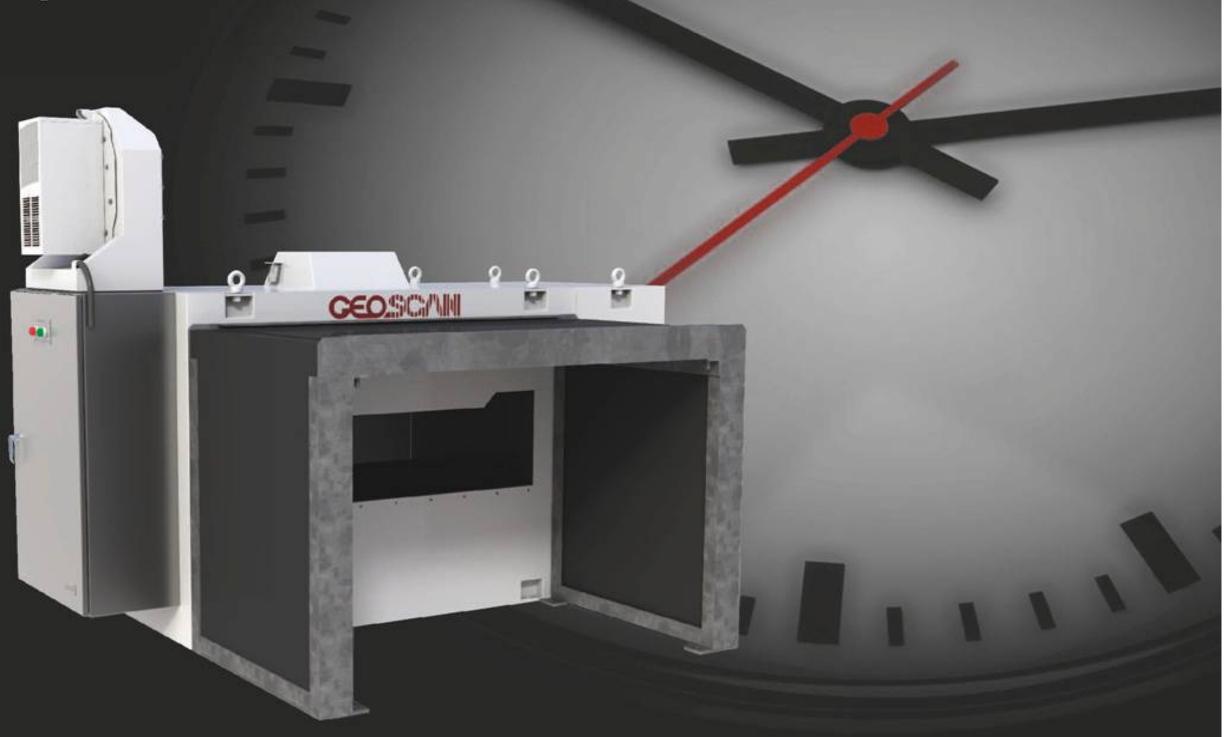
ANNUAL REPORT 2014

“Every minute counts in process control”



GEOSCAN AND COALSCAN

Real Time Analysers for Cement, Coal and Minerals

SCANTECH

www.scantech.com.au

ACN: 007 954 627

Highlights For 2014

	2014	2013	2012	2011	2010
REVENUE	$11,713,563	$17,723,583	$15,406,566	$9,545,508	$13,181,906
CHANGE (%)	-34%	15%	61%	-28%	-16%
PROFIT / (LOSS) BEFORE TAX	($401,621)	$4,440,987	$2,324,726	$25,303	$237,248
CHANGE (%)	-109%	91%	9,088%	-89%	-90%
PROFIT / (LOSS) AFTER TAX	($267,186)	$3,116,667	$1,696,459	$83,301	$441,362
CHANGE (%)	-109%	84%	1,937%	-81%	-72%
SHAREHOLDERS FUNDS	$12,328,388	$12,592,074	$10,276,907	$10,336,155	$9,635,104
CHANGE (%)	-2%	23%	-1%	7%	5%
DEBT TO EQUITY RATIO	53%	60%	68%	60%	61%
CHANGE (%)	7%	8%	-8%	1%	31%
EQUIPMENT ORDERS ON HAND AT PERIOD END	$2,628,560	$6,513,876	$7,653,126	$7,327,948	$3,601,199
CHANGE (%)	-60%	-15%	4%	103%	-47%
CASH & CURRENT FINANCIAL ASSETS	$6,218,915	$7,196,653	$5,200,005	$6,161,781	$5,326,196
CHANGE (%)	-14%	38%	-16%	16%	-3%
NUMBER OF EMPLOYEES (FTE)	31	36	34	32	31
CHANGE (%)	-14%	6%	6%	3%	-18%

CORPORATE DIRECTORY

Directors
Peter Pedler LLB (Hons) (Adel) (Chairman)
David Lindeberg B.Bus, FCA (Managing Director)
Laurance Brett BSc, FIAA, FIA (London) (Non Executive Director)
The Hon. Dean Brown AO M.Rur.Sc, Fellow Dip. Bus. Admin., FAICD (Non Executive Director)

Registered Office
143 Mooringe Avenue
Camden Park, South Australia 5038
Telephone: +61 8 8350 0200
Facsimile: +61 8 8350 0188
PO Box 64
Unley, South Australia 5061

Company Secretary
Valerie Steer

Auditors
BDO

ASX
Code: SCD

Principal Bankers
Bendigo Bank Limited

Solicitors
Duncan Basheer Hannon
HWL Ebsworth

Share Registry
Computershare Investor Services Pty Limited
GPO Box 1903
Adelaide, South Australia 5001
Telephone: 1300 556 161 (within Australia)
Telephone: + 61 3 9415 4000 (outside Australia)
Facsimile: 1300 534 987

Incorporation
Scantech Limited was incorporated in the State of South Australia

Taxation
Scantech Limited is taxed as a public company

Head Office
143 Mooringe Avenue
Camden Park, South Australia 5038
Telephone: +61 8 8350 0200
Facsimile: +61 8 8350 0188
PO Box 64 Unley, South Australia 5061

Marketing Office
Unit 14/2994 Logan Road
Underwood, Queensland 4119
PO Box 1485
Springwood, Queensland 4127
Telephone: +61 7 3710 8400
Facsimile: +61 7 3710 8499

Email address
sales@scantech.com.au

Website
www.scantech.com.au

Scantech's Annual Report is posted on the Internet.

Notice of Meeting:

The Annual General Meeting of Scantech Limited will be held at:

Scantech Limited
143 Mooringe Avenue
Camden Park SA 5038
On Thursday 20th November 2014 at 11.00 a.m.

COMPANY BACKGROUND

OUR CORE BUSINESS

Scantech is the world-leader in the application of on-line real-time measurement technology for bulk materials. The Company has developed a broad range of industrial instrumentation utilising various measurement technologies, including microwave methods. The application of our products is principally in the resource sector including cement, coal and minerals industries.

HISTORY

Founded in 1981 by Dr Jim Howarth and Richard Kelly, Scantech has grown from a small private company based in Adelaide, South Australia to a successful public enterprise listed on the Australian Securities Exchange. The Company grew strongly on the strength of its physics-based research, making it the world's leading company for on-line analysis, mainly through supply of the COALSCAN range of coal analysers.

GLOBAL INSTALLATIONS

Scantech has the largest and most diverse installed base of on-line analysers compared to any other supplier, with more than 1,000 systems installed in over 55 countries worldwide and in excess of 230 installations in Australia.

MISSION STATEMENT

Scantech is committed to providing:

- High quality products and exceptional service to customers.
- Company growth via acquisition of related businesses and application of new technologies.
- Maximum benefits to shareholders.
- A challenging, safe and rewarding environment for all employees.

AWARDS

Scantech has received a number of awards over the years including the following:

- Dr Jim Howarth along with other scientists won the prestigious Australia Prize in 1992. This award formally recognised the excellence of the COALSCAN range of analysers. The Prime Minister presented the award for scientific achievement to Dr Jim Howarth and colleagues for developing and commercialising instruments for the on-line analysis of minerals and coal.

- The Research and Development Magazine IR 100 Award for the On-Line Ash Measurement System.

- The Sir Ian McLennan Achievement for Industry Award won jointly with another research organisation to recognise the commercial development of the COALSCAN 4500.

- The Electronics Association of South Australian Gold Cup for excellence in commercialisation and engineering of the COALSCAN 9500 On-Line Elemental Analyser.

- The Powerhouse Museum in Sydney has recognised Scantech's COALSCAN as one of the most significant Australian innovations of the 20th century.

QUALITY ASSURANCE

Scantech has developed and implemented a Quality Management System thereby assuring its customers of quality, safety and reliability. Scantech received a Certificate of Approval for ISO Quality Assurance Standard AS/NZS ISO 9001:2008 from the Bureau Veritas Certification (BVC).

BOARD OF DIRECTORS

P D Pedler
LLB (Hons) (Adel)

Chairman of the Board
Chairman of the Nomination Committee
Member of the Audit Committee
Member of the Remuneration Committee

Peter Pedler is a partner of leading Adelaide law firm Duncan Basheer Hannon. He practices in the fields of commercial and property transactions and advises on due diligence and Corporate Governance issues. He also advises on Corporations Act and ASX compliance. He advises a range of public and proprietary companies.

Peter graduated with honours in 1980 and was admitted as a legal practitioner in February 1981. He is involved in a number of church and community organisations.

He was appointed to the Scantech Board on 12 August 2003.

D J Lindeberg
B.Bus, FCA

Managing Director
Executive Director
Member of the Nomination Committee
Member of the Audit Committee

David Lindeberg is a Fellow of the Institute of Chartered Accountants in Australia and joined Scantech in December 1998 as Chief Financial Officer and Company Secretary. He has had experience in accounting worldwide, working for international accounting firms from 1974 to 1989 in London, Johannesburg, Sydney and Adelaide. David also spent five years working for the South Australian Government.

David joined the Board of Scantech on 20 January 2000, as an Executive Director and was appointed Managing Director on 2 March 2001.

L C Brett
BSc, FIAA, FIA (London)

Non - Executive Director
Member of the Nomination Committee
Member of Remuneration Committee
Chairman of the Audit Committee

Laurance Brett is a principal of the Adelaide consulting actuarial firm, Brett & Watson Pty Ltd. He has worked as an actuary in Adelaide since 1983 and commenced his own consulting actuarial firm in 1993.

Laurance advises large superannuation funds, companies and a number of government departments on a range of actuarial and financial matters.

He was appointed to the Scantech Board on 1 September 2005.

The Hon. D C Brown AO
M.Rur.Sc, Fellow Dip. Bus. Admin., FAICD

Non - Executive Director
Member of the Nomination Committee
Member of the Audit Committee
Chairman of the Remuneration Committee

Dean Brown is currently Chairman of Hillgrove Resources Limited which operates a copper mine at Kanmantoo in the eastern Adelaide Hills. Dean, who was South Australia's Premier for three years from 1993, retired as Member for Finniss and as a Parliamentarian in 2006 after 27 years in Parliament. He has been a Non Executive Director of Mission Australia since November 2012.

Dean is involved in a wide range of community organisations and, also undertakes corporate advisory work on innovation, government relations and community engagement for a number of companies. He is a Board member of Foodbank SA, and the Heritage Foundation of the University of Adelaide, and Chairman of the Playford Memorial Trust.

He was appointed to the Scantech Board on 29 June 2007.

JOINT CHAIRMAN'S REPORT AND MANAGING DIRECTOR'S REVIEW AND RESULTS OF OPERATIONS FOR 2014

The year ended 30 June 2014 was a difficult year for Scantech.

While Scantech operates in a cyclical business, after its improved result for the year ended 30 June 2013, the Company was optimistic that it would be able to achieve another good result for the 2013-2014 financial year. Instead, a number of major projects which the Company had expected would come to fruition during the year were delayed with a resulting significant impact on the latest annual results.

The delay in some large projects meant that sales for the year ended 30 June 2014 were $11,713,563, a 33.9% decrease from $17,723,583 in the previous year. The reduction in sales was solely in relation to product sales revenue. Service revenues continued to please with an increase of 15.6% on 2013 levels and Scantech expects that service revenues will continue to be strong.

The Company recorded a loss before tax of $401,621 compared to a $4,440,987 profit before tax in 2012-2013.

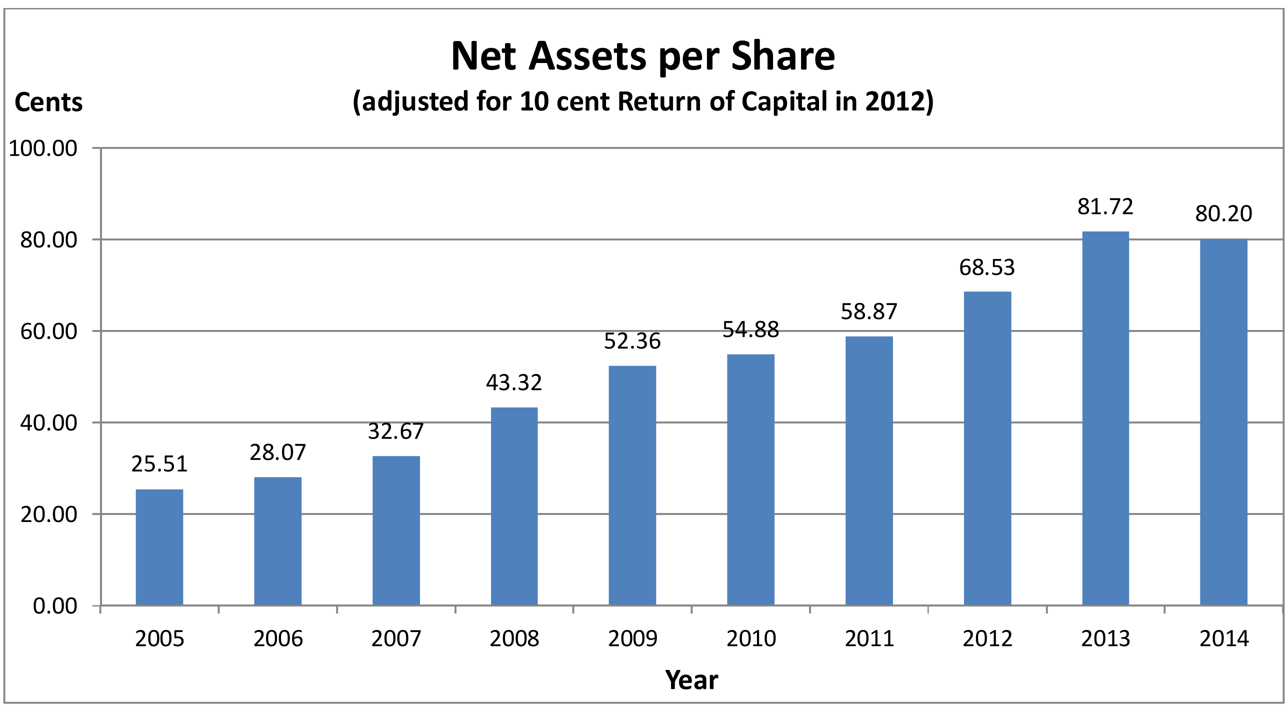
A tax benefit of $134,435 reduces the loss after tax for the year ended 30 June 2014 to $267,186 compared to a profit of $3,116,667 last year. The latest result includes a loss of $64,532 for exchange variance, made up of $23,448 of realised exchange gain and $87,980 of unrealised exchange loss.

