Spectur Limited

ACN 140 151 579

Annual Consolidated Financial Report
30 June 2023

Content

Directors
Mr Darren John Cooper
Dr Gerard John Dyson
Ms 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 LLP
Level 26, 140 St Georges Terrace,
Perth, Western Australia 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

Managing Director's Review

Overall Performance

FY23 was characterised by organic as well as acquisitive growth. The year began with capital raisings intended to underpin investments that would form the foundation for ongoing profitable growth, including development of our Global Modular Platform and expansion into South Australia. These investments were effectively deployed, including a strategic acquisition, positioning the Company well for FY24 and beyond.

Spectur largely renewed the hardware and core elements of its cloud technology stacks, ready for scaling. Sales and revenue also grew substantially in the government and reseller sectors off the back of focussed marketing and outbound sales. The final quarter of the year included a strategic placement to existing shareholders and a renegotiation of the EGP debt facility, reducing the outstanding debt to $650k and extending the term until 31 December 2024.

The Company is well placed for FY24, following a Q4 FY23 of consolidated operating cash usage of only $6k. The ongoing growth in the sales pipeline into FY24 is consistent with the agreed strategic frameworks. It is expected that the investments of FY23 (and earlier years) will be realised in FY24 and beyond as the Company executes its "profitable growth" strategy.

Market Conditions

Economic conditions in FY23 were dominated by rising inflation and associated interest rates. Spectur's focus on government and utilities clients benefited the Company via increased government and utilities spending, whilst our reduced exposure to the residential building market insulated the Company from material margin erosion and increasing competitive pressures.

Other notable events were the ongoing conflict between Russia and Ukraine, general acceptance of COVID-19 in the community and the re-opening of Australia to international travellers. The latter item has led to some increase in the available workforce, but workers in key areas remain in short supply whilst pressure on housing availability only continues, offsetting the interest rate impacts. Through productivity improvements, Spectur has been able to offset some inflationary pressures, and ongoing price review, engineering work and careful component selection has enabled us to mitigate recent supply chain cost increases.

H2 FY23 was also characterised by the "arrival" of generative AI to the public, most notably Chat-GPT and similar technologies. This has increased awareness of the potential and opportunities associated with AI in the broader community, creating growth in that sector and adjacent sectors. Spectur has seen increased opportunities in partnering or supplying the AI community as it seeks to extend further into the "unwired" environment.

The rush towards implementing AI is expected to continue as the technology evolves at an ever-increasing rate. Spectur seeks to partner with AI companies either as a platform for their end customers or as a provider of AI for Spectur customers. It is expected that this element of the business will grow with these strong market tailwinds.

Many expect FY24 to bring a peak in interest rates and inflation, with some likely reductions in interest rates later in the financial year, potentially alongside recessions in the USA and other countries. Increasing unemployment is already being felt in Australian markets, which will likely flow into crime statistics and demand for security solutions. Spectur continues to push hard into the provision of security solutions direct to business and government customers, and increasingly to resellers or other security providers in the market.

Material Acquisitions

On 17 February 2023, Spectur acquired 3 Crowns Technologies Pty Ltd (3CT) for $876k (including subsequent minor adjustment) comprising of $250k of Spectur shares and $626k of cash. 3CT aligns well with Spectur's focus areas, serving essential sectors such as state and local government and emergency services. 3CT provides a broad range of practical solutions, from smart city applications and coastal monitoring to analytics and disaster management. Its versatile platform can integrate sensor and video data with AI and analytics, delivering useful real-time insights or reports via a customizable web dashboard.

On 17 March 2023, Spectur acquired the remaining 49% share of Spectur New Zealand Limited (SNZ) from Deus Ex Limited for $58k (AUD), also extinguishing any remaining debts between Deus Ex Limited and SNZ. The original Joint Venture (JV) was established in FY21 and was an exceptional low risk / low cost learning platform for other international markets. The JV enabled Spectur to establish and build the business at a time when international travel was not possible, leveraging local New Zealand contacts and knowledge. Through FY23, Spectur progressively assumed control of key functions to deliver a more consistent and repeatable customer experience, and now through full acquisition will benefit from more efficient decision making and associated capital allocation.

Revenue from Operations

For FY23 Spectur Group reported consolidated revenue of $7.368 million, up 26% on FY22 of $5.828 million and up 40% on FY21 of $5.249 million. Spectur Limited revenue (excluding acquisitions) was $6.9m, up 18% on FY22 of $5.828 million and up 31% on FY21 of $5.249 million. Noting that the consolidated revenue only included 4.4 months of 3CT and 3.5 months of SNZ, it is expected that underlying growth across all entities, consolidated for a full year, will result in increased revenues in FY24 and beyond.

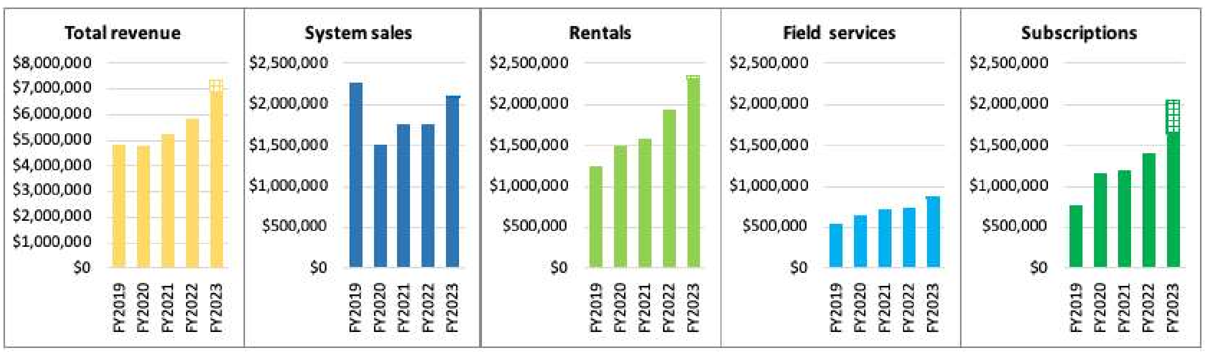
Managing Director’s Review

Comparing FY23 in more detail with FY22 provides additional insights to the trends across the four key revenue streams within Spectur and recent acquisitions:

Revenue		FY23 $’000	FY22 $’000	% Increase
System Sales		2,086	1,757	19%
Field Services		850	742	15%
Subscriptions		1,644	1,397	18%
Rentals		2,308	1,932	19%
3CT	(From 17 February 2023)	442	-	-
SNZ	(From 17 March 2023)	38	-	-
Total		**7,368**	**5,828**	**26%**

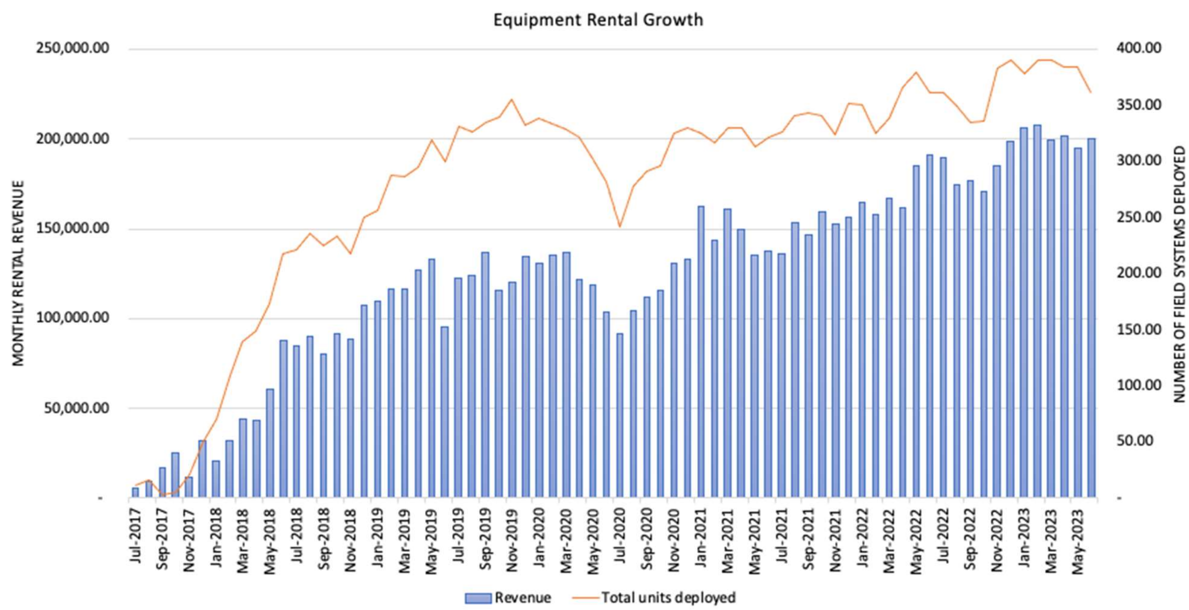
Several larger contracts expected to be awarded in H2 FY23 were deferred and only a small portion of the expected revenues from the Optus contract expansion was realised, leading to a softer half of revenue following the 26% organic growth noted in H1 FY23. Strong growth in subscriptions within Spectur Limited, noting the extensive base that existed in FY22, was due to higher average value subscription contracts as well as overall increases in the numbers of systems that are subscribed.

Currently there are more than 2,300 Spectur systems active, with nearly 3,000 cameras deployed. For some of our advanced, Company-owned systems, up to 5 different applications are running on one platform with 3 different customers subscribing to data and applications.

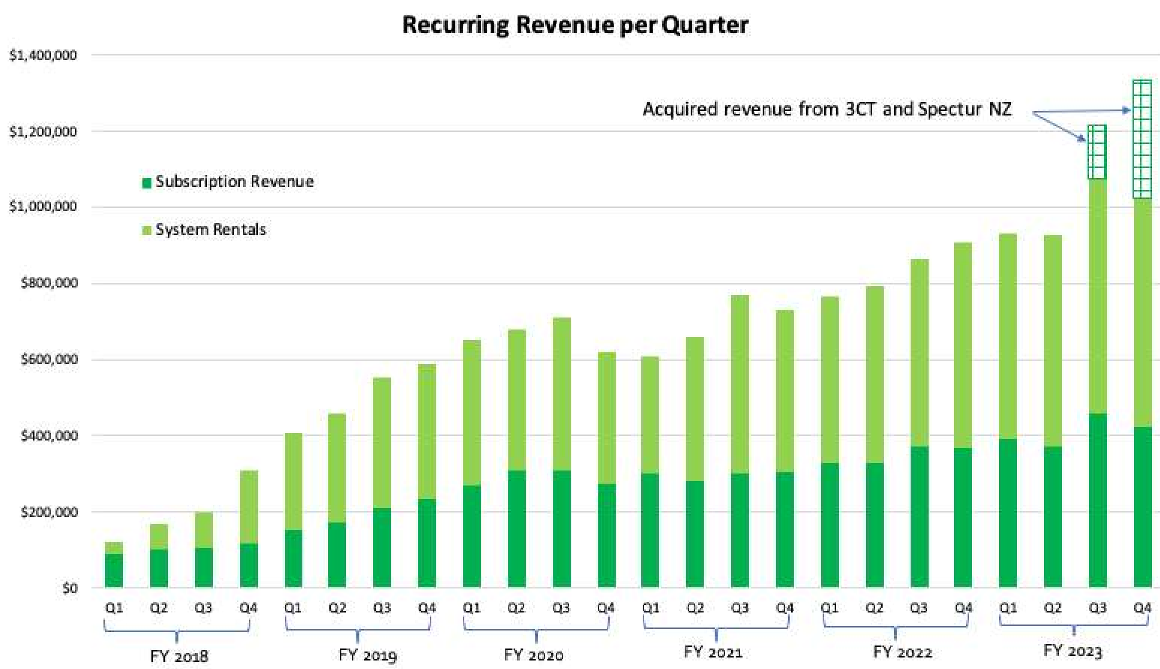


The charts above show the strong ongoing growth of Spectur’s recurring revenue streams (Rentals and Subscription) and the impact of the recent 3CT acquisition in particular (3CT and SNZ combined shown as a hashed extension on the FY2023 bars). It is notable that the full year revenues for 3CT were run rating at more than $1.2m/year for the portion of the financial year they were owned by Spectur.

Rental revenue growth rates exceeded unit deployment rates as the proportion of more advanced multi-camera systems displaced earlier, simpler models in the rental fleet. As Spectur increasingly focuses on government, utility, institutional and reseller customers, the growth rate in the direct-to-customer rental business (mainly construction) is expected to be less than the overall business growth rate.



Full year subscription revenue for Spectur Limited, which included AI services, data plans, storage, server access and monitoring services, was $1.644m. Full year rental revenue for Spectur Limited was $2.308m. The recurring revenue contribution from the 3CT and SNZ acquisitions was $454k for the part year leading to a consolidated full year annual recurring revenue (ARR) of $4.406m. The run rate of ARR, based on Q4 FY23 results, was over $5.3m per annum.



Sales performance

FY23 was characterised by steady broad-based growth in sales rather than singular material contracts. Even the large contract extension from Optus in Q3 FY23 only had a minor impact on revenues for FY23, with most of the revenue now expected in FY24. The nature of the Spectur sales pipeline has shifted with an increasing number of larger opportunities with government, utility, reseller and institutional type customers. Construction opportunities have moved to be more dominated by larger construction alliances for major projects compared with smaller rental contracts with individual builders.

This is increasing the average size of contracts and value of customers, improving the ability of the sales team to deliver increasing sales without having to increase at a parallel rate. In many cases, customers are growing in an incremental fashion with multiple (in some cases monthly) orders of systems rather than singular large buying processes.

FY24 is expected to bring a continuation and extension of the current strategic focus. Increasing shift in volumes to resellers, with the security, hire and AI industries being core targets, will be key to increasing the ratio of revenue to sales costs. FY23 investments in product development, sales expertise and establishing our presence on strategic panel contracts will also position Spectur to be more active and successful in state and government tenders. Expansion of our marketing team in Q2 FY24 is expected to further leverage and improve the performance of our sales and marketing group, and the top line.

Cost performance

Gross margin percentages improved substantially in Spectur Limited from 55% to 58%. Consolidated gross margin percentages improved from 55% to 56%, noting lower gross margin percentages in SNZ and 3CT.

The Spectur NZ business model was impacted primarily by scaling issues and some challenges with maintaining and supporting equipment from Australia. The Company has learned substantially from this multi-year experiment, with ongoing improvements expected into FY24.

