       |                           |                       |
| <b>Current Liabilities</b>           |       |                           |                       |
| Trade and other payables             | 8     | 1,284,714                 | 471,020               |
| Provisions                           |       | 80,373                    | -                     |
| Borrowings                           |       | 22,818                    | -                     |
| <b>Total Liabilities</b>             |       | <b>1,387,905</b>          | <b>471,020</b>        |
| <b>Non-Current Liabilities</b>       |       |                           |                       |
| Other payables                       |       | 63,889                    | -                     |
| Borrowings                           |       | 67,644                    | -                     |
| <b>Total Non-current Liabilities</b> |       | <b>131,533</b>            | <b>-</b>              |
| <b>Total Liabilities</b>             |       | <b>1,519,438</b>          | <b>471,020</b>        |
| <b>Net Assets</b>                    |       | <b>5,276,948</b>          | <b>491,140</b>        |
| <b>Equity</b>                        |       |                           |                       |
| Issued capital                       | 4     | 7,579,924                 | 1,936,890             |
| Reserves                             | 5     | 954,187                   | 58,500                |
| Accumulated losses                   |       | (3,257,163)               | (1,504,250)           |
| <b>Net Equity</b>                    |       | <b>5,276,948</b>          | <b>491,140</b>        |

The accompanying notes form part of these financial statements.

# SPECTUR LIMITED

## STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED 31 DECEMBER 2017

|  | Issued<br>Capital<br>\$ | Reserve<br>\$  | Accumulated<br>Losses<br>\$ | Total Equity<br>\$ |
|--|-------------------------|----------------|-----------------------------|--------------------|
| Balance at 1 July 2017                         | 1,936,890               | 58,500         | (1,504,250)                 | 491,140            |
| Loss for the period                            | -                       | -              | (1,752,913)                 | (1,752,913)        |
| <b>Total comprehensive loss for the period</b> | -                       | -              | (1,752,913)                 | (1,752,913)        |
| Shares issued during the period (net of costs) | 6,860,000               | -              | -                           | 6,860,000          |
| Share issue costs                              | (1,216,966)             |                |                             | (1,216,966)        |
| Options issued during the period               | -                       | 305,384        | -                           | 305,384            |
| Performance rights issued during the period    | -                       | 590,303        | -                           | 590,303            |
| <b>Balance as at 31 December 2017</b>          | <b>7,579,924</b>        | <b>954,187</b> | <b>(3,257,163)</b>          | <b>5,276,948</b>   |

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

The accompanying notes form part of these financial statements.

# SPECTUR LIMITED

## STATEMENT OF CASH FLOWS FOR THE HALF YEAR ENDED 31 DECEMBER 2017

|   | 31 December<br>2017<br>\$ | 31 December<br>2016<br>\$ |
|---|---------------------------|---------------------------|
| <b>Cash flows from operating activities</b>                     |                           |                           |
| Payments to suppliers and employees                             | (2,476,325)               | (814,965)                 |
| Receipts from customers   | 1,107,964                 | 666,199                   |
| Interest received/(paid)  | 21,747                    | (1,954)                   |
| Research and development grant benefit                          | 212,791                   | 153,772                   |
| Net cash used / (provided by) in operating activities           | <u>(1,133,823)</u>        | <u>3,052</u>              |
| <b>Cash flows from investing activities</b>                     |                           |                           |
| Property, plant and equipment                                   | (293,667)                 | (23,007)                  |
| Acquisition of SolarCam assets                                  | (2,778)                   | -                         |
| Net cash used in investing activities                           | <u>(296,445)</u>          | <u>(23,007)</u>           |
| <b>Cash flows from financing activities</b>                     |                           |                           |
| Payment of financing lease                                      | (2,879)                   | -                         |
| Proceeds from issue of shares securities                        | 6,715,000                 | -                         |
| Payments for security issue costs                               | (634,559)                 | -                         |
| Amounts received for securities subscribed but not yet issued   | 684,012                   | 168,000                   |
| Net cash from financing activities                              | <u>6,761,574</u>          | <u>168,000</u>            |
| <b>Net increase in cash and equivalents held</b>                | <b>5,331,306</b>          | <b>148,045</b>            |
| <b>Cash and cash equivalents at the beginning of the period</b> | <b>136,206</b>            | <b>(2,325)</b>            |
| <b>Cash and cash equivalents at the end of the period</b>       | <b><u>5,467,512</u></b>   | <b><u>145,720</u></b>     |

The accompanying notes form part of these financial statements.

