Spectur Limited

Appendix 4D

Half Year Report- For the six months ended 31 December 2020

(Previous corresponding period: 31 December 2019)

Results for announcement to the market

1. **Reported**

	31 December 2020 Current Period $	***Percentage Change Up /(Down)***	**Change Up /(Down) $**	**31 December 2019 Previous Corresponding Period $**
Revenue from ordinary activities	2,036,760	(22%)	(588,469)	2,619,229
Loss from ordinary activities after tax	(1,016,297)	(22%)	(186,351)	(829,946)
Net Loss for the period attributable to members	(1,016,297)	(22%)	(186,351)	(829,946)

Commentary on the above figures is included in the attached Interim Financial Report for the half year ended 31 December 2020.

2. Dividend payments

Refer to attached Interim Financial Report for the half year ended 31 December 2020.
The Company does not propose to pay any dividends in the current period.

3. Net tangible assets per security

	Current Period (31 December 2020)	**Previous Corresponding Period (31 December 2019)**
Cents per ordinary share	2.42 cents	3.33 cents

Derived by dividing the net assets less intangible assets attributable to equity holders of the Company by the total ordinary shares at 31 December 2020 (106,305,280) and 31 December 2019 (75,633,065) respectively.

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 2020.

4. Status of audit

The Interim Financial Report for the half year ended 31 December 2020 has been audit reviewed and is not subject to dispute or qualification, and the review report is attached as part of this half year report.

5. Attachments

The half year report of Spectur Limited for the six month period ended 31 December 2020 is attached.

Spectur Limited

ACN 140 151 579

Interim Financial Report
31 December 2020

Content

Directors
Mr Darren John Cooper
Dr Gerard John Dyson
Mrs Bilyana Smith

Company Secretary
Mrs Suzie Jayne Foreman

Registered Address and Principal Place of Business
12 Fargo Way,
Welshpool, WA 6106
Telephone: 1300 802 960

Solicitors
Blackwall Legal
Level 26, 140 St Georges Terrace
Perth WA 6000

Bankers
ANZ Bank
127/816 Beeliar Drive
Success WA 6164

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

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

GPO Box 5193
Sydney, NSW, 2001
Telephone: 1300 288 664 (within Australia)
Email: hello@automic.com.au

Director's Report

The Board of Directors of Spectur Limited present their report on Spectur Limited ("Company" or "Spectur") for the half year ended 31 December 2020.

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:

Darren John Cooper	Non-Executive Chairman
Gerard John Dyson	Managing Director
Bilyana Smith	Non-Executive Director
Suzie Jayne Foreman	Company Secretary

Principal Activities

The principal activity of the Company during the half year was to develop, manufacture and sell Remote Solar 3G/4G based deterrence, surveillance and warning systems, and associated products and services. The Company is also expanding its pipeline of solutions and platforms, leveraging its unique technology to non-security related markets.