Scantech sells products that are classified as capital goods by the purchasing departments of major companies. In 2014, capital budgets and spending have been significantly reduced by the Company's customers in the coal, cement and minerals industries across the globe. This reduction in spending has had a significant effect on Scantech and unfortunately this trend of reduced capital spending appears to be continuing. Until capital spending by Scantech's customers is restored, the Company will operate on the expectation of lower product revenues.

Scantech also faces the continuing challenge of being a small listed company, bound by disclosure laws which its competitors use to their advantage in dealings with customers without being bound by the same obligations.

The success of our business largely follows the cyclical nature of our markets and for the 2013-2014 year cycle we have certainly been through a downswing. However, Scantech's analysers are widely regarded as being "state of the art" and we continue to enjoy the loyalty of our customers. Those customers have indicated that they are looking at analyser purchases in their operations in the next 12 months. Based on these expectations we do expect to return to profitability in the current year.

While the 2014 result was certainly disappointing, the result has not materially affected the net assets per share when seen in the context of our results over the past 10 years, as can be seen from the following table.



JOINT CHAIRMAN'S REPORT AND MANAGING DIRECTOR'S REVIEW AND RESULTS OF OPERATIONS FOR 2014 (CONT'D)

While Scantech suffered as a result of a deferral of orders in its traditional markets, during the year the Company was able to identify new applications which provide exciting opportunities for future growth. Scantech is working closely with those customers and expects that revenue from those new markets will begin in the current financial year.

The Company's customer service team continued to sign customers to our product service agreements by successfully positioning Scantech's services in front of our customers who seek to maintain or improve efficiencies in their operation. Our ongoing growth in service revenues is testament to the fact that we continue to deliver exceptional service to our customers in return for their continuous support. Our aim is to continue developing long term working relationships with our customers which is driven by responsive and quality service.

Scantech's strong and stable technical team continues to support the worldwide installed base of the Company's products through product support agreements. Service engineers are deployed in strategic regions around the world and ensure quick response to customers while minimising travel costs. Members of the technical staff based in our Adelaide office continue to perform ongoing product support to maintain our position at the forefront of the technology. Emphasis is always focused on improved product performance, reliability in rugged environments and added product features based on feedback from Scantech's customers.

Shareholders will note a significant change to the balance sheet of the Company at 30 June 2014. This follows Scantech's success in obtaining a ruling from the Australian Taxation Office that the Company was entitled to reduce its share capital by $7,838,233 in accordance with section 258F of the Corporations Act in respect of capital losses sustained by the Company in the late 1990s. The benefit for shareholders is that Scantech can declare a fully franked dividend. This option was not available to the Company while those losses remained in its balance sheet.

Scantech, as a small organisation, depends very much on its staff. The quality of our team was very apparent during what was a very difficult year. The Company recognises the efforts and dedication of all of its staff and Management across all of its teams. We also recognise the invaluable contribution of your Company Secretary, Valerie Steer, and our fellow Directors, Laurie Brett and Dean Brown.

We are confident that the Company has a bright future and that all of the shareholders and staff will share in the fruits of that success.

P. Pedler
Chairman
Dated: 30th September 2014

D. Lindeberg FCA
Managing Director
Dated: 30th September 2014

SCANTECH PRODUCTS - ENVIRONMENTAL BENEFITS

Scantech's products are well known around the world for the financial benefits they provide to producers, and users, of coal, and other minerals. However, it is not so widely known that significant environmental benefits are also achieved.

✓ Reduce Greenhouse Gas Emissions ✓ Reduce Sulphur Emissions ✓ Reduce "Acid" Rain ✓ Reduce "Unburnt" Carbon ✓ Reduce Raw Material Consumption ✓ Reduce Shipping Costs	✓ Enhances Consistency of Quality Product ✓ Reduces Energy Consumption ✓ Increase Life of Kilns ✓ Improves Process Control ✓ Extend the Life of Mineral Deposits ✓ Reduces Waste

COAL

The world coal consumption is approximately 6,000 million tonnes per year, producing about 12,000 million tonnes of carbon dioxide which is released to the atmosphere. Therefore, even a relatively small improvement in the efficiency of use can result in a significant saving in greenhouse gas emissions.

Scantech's coal analysers allow coal mining to be carried out more efficiently with more saleable product produced for a given amount of mining activity. This reduces both the cost and environmental impact of coal production. The ability to sort and blend coal allows more coal to be sold without the need for washing. Coal washing is an energy expensive process, so reduction in the tonnes of coal washed results in energy savings.

Blending by using coal analysers achieves a more consistent coal quality which can improve the efficiency of coal burning power stations. Also, power stations which have analysers can detect variations in the quality of coal before it is burnt which allows the poor coal to be diverted or the boiler setting adjusted to handle the change in quality.

Scantech's ability to measure sulphur on line allows companies to meet the compliance conditions for low sulphur coal. Control of sulphur emissions is important in reducing acid rain which is caused in part by emissions of sulphur dioxide.

Scantech also has a product, the CIFA 350, which determines the unburnt carbon in fly ash produced by coal burning power stations. Real time measurement of unburnt carbon allows improvement in boiler efficiency by better control. If the carbon is controlled to a low enough level the fly ash can be used as feed material for cement making rather than being discarded.

CEMENT MAKING

The worldwide production of cement is approximately 1,000 million tonnes. This requires a similar quantity of limestone and minerals as well as a large amount of energy in the form of coal, oil and gas. Approximately 5% of the world's greenhouse gas emissions come from the cement industry.

Cement plants are usually located close to a limestone quarry. Other materials such as sand, shale, clay, bauxite and iron may also be required and these are typically shipped to the cement plant from other sources. The use of an analyser allows very efficient blending of these materials to provide raw mix of the correct composition for the cement making process. In most quarries the quality of limestone is quite variable. The analyser allows these variations to be tracked and enables more efficient use of the locally available material. This reduces the high financial and environmental costs of shipping materials from outside sources. The more efficient use of local materials reduces waste and allows more cement to be produced from a given amount of quarrying activity.

Analysers allow more consistent raw mix to be delivered to the cement making process. This reduces energy consumption as well as increasing the life of the kiln. This produces both financial as well as environmental benefits.

MINERALS

Similar environmental benefits to those described above can be achieved by use of analysers in the minerals industries. There is a wide range of mineral types and methods for mineral processing. However as a general rule the information provided by analysers can provide better process control with the benefits of reduced cost, reduced energy consumption and more efficient use of the mineral resource.

SCANTECH PRODUCTS

GEOSCAN-M
On-belt Elemental Analyser for Minerals

Real time elemental analysis provides active control over ore and concentrate quality. Measures the composition of minerals using Scantech's refined application of Prompt Gamma Neutron Activation Analysis (PGNAA) technology. Superior detector technology and exclusive non-contact design provide improved overall performance.

GEOSCAN-C
On-belt Elemental Analyser for Cement

Measures the composition of materials used in the cement manufacturing process, using Scantech's refined PGNAA technology. Used for stockpile pre-blending and raw mix blending control. This analyser performs a full stream elemental analysis of materials directly on the conveyor without contacting the belt or load.

COALSCAN 9500X
On-belt Elemental Analyser for Coal

Provides real time on-belt elemental analysis of coal to report ash, moisture, sulphur and specific energy without the need for routine sampling. The 9500X uses Scantech's refined PGNAA technology.

CIFA 350
Carbon In Fly Ash Analyser

Using microwave technology, the CIFA 350 is highly accurate, using three to five minute sampling increments to monitor unburnt carbon levels. Up to sixteen CIFA units can be connected to one central control cabinet.

NATURAL GAMMA 1500
On-belt Natural Gamma Analyser for Coal

Measures the ash content of coal using the natural gamma radiation emitted by the ash minerals. The NG 1500 is installed directly on the conveyor, and does not incorporate any radiation sources. There is no maximum bed depth limit for this unit.

On-belt Natural Gamma Analyser for Minerals

Measures the composition of iron ore using the natural gamma radiation emitted by the sediment associated with the ore. Elemental composition is derived and reported in real time. This technology also has applications for uranium ore and mineral sands.

COALSCAN 2100
On-belt Ash Analyser

Measures ash content of coal in real time on the conveyor belt, using dual energy gamma rays which pass through the total coal bed.

COALSCAN 2800
On-belt Ash & Moisture Analyser

Measures ash content by transmitting dual energy gamma rays through the coal bed on the conveyor. Moisture measurement using microwave technology is incorporated with the ash monitor.

TBM 210 & 230
On-belt Moisture Analyser

Uses continuous microwave technology to provide through-belt real time measurement for a wide range of materials including coal, limestone, mineral ores and concentrates. Two models: high and low frequency, are offered to cater for shallow and deep bed depths respectively.

CM 100
On-belt Moisture Analyser for Conductive Materials

Uses a neutron source to measure the moisure content of conductive materials. It is particularly suited to measuring the moisture content of coke, sinter and materials such as metallic concentrates, including magnetite.

PRODUCT APPLICATIONS

MINERALS PROCESSING	
GEOSCAN-M real time elemental analyser is used for:	• A range of industries including iron, copper, phosphate, nickel, manganese, bauxite and zinc-lead • Automated blending and sorting • Stockpile management • Mine feedback and treatment control • Product compliance monitoring
NATURAL GAMMA 1500 is used for:	• Dilution monitoring • Mine optimisation • Plant process control • Uranium ore grade monitoring • Bulk sorting through flow redirection
CM100 Moisture Analyser is used for:	• Moisture in conductive materials
COAL PRODUCTION	
COALSCAN real time coal quality analysers are used for:	• Automated blending • Sorting • Washery optimisation • Loadout quality control • Moisture
CEMENT MANUFACTURING	
GEOSCAN-C real time elemental analyser, with or without BLENDSCAN software, is used for:	• Mine feedback and control • Limestone sorting • Stockpile building • Raw mix proportioning
POWER GENERATION	
COALSCAN real time coal quality analysers are used for:	• Stockpile management • Contract surveillance • Automated blending • Bunker-feed monitoring • Moisture, ash, elemental (e.g. Sulphur) • Mine and wash plant control
CIFA is used for:	• Carbon in fly ash monitoring
STEEL PRODUCTION	
CM100 Moisture Analyser is used for:	• Moisture analysis of coke and sinter feed for blast furnaces
MOISTURE	
TBM 210 & 230 Microwave Moisture Analysers are used for:	• Moisture analysis • Dust management • Filter and dryer control • Tonnage correction • Metal accounting

STATUTORY REPORT OF THE DIRECTORS

Your Directors present the consolidated accounts for the financial year ended 30 June 2014.

DIRECTORS

The following persons held office as Directors of Scantech Limited for the entire period and at the date of this report:

- Peter Pedler - Chairman
- David Lindeberg - Managing Director
- Laurance Brett - Non Executive Director
- Dean Brown - Non Executive Director

Details of qualifications, experience and responsibilities of Directors are set out on Page 4 of the Annual Report.

The number of meetings of the Company's Directors (including the number of committees of Directors) held during the year ended 30 June 2014 and the number of meetings attended by each Director was:

Name of Director	Full Directors Meetings		Audit Committee		Remuneration Committee		Nomination Committee	
	Held whilst a Director	Attended	Number of Meetings the Director Required to Attend	Attended	Number of Meetings the Director Required to Attend	Attended	Number of Meetings the Director Required to Attend	Attended
Peter Pedler	7	7	2	2	1	1	0	0
David Lindeberg	7	7	2	2	0	0	0	0
Laurance Brett	7	7	2	2	1	1	0	0
Dean Brown	7	7	2	2	1	1	0	0

Details of each Director's relevant interest in, shares and options in shares of the Company as at the date of this report are as set out in Note 26 to the Financial Statements.

COMPANY SECRETARY

The following person held the position of Company Secretary for the entire period and at the date of this financial report:

Ms Valerie D Steer – Business Certificate (Accounting), Advanced Certificate (Industrial Relations) and Affiliate Member of Chartered Secretaries Australia. Ms Steer has worked for Scantech for the past 13 years and is currently performing the role of Chief Financial Officer. Ms Steer was appointed Company Secretary on 15 October 2001.

PRINCIPAL ACTIVITIES

The principal continuing activities during the year of the Consolidated Entity constituted by Scantech Limited and the entities it controlled from time to time during the year consisted of:

- manufacture and marketing of scientific and industrial instruments
- consulting to the coal, cement and minerals industries and in-field support of scientific and industrial instruments

REVIEW OF OPERATIONS

The consolidated entity had a net consolidated loss for the year of $267,186 (2013: $3,116,667 profit) after attributable income tax and outside equity interest. No dividends have been paid. The net assets for the consolidated entity for the year was $12,328,388 (2013: $12,592,074), being a decrease of 2.1%.

Further review of the operations of the consolidated entity and its principal businesses during the financial year and the results of those operations are set out in the Joint Chairman's Report and Managing Director's Review and Results of Operations for 2014 as set out on Page 5 and 6.

STATUTORY REPORT OF THE DIRECTORS (CONT'D)

REVIEW OF OPERATIONS (CONT'D)

Earnings Per Share (EPS)	2014	2013
Basic EPS	($0.02)	$ 0.18
Diluted EPS	($0.02)	$ 0.18

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

In accordance with Section 258F of the Corporations Act 2001 the Company has reduced its contributed equity by $7,838,203 being accumulated losses resulting from the write-down of intercompany loans and research and development assets during 1997 and 1998. This is a technical adjustment which does not impact the net assets, financial results, cash flow or funding of the Company or of the Scantech Limited consolidated group. Other than for this, there have been no significant changes in the state of affairs of the consolidated entity during the financial year other than as described above.

EVENTS AFTER THE BALANCE SHEET DATE

No matters or circumstances not already mentioned in this report have arisen since the end of the financial year, which have significantly affected or may significantly affect:

- The operations of the consolidated entity
- The results of those operations
- The state of affairs of the consolidated entity in the financial years subsequent to the financial year ended 30 June 2014

INDEMNIFICATION OF OFFICERS AND AUDITORS

During the financial year, the Company paid a premium in respect of a contract insuring the Directors of the Company (as named, Page 10) and all Officers of the Company and of any related body corporate, against a liability incurred by such a Director, or Executive Officer to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

The Company has not otherwise, during or since the financial year, indemnified or agreed to indemnify an officer or auditor of the Company or of any related body corporate, against a liability incurred by such an officer or auditor.

ENVIRONMENTAL ISSUES

The Company recognises the importance of sound environmental practice. It encourages environmental awareness by all of its employees and contractors with the objective of achieving standards of management, which, as a minimum, comply with existing Government legislation and regulations. There were no known breaches of environmental obligations during the year.

NON-AUDIT SERVICES

The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company are important.

The Board is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The Directors are satisfied that the provision of non-audit services as set out below, did not compromise the audit independence requirement of the Corporations Act 2001 for the following reasons:

- All non-audit services have been reviewed by the Board to ensure they do not impact the impartiality and objectivity of the auditor.
- None of the services undermine the general principle relating to auditor independence as set out in the Professional Standard APES110, including reviewing or auditing auditor's own work, acting in a management or decision making capacity for the Company, acting as advocate for the Company or jointly sharing economic risk or reward.

Details of the amounts paid or payable to the auditors (BDO) for audit and non-audit services provided during the year are set out in Note 5 of the Financial Statements.

AUDITOR INDEPENDENCE DECLARATION

Section 307C of the Corporations Act 2001 requires our auditors (BDO), to provide the Directors of the Company with an Independence Declaration in relation to the review of the full year financial statements. This Independence Declaration appearing on Page 20, forms part of this Directors Report.

SHARES UNDER OPTION OR ISSUED ON EXERCISE OF OPTIONS

At the date of this report, there are no unissued ordinary shares under option. 5,000 shares were issued as a result of options exercised during the year.

