

Scantech Limited
ACN: 007 954 627
Incorporated in South Australia

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SCANTECH LIMITED

ACN: 007 954 627

HALF YEARLY REPORT

31 December 2015

DIRECTORS' REPORT

The Directors submit the financial report of Scantech Limited for the half year ended 31 December 2015.

Directors

The names of Directors who held office during or since the end of the half year are;

Peter Pedler - Chairman since 1 September 2005 and Non-Executive Director since 12 August 2003.

David Lindeberg – Managing Director and a Director since 20 January 2000.

Laurance Brett - Non-Executive Director since 1 September 2005.

Dean Brown – Non-Executive Director since 29 June 2007.

Reviews & Results of Operations

The Company announces an unaudited loss before tax for the half year ended 31 December 2015 of \$798,132 compared to \$458,554 profit for the same period last year.

A tax benefit of \$233,870 brings the unaudited loss after tax for the half year ended 31 December 2015 to \$564,262 compared to a \$314,521 profit for the same period last year. This loss includes a gain of \$16,218 for exchange variance.

Sales were \$4,826,605 (2014: \$6,217,669) a decrease of 22% over last year.

The Company had equipment orders on hand of \$8.2M as at the 31 December 2015 compared to \$3.6M on hand at 31 December 2014.

Auditor's Independence Declaration

The auditors' independence declaration under section 307C is attached.

This report is signed in accordance with a resolution of the Board of Directors.



Peter Pedler
Chairman
Adelaide, 10th February 2016

**DECLARATION OF INDEPENDENCE
BY PAUL GOSNOLD
TO THE DIRECTORS OF SCANTECH LIMITED**

As lead auditor for the review of Scantech Limited for the half-year ended 31 December 2015, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Scantech Limited and the entities it controlled during the period.



Paul Gosnold
Director

BDO Audit (SA) Pty Ltd

Adelaide, 10 February 2016

SCANTECH LIMITED AND ITS CONTROLLED ENTITIES
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR HALF YEAR ENDED 31 DECEMBER 2015

		Consolidated Entity	
	Note	31 December 2015	31 December 2014
		\$	\$
Revenue	3	4,826,605	6,217,669
Cost of Sales		<u>(2,233,214)</u>	<u>(2,652,593)</u>
Gross Profit		2,593,391	3,565,076
Profit / (Loss) on Sale of Property, Plant and Equipment		0	13,000
Other Income	3	5,506	1,789
Interest Received	3	66,878	94,842
Manufacturing Expenses		(383,263)	(390,523)
Engineering and Scientific Expenses		(1,085,872)	(938,423)
Marketing Expenses		(1,014,486)	(920,931)
Administration Expenses		(918,695)	(904,283)
Borrowing Costs		<u>(61,591)</u>	<u>(61,993)</u>
Profit / (Loss) before Income Tax		(798,132)	458,554
Income Tax (Expense) / Benefit		<u>233,870</u>	<u>(144,033)</u>
Profit / (Loss) after Income Tax Attributable to Owners of the Parent Entity		<u>(564,262)</u>	<u>314,521</u>
Other Comprehensive Income for the period		0	0
Total Comprehensive Income attributable to Owners of the Parent Entity		<u>(564,262)</u>	<u>314,521</u>
Basic Earnings per Share		(0.04)	0.02
Diluted Earnings per Share		(0.04)	0.02

The above Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

SCANTECH LIMITED AND ITS CONTROLLED ENTITIES
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2015

Consolidated Entity			
	Note	31 December 2015	30 June 2015
		\$	\$
CURRENT ASSETS			
Cash and Cash Equivalents		3,742,083	3,267,795
Trade and Other Receivables		1,021,084	2,720,916
Current Tax Asset		0	181,366
Inventories	4	3,480,031	3,774,412
Amount due from Customers	5	2,575,219	1,007,643
Financial Assets	6	2,238,583	4,191,254
TOTAL CURRENT ASSETS		13,057,000	15,143,386
NON-CURRENT ASSETS			
Financial Assets	6	1,000	1,000
Property, Plant and Equipment		3,246,784	3,261,137
Patents, Trademarks and Licences		830,872	832,323
Product Development		1,716,045	1,716,045
Deferred Tax Asset		407,124	179,752
TOTAL NON-CURRENT ASSETS		6,201,825	5,990,257
TOTAL ASSETS		19,258,825	21,133,643
CURRENT LIABILITIES			
Trade and Other Payables		3,732,667	3,192,587
Amount due to Customers	5	1,099,731	1,284,466
Other Provisions		478,836	445,398
TOTAL CURRENT LIABILITIES		5,311,234	4,922,451
NON-CURRENT LIABILITIES			
Financial Liabilities		2,000,000	2,000,000
Other Provisions		15,247	52,714
Deferred Tax Liability		852,856	859,354
TOTAL NON-CURRENT LIABILITIES		2,868,103	2,912,068
TOTAL LIABILITIES		8,179,337	7,834,519
NET ASSETS		11,079,488	13,299,124
EQUITY			
Contributed Equity	7	5,470,385	7,125,759
Reserves		519,491	519,491
Retained Earnings		5,089,612	5,653,874
TOTAL EQUITY		11,079,488	13,299,124