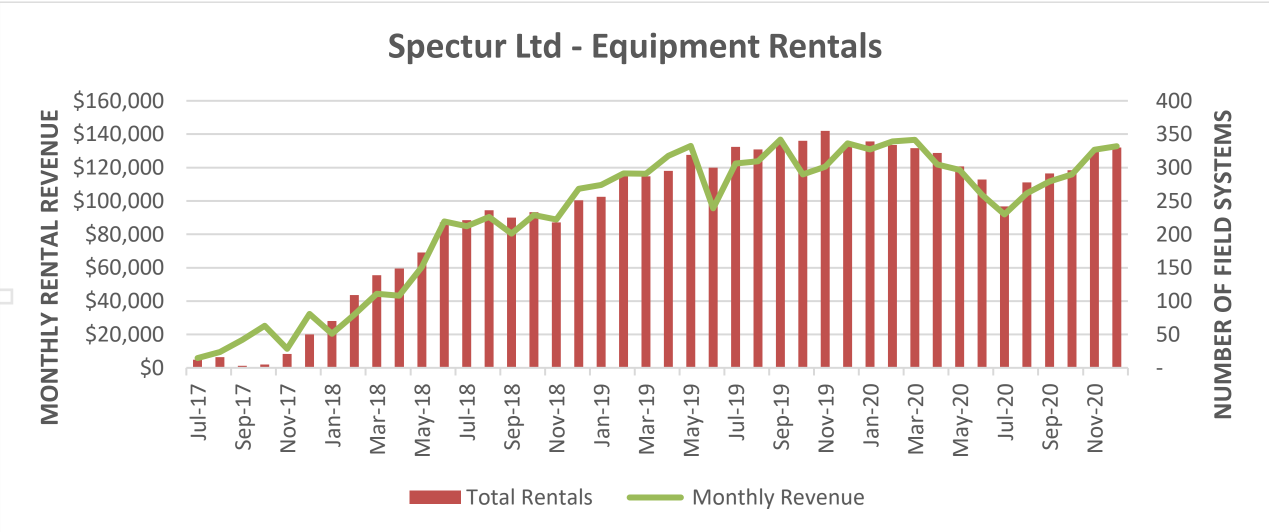
Operating and Financial Review

Results of Operations

For H1 FY21 (six months to December 2020) Spectur reported revenue of $2,037k, down 22% on H1 FY20 (six months to December 2019) of $2,619k. The bulk of the impact in revenues resulted from a halving of new sales and rental contracts in Victoria compared to H1 FY20, attributed to the strict COVID lockdowns state-wide. Indications are the market has begun to return to growth with positive recovery from the impacts of COVID restrictions expected into H2 FY21.

Rental Fleet Growing Rapidly Again

Spectur's rental fleet, after reducing to a low point in July 2020, has rebounded almost completely to pre-COVID levels, with a total fleet size of 330 systems deployed as at the half year end.



In addition to a net growth of rentals of 48 systems over the period, the average rental value has started to increase with the introduction of the higher value STA6 model to the rental fleet. Equipment rental revenue for H1 FY21 totalled $687k. During the period, Spectur secured an increasing number of larger value rental contracts, along with anticipated longer-term contracts (those that have an initial short duration, with an expectation of extensions).

Recognising the increasing interest in longer term contracts with reduced capital expenditure relative to operational expenditure, in January 2021 Spectur also launched a Hardware as a Service (HaaS), or longer term leasing and lease-to-buy model. These additional commercial models are expected to allow Spectur to serve additional customers and underpin growth in longer term recurring revenue. Equipment rental revenues based upon January 2021 installations are currently run rating at $1.8 million annualised.

Recurring revenues from data plan, server access and monitoring services were $597k for H1 FY21. As sales and rentals build, the underlying Software as a Service (SaaS) revenue to support these also increases. December SaaS income was $100k, run rating at $1.2 million per annum. The Annualised Recuring Revenue (ARR) for rentals and SaaS income was $2.6 million when annualised for revenues received over H1 FY21, and is currently run rating at $3 million based upon January 2021 results.

Additional COVID-19 governmental assistance totalling $269k was also recognised during the reporting period, received as JobKeeper, cashflow boost and payroll tax rebates.

H2 FY21 Starting in Record Fashion

Following the strong finish to the calendar year, H2 FY21 has had a record start with the best January (a historically slow month) in corporate history, with revenues of $406k. Whilst numbers for February are incomplete, contract sales to date are in excess of $555k. Note that contract sales do not immediately translate to revenues as some revenue is spread over the contract periods.

Capital Raising Secured $1.5M

Spectur closed its Share Purchase Plan (SPP) on 7 August 2020, taking oversubscriptions to successfully raise $945k. The Company saw a strong shareholder response to the SPP, with applications exceeding both the initially targeted and oversubscription amount. The successful SPP followed Spectur's completion of a Placement to sophisticated and professional investors of $567k, raising a combined total of $1.5m before costs.

Net proceeds of the Placement and SPP provided important funding in the period to accelerate adoption of the Company's new technology platform, drive sales through expanding channel partnerships and review potential M&A opportunities.