STATUTORY REPORT OF THE DIRECTORS (CONT'D)

REMUNERATION REPORT (AUDITED)

This Remuneration Report for the year ended 30 June 2014 outlines the remuneration arrangements of the group in accordance with the requirements of the Corporations Act 2001 (the Act) and its regulations. This information has been audited as required by section 308(3C) of the Act.

The Remuneration Report details the remuneration arrangements for Key Management Personnel (KMP) of the group, who are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the group, directly or indirectly, including any Director (whether executive or otherwise) of the parent Company.

For the purposes of this report, the term 'executive' encompasses the Managing Director, Non-Executive Directors, and Chief Financial Officer/ Company Secretary of the group.

The Remuneration Report is presented under the following sections:

1. Individual Key Management Personnel (KMP) disclosures;
2. Remuneration at a glance;
3. Board oversight of remuneration;
4. 2013 Annual General Meeting
5. Non-Executive Director (NED) remuneration arrangements;
6. Executive remuneration arrangements;
7. Company performance and link to remuneration;
8. Executive contractual arrangements; and
9. Key Management Personnel (KMP) remuneration Table.

1. Individual Key Management Personnel (KMP) disclosures

Details of remunerated Individual KMP of the Company are set out in the following sections.

Mr Peter David Pedler	Chairman (Non-Executive Director)
Mr David Lindeberg	Managing Director (Executive Director)
Mr Laurance Brett	Director (Non-Executive Director)
Mr Dean Brown	Director (Non-Executive Director)
Ms Valerie Steer	Chief Financial Officer/ Company Secretary

There were no changes to KMP after the reporting date and before the date the financial report was authorised for issue.

2. Remuneration at a glance

Remuneration strategy and policy

Managing Director and Key Management Personnel (KMP)

Consistent with contemporary Corporate Governance standards the Company's remuneration strategy and policies aim to set executive remuneration that is fair, competitive and appropriate for the markets in which it operates and mindful of internal relativities. The Company will aim to ensure that the mix and balance of remuneration is appropriate to reward fairly, attract, motivate and retain senior executives and key employees.

Specific objectives of this policy will include the following:

- Provide fair and competitive fixed remuneration for all positions under transparent policies and review procedures tested on a regular basis by independent benchmark assessment;
- Provide Short Term Incentives (STI) based on key short term objectives;
- Provide competitive total rewards to attract and retain high calibre executives; and
- Consider Long Term Incentives (LTI) from time to time, where appropriate.

Appropriate remuneration policy settings will be achieved by consistently applying a clear remuneration strategy directed at supporting the Board approved business strategy with appropriate and flexible processes, policies and procedures established by the Board from time to time.

Board remuneration

The Board seeks to set aggregate remuneration at a level for the Non-Executive Directors (NED's) that provides the Company with the ability to attract and retain directors of the highest calibre, recognising both the time commitment and risks inherent in the position, whilst incurring a cost that is acceptable to the shareholders.

STATUTORY REPORT OF THE DIRECTORS (CONT'D)

REMUNERATION REPORT (AUDITED) (CONT'D)

2. Remuneration at a glance (Cont'd)

Use of Remuneration Consultants

The Remuneration Committee engages external consultants as required from time to time. During the year 30 June 2014 no external consultants were engaged to provide advice.

3. Board oversight of remuneration

Remuneration Committee

The Remuneration Committee currently comprises three independent Non-Executive Directors (NED's): Mr Brown (Committee Chairman), Mr Pedler and Mr Brett. The Remuneration Committee is responsible for making recommendations to the Board on the remuneration arrangements of NED's and executives.

The Remuneration Committee assesses the appropriateness of the nature and amount of remuneration of NED's and executives on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high performing Directors and executive team. In determining the level and composition of executive remuneration, the Remuneration Committee may also seek external advice, as set out.

Mr Lindeberg, Managing Director, does not attend Remuneration Committee meetings.

Remuneration approval process

The Board is responsible for determining the remuneration of the Managing Director on the advice of the Remuneration Committee, which obtains independent remuneration advice as necessary. The Board approves the remuneration arrangements for the Managing Director and executives and all awards made under any long-term incentive (LTI) plan, which are then subject to shareholder approval, following recommendations from the Remuneration Committee.

The Board also sets the aggregate remuneration of NED's, which is then subject to shareholder approval.

The Chairman oversees the Managing Director's recommendations for remuneration of senior executives with the assistance of the Remuneration Committee and independent remuneration advice, where necessary.

The Remuneration Committee approves, having regard to the recommendations made by the Managing Director, the level of any Company short-term incentive (STI) payments to employees, including KMPs and therefore the amount of any STI entitlement, the level of STI payments to the Managing Director is determined separately by the Board.

4. 2013 Annual General Meeting

In accordance with section 250R (2) of the Corporations Act, a resolution to adopt the Remuneration Report as set out in the "Statutory Report of the Directors" is put to shareholders for a vote each year at the Annual General Meeting.

While the resolution is advisory only and does not bind Directors or the Company, if at least 25% of the votes cast are against approving the Remuneration Report, for two consecutive years, a spill motion is required to be put to the meeting.

At the 2013 Annual General Meeting the resolution to adopt the Remuneration Report was put to shareholders by a poll 54.84% of votes were cast for the resolution to adopt the Remuneration Report which resulted in the Company receiving its "first strike"

There was support for the Board and the remuneration paid to the Directors from shareholders at the Annual General Meeting.

The Board always takes account of shareholder opinions but as the Board remuneration was within the band of what was considered by an independent consultant appointed to consider remuneration the previous year to be reasonable and there had been no material increase in Board remuneration, the Board did not consider that any further action was required.

STATUTORY REPORT OF THE DIRECTORS (CONT'D)

REMUNERATION REPORT (AUDITED) (CONT'D)

5. Non-Executive Director (NED) remuneration arrangements

Remuneration policy

The Board seeks to set aggregate remuneration at a level that provides the Company with the ability to attract and retain Directors of the highest calibre, whilst incurring a cost that is acceptable to shareholders.

The amount of aggregate remuneration sought to be approved by shareholders and the fee structure is reviewed annually against fees paid to NED's of comparable companies. The Board considers advice from external consultants when undertaking the annual review process.

The Company's constitution and the ASX Listing Rules specify that the aggregate remuneration of NED's shall be determined, from time to time, by general meeting. An amount not exceeding the amount determined is then divided between the Directors as agreed. The latest determination approved an aggregate remuneration of $300,000 per year. Of that, the total amount determined to be used in the 2014 financial year was $183,614.

Structure

The remuneration of NED's consists of Directors' fees. NED's do not receive retirement benefits other than superannuation, nor do they participate in any executive incentive programs. Selected Non-Executive Directors received options to acquire shares more than five (5) years ago. These options expired on 30 December 2012. No new options will be granted to Non-Executive Directors without shareholder approval.

Each NED receives a base fee for being a Director of the Company, inclusive of any compulsory superannuation. No additional committee fees are paid.

The Company has no minimum shareholding requirements for NED's.

The remuneration of NED's for the year ended 30 June 2014 is included in Table 1 on Page 18 of this report.

6. Executive remuneration arrangements

Structure

Remuneration is determined as part of an annual performance review process, having regard to market factors, relevant comparative data, a performance evaluation process and independent remuneration advice, where necessary.

In the 2014 financial year, the executive remuneration framework consisted of the following components:

- Fixed remuneration; and
- Variable or 'at risk' remuneration comprising a Short Term Cash Incentive.

No Long Term Equity Incentive (LTI) were considered, because the Managing Director already has a substantial shareholding in the Company and additional retention and incentive were not deemed necessary at this stage, although will remain under review.

Total fixed remuneration

Executive contracts of employment do not include any guaranteed base pay increases. Total fixed remuneration comprises cash and other benefits and entitlements to provide a base level of remuneration which is both appropriate to the role and responsibilities, reflects current market conditions, the individual's seniority and internal relativities.

Total fixed remuneration is reviewed annually, as part of a review that takes into account the individual's performance, the overall performance of the Company and current comparative remuneration data. The total remuneration for the Managing Director to apply for the period from 1 July 2012 has been determined in line with recommendations received from the independent remuneration consultant.

The fixed component of executives' base fixed remuneration is detailed in Table 1 on Page 18 of this report.

STATUTORY REPORT OF THE DIRECTORS (CONT'D)

REMUNERATION REPORT (AUDITED) (CONT'D)

6. Executive remuneration arrangements (Cont'd)

Variable remuneration - short term incentive (STI)

The Managing Director is entitled to participate in the Marketing Bonus Scheme and the Service Bonus Scheme, and may be entitled to participate in a Discretionary Bonus Scheme. The entitlement of the Managing Director to participate in these Schemes and the scope of such entitlement is determined by the Board on recommendation of the Remuneration Committee.

The scope of the Managing Director's entitlement to participate in the Marketing Bonus Scheme and the Service Bonus Scheme shall not be more than the total bonus paid under either Scheme to other employees of the Company entitled to participate in a Scheme.

The entitlement of the Managing Director to participate in a Discretionary Bonus is assessed against:

- The overall performance of the company and the group
- The increase in shareholder wealth
- Any Marketing or Service bonus received
- Any bonus foregone by the Managing Director in the previous 3 years

The Company believes that the key short term performance drivers are the receiving of contractual orders (Marketing Group) and invoiced sales, at an acceptable margin (Services Group). The KPIs are set annually based on the Company budget which the Board believes holds the potential for the Company's growth and profit. The Managing Director has a key role in achieving those KPIs

The Service Bonus is calculated based on achievement against budgeted invoice level. The maximum Service Bonus that could have been payable to the Managing Director as per his contract for the 30 June 2014 financial year is $288,183 (including 9.5% superannuation). The Board has not approved any bonus for the Managing Director in respect of the 30 June 2014 financial year. A Service Bonus of $165,167 (including 9.25% superannuation) was approved for the Managing Director for year 2013.

The Marketing Group did not achieve their order KPI set at $12.6M for 2014 and so there is no Marketing Bonus for the 30 June 2014 financial year.

The Managing Director assesses the performance of other senior executives against their targets and determines the actual short term incentive payments with oversight by the Board through the Chairman and the Remuneration Committee.

Variable remuneration - long term incentive (LTI)

No LTI was considered this financial year. A decision on future awards will be considered from time to time.

7. Company performance and link to remuneration

The Company's performance has been inconsistent over the past 5 years and below the Board's expectations. Some key performance measures include:

Year	Earnings after Tax	Shareholder Funds	Share Price	
			Beginning of the year	End of the year
2014	($267,186)	$12,328,388	$0.42	$0.51
2013	$3,116,667	$12,592,074	$0.40	$0.42
2012	$1,696,459	$10,276,907	$0.45	$0.40
2011	$83,301	$10,336,155	$0.28	$0.45
2010	$441,362	$9,635,104	$0.30	$0.28

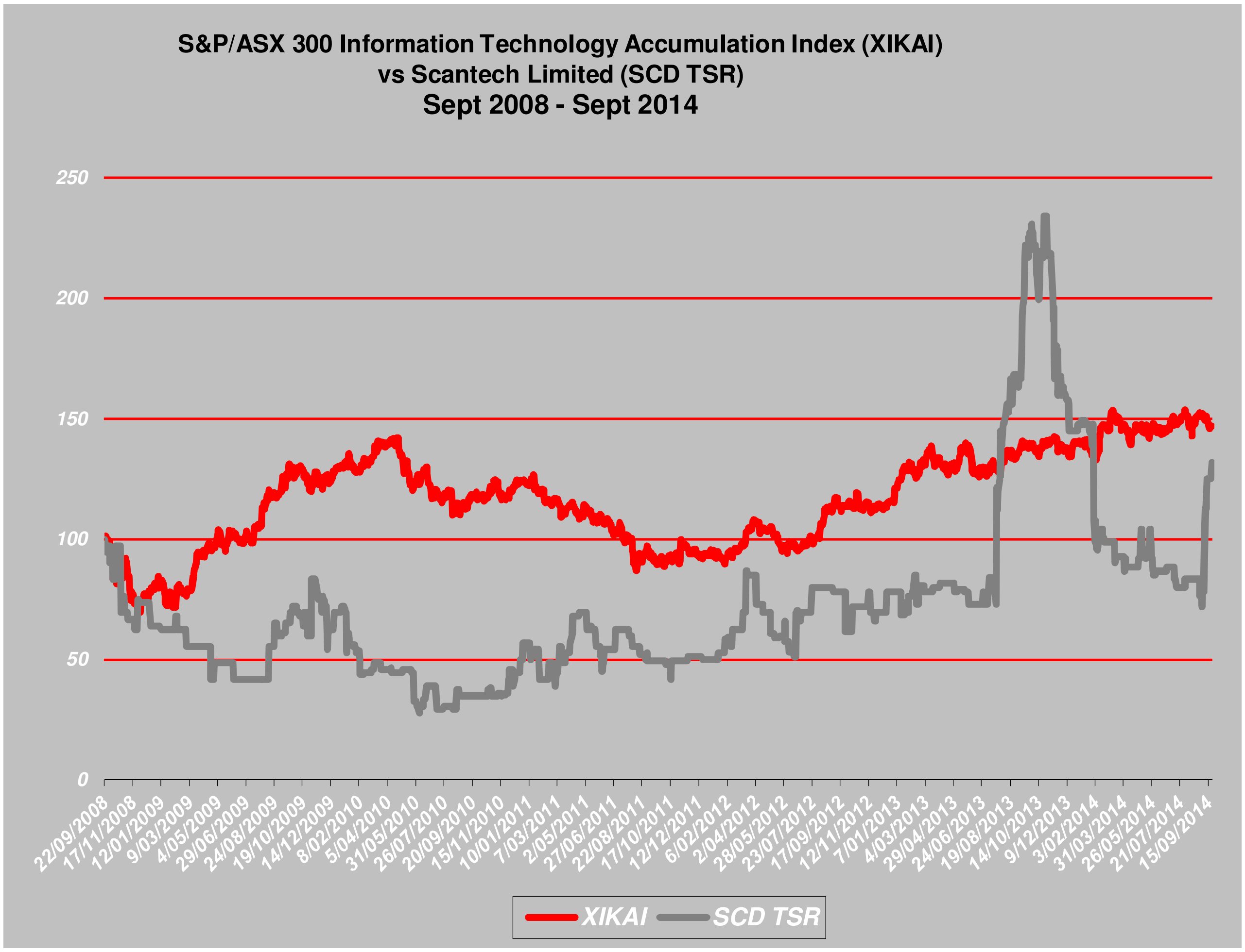
STATUTORY REPORT OF THE DIRECTORS (CONT'D)

REMUNERATION REPORT (AUDITED) (CONT'D)

7. Company performance and link to remuneration (Cont'd)

As set in the chart below, the Company's overall performance can be observed when compared to XIKAI over the last 6 years. The Company (SCD) virtually tracked this index from June 2007 to June 2009. From June 2009 to June 2013 it underperformed the Index, before facing significant volatility since then.

The Board believes the alignment of KMP remuneration to Company performance remains conservative and will remain under review.



Short term incentives

In 2014 no bonus is payable to the Managing Director. The marketing targets were not met and even though the Managing Director would have been entitled to a bonus as a result of the service target being achieved the Board did not consider a discretionary bonus was appropriate in the circumstances.

In 2014 a once off performance bonus of $45,767 (excluding 9.25% superannuation) was paid to the Chief Financial Officer/Company Secretary.

Long term incentives

Achieving consistent annual performance results is the focus of the Company. Because the Managing Director holds a substantial shareholding in the Company the Board decided against granting any additional LTI again this year.

STATUTORY REPORT OF THE DIRECTORS (CONT'D)

REMUNERATION REPORT (AUDITED) (CONT'D)

8. Executive contractual arrangements

Remuneration arrangements for KMP are formalised in employment agreements. Details of these contracts are provided below.