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

SCANTECH LIMITED AND ITS CONTROLLED ENTITIES
STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2015

	Ordinary Share Capital	Retained Earnings/ (Accumulated Losses)	Premium on Consolidation	Asset Revaluation Reserve	Total
	\$	\$	\$	\$	\$
Consolidated Entity					
Balance as at 1 July 2014	7,125,759	4,683,138	13,139	506,352	12,328,388
Total comprehensive income for the half-year					
Profit for the half-year	0	314,521	0	0	314,521
Consolidated Entity					
Balance as at 31 December 2014	7,125,759	4,997,659	13,139	506,352	12,642,909

	Ordinary Share Capital	Retained Earnings/ (Accumulated Losses)	Premium on Consolidation	Asset Revaluation Reserve	Total
	\$	\$	\$	\$	\$
Consolidated Entity					
Balance as at 1 July 2015	7,125,759	5,653,874	13,139	506,352	13,299,124
Total comprehensive income for the half-year					
Loss for the half-year	0	(564,262)	0	0	(564,262)
Transactions with owners in their capacity as owners					
Share buy-back	(1,655,374)	0	0	0	(1,655,374)
Consolidated Entity					
Balance as at 31 December 2015	5,470,385	5,089,612	13,139	506,352	11,079,488

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

SCANTECH LIMITED AND ITS CONTROLLED ENTITIES
CASH FLOW STATEMENT
FOR HALF YEAR ENDED 31 DECEMBER 2015

	Consolidated Entity	
	31 December 2015	31 December 2014
	\$	\$
<u>Cash flows from operating activities:</u>		
Receipts from Customers	4,820,038	6,440,237
Payments to Suppliers and Employees	(4,783,048)	(5,817,662)
Interest Received	68,280	91,962
Interest Paid	(61,591)	(61,993)
Income Taxes (Paid) / Received	181,366	(130,582)
Other Income	5,506	1,789
Net cash provided by operating activities	230,551	523,751
<u>Cash flows from investing activities:</u>		
Payments for Property, Plant and Equipment	(23,332)	(15,137)
Receipts from Sales of Property, Plant and Equipment	0	13,000
Payments for Patents, Trademarks and Licences	(30,228)	0
Net Receipts / (Payments) from movements in Financial Assets	1,952,671	(44,847)
Net cash provided by / (used in) investing activities	1,899,111	(46,984)
<u>Cash flows from financing activities:</u>		
Share buy-back	(1,655,374)	0
Net cash used in financing activities	(1,655,374)	0
 Net increase in cash held	 474,288	 476,767
Cash at the beginning of the financial year	3,267,795	1,494,828
Cash at the end of the half year	3,742,083	1,971,595
 <u>Reconciliation of cash:</u>		
For the purposes of the Cash Flow Statement, cash includes cash on hand and at bank net of outstanding bank overdrafts.		
 Cash as at the end of the financial year as shown in the Cash Flow Statement is reconciled to the related items in the Statement of Financial Position as follows:		
 Cash and Cash Equivalents	 3,742,083	 1,971,595

The above Cash Flow Statement should be read in conjunction with the accompanying notes.

**SCANTECH LIMITED AND ITS CONTROLLED ENTITIES
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR HALF YEAR ENDED 31 DECEMBER 2015**

1 BASIS OF PREPARATION OF FINANCIAL REPORT

This general purpose condensed financial report for the half-year ended 31 December 2015 has been prepared in accordance with AASB134 Interim Financial Reporting and the Corporations Act 2001.

The half-year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report.

It is recommended that the half-year financial report be read in conjunction with the annual report for the year ended 30 June 2015 and considered together with any public announcements made by Scantech Limited during the half-year ended 31 December 2015 in accordance with the continuous disclosure of the Corporations Act 2001.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the company's 2015 annual financial report for the financial year ended 30 June 2015. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

New and revised Standards and amendments thereof and interpretations effective for the current half-year that are relevant to the Group have been adopted and include:

- AASB 2015 – 3 – ‘Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality’

The introduction of this standard completes the withdrawal of references to AASB 1031 in all Australian Accounting Standards and Interpretations.

2 REPORTING BASIS AND CONVENTIONS

The half-year report has been prepared on an accrual basis and is based on historical costs except for the revaluation of selected non-current assets for which the fair value basis of accounting has been applied.