Looking forward to H2 FY21, the Company expects ongoing cash consumption for the medium term in response to the higher actual growth rates in the rental business line and anticipated growth in the HaaS model. This growth strategy benefits the Company in that rentals are delivered with higher gross margin percentage and longer term leasing, provides more sustainable cash flows. Spectur is examining alternatives for potentially financing this shift in product mix over the longer-term as contracts are secured.

Technology advances

H1 FY21 saw the launching of the new STA6 platform, creating a second material product platform for Spectur. The STA6 platform provides multi-camera and edge-based processing capabilities, including artificial intelligence (AI). This platform is currently operating a CSIRO-developed edge and cloud combination AI engine, which allows industry leading detection, without excessive false alarms. This platform continues to have additional features added, including 10FPS 4K video streaming and, soon to be released, two-way live audio.

During H1 FY21 a combination of high demand and production challenges meant that delivery times were extended for the STA6, however these have largely been resolved with production and sourcing improvements are in place.

It should also be noted that the shark warning systems also provided by Spectur have had additional development with Voice over IP Telephony (VOIP) features and other features being incorporated and expected to be available to the market in H2 FY21.

Sales and Marketing Growth

The Spectur sales team recruiting was completed in H1 FY21, along with a new website and onboarding of a new digital marketing partner. This stabilisation and the development of increasingly sophisticated sales and marketing systems and processes has led to steadily increasing contract sales, particularly in the longer term rental market. Average contract sizes are increasing, with nearly $800,000 of contracts won this financial year from target client groups, with an order size greater than $100,000.

Longer term investments in developing marquee customers in the government, security, utility and construction space are coming to fruition as the outbound sales and account management strategies are being realised. Trials and tests with key customers in areas such as telecommunications and construction have concluded, and the Company is beginning to commence large anticipated programs of acquisition or longer term leasing.

Significant changes in the state of affairs

On 25 November 2020 Spectur Ltd acquired 51% of the issued share capital of Spectur New Zealand Pty Ltd from channel partner Deus Ex Limited (**Deus Ex**).

The acquisition of 51 ordinary shares from Deus Ex were for a nominal purchase price of NZ$51 (i.e. NZ$1.00 per share). Simultaneously, both Spectur Deus Ex subscribed for Shares at a 51%:49% ratio to provide a combined further minor additional injection of NZ$20,000 in working capital for operations.

Director's Report

Spectur NZ's operations plan is to leverage the existing facilities, sales, operations and other technical and managerial support of Deus Ex on an "as used" basis for the time being to ensure efficiency until such time as more unique resources are required. Spectur will continue to provide support with technical, marketing and other expertise as required.

The acquisition of Spectur New Zealand was completed prior to the half year, and treated as a Joint venture in the financial report of Spectur Limited.

Dividends

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

Auditor Independence and Non-Auditor 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 review of the half year report. This Independence Declaration is set out on page 6 and forms part of this Directors' report for the half year ended 31 December 2020.

Signed in accordance with a resolution of the directors.

Dr Gerard John Dyson
Managing Director
Dated this 25 February 2021

HLB MANN JUDD
ADVISORY AND ACCOUNTING

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of Spectur Limited for the half-year ended 31 December 2020, 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.

HLB Mann Judd

Perth, Western Australia
25 February 2021

L Di Giallonardo
Partner

hlb.com.au

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
T: +61 (0)8 9227 7500 E: mailbox@hlbwa.com.au

Condensed Statement of Profit or Loss and Other Comprehensive Income for the half-year ended 31 December 2020

	Notes	Six months to 31 December 2020 $	Six months to 31 December 2019 $
Continuing Operations			
Revenue	2	2,036,760	2,619,229
Cost of Sales		(807,511)	(976,750)
Gross profit		1,229,249	1,642,479
Interest income		1,313	8,545
COVID-19 Relief		269,000	-
Loss on disposal of property, plant and equipment		(1,808)	-
Research and development expenses		(337,308)	(276,037)
Employee benefits		(1,447,655)	(1,303,515)
General and administrative expenses		(405,116)	(564,506)
Impairment of intangible assets		(12,640)	-
Marketing and advertising		(177,559)	(116,243)
Property expenses		(55,406)	(110,754)
Depreciation and amortisation		(152,971)	(190,911)
Finance charges	3	(9,278)	(12,821)
Share-based payment expense	8	(25,368)	(27,353)
Loss before income tax benefit		**(1,125,547)**	**(951,116)**
Income tax benefit		109,250	121,170
Loss for the period		**(1,016,297)**	**(829,946)**
Other comprehensive loss for the period		-	-
Total comprehensive loss for the period		**(1,016,297)**	**(829,946)**
Basic loss per share (cents per share)	4	**(1.01)**	**(1.21)**

The accompanying notes form part of these financial statements.