The 3CT business model is somewhat different to Spectur, almost exclusively (at this time) being based on recurring revenue. Hardware, software, 3rd party costs and much of the labour within the organisation is in the direct costs of the business associated with subscriptions, with only a small residual element of overheads. Fortunately, many of these costs are relatively fixed (up to certain volumes of services) allowing margin improvement to occur with increasing volume.

Gross margin percentages	FY23 $'000	FY22 $'000	% Increase
3CT	30%	-	NA
Spectur NZ	18%	-	NA
Spectur Ltd Equipment sales	47%	42%	14%
Spectur Ltd Field services	24%	12%	107%
Spectur Ltd Equipment rentals	83%	78%	6%
Spectur Ltd Subscriptions	55%	62%	-12%
Consolidated GM %	**56%**	**55%**	**3%**

Within Spectur Ltd, supply chain pressures on componentry, which were exacerbated by earlier hardware designs with limited optionality, had led to some gross margin erosion in FY22 and at the beginning of FY23. This substantially improved as the year progressed with the introduction of the STA6s model upgrade. It is expected that this will continue in FY24 with the new STA-Power, HD6 and STA7 models replacing prior hardware.

Field services margins improved progressively and into FY24 as simpler technology, that is easier to install and more reliable, began to displace earlier technology. These ongoing improvements are also making it easier for resellers and end customers to self-install.

Rental business margin improvements were substantially linked to extended life of the rental fleet. The rental fleet, which has a harder life than most owner-operated systems, was originally estimated to be 3 years. Spectur platforms have demonstrated extraordinary resilience and the rental fleet in some cases is up to 5 years old, improving returns on the original asset costs. Resellers who are seeking to hire Spectur systems in most cases can also return substantial gross margins for highly utilised platforms.

Subscription margins declined in response to growing costs associated with cloud AI hosting and data. Changes in the cloud infrastructure made during the year along with a shift in data providers has led to improvements in margin in FY23 Q4, that are expected to continue to improve through to Q4 of FY24 as they are deployed.

Overall gross margins (in dollar terms) increased across all Spectur Limited revenue streams without the benefit of acquired margin.

As expected and budgeted, Spectur overhead costs increased in FY23 as substantial investments were made in technology, systems, sales and marketing to underpin the next phase of growth. Most of these strategic objectives were achieved in FY23, with the final phases of ERP deployment still to be completed and the STA7 to be deployed later in H1 FY24. These investments allow Spectur to now focus on execution and shifting to more profitable growth, underpinned by growing top line, gross margins and reduced overhead spend.

Adjusted and consolidated EBITDA declined by 9% to a $1.61m loss for FY23 compared to $1.48m loss for FY22. (Adjusted EBITDA is defined as earnings before interest, tax, depreciation, amortisation, and share-based payments).

Consolidated Expenses (unadjusted)	FY23 $'000	FY22 $'000	% Increase
Finance charges	127	87	45%
Employee and Admin	5,530	4,433	25%
Share-based payments	530	124	326%
Other expenses	1,208	828	46%
Total	**7,395**	**5,472**	**35%**

Finance charges increased in FY23 in response to carrying a larger level of debt ($1.1m) for most of FY23, with the reduction to $650k occurring later in Q4 FY23.

Employee benefits now include additional six employees from acquisitions in addition to organic staff growth in engineering and sales. There were also substantial legal and restructuring costs associated with acquisitions that occurred in FY23 and are considered "one-off".

Share-based payments (non-cash) have increased as the business continues to track towards agreed Service Rights and goals set in the Employee Securities Incentive Plan (to be assessed following FY24 and FY25.

Other expenses include the impairment (non-cash) of $435k of goodwill (all goodwill) from both the 3CT and SNZ acquisitions. As the operations of both businesses are assimilated into the Spectur business, and increasing crossover occurs in both sales and costs, it will become increasingly difficult to distinguish the margins being generated by these acquisitions. Accordingly, the Board has taken a conservative approach in deciding to fully impair the goodwill arising from both acquisitions. It is noted that this approach also removes the requirements for future ongoing assessments and valuations of goodwill for carrying value purposes.

Debt facility utilised

Spectur obtained a $1.5m debt facility from our largest shareholder, EGP Capital in H2 FY21. In Q1 FY23 Spectur renegotiated the facility to a reduced limit of $1.1m, which was the amount drawn at the time, as it was determined no more debt funding would be required. In Q4 FY23 Spectur undertook a placement of $500k to substantially reduce the debt to $650k and extended the term on the balance of the debt to December 2024.

Technology advances

FY23 brought large changes to the technology stack at Spectur. These changes were intended to prepare the Company for scale-improving key features such as reliability, cost, modularity, production efficiency, ease of shipping, installation and use, user experience and more.

In the hardware stack, Spectur introduced a new product range with "STA-Power", a fully integrated solar-battery power supply system that can be easily installed by a single person, with a van or light utility vehicle and no need for cranes or working at heights. This system was designed to be part of a modular suite of power solutions for Spectur platforms and 3rd party technology allowing mixing and matching to suit different uses, geographies and power needs. It has been well received in the market and has opened a new revenue stream in providing power technology (and associated services) for other technology customers.

The HD5 camera system, optimised over many years to be the workhorse, backbone product of Spectur solutions, ended production in Q4 FY23. Remaining final systems are being sold and deployed, with the new HD6 system designed, tested, built and being deployed to Spectur outlets in advance of a Q1 FY24 launch. This new system builds on the lessons learned from HD5 and STA6 models, bringing improved modularity, edge AI, 4K video, 2-way communications and other features that were not previously available on HD5 models.

The STA6-240X model was developed and introduced late in the financial year, in response to demand from existing customers for a robust and flexible powered solution for indoor or heavily shaded locations. Fitting seamlessly into the Spectur ecosystem, the wall-mounted STA6-240X works from 240V power (a 110X model is available for 110V environments) and can support multiple cameras and peripherals either on the body of the system or located up to 100m away.

The STA7 model, in advanced prototyping with the electronics complete and the firmware in final testing, is expected to be released in Q2 FY24, ending the production of the STA6s. This new model brings highly modular edge AI for up to 4 cameras and multiple peripherals, along with improved power management allowing more performance per watt of sunlight. This system (and the single camera HD6) is ideal for the next generation of Spectur applications as well as gathering data for other 3rd party AI technology customers.

Whilst less visible but no less important, the Spectur cloud infrastructure was largely renewed and upgraded, improving on reliability and underpinning the platform for future growth. With the addition of the 3CT cloud and software stack, Spectur can now manage multiple data streams (not just cameras), integrated with advanced workflow managers (including leveraging AI) and present results, reports and data (and act) in real time through an industry leading user interface. Ongoing design work on the core Spectur user interface is expected to be visible to resellers and ultimately all Spectur customers later in FY24.

The Spectur platforms have made a step change in modularity in FY23. They can now use multiple power sources, many different types of camera and peripherals, deploy an extensive array of AI or advanced algorithmic applications and present this in a very flexible and configurable user interface, or directly into 3rd party software. This makes Spectur extremely agile and able to respond to customer needs quickly, cost effectively and reliably.

Key Risks

The Board is cognisant of certain principal risks that may impact the ability of the Group to achieve its business objectives which include:

- Capital and funding requirements – Depending on how successfully the Group executes the profit and growth strategy and related circumstances within the macroenvironment, additional capital may be required at some point beyond existing cash reserves.
- Development and commercialisation of the Group's technology – The success of the Group will depend upon our ability to preserve our technology leadership and intellectual property. A failure to maintain our unique value proposition in the face of new or evolving competitors could impact margins, profitability and the overall success of the company in scaling up.
- Sales and customer risks – The Group will need to maintain and expand the customers spend within its existing customer base and develop new relationships with strategic customers. A key element of the Spectur strategy is accelerated expansion via reseller channels. The reseller model provides significant advantages by increasing customer reach with lower capital intensity, however, risks lie in the ability or motivation of the reseller to achieve agreed sales volumes, which are not under the direct control of the Group.
- Relationships with suppliers and supply chain – Spectur relies on a number of suppliers that are located in Asia and who typically charge in US dollars. Impacts of various government responses to the COVID-19 pandemic had a recent impact on our ability to rely on our supply chain. There was a global chip shortage which impacted lead times, availability and costs of production. Whilst we have observed a significant easing of these conditions, continuous and close management of such risks is ongoing.
- Reliance on key personnel - The Company relies on the experience and knowledge of key members of its staff. In the event that key personnel leave and the Company is unable to recruit suitable replacements, such loss could have an adverse effect on the Company.
- Macroeconomic conditions – Economic and market risks, both in Australia and internationally, may have a direct and/or indirect impact on our ability to achieve our business objectives. These include movements in interest, inflation and currency exchange rates (as these may have an impact on supply and demand in the industries in which we operate).
- Cyber security – There is an increasing volume, scope and intensity of cyber and ransom attacks on companies and government. Whilst Spectur has advanced mitigation solutions and is further expanding the scope of systems and processes to reduce the risk of a successful cyber attack, a residual risk remains. This risk could impact the ability of Spectur to provide solutions to companies, with a corresponding risk to revenue and future sales.

The Board is responsible for setting the risk appetite of the Group and is committed to maintaining a risk management framework that monitors and manages business risks.

FY24 expectations

Investments made in FY23 and prior years have laid a foundation for profitable growth. For FY24, the Company's focus is on operational excellence and leveraging the investments made to date for cashflow and profitability improvements. The product market fit for our core solutions is proven, and Spectur is improving efficiency in delivery.

FY24 will bring ongoing outbound focus on the government, utilities, construction and institutional spaces, with particular focus on resellers that support these markets. Current reseller focus is on providers in the security, hire and AI space with initial research ongoing into the wholesaler and online space. It is expected that less capital-intensive and larger scaling will occur through the reseller channels.

Spectur will focus on providing industry leading security and surveillance platforms - platforms that will become the preferred choice for security providers and end customers. Similarly, we expect to continue our push into providing safety and warning solutions for remote locations, building on our currently dominant position in beach safety. Spectur is also actively market testing platform solutions for AI and sensing customers.

Whilst Spectur has existing customers in the USA (via 3CT), international focus will be on bringing Spectur NZ to profitability, along with other new domestic locations such as South Australia. No new full-service geographic expansions (outside of resellers) are expected for FY24.

Spectur has a unique offering that provides a very positive contribution to making our communities safer, more sustainable and smarter. We expect to focus on the areas where we can make the most positive impact, with the most valuable and differentiated offering, as we scale into a large, rapidly growing and ultimately international market.

Gerard Dyson
Managing Director

Directors' Report

The Board of Directors of Spectur Limited present their report on Spectur Limited ("Company" or "Spectur") and its controlled entities ("Group") for the year ended 30 June 2023.

Directors and Officers

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

Current Directors and Officers

Mr Darren John Cooper	**Independent Non-Executive Chairman**
Qualifications	B.Bus (Curtin), Masters of Applied Finance (Macquarie), Australian Institute of Company Directors graduate.
Length of Service	4 years, 11 months
Experience	Darren Cooper spent in excess of 20 years with various companies in management and senior executive roles. Darren now holds a number of Board and Strategic Advisory roles across a range of industries including government, property, construction and aged care. He is also an investor in and director of a range of technology & media-based start-up businesses.

Gerard John Dyson	**Managing Director**
Qualifications	B.Eng (Hons, Civil), B.Com (Mgmt, Mktg), PhD (Geotechnical Engineering) from the University of Western Australia, Adv Dip Bus from Federation University, Graduate of the Australian Institute of Company Directors.
Length of Service	4 years as Managing Director
Experience	Gerard Dyson is a seasoned Managing Director and prior to joining Spectur held the role of Executive Vice President and Regional Managing Director, Americas for Advisian, a global consulting and advisory firm of Worley Limited (ASX:WOR), from 2015 to 2018. Dr Dyson has held a number of global, regional and local roles in Australia, USA, Canada, Latin America, Asia and the Middle East, including as Group Managing Director, Infrastructure in 2014 to 2015 and Director of Consulting, Australia & New Zealand from 2011 to 2014. Dr Dyson has also led sales teams, developed and implemented strategy and has strong experience in infrastructure, environment, mining, power and chemicals sectors.

Ms Bilyana Smith	**Independent Non-Executive Director**
Qualifications	MBA from University of Sydney, Bachelor of Architecture (University of Belgrade), Graduate of the Australian Institute of Company Directors (GAICD).
Length of Service	3 years 11 months
Experience	Bilyana Smith has extensive international experience as a company director, CEO, investor and strategic advisor. She is Non-Executive Director with Spectur. Also, Board Director with Fishburners Ltd, Senior Advisor with First Home London, she runs her own advisory practice specialising in business strategy, innovation and marketing. Bilyana holds MBA from the University of Sydney, Bachelor of Architecture and is a graduate of the Australian Institute of Company Directors graduate (GAICD). She lives in Sydney.

Directorships of other listed companies

Directorships of other listed companies held by directors currently and in the 3 years immediately before the end of the financial year are as follows:

Name	Company	Period of directorship
Mr Darren John Cooper	The GO2 People Limited Xamble Group Limited (formerly Netccentric Limited)	28 July 2017 – 30 April 2023 1 Sept 2020 - current
Dr Gerard John Dyson	-	-
Ms Bilyana Smith	-	-

Company Secretary for the reporting period

Mrs Suzie Jayne Foreman

Company Secretary
Qualifications: B Comm (Econs), CA, FGIA.
Ms Foreman is a Chartered Accountant and Governance Institute Fellow member, with over 20 years of experience within the UK and Australia, including 11 years combined experience with a Big 4, and a boutique advisory firm, specialising in the areas of audit and corporate services. Ms Foreman has extensive experience in senior management roles including as a Chief Financial Officer and Company Secretary for a range of ASX listed entities from ASX top 300 tier entities to start-up enterprises. Ms Foreman is skilled in cash flow, governance and enterprise risk management, financial reporting, audit, and company secretarial work. Suzie has been involved in the listing of over 15 entities on the Australian Securities Exchange over the past 20 years and involved in capital raisings and M&A transactions exceeding $300 million in total.

Ms Foreman has previously held numerous Company Secretarial, Non-Executive Directorships, and/or Chief Financial Officer positions for ASX listed entities and is the Company Secretary of NickelSearch Limited (ASX:NIS), The GO2 People Ltd (ASX:GO2) and Swift Networks Group Limited (ASX:SW1).