# SPECTUR LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2017

### NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

#### (a) Basis of preparation

The condensed interim consolidated financial statements (the interim financial statements) are general purpose interim financial statements and have been prepared in accordance with the requirements of the Corporations Act 2001, applicable accounting standards including AASB 134 Interim Financial Reporting, Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board ('AASB'). Compliance with AASB 134 ensures compliance with IAS 34 'Interim Financial Reporting'.

The interim financial statements comprise the condensed interim financial statements for the Company.

The interim financial statements do not include full disclosures of the type normally included in the full financial report. Therefore, it cannot be expected to provide as full an understanding of the financial performance, financial position and cash flows of the Company as in the full financial report. It is recommended interim financial statements be read in conjunction with the full financial report for the year ended 30 June 2017 and any public announcements made by Spectur Limited during the half-year in accordance with continuous disclosure requirements arising under the Corporations Act 2001 and the ASX Listing Rules.

The accounting policies and methods of computation adopted are consistent with those of the previous financial year and corresponding half-year. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

The interim financial statements has been prepared on a historical cost basis, except for the revaluation of certain financial instruments to fair value. Cost is based on the fair value of the consideration given in exchange for assets.

The company is domiciled in Australia and all amounts are presented in Australian dollars, unless otherwise noted.

#### (b) Statement of compliance

The financial report was authorised for issued in accordance with a resolution of the Directors on 28 February 2018.

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).

#### (c) Adoption of new and revised standards

##### *Standards and Interpretations applicable to 31 December 2017*

In the period ended 31 December 2017, 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 the company's accounting policies.

##### *Standards and Interpretations in issue not yet adopted*

Certain new accounting standards and interpretations have been publishes that are not mandatory for 31 December 2017 reporting periods. Those which may have a significant impact to the Company are set out below. The Company does not plan to adopt these standards early.

##### *AASB 9 Financial Instruments (2014)*

AASB 9 (2014), published in December 2014, replaces the existing guidance AASB 9 (2009), AASB 9 (2010) and AASB 139 Financial Instruments: Recognition and Measurement and is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted.

The new standard results in changes to accounting policies for financial assets and liabilities covering classification and measurement, hedge accounting and impairment. The Company has assessed these changes and determined that based on the current financial assets and liabilities held at reporting date, the Company will need to reconsider its accounting policies surrounding impairment recognition. The new impairment requirements for financial assets are based on a forward looking 'expected loss model' (rather than the current 'incurred loss model').

# SPECTUR LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2017

### NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The Company does not expect a significant effect on the financial statements resulting from the change of this standard however the Company is in the process of evaluating the impact of the new financial instrument standard. The changes in the Company's accounting policies from the adoption of AASB 9 will be applied from 1 July 2018 onwards.

#### *AASB 15 Revenue from Contracts with Customers*

AASB 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised, including in respect of multiple element arrangements. It replaces existing revenue recognition guidance, AASB 111 Construction Contracts, AASB 118 Revenue and AASB 1004 Contributions. AASB 15 is effective from annual reporting periods beginning on or after 1 January 2018, with early adoption permitted.

The core principle of AASB 15 is that it requires identification of discrete performance obligations within a transaction and associated transaction price allocation to these obligations. Revenue is recognised upon satisfaction of these performance obligations, which occur when control of goods or services is transferred, rather than on transfer of risks and rewards. Revenue received for a contract that includes a variable amount is subject to revised conditions for recognition, whereby it must be highly probable that no significant reversal of the variable component may occur when the uncertainties around its measurement are removed.

The Company has commenced the process of evaluating the impact of the new standard on existing revenue streams and will first apply AASB 15 in the financial year beginning 1 July 2018.