Managing Director

The Managing Director is employed under an executive service agreement. The agreement was renewed on 19 September 2012 and provides that:

- The Managing Director may terminate his employment by giving 3 months written notice. No STI's or LTI's will apply to any financial year during which employment ceases and the treatment of LTI, if any, previously issued will be determined at the Board's discretion;
- The Company may terminate the Managing Director's employment by 6 months written notice or provide payment in lieu of the notice period based on the Managing Director's fixed component plus a variable component in recognition that termination during a financial year affects the ability to earn a performance incentive during that year. The treatment of LTI, if any, previously issued will be determined at the Board's discretion; and
- The Company may summarily terminate the Managing Director's employment if serious misconduct has occurred or 3 months notice for any other cause.

Mr. Lindeberg was appointed Managing Director on 2 March 2001.

Under the terms of the present contract:

- The Managing Director receives fixed remuneration of $360,000 per annum.
- The Managing Director's STI opportunity is a cash bonus determined at Board's discretion on recommendation of the Remuneration Committee.
- The Managing Director will be entitled to an LTI benefit to be determined at the Board's discretion and subject to shareholder approval if involving an issue of securities.
- After cessation of employment the Managing Director will be restrained from participating in a business in competition with the Company, in the industry and soliciting Company staff for the 12 month period from termination date.

The Managing Director's termination provisions are as follows:

	Notice period	Payment in lieu of notice	Treatment of STI on termination	Treatment of LTI, if any, on termination
Employer-initiated termination	6 months	Part or all of 6 months	Board discretion	Board discretion
Termination for serious misconduct	Nil	Nil	Board discretion	Board discretion
Employee-initiated termination	3 months	Part or all of 3 months	Board discretion	Board discretion

Other Key Management Personnel

The executive service agreement for other senior executives generally reflects that of the Managing Director.

Standard Key Management Personnel termination provisions are as follows:

	Notice period	Payment in lieu of notice	Treatment of STI on termination	Treatment of LTI, if any, on termination
Employer-initiated termination	3 months	Part or all of 3 months	Board discretion	Board discretion
Termination for serious misconduct	Nil	Nil	Board discretion	Board discretion
Employee-initiated termination	1 month	Part or all of 1 month	Board discretion	Board discretion

STATUTORY REPORT OF THE DIRECTORS (CONT'D)

REMUNERATION REPORT (AUDITED) (CONT'D)

9. Key Management Personnel Remuneration – Table 1

Remuneration of Key Management Personnel of the Company

Name	Year	Short-term Benefit			Post Employment	Share-based Payments	Other Long Term Employee Benefits	Total
		Salaries and Fees	Cash Performance Bonus	Non-Monetary FBT	Superannuation	Options Granted	LSL Movement	
D Lindeberg	**2014**	$316,757	($104)	$11,097	$29,185	$0	($4,284)	**$352,651**
Managing Director (Executive)	**2013**	$311,055	$151,184	$13,944	$42,375	$0	$11,568	**$530,126**
P Pedler	**2014**	$72,029	$0	$0	$6,663	$0	$0	**$78,692**
Chairman of the Board	**2013**	$70,773	$0	$0	$6,370	$0	$0	**$77,143**
L Brett	**2014**	$48,019	$0	$0	$4,442	$0	$0	**$52,461**
Non Executive Director	**2013**	$47,182	$0	$0	$4,246	$0	$0	**$51,428**
D Brown	**2014**	$48,019	$0	$0	$4,442	$0	$0	**$52,461**
Non Executive Director	**2013**	$47,182	$0	$0	$4,246	$0	$0	**$51,428**
V Steer	**2014**	$119,385	$45,767	$13,354	$15,856	$0	$3,950	**$198,312**
Chief Financial Officer / Company Secretary	**2013**	$126,270	$0	$13,354	$11,149	$0	$4,486	**$155,259**
Total	**2014**	**$604,209**	**$45,663**	**$24,451**	**$60,588**	**$0**	**($334)**	**$734,577**
Total	**2013**	**$602,462**	**$151,184**	**$27,298**	**$68,386**	**$0**	**$16,054**	**$865,384**

The proportion of remuneration linked to performance and the fixed proportion are as follows:

Name	Fixed Remuneration		At Risk - STI		At Risk - LTI	
	2014	2013	2014	2013	2014	2013
Executive Directors:						
D Lindeberg	100%	69%	0%	31%	0%	0%
Non- Executive Directors:						
P Pedler	100%	100%	0%	0%	0%	0%
L Brett	100%	100%	0%	0%	0%	0%
D Brown	100%	100%	0%	0%	0%	0%
Other Key Management Personnel:						
V Steer	75%	100%	25%	0%	0%	0%

STATUTORY REPORT OF THE DIRECTORS (CONT'D)

REMUNERATION REPORT (AUDITED) (CONT'D)

9. Key Management Personnel Remuneration (Cont'd)

Additional disclosure relating to key management personnel

Shareholding

The number of shares in the company held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

Ordinary shares	Balance at the start of the year	Received as part of remuneration	Additions	Disposals/other	Balance at the end of the year
D Lindeberg	3,588,301	0	0	0	3,588,301
P Pedler	728,885	0	0	0	728,885
L Brett	827,476	0	0	0	827,476
D Brown	55,000	0	0	0	55,000
V Steer	0	0	5,000	0	5,000
Total	**5,199,662**	**0**	**5,000**	**0**	**5,204,662**

Option holding

The number of options over ordinary shares in the company held during the financial year by each Director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

Options over ordinary shares	Balance at the start of the year	Granted	Exercised	Expired/Forfeited/ Other	Balance at the end of the year
V Steer	5,000	0	5,000	0	0

On the 31 December 2013 Valerie Steer exercised 5,000 options at $0.70.

Other transactions with key management personnel and their related parties

Mahshid Lindeberg, wife of Managing Director David Lindeberg, is employed by the Company as a Sales & Marketing Manager. Since 1 August 2011 she has been employed on a part time basis and her remuneration is paid on a similar basis to the other Sales & Marketing Managers. Her remuneration received or due to be received in both year 2014 and 2013 is listed below:

Year	Primary			Post Employment	Share-based Payments	Other Long Term Employee Benefits	Total
	Salaries and Fees*	Cash Performance Bonus*	Non-Monetary FBT	Superannuation*	Options Granted**	LSL Movement	
2014	$54,528	$0	$0	$4,847	$0	$0	**$59,375**
2013	$51,528	$0	$0	$4,505	$0	$0	**$56,033**

*Salaries and Fees, Performance Bonus and Superannuation figures are based on the amounts received or due to be received for the relevant year. **Value of options granted at date of issue.

During the financial year ended 30 June 2014, Scantech Limited incurred fees in relation to legal services of $32,108 (2013: $26,354) from Duncan Basheer Hannon the legal firm where Peter Pedler is a partner. These transactions were entered into under normal commercial terms and conditions and at market rates. The current trade payable balance owing to Duncan Basheer Hannon as at 30 June 2014 was $700 (2013: $4,559)

END OF AUDITED REMUNERATION REPORT

LIKELY DEVELOPMENTS

Likely developments in the operation of the consolidated entity and the expected results from those operations have not been included in this report. The inclusion of such information is likely to result in unreasonable prejudice to the consolidated entity.

Signed this 30th day of September 2014 in accordance with a resolution of the Directors.

P. Pedler
Chairman

D. Lindeberg
Managing Director

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AUSTRALIA

DECLARATION OF INDEPENDENCE

BY G K EDWARDS

TO THE DIRECTORS OF SCANTECH LIMITED

As lead auditor of Scantech Ltd for the year ended 30 June 2014, 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 audit; and

2. No contraventions of any applicable code of professional conduct in relation to the audit.

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

G K Edwards
Director

BDO Audit (SA) Pty Ltd

Adelaide, 30th September 2014

SCANTECH LIMITED AND ITS CONTROLLED ENTITIES
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2014

	Note	Consolidated Entity 2014 $	2013 $
Revenue	3	11,713,563	17,723,583
Cost of Sales		(5,123,066)	(6,925,810)
Gross Profit		6,590,497	10,797,773
Profit / (Loss) on Sale of Plant, Property and Equipment		(239)	0
Other Income	3	60,964	193,643
Interest Received	3	185,431	243,849
Manufacturing Expenses		(747,823)	(747,224)
Engineering and Scientific Expenses		(2,004,371)	(1,971,902)
Marketing Expenses		(2,484,163)	(2,306,775)
Administration Expenses		(1,878,859)	(1,641,235)
Borrowing Costs		(123,058)	(127,142)
Profit / (Loss) before Income Tax		(401,621)	4,440,987
Income Tax Benefit / (Expense)	6	134,435	(1,324,320)
Profit / (Loss) after Income Tax Attributable to Owners of the Parent Entity		(267,186)	3,116,667
Other Comprehensive Income:			
Items that will not be reclassified to profit or loss in future			
Gain / (Loss) on the Revaluation of Land (Net of Tax $343,500)		0	(801,500)
Total Comprehensive Income attributable to Owners of the Parent Entity		(267,186)	2,315,167
Basic Earnings per Share	9	(0.02)	0.18
Diluted Earnings per Share	9	(0.02)	0.18

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 30 JUNE 2014

	Note	Consolidated Entity 2014 $	2013 $
CURRENT ASSETS			
Cash and Cash Equivalents	27	1,494,828	336,843
Trade and Other Receivables	10	1,928,880	2,413,735
Current Tax Asset		458,409	0
Inventories	11	4,190,504	3,806,483
Amount due from Customers	11	1,163,964	2,056,910
Financial Assets	12	4,724,087	6,859,810
TOTAL CURRENT ASSETS		13,960,672	15,473,781
NON-CURRENT ASSETS			
Financial Assets	12	1,000	1,000
Property, Plant and Equipment	13	3,263,331	3,252,841
Patents, Trademarks and Licences	14	890,376	975,333
Product Development	15	1,716,045	1,716,045
Deferred Tax Asset	7	218,418	199,764
TOTAL NON-CURRENT ASSETS		6,089,170	6,144,983
TOTAL ASSETS		20,049,842	21,618,764
CURRENT LIABILITIES			
Trade and Other Payables	16	3,149,392	2,946,503
Amount due to Customers	11	1,192,590	1,422,157
Provision for Income Tax	6	0	1,251,080
Other Provisions	19	443,344	420,347
TOTAL CURRENT LIABILITIES		4,785,326	6,040,087
NON-CURRENT LIABILITIES			
Financial Liabilities	17	2,000,000	2,000,000
Other Provisions	19	81,886	90,485
Deferred Tax Liability	7	854,242	896,118
TOTAL NON-CURRENT LIABILITIES		2,936,128	2,986,603
TOTAL LIABILITIES		7,721,454	9,026,690
NET ASSETS		12,328,388	12,592,074
EQUITY			
Contributed Equity	20	7,125,759	14,960,462
Reserves	21	519,491	519,491
Retained Earnings / (Losses)		4,683,138	(2,887,879)
TOTAL EQUITY		12,328,388	12,592,074

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 YEAR ENDED 30 JUNE 2014

	Ordinary Share Capital $	Retained Earnings/ (Accumulated Losses) $	Premium on Consolidation $	Asset Revaluation Reserve $	Total $
Consolidated Entity Balance as at 1 July 2012	14,960,462	(6,004,546)	13,139	1,307,852	10,276,907
Profit for the Period	0	3,116,667	0	0	3,116,667
Other comprehensive income	0	0	0	(801,500)	(801,500)
Consolidated Entity Balance as at 30 June 2013	14,960,462	(2,887,879)	13,139	506,352	12,592,074
Consolidated Entity Balance as at 1 July 2013	14,960,462	(2,887,879)	13,139	506,352	12,592,074
Loss for the Period	0	(267,186)	0	0	(267,186)
Reduction of Capital-S258F	(7,838,203)	7,838,203	0	0	0
Issue of ordinary shares under share options	3,500	0	0	0	3,500
Consolidated Entity Balance as at 30 June 2014	7,125,759	4,683,138	13,139	506,352	12,328,388

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 THE YEAR ENDED 30 JUNE 2014

	Note	Consolidated Entity 2014 $	2013 $
Cash flows from operating activities:			
Receipts from Customers		13,230,937	17,029,388
Payments to Suppliers and Employees		(12,660,455)	(15,031,987)
Interest Received		229,186	203,770
Interest Paid		(123,058)	(127,142)
Income Taxes Paid		(1,635,584)	(241,504)
Other Income		60,964	193,643
Net cash provided by / (used in) operating activities	27(ii)	(898,010)	2,026,168
Cash flows from investing activities:			
Payments for Property, Plant and Equipment		(82,295)	(15,630)
Receipts from Sales of Property, Plant and Equipment		36	0
Payments for Patents, Trademarks and Licences		(969)	(13,890)
Net Receipts / (Payments) from movements in Financial Assets		2,135,723	(1,702,963)
Net cash provided by / (used in) investing activities		2,052,495	(1,732,483)
Cash flows from financing activities:			
Issue of Ordinary Shares under Share Options		3,500	0
Net cash provided by / (used in) financing activities		3,500	0
Net increase in cash held		1,157,985	293,685
Cash at the beginning of the financial year		336,843	43,158
Cash at the end of the financial year	27(i)	1,494,828	336,843

Reconciliation of Cash:

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 Balance Sheet as follows:

	2014 $	2013 $
Cash and Cash Equivalents	1,494,828	336,843

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 THE YEAR ENDED 30 JUNE 2014

1 INTRODUCTION

Scantech Limited is a listed public company limited by shares, incorporated and domiciled in Australia and is the parent entity of Scantech Limited Group of companies. This financial statement is prepared for the period of 1 July 2013 to 30 June 2014 and was authorised for issue in accordance with a resolution of the Directors on the 30 September 2014.

(a) REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

143 Mooringe Avenue, Camden Park, South Australia 5038.

(b) CURRENCY

The financial statements are presented in Australian dollars and rounded to the nearest dollar.

2 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements are general-purpose financial statements which have been prepared in accordance with the requirements of the Australian Accounting Standards and other authoritive pronouncements of the Australian Accounting Standards Board. For the purpose of preparing the consolidated financial statements, the Company is a for-profit entity.

The financial statements comply with Australian Accounting Standards and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

(a) BASIS OF ACCOUNTING

The financial statements have been prepared on the historical cost basis and do not take into account changing money values or, except where stated, current valuations of non-current assets. The Group assesses whether there is any indication that the carrying values of its assets may be impaired. Where an indicator of impairment exists, the Group makes a formal estimate of recoverable amount. If the result shows that the carrying amount of an asset exceeds its recoverable amount of the asset, impairment exists and the asset is written down to its recoverable amount.

The accounting policies that have been consistently applied by the entities in the Group are consistent with those of the previous year.

(b) PRINCIPLES OF CONSOLIDATION

The consolidated financial statements of the consolidated entity include the financial statements of Scantech Limited, being the Parent Entity, and its subsidiaries. Subsidiaries are entities (including structured entities) over which the Group has control. The Group has control over an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity, and has the ability to use its power to affect those returns. Where an entity either began or ceased to be controlled during the year, the results are included only from the date control commenced or up to the date control ceased. The balances and effects of transactions, between subsidiaries included in the consolidated financial statements have been eliminated. Non-controlling interests in the equity and results of the entities that are controlled by the Company are shown as a separate item in the consolidated financial statements.

(c) ACCOUNTING ESTIMATES AND JUDGEMENTS

The Directors evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

<u>Contract Revenue Percentage Completion:</u>
At the end of each quarter management assesses the percentage of completion for all current contract jobs, and revenue is recognised by the Group based on the stage of completion of each of the projects. Any expected loss on construction contracts are recognised as an expense immediately in profit or loss.