Principal activities

The principal activities of the Group during the year were providing security, safety, environmental monitoring and visual AI solutions that contribute to making communities safer, smarter and more sustainable. Spectur develops, manufactures and sells solar-powered and remotely connected hardware, and writes firmware, software, cloud and web apps that enable solutions to be delivered reliably and securely to customers. An in-house customer service team provides warehousing, installation, repair and maintenance services to Spectur customers and resellers. The Company also provides a selection of 3rd party hardware and software to supplement the in-house capabilities

Dividends

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

Significant events during the year

Material Acquisitions

On 17 February 2023, Spectur acquired 3 Crowns Technologies Pty Ltd (3CT) for $876k (including subsequent minor adjustment) comprising of $250k of Spectur shares and $626k of cash. On 17 March 2023, Spectur also acquired the remaining 49% share of Spectur New Zealand Limited (SNZ) from Deus Ex Limited for $58k (AUD), extinguishing any remaining debts between Deus Ex Limited and SNZ.

The Board has taken a conservative approach in deciding to fully impair the goodwill arising from both acquisitions resulting in an immediate impairment (non-cash) of $435k of goodwill from both the 3CT and SNZ acquisitions. It is noted that this conservative approach removes the requirements for future ongoing assessments and valuations of goodwill for carrying value purposes.

Employees

The Group had 35 employees as at 30 June 2023 (2022: 27 employees).

Loss per share

	30 June 2023	30 June 2022
Basic loss per share (cents per share)	(1.6)	(1.8)

Subsequent events after the reporting date

The Directors are not aware of any matter or circumstance that has arisen since 30 June 2023 which significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group, in future financial years.

Laws and Regulations

Spectur's operations are subject to various laws and regulations under the relevant government legislation. Full compliance with these laws and regulations is regarded as a minimum standard for all operations to achieve the objectives of the Company. Instances of non-compliance by an operation are identified either by internal investigations, external compliance audits or inspections by relevant government agencies. There have not been any known breaches of laws and regulations by the Company during the year and up to the date of this report.

Indemnification and Insurance of Officers

The Constitution of the Company requires the Company, to the extent permitted by law, to indemnify any person who is or has been a director or officer of the Company for any liability caused as such a director or officer and any legal costs incurred by a director or officer in defending an action for any liability caused as such a director or officer.

The Company has a Directors and Officers insurance policy in place. During the year, an insurance premium of $48,652 (2022: $48,106) was paid in respect of the policy.

Directors' meetings

The number of meetings of Directors held during the year and the number of meetings attended by each Director were as follows:

Director	Directors' meetings			
FY23	No. eligible to attend	No. attended		
Darren Cooper	13	13		
Bilyana Smith	13	13		
Gerard Dyson	12	12		

Securities on issue

Total shares, options and performance rights and service rights of the Company on issue as at the date of this report are as follows:

Number of fully paid ordinary shares	Number of options over ordinary shares	Number of performance rights	Number of service rights
225,784,876	49,889,035	19,783,061	7,000,000

Directors' holdings of shares, options and performance rights during the financial period have been disclosed in the Remuneration Report. Option or performance rights holders do not have any right, by virtue of their option / performance rights, to participate in any share issue of the Company.

Shares under option or issued on exercise of options

At the date of this report, unissued ordinary shares or interests of the Company under option are:

Type	Number of shares under option	Exercise price of option	Expiry date of option
Unlisted	2,200,000	$0.10	30 June 2024
Unlisted	2,100,000	$0.13	30 June 2024
Unlisted	2,250,000	$0.12	31 December 2023
Unlisted	41,839,035	$0.066	7 September 2024
Unlisted	1,500,000	$0.066	7 September 2025
Total	**49,889,035**		

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

Performance and Service Rights

As at the date of this report, the following performance and service rights in the Company were on issue.

Type	Date of Expiry	No. of Performance Rights on Issue	Vesting Conditions
Employee LTI Issued FY23	30 June 2025	11,019,540	Revenue (33.3%), Annual recurring Revenue (33.4%) and EBITDA (33.3%) targets.
MD LTI issued FY23	31 December 2025	8,763,522	Revenue (33.3%), Annual recurring Revenue (33.4%) and EBITDA (33.3%) targets.
MD and Employee Service Rights	31 December 2025	6,000,000	Subject to continuous service over the vesting period to 1 December 2024
Co-Sec Service Rights	31 December 2025	1,000,000	Subject to continuous service over the vesting period to 1 December 2024
Total		**26,783,062**	

Proceedings on behalf of the Company

No person has applied for leave of court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings. The Company was not a party to any such proceedings during the year.

Diversity

The Company believes that the promotion of cognitive and experiential diversity on its Board and within the organisation generally is good practice and is committed to managing diversity as a means of enhancing the Company's performance. The Company has two Officers / Directors who are female, Bilyana Smith (Non-Executive Director) and Suzie Foreman (Company Secretary). Cognitive & experiential diversity is achieved as follows:

Name	Role	Areas of Strength
Darren Cooper	Board Chair	Property, finance, significant ASX experience
Gerard Dyson	Managing Director	Engineering, leadership & management of scaled organisations, international (US, Canada, Asia, Middle East, UK) experience
Bilyana Smith	Non-Executive Director	Marketing, Strategy, start-up / scale-up companies, marketing, international experience (UK, Asia, Middle East)
Suzie Foreman	Company Secretary	Compliance, accounting, significant ASX experience

Further information is set out in the Corporate Governance statement detailed on the Company's website.

Non-audit services

No non-audit services were provided by the Company's auditor, HLB Mann Judd during the year.

Auditor independence

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 financial report. This Independence Declaration is set out on page 26 and forms part of this Directors' report for the year ended 30 June 2023.

Director's interests

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

Directors	Number of fully paid ordinary shares	Number of options over ordinary shares	Number of performance rights	Number of service rights
Darren John Cooper	3,437,258	966,690	-	-
Bilyana Smith	1,782,947	916,667	-	-
Gerard John Dyson	3,402,461	1,377,777	8,763,522	6,000,000
Total	**8,622,666**	**3,261,134**	**8,763,522**	**6,000,000**

Remuneration Report (Audited)

Remuneration Report Contents

Remuneration Report (Audited)

A. Introduction

This report, which forms part of the Directors' report, outlines the remuneration arrangements in place for the key management personnel (**KMP**) of Spectur Limited for the financial year ended 30 June 2023. The information provided in this remuneration report has been audited as required by Section 308(3C) of the Corporations Act 2001.

For the purposes of this report KMP are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company, directly or indirectly, including any director (whether executive or otherwise) of the Company. For FY23 it was deemed that only the Managing Director qualified as executive KMP for the purposes of this report.

Key Management Personnel (KMP)

The KMP of the Company during or since the end of the financial year were as follows:

	Position	Period of Employment (to present)
Current Directors		
Mr Darren John Cooper	Non-Executive Chairman	Full Term
Dr Gerard John Dyson	Managing Director (Executive)	Full Term
Ms Bilyana Smith	Non-Executive Director	Full Term

The Spectur Board is committed to transparent disclosure of its remuneration strategy and this report details the Company's remuneration objectives, practices and outcomes for KMP, which includes all directors, for the period ended 30 June 2023.

B. Remuneration Governance

Spectur Board	
Spectur Board has overall responsibility for ensuring Spectur's remuneration strategy is aligned with Company performance and shareholder interests and is equitable for participants.	
The Board monitors, reviews and approves the following: ➢ The remuneration policies and framework; ➢ Non-Executive Director remuneration within the fee pool approved by shareholders; ➢ Remuneration for the Managing Director, and equity-based compensation for the leadership team and other key management personnel as recommended by the Managing Director; ➢ Managing Director incentive arrangements; ➢ Board remuneration including terms and conditions of appointment and retirement; ➢ Induction of new non-executive directors and evaluation of board performance.	The Board may use independent advisors to provide advice, remuneration benchmarking data and market trend information. No external advisors provided advice or remuneration recommendations for FY23, as defined under section 300A of the Corporations Act.
Managing Risk	
The board retains discretion to adjust STI outcomes. All variable remuneration is subject to Board approval prior to grant / payment.	

C. Remuneration Policy Framework

The key objective of Spectur's remuneration policy is to be an enabler for the Company in achieving its strategic goal of continuing to build a successful remote solar-powered sensing and cloud-based technology solutions company. The remuneration framework is designed to attract and retain high caliber talent by rewarding them for achievement of goals designed to deliver shareholder value.

Remuneration Policy		
The Company's remuneration framework has been designed to reward executives and employees fairly and responsibly in accordance with the market in which the Company operates. Remuneration is performance driven, market completive, and aligns with shareholder interests.		
Remuneration Strategy		
Performance Driven	**Market Competitive**	**Aligns with Shareholders**
Sets demanding levels of expected performance that have a clear link to an executive's remuneration. Rewards are based upon achievement of targets aligned to the Company's business plans and longer-term strategy. Variable components (short and long term) are driven by challenging targets focused on external and internal measures of financial and non-financial performance. A proportion of the executive's remuneration is "at risk."	Benchmarks remuneration against appropriate comparator peer groups to make the Company competitive in the human resources market, through an offering of both short and long-term incentives and competitive base salaries. Provides competitive rewards that attract, retain and motivate executives and employees of the highest calibre, who can successfully deliver, particularly as the Company moves through a rapid growth phase. Provides a level of remuneration structure to reflect each executive's respective duties and responsibilities.	Aligns executive incentive rewards with the creation of value for shareholders through an emphasis on variable remuneration. Incentive plans and performance measures are aligned with the company's success. Equity participation in long term incentive plan (**LTIP**) applies to executives and the leadership and senior management team of Spectur.

D. Remuneration Structure

The proportion of fixed remuneration and variable remuneration for the Managing Director is established by the Board with reference to market comparator data and the scope of the Managing Director's role, in accordance with the Remuneration Policy and the provisions of the Short Term Incentive (**STI**) and Long Term Incentive (**LTI**) Plans. These elements are both described in detail below. Non-Executive Directors are excluded from participation.

Fixed Remuneration	Variable Remuneration	
Fixed remuneration is made up of base salary and superannuation. Fixed remuneration is targeted at the remuneration paid to executives of relevant comparable peer group of ASX companies taking into account the executive's role, responsibility, skills and previous experience.	Variable component of executive target remuneration mix allows a greater share of remuneration at risk and subject to performance.	
	STI (at risk)	**LTI (at Risk)**
	➢ Non-cash based Bonus Awards for FY23 based upon percentage of base salary. For FY24 the awards are cash based. ➢ STI hurdles based upon the achievement of certain stretched specified KPIs during the financial year over which the executive would be able to exert sufficient control to achieve a demonstrated strategic outcome in his role. The targets can consist of KPIs covering both financial and non-financial measures of performance and may be based on company, individual, business and personal objectives.	LTI plan in the form of performance rights. ➢ Grants made annually with vesting after two years for FY23. ➢ Performance hurdles reviewed annually by the Board to align with the Company's strategic plan. - The hurdles applied to reflect stretched achievement against the Company's long-term strategic goals. - Hurdles tested at the end of the testing period, typically a 2-3 year period.

E. Executive remuneration framework and overview of incentive plans

Variable Remuneration – Short Term Incentive Plan

For FY23, in order to retain select employees and key members of management in an otherwise cash constrained environment which limited fixed salary increases, key employees were provided with an award of shares up to a maximum of 7.5% of their fixed annual remuneration.

For FY24 the Short-Term incentive plan is a cash-based bonus award (maximum of 8% of fixed annual remuneration), for the achievement of pre-determined key performance measures (KPIs). The KPIs are objectively set at the commencement of the year, measured, and STIs awarded at the end of the audited reporting period based upon results. For FY24 the STI's relate to achieving a specified cash balance, and EBITDA of the core Spectur entity.

Variable Remuneration – Long Term Incentive Plan

Under the Company's Long-Term Incentive (LTI) arrangements, the Board has determined that eligible participants may earn an LTI award in the form of Performance Rights for the achievement of pre-determined key performance measures (KPIs) each financial year. The KPIs are objectively set at the commencement of the year, measured, and LTIs awarded at the end of the financial year based upon results. LTI awards for executives are contractual, in accordance with their Executive Service Agreements.

The hurdles motivate executives with a clear line of sight to strategic outcomes through the performance hurdle measurements. When expectations are met, the LTIP is intended to vest and deliver the appropriate level of remuneration and market positioning.

In total, the Company granted:

- 8,763,522 performance rights to the Managing Director for FY23
- 6,000,000 service rights to the Managing Director for FY23

which were approved by shareholders at the Company Annual General Meeting in October 2023.
The Service rights were a one-off retention mechanism, which have not been offered for future periods.

The Board also considered retention as a key driver of the LTI scheme for FY23 and FY24. Given economic conditions and the labour market constraints in FY22 and beyond, in order to remain competitive in an inflationary environment, equity incentives were used as a mechanism to deliver the value gap for senior management, to align the Company with the fixed annual remuneration of peer companies. The performance rights have a 2-year vesting retention period.

The structure and details of LTIP Performance Rights issued to executives in FY23 and proposed for FY24 under the plan are summarised in the following table:

Long Term Equity Incentive Plan (LTIP)	
Aspect	**Plan, Offers and Comments**
Purpose	The LTIP's purpose is to align executive interests with those of shareholders by linking reward to sustainable value creation for shareholders and to assist in the attraction and retention of a stable focused Managing Director and leadership team.
Participation	Grants are made to those executives and key employees that are able to influence the generation of shareholders' wealth and thus have a direct impact on the Company's performance against the relevant long-term performance hurdle. NEDs are not eligible to participate in the LTIP.
Nature	Each LTIP Performance Right entitles the participant to one share in the Company upon vesting.
Grant Frequency	Annual grant and ad-hoc on commencement of employment and future potential grants.