SCANTECH LIMITED AND ITS CONTROLLED ENTITIES
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR HALF YEAR ENDED 31 DECEMBER 2015

Consolidated Entity

	31 December 2015	31 December 2014
	\$	\$
3 REVENUE AND OTHER INCOME		
Included in Statement of Profit or Loss and Other Comprehensive Income are the following revenue and other income items:		
Products Revenue	2,381,633	3,091,162
Services Revenue	2,444,972	3,126,507
Total Revenue	<u>4,826,605</u>	<u>6,217,669</u>
Other Income	5,506	1,789
Interest Received	66,878	94,842
Net Foreign Exchange Gain / (Loss)	16,218	32,201
	31 December 2015	30 June 2015
	\$	\$
4 INVENTORIES		
<u>Current:</u>		
Raw Materials and Stores at cost	923,806	851,471
Work in Progress	2,556,225	2,922,941
	<u>3,480,031</u>	<u>3,774,412</u>
5 CONTRACTS IN PROGRESS		
Cost Incurred plus Profit to Date	19,099,849	19,974,725
Less Billings	(17,624,361)	(20,251,548)
Net Amount	<u>1,475,488</u>	<u>(276,823)</u>
<u>Represented By:</u>		
Amounts due from Customers (Asset)	2,575,219	1,007,643
Amounts due to Customers (Liability)	(1,099,731)	(1,284,466)
Contracts in Progress (Net Amount)	<u>1,475,488</u>	<u>(276,823)</u>
6 FINANCIAL ASSETS		
<u>Non-Current:</u>		
Shares – Other Corporations (at cost)	1,000	1,000
	<u>1,000</u>	<u>1,000</u>
<u>Current:</u>		
Amounts on Deposits at Banks	2,238,583	4,191,254
	<u>2,238,583</u>	<u>4,191,254</u>

SCANTECH LIMITED AND ITS CONTROLLED ENTITIES
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR HALF YEAR ENDED 31 DECEMBER 2015

Consolidated Entity

	31 December 2015 \$	30 June 2015 \$
7 CONTRIBUTED EQUITY		
<u>Issued and Paid Up Capital:</u>		
At the beginning of the reporting period	7,125,759	7,125,759
Share buy-back	(1,655,374)	0
At reporting date	5,470,385	7,125,759
	31 December 2015	30 June 2015
<u>Ordinary Shares:</u>	Number of shares	Number of shares
At beginning of the reporting period	17,562,066	17,562,066
Share buy-back	(2,849,903)	0
At reporting date	14,712,163	17,562,066

Changes to the Corporations Law abolished the authorised capital and par value concept in relation to share capital from 1 July 1998. Therefore, the Company does not have limited amount of authorised capital and issued shares do not have a par value. Ordinary shares carry one vote per share and the rights to dividends.

8 FAIR VALUE MEASUREMENT

The only assets and liabilities recognised and measured at fair value on a recurring basis are land and buildings.

Land and buildings are categorised according to the fair value hierarchy as Level 2 – inputs other than quoted prices included in level 1 that are observable for the assets or liabilities, either directly or indirectly. There were no transfers between levels during the financial half-year.

The carrying amount of financial assets and financial liabilities approximate their fair value.

9 CONTINGENT LIABILITIES AND CONTINGENT ASSETS

The Group has a contingent liability of \$1,412,869 (June 2015: \$781,410) in relation to a Deed of Deposit and set off over Term Deposit Funds lodged with the bank as cash cover for Bank Guarantee / Letter of Credit facilities.

10 DIRECTORS SHAREHOLDINGS AND OPTIONS – DIRECT AND INDIRECT INTEREST AS AT 31 DECEMBER 2015

There were no Director Share Option Deeds executed and no options remain outstanding as at 31 December 2015.

Directors Shareholdings (Beneficial Interests) – Direct and Indirect Interest:

Name of Director	Number of Shares
David Lindeberg	4,066,928
Dean Brown	55,000
Peter Pedler	828,885
Laurance Brett	1,156,602
Total	6,107,415

11 EVENTS AFTER THE STATEMENT OF FINANCIAL POSITION DATE

There have been no material events after the reporting period that provide evidence of conditions that existed at the end of the reporting period.

Scantech Limited Public Company A.C.N. 007 954 627
And Controlled Entities
Directors' Declaration – Half Year

In accordance with a resolution of the directors of Scantech Limited, we state that:

In the opinion of the directors:

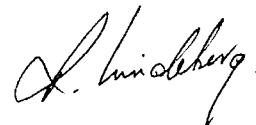
- (a) The financial statements and notes of the consolidated entity are in accordance with the Corporations Act 2001, including:
 - (i) Giving a true and fair view of the financial position as at 31 December 2015 and performance for the half-year ended on that date of the consolidated entity
 - (ii) Complying with Accounting Standard AASB134 Interim Financial Reporting and the Corporations Regulations 2001.
- (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.

Signed in accordance with a resolution of directors made pursuant to section 305(5)(a) of the Corporations Act 2001.

On behalf of the Board



Chairman
P Pedler



Managing Director
D Lindeberg

Signed in Adelaide, this 10th day of February, 2016

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF SCANTECH LIMITED

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Scantech Limited, which comprises the statement of financial position as at 31 December 2015, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the half-year ended on that date, notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Scantech Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Scantech Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

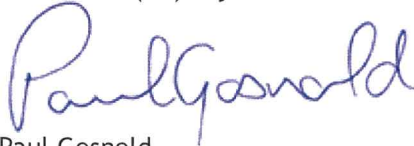
Conclusion

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

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*

A stylized, handwritten signature of 'BDO' in blue ink.

BDO Audit (SA) Pty Ltd

A handwritten signature in blue ink that reads 'Paul Gosnold'.

Paul Gosnold
Director

Adelaide, 10 February 2016