

## Chairman's Address 2017

On behalf of Scantech Limited Board and Management I am pleased to welcome you to the 2017 AGM.

During the year under review, the Company implemented a further share buyback. Shareholders holding 1,089,792 shares agreed to a share buyback at \$0.65 per share which was approved at a special general meeting of the Company in May and completed by the end of June.

After the buyback, the Company has on issue 13,622,371 shares. It was expected that many shareholders with small parcels would take the opportunity to participate in the buyback, however with the completion of the buyback, the Company has 203 shareholders of which 111 have less than 5,000 shares.

At the end of the year, shareholder funds were \$11,232,843 which represents \$0.6421 in net tangible assets per share.

Revenue for the year under review was down slightly to \$12,955,004, with profit after tax increased to \$144,381. While the reduction in revenue was disappointing, the Company was able to make significant savings in expenses. Expenses were down across all divisions of the Company, apart from Administration which was adversely impacted by increased amortisation and depreciation. The Company expects to make further savings in Administration in the current year.

Equipment orders on hand at year end were still a very healthy \$6,295,915 and orders have been strong in the first quarter of the current year, with more than \$2.5M in orders received to 30 September 2017 across the cement and minerals sectors.

The marketing team continue to explore new opportunities and markets for the Company's products. with an increase in the quantity of the project proposals recorded in the first quarter. While many proposals issued will have a long lead time, and others will not lead to orders, the number of proposals issued is an indication of the commitment of the marketing team to the success of the Company.

The Company is confident that product revenue will increase in the current year.

Service revenue for the year increased to \$7.658M and is expected to increase to in excess of \$8M in the current year.

Once again, Scantech's team has worked diligently during the year to obtain success for the Company and its shareholders. I have mentioned the commitment of the marketing team, but that commitment is evident across every division of the Company, whether manufacturing, engineering, product optimisation and service and administration.

The Company recognises the efforts and dedication of all of its staff and management.

As you will see, one of the items of business today is to appoint new auditors. BDO, and before them, PKF have been the auditors of the Company since 1999 and I would like to acknowledge the valuable service that BDO and their predecessor have provided.

The Board however took the view that it is time for a change and will recommend to the meeting the appointment of Bentleys SA Audit Partnership as the auditors of the Company.

I thank our Managing Director, David Lindeberg, our Company Secretary, Valerie Steer and my fellow Directors Laurie Brett and Dean Brown for their contribution during the year.

Today I particularly want to thank Dean. As you would be aware, Dean is retiring as a Director with effect from today. I would like to take this opportunity of thanking Dean for his contribution to the Company. Dean has been a Director for more than 10 years, having been appointed on 29 June 2007.

When I first approached Dean about joining the Board he knew very little about Scantech. I was very grateful when he agreed to join the Board.

Dean's background and tremendous experience in public and business life is unparalleled and he has used all of that experience to make an invaluable contribution to the Company, during his time on the Board, particularly in opening doors in government on occasions when that has been required.

On behalf of the Company I thank you for your service, and wish you and Rosslyn all the best for the future.

Peter Pedler

Chairman

26 October 2017