Delivery	LTI's are delivered under the Company's Employee Incentive Plan (**EIP**). The EIP enables the Company to offer Executive Directors and key employees (**Eligible Participants**) a range of different employee incentive scheme (**ESS**) interests with the aim of attracting, motivating and retaining key management. These ESS interests or awards include options, performance rights, service rights, deferred shares, exempt shares, cash rights and stock appreciation rights. Awards under the LTI plan are made in the form of Performance Rights which provide, when vested, one share at nil cost (provided the specified performance hurdle is met). No dividends are paid on unvested LTI awards. A new share will be issued for each vested Performance Right. The number of Performance Rights allocated for each Eligible Participant is calculated by reference to their maximum LTI opportunity value.
Value / Number	Allocations are made based on a face value approach using the Volume Weighted Average Price of Spectur's shares over a specified period prior to the award date. This fixes the maximum number of shares / rights, and the actual number will vest in accordance with the performance conditions which are set.
Vesting Period	2 years
Key Performance indicators, weightings and performance goals	➢ Refer to performance metrics table below. All FY24 awards to related parties are subject to approval by shareholders at the Company's 2023 annual general meeting.
Cessation of employment during measurement period	If cessation of employment occurs, the following treatment will apply in respect of unvested rights: • If the participant ceases employment with Spectur on resignation or on termination for cause, unvested Performance Rights will normally be forfeited. • If the participant ceases employment in other circumstances (for example, due to illness, total or permanent disablement, retirement, redundancy, or other circumstances determined by the Board), unvested rights will stay 'on foot' and may vest at the end of the original performance period to the extent performance conditions are met. The Board may determine in its discretion that the number of rights available to vest will be reduced pro-rata for time at the date employment ceases. The Board will retain discretion to allow for accelerated vesting (pro-rated for performance and/or time) in special circumstances (as opposed to allowing unvested rights to remain 'on foot' on cessation of employment).
Change of Control	Unless the Board determines otherwise, a pro-rata number of the participant's unvested rights will vest based on the proportion of the performance period that has passed at the time of the change of control. Vesting may also be subject to the achievement of pro-rata performance conditions at the time of the change of control.
Plan gate and discretion	Safety performance as a "deleterious multiplier" which may be modified at the Board's discretion to suit the circumstances of the event(s). The Board retains discretion to modify outcomes to ensure that the LTIP does not produce outcomes that shareholders would be likely to consider inappropriate.

The performance of KMPs during the year ended 30 June 2023 for Long-Term incentives were assessed against key performance measures that covered the following areas:

Indicator		% Weighting	Reason for selection
Company Performance			*Shareholder value, operational excellence and growth.*
(a)	Achievement of combined 2 financial years' annual budgeted to high case Revenue	33.3%	To drive sales and overall company revenue growth
(b)	Achievement of combined 2 financial years' annual budgeted to high case Annual Recurring Revenue	33.3%	Focus on value growth through the stickiness of revenue contracts (ie, for future periods)
(c)	Achievement of combined 2 financial years' annual budgeted to high case EBITDA	33.3%	Reflects improvements in revenue and cost control.

F. Performance and remuneration outcomes for FY23

Remuneration Consultants

The Board may use independent Remuneration Consultants to provide advice but elected not to do so for FY23.

Remuneration Policy vs Financial Performance

The Company does not currently have a policy with respect to the payment of dividends and returns of capital however this will be reviewed on an annual basis.

FY23 short term remuneration incentives were linked to financial performance, product development initiatives and individual performance measures. Longer term incentives were linked to Revenue, ARR and EBITDA targets.

The earnings of the Company for the previous five financial years are summarised below:

	2023 $	2022 $	2021 $	2020 $	2019 $
Revenue	7,367,578	5,828,024	5,248,882	4,801,655	2,476,501
EBITDA (loss)	(2,139,756)	(1,908,779)	(1,755,415)	(1,452,264)	(3,764,137)
Adjusted EBITDA (loss)[1]	(1,610,019)	(1,485,343)	(1,736,321)	(1,474,251)	(2,471,633)
Earnings / (Loss) Per Share (cents per share)	(1.62)	(1.80)	(1.70)	(2.25)	(7.61)

[1] Adjusted EBITDA is adjusted for share-based compensation, one off income / expenses (including COVID-19 relief), impairments, write downs, one off gains / losses and non-cash expenses.

G. Non-Executive Director Remuneration During the Reporting Period

Remuneration Policy

In accordance with best practice corporate governance, the structure of Non-Executive Director (**NED**) and executive remuneration is separate and distinct. The overall level of annual NED fees was approved by shareholders in accordance with the requirements of the Company's Constitution and the Corporations Act. The maximum aggregate pool of Directors' fees payable to all of the Company's NEDs is $250,000 per annum. This aggregate amount was approved by shareholders at the 2017 Annual General Meeting.

Equity Compensation

In accordance with Australian practice the Company's policy was not to grant any equity-based compensation to NEDs. This policy was revised in FY20 following a change in circumstances related to COVID-19 impacting the business and cash constraints. Spectur Chair Darren Cooper has agreed to take 100% of his Director fees in Spectur as fully paid ordinary shares for the 6-month period from 1 April 2023 to 30 September 2023. The number of shares to be issued will be calculated at the volume-weighted average price for shares traded each month over the period, with shareholder approval for the issue of shares to be sought at the 2023 Annual General Meeting.

Remuneration Structure

NEDs received a fixed remuneration of base fees, which was set at $56,000 per annum plus statutory superannuation. These fees cover the board activities and membership of any relevant committees. In addition to these fees, NEDs are entitled to reimbursement of reasonable travel, accommodation and other expenses incurred in attending meetings of the Board, committee or shareholder meetings whilst engaged by Spectur. NEDs are not entitled to any compensation on termination of their directorships.

NED fees, which are exclusive of statutory superannuation but includes committee fees, are based upon a comparison of fees paid to directors in peer ASX listed companies as follows:

FY 23 NED Fees	
Chair	Member
$105,000	$56,000

As noted above Spectur Chair Darren Cooper has agreed to take 100% of his Director fees in Spectur fully paid ordinary shares for the 6-month period from 1 April 2023 to 30 September 2023.

NEDs remuneration is not linked to the performance of the Company; however, to align directors' interests with shareholder interests, the directors may hold shares in the Company as governed by the Company's Securities Trading Policy.

H. Director and Executive Service Agreements and Remuneration

As of the date of this report, remuneration and other terms of employment of Directors and Other Key Management Personnel are formalised in employment contracts and service agreements. The major provisions of the agreements related to remuneration are set out below.

	Base Salary/ Fee per annum	Terms of Agreement	Notice Period
Executive Directors			
Gerard Dyson	$312,000 per annum for FY23, and STI and LTI component included and detailed above.	Executive Service Agreement - Commencement date – 1 July 2019	3 months in writing by either party. The parties mutually agreed to amend the contract from a fixed term to a rolling contract with a 3-month notice period.
Non-Executive Directors (i)			
Darren Cooper	$105,000 + super per annum	Non-Executive Chair contract Commencement date – 5 October 2018	Upon written advice of intention or in accordance with the Constitution of the Company or the Corporations Act 2001
Bilyana Smith	$56,000 + super per annum	Non-Executive Director contract Commencement date –1 October 2019	Upon written advice of intention or in accordance with the Constitution of the Company or the Corporations Act 2001

Remuneration Report (Audited)

Details of the nature and amount of each element of the emoluments received by or payable to each of the Key Management Personnel (**KMP**) of Spectur Limited for the financial years specified are as follows:

FY2023	Short-term benefits Salary & fees $	Post-employment benefits $	Share-based payments (i),(i) $	Total $	Percentage performance related %
Non-Executive Directors					
Darren Cooper (i)	71,250	10,238	26,250	107,738	-
Bilyana Smith	52,000	5,460	-	57,460	-
Executive Directors					
Gerard Dyson (ii)	311,585	32,716	194,871	539,172	41%
Total	**434,835**	**48,414**	**221,121**	**704,370**	

Notes:

(i) Darren Cooper has agreed to take 100% of his Director fees in Spectur fully paid ordinary shares for the 6-month period from 1 April 2023 to 30 September 2023. The Share Based payment is the Equity in lieu of salary (accounted for in FY23).

(ii) The share-based payments related to the value of Long Terms Incentive Performance Rights which were issued to Gerard Dyson following shareholder approval at the 2022 AGM. In accordance with AASB 2, the performance rights issued to the Managing Director have been valued based on factors such as the underlying share price, the expected vesting date and vesting probability in achieving the specified vesting hurdles at the reporting date (Note 26). It should be noted that Dr Dyson has not received this amount and the performance rights may have no actual financial value unless the required performance hurdles are achieved. Stock may also be issued to the recipient at a share issue price lower or higher than valued and recognised in the financial report.

FY2022	Short-term benefits Salary & fees $	Post-employment benefits $	Share-based payments $	Total $	Percentage performance related %
Non-Executive Directors					
Darren Cooper (i)	75,000	7,500	4,022	86,522	5%
Bilyana Smith (i)	40,000	4,000	4,022	48,022	8%
Executive Directors					
Gerard Dyson (i)	309,874	30,211	8,849	348,934	3%
Total	**424,874**	**41,711**	**16,893**	**483,478**	

Notes:

(i) The share-based payments related to the value of Options which were issued to Darren Cooper, Bilyana Smith and Gerard Dyson following shareholder approval at the 2021 AGM. In accordance with AASB 2, the options issued have been valued based on factors such as the underlying spot and strike price and the expiry date.

I. Additional statutory disclosures

Key Management Personnel Equity Holdings

Fully paid ordinary shares

FY23

30 June 2023	Balance at beginning of year Number	Granted in lieu of cash compensation Number	Received on exercise of PRs Number	Purchased during year Number	Balance at resignation Number	Balance held at year end Number
Non-Executive Directors						
Darren Cooper (ii)	2,503,879	-	-	933,379	-	3,437,258
Bilyana Smith (ii)	749,614	-	-	1,033,333	-	1,782,947
Executive Directors						
Gerard Dyson (i) (ii)	1,662,179	784,727	-	955,555	-	3,402,461

(i) Granted as a share award pursuant to the FY23 incentive plan.
(ii) Purchased at $0.036 per share pursuant to the Company's September 2022 share purchase plan·

FY22

30 June 2022	Balance at beginning of year / on appointment Number	Granted in lieu of cash compensatio n Number	Received on exercise of PRs Number	Purchased during year Number	Balance at resignation Number	Balance held at year end Number
Non-Executive Directors						
Darren Cooper	2,503,879	-	-	-	-	2,503,879
Bilyana Smith	749,614	-	-	-	-	749,614
Executive Directors						
Gerard Dyson[1]	1,462,179	-	-	200,000	-	1,662,179

[1] 403,879 of shares were acquired pursuant to Spectur's Share Purchase Plan in July 2020. Dr Dyson's shares are held in a family trust, with Gerard John Dyson and Chantel Yvette Dyson as trustees of the family trust.

Share options

Share options granted to KMP

During the financial year the options detailed below were granted to Directors of the Group and the entities they controlled as part of their remuneration.

FY23

30 June 2023	Balance at beginning of year Number	Granted as compensation[1] Number	Purchased Number	Expired unexercised Number	Balance at end of year Number
Non-Executive Directors					
Darren Cooper [1]	500,000	-	466,690	-	966,690
Bilyana Smith [1]	500,000	-	416,667	-	916,667
Executive Directors					
Gerard Dyson [1]	1,100,000	-	277,777	-	1,377,777

[1] Purchased as a free attaching option pursuant to the Company's September 2022 share purchase plan.

Share options granted to KMP (continued)

FY22

30 June 2022	Balance at beginning of year/ on appointment Number	Granted as compensation Number	Exercised Number	Expired unexercised Number	Balance at end of year / on resignation Number
Non-Executive Directors					
Darren Cooper[1]	-	500,000	-	-	500,000
Bilyana Smith [1]	-	500,000	-	-	500,000
Executive Directors					
Gerard Dyson [1]	-	1,100,000	-	-	1,100,000

[1] In the interests of cash preservation for the Company, and retaining the talent pool of directors, 500,000 unquoted options were granted to each of the NEDs, and 1,100,000 to the Managing Director as a reward for their past salaries foregone during the COVID salary reductions, and to provide a mechanism for retention. The options are exercisable at $0.13, on or before 30 June 2024.

During the year current and prior year, the following Performance and Service Rights were granted to G Dyson as part of the Company's LTI plan.

FY22 &FY23

	Balance at beginning of year Number	Issued during the year Number	Cancelled / forfeited during the year Number	Balance at end of year Number	Vested and Exercisable Number
Directors – G Dyson					
Service rights	-	6,000,000	-	6,000,000	-
Performance rights (FY23)	6,993,139	8,763,522	(6,993,139)	8,763,522	-
Performance rights (FY22)	4,909,806	2,083,333	-	6,993,139	-
Performance rights (FY21)	1,607,919	3,301,887	-	4,909,806	-

During FY23, 6,993,139 performance rights were cancelled or lapsed due to the vesting conditions not being met.

Performance Rights

For details of the Employee Securities Incentive Plan (ESIP) and terms of the Performance and Service Rights granted during FY23, please refer to Notes 9 and 26. All share options issued to KMP were made in accordance with the provisions of the Spectur ESIP.

Comments on Remuneration Report at Spectur's most recent AGM

The Company received 83.6% of "yes" votes on its remuneration report for the 2023 financial year. The Company did not receive any specific feedback from shareholders at the 2022 Annual General Meeting on its remuneration practices.

Signed in accordance with a resolution of the directors.

Mr Darren John Cooper
Director
Dated this 29 September 2023

HLB MANN JUDD
ADVISORY AND ACCOUNTING

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the consolidated financial report of Spectur Limited for the year ended 30 June 2023, I declare that to the best of my knowledge and belief, there have been no contraventions of:

a) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

b) any applicable code of professional conduct in relation to the audit.

Perth, Western Australia
29 September 2023

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

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 30 June 2023

	Notes	30 June 2023 $	30 June 2022 $
Continuing Operations			
Revenue	5	7,367,578	5,828,024
Cost of sales		(3,218,611)	(2,624,964)
Gross profit		4,148,967	3,203,060
Government grants received		18,000	-
Other income		361	-
Depreciation and amortisation		(313,883)	(320,908)
Employee benefits		(4,301,784)	(3,311,931)
Finance charges	6	(127,040)	(87,735)
General and administrative expenses		(1,228,619)	(1,121,171)
Impairment of intangible assets	22	(435,225)	-
Inventories written back		-	13,994
Loss on disposal of property, plant and equipment		(268)	(6,185)
Marketing and advertising		(232,154)	(267,180)
Property expenses – lease payments for short term leases		(47,805)	(44,186)
Research and development expenses		(285,451)	(163,571)
Fair value remeasurement (on acquisition of subsidiary)		50,708	-
Reversal of prior period impairment of loan to associate		37,734	-
Share of associate's loss		-	(38,570)
Share-based payment expense	26	(529,738)	(124,482)
Loss before income tax benefit		**(3,246,197)**	**(2,268,865)**
Income tax benefit	7	323,132	360,086
Loss for the year		**(2,923,065)**	**(1,908,779)**
Other comprehensive income			
Items that may be reclassified to profit or loss:			
Exchange differences on translation of foreign operations		1,661	-
Total comprehensive loss for the year		**(2,921,404)**	**(1,908,779)**
Basic and diluted loss per share (cents per share)	10	**(1.6)**	**(1.8)**

The accompanying notes form part of these financial statements.