#### *AASB 16 Leases*

AASB 16 replaces the current AASB 17 Leases standard. AASB 16 removes the classification of leases as either operating leases or finance leases- for the lessee - effectively treating all leases as finance leases. Most leases will be capitalised on the balance sheet by recognising a 'right-of-use' asset and a lease liability for the present value obligation. This will result in an increase in the recognised assets and liabilities in the statement of financial position as well as a change in expense recognition, with interest and depreciation replacing operating lease expense.

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

The preparation of the interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

The judgements, estimates and assumptions applied in the interim financial statements, including the key sources of estimation uncertainty were the same as those applied in the Company's last annual financial statements for the year ended 30 June 2017.

# SPECTUR LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2017

### NOTE 2: REVENUE AND EXPENSES

|  | 31 December<br>2017<br>\$ | 31 December<br>2016<br>\$ |
|--|---------------------------|---------------------------|
| <b>(a) Revenue</b>                           |                           |                           |
| <b>Sales</b>                                 |                           |                           |
| Hardware and installation                    | 844,436                   | 597,179                   |
| Server access and data plan                  | 155,260                   | 118,737                   |
| Monitoring                                   | 30,567                    | 20,710                    |
| Equipment rental and repairs                 | 101,626                   | 41,507                    |
| Total  | <u>1,131,889</u>          | <u>778,133</u>            |
| <b>(b) Research and Development expenses</b> |                           |                           |
| Consulting fees and employment expenses      | 253,240                   | 133,806                   |
| Supplies                                     | 105,713                   | 9,269                     |
| Total  | <u>358,953</u>            | <u>143,075</u>            |

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

### NOTE 3: SEGMENT REPORTING

The Company only operated in one segment, being design, development, manufacture and selling of Remote Solar 3G/4G based Security monitoring systems and cloud-based technology solutions.

### NOTE 4: ISSUED CAPITAL

As at 31 December 2017, the Company had the following issued share capital:

|  | Six months ended<br>31 December 2017 |                  | Year ended<br>30 June 2017 |                  |
|--|--------------------------------------|------------------|----------------------------|------------------|
|  | Number                               | \$               | Number                     | \$               |
| <b>Fully paid ordinary shares</b>                                  | <b>47,000,000</b>                    | <b>7,579,924</b> | <b>17,500,000</b>          | <b>1,936,890</b> |
| Movement of issued share capital:                                  |                                      |                  |                            |                  |
| Balance at beginning of period/year                                | 17,500,000                           | 1,936,890        | 2,998,625                  | 1,128,000        |
| Initial Public Offering  | 22,500,000                           | 4,500,000        | -                          | -                |
| Issue to promoters – IPO   | 1,000,000                            | 200,000          | -                          | -                |
| Placement at \$0.36 per share                                      | 6,000,000                            | 2,160,000        | -                          | -                |
| Buy-back of partly paid shares                                     | -                                    | -                | (1,900,000)                | (19,000)         |
| Issue of new shares in exchange for partly paid shares bought back | -                                    | -                | 19,000                     | 19,000           |
| Share subdivision – 10 for 1 share                                 | -                                    | -                | 10,058,625                 | -                |
| \$0.10 seed capital raising  | -                                    | -                | 2,500,000                  | 250,000          |
| \$0.16 seed capital raising  | -                                    | -                | 3,323,750                  | 531,800          |
| 2 <sup>nd</sup> \$0.16 seed capital raising                        | -                                    | -                | 500,000                    | 80,000           |
| Share issue costs  | -                                    | (1,216,966)      | -                          | (52,910)         |
| <b>Balance at end of period/year</b>                               | <b>47,000,000</b>                    | <b>7,579,924</b> | <b>17,500,000</b>          | <b>1,936,890</b> |

Included in share issues costs are the non-cash items of

- \$250,385 relating to the value attributed to the 2 million Lead Manager Options of \$0.50 issued to ACNS Capital Markets pursuant to the December 2017 Placement and Share Purchase Plan Lead Manager Mandate;
- 1 million shares issued to the lead manager on IPO at \$0.20 each, at value of \$200,000;
- \$27,410 vested expense associated with the 1m performance rights issued to the lead manager on IPO.

Refer Note 5.