Condensed Statement of Financial Position
As at 31 December 2020

	Notes	Six months to 31 December 2020 $	Year to 30 June 2020 $
Assets			
Current Assets			
Cash and cash equivalents		2,223,281	1,632,513
Trade and other receivables		896,415	743,481
Inventories		618,441	493,430
Total Current Assets		**3,738,137**	**2,869,424**
Non-Current Assets			
Property, plant and equipment		628,409	621,848
Investments accounted for using the equity method	5	9,985	-
Right-of-use assets		219,884	278,030
Intangible assets	6	237,098	309,773
Total Non-Current Assets		**1,095,376**	**1,209,651**
Total Assets		**4,833,513**	**4,079,075**
Liabilities			
Current Liabilities			
Trade and other payables		913,809	721,559
Lease liability		105,986	100,534
Borrowings		56,503	32,975
Employee benefits		426,125	298,844
Provisions		88,830	88,830
Total Current Liabilities		**1,591,253**	**1,242,742**
Non-Current Liabilities			
Borrowings		20,744	60,513
Lease liability		119,982	180,537
Employee benefits		68,967	60,117
Total Non-Current Liabilities		**209,693**	**301,167**
Total Liabilities		**1,800,946**	**1,543,909**
Net Assets		**3,032,567**	**2,535,166**
Equity			
Issued capital	7	12,573,174	11,084,845
Reserves		35,799	504,479
Accumulated losses		(9,576,406)	(9,054,158)
Net Equity		**3,032,567**	**2,535,166**

The accompanying notes form part of these financial statements.

Condensed Statement of Changes in Equity for the half year ended 31 December 2020

	Issued Capital $	Reserves $	Accumulated Losses $	Total Equity $
Balance at 1 July 2020	**11,084,845**	**504,479**	**(9,054,158)**	**2,535,166**
Loss for the period	-	-	(1,016,297)	(1,016,297)
Total Comprehensive loss for the period	**-**	**-**	**(1,016,297)**	**(1,016,297)**
Shares issued during the period (net of costs)	1,537,322	-	-	1,537,322
Share issue costs	(48,993)	-	-	(48,993)
Value of expired options transferred to accumulated losses	-	(494,049)	494,049	-
Value of performance rights brought to account during the period	-	25,369	-	25,369
Balance as at 31 December 2020	**12,573,174**	**35,799**	**(9,576,406)**	**3,032,567**

	Issued Capital $	Reserves $	Accumulated Losses $	Total Equity $
Balance at 1 July 2019	**8,997,115**	**1,108,668**	**(7,431,460)**	**2,674,323**
Loss for the period	-	-	(829,946)	(829,946)
Total Comprehensive loss for the period	**-**	**-**	**(829,946)**	**(829,946)**
Shares issued during the period	1,590,000	-	-	1,590,000
Share issue costs	(230,047)	-	-	(230,047)
Performance rights converted	700,000	(700,000)	-	-
Value of performance rights brought to account during the period	-	25,223	-	25,223
Value of options brought to account during the period	-	107,686	-	107,686
Balance as at 31 December 2019	**11,057,068**	**541,577**	**(8,261,406)**	**3,337,239**

The accompanying notes form part of these financial statements.

