

***SCANTECH LIMITED
AND ITS CONTROLLED ENTITIES***

ACN: 007 954 627

HALF YEARLY REPORT

31 December 2021

DIRECTORS' REPORT

The Directors submit the financial report of Scantech Limited for the half year ended 31 December 2021.

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.

Reviews & Results of Operations

The Group announces an unaudited profit before tax for the half year ended 31 December 2021 of \$1,417,853 compared to \$3,399,182 for the same period last year.

A tax expense of \$304,534 brings the unaudited profit after tax for the half year ended 31 December 2021 to \$1,113,319 compared to \$2,548,949 for the same period last year. This profit includes a gain of \$1,015 for exchange variance.

Sales were \$7,831,802 (2020: \$11,010,035) a decrease of 28.9% over last half year.

The Group had equipment orders on hand of \$8.9M as at the 31 December 2021 compared to \$9.9M on hand at 31 December 2020.

On the 18 November 2021 the Company announced a \$0.40 per share fully franked special dividend on 13,026,898 shares totalling \$5,210,759.

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, 18th February 2022



Bentleys SA Audit Partnership

Level 5
63 Pirie Street
Adelaide SA 5000

GPO Box 939
Adelaide SA 5001

ABN 43 877 091 903

T +61 8 8372 7900
F +61 8 8372 7999

admin@adel.bentleys.com.au
bentleys.com.au

Scantech Limited

ACN: 007 954 627

Declaration of independence to the directors of Scantech Limited

As lead auditor for the review of Scantech Limited for the half-year ended 31 December 2021, I declare that, to the best of my knowledge and belief, there have been:

- (i) no contraventions of the auditor's independence requirements as set out in the Corporations Act 2001 in relation to the review; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the review.

Bentleys SA Audit Partnership

DAVID FRANCIS
PARTNER

Dated at Adelaide this 18th day of February 2022

SCANTECH LIMITED AND ITS CONTROLLED ENTITIES
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR HALF YEAR ENDED 31 DECEMBER 2021

Consolidated Entity			
	Note	31 December 2021	31 December 2020
		\$	\$
Revenue	3	7,831,802	11,010,035
Cost of Sales		(3,344,137)	(5,682,284)
Gross Profit		4,487,665	5,327,751
Profit on Sale of Property, Plant & Equipment		8,188	0
Other Income	3	181,136	134,468
Manufacturing Expenses		(438,960)	(254,479)
Engineering and Scientific Expenses		(1,315,912)	(639,912)
Marketing Expenses		(506,650)	(397,726)
Administration Expenses		(973,026)	(739,973)
Borrowing Costs		(24,588)	(30,947)
Profit before Income Tax		1,417,853	3,399,182
Income Tax Expense		(304,534)	(850,233)
Profit after Income Tax Attributable to Owners of the Parent Entity		1,113,319	2,548,949
Other Comprehensive Income for the period			
Gain / (Loss) on revaluation of investment shares (net of \$25,328 deferred tax, 2021 \$145,543)		75,983	414,236
Gain on 1% tax rate deduction on deferred tax		21,483	7,842
Total Comprehensive Income attributable to Owners of the Parent Entity		1,210,785	2,971,027

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 2021

Consolidated Entity			
	Note	31 December 2021	30 June 2021
		\$	\$
CURRENT ASSETS			
Cash and Cash Equivalents		4,516,037	3,118,138
Trade and Other Receivables		1,051,187	2,024,913
Inventories	5	4,072,460	4,153,430
Amount due from Customers	6	1,548,214	1,188,221
Financial Assets	7	5,500,000	10,500,000
TOTAL CURRENT ASSETS		16,687,898	20,984,702
NON-CURRENT ASSETS			
Financial Assets	7	4,521,713	4,367,417
Property, Plant and Equipment		3,630,806	3,625,239
Right-of-use Asset	8	133,147	186,406
Patents, Trademarks and Licences		471,264	511,505
Product Development		1,716,045	1,716,045
Deferred Tax Asset		471,289	428,268
TOTAL NON-CURRENT ASSETS		10,944,264	10,834,880
TOTAL ASSETS		27,632,162	31,819,582
CURRENT LIABILITIES			
Trade and Other Payables		7,945,458	7,898,551
Amount due to Customers	6	2,559,184	2,094,944
Provision for Income Tax		90,200	862,532
Other Provisions		935,477	780,682
Right-of-use Liability	9	109,461	107,280
TOTAL CURRENT LIABILITIES		11,639,780	11,743,989
NON-CURRENT LIABILITIES			
Other Provisions		42,876	43,271
Deferred Tax Liability		1,154,019	1,181,600
Right-of-use Liability	9	28,764	84,025
TOTAL NON-CURRENT LIABILITIES		1,225,659	1,308,896
TOTAL LIABILITIES		12,865,439	13,052,885
NET ASSETS		14,766,723	18,766,697
EQUITY			
Contributed Equity	10	4,374,962	4,374,962
Reserves		1,700,328	1,602,862
Retained Earnings		8,691,433	12,788,873
TOTAL EQUITY		14,766,723	18,766,697