<u>Impairment of Product Development Costs:</u>
Determining whether Product Development costs are impaired requires an estimation of the value in use of the cash generating units to which Product Development costs have been allocated. The value in use calculation requires the Directors to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. The carrying amount of Product Development costs at 30 June 2014 was $1,716,045 (30 June 2013: $1,716,045).

In the Directors' judgement, Product Development costs have an indefinite life and so have not been amortised but tested for impairment each reporting period. Refer Note 2(p) and Note 15 for further details.

SCANTECH LIMITED AND ITS CONTROLLED ENTITIES
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

(d) NEW ACCOUNTING STANDARDS AND INTERPRETATIONS

In the current year, the group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB). These new and revised Standards and Interpretations have not affected the reporting results or financial position.

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Group for the annual reporting period 30 June 2014. These are outlined in the table below:

Reference	Title	Summary	Impact on Group Financial Report	Application Date for Group
AASB 9	Financial Instruments	This amendment addresses the classification, measurement, and derecognition of financial assets and liabilities.	The amendments are expected to have no or minimal impact on the Group's treatment of its financial assets and liabilities in the financial report.	1-Jul-17
AASB 2012-3	Amendments to Australian Accounting Standards – Offsetting Financial Assets and Liabilities.	These amendments clarify the requirements for offsetting financial instruments.	The amendments are expected to have no effect on the measurement and recognition of amounts in the Group's financial report. The amendments may affect the presentation of the Group's financial report.	1-Jul-14
AASB 2012-6	Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and Transition Disclosures	The amendments to AASB 9 are no longer requiring to restate comparatives. Instead, additional disclosures on the effects of transition are required.	The amendments are expected to have no or minimal effect on the measurement and recognition of amounts in the Group's financial report.	1-Jul-15
AASB 2013-3	Amendment to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets	The amendment to AASB 136 is to clarify the disclosure requirements for cash-generating units (CGUs) with significant amounts of goodwill and intangible with indefinite useful lives and also adds additional disclosures when recoverable amount is determined based on fair value less costs to sell.	The amendments are not expected to have any impact on the Group's financial report, nor material impact on disclosure.	1-Jul-14
AASB 2013-5	Amendments to Accounting Standards – Investment Entities	The amendment requires a parent investment entity to measure its investments in subsidiaries at fair value through profit or loss in its consolidated and separate financial statements as well as introduces disclosure requirements for investment entities.	The amendments are expected to have no or minimal effect on the measurement and recognition of amounts in the financial report.	1-Jul-14
AASB 2013-9	Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments	This amendment makes three amendments to AASB 9: adding new hedge accounting requirements; deferring AASB 9 effective date to 1 January 2017; making early adoption the presentation of the fair value option without early applying the other AASB 9 requirements.	The amendments are expected to have no or minimal effect on the measurement and recognition of amounts in the Group's financial report.	1-Jul-15

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(d) NEW ACCOUNTING STANDARDS AND INTERPRETATIONS (CONT'D)

Reference	Title	Summary	Impact on Group Financial Report	Application Date for Group
IAS 24	Related Party Disclosures	The amendment clarifies that an entity that provides key management personnel (KMP) services (management entity) to a reporting entity (or to the parent of the reporting entity), is a related party of the reporting entity. The separate disclosure of the amounts recognised as an expense for such KMP services is also required.	The amendments are expected to have no effect either on the measurement and recognition of amounts in the Group's financial report or disclosure requirements.	1-Jul-17
IAS 16 & IAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation – Amendments to IAS 16 and IAS 38	This clarifies that use of revenue-based methods for calculating depreciation and amortisation is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of economic benefits embodied in the asset.	The amendments are expected to have no or minimal effect on the measurement and recognition of amounts in the Group's financial report. It may raise the additional disclosure.	1-Jul-16
IFRS 8	Operating Segments	The amendment clarifies that a reconciliation of the total of reportable segments' assets to the entity's assets is only required if a measure of segment assets is regularly provided to the chief operating decision maker.	The amendments are not expected to have any impacts on Group's financial report. These amendments are expected to have no or minimal effect for the disclosure.	1-Jul-14
IFRS 15	Revenue from Contracts with Customers	The standard provides a single standard for revenue recognised based on when control of premised goods or services transfer to a customer.	Due to the recent release of this standard, the Group has not yet made a detailed assessment of the impact of this standard.	1-Jul-17

(e) REVENUE RECOGNITION

Product Revenue:
Product revenue comprises of revenue earned (net of returns, discounts and allowances) from the provision of products to entities outside the group. Product revenue is recognised using the percentage completion method.

Service Revenue:
Service revenue comprises of revenue earned (net of returns, discounts and allowances) from goods or services provided to entities outside the group. Service revenue is recognised when the goods are provided, or when the fee in respect of services provided is receivable.

Interest Income:
Interest income is recognised as it is accrued using the effective interest method.

(f) CASH AND CASH EQUIVALENTS

For Cash Flow Statement presentation purposes, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

(g) TRADE RECEIVABLES

Trade receivables which generally have 30 days terms represent the principle amount owing at the end of reporting period.

An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off to profit or loss when identified.

(h) FOREIGN CURRENCY

Transactions:

Foreign currency transactions are translated to Australian currency at the rates of exchange ruling at the dates of the transactions. Amounts receivable and payable in foreign currencies at the end of the reporting period are translated at the rates of exchange ruling on that date. Exchange differences relating to amounts receivable and payable in foreign currencies, and the transactions in foreign currency term deposit are brought to account as exchange gains or losses in the profit or loss in the financial year in which the exchange rates change.

Transaction of Controlled Foreign Entities:

At the end of the reporting period, there are no assets and liabilities in overseas subsidiaries.

(i) TAXATION

Income Tax:

The income tax (expense) benefit for the year comprises of current income tax (expense) benefit and deferred tax (expense) benefit.

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax (expense) benefit is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at the end of the reporting period. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability. Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists. The deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

Tax Consolidation:

Scantech Limited and its wholly-owned Australian subsidiaries have formed an income tax consolidated Group under the tax consolidation legislation. Each entity in the Group recognises its own current and deferred tax assets and liabilities. Such taxes are measured using the ‘stand-alone taxpayer’ approach to allocation. Current tax liabilities (assets) and deferred tax assets arising from unused tax losses and tax credits in the subsidiaries are immediately transferred to the head entity. The Group notified the Australian Taxation Office that it had formed an income tax consolidated Group to apply from 1 July 2003.

The tax consolidated Group has entered a tax funding arrangement whereby each company in the Group contributes to the income tax payable by the Group in proportion to their contribution to the Group’s taxable income. Differences between the amounts of net tax assets and liabilities derecognised and the net amounts recognised pursuant to the funding arrangement are recognised as either a contribution by, or distribution to the head entity.

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(j) IMPAIRMENT OF ASSETS

At the end of each reporting period or more frequently if events or changes in circumstances indicate they might be impaired, the Group reviews the carrying values of tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed in profit or loss. Impairment testing is performed annually for intangible assets with indefinite lives.

(k) INVESTMENTS IN SUBSIDIARIES

Subsidiaries:

Investments in subsidiaries are carried in the Company's accounts at the lower of cost and recoverable amount. Dividends and distributions are brought to account in the profit or loss when proposed by the subsidiaries.

Other Companies:

Investments in other companies are carried at the lower of cost, or recoverable amount, being a Directors' valuation based on market values at the time of the valuation. Dividends are brought to account as they are received.

(l) INVENTORIES

Manufacturing Activities:

Raw materials and stores represent inventory items stated at cost price. Work in Progress represents analysers under construction for which there is no specific customer contract at the end of reporting period. Costs, including an appropriate portion of fixed and variable overhead expenses, are assigned to inventories by the method most appropriate to each particular class of inventory. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Contracts in Progress:

Where the outcome of a contract for the construction of an analyser can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the end of reporting period, as measured by the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs, except where this would not be representative of the stage of completion.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable.

Contract costs are recognised as expenses in the period in which they are incurred. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

"Amounts due from customers" is recognised as an asset for all contracts in progress for which costs incurred plus recognised profits (less recognised losses) exceeds progress billings. A liability for "Amounts due to customers" is recognised for all contracts in progress for which progress billings exceed costs incurred plus recognised profits (less recognised losses).

(m) PROPERTY, PLANT AND EQUIPMENT

Acquisition:

Plant and equipment is recorded at cost and depreciated as outlined below. The cost of plant and equipment constructed by subsidiaries includes the cost of materials and direct labour and an appropriate proportion of fixed and variable overheads. All other items of property, plant and equipment are carried at the lower of cost, less accumulated depreciation, and recoverable amount.

Property, plant and equipment are subject to an impairment test when there is an indication that impairment exists by reference to internal and external market factors. Any item of property, plant and equipment, which is impaired, is written down to its recoverable amount. The amount of the impairment write-down for assets carried at cost is expensed through profit or loss.

Recoverable amounts are determined for individual assets, unless the value in use cannot be estimated independently from other assets. In such case, the recoverable amount is determined for the cash-generating Group of assets to which it belongs.

Revaluations of Land and Buildings:

Land and buildings are measured at fair value, based on periodic valuations by external independent valuers who apply the International Valuations Standards Committee International Valuation Standards, less accumulated depreciation on buildings and less any impairment losses recognised after the date of the revaluation. At the end of each reporting period the Directors re-assess the fair value of the land and buildings and the carrying value is adjusted accordingly.

Any revaluation increment is credited to the asset revaluation reserve included in equity, except to the extent that it reverses a revaluation decrement for the same asset previously recognised in profit or loss, in which case the increment is recognised in profit or loss.

(m) PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Revaluations of Land and Buildings (Cont'd):

Any revaluation decrement is recognised in profit or loss, except to the extent that it offsets a previous revaluation increment for the same asset, in which case the decrement is debited directly to the asset revaluation reserve to the extent of the credit balance existing in the revaluation reserve for that asset.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amounts of the assets and the net amounts are restated to the revalued amounts of the assets. Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are included in the profit or loss.

Upon disposal or derecognition, any revaluation reserve to the particular asset being sold is transferred to retained earnings.

Depreciation and Amortisation:

Property, plant and equipment are depreciated over their useful life (3 to 10 years) using the straight line method. The buildings are depreciated using the straight line method over 40 years.

Derecognition:

An item of property, plant and equipment is derecognised upon disposal or when no further economic benefits are expected from its use

(n) LEASES

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term.

(o) INTANGIBLES

Patents, Trademarks and Licences:

Measured initially at cost less an accumulated amortisation and any impairment losses.

Patents, Trademarks and Licences are amortised on a straight line basis over the lesser of 20 years or life of the patent, trademarks or licences.

(p) PRODUCT DEVELOPMENT COSTS

No development costs have been capitalised in the current year.

No research costs are carried forward.

Capitalised Product Development costs represent the development of the new Mark IV Geoscan and the development of universal hardware and electronics for use in the majority of Scantech's current products net of AusIndustry funding from prior years.

(q) TRADE AND OTHER PAYABLES

Accounts payable represent the principle amount outstanding at the end of reporting period plus, where applicable any accrued interest.

(r) BORROWING COSTS

Borrowing costs are recognised as an expense in the period in which they are incurred except borrowing costs that are directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period to get ready its intended use or sale. In this case borrowing costs are capitalised as part of the cost of the asset.

(s) PROVISIONS

Employee Benefits:

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave, long service leave, and sick leave when it is probable that settlement will be required and they are capable of being measured reliably.

Liabilities recognised in respect of short-term employee benefits, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement. Liabilities recognised in respect of long term employee benefits are measured as the present value of the estimated future cash outflows to be made by the Group in respect of services provided by employees up to reporting date.

(t) SHARE-BASED PAYMENTS

The Group operates equity-settled share-based payment employee and Director's share and option schemes. There are no vesting conditions under these schemes. The fair value of the equity to which employees become entitled is recognised as an expense on grant date. The fair value of options is ascertained using a Binomial pricing model.

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(u) EARNINGS PER SHARE

Basic earnings per share:

Basic earnings per share is calculated by dividing the profit attributable to owners of the company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

Diluted earnings per share:

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

(v) GOODS AND SERVICES TAX (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the statement of financial position.

(w) DIVIDENDS

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the financial year but not distributed at the end of the reporting period.

(x) FINANCIAL INSTRUMENTS

Recognition and Initial Measurement:

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the Group becomes a party to the contractual provisions of the instrument.

Financial instruments are initially measured at fair value plus transaction costs where the instrument is not classified as at fair value through profit or loss. Transaction costs related to instruments classified as at fair value through profit or loss are expensed to profit or loss immediately. Financial instruments are classified and measured as set out below.

Derecognition:

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

Classification and Subsequent Measurement:

(i) Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost using the effective interest rate method.

(ii) Held-to-Maturity Investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Group's intention to hold these investments to maturity. They are subsequently measured at amortised cost using the effective interest rate method.

(iii) Financial Liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost using the effective interest rate method.

Impairment:

At the end of each reporting period, the Group assesses whether there is objective evidence that a financial instrument has been impaired. Impairment losses are recognised in profit or loss.

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	Consolidated Entity 2014 $	Consolidated Entity 2013 $
3 REVENUE AND OTHER INCOME		
Included in profit or loss are the following revenue and other income items:		
Products Revenue	5,687,483	12,508,528
Services Revenue	6,026,080	5,215,055
Total Revenue	11,713,563	17,723,583
Other Income – AusIndustry Grant	33,918	168,730
– Sundry	27,046	24,913
Total Other Income	60,964	193,643
Interest Received	185,431	243,849
Net Foreign Exchange Gain / (Loss)	(64,532)	237,460
4 EXPENSES		
Included in the Profit before Income Tax are the following expenses:		
Operating Lease Rental Costs	197,348	208,481
Research and Development Costs	226,970	428,426
Depreciation of Property, Plant and Equipment	71,530	84,536
Amortisation of Patents, Trademarks and Licences	85,926	112,634
Total Depreciation and Amortisation	157,456	197,170
Wages and Salaries	3,251,585	3,195,964
Superannuation	304,141	288,071
Other Employee Benefits Expenses	513,695	811,486
Total Employee Benefits Expenses	4,069,421	4,295,521
5 AUDITORS' REMUNERATION		
Amounts received or due and receivable for audit and review of financial reports:		
– Auditors of the Parent Entity – BDO	69,700	65,950
Amounts received or due and receivable for other services of auditor of parent entity by:		
– Taxation services – BDO	27,265	30,468
– Other accounting services – BDO	15,885	1,600
Total Auditor's Remuneration	112,850	98,018
6 INCOME TAX BENEFIT (EXPENSE)		
The components of Income Tax Benefit / (Expense) comprise:		
Current tax	73,905	(1,251,080)
Deferred tax	60,531	(74,374)
Over / (Under) provision in respect of prior years	(1)	1,134
	134,435	(1,324,320)
A reconciliation between tax expense and the product of the accounting profit before income tax multiplied by the consolidated entity's applicable tax rate is as follows:		
Accounting Profit / (Loss) before Income Tax	(401,621)	4,440,987
Tax at 30%	120,486	(1,332,296)
Non Deductible Permanent Differences	(59,955)	(46,654)
Other Temporary Differences not Previously Recognised	(1)	1,134
Impact of R&D Tax Incentive	73,905	53,496
Income Tax Benefit / (Expense)	134,435	(1,324,320)

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	Consolidated Entity 2014 $	Consolidated Entity 2013 $
7 RECOGNISED DEFERRED TAX ASSETS AND LIABILITIES		
Deferred income tax as at 30 June 2014 relates to the following:		
Deferred Tax Liabilities:		
Other Debtors and Prepayments	4,936	18,080
Land and Buildings	217,009	217,009
Patents, Trademarks and Licences	110,952	113,166
Product Development	514,813	514,813
Foreign Exchange Differences	6,532	33,050
	854,242	896,118
Deferred Tax Assets:		
Contracts in Progress	3,016	777
Land and Buildings	6,490	14,055
Plant and Equipment	19,702	17,586
Other Payables and Accruals	10,206	7,535
Provisions	157,569	153,250
Other Assets	6,117	6,561
Current Year Tax Loss	15,318	0
	218,418	199,764
8 DIVIDENDS		
Dividends provided for or paid by the Parent Entity are:		
(i) No final dividend was paid	0	0
(ii) No interim dividend was paid	0	0
(iii) No final dividend is recommended by the Directors	0	0
Dividend Franking Account:		
Retained profits and reserves that could be distributed as franked dividends using franking credits already in existence or which will arise from income tax payments and in the following period, and after deducting franking credits to be used in payment of the above dividends, franked at 30% (2013: 30%)	4,492,308	4,492,308
9 EARNINGS PER SHARE		
Profit / (Loss) attributable to owners of the parent entity after income tax	(267,186)	3,116,667
Basic Earnings per Share	(0.02)	0.18
Weighted average number of ordinary shares used in the calculation of the basic earnings per share	17,559,559	17,557,066
Diluted Earnings per Share	(0.02)	0.18
Weighted average number of ordinary shares used in the calculation of the diluted earnings per share	17,559,559	17,557,066

In Accordance with AASB 133 “Earnings per Share”, earnings per share have not been diluted for options existing at balance date as the average market price of ordinary shares during the year does not exceed the exercise price of the options of issue.