Consolidated Statement of Financial Position

At 30 June 2023

	Notes	30 June 2023 $	30 June 2022 $
Assets			
Current Assets			
Cash and cash equivalents	11	1,522,090	629,613
Trade and other receivables	12	1,317,740	1,322,964
Inventories	13	1,072,164	649,465
Total Current Assets		**3,911,994**	**2,602,042**
Non-Current Assets			
Property, plant and equipment	14	504,734	470,095
Other receivables		128,304	165,668
Intangible assets	15	238,107	96,112
Right-of-use assets	16	809,620	273,806
Total Non-Current Assets		**1,680,765**	**1,005,681**
Total Assets		**5,592,759**	**3,607,723**
Liabilities			
Current Liabilities			
Trade and other payables	17	1,470,035	1,326,911
Employee benefits	18	664,212	440,602
Borrowings	19	6,374	8,584
Lease liabilities	20	154,498	166,728
Provisions	21	132,700	114,300
Total Current Liabilities		**2,427,819**	**2,057,125**
Non-Current Liabilities			
Borrowings	19	724,587	755,700
Lease liabilities	20	661,991	117,746
Employee benefits	18	50,109	33,789
Total Non-Current Liabilities		**1,436,687**	**907,235**
Total Liabilities		**3,864,506**	**2,964,360**
Net Assets		**1,728,253**	**643,363**
Equity			
Issued capital	8	16,109,084	12,565,412
Reserves	9	730,413	266,130
Accumulated losses		(15,111,244)	(12,188,179)
Net Equity		**1,728,253**	**643,363**

The accompanying notes form part of these financial statements.

Consolidated Statement of Changes in Equity

For the Year Ended 30 June 2023

	Issued Capital $	Reserves $	Accumulated Losses $	Total Equity $
Balance at 1 July 2022	12,565,412	266,130	(12,188,179)	643,363
Loss after income tax for the year	-	-	(2,923,065)	(2,923,065)
Other comprehensive income		1,661	-	1,661
Total Comprehensive loss for the year	**-**	**1,661**	**(2,923,065)**	**(2,921,404)**
Shares issued during the period	3,864,987	-	-	3,864,987
Share issue costs	(321,315)	-	-	(321,315)
Value of expired performance rights written back	-	(8,361)	-	(8,361)
Value of options brought to account during the period		28,024		28,024
Value of performance rights brought to account during the period	-	381,275	-	381,275
Value of service rights brought to account during the period	-	61,684	-	61,684
Balance as at 30 June 2023	**16,109,084**	**730,413**	**(15,111,244)**	**1,728,253**

	Issued Capital $	Reserves $	Accumulated Losses $	Total Equity $
Balance at 1 July 2021	12,573,174	177,772	(10,315,524)	2,435,422
Loss after income tax for the year	-	-	(1,908,779)	(1,908,779)
Total Comprehensive loss for the year	**-**	**-**	**(1,908,779)**	**(1,908,779)**
Shares issued during the year	-	-	-	-
Share issue costs	(7,762)	-	-	(7,762)
Value of expired options transferred to accumulated losses	-	(36,124)	36,124	-
Value of options brought to account during the period	-	106,372	-	106,372
Value of Performance Rights brought to account during the period	-	18,110	-	18,110
Balance as at 30 June 2022	**12,565,412**	**266,130**	**(12,188,179)**	**643,363**

The accompanying notes form part of these financial statements.

Consolidated Statement of Cash Flows

For the Year Ended 30 June 2023

	Notes	30 June 2023 $	30 June 2022 $
Cash flows from operating activities			
Receipts from customers		7,438,251	6,570,502
Payments to suppliers and employees		(8,890,611)	(8,067,933)
Interest received		-	-
Interest paid and other finance costs		(127,040)	(87,735)
Other Government grants received		18,000	-
R & D tax incentives received		288,243	301,450
Net cash used in operating activities	11.1	**(1,273,157)**	**(1,283,716)**
Cash flows from investing activities			
Payments for loans to joint venture		(120,135)	(20,002)
Payments to acquire investments – net of cash acquired		(514,774)	-
Proceeds from sale of property, plant and equipment		4,357	24,887
Purchase of property, plant and equipment		(165,251)	(319,556)
Net cash used in investing activities		**(795,803)**	**(314,671)**
Cash flow from financing activities			
Proceeds from issue and subscription of shares		3,512,414	-
Payments for share issue costs		(321,315)	(7,763)
Repayment of lease liabilities		(164,200)	(156,721)
Proceeds from borrowings		400,000	769,635
Repayment of borrowings		(465,462)	(65,863)
Net cash from financing activities		**2,961,437**	**539,288**
Net (decrease) / increase in cash and cash equivalents held		892,477	(1,059,099)
Cash and cash equivalents at the beginning of the year		629,613	1,688,712
Cash and cash equivalents at the end of the year		**1,522,090**	**629,613**

The accompanying notes form part of these financial statements.

Note 1: Basis of Preparation

These general-purpose financial statements have been prepared in accordance with Australian Accounting Standard and Interpretations issued by the Australian Accounting Standards Board ("AASB") and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IASB").

The accounting policies detailed below have been consistently applied to all the years presented unless otherwise stated. The financial statements for Spectur Limited and its controlled entities are included in note 28 ("Group").

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income, certain classes of property, plant and equipment and derivative financial instruments.

The financial statements are presented in Australian dollars.

Spectur is listed on the Australian Securities Exchange (**ASX**) and is a public company, incorporated in Australia and operating in Australia and New Zealand. The Group's principal activities are detailed in the Directors' Report.

(a) Statement of compliance

The financial report was authorised for issue on 29 September 2023.

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).

(b) Adoption of New and Revised Standards

New Standards and Interpretations applicable for the year ended 30 June 2023

For the year ended 30 June 2023, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Group 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 Group, 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 year ended 30 June 2023. 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 Group 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 settlement of liabilities in the ordinary course of business.

Note 2: Significant Accounting Policies

(a) Revenue recognition

Revenue from contracts with customers

Revenue is recognised at an amount that reflects the consideration to which the Company is expected to be entitled in exchange for transferring goods or services to a customer.

For each contract with a customer, the Company:

- identifies the contract with a customer.
- identifies the performance obligations in the contract.
- determines the transaction price which takes into account estimates of variable consideration and the time value of money.
- allocates the transaction price to the separate performance obligations based on the relative stand-alone selling price of each distinct good or service to be delivered; and
- recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

Sale of goods

Revenue from the sale of goods is recognised at the point in time when the customer obtains control of the goods, which is generally at the time of delivery.

Rendering of service

Revenue from a contract to provide services is recognised over time as the services are rendered based on either a fixed price or an hourly rate.

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

(b) Other Income and Expenses

Dividends

Dividends are recognised as revenue when the right to receive payment is established. This applies even if they are paid out of pre-acquisition profits. However, the investment may need to be tested for impairment as a consequence.

Interest income

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

Borrowing costs

Borrowing costs are capitalised that are directly attributable to the acquisition, construction or production of qualifying assets where the borrowing cost is added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(c) Income Tax Expense

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

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

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

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

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

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

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

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

Unrecognised deferred income tax assets are reassessed at each balance date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.
Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss.
Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

Other taxes

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

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

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.
Cash flows are included in the statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.
Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

Note 2: Significant Accounting Policies

(d) Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker. The Chief Operating Decision Maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Managing Director of Spectur Limited.

(e) Cash and Cash Equivalents

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

Bank overdrafts are shown within borrowings as current liabilities in the statement of financial position. For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

(f) Trade and Other Receivables

Trade receivables are measured on initial recognition at fair value and are subsequently measured at amortised cost using the effective interest rate method, less any allowance for impairment. Trade receivables are generally due for settlement within periods ranging from 30 days to 60 days.

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

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

(g) Inventories

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

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

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

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

(h) Property, plant and equipment

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

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

Motor vehicle	25%
Plant equipment	10% to 50%
Office equipment	10% to 50%
Spectur platforms	25% to 33%

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

(h) Property, plant and equipment (continued)

Impairment

The carrying values of plant and equipment are reviewed for impairment at each reporting date, with recoverable amount being estimated when events or changes in circumstances indicate that the carrying value may be impaired. The recoverable amount of plant and equipment is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, recoverable amount is determined for the cash-generating unit to which the asset belongs, unless the asset's value in use can be estimated to approximate fair value. An impairment exists when the carrying value of an asset or cash-generating unit exceeds its estimated recoverable amount.

The asset or cash-generating unit is then written down to its recoverable amount. For plant and equipment, impairment losses are recognised in the statement of comprehensive income in the cost of sales line item. However, because land and buildings are measured at revalued amounts, impairment losses on land and buildings are treated as a revaluation decrement.

Derecognition and disposal

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

(i) 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.

(j) Intangible assets

Intangible assets acquired separately or as part of a business combination

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of acquisition. Intangible assets acquired separately are recorded at cost less accumulated amortisation and impairment. Amortisation is charged on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method is reviewed at the end of each annual reporting period, with any changes in these accounting estimates being accounted for on a prospective basis.

Internally generated intangible assets – research and development expenditure

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

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

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

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

Note 2: Significant Accounting Policies

(j) Intangible assets (continued)

The following useful lives are used in the calculation of amortisation:

Patents	8 years following grant of patent
Trademarks	10 years following grant of trademark
Other Intangibles	3 years following acquisition
Product development	3 to 5 years following commercial use

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.

(k) Goodwill

Goodwill arises on the acquisition of a business and represents the excess of the consideration transferred over the fair value of the net identifiable assets acquired. Goodwill is not amortised but is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Impairment of goodwill is taken to profit or loss and is not subsequently reversed.

(l) Right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the Company expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The Company has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

(m) Trade and other payables

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

(n) Employee benefits

Liabilities accruing to employees in respect of wages and salaries, annual leave, long service leave and sick leave expected to be settled within 12 months of the balance date are recognised in employee benefits in respect of employees' services up to the balance date. They are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

Liabilities accruing to employees in respect of wages and salaries, annual leave, long service leave and sick leave not expected to be settled within 12 months of the balance date are recognised in non-current employee benefits in respect of employees' services up to the balance date. They are measured as the present value of the estimated future outflows to be made by the Company.

(n) Employee benefits (continued)

The liability for long service leave is recognised in employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the balance date. Consideration is given to expected future wage and salary levels, experience of employee departures, and period of service. Expected future payments are discounted using market yields at the balance date on national government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

(o) Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made, or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company performs under the contract.

(p) Lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following:

- future lease payments arising from a change in an index, or a rate used.
- residual guarantee.
- lease term.
- certainty of a purchase option and
- termination penalties.

When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

(q) Provisions

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

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

Provisions are measured at the present value or management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as an interest expense.

Onerous contracts

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Company has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract.

Warranties

Provisions for the expected cost of warranty obligations under local sale of goods legislation are recognised at the date of sale of the relevant products, at the Directors' best estimate of the expenditure required to settle the Company's obligation.

(r) Share-based payment transactions

Equity settled transactions

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

The Company has an Employee Incentive Plan (**EIP**) in place, which provides benefits to Directors, senior executives and employees and is governed by the EIP Rules.

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

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

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

Equity settled transactions (continued)

The cumulative expense recognised for equity-settled transactions at each balance date until vesting date reflects
(a) the extent to which the vesting period has expired; and
(b) the Company's best estimate of the number of equity instruments that will ultimately vest.

No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. The statement of comprehensive income charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

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

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

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

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

Cash settled transactions:

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

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

(s) Issued capital

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

(t) Dividends

Dividends are recognised when declared during the financial year and no longer at the discretion of the Company.

(u) Earnings per Share

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

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

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

(v) Foreign currency translation

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

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

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

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

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

(w) Principals of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Spectur Limited (Company) as at 30 June 2023 and the results of all subsidiaries for the year then ended. Spectur Limited and its subsidiaries are referred to in these financial statements as the 'Group'. Comparative information represents Company balances only.

Subsidiaries are all those entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has the rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. These entities are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities within the Group are eliminated. Unrealised losses are also eliminated unless the transactions provide evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group. The acquisitions of subsidiaries are accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Non-controlling interest in the result and equity of subsidiaries are shown separately in the statement of profit or loss and other comprehensive income, statement of financial position and statement of changes in equity of the Group. Losses incurred by the Group are attributed to the non-controlling interest in full, even if that results in a deficit balance.

Where the Group loses control over a subsidiary, it derecognises the assets (including goodwill), liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in the entity. The Group recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Note 3: Significant Accounting Estimates and Judgements

The application of accounting policies requires the use of judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions are recognised in the period in which the estimate is revised if it affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

(a) Revenue from contracts with customers involving sale of goods

When recognising revenue in relation to the sale of goods to customers, the key performance obligation of the Company is considered to be the point of delivery of the goods to the customer, as this is deemed to be the time that the customer obtains control of the promised goods and therefore the benefits of unimpeded access.

(b) Inventories

Management estimates the net realisable values of inventories, taking into account the most reliable evidence available at each reporting date. The future realisation of these inventories may be affected by future technology or other market-driven changes that may reduce future selling prices.

(c) Useful lives of depreciable assets

Management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical obsolescence that may change the utility of certain software and IT equipment.

(d) Impairment

In assessing impairment, management estimates the recoverable amount of each asset or cash-generating unit based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate.

(e) Share based payment transactions

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using a binomial or trinomial model where appropriate.

The Company measures the cost of cash-settled share-based payments at fair value at the grant date using the volume weighted average traded share price for the equity granted taking into account the terms and conditions upon which the instruments were granted.

(f) Recovery of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences as management considers that it is probable that sufficient future tax profits will be available to utilise those temporary differences. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits.

(g) Allowance for expected credit losses

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. The allowance for expected credit losses, as disclosed in note 12, is calculated based on the information available at the time of preparation. The actual credit losses in future years may be higher or lower.

(h) Lease term

The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease or purchase the underlying asset will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the Company's operations; comparison of terms and conditions to prevailing market rates; incurrence of significant penalties; existence of significant leasehold improvements; and the costs and disruption to replace the asset. The Company reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

Note 3: Significant Accounting Estimates and Judgements

(i) Incremental borrowing rate

Where the interest rate implicit in a lease cannot be readily determined, an incremental borrowing rate is estimated to discount future lease payments to measure the present value of the lease liability at the lease commencement date. Such a rate is based on what the Company estimates it would have to pay a third party to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset, with similar terms, security and economic environment.