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 2021

	Ordinary Share Capital	Retained Earnings/ (Accumulated Losses)	Premium on Consolidation	Asset Revaluation Reserve	Total
	\$	\$	\$	\$	\$
Consolidated Entity Balance as at 1 July 2020	4,374,962	7,535,710	13,139	379,030	12,302,841
Profit for the half-year	0	2,548,949	0	0	2,548,949
Other comprehensive income	0	0	0	422,078	422,078
Consolidated Entity Balance as at 31 December 2020	4,374,962	10,084,659	13,139	801,108	15,273,868
	Ordinary Share Capital	Retained Earnings/ (Accumulated Losses)	Premium on Consolidation	Asset Revaluation Reserve	Total
	\$	\$	\$	\$	\$
Consolidated Entity Balance as at 1 July 2021	4,374,962	12,788,873	13,139	1,589,723	18,766,697
Profit for the half-year	0	1,113,319	0	0	1,113,319
Other comprehensive income	0	0	0	97,466	97,466
Special Dividend Recognised during the reporting period	0	(5,210,759)	0	0	(5,210,759)
Consolidated Entity Balance as at 31 December 2021	4,374,962	8,691,433	13,139	1,687,189	14,766,723

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

SCANTECH LIMITED AND ITS CONTROLLED ENTITIES
CASHFLOW STATEMENT
FOR HALF YEAR ENDED 31 DECEMBER 2021

	Consolidated Entity	
	31 December 2021	31 December 2020
	\$	\$
<u>Cash flows from operating activities:</u>		
Receipts from Customers	9,061,226	10,835,543
Payments to Suppliers and Employees	(6,557,312)	(8,645,451)
Interest Received	17,771	23,104
Interest Paid	(24,588)	(30,947)
Income Taxes Paid	(1,151,313)	(585,288)
Other Income	0	50,000
Net cash provided by operating activities	1,345,784	1,646,961
<u>Cash flows from investing activities:</u>		
Payments for Property, Plant and Equipment	(80,424)	(26,917)
Receipts from Sales of Property, Plant and Equipment	22,727	0
Dividends Received	163,538	62,397
Payments for Patents, Trademarks and Licences	(1,658)	(6,810)
Payments for Investment Shares	(52,985)	(62,433)
Net Payments from movements in Financial Assets	5,000,000	(3,998,330)
Net cash used in investing activities	5,051,198	(4,032,093)
<u>Cash flows from financing activities:</u>		
Repayment of Mortgage Loan	0	(975,000)
Lease Payments	(56,494)	(55,490)
Dividend Paid	(4,942,589)	0
Net cash provided used in financing activities	(4,999,083)	(1,030,490)
Net (decrease) / increase in cash held	1,397,899	(3,415,622)
Cash at the beginning of the financial year	3,118,138	5,601,726
Cash at the end of the half year	4,516,037	2,186,104
<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	4,516,037	2,186,104

The above Cashflow 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 2021**

1 BASIS OF PREPARATION OF FINANCIAL REPORT

This general purpose condensed financial report for the half-year ended 31 December 2021 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 2021 and considered together with any public announcements made by Scantech Limited during the half-year ended 31 December 2021 and 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 Groups 2021 annual financial report for the financial year ended 30 June 2021. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

There are no new or revised standards and amendments effective for the current half-year that are relevant to the Group.

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.