# SPECTUR LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2017

### NOTE 4: ISSUED CAPITAL (continued)

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

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

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

### NOTE 5: RESERVES

As at 31 December 2017, the Company had the following reserve accounts:

|                    | Six months ended<br>31 December 2017 |                | Year ended<br>30 June 2017 |               |
|--------------------|--------------------------------------|----------------|----------------------------|---------------|
|                    | Number                               | \$             | Number                     | \$            |
| Options            | 14,350,000                           | 363,884        | 8,850,000                  | 58,500        |
| Performance Rights | 21,500,000                           | 590,303        | 20,000,000                 | -             |
|                    | <b>35,850,000</b>                    | <b>954,187</b> | <b>28,850,000</b>          | <b>58,500</b> |

### OPTION RESERVE MOVEMENT

|   | Six months ended<br>31 December 2017 |                | Year ended<br>30 June 2017 |               |
|---|--------------------------------------|----------------|----------------------------|---------------|
|   | Number                               | \$             | Number                     | \$            |
| Movement of options:  |                                      |                |                            |               |
| Balance at beginning of period/year                                       | 8,850,000                            | 58,500         | 200,000                    | -             |
| Issued - IPO at \$0.01 (i)  | 5,500,000                            | 55,000         | -                          | -             |
| Options issued – capital raising (ii)                                     | -                                    | 250,384        | -                          | -             |
| Issued during the year to an employee at nil consideration before the EIP | -                                    | -              | 50,000                     | -             |
| Cancellation of options   | -                                    | -              | (250,000)                  | -             |
| Issued during the year for cash consideration \$0.005                     | -                                    | -              | 6,000,000                  | 30,000        |
| Issued during the year to employees under the EIP                         | -                                    | -              | 2,050,000                  | 20,500        |
| Issued during the year to consultants                                     | -                                    | -              | 800,000                    | 8,000         |
| Lapsed unexercised  | -                                    | -              | -                          | -             |
| <b>Balance at end of period/year</b>                                      | <b>14,350,000</b>                    | <b>363,884</b> | <b>8,850,000</b>           | <b>58,500</b> |

(i) On 25 July 2017, in accordance with the Initial Public Offer, the Company issued 5,500,000 unlisted options at an issue price of \$0.01 per option to raise \$55,000. The options are exercisable at \$0.20 on or before 31 December 2020. Refer Note 9.

(ii) On 27 November 2017 Spectur entered into a Terms Sheet with ACNS Capital Markets to raise \$2.16m via a Placement Offer and \$684,000 by way of a Share Purchase Plan. Alto Capital or its nominee are to receive 2,000,000 options, each exercisable at \$0.50 on or before 31 December 2020, for facilitating and successfully closing the Placement. The options were not on issue by the year-end as the placement was subject to shareholder approval, however as Spectur had an obligation to issue the options as part of the capital raising fee, the value of the options has been included within capital raising costs for the half year period,

(ii) No Options were exercised nor lapsed during the half year ended 31 December 2017.

# SPECTUR LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2017

### NOTE 5: RESERVES (continued)

#### PERFORMANCE RIGHTS MOVEMENT

|   | Six months ended<br>31 December 2017 |                | Year ended<br>30 June 2017 |          |
|---|--------------------------------------|----------------|----------------------------|----------|
|   | Number                               | \$             | Number                     | \$       |
| Movement of performance rights:                 |                                      |                |                            |          |
| Balance at beginning of year                    | 20,000,000                           | -              | -                          | -        |
| Issue of performance rights to lead manager     | 1,000,000                            | 27,410         | -                          | -        |
| Issue of performance rights to sales consultant | 500,000                              | 14,680         | -                          | -        |
| Vesting period of Director Incentive            | -                                    | 548,213        | 20,000,000                 | -        |
| <b>Balance at end of year</b>                   | <b>21,500,000</b>                    | <b>590,303</b> | <b>20,000,000</b>          | <b>-</b> |

#### Director Incentive Performance Rights

During the prior year, the Board of Directors approved the following performance rights:

- a. 10,000,000 Performance Rights to Mr. Charles Richard Wilkins, and
- b. 10,000,000 Performance Rights to Mr. Peter William Holton,

The performance rights have the following vesting conditions:

- (i) Tranche 1 – 33 1/3% - The Total Revenue for the year ended 30 June 2018 being at least \$1.75 million;
- (ii) Tranche 2 – 33 1/3% - The Total Revenue for the year ended 30 June 2019 being at least \$3.5 million; and
- (iii) Tranche 3 – 33 1/3% - The Total Revenue for the year ended 30 June 2020 being at least \$7 million.