(j) Long service leave

The liability for long service leave expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

(k) Lease make good provision

A provision has been made for the present value of anticipated costs for future restoration of leased premises. The provision includes future cost estimates associated with closure of the premises. The calculation of this provision requires assumptions such as application of closure dates and cost estimates. The provision recognised for each site is periodically reviewed and updated based on the facts and circumstances available at the time. Changes to the estimated future costs for sites are recognised in the statement of financial position by adjusting the asset and the provision. Reductions in the provision that exceed the carrying amount of the asset will be recognised in profit or loss.

(l) Warranty provision

In determining the level of provision required for warranties the Company has made judgements in respect of the expected performance of the products, the number of customers who will actually claim under the warranty and how often, and the costs of fulfilling the conditions of the warranty. The provision is based on estimates made from historical warranty data associated with similar products and services.

Other Notes to the Consolidated Financial Statements

Note 4: Segment Reporting

The Company only operated in one segment, being design, development, manufacture and selling Remote Solar sensing, thinking and acting platforms and associated products and services, in Australia and New Zealand. The operations in New Zealand comprise an immaterial portion of the Group. Therefore, all activities of the Group are considered to represent only one segment.

Note 5: Revenue from Contracts with Customers

Disaggregation of revenue

AASB 15 requires an entity to disclose a disaggregation of revenue from contracts with customers. The Group has selected to disaggregate revenue according to the timing of the transfer of goods and/or services.

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.

	30 June 2023 $	30 June 2022 $
At a point in time		
Equipment sales	2,104,556	1,757,358
Field services	856,917	734,910
	2,961,473	**2,492,268**
Over Time		
Equipment rentals	2,352,367	1,931,961
Subscription revenue	2,053,738	1,403,795
	4,406,105	**3,335,756**
Total revenue	**7,367,578**	**5,828,024**

The Company recognised an impairment loss on receivables from contracts with customers in the statement of profit or loss and other comprehensive income, amounting to $44,100 for the year ended 30 June 2023 (2022: $4,222).

Note 6: Finance charges

	30 June 2023 $	30 June 2022 $
Interest and finance charges paid/payable on borrowings	(102,537)	(72,401)
Interest and finance charges paid/payable on lease liabilities	(24,503)	(15,334)
	(127,040)	**(87,735)**

Other Notes to the Consolidated Financial Statements

Note 7: Income Tax

	30 June 2023 $	30 June 2022 $
(a) The components of income tax benefit comprise:		
Research & Development tax incentive	(323,132)	(360,086)
	(323,132)	**(360,086)**
(b) The prima facie tax benefit on loss from ordinary activities before income tax is reconciled to the income tax as follows:		
Prima facie tax benefit on loss from ordinary activities before income tax at 25% (2022: 26%):	(811,549)	(567,216)
Effect of items that are not assessable/deductible in determining taxable loss:		
- Other non-allowable items	389,986	205,474
- Impairment of intangible assets	108,806	-
- Revenue losses not recognised	219,150	446,978
- Loss attributable to non-consolidated entities	(10,571)	
- Other deferred tax balances not recognised	104,178	(85,236)
- Research & Development tax incentive	(323,132)	(360,086)
Income tax benefit reported in the consolidated statement of profit or loss and other comprehensive income	**(323,132)**	**(360,086)**
(c) Recognised deferred tax liabilities at 25% (2022:25%) (Note1)		
Intangible assets	(3,160)	(24,208)
Right of use assets	(168,547)	(68,452)
Prepayments	(9,918)	-
	(181,625)	**(92,480)**
Recognised deferred tax assets at 25% (2022:25%) (Note 1)		
Carry forward revenue losses	179,178	92,480
	2,447	-
Net deferred tax	**-**	**-**
(d) Unrecognised deferred tax assets at 25% (2022:25%) (Note 1)		
Carry forward revenue losses	2,269,767	1,806,415
Provisions and accruals	171,195	144,259
Lease liability	168,892	71,118
Capital raising costs	80,440	29,128
Other	1,367	1,822
	2,691,661	**2,052,742**

The tax benefits of the above Deferred Tax Assets will only be obtained if:

(a) the company derives future assessable income of a nature and of an amount sufficient to enable the benefits to be utilised;

(b) the company continues to comply with the conditions for deductibility imposed by law; and

(c) no changes in income tax legislation adversely affect the company in utilising the benefits.

Note 7: Income Tax (continued)

Note 1 - the corporate tax rate for eligible companies is 25% providing certain turnover thresholds and other criteria are met. All other companies are taxed at 30%. Deferred tax assets and liabilities are required to be measured at the tax rate that is expected to apply in the future income year when the asset is realised or the liability is settled. The Directors have determined that the deferred tax balances be measured at the tax rates stated.

Note 2 - Comparative figures have been restated to meet legislative requirements. The overall tax position has not changed.

Note 8: Issued Capital

As at 30 June 2023, the Company had the following issued share capital:

	30 June 2023		30 June 2022	
	Number	$	Number	$
Fully paid ordinary shares	**225,784,876**	**16,109,084**	**106,305,280**	**12,565,412**
Movement of issued share capital:				
Balance at beginning of year	106,305,280	12,565,412	106,305,280	12,573,174
Placement at $0.036	83,678,154	3,012,414	-	-
Placement at $0.02	25,000,000	500,000	-	-
Shares issued on acquisition of Three Crowns Technologies Pty Ltd	8,048,678	250,000	-	-
Issue of shares to staff at $0.039	1,968,037	78,246	-	-
Issue of shares to MD at $0.031	784,727	24,327	-	-
Share issue costs	-	(321,315)	-	(7,762)
Balance at end of year	**225,784,876**	**16,109,084**	**106,305,280**	**12,565,412**

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. Every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote for each share held on a poll.

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

Note 9: Reserves

Nature and purpose of reserves

Options Reserve

This reserve is used to record the value of options subscribed for or provided to employees and consultants. Refer to Note 26 for further details of these plans.

Performance and Service Rights Reserves

This reserve is used to record the value of performance and service rights provided to employees, Directors and consultants as part of their remuneration. Refer to Note 26 for further details of these plans.

Foreign Currency Translation Reserve

The reserve is used to recognise exchange differences arising from the translation of the financial statements of foreign operations to Australian dollars.

Note 9: Reserves (continued)

At 30 June 2023, the Company had the following reserve accounts:

	30 June 2023		30 June 2022	
	Number	$	Number	$
Options	49,889,035	285,793	6,550,000	257,769
Performance rights	19,783,061	381,275	10,579,477	8,361
Service rights	7,000,000	61,684	-	-
Foreign currency translation reserve	n/a	1,661	-	-
Balance at end of year	**76,672,096**	**730,413**	**17,129,477**	**266,130**

OPTIONS RESERVE MOVEMENT

	30 June 2023		30 June 2022	
	Number	$	Number	$
Movement of Company options:				
Balance at beginning of year	6,550,000	257,768	4,300,000	151,396
Options issued to EGP Capital (i)	-	-	2,250,000	89,478
Placement options issued	41,839,035	-	-	-
Options issued to directors	-	-	-	16,894
Lead manager options issued	1,500,000	28,025	-	-
Balance at end of year	**49,889,035**	**285,793**	**6,550,000**	**257,768**

(i) Issued to Fundhost Limited in its capacity as responsible entity for the EGP Concentrated Value Fund, pursuant to the terms of the Loan Facility Agreement with EGP Capital.

PERFORMANCE RIGHTS RESERVE MOVEMENT

	30 June 2023		30 June 2022	
	Number	$	Number	$
Movement of issued performance rights:				
Balance at beginning of year	10,579,477	8,361	11,604,153	26,376
Brought to account during the year (i)	24,651,259	381,275	-	18,110
Performance rights cancelled during the year ii	(15,447,675)	(8,361)	(1,024,676)	-
Expired performance rights transferred to retained earnings iii	-	-	-	(36,125)
Balance at end of year	**19,783,061**	**381,275**	**10,579,477**	**8,361**

(i) Issued to key employees under Spectur's LTI plan. Refer Note 26.
(ii) Value of performance rights written back due to vesting conditions not anticipated being met and employee cessation.
(iii) Note 2,917,695 performance rights lapsed on 1 July 2022, due to the performance conditions not being met.

Note 9: Reserves (continued)

SERVICE RIGHTS RESERVE MOVEMENT

	30 June 2023		30 June 2022	
	Number	$	Number	$
Movement of issued service rights:				
Balance at beginning of year	-	-	-	-
Brought to account during the year	7,000,000	61,684	-	-
Balance at end of year	**7,000,000**	**61,684**	**-**	**-**

Note 10: Loss per Share

Basic loss per share

	30 June 2023 Cents per share	30 June 2022 Cents per share
Basic and diluted loss per share	**(1.6)**	**(1.8)**

Losses

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

	30 June 2023 $	30 June 2022 $
Loss for the year	**(2,923,065)**	**(1,908,779)**

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:

	30 June 2023 Number	30 June 2022 Number
Weighted average number of ordinary shares for the purpose of basic loss per share	**180,789,369**	**106,305,280**

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

Note 11: Cash and Cash equivalents

Reconciliation to the Statement of Cash Flows:

For the purposes of the statement of cash flows, cash and cash equivalents comprise cash on hand and at bank, net of outstanding bank overdrafts.

Cash and cash equivalents as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:

	30 June 2023 $	30 June 2022 $
Cash on hand and in bank	1,523,425	657,434
Credit cards	(1,335)	(27,821)
Net cash and cash equivalents	**1,522,090**	**629,613**

At 30 June 2023, the Company had a credit card facility of $50,000 (2022: $50,000) and does not attract any interest if paid within the required period.

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

	30 June 2023 $	30 June 2022 $
Loss for the year	(2,923,065)	(1,908,779)
Adjustments for non-cash income and expense items		
Depreciation and amortisation	388,550	576,513
Impairment of goodwill	435,225	-
(Profit) / Loss on disposal of property and equipment	268	6,185
Share-based payment expense	537,172	124,482
Fair value remeasurement (on acquisition of subsidiary)	(50,708)	-
(Profit) / loss attributable to non-consolidated entities	(37,734)	38,570
Change in assets and liabilities		
Increase in provisions	(62,379)	(50,819)
Decrease / (Increase) in trade and other receivables	659,285	(202,508)
(Increase) / decrease in inventories	(231,934)	125,447
Increase in trade and other payables	12,163	7,193
Net cash outflow from operating activities	**(1,273,157)**	**(1,283,716)**

Note 11: Cash and Cash equivalents (continued)

11.2 Reconciliation of liabilities arising from cash flows from financing activities:

	Notes	Lease liability	Loans	Total
Balance at 1 July 2021	19 & 20	327,763	60,513	388,276
Acquisition of leases	19	113,432	-	113,432
Increase in borrowings	20	-	769,634	769,634
Repayments	19 & 20	(172,055)	(137,646)	(309,701)
Interest paid		15,334	71,783	87,117
Balance at 30 June 2022	19 & 20	**284,474**	**764,284**	**1,048,758**
Acquisition of leases	19	548,028	-	548,028
Acquired through business combinations	22	148,189	32,138	180,327
Increase in borrowings	20	-	400,000	400,000
Repayments	19 & 20	(188,705)	(561,479)	(750,184)
Interest paid		24,503	96,018	120,521
Balance at 30 June 2023	**19 & 20**	**816,489**	**730,961**	**1,547,450**

Note 12: Trade and Other receivables

	30 June 2023 $	30 June 2022 $
Trade receivables [i]	926,664	997,604
Allowance for expected credit losses [ii]	(31,674)	(31,941)
	894,990	965,663
Prepayments	107,965	78,382
Other	977	-
R&D refund receivable	313,808	278,919
Total	**1,317,740**	**1,322,964**

(i) Trade receivables are non-interest bearing and are generally on terms of 30 days to 60 days. All amounts are short term. The carrying value of trade receivables is considered a reasonable approximation of fair value.

(ii) Note 24 includes disclosures relating to the credit risk exposures and analysis relating to the allowance for expected credit losses.

Movement in allowance for expected credit losses

	30 June 2023 $	30 June 2022 $
Balance at the beginning of the year	31,941	30,898
Provision for expected credit losses	43,833	5,265
Written off	(44,100)	(4,222)
Closing balance	**31,674**	**31,941**

Note 12: Trade and Other receivables (continued)

Expected credit losses

The Company applies the AASB 9 simplified model of recognising lifetime expected credit losses for all trade receivables as these items do not have a significant financing component. In measuring the expected credit losses, the trade receivables have been assessed on a collective basis as they possess shared credit risk characteristics. They have been grouped based on the days past due.

The expected loss rates are based on the payment profile for sales over the past 24 months before 30 June 2023 and 30 June 2022 respectively as well as the corresponding historical credit losses during that period. Trade receivables are written off when there is no reasonable expectation of recovery. Failure to make payments within 180 days from the invoice date and failure to engage with the Company on alternative payment arrangement amongst other is considered indicators of no reasonable expectation of recovery. On the above basis the expected credit loss for trade receivables at 30 June 2023 and 30 June 2022 was determined as follows:

	Trade receivables past due					
30 June 2023	Current (not past due)	1 – 30 days past due	31 – 60 days past due	61 – 90 days past due	More than 90 days past due	Total
Expected credit loss rate	3.13%	3.56%	5.30%	11.91%	-	3.42%
Gross carrying amount	725,436	115,776	81,109	4,343	-	926,664
Lifetime expected credit loss	22,742	4,119	4,296	517	-	31,674

	Trade receivables past due					
30 June 2022	Current (not past due)	1 – 30 days past due	31 – 60 days past due	61 – 90 days past due	More than 90 days past due	Total
Expected credit loss rate	2.8%	2.9%	3.2%	4.1%	6.5%	3.2%
Gross carrying amount	527,699	182,561	42,818	214,386	30,140	997,604
Lifetime expected credit loss	14,535	5,238	1,349	8,870	1,949	31,941

The closing balance of the trade receivables allowance for expected credit losses as at 30 June 2023 reconciles with the trade receivables allowance for expected credit losses opening balance as follows:

	30 June 2023 $
30 June 2021	**30,898**
Amounts written off	(4,222)
Net remeasurement of loss allowance	5,265
30 June 2022	**31,941**
Amounts written off	(44,100)
Net remeasurement of loss allowance	43,833
Closing balance – 30 June 2023	**31,674**

Note 13: Inventories

	30 June 2023 $	30 June 2022 $
Raw materials – cost	390,439	496,107
Work in progress – cost	215,805	56,655
Finished goods - cost	465,920	96,703
Total	**1,072,164**	**649,465**

Inventories are valued at the lower of cost and net realisable value.
Costs incurred in bringing each product to its present location and condition is accounted for as follows:

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

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

Note 14: Property, Plant and Equipment

	Spectur platforms $	Leasehold improve-ments $	Plant and equipment $	Office equipment $	Motor Vehicles $	Total $
Balance at 1 July 2022	313,489	8,789	23,915	23,058	100,844	470,095
Additions	151,284	-	6,603	3,691	-	161,578
Acquired through business combinations [i]	129,151	-	-	4,924	38,109	172,184
Disposals	(4,625)	-	-	-	-	(4,625)
Depreciation charge for the year	(214,548)	(4,864)	(19,055)	(9,635)	(46,396)	(294,498)
Balance at 30 June 2023	**374,751**	**3,925**	**11,463**	**22,038**	**92,557**	**504,734**
Balance at 1 July 2021	362,044	9,492	40,443	42,719	86,823	541,521
Additions	194,323	3,741	7,896	4,454	72,570	282,984
Disposal	-	-	(5,418)	(5,636)	(17,756)	(28,810)
Depreciation charge for the year	(242,878)	(4,444)	(19,006)	(18,479)	(40,793)	(325,600)
Balance at 30 June 2022	**313,489**	**8,789**	**23,915**	**23,058**	**100,844**	**470,095**

[i] Refer note 22 for details of additions to property, plant and equipment acquired through business combinations.