3 REVENUE AND OTHER INCOME

Included in profit or loss are the following revenue and other income items:

	Consolidated Entity	
	31 December 2021	31 December 2020
	\$	\$
Products Revenue	2,815,264	5,407,506
Services Revenue	5,016,538	5,602,529
Total Revenue	7,831,802	11,010,035
Sundry Income	0	50,000
Net Foreign Exchange Gain	1,015	0
Interest Received	16,583	22,071
Franked Dividend Income	163,538	62,397
Total Other Income	181,136	134,468

SCANTECH LIMITED AND ITS CONTROLLED ENTITIES
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR HALF YEAR ENDED 31 DECEMBER 2021

		Consolidated Entity	
		31 December 2021	30 June 2021
		\$	\$
4 DIVIDENDS			
	<u>Dividends provided for or paid by the Parent Entity are:</u>		
	(i) No final dividend	0	0
	(ii) No interim dividend	0	0
	(iii) Special Dividend	5,210,759	0
	(iv) No final dividend is recommended by the Directors	0	0
	On the 18 November 2021 the Company announced a \$0.40 per share fully franked special dividend on 13,026,898 shares totalling \$5,210,759.		
	<u>Franking Credit Balance:</u>		
	The amount of franking credits available for the subsequent financial year are:		
	Franking account balance as at the end of the half year at 25% (2021 26%)	2,797,882	3,313,401
	Franking credits that will arise from the payment of income tax payable as at the end of the half year	90,200	862,532
		<u>2,888,082</u>	<u>4,175,933</u>
5 INVENTORIES			
	<u>Current:</u>		
	Raw Materials and Stores at cost	1,421,748	1,959,263
	Work in Progress	2,650,712	2,194,167
		<u>4,072,460</u>	<u>4,153,430</u>
6 CONTRACTS IN PROGRESS			
	Cost Incurred plus Profit to Date	21,414,064	22,547,551
	Less Billings	(22,425,034)	(23,454,274)
	Net Amount	<u>(1,010,970)</u>	<u>(906,723)</u>
	<u>Represented By:</u>		
	Amounts due from Customers (Asset)	1,548,214	1,188,221
	Amounts due to Customers (Liability)	(2,559,184)	(2,094,944)
	Contracts in Progress (Net Amount)	<u>(1,010,970)</u>	<u>(906,723)</u>
7 FINANCIAL ASSETS			
	<u>Current:</u>		
	Amounts on Deposits at Banks	5,500,000	10,500,000
	<u>Non-Current:</u>		
	Shares – Listed Entities (at market value)	<u>4,521,713</u>	<u>4,367,417</u>

SCANTECH LIMITED AND ITS CONTROLLED ENTITIES
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR HALF YEAR ENDED 31 DECEMBER 2021

		Consolidated Entity	
		31 December 2021	30 June 2021
		\$	\$
8 RIGHT-OF-USE ASSET			
Right-of-use Asset		395,922	395,922
Accumulated Depreciation		(262,775)	(209,516)
Total Right-of-use Asset		<u>133,147</u>	<u>186,406</u>
Movement In Carrying Amounts:			
Right-of-use Asset at the beginning of the reporting period		395,922	391,901
Additions		0	4,021
Right-of-use Asset at reporting date		<u>395,922</u>	<u>395,922</u>
Accumulated Depreciation at the beginning of the reporting period		(209,516)	(95,798)
Depreciation Expense		(53,259)	(113,718)
Accumulated Depreciation at reporting date		<u>(262,775)</u>	<u>(209,516)</u>
Carrying Amount of Right-of-use Asset at reporting date		<u>133,147</u>	<u>186,406</u>
Amounts recognised in profit or loss			
Depreciation expense on right-of-use asset		53,259	113,718
Interest Expense on lease liabilities		3,414	9,751
		<u>56,673</u>	<u>123,469</u>
Scantech marketing offices are located in Brisbane under a lease. The average lease term is 3 years.			
9 RIGHT-OF-USE LIABILITY			
<u>Current:</u>			
Right-of-use Liability – Brisbane Office		109,461	107,280
		<u>109,461</u>	<u>107,280</u>
<u>Non-Current:</u>			
Right-of-use Liability – Brisbane Office		28,764	84,025
		<u>28,764</u>	<u>84,025</u>
10 CONTRIBUTED EQUITY			
<u>Issued and Paid Up Capital:</u>			
At the beginning of the reporting period		4,374,962	4,374,962
At reporting date		<u>4,374,962</u>	<u>4,374,962</u>
		31 December 2021	30 June 2021
<u>Ordinary Shares:</u>		Number of shares	Number of shares
At beginning of the reporting period		13,026,898	13,026,898
At reporting date		<u>13,026,898</u>	<u>13,026,898</u>

SCANTECH LIMITED AND ITS CONTROLLED ENTITIES
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR HALF YEAR ENDED 31 DECEMBER 2021

11 FAIR VALUE MEASUREMENT

The only assets and liabilities recognised and measured at fair value on a recurring basis are land and buildings and shares in Australian Listed Entities.

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.