The fair value of the performance rights granted was estimated as at the date of grant using the market value at that date, and at 31 December 2017 management have provided the best available estimate of the number of equity instruments expected to vest. The performance rights have been valued in accordance with AASB 2 Share Based payments and are brought to account over their relevant vesting periods. The length of the expected vesting period is consistent with the assumptions used in valuing the fair value of the rights granted. Refer note 9 for valuation calculations.

#### Lead Manager Incentive performance rights

In accordance with the IPO Corporate Advisory Mandate with ACNS Capital Markets Pty Ltd (Alto Capital), Spectur issued 1,000,000 performance rights to its Corporate Advisor on 27 July 2017. The Performance Rights are in 3 tranches and vest on the same terms as the Director Incentive Performance Rights above. Refer Note 9 for valuation calculations.

#### Sales Consultant Incentive performance rights

During the half year, the Company issued 500,000 Performance Rights to Mark Williamson following the Forrestbridge (SolarCam) acquisition. The performance rights are designed to retain Mr Williamson, and if achieved will provide a net benefit for Spectur.

The performance rights have the following vesting conditions:

- (i) Tranche 1 – 33 1/3% - (Relevant Sales), totalling \$300,000 or more, by 1 November 2018;
- (ii) Tranche 2 – 33 1/3% - (Relevant Sales), totalling \$360,000 or more, by 1 November 2019; and
- (iii) Tranche 3 – 33 1/3% - (Relevant Sales), totalling \$430,000 or more, by 1 November 2020.

The fair value of the performance rights granted was estimated as at the date of grant using the market value at that date, and at 31 December 2017 management have provided the best available estimate of the number of equity instruments expected to vest. The performance rights have been valued in accordance with AASB 2 Share Based payments and are brought to account over their relevant vesting periods. The length of the expected vesting period is consistent with the assumptions used in valuing the fair value of the rights granted. Refer note 9 for valuation calculations.

# SPECTUR LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2017

### NOTE 6: LOSS PER SHARE

Basic and diluted loss per share

| 31 December<br>2017 | 31 December<br>2016 |
|---------------------|---------------------|
| Cents per<br>share  | Cents per<br>share  |
| <b>(4.52)</b>       | <b>(1.15)</b>       |

Basic loss per share (cents per share)

Loss

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

| 31 December<br>2017 | 31 December<br>2016 |
|---------------------|---------------------|
| \$                  | \$                  |
| <b>(1,752,913)</b>  | <b>(34,592)</b>     |

Losses

Weighted average number of ordinary shares

The weighted average number of ordinary shares used in the calculation of basic loss per share is as follows:

| 31 December<br>2017 | 31 December<br>2016 |
|---------------------|---------------------|
| Number              | Number              |
| <b>38,717,391</b>   | <b>2,998,625</b>    |

Weighted average number of ordinary shares for the purpose of  
basic loss per share

### NOTE 7: INTANGIBLES

#### Patents and trademarks at cost

Accumulated amortisation  
Net carrying amount

| 31 December<br>2017 | 30 June<br>2017 |
|---------------------|-----------------|
| \$                  | \$              |
| 2,861               | 3,517           |
| (328)               | (656)           |
| <b>2,533</b>        | <b>2,861</b>    |

#### Other intangibles

Goodwill of Solarcam (i)  
Net carrying amount

|                |              |
|----------------|--------------|
| 100,000        | -            |
| 100,000        | -            |
| <b>102,533</b> | <b>2,861</b> |

#### Balance at end of year

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

(i) On 6 November 2017, the company entered into a Business Asset Purchase Agreement to acquire the intangibles assets of SolarCam Refer Note 13 for terms.

Spectur has provisionally recognised the fair value of identifiable net assets and liabilities of the SolarCam asset acquisition, based on the best information available as at the reporting date.