Plant and equipment
The carrying value of plant and equipment held under chattel mortgage contracts at 30 June 2023 is $nil (2022: $nil). There were no additions or disposals of plant and equipment held under chattel mortgage contracts in the current or previous financial year.

Motor Vehicles
The carrying value of motor vehicles held under chattel mortgage contracts at 30 June 2023 is $82,606 (2022: $64,284).

Other Notes to the Consolidated Financial Statements

Note 15: Intangibles

	APNIC Addresses $	Software Development $	Other Intangibles $	Goodwill $	Total $
Carrying value					
Cost	-	-	878,013	-	878,013
Acquired through business combinations	143,360	84,388	-	435,225	662,973
Additions	-	8,299	-	-	8,299
Impairment	-	-	(86,647)	(435,225)	(521,872)
Accumulated amortisation	-	(10,580)	(778,726)	-	(789,306)
Carrying value at 30 June 2023	**143,360**	**82,107**	**12,640**	**-**	**238,107**
Cost	-	-	878,013	-	878,013
Impairment	-	-	(86,647)	-	(86,647)
Accumulated amortisation	-	-	(695,254)	-	(695,254)
Carrying value at 30 June 2022	**-**	**-**	**96,112**	**-**	**96,112**

	APNIC Addresses $	Software Development $	Other Intangibles $	Goodwill $	Total $
Reconciliation – current year					
Carrying value as at 1 July 2022	-	-	96,112	-	96,112
Acquired through business combinations (i)	143,360	84,388	-	435,225	662,973
Additions	-	8,299	-	-	8,299
Impairment	-	-	-	(435,225)	(435,225)
Amortisation	-	(10,580)	(83,472)	-	(94,052)
Carrying value at 30 June 2023	**143,360**	**82,107**	**12,640**	**-**	**238,107**
Reconciliation – prior year					
Carrying value as at 1 July 2021	-	-	179,589	-	179,589
Amortisation	-	-	(83,477)	-	(83,477)
Carrying value at 30 June 2022	**-**	**-**	**96,112**	**-**	**96,112**

(i) Refer note 22 for details of additions to Intangibles acquired through business combinations.

Other Notes to the Consolidated Financial Statements

Note 16: Right-of-use Assets

	30 June 2023 $	30 June 2022 $
Land and buildings – right-of-use	834,704	594,364
Less: Accumulated depreciation	(25,084)	(320,558)
As at 30 June	**809,620**	**273,806**

Reconciliation

	30 June 2023 $	30 June 2022 $
As at 1 July	273,806	320,288
Additions	548,029	113,432
Acquired through business combinations	146,167	-
Depreciation expense	(158,382)	(159,914)
As at 30 June	**809,620**	**273,806**

The Company leases land and buildings for its offices and warehouses under agreements of between two to three years with, in some cases, options to extend. The leases have various escalation clauses. On renewal, the terms of the leases are renegotiated.

Note 17: Trade and other payables

	30 June 2023 $	30 June 2022 $
Accounts payable (i)	350,849	289,946
Accruals	117,573	113,655
ATO & State Governments	217,037	163,888
Unearned revenue	727,387	685,922
Customer pre-payments	57,189	73,500
Total	**1,470,035**	**1,326,911**

(i) Trade payables are non-interest bearing and are normally settled on 30-day terms. Refer to note 24 for further information on financial instruments.

Note 18: Employee benefits

	30 June 2023 $	30 June 2022 $
Current Liabilities(i)	**664,212**	**440,602**
Non-Current liabilities (long service leave)	**50,109**	**33,789**

(i) Includes long service leave liability of $63,908 (2022: $nil)

Note 18: Employee benefits (continued)

Current
Employee benefits expected to be settled within the next 12 months. The current provision for employee benefits includes all unconditional entitlements where employees have completed the required period of service and also where employees are entitled to pro-rata payments in certain circumstances. The entire amount is presented as current, since the company does not have an unconditional right to defer settlement. However, based on past experience, the company does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months.

Non-current
Employee benefits expected to be settled after 12 months.

Note 19: Borrowings and other financial liabilities

	30 June 2023 $	30 June 2022 $
Current loans		
Secured loans	6,374	8,584
Total current loans	**6,374**	**8,584**
Non-current loans		
Non-secured loans	650,000	700,000
Secured loans	74,587	55,700
Total non-current loans	**724,587**	**755,700**
Total loans	**730,961**	**764,284**

Secured Loans
These loans are secured by Motor Vehicles. The interest rates on these loans range from 3.40% to 9.85% and interest is repayable within a period of 40 months from the reporting date. Total monthly repayments are $2,037.

Non-Secured Loans
This is a $650,000 loan facility with EGP Capital. During the year an amount of $400,000 was drawn down additional to the $700,000 balance as at 30 June 2022. During May 2023 a repayment of $450,000 was made. This resulted in the loan balance of $650,000 as noted above. Interest on this loan is 10% on the drawdown amount till December 2023 and increasing to 13% from 1 January 2024. The facility is repayable by 31 December 2024, at the option of the Company, either in cash or by issuing fully paid Spectur Limited ordinary shares. The number of shares to be issued would be based on a 20% discount to the 30-day Volume Weighted Average Price (VWAP) of Spectur Limited shares as trading on the ASX. Spectur can elect to convert a maximum of $250k of shares per quarter. The Company has effectively been granted a put option by EGP Capital, which creates a derivative. The Company has calculated this derivative to be an immaterial amount, therefore the liability has been stated at its face value at balance date.

Note 20: Lease liabilities

	30 June 2023 $	30 June 2022 $
Current lease liabilities	154,498	166,728
Non-current lease liabilities	661,991	117,746
As at 30 June	**816,489**	**284,474**

Note 20: Lease liabilities (continued)

Reconciliation

	30 June 2023 $	30 June 2022 $
As at 1 July	284,474	327,763
Lease inception	548,028	113,432
Acquired through business combinations	148,189	-
Principal repayments	(164,202)	(156,721)
Total	**816,489**	**284,474**

The Company leases several premises, and the average lease term is 3 years, with options to renew for a further three years.
Refer Note 24 for further information on financial instruments.

Note 21: Provisions

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

When the Company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of profit or loss and other comprehensive income net of any reimbursement. Provisions are measured at the present value or management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as an interest expense.

Warranties
Provisions for the expected cost of warranty obligations under local sale of goods legislation are recognised at the date of sale of the relevant products, at the Directors' best estimate of the expenditure required to settle the Company's obligation.

Equipment Rental Costs
The provision for equipment rental costs relates to the estimated cost of work to be carried out in relation to the removal and refurbishment of rental equipment at the end of the rental agreement term. The provision represents the best estimate of the present value of the expenditure required to settle the obligation at the reporting date. Future costs are reviewed annually and any changes in the estimate are reflected in the present value of the equipment rental provision at each reporting date.

	Warranties $	Equipment Rental $	Total current $
Balance as at 30 June 2022	55,162	59,138	**114,300**
Provided during the year	100,265	89,963	**190,228**
Utilised	(100,264)	(71,564)	**(171,828)**
Balance at 30 June 2023	**55,163**	**77,537**	**132,700**
Balance as at 30 June 2021	55,162	59,137	**114,299**
Provided during the year	81,022	66,764	**147,786**
Utilised	(81,022)	(66,763)	**(147,785)**
Balance at 30 June 2022	**55,162**	**59,138**	**114,300**

Note 22: Business combinations

On 17 February 2023, Spectur Limited acquired 100% of the issued shares in Three Crown Technologies Pty Ltd (3CT), a software platform provider that supplies intelligent monitoring solutions, for consideration of $876k. The consideration comprised cash consideration of $626k and the issue of 8,048,678 Spectur Limited shares ($250k).

On 17 March 2023, Spectur Limited also acquired the remaining 49% shares in Spectur New Zealand Limited (SNZ) from Deus Ex Limited for a cash consideration of $58k. Spectur Limited had previously accounted for its 51% holding as an equity accounted investment as the company was jointly controlled.

Details of the purchase consideration, the net asset values acquired and resulting goodwill are as follows:

Purchase consideration	3CT	SNZ	Total
Cash Paid	625,544	57,510	683,054
Value of Spectur Limited shares issued	250,000	-	250,000
Total purchase consideration	**875,544**	**57,510**	**933,054**

The fair value of the assets, liabilities and goodwill as at acquisition dates were as follows: (These values are final at 30 June 2023):

	3CT	SNZ	Total
Cash and cash equivalents	157,233	11,047	168,280
Trade receivables and other receivables	317,206	14,474	331,680
Inventories	-	95,382	95,382
Property, plant and equipment	65,768	106,416	172,184
Intangible assets - software	84,388	-	84,388
Intangible assets – APNIC addresses	143,360	-	143,360
Right of use assets	-	146,167	146,167
Trade and other payables	(74,842)	(3,565)	(78,407)
Payable to Spectur Limited	-	(253,390)	(253,390)
Financial liabilities	-	(32,139)	(32,139)
Lease liabilities	-	(148,189)	(148,189)
Employee benefits	(75,515)	(5,264)	(80,779)
Total net identifiable assets / liabilities	**617,598**	**(69,061)**	**548,537**
Fair value remeasurement	-	(50,708)	(50,708)
Total net identifiable assets / liabilities after fair value remeasurement	**617,598**	**(119,769)**	**497,829**
Goodwill recognised	**257,946**	**177,279**	**435,225**

The acquired businesses contributed revenues of $479,590 and losses after tax of $72,064 to Group for the period since acquisition. If the acquisitions had occurred on 1 July 2022, full year contributions would have been revenues of $1,361,825 and losses after tax of $202,786 (excluding one off items).

As the operations of both businesses are assimilated into the Spectur business, and increasing crossover occurs in both sales and costs, it will become increasingly difficult to distinguish the margins being generated by these acquisitions. Accordingly, the Board has taken a conservative approach in deciding to fully impair the goodwill arising from both acquisitions. It is noted that this approach also removes the requirements for future ongoing assessments and valuations of goodwill for carrying value purposes.

Purchase consideration – cash outflow

The net cash outflows in the period relating to the acquisitions were $514,774, being the cash considerations of $683,054 less net cash acquired of $168,280.

Note 23: Dividends

The directors of the Company have not declared any dividend for the years ended 30 June 2023 and 2022.

Note 24: Financial Instruments

Capital risk management

The Company's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure and reduce the cost of capital.

The capital structure of the Company consists of cash and cash equivalents, borrowings and equity attributable to equity holders of the Company, comprising issued capital, reserves and retained earnings. Operating cash flows are used to maintain and expand operations, as well as to make routine expenditures such as tax, dividends and general administrative outgoings. The Company would look to raise capital when an opportunity to invest in a business or company was seen as value adding relative to the current Company's share price at the time of the investment.

The capital risk management policy remains unchanged from the 30 June 2022 Annual Report.

Financial risk management objectives

The Company is exposed to:
(i) market risk (which includes foreign currency exchange risk, interest rate risk, share price risk and commodity price risk), (ii) credit risk and (iii) liquidity risk.

Compliance with policies and exposure limits is reviewed by management on a continuous basis. The Company does not enter into or trade financial instruments, including derivative financial instruments.

Market risk

The Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates, interest rates, and share prices. There has been no change to the Company's exposure to market risks or the way it manages and measures the risk from the previous period.

Foreign currency exchange risk management

The Company undertakes certain transactions denominated in foreign currencies, hence exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters utilising purchasing limits.

The carrying amount of the Company's foreign currency denominated monetary assets and monetary liabilities at the balance date expressed in Australian dollars was $14,195.

Foreign currency sensitivity analysis

The sensitivity analyses below detail the Company's sensitivity to an increase/decrease in the Australian dollar against the United States dollar. The sensitivity analysis includes only outstanding foreign currency denominated monetary items.

A 100-basis point is the sensitivity rate used when reporting foreign currency risk internally to management and represents management's assessment of the possible change in foreign exchange rates. At balance date, if foreign exchange rates had been 10 basis point higher or lower and all other variables were held constant, the Company's profit or loss and equity reserves would not have been affected materially.
The Company's sensitivity to foreign exchange has not changed significantly from the prior year.

Interest rate risk management

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

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

A 250 basis point increase or decrease is used when reporting interest rate risk internally to management and represents management's assessment of the change in interest rates.

Note 24: Financial Instruments(continued)

Interest rate risk management (continued)

At balance date, if interest rates had been 250 basis points higher or lower and all other variables were held constant, the Company's profit or loss and equity reserves would not have been affected materially.
The Company's sensitivity to interest rate risk has not changed significantly from the prior year.

Credit risk management

Credit risk is the risk that a counterparty fails to discharge an obligation to the Company. The Company is exposed to credit risk from financial assets including cash and cash equivalents held at banks and trade and other receivables. The Company only transacts with entities that are rated the equivalent of investment grade and above. This information is supplied by independent rating agencies where available and, if not available, the Company uses publicly available financial information and its own trading record to rate its major customers.

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

Liquidity risk management

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

Non-derivative financial liabilities

The following tables detail the Company's expected contractual maturity for its non-derivative financial liabilities.
These have been drawn up based on undiscounted contractual maturities of the financial liabilities based on the earliest date the Company can be required to repay.
The tables include both interest and principal cash flows.