Condensed Statement of Cash Flows
for the half year ended 31 December 2020

	Six months to 31 December 2020 $	Six months to 31 December 2019 $
Cash flows from operating activities		
Receipts from customers	2,150,609	2,999,698
Payments to suppliers and employees	(3,403,545)	(3,677,684)
Interest received	1,313	6,917
Interest paid	(6,818)	-
Finance and related charges	(2,460)	(12,863)
COVID 19 Tax incentives	394,030	-
R & D tax incentives received	274,185	331,533
Net cash used in operating activities	**(592,686)**	**(352,399)**
Cash flows from investing activities		
Proceeds from sale of property, plant and equipment	-	2,674
Payments for intangible assets	-	(40,112)
Payments to acquire investments	(9,994)	-
Payments for loans to joint venture	(7,489)	-
Purchase of property, plant and equipment	(192,564)	(11,861)
Net cash used in investing activities	**(210,047)**	**(49,299)**
Cash flow from financing activities		
Proceeds from issue and subscription of shares	1,512,661	1,407,399
Payments for share issue costs	(47,817)	(133,828)
Repayment of lease liabilities	(55,102)	(44,484)
Repayment of borrowings	(16,241)	(43,025)
Net cash from financing activities	**1,393,501**	**1,186,062**
Net increase in cash and cash equivalents held	590,768	784,364
Cash and cash equivalents at the beginning of the half year	1,632,513	1,303,261
Cash and cash equivalents at the end of the half year	**2,223,281**	**2,087,625**

The accompanying notes form part of these financial statements.

Note 1: Basis of Preparation

These condensed interim financial statements are general purpose financial statements, which have been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards including AASB 134 Interim Financial Reporting, Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board.

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

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 the full financial report. It is recommended these interim financial statements be read in conjunction with the full financial report for the year ended 30 June 2020 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, except for the impact of the new Standards and Interpretations described in (b) below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

The financial statements have been prepared on a historical cost basis, except for the revaluation of selected non-current assets, financial assets and financial liabilities. Historical cost is based on the fair values of the consideration given in exchange for assets, goods and services.

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

For the purpose of preparing the interim financial statements, the half year has been treated as a discrete reporting period.

(a) Statement of Compliance

The financial report was authorised for issue on 25 February 2021.

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

(b) Adoption of New and Revised Standards

New Standards and Interpretations applicable for the half year ended 31 December 2020

For the period ended 31 December 2020, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Company and effective for the current reporting period. As a result of this review the Directors have determined that there is no material impact of the new and revised Standards and Interpretations on the Company, and therefore no change is necessary to accounting policies.

New Standards and Interpretations in issue not yet adopted

The Directors have also reviewed all of the new and revised Standards and Interpretations in issue not yet adopted for the period ended 31 December 2020. As a result of this review the Directors have determined that there is no material impact of the Standards and Interpretations in issue not yet adopted on the Company and, therefore, no change is necessary to accounting policies.

(c) Going concern

The financial report has been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlements of liabilities in the ordinary course of business.

Note 1: Basis of Preparation

(d) Investment in associates and joint ventures

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

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

Other Notes to the Condensed Interim Financial Statements

Note 1: Segment Reporting

The Company's operating segments have been determined with reference to the monthly management accounts used by the Chief Operating Decision Maker to make decisions regarding the Company's operations and allocation of working capital. Due to the size and nature of the Company, the CEO has been determined as the Chief Operating Decision Maker.

Based on the quantitative thresholds included in AASB 8, there is only one reportable segment, being development, manufacture and selling of Remote Solar 3G/4G based deterrence, surveillance and warning systems, and associated products and services.

The revenues and results of this segment are those of the Company as a whole and are set out in the Condensed Statement of Profit or Loss and Other Comprehensive Income and the assets and liabilities of the Company as a whole are set out in the Condensed Statement of Financial Position.

Note 2: Revenue from Contracts with Customers

Disaggregation of revenue

AASB 134 requires an entity to disclose a disaggregation of revenue from contracts with customers required by paragraphs 114-115 of AASB 15. The Company has selected to disaggregate revenue according to the timing of the transfer of goods and/or services. As the Company elected the modified retrospective method of adoption, comparative information under AASB 15 is not required as disclosures for the comparative period in the notes follow the requirements of AASB 111, AASB 118 and other related interpretations.

The Company derives its revenue from the sale of goods and the provision of services at a point in time and over time in the following major categories.