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	Consolidated Entity 2014 $	Consolidated Entity 2013 $
10 TRADE AND OTHER RECEIVABLES		
Current:		
Trade Accounts Receivable outstanding:		
Current	1,566,880	1,971,056
1 – 30 days	96,797	51,436
30 – 60 days	41,650	71,994
60 – 90 days	0	45,785
Over 90 days	54,000	64,529
Total	1,759,327	2,204,800
Other Debtors and Prepayments	169,553	208,935
	1,928,880	2,413,735

The Group does not consider there is any change in the credit quality for the trade receivables under 30 days at the date of reporting. These receivables under 30 days are made up of existing customers or new customers where the Group has performed due diligence.

Management has assessed all balances over 30 days, which are outside normal trading terms, as past due but not impaired as they are still considered to be receivable.

Current Amounts Receivable in Foreign Currencies:
The Australian dollar equivalent of unhedged amounts receivable in foreign currencies, calculated at year end exchange rates, are as follows:

	2014 $	2013 $
United States Dollars (USD)	415,253	1,228,165
Euro (EUR)	228,158	184,928
South African Rand (ZAR)	482,076	77,362
	1,125,487	1,490,455

	2014 $	2013 $
11 INVENTORIES		
Current:		
Raw Materials and Stores at cost	931,673	1,064,042
Work in Progress	3,258,831	2,742,441
	4,190,504	3,806,483
Contracts in Progress:		
Cost Incurred plus Profit to Date	30,185,013	31,772,680
Less Billings	(30,213,639)	(31,137,927)
Net Amount	(28,626)	634,753
Represented By:		
Amounts due from Customers (Asset)	1,163,964	2,056,910
Amounts due to Customers (Liability)	(1,192,590)	(1,422,157)
Contracts in Progress (Net Amount)	(28,626)	634,753
12 FINANCIAL ASSETS		
Non-Current:		
Shares - Other Corporations (at cost)	1,000	1,000
	1,000	1,000
Current:		
Amounts on Deposit at Banks	4,724,087	6,859,810

Current Term Deposit Amounts in Foreign Currencies:
The Australian dollar equivalent of unhedged amounts term deposit in foreign currencies, calculated at year end exchange rates, are as follows:

	2014 $	2013 $
United States Dollars (USD)	39,805	41,144
Euro (EUR)	242,571	246,796

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13 PROPERTY, PLANT AND EQUIPMENT		
Plant and Equipment – at cost	626,427	562,479
Accumulated Depreciation	(435,596)	(409,638)
	190,831	152,841
Leasehold Improvements – at cost	0	112,983
Accumulated Amortisation	0	(112,983)
	0	0
Land and Buildings – at fair value	3,237,500	3,237,500
Accumulated Depreciation	(165,000)	(137,500)
	3,072,500	3,100,000
Total Property, Plant and Equipment	3,263,331	3,252,841

Movement In Carrying Amounts:
Movement in the carrying amounts for each class of Property, Plant and Equipment between the beginning and the end of the current financial year.

	2014 $	2013 $
Plant and Equipment at cost at the beginning of the year	562,479	553,080
Additions	82,295	15,630
Disposals	(18,347)	(6,231)
Plant and Equipment at cost at the end of the year	626,427	562,479
Accumulated Depreciation at the beginning of the year	(409,638)	(358,833)
Depreciation Expense	(44,030)	(57,036)
Depreciation Expense write back	18,072	6,231
Accumulated Depreciation at the end of the year	(435,596)	(409,638)
Carrying Amount of Plant and Equipment at the end of the year	190,831	152,841
Leasehold Improvements at cost at the beginning of the year	112,983	112,983
Dispose Leasehold Improvement	(112,983)	0
Leasehold Improvement at cost at the end of the year	0	112,983
Accumulated Amortisation at the beginning of the year	(112,983)	(112,983)
Amortisation Expense	0	0
Amortisation Expense write back	112,983	0
Accumulated Amortisation at the end of the year	0	(112,983)
Carrying Amount of Leasehold Improvements at the end of the year	0	0
Land and Buildings at fair value at the beginning of the year	3,237,500	4,382,500
Revaluations	0	(1,145,000)
Land and Buildings at fair value at the end of the year	3,237,500	3,237,500
Accumulated Depreciation at the beginning of the year	(137,500)	(110,000)
Depreciation Expense	(27,500)	(27,500)
Accumulated Depreciation at the end of the year	(165,000)	(137,500)
Carrying Amount of Land and Buildings at the end of the year	3,072,500	3,100,000
Total Property, Plant and Equipment at the end of the year	3,263,331	3,252,841

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	Consolidated Entity 2014 $	Consolidated Entity 2013 $
13 PROPERTY, PLANT AND EQUIPMENT (CONT'D)		
Carrying amounts of the Land and Buildings if they were not re-valued and measured at cost less accumulated depreciation would be as follows:		
Carrying Amount of Land & Buildings at the end of the year	2,349,140	2,376,640

The valuation of Land and Buildings at 141-145 Mooringe Avenue, Camden Park was conducted by a local independent valuer on the 3 July 2013, to determine the fair value of the Land and Buildings at 30 June 2014. The valuation was determined by reference to recent market transactions on arm's length terms.

Assets pledged as security:
Freehold Land and Buildings with a carrying amount of $3,072,500 (2013: $3,100,000) have been pledged to secure borrowings of the Group (refer to Note 17).

	2014 $	2013 $
14 PATENTS, TRADEMARKS AND LICENCES		
Patents and Licences – at cost at the end of the year	1,632,569	1,671,804
Accumulated Amortisation at the end of the year	(742,193)	(696,471)
	890,376	975,333
Movement In Carrying Amounts:		
Patents and Licences at cost at the beginning of the year	1,671,804	1,705,607
Additions	969	13,890
Disposals	(40,204)	(47,693)
Patents and Licences at cost at the end of the year	1,632,569	1,671,804
Accumulated Amortisation at the beginning of the year	(696,471)	(631,530)
Amortisation Expense	(85,926)	(112,634)
Amortisation Expense Write Back	40,204	47,693
Accumulated Amortisation at the end of the year	(742,193)	(696,471)
Carrying Amount of Patents and Licences at the end of the year	890,376	975,333
15 PRODUCT DEVELOPMENT		
Development – at cost	1,716,045	1,716,045
Movement In Carrying Amounts:		
Product Development at cost at the beginning of the year	1,716,045	1,716,045
Carrying Amount of Product Development at the end of the year	1,716,045	1,716,045

The Directors have determined that these Product Development costs have an indefinite life and have not been amortised but tested for impairment each reporting period. This assessment is based on the technology being expected to be used on an ongoing basis in future product applications for an indefinite period. There is strong demand for the products and Scantech holds patents, trademarks and licences over the current technology developed.

Impairment Testing:
The operations of the group are considered a single cash-generating unit for the purpose of allocation of Product Development costs.

The recoverable amount of the consolidated entity's Product Development costs has been determined by a value-in-use calculation using a discount cash flow model, based on a 5 year projection period approved by management, together with a terminal value.

15 PRODUCT DEVELOPMENT (CONT'D)

Impairment Testing (Cont'd):

Key assumptions are those to which the recoverable amount of an asset or cash-generating units are most sensitive. The following key assumptions were used in the discounted cash flow model:

a.13% (2013: 13%) pre-tax discount rate;

b. 2% (2013: 2%) per annum for 6 years, 0% per annum thereafter, projected revenue growth rate for net operating cash flows.

The discount rate of 13% pre-tax reflects management's estimate of the time value of money and the consolidated entity's weighted average cost of capital adjusted for the risk free rate and the volatility of the share price relative to market movements.

The 2% per annum projected growth rate for net operating cash flows was based on management's view of a reasonable average long term growth rate in the context of the global financial situation and the associated volatility of net operating cash flow.

Sensitivity:

As disclosed above, the Directors have made judgements and estimates in respect of impairment testing of Product Development costs. Should these judgements and estimates not occur the resulting Product Development costs may vary in carrying amount. The sensitivities are as follows:

a. The projected net operating cash flows would need to decrease by 31% before Product Development costs would need to be impaired, with all other assumptions remaining constant.

b. The discount rate would be required to increase to 24% before Product Development costs would need to be impaired, with all other assumptions remaining constant.

Management believes that other reasonable changes in the key assumptions on which the recoverable amount of Product Development costs is based would not cause the cash-generating unit's carrying amount to exceed recoverable amount.

	Consolidated Entity	
	2014	2013
	$	$
16 TRADE AND OTHER PAYABLES		
Current:		
Trade Accounts Payable	439,903	276,519
Other Payables and Accruals	2,709,489	2,669,984
	3,149,392	2,946,503
Current Amounts Payable in Foreign Currencies:		
The Australian dollar equivalent of unhedged amounts payable in foreign currencies, calculated at year end exchange rates, are as follows:		
United States Dollars (USD)	147,895	83,490
Euro (EUR)	132,759	140,915
South African Rand (ZAR)	40	0
United Kingdom Pounds (GBP)	0	3,628
	280,694	228,033
17 FINANCIAL LIABILITIES		
Non-Current:		
Bank Loans	2,000,000	2,000,000
	2,000,000	2,000,000

Summary of borrowing arrangements:

Bank loans are secured by a registered mortgage over the group's freehold land and buildings (refer to Note 13), a registered mortgage debenture in the form of a Fixed and Floating Charge over assets and undertakings of the Scantech Properties Pty Ltd and Scantech International Pty Ltd, Deed of Cross Collaterisation given by Scantech Limited, Scantech Properties Pty Ltd and Scantech International Pty Ltd, and Unlimited Guarantees from Scantech Properties Pty Ltd and Scantech International Pty Ltd.

SCANTECH LIMITED AND ITS CONTROLLED ENTITIES
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	Consolidated Entity 2014 $	Consolidated Entity 2013 $
18 FINANCING ARRANGEMENTS		
The Consolidated Entity had access to the following lines of credit:		
Total facilities available at balance date:		
Bank Overdraft	1,000,000	1,000,000
Bank Loans	2,000,000	2,000,000
Bank Guarantee / Performance Guarantee	4,422,311	4,970,121
Forward Cover	1,000,000	1,000,000
	8,422,311	8,970,121
Facilities utilised at balance date:		
Bank Overdraft	0	0
Bank Loans	(2,000,000)	(2,000,000)
Bank Guarantee / Performance Guarantee	(1,500,438)	(1,939,353)
Forward Cover	0	0
	(3,500,438)	(3,939,353)
Facilities not utilised at balance date:		
Bank Overdraft	1,000,000	1,000,000
Bank Loans	0	0
Bank Guarantee / Performance Guarantee	2,921,873	3,030,768
Forward Cover	1,000,000	1,000,000
	4,921,873	5,030,768
19 PROVISIONS – OTHER		
Current:		
Employee Benefits	443,344	420,347
	443,344	420,347
Non-Current:	81,886	90,485
Employee Benefits	81,886	90,485
20 CONTRIBUTED EQUITY		
Issued and Paid Up Capital:		
At the beginning of the reporting period	14,960,462	14,960,462
Shares issued during the year	3,500	0
Reduction of Capital - S258F*	(7,838,203)	0
At reporting date	7,125,759	14,960,462

*On 30 June 2014 the Company reduced its share capital by $7,838,203 in accordance with Section 258F of the Corporations Act.

Ordinary Shares:	2014 Number of shares	2013 Number of shares
At beginning of the reporting period	17,557,066	17,557,066
Issue of ordinary shares under share options	5,000	0
At reporting date	17,562,066	17,557,066

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 a 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.

Options:
For information relating to Scantech's director and employee options, including details of options issued, exercised and lapsed during the financial year and the options outstanding at year end, refer to the Remuneration Report, Key Management Personnel Remuneration.

SCANTECH LIMITED AND ITS CONTROLLED ENTITIES
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FOR THE YEAR ENDED 30 JUNE 2014

20 CONTRIBUTED EQUITY (CONT'D)

Capital Management:

Management controls the capital of the Group in order to maintain a good debt to equity ratio, provide the shareholders with adequate returns and ensure that the Group can fund its operations and continue as a going concern.

The Group's debt and capital includes ordinary share capital and financial liabilities, supported by financial assets.

There are no externally imposed capital requirements.

Management effectively manages the Group's capital by assessing the Group's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels and share issues.

There have been no changes in the strategy adopted by management to control the capital of the Group since the prior year. This strategy is to ensure that the consolidated Group's gearing ratio remains below 25%. The gearing ratios for the year ended 30 June 2014 and 30 June 2013 are detailed below.

	Consolidated Entity	
	2014 $	2013 $
Debts:		
Trade & Other Payables	3,149,392	2,946,503
Financial Liabilities - Loans	2,000,000	2,000,000
Total Borrowings	5,149,392	4,946,503
Less Financial Assets	(4,724,087)	(6,859,810)
Less Cash and Cash Equivalents	(1,494,828)	(336,843)
Net Debt	(1,069,523)	(2,250,150)
Total Equity	12,328,388	12,592,074
Total Capital	11,258,865	10,341,924
Gearing Ratio	-10%	-22%

21 RESERVES

Premium on Consolidation	13,139	13,139
Asset Revaluation Reserve - Land	506,352	506,352
	519,491	519,491

The Asset Revaluation Reserve arises on the revaluation of land. When revalued land is sold, the portion of the Asset Revaluation Reserve that relates to that asset is transferred directly to retained earnings. Items of other comprehensive income included in the Asset Revaluation Reserve will not be reclassified subsequently to profit or loss.

22 CAPITAL AND LEASING COMMITMENTS

The Group has no capital expenditure commitments at year end.

The Underwood, Queensland property lease is a non-cancellable lease with a three year term set to expire on 30/04/2017.

Payable – minimum lease payments		
- not later than 1 year	110,259	0
- between 1 year and 5 years	210,559	0
	320,818	0

The operating lease for Xerox Photocopier is a non-cancellable lease with a four year term set to expire 24/02/2018.