This accounting has only been provisionally determined as the Company is yet to fully value the components of the acquisition. The fair value of assets acquired including goodwill is based on the directors' best estimate assessment of the fair value.

# SPECTUR LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2017

### NOTE 8: TRADE AND OTHER PAYABLES

#### Current

|   | 31 December<br>2017<br>\$ | 30 June<br>2017<br>\$ |
|---|---------------------------|-----------------------|
| <i>Trade and other payables</i>                           |                           |                       |
| Amounts received for shares subscribed but not yet issued | 684,012                   | 25,000                |
| Accounts Payable  | 247,536                   | 267,139               |
| Accruals  | 85,056                    | 31,330                |
| SolarCam investment liability                             | 33,333                    | -                     |
| Advances from customers                                   | -                         | 10,972                |
| Unearned revenue  | 151,478                   | 104,622               |
| Employee related liabilities                              | 83,299                    | -                     |
|   | <b><u>1,284,714</u></b>   | <b><u>471,020</u></b> |

### NOTE 9: SHARE BASED PAYMENTS

The following share-based payment arrangements were entered into during the period:

The fair value of the equity-settled share options granted is estimated as at the date of grant using the Black-Scholes model taking into account the terms and conditions upon which the options were granted. Performance rights are valued at the prevailing share price on the date of grant.

|  | <b>Corporate Advisor</b>   | <b>Consultant</b>  | <b>Lead Manager</b> |
|--|--|--|---------------------|
| Type                                     | Performance Rights   | Performance Rights   | Options             |
| Number                                   | 1,000,000  | 500,000  | 2,000,000           |
| Grant date                               | 30/11/2016   | 6/11/2018  | 27/11/2017          |
| Expiry date / vesting date               | 3 tranches split equally<br>(i) FY 2018<br>(ii) FY 2019<br>(iii) FY 2020 | 3 tranches split equally<br>(i) FY 2018<br>(ii) FY 2019<br>(iii) FY 2020 | 31 December 2017    |
| Exercise Price                           | -  | -  | \$0.50              |
| Dividend yield (%)                       | -  | -  | -                   |
| Expected volatility (%)                  | -  | -  | 69                  |
| Risk-free interest rate (%)              | -  | -  | 1.90                |
| Expected life of option (years)          | -  | -  | 3.1                 |
| Grant date share price                   | \$0.10   | \$0.31   | \$0.34              |
| Fair value of equity instrument at grant | \$0.10   | \$0.31   | \$0.125             |

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

No share options were exercised during the half-year.

Included in the statement of profit and loss is \$562,893 which relates to equity settled share-based payment transactions which have been brought to account in the half year.

# SPECTUR LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2017

### NOTE 10: SIGNIFICANT EVENTS AFTER THE REPORTING DATE

On 18 January 2018, the Company held a General Meeting where all resolutions relating to the Placement Offers (including the Director Offer), Security Purchase Plan and Lead Manager Option Offer were approved by shareholders.

On 19 January 2018, Spectur issued 2,000,000 fully paid ordinary shares pursuant to the Security Purchase Plan and Director Offer and 1,999,958 Options exercisable at \$0.20 each under the terms of its Placement Offer, Security Purchase Plan and Director Offer. The Company also sought ASX quotation for the Options as outlined in its Prospectus.

On 19 January, the Company also issued 2,000,000 Lead Manager Options to Alto Capital.

On 22 January, 150,000 options were issued to Employees Under the Spectur Employee Incentive Plan, exercisable at \$0.37 each on or before 31 December 2020.

Other than detailed above, there has been no additional matter or circumstance that has arisen after balance date that has significantly affected, or may significantly affect, the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial periods.