	Six months to 31 December 2020 $	Six months to 31 December 2019 $
At a point in time		
Equipment sales	445,512	955,307
Field services	305,953	333,864
	751,465	**1,289,171**
Over time		
Equipment rentals	687,378	753,855
Recurring revenue	597,917	576,203
	1,285,295	**1,330,058**
Total revenue	**2,036,760**	**2,619,229**

Note 3: Finance charges

	Six months to 31 December 2020 $	Six months to 31 December 2019 $
Interest and finance charges paid/payable on borrowings	(2,460)	(4,475)
Interest and finance charges paid/payable on lease liabilities	(6,818)	(8,346)
	(9,278)	**(12,821)**

Other Notes to the Condensed Interim Financial Statements

Note 4: Loss per Share

Basic loss per share

	Six months to 31 December 2020 Cents per share	Six months to 31 December 2019 Cents per share
Basic loss per share	**(1.01)**	**(1.21)**

Losses

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

	Six months to 31 December 2020 $	Six months to 31 December 2019 $
Losses for the period	**(1,016,297)**	**(829,946)**

Weighted average number of ordinary shares.

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

	Six months to 31 December 2020 Number	Six months to 31 December 2019 Number
Weighted average number of ordinary shares for the purpose of basic loss per share	**100,655,404**	**68,677,436**

Share options and performance rights are not considered dilutive, as their impact would be to decrease the net loss per share.

Note 5: Investments accounted for using the equity method

Name of joint venture	Country of incorporation and principal place of business	Principal activity	Proportion of ownership interests held by Spectur Six months to 31 December 2020	Proportion of ownership interests held by Spectur Six months to 31 December 2019
Spectur New Zealand Pty Ltd	NZ	Provide Spectur security, sensing and visual artificial intelligence products to New Zealand customers.	**51%**	**-**

The investment in Spectur NZ is accounted for using the equity method in accordance with AASB 128.
No dividends were received from Spectur NZ during the six months to 31 December 2020.
Spectur NZ is a private company; therefore, no quoted market prices are available for its shares.

Other Notes to the Condensed Interim Financial Statements

Note 6: Intangible Assets

	Patents $	Product Development $	Other Intangibles $	Total $
Carrying value				
Cost	38,674	739,339	100,000	878,013
Accumulated amortisation	(13,020)	(455,133)	(86,116)	(554,269)
Impairment	-	(72,762)	(13,884)	(86,646)
Carrying value as at 31 December 2020	**25,654**	**211,444**	**-**	**237,098**
Cost	38,674	739,339	100,000	878,013
Accumulated amortisation	(10,416)	(397,702)	(86,116)	(494,233)
Impairment	-	(60,122)	(13,884)	(74,006)
Carrying value as at 30 June 2020	**28,258**	**281,515**	**-**	**309,773**
Reconciliation				
Carrying value as at 1 July 2020	28,258	281,515	-	309,773
Amortisation	(2,604)	(57,431)	-	(60,035)
Impairment	-	(12,640)	-	(12,640)
Carrying value as at 31 December 2020	**25,654**	**211,444**	**-**	**237,098**
Carrying value as at 1 July 2019	33,466	516,624	47,220	597,310
Amortisation	(5,208)	(174,987)	(33,336)	(213,531)
Impairment	-	(60,122)	(13,884)	(74,006)
Carrying value as at 30 June 2020	**28,258**	**281,515**	**-**	**309,773**

Impairment of tangible and intangible assets other than Other Intangibles

The Company assesses at each balance date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash-generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

Other Intangibles

Other Intangibles acquired are initially measured at cost.

Following initial recognition, Other Intangibles are measured at cost less amortisation and any impairment losses.

Other Intangibles are reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (Company of cash-generating units), to which the Other Intangibles relates. When the recoverable amount of the cash-generating unit (Company of cash-generating units) is less than the carrying amount, an impairment loss is recognised. When Other Intangibles forms part of a cash-generating unit (Company of cash-generating units) and an operation within that unit is disposed of, the Other Intangibles associated with the operation disposed of are included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Other Intangibles disposed of in this manner are measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Impairment losses recognised for Other Intangibles are not subsequently reversed.