Payable – minimum lease payments		
- not later than 1 year	2,640	0
- between 1 year and 5 years	7,040	0
	9,680	0

SCANTECH LIMITED AND ITS CONTROLLED ENTITIES
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	Consolidated Entity 2014 $	Consolidated Entity 2013 $
22 CAPITAL AND LEASING COMMITMENTS (CONT'D)		
The Underwood, Queensland property lease was a non-cancellable lease with a five year term that expired 30/12/2013. Extended to 30/04/2014.		
Payable – minimum lease payments		
- not later than 1 year	0	94,360
- between 1 year and 5 years	0	0
	0	94,360
The operating lease for Xerox Photocopier was a non-cancellable lease with a five year term that expired 15/05/2014. Terminated 22/02/2014.		
Payable – minimum lease payments		
- not later than 1 year	0	17,181
- between 1 year and 5 years	0	0
	0	17,181
The operation lease for IBC Network solution is a non-cancellable lease with a two year term is under contract at the end of the reporting period, and is due to commence in October 2014 (Deferred from October 2013).		
Payable – minimum lease payments		
- not later than 1 year	12,272	0
- between 1 year and 5 years	20,454	0
	32,726	0

23 CONTINGENT LIABILITIES AND CONTINGENT ASSETS

The group has a contingent liability of $1,120,495 (2013: $1,678,821) 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.

24 PARENT ENTITY INFORMATION

	2014 $	2013 $
Information relating to Scantech Limited the Parent Entity:		
Current Assets	4,020,009	2,268,189
Total Assets	4,028,404	2,276,584
Non-Current Liabilities	1,748,320	0
Total Liabilities	1,748,320	0
Issued Capital	7,125,759	14,960,462
Retained Earnings	(4,845,675)	(12,683,878)
Total Shareholders' Entity	2,280,084	2,276,584
Profit or loss of the Parent Entity	0	0
Total Comprehensive Income of the Parent Entity	0	0
Contingent Liabilities of the Parent Entity:		
Guarantees entered into by the Parent Entity in relation to the Debts of its Subsidiaries	1,095,592	969,232
Bank loans are secured by an unlimited guarantee provided by the Parent Entity.	2,000,000	2,000,000
Contractual Commitments by the Parent Entity for the Acquisition of Property, Plant or Equipment	0	0

SCANTECH LIMITED AND ITS CONTROLLED ENTITIES
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25 SUBSIDIARIES

Name/Country of Incorporation:		Group Interest	Book Value of Investment 2014 $	2013 $
Coalscan Pty Ltd	Australia	100%	6,393	6,393
Scantech Applications Pty Ltd	Australia	100%	0	0
Mineral Control Instrumentation Pty Limited	Australia	100%	2	2
Scan Technologies Inc	Pennsylvania USA	100%	0	0
Scan Technologies Inc	West Virginia USA	100%	0	0
Scantech Services Pty Ltd	Australia	100%	0	0
Scantech Properties Pty Ltd	Australia	100%	0	0
Scantech International Pty Ltd	Australia	100%	1,000	1,000
			7,395	7,395
Investment in Other Companies:				
Saindo Trading Company Pty Ltd (1 trust unit)			1,000	1,000
			1,000	1,000

26 DIRECTORS SHAREHOLDINGS AND OPTIONS – DIRECT AND INDIRECT INTEREST AS AT 30 JUNE 2014

There were no Director Share Option Deeds executed and no options remain outstanding as at 30 June 2014.

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

Name of Director	30 June 2014 Number of Shares	30 June 2013 Number of Shares
David Lindeberg	3,588,301	3,588,301
Dean Brown	55,000	55,000
Laurance Brett	827,476	827,476
Peter Pedler	728,885	728,885
Total	**5,199,662**	**5,199,662**

A reconciliation of opening and closing interests in shares and share option deeds is provided in the Remuneration Report. Director Share Option Deeds and Shareholdings were unchanged at the date of this report from the end of the reporting period.

SCANTECH LIMITED AND ITS CONTROLLED ENTITIES
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27 CASH FLOW INFORMATION

i) Reconciliation of Cash:

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 Balance Sheet as follows:

	Consolidated Entity 2014 $	2013 $
Cash	1,494,828	336,843

ii) Reconciliation of cash flow from operations with profit after income tax:

	2014 $	2013 $
Profit / (Loss) after income tax	(267,186)	3,116,667
Add / (Less) non-cash items:		
Depreciation and Amortisation	157,456	197,170
Loss on Sale of Property, Plant and Equipment	239	0
Change in assets and liabilities:		
Reduction / (Increase) in trade & other receivables	484,855	934,872
Reduction / (Increase) in contract balances	663,379	(2,060,783)
Reduction / (Increase) in inventories	(384,021)	(1,188,964)
Reduction / (Increase) in deferred tax asset	(18,654)	37,490
Increase / (Reduction) in deferred tax liability	(41,876)	29,948
Increase / (Reduction) in trade & other creditors	202,889	(155,403)
Increase / (Reduction) in provision for employee entitlements	14,398	99,793
Increase / (Reduction) in income tax provision	(1,709,489)	1,015,378
Net cash provided by / (used in) operating activities	(898,010)	2,026,168

28 RELATED PARTY TRANSACTIONS

Parent entity
Scantech Limited is the parent entity.

Subsidiaries
Interests in subsidiaries are set out in Note 25.

Key management personnel
Disclosures relating to key management personnel are set out below and in Remuneration Report in the Directors Report.

Compensation
In aggregate compensation made to directors and the members of key management personnel of the consolidated entity is set out below:

Key Management Personnel Compensation:

The total payment of Key Management Personnel compensation comprised:

	2014 $	2013 $
Short-term employee benefits	674,323	780,944
Post-employee benefits	60,588	68,386
Termination benefits	0	0
Other long term benefits	(334)	16,054
Share-based payments	0	0
	734,577	865,384

28 RELATED PARTY TRANSACTIONS (CONT'D)

Mahshid Lindeberg, wife of Managing Director David Lindeberg, is employed by the Company as a Sales & Marketing Manager. Since 1 August 2011 she has been employed on a part time basis and her remuneration is paid on a similar basis to the other Sales & Marketing Managers. Her remuneration received or due to be received in both year 2014 and 2013 is listed below:

Year	Primary			Post Employment	Share-based Payments	Other Long Term Employee Benefits	Total
	Salaries and Fees*	Cash Performance Bonus*	Non-Monetary FBT	Superannuation*	Options Granted**	LSL Movement	
2014	$54,528	$0	$0	$4,847	$0	$0	**$59,375**
2013	$51,528	$0	$0	$4,505	$0	$0	**$56,033**

*Salaries and Fees, Performance Bonus and Superannuation figures are based on the amounts received or due to be received for the relevant year.

**Value of options granted at date of issue.

During the financial year ended 30 June 2014, Scantech Limited incurred fees in relation to legal services of $32,108 (2013: $26,354) from Duncan Basheer Hannon the legal firm where Peter Pedler is a partner. These transactions were entered into under normal commercial terms and conditions and at market rates. The current trade payable balance owing to Duncan Basheer Hannon as at 30 June 2014 was $700 (2013: $4,559)

Loans:
Loans between Group entities are at call basis. No interest revenue and expenses are brought to account on these loans.

29 FINANCIAL INSTRUMENTS

(a) Financial Risk Management:
The Group's financial instruments consists mainly of deposits with banks, short-term investments, accounts receivable and payable and banking facilities.

The main risks arising from the Group's financial instruments are foreign currency risk, interest rate risk, liquidity risk and credit risk. Senior management, in conjunction with the Board, reviews and agrees on policies for managing each of these risks.

Financial Risks:
The main risks the Group is exposed to through its financial instruments are interest rate risk, foreign currency risk, liquidity risk and credit risk.

Interest Rate Risk:
Both financial assets and liabilities are subject to floating interest rates. The Company manages its cash at bank and loan balances through a mixture of fixed and variable interest rates.

Foreign Currency Risk:
The Group is exposed to fluctuations in foreign currencies arising from the sales, purchase of goods and services and term deposits in currencies other than the Group's measurement currency, predominantly in EUR, ZAR and USD. Refer to Notes 10, 12 and 16 for further details.

The Group is continuously monitoring the foreign currency exchange exposure. The Group's policy for dealing with the foreign currency risk does not include forward cover. The Group has natural hedges with amounts on term deposit invested in foreign currency.

Liquidity Risk:
The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Group manages its liquidity by forecasting liquidity reserves based on future cash flows and ensuring it has credit facilities available for immediate use should the need arise. Cash flow forecasts are reported to the Board monthly.

Credit Risk:
The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in Notes 10, 11 and 12.

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29 FINANCIAL INSTRUMENTS (CONT'D)

The Group tries to minimise credit risk by obtaining prepayments from major customers.

The Group does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by the Group. There are no significant concentrations of credit risk within the Group.

(b) Financial Instruments:
(i) Liquidity and Interest Rate Risk:
The economic entity's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on classes of financial assets and financial liabilities, is as follows:

30 June 2014	Weighted Average Effective Interest Rate	Floating Interest Rate	Within Year	1 to 5 Years	Over 5 Years	Total
	%	$	$	$	$	$
Financial Assets						
Trade and Other Receivables	0.00	0	1,928,880	0	0	1,928,880
Cash and Cash Equivalents	2.38	1,494,828	0	0	0	1,494,828
Investments	3.14	0	4,775,857	0	0	4,775,857
Total Financial Assets		**1,494,828**	**6,704,737**	**0**	**0**	**8,199,565**
Financial Liabilities						
Trade and Other Payables	0.00	0	3,149,392	0	0	3,149,392
Bank Overdrafts and Loans	5.79	0	115,800	1,044,254	1,575,076	2,735,130
Total Financial Liabilities		**0**	**3,265,192**	**1,044,254**	**1,575,076**	**5,884,522**

30 June 2013	Weighted Average Effective Interest Rate	Floating Interest Rate	Within Year	1 to 5 Years	Over 5 Years	Total
	%	$	$	$	$	$
Financial Assets						
Trade and Other Receivables	0.00	0	2,413,735	0	0	2,413,735
Cash and Cash Equivalents	0.83	336,843	0	0	0	336,843
Investments	3.96	0	6,990,076	0	0	6,990,076
Total Financial Assets		**336,843**	**9,403,811**	**0**	**0**	**9,740,654**
Financial Liabilities						
Trade and Other Payables	0.00	0	2,946,503	0	0	2,946,503
Bank Overdrafts and Loans	5.79	0	115,800	882,099	1,853,030	2,850,929
Total Financial Liabilities		**0**	**3,062,303**	**882,099**	**1,853,030**	**5,797,432**

Refer Note 18 "Financing Arrangements" for details of bank facilities available.

SCANTECH LIMITED AND ITS CONTROLLED ENTITIES
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29 FINANCIAL INSTRUMENTS (CONT'D)

(ii) Fair Values:
Aggregate fair values and carrying amounts of financial assets and financial liabilities at balance date.

	Consolidated Entity 2014 $		Consolidated Entity 2013 $	
Financial Assets:	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Cash and Cash Equivalents	1,494,828	1,494,828	336,843	336,843
Trade and Other Receivables	1,928,880	1,928,880	2,413,735	2,413,735
Held to Maturity Investments	4,724,087	4,724,087	6,859,810	6,859,810
Financial Liabilities:				
Trade and Other Payables	(3,149,392)	(3,149,392)	(2,946,503)	(2,946,503)
Loans	(2,000,000)	(2,000,000)	(2,000,000)	(2,000,000)
Net Exposure	2,998,403	2,998,403	4,663,885	4,663,885

(iii) Sensitivity Analysis:
As at 30 June 2014, the effect on post tax profit and equity as a result of changes in the interest rate and foreign currency, with all other variables remaining constant would be as follows:

	Consolidated Entity 2014 $	Consolidated Entity 2013 $
Interest Rate:		
Increase in interest rate by 0.50%	31,095	35,983
Decrease in interest rate by 0.50%	(29,683)	(34,544)
Foreign Currency:		
Improvement in AUD to USD by 5%	(14,627)	(56,660)
Decline in AUD to USD by 5%	16,166	62,623
Improvement in AUD to EUR by 5%	(17,136)	(14,886)
Decline in AUD to EUR by 5%	18,941	16,453
Improvement in AUD to ZAR by 5%	(22,954)	(3,683)
Decline in AUD to ZAR by 5%	25,370	4,072
Improvement in AUD to GBP by 5%	0	172
Decline in AUD to GBP by 5%	0	(191)

30 SEGMENT INFORMATION

Business Segments:

	2014 $	2013 $
Sales Revenue		
Products	5,687,483	12,508,528
Service	6,026,080	5,215,055
	11,713,563	17,723,583
Segment Results Profit / (Loss) after Tax		
Products	(129,371)	2,199,607
Service	(137,455)	917,060
	(267,186)	3,116,667

Depreciation, Amortisation, Interest Received, Interest Paid and Income Tax are all allocated to Products.

Geographical Segments:
Non-current assets are all located in Australia.
Revenue by geographical location is not available and the cost to develop it would be excessive.

Major Customers:
There is one external customer with 14.10% (2013: 32.08%) of the entity's revenue for year ended 30 June 2014.

	2014 $	2013 $
Products Revenue	796,283	4,238,830
Service Revenue	855,387	1,446,020
	1,651,670	5,684,850

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30 SEGMENT INFORMATION (CONT'D)

Operating segments are identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance. The Company's segments comprise of Products and Service. The Products segment includes the sale and commissioning of the Company's on-line analysers. The Service segment includes design, installation and radiation services to existing and new customers.

31 FAIR VALUE MEASUREMENT

The only assets and liabilities recognised and measured at fair value on a recurring basis are land and buildings. No assets and liabilities are recognised at fair value on a non-recurring basis.

Land and Buildings are categories 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.

Fair value for Land and Building is measured using a sale price comparison approach. Sales prices of comparable land and buildings in a similar location are analysed on the basis of a rate per square metre of gross lettable area on an equivalent basis to assess the property's current market value.

32 EVENTS AFTER THE REPORTING PERIOD

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 COMANY A.C.N. 007 954 627
AND CONTROLLED ENTITIES

Directors' Declaration

The Directors of the Company declare that:

1. The financial statements and notes, as set out on Pages 21 to 46, and the Remuneration Report in the Directors Report set out on Pages 12 to 19 are in accordance with the Corporations Act, 2001 and:

    (a) Comply with Accounting Standards and the Corporations Regulations 2001; and

    (b) Give a true and fair view of the financial position as at 30 June 2014 and performance for the year ended on that date of the Consolidated Group;

2. The Managing Director and Chief Financial Officer have each declared that:

    (a) The financial records of the Company for the financial year have been properly maintained in accordance with section 286 of the Corporations Act 2001;

    (b) The financial statements and notes for the financial year comply with the Accounting Standards; and

    (c) The financial statements and notes for the financial year give a true and fair view;

3. In the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

4. The financial report complies with International Financial Reporting Standards issued by the International Accounting Standards Board (IASB) as disclosed in Note 2.

This declaration is made in accordance with a resolution of the Board of Directors.

Director	Director
P. Pedler	D. Lindeberg

Dated this 30th day of September 2014

ADDITIONAL INFORMATION – DISCLOSURE

The following information required by the Australian Stock Exchange is extracted from the records as at 12 September 2014.

The holdings of the twenty largest holders of shares represent 75.4% (2013: 76.5%) of the total voting power of Scantech Limited.