### NOTE 11: COMMITMENTS AND CONTINGENCIES

As at 31 December 2017, the Company had the following commitments:

|   | <b>31 December<br/>2017</b> | <b>30 June 2017</b>   |
|---|-----------------------------|-----------------------|
|   | <b>\$</b>                   | <b>\$</b>             |
| <i>Lease commitments</i>                    |                             |                       |
| Not longer than 1 year                      | 154,250                     | 114,313               |
| Longer than 1 year and shorter than 5 years | 222,875                     | 216,452               |
| Total                                       | <u><b>377,125</b></u>       | <u><b>330,765</b></u> |

The lease commitments refer to the lease of the following premises:

- (i) Unit 2/6 Merino Entrance, Cockburn Central WA 6164 (current head office);
- (ii) Unit 3/6 Merino Entrance, Cockburn Central WA 6164; and
- (iii) 20 Enterprise Way, Sunshine West VIC 3020 (Melbourne branch).

|   | <b>31 December<br/>2017</b> | <b>30 June 2017</b> |
|---|-----------------------------|---------------------|
|   | <b>\$</b>                   | <b>\$</b>           |
| <i>Hire purchase commitments</i>            |                             |                     |
| Not longer than 1 year                      | 19,032                      | -                   |
| Longer than 1 year and shorter than 5 years | 46,027                      | -                   |
| Total                                       | <u><b>65,059</b></u>        | <u><b>-</b></u>     |

During the period the Company entered into 3 Hire Purchase agreements for the purchase of 2 Hyundai iLoad vans and a forklift.

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

# SPECTUR LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2017

### NOTE 12: FINANCIAL INSTRUMENTS

The methods and valuation techniques used for the purpose of measuring fair value are unchanged from previous periods.

The carrying amounts of the current receivables and current payables are considered to be a reasonable approximation of their fair values.

### NOTE 13: PURCHASE OF BUSINESS ASSETS OF SOLARCAM

On 6 November 2017, the Company entered into a binding conditional Business Asset Purchase Agreement ('Sale Agreement') to acquire the solar-powered security surveillance business of Forrestbridge Pty Ltd (Forrestbridge), trading as "SolarCam".

Key terms of the Sale Agreement are as follows:

The Company acquired 100% of the assets of Forrestbridge's SolarCam business, including the SolarCam web site domain name ([www.solarcam.com.au](http://www.solarcam.com.au)), its client list and associated database, its intellectual property rights related to the SolarCam business, goodwill and certain ongoing client contracts (including ongoing video surveillance and cloud-based subscription services) identified by Spectur.

The purchase price for the business assets is \$100,000 plus GST, to be paid evenly over a 36-month period.

# SPECTUR LIMITED

## DIRECTORS' DECLARATION

1. In the opinion of the Directors of Spectur Limited ("Spectur" or the "Company"):
  - a. the accompanying financial statements and notes are in accordance with the Corporations Act 2001 including:
    - i. giving a true and fair view of the Company's financial position as at 31 December 2017 and of its performance for the half year then ended; and
    - ii. complying with Australian Accounting Standards, the Corporations Regulations 2001, professional reporting requirements and other mandatory requirements.
  - b. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
  - c. the financial statements and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board.
2. This declaration has been made after receiving the declarations required to be made to the Directors in accordance with Section 295A of the Corporations Act 2001 for the financial half year ended 31 December 2017.

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



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**Charles Richard Wallace Wilkins**  
**Director**  
Dated this 28 February 2018

## **INDEPENDENT AUDITOR'S REVIEW REPORT**

To the members of Spectur Limited

### **Report on the Condensed Half-Year Financial Report**

#### *Conclusion*

We have reviewed the accompanying half-year financial report of Spectur Limited ("the company"), which comprises the condensed statement of financial position as at 31 December 2017, the condensed statement of comprehensive income, the condensed statement of changes in equity and the condensed statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Spectur Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the company's financial position as at 31 December 2017 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

#### *Directors' responsibility for the half-year financial report*

The directors of the company are responsible for the preparation of the half-year 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 half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

#### *Auditor's responsibility*

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the company's financial position as 31 December 2017 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the company, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

#### **HLB Mann Judd (WA Partnership) ABN 22 193 232 714**

Level 4 130 Stirling Street Perth WA 6000 | PO Box 8124 Perth BC WA 6849 | Telephone +61 (08) 9227 7500 | Fax +61 (08) 9227 7533

Email: [mailbox@hlbwa.com.au](mailto:mailbox@hlbwa.com.au) | Website: [www.hlb.com.au](http://www.hlb.com.au)

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A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

*Independence*

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



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

**Perth, Western Australia**  
**28 February 2018**



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