Other Notes to the Condensed Interim Financial Statements

Note 7: Issued Capital

	31 December 2020 $	30 June 2020 $
Ordinary shares issued and fully paid	**12,573,174**	**11,084,845**

Movement in ordinary shares on issue

	6 months to 31 December 2020 Number	6 months to 31 December 2020 $	Year to 30 June 2020 Number	Year to 30 June 2020 $
Balance at beginning of year	75,633,065	11,084,845	56,402,293	8,997,115
Issue of Shares in lieu of Director fees	418,988	24,661	-	-
Share placement and SPP at $0.05	30,253,227	1,512,661	-	-
Share placement at $0.13	-	-	12,230,773	1,590,000
Shares issued on exercise of performance rights	-	-	6,999,999	700,000
Share issue costs	-	(48,993)	-	(202,270)
Balance at end of the period	**106,305,280**	**12,573,174**	**75,633,065**	**11,084,845**

Note 8: Share-based Payments

The following share-based payment arrangements were in place during the period:

Performance rights	Number	Grant date	Expiry date	Value at grant date $	Fair value at grant date $	Vesting date $
Director Tranche1	1,607,919	11 Nov 2019	30 Jun 2023	0.09	147,971	30 Jun 2022
Director Tranche2	3,301,887	30 Oct 2020	30 Jun 2024	0.05	138,422	30 Jun 2023
Employees Tranche1	531,551	11 Nov 2019	30 Jun 2023	0.09	48,944	30 Jun 2022
Employees Tranche2	1,014,151	30 Oct 2020	30 Jun 2024	0.05	42,515	30 Jun 2023

The fair value of the performance rights granted under the Spectur employee incentive plans are estimated as at the date of grant using an option pricing model taking into account the terms and conditions upon which the performance rights were granted as follows:

Note 8: Share-based Payments (continued)

	Tranche 1	Tranche 2
Dividend yield (%)	0%	0%
Expected volatility (%)	96%	146%
Risk-free interest rate (%)	1.21%	0.03%
Expected life of option (years)	3	3
Exercise price (cents)	-	-
Grant date share price (cents)	8.09	5.10

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

Note 9: Related party disclosure

Transactions with joint ventures

During the 6 months ended 31 December 2020, Spectur Limited supplied Spectur NZ with inventory and a cash loan valued at $47,567 (31 December 2019: $Nil).

Note 10: Events after the reporting period

The impact of the Coronavirus (COVID-19) pandemic is ongoing and it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

No other matter or circumstance has arisen since 31 December 2020 that has significantly affected, or may significantly affect the Company's operations, the results of those operations, or the Company's state of affairs in future financial years.

Director's 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 2020 and of its performance for the half year then ended in accordance with the accounting policies described in the notes to the financial statements; and

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

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

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

2. This declaration has been made after receiving the declarations required to be made to the Directors in accordance with Section 295A of the Corporations Act 2001 for the 6 months ended 31 December 2020.

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

Dr Gerard John Dyson
Managing Director
Dated this 25 February 2021

.

HLB MANN JUDD
ADVISORY AND ACCOUNTING

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 interim financial report of Spectur Limited ("the company"), which comprises the condensed statement of financial position as at 31 December 2020, the condensed statement of profit or loss and other comprehensive income, the condensed statement of changes in equity and the condensed statement of cash flows for the half-year ended on that date, 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 interim financial report of Spectur Limited does not comply with the *Corporations Act 2001* including:

(a) giving a true and fair view of the company's financial position as at 31 December 2020 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*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards*) (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Responsibility of the directors for the financial report

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

hlb.com.au

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
T: +61 (0)8 9227 7500 **E:** mailbox@hlbwa.com.au

HLB MANN JUDD
ADVISORY AND ACCOUNTING

Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the interim financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the interim 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 at 31 December 2020 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*.

A review of a interim 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

HLB Mann Judd
Chartered Accountants

L Di Giallonardo
Partner

Perth, Western Australia
25 February 2021