30 June 2023	≤6 Months $	6-12 Months $	1-5 Years $	≥5 Years $	Total $
Financial Liabilities					
Trade and other payables	1,333,827	136,208	-	-	1,470,035
Lease liabilities	109,556	110,249	715,144	-	934,949
Loans payable	45,619	54,986	763,576	-	864,181
Total	**1,489,002**	**301,443**	**1,478,720**	**-**	**3,269,165**

30 June 2022	≤6 Months $	6-12 Months $	1-5 Years $	≥5 Years $	Total $
Financial Liabilities					
Trade and other payables	1,326,911	-	-	-	1,326,911
Lease liabilities	88,052	88,875	120,866	-	297,793
Loans payable	52,318	52,318	781,570	-	886,206
Total	**1,467,281**	**141,193**	**902,436**	**-**	**2,510,910**

Fair value measurement

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

The Company has several financial instruments which are not measured at fair value in the statement of financial position.
The Directors consider that the carrying amounts of current receivables, current payables and current borrowings are a reasonable approximation of their fair values.

Note 25: Contingent liabilities

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

Note 26: Share-based payments

a) Recognised Share-based Payment Expense

From time to time, the Company provides Incentive Options or Performance Rights to officers, employees, consultants and other key advisors as part of remuneration and incentive arrangements. The number of options / Performance Rights granted, and the terms of the options granted are determined by the Board. Shareholder approval is sought where required.

During the past two years, the following equity-settled share-based payments have been recognised:

	30 June 2023 $	30 June 2022 $
Expense arising from equity-settled share-based payment transactions	538,099	124,482
Value of Performance Rights forfeited / written back	(8,361)	-
Net share-based payment expense recognised in profit or loss	**529,738**	**124,482**

The following share-based payment arrangements were in place during the current and prior periods:

Options	Number	Grant date	Expiry date	Exercise price $	Fair value at balance date $	Vesting date $
Employee options	2,200,000	30 Jun 2021	30 Jun 2024	0.100	77,458	30 Jun 2021
Director options	2,100,000	30 Jun 2021	30 Jun 2024	0.130	90,832	29 Oct 2021
EGP Capital options	2,250,000	29 Oct 2021	31 Dec 2023	0.130	89,478	29 Oct 2021
Lead Manager [(i)]	1,500,000	7 Sep 2022	7 Sep 2025	0.066	28,025	7 Sep 2022

[(i)] During the year ended 30 June 2023, an expense of $28,025 (2022: $106,372) was incurred for options issued. The expense for the current financial year was included in share capital as a capital raising cost.

Performance rights	Number	Grant date	Expiry date	Value at grant date $	Fair value at balance date $	Vesting date $
Director [1]	8,763,522	25 Nov 2022	30 Jun 2025	0.04	343,200	30 Jun 2024
Employees	8,367,735	7 Oct 2022	30 Jun 2025	0.04	327,700	30 Jun 2024
Employees	2,651,805	14 Apr 2023	30 Jun 2025	0.04	103,851	30 Jun 2024

[1] Performance rights allocated to the Managing Director were approved at the Company's Annual General Meeting.

Note 26: Share-based payments (continued)

a) Recognised Share-based Payment Expense (continued)

Long Term Incentives - Performance and service Rights
The Performance Rights detailed above have been allocated and/or issued to key management personnel and senior employees under the Scheme as long-term incentives.

The Performance Rights are issued for $nil cash consideration but will not vest unless the performance conditions set by the Board have been satisfied, with the final quantum to be determined on the vesting and measurement date of 30 June 2024. Refer to Section E of the Remuneration Report on page 19 for the details of the performance conditions.

Service rights	Number	Grant date	Expiry date	Value at grant date $	Fair value at balance date $	Vesting date $
Director [1]	6,000,000	25 Nov 2022	1 Dec 2024	0.031	186,000	1 Dec 2024
Company Secretary [1]	1,000,000	25 Nov 2022	1 Dec 2024	0.031	31,000	1 Dec 2024

[1] Subject to continuous service over the vesting period to 1 December 2024.

b) Summary of Options Granted as Share-based Payments

The following table illustrates the number and weighted average exercise prices (WAEP) of Incentive Options granted as share-based payments at the beginning and end of the financial year:

	30 June 2023		30 June 2022	
	Number	WAEP	Number	WAEP
Outstanding at beginning of year	6,550,000	$0.100	4,300,000	$0.100
Expired options	-	-	-	-
Granted by the Company during the year	1,500,000	$0.019	2,250,000	$0.120
Outstanding at end of year	**8,050,000**	**$0.10**	**6,550,000**	**$0.120**
Exercisable at the end of year	**8,050,000**	**$0.10**	**6,550,000**	**$0.100**

The value of the options granted during the year was included in share capital as a capital raising cost.

Note 27: Related party disclosures

The Company's related parties include Key Management and others as described below.

Transactions with Key Management Personnel
The aggregate compensation made to Directors and other Key Management Personnel of the Company is set out below:

	30 June 2023 $	30 June 2022 $
Short-term employee benefits	434,835	424,874
Post – employment benefits	48,414	41,711
Share-based payments	221,121	16,893
Total	**704,370**	**483,478**

The amount of share-based payments is calculated in accordance with AASB 2.
More detailed information concerning the remuneration of key management is shown in the Remuneration report.

Other Notes to the Consolidated Financial Statements

Note 28: Interests in Subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 2 (w).

Name	Country of incorporation	30 June 2023 $	30 June 2022 $
Spectur New Zealand Limited	New Zealand	100%	51%
Three Crowns Technologies Pty Ltd	Australia	100%	-

In previous years the investment in Spectur NZ was accounted for using the equity method in accordance with AASB 128.

Note 29: Auditor's remuneration

The auditor of Spectur Limited is HLB Mann Judd.

	30 June 2023 **$**	**30 June 2022** **$**
Audit and review of the financial statements	**57,500**	**50,500**

Note 29: Events after the reporting date

The Directors are not aware of any matter or circumstance that has arisen since 30 June 2023 which significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group, in future financial years.

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 Group's financial position at 30 June 2023 and of its performance for the 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 financial year ended 30 June 2023.

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

Darren Cooper
Director
Dated this 29 September 2023

.

INDEPENDENT AUDITOR'S REPORT

To the Members of Spectur Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Spectur Limited ("the Company") and its controlled entities ("the Group"), which comprises the consolidated statement of financial position as at 30 June 2023, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the Group's financial position as at 30 June 2023 and of its financial performance for the year then ended; and

(b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group 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 financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matters described below to be the key audit matters to be communicated in our report.

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

Key Audit Matter	How our audit addressed the key audit matter
Revenue and related risk of fraud (Refer to Note 5)	
The total revenue from operations for the year ended 30 June 2023 is $7,367,578, with revenue being predominantly generated through equipment sales and rentals and subscriptions. Due to the material nature of this balance and the presumption of fraud risk over revenue recognition as prescribed by Australian Auditing Standards, this area has been subject to significant audit procedures. As a result, we considered this to be a key audit matter.	Our procedures included but were not limited to the following: – We reviewed the Group's accounting policy regarding the recognition and/or deferral of revenue in line with AASB 15 *Revenue from Contracts with Customers*; – We reviewed the calculation of deferred revenue to ensure that it is correctly calculated and in accordance with AASB 15; – We selected a sample of revenue transactions and agreed the transactions to underlying supporting documentation; – We performed audit procedures to ensure that revenue is materially complete, including procedures surrounding cut-off at balance date; and – We assessed the adequacy of the Group's disclosures in respect of revenue and deferred revenue.
Accounting for the acquisition of 3 Crowns Technologies Pty Ltd ("3CT") (Refer to Note 22)	
During the financial year, the Company completed the acquisition of 100% of the issued capital of 3CT. We have considered this to be a key audit matter as accounting for this transaction is a complex and judgemental exercise. Management is required to determine the fair values of the assets and liabilities assumed, in particular in determining the allocation of purchase consideration to the separately identifiable net assets. In addition, management is required to assess whether the acquisition is a business combination or an asset acquisition. We also considered this to be a key audit matter due to its size and importance to the users' understanding of the financial report.	Our audit procedures included but were not limited to the following: - We read the Share Purchase Agreement for the acquisition to understand the key terms and conditions; - We reviewed management's assessment whether the acquired assets constituted a business, and we conducted our own enquiries in this regard; - We agreed the fair value of consideration paid to supporting documentation; - We obtained evidence that the acquisition date assets and liabilities of the acquiree were fairly stated; - We considered the allocation of the purchase consideration to the assets and liabilities acquired; - We considered the Board's rationale in relation to impairing the goodwill recorded on the acquisition; and - We assessed the adequcy of the Group's disclosures in the financial report with respect to this business combination.

Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2023, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report, or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

HLB MANN JUDD
ADVISORY AND ACCOUNTING

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON THE REMUNERATION REPORT

Opinion on the Remuneration Report

We have audited the Remuneration Report included within the directors' report for the year ended 30 June 2023.

In our opinion, the Remuneration Report of Spectur Limited for the year ended 30 June 2023 complies with Section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

Perth, Western Australia
29 September 2023

L Di Giallonardo
Partner

ADDITIONAL SHAREHOLDER INFORMATION

SHAREHOLDING
The distribution of members and their holdings of equity securities in the Company as at 18 September 2023 were as follows:

Quoted Securities:
There is one class of quoted securities, being fully paid ordinary shares.

Category	Fully Paid Ordinary Shares	
(Size of holding)	Shareholders	Shares
1 – 1,000	43	6,847
1,001 – 5,000	59	187,051
5,001 – 10,000	113	906,393
10,001 – 100,000	475	19,861,365
100,001 and over	287	204,823,220
Total	**977**	**225,784,876**

There are 977 holders of ordinary shares.

b) Marketable parcel
Based on the price per security of $0.02, the number of holders with an unmarketable holding total 367, with total shares of 3,598,875, amounting to 1.59% of Issued Capital

c) Voting rights – Ordinary Shares
Every person present, who is a member, or a proxy, attorney or representative of a member has one vote upon a poll for each share held.

d) Substantial Shareholders
Substantial shareholders listed on the Company's register as at 15 September 2023.

Position	Holder Name	Holding	% IC
1	APPWAM PTY LTD	16,281,860	7.21%

e) On market buy-back
There is no on-market buy-back scheme in operation for the Company's quoted shares.

SHAREHOLDER INFORMATION (continued)

f) Twenty Largest Shareholders
The names of the twenty largest holders of each class of quoted equity security, being fully paid ordinary shares, the number of equity security each holds and the percentage of capital each hold at 18 September 2023 is as follows:

Position	Holder Name	Holding	% Held
1	APPWAM PTY LTD	16,281,860	7.21%
2	COASTALWATCH HOLDINGS PTY LTD	8,048,678	3.56%
3	JOMAHO INVESTMENTS PTY LTD	7,916,667	3.51%
4	SANDHURST TRUSTEES LTD <EQUIT INV DRAGONFLY A/C>	5,368,564	2.38%
5	MR PETER JOHN FERRIS	5,000,000	2.21%
6	FRY SUPER PTY LTD <INXS SUPER FUND A/C>	4,200,000	1.86%
7	BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	4,165,471	1.84%
8	MR GEORGE LIONTOS & MRS CRISTINA LIONTOS <FRANCIS ALEXANDRA S/F A/C>	3,776,111	1.67%
9	NATIONAL NOMINEES LIMITED	3,750,000	1.66%
10	MR DUMINDA SUDATH AMARAKOON & MRS GERALDINE GEETHANI ROSHINI AMARAKOON <DURO SUPERFUND A/C>	3,650,000	1.62%
11	GERARD JOHN DYSON	3,402,461	1.51%
12	MR DARREN JOHN COOPER	3,437,258	1.52%
13	SONDANCE PTY LTD <JOLPET A/C>	2,777,778	1.23%
14	MR MARK DAMION KAWECKI	2,700,361	1.20%
15	M&R BYRNE & ASSOCIATES PTY LTD	2,500,000	1.11%
16	BENJAMIN ALLAN YOUNG <THE YOUNG FAMILY A/C>	2,500,000	1.11%
17	MR ALISTAIR CHARLES JACKSON	2,500,000	1.11%
18	CAMDEN EQUITY PTY LTD <BYRNE HYBRID INVESTMENT A/C>	2,122,722	0.94%
19	EXWERE INVESTMENTS PTY LTD <EXWERE SUPER FUND A/C>	2,033,333	0.90%
20	FACOORY INVESTMENTS (QLD) PTY LTD	1,997,166	0.88%
	Total	**88,128,430**	**39.03%**

Unquoted Securities	Number of Securities	Number of Holders	Holders with more than 20%
Options (Exercisable at $0.10, expiring 30 June 2024)	2,200,000	4	Refer A Below
Options (Exercisable at $0.13, expiring 30 June 2024)	2,100,000	3	Gerard Dyson (or his nominee) holds 52.4%, Darren Cooper and Bilyana Smith hold 23.8% each.
Options (Exercisable at $0.12, expiring 31 Dec 2023)	2,250,000	1	EGP (or nominee) holds 100% of the Options on issue.
Options (Exercisable at $0.066, expiring 7 Sept 2024)	41,839,035	146	Nil
Options (Exercisable at $0.066, expiring 7 Sept 2024)	1,500,000	1	100% of these Options are held by Reach Corporate.
Performance Rights	19,783,062	7	Gerard Dyson (or his nominee) holds 8,763,522 Performance Rights which is equal to 44.3% of the Performance Rights on issue.
Service Rights	7,000,000		Gerard Dyson (or his nominee) holds 6,000,000 Service Rights which is equal to 85.7% of the Service Rights on issue. Suzie Foreman (or her nominee) holds 1,000,000, which is equal to 14.3% of the Service Rights on issue.

A) Holders of More than 20% of Options (Exercisable at $0.10, expiring 30 June 2024)

Position	Holder Name	Holding	% Held
1	SUZIE FOREMAN	500,000	22.73%
2	FREDERIK MARE	600,000	27.27%
3	NICHOLAS LE MARSHALL	800,000	36.36%
4	ROBIN WALFORD	300,000	13.64%
	Total	**2,200,000**	**100.00%**

Voting rights
Unquoted options or performance rights do not entitle the holder to any voting rights.

OTHER ASX INFORMATION

1. Corporate Governance
A statement disclosing the extent to which the Company has followed the best practice recommendations set by the ASX Corporate Governance Council during the year is contained in Appendix 4G.

This corporate governance statement lodged on the same day as the Annual Report is current as at the Company's reporting date and has been approved by the Board of the Company.

2. Stock exchange on which the Company's securities are quoted:
The Company's listed equity securities are quoted on the Australian Securities Exchange.

3. Restricted Securities
There are no restricted securities on issue.