In the absence of an active market for an identical asset or liability, the Group selects and uses one or more valuation techniques to measure the fair value of the asset or liability. The Group selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the Group are consistent with one or more of the following valuation approaches:

- Market approach: valuation techniques that use prices and other relevant information generated by market transactions for identical or similar assets or liabilities.
- Income approach: valuation techniques that convert estimated future cash flows or income and expenses into a single discounted present value
- Cost approach: valuation techniques that reflect the current replacement cost of an asset at its current service capacity

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the Group gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

SCANTECH LIMITED AND ITS CONTROLLED ENTITIES
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR HALF YEAR ENDED 31 DECEMBER 2021

11 FAIR VALUE MEASUREMENT (CONT'D)

Recurring and Non-recurring Fair Value Measurement Amounts and the Level of the Fair Value Hierarchy within which the Fair Value Measurement Are Categorised

Fair Value Measurements at 31 December 2021 Using:

	Quoted Prices in Active Markets for Identical Assets \$	Significant Observable Inputs Other than Level 1 Inputs \$	Significant Unobservable Inputs \$
Description	(Level 1)	(Level 2)	(Level 3)
Recurring fair value measurements			
Reinvestment in Shares for the half year period ending 31 December 2021			
- Listed Entities	55,780	-	-
Investment in shares of			
- Listed Entities	4,465,933	-	-
Land and Buildings	-	3,282,156	-
Non- Recurring fair value measurements	-	-	-

Fair Value Measurements at 30 June 2021 Using:

	Quoted Prices in Active Markets for Identical Assets \$	Significant Observable Inputs Other than Level 1 Inputs \$	Significant Unobservable Inputs \$
Description	(Level 1)	(Level 2)	(Level 3)
Recurring fair value measurements			
Investment in shares of			
- Listed Entities	4,367,417	-	-
Land and Buildings	-	3,300,000	-
Non-Recurring fair value measurements	-	-	-

There were no transfers between Level 1 and Level 2 Fair Values

**SCANTECH LIMITED AND ITS CONTROLLED ENTITIES
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR HALF YEAR ENDED 31 DECEMBER 2021**

11 FAIR VALUE MEASUREMENT (CONT'D)

Valuation Techniques and Inputs Used to Determine Level 2 Fair Values

Description	Fair Value at 31 December 2021 \$	Description of Valuation Techniques	Inputs Used
Level 2			
Land and Buildings	3,282,156	Sales price comparison	Sales prices of comparable land and buildings in a similar location are analysed on the bases of rate per square metre of gross lettable area

There were no changes during the period in the valuation techniques used by the Group to determine Level 2 fair values.

Aggregate fair values and carrying amounts of financial assets and financial liabilities at the end of the reporting period.

	December 2021 \$		June 2021 \$	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
<u>Financial Assets:</u>				
Cash and Cash Equivalents	4,516,037	4,516,037	3,118,138	3,118,138
Trade and Other Receivables	1,051,187	1,051,187	2,024,913	2,024,913
Amounts due from customers	1,548,214	1,548,214	1,188,221	1,188,221
Held to Maturity Investments	5,500,000	5,500,000	10,500,000	10,500,000
Shares – Listed Entities	4,521,713	4,521,713	4,367,417	4,367,417
<u>Financial Liabilities:</u>				
Trade and Other Payables	(7,945,458)	(7,945,458)	(7,898,551)	(7,898,551)
Amounts due to customers	(2,559,184)	(2,559,184)	(2,094,944)	(2,094,944)
Net Exposure	6,632,509	6,632,509	11,205,194	11,205,194

12 CONTINGENT LIABILITIES AND CONTINGENT ASSETS

The Group has a contingent liability of \$0 (June 2021: \$0) 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.

13 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 2021 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 Group 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 18th day of February 2022



Bentleys SA Audit Partnership

Level 5
63 Pirie Street
Adelaide SA 5000

GPO Box 939
Adelaide SA 5001

ABN 43 877 091 903

T +61 8 8372 7900
F +61 8 8372 7999

admin@adel.bentleys.com.au
bentleys.com.au

INDEPENDENT AUDITOR'S 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 ("the Group"), which comprises the statement of financial position as at 31 December 2021, 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 Group and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the Group 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 2021 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 2021 and of its performance for the half-year ended on that date; and
- b) Complying with Accounting Standard AASB 134 Interim Financial Reports and Corporations Regulations 2001.

BENTLEYS SA AUDIT PARTNERSHIP



DAVID FRANCIS
PARTNER

Dated this 18th day of February 2022