The twenty largest shareholders of Scantech Limited as shown in the Company's Register of Members were:

Names	Number of Fully Paid Ordinary Shares	% of Fully Paid Ordinary Shares
RIDGWAY CONSULTING PTY LTD <SUPER FUND A/C>	2,288,301*	13.03
OUWENS CORPORATE SERVICES PTY LIMITED <OUWENS SUPER FUND A/C>	2,117,679	12.06
C H ADMINISTRATION PTY LTD <D R WATSON SUPER FUND A/C>	1,456,885	8.30
RIDGWAY CONSULTING PTY LTD	1,300,000	7.40
BODKIN PTY LTD <KYRE AVENUE SUPER FUND A/C>	728,885*	4.15
MELBOURNE STREET INVESTMENTS PTY LIMITED	669,646*	3.81
MR DANIEL RONALD WATSON	651,989	3.71
MR GEOFFREY DUNCAN NASH <GDN SUPER FUND A/C>	615,318	3.50
BOBA CORPORATION PTY LTD	577,476*	3.29
MR KELVIN JAMES SPENCER & MRS CHRISTINE DENISE SPENCER <SPENCER FAMILY S/FUND A/C>	400,943	2.28
ABSOLUTE ANALOGUE INC	300,000	1.71
MRS ELIZABETH GERALDINE COOPER	300,000	1.71
VELKOV FUNDS MANAGEMENT LIMITED <VICTOR VALUE FUND A/C>	300,000	1.71
MR RONALD COLIN SARGENT & MRS KATHLEEN ANN SARGENT	288,755	1.64
BOBA CORPORATION PTY LTD <BOBA SUPER FUND A/C>	250,000	1.42
BFA SUPER PTY LTD <GDN SUPER FUND A/C>	239,905	1.37
MR EDWARD JOHN SHEPHERD & MRS LORETTA CONSTANCE SHEPHERD <MELBOURNE STREET INV S/F AC>	200,000	1.14
MR PETER DONALD SHEARER & MRS SUZANNE ELIZABETH SHEARER	200,000	1.14
MR ROBERT WILSON	198,375	1.13
MR IAN ERNEST WEBBER & MRS CHRISTINE MARGARET WEBBER <WEBBER SUPER FUND NO 2 A/C>	160,000	0.91
Total Top 20 Fully Paid Ordinary Shares	**13,244,157**	**75.4**
All other ordinary shares	4,317,909	24.6
Total Issued Ordinary Shares	**17,562,066**	**100.0**

*Denotes several shareholdings combined into one

Analysis of issued shares:

Range of Shares held	Holders of Fully Paid Ordinary Shares
1 – 1,000	124
1,001 – 5,000	185
5,001 – 10,000	76
10,001 – 100,000	86
100,001 & over	24
Total Holders of Fully Paid Ordinary Shares	**495**

All issued ordinary shares carry one vote per share. Holders of less than marketable parcel of shares are zero.

The following interests are recorded in the Company's register of substantial shareholders with 5% or more holdings:

Names	Number of Voting Shares held	% of Fully Paid Ordinary Shares
Ridgway Consulting Pty Ltd, 67 Ridgway Drive, Flagstaff Hill, SA 5159	3,588,301	20.4
Daniel Ronald Watson, PO Box 322, Glenside, SA 5065	2,223,914	12.6
Ouwens Corporate Services Pty Ltd, 147 Frome Street, Adelaide, SA 5000	2,187,459	12.5

OPTIONS

The Company has no options outstanding as at 12 September 2014.

CORPORATE GOVERNANCE STATEMENT

SCANTECH LIMITED

STATEMENT

Scantech Limited ("**Company**") has made it a priority to adopt systems of control and accountability as the basis for the administration of Corporate Governance. Some of these policies and procedures are summarised in this statement. Commensurate with the spirit of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations 2nd Edition ("**Principles & Recommendations**"), the Company has followed each recommendation where the Board has considered the recommendation to be an appropriate benchmark for its Corporate Governance practices. Where the Company's Corporate Governance practices follow a recommendation, the Board has made appropriate statements reporting on the adoption of the recommendation. Where, after due consideration, the Company's Corporate Governance practices depart from a recommendation, the Board has offered full disclosure and reason for the adoption of its own practice, in compliance with the "if not, why not" regime.

DISCLOSURE OF CORPORATE GOVERNANCE PRACTICES

SUMMARY STATEMENT

	ASX P & R[1]	If not, why not[2]		ASX P & R[1]	If not, why not[2]
Recommendation 1.1	✓		Recommendation 4.2		✓
Recommendation 1.2	✓		Recommendation 4.3	✓	
Recommendation 1.3[3]	n/a	n/a	Recommendation 4.4[3]	n/a	n/a
Recommendation 2.1	✓		Recommendation 5.1	✓	
Recommendation 2.2	✓		Recommendation 5.2[3]	n/a	n/a
Recommendation 2.3	✓		Recommendation 6.1	✓	
Recommendation 2.4		✓	Recommendation 6.2[3]	n/a	n/a
Recommendation 2.5	✓		Recommendation 7.1	✓	
Recommendation 2.6[3]	n/a	n/a	Recommendation 7.2	✓	
Recommendation 3.1	✓		Recommendation 7.3	✓	
Recommendation 3.2	✓		Recommendation 7.4[3]	n/a	n/a
Recommendation 3.3		✓	Recommendation 8.1	✓	
Recommendation 3.4	✓		Recommendation 8.2	✓	
Recommendation 3.5[3]	n/a	n/a	Recommendation 8.3	✓	
Recommendation 4.1		✓	Recommendation 8.4[3]	n/a	n/a

1 Indicates where the Company has followed the Principles & Recommendations.
2 Indicates where the Company has provided "if not, why not" disclosure.
3 Indicates an information based recommendation. Information based recommendations are not adopted or reported against using "if not, why not" disclosure – information required is either provided or it is not.

WEBSITE DISCLOSURES

Further information about the Company's charters, policies and procedures may be found on the Company's website at www.scantech.com.au, under the section marked Corporate Governance. A list of the charters, policies and procedures which are referred to in this Corporate Governance Statement, together with the Recommendations to which they relate, are set out below.

Charters	**Recommendation(s)**
Board	1.3
Audit Committee	4.4
Nomination Committee	2.6
Remuneration Committee	8.4
Policies and Procedures	
Policy and Procedure for Selection and (Re) Appointment of Directors	2.6
Process for Performance Evaluation	1.2, 2.5
Policy on Assessing the Independence of Directors	2.6
Diversity Policy (summary)	3.2
Code of Conduct (summary)	3.1, 3.5
Policy on Continuous Disclosure (summary)	5.1, 5.2
Procedure for Selection, Appointment and Rotation of External Auditor	4.4
Shareholder Communication Policy	6.1, 6.2
Risk Management Policy (summary)	7.1, 7.4

DISCLOSURE – PRINCIPLES & RECOMMENDATIONS

The Company reports below on how it has followed (or otherwise departed from) each of the Principles & Recommendations during the Reporting Period.

PRINCIPLE 1 – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

Recommendation 1.1:

Companies should establish the functions reserved to the Board and those delegated to senior executives and disclose those functions.

Disclosure:

The Company has established the functions reserved to the Board and has set out these functions in its Board Charter. The Board is collectively responsible for promoting the success of the Company through its key functions of overseeing the management of the Company, providing overall Corporate Governance of the Company, monitoring the financial performance of the Company, engaging appropriate management commensurate with the Company's structure and objectives, involvement in the development of corporate strategy and performance objectives and reviewing, ratifying and monitoring systems of risk management and internal control, codes of conduct and legal compliance.

The Company has established the functions delegated to senior executives and has set out these functions in its Board Charter. Senior executives are responsible for supporting the Managing Director and assisting the Managing Director in implementing the running of the general operations and financial business of the Company, in accordance with the delegated authority of the Board.

Senior executives are responsible for reporting all matters which fall within the Company's materiality thresholds at first instance to the Managing Director or, if the matter concerns the Managing Director, then directly to the Chair or the lead independent director, as appropriate.

Recommendation 1.2:

Companies should disclose the process for evaluating the performance of senior executives.

Disclosure:

The Managing Director formally reviews the performance of the senior executives. This is conducted annually by formal interview between the Managing Director and each senior executive. The senior executive may be counselled if the performance of the senior executive during the year does not reach the standards expected.

Recommendation 1.3:

Companies should provide the information indicated in the Guide to reporting on Principle 1.

Disclosure:

During the Reporting Period an evaluation of Senior Executives took place in accordance with the process disclosed.

PRINCIPLE 2 – STRUCTURE THE BOARD TO ADD VALUE

Recommendation 2.1:

A majority of the Board should be independent directors.

Disclosure:

The Board has a majority of directors who are independent.

The independent directors of the Board are Peter Pedler, Dean Brown and Laurance Brett. The non independent director of the Board is David Lindeberg.

Recommendation 2.2:

The Chair should be an independent director.

Disclosure:

The independent Chair of the Board is Peter Pedler.

Recommendation 2.3:

The roles of the Chair and Managing Director should not be exercised by the same individual.

Disclosure:

The Managing Director is David Lindeberg who is not Chair of the Board.

Recommendation 2.4:

The Board should establish a Nomination Committee.

Notification of Departure:

The Nomination Committee comprises the full Board. The Company has not established a separate Nomination Committee.

Explanation for Departure:

Given the current size and composition of the Company, the Board believes that there would be no efficiencies gained by establishing a separate Nomination Committee. Accordingly, the Board performs the role of Nomination Committee and meets separately as the Nomination Committee as and when required. The Nomination Committee deals with any conflicts of interest that may occur by ensuring the director with conflicting interests is not party to the relevant discussions.

Recommendation 2.5:

Companies should disclose the process for evaluating the performance of the Board, its committees and individual directors.

Disclosure:

The performance of the Board is reviewed twice yearly by self assessment completed by the Board. These self assessments also include the evaluation of any applicable committees.

The performance of the Chairman is reviewed annually by a committee of the directors appointed by the Board for that purpose.

The individual director's performance evaluation is completed by the Chair of the Board. The Chair meets with each individual director yearly to informally discuss their performance. The Chair will raise any issues of concern with the individual director. Any issues raised by the director will be reported to the next board meeting.

The performance of the Managing Director is reviewed quarterly by the Board against key performance indicators for the Company set at the beginning of each financial year by the Board in consultation with the Managing Director as part of the Company's five year strategic plan. The Managing Director may be counselled if there is a material departure from the agreed key performance indicators.

Recommendation 2.6:

Companies should provide the information indicated in the Guide to reporting on Principle 2.

Disclosure:

Skills, Experience, Expertise and Term of Office of each Director

A profile of each director containing their skills, experience, expertise and term of office is set out in the Directors' Report.

Identification of Independent Directors

The independent Directors of the Company are Peter Pedler, Dean Brown and Laurance Brett. These Directors are independent as they are Non-Executive Directors who are not members of management and who are free of any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the independent exercise of their judgement.

Independence is measured having regard to the relationships listed in Box 2.1 of the Principles & Recommendations and the Company's materiality thresholds. The materiality thresholds are set out below.

Company's Materiality Thresholds

The Board has agreed on the following guidelines for assessing the materiality of matters, as set out in the Company's Board Charter:

- Balance sheet items are material if they have a value of more than 5% of pro-forma net asset.
- Profit and loss items are material if they will have an impact on the current year operating result of 5% or more.
- Items are also material if they impact on the reputation of the Company, involve a breach of legislation, are outside the ordinary course of business, they could affect the Company's rights to its assets, if accumulated they would trigger the quantitative tests, involve a contingent liability that would have a probable effect of 5% or more on balance sheet or profit and loss items, or they will have an effect on operations which is likely to result in an increase or decrease in net income or dividend distribution of more than 5%.
- Contracts will be considered material if they are outside the ordinary course of business, contain exceptionally onerous provisions in the opinion of the Board, impact on income or distribution in excess of the quantitative tests, there is a likelihood that either party will default, and the default may trigger any of the quantitative or qualitative tests, are essential to the activities of the Company and cannot be replaced, or cannot be replaced without an increase in cost of such a quantum, triggering any of the quantitative tests, contain or trigger change of control provisions, they are between or for the benefit of related parties, or otherwise trigger the quantitative tests.

Statement Concerning Availability of Independent Professional Advice

To assist Directors with independent judgement, it is the Board's policy that if a Director considers it necessary to obtain independent professional advice to properly discharge the responsibility of their office as a director then, provided the Director first obtains approval for incurring such expense from the Chair, the Company will pay the reasonable expenses associated with obtaining such advice.

Nomination Matters

The full Board carries out the role of the Nomination Committee. The full Board did not convene as a Nomination Committee during this Reporting Period.

The explanation for departure set out under Recommendation 2.4 above explains how the functions of the Nomination Committee are performed.

Performance Evaluation

During the Reporting Period an evaluation of the Board, individual Director and any applicable committees took place in accordance with the disclosed process.

Recommendation 2.6 (Cont'd):

Selection and (Re) Appointment of Directors

In determining candidates for the Board, the Nomination Committee (or equivalent) follows a prescribed procedure whereby it considers the balance of independent Directors on the Board as well as the skills and qualifications of potential candidates that will best enhance the Board's effectiveness.

The Board recognises that Board renewal is critical to performance and the impact of Board tenure on succession planning. Sub-Clause 32.4.1 of the Company's Constitution requires one-third of the Directors, or if their number is not a multiple of three, then the number nearest to but not more than one-third of the Directors, to retire from office at each Annual General Meeting. Sub-Clause 35.1.10 of the Company's Constitution provides that the Managing Director is not subject to retirement by rotation. Sub-Clause 32.4.3 of the Company's constitution provides for Directors elected or appointed on the same day may agree among themselves or determine by lot which of them must retire. Sub-Clause 32.4.4 of the Company's Constitution requires subject to Clause 35.1.10, a Director must retire from office at the conclusion of the third annual general meeting or the third year after the Director was appointed, whichever is longer, even if his or her retirement results in more than one-third of all Directors retiring from office. Re-appointment of Directors is not automatic.

PRINCIPLE 3 – PROMOTE ETHICAL AND RESPONSIBLE DECISION-MAKING

Recommendation 3.1:

Companies should establish a Code of Conduct and disclose the code or a summary of the code as to the practices necessary to maintain confidence in the Company's integrity, the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders and the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.

Disclosure:

The Company has established a Code of Conduct as to the practices necessary to maintain confidence in the Company's integrity, practices necessary to take into account their legal obligations and the expectations of their stakeholders and responsibility and accountability of individuals for reporting and investigating reports of unethical practices.

Recommendation 3.2:

Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the Board to establish measureable objectives for achieving gender diversity for the board to assess annually both the objectives and progress in achieving them.

Disclosure:

The Company has established a diversity policy focusing on gender, ethnicity / culture, disability and age. The Diversity Policy summary is disclosed on the Company's website.

Recommendation 3.3:

Companies should disclose in each annual report the measurable objectives for achieving gender diversity set by the Board in accordance with the diversity policy and progress towards achieving them.

Notification of Departure:

The Board has not established measurable objectives for achieving gender diversity.

Explanation for Departure:

The Board is in the process of determining appropriate measurable objectives for achieving gender diversity.

Recommendation 3.4:

Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the Board.

Disclosure:

There are 17.74% (FTE) of female employees in the whole company and 100% of senior executive positions (Non Board members) are female, there are no females on the Board.

Recommendation 3.5:

Companies should provide the information indicated in the Guide to reporting on Principle 3.

Disclosure:

Please refer to the section marked Website Disclosures on Page 49.

PRINCIPLE 4 – SAFEGUARD INTERGRITY IN FINANCIAL REPORTING

Recommendation 4.1 and Recommendation 4.2:

The Board should establish an Audit Committee and the Audit Committee should be structured so that it:

- Consists only of Non-Executive Directors
- Consists of a majority of independent Directors
- Is chaired by an independent Chair, who is not Chair of the Board
- Has at least three members.

Notification of Departure:

The Audit Committee comprises all of the directors of the Company. The Company does not meet the composition requirements of Recommendation 4.2.

Explanation for Departure:

The Board meets separately as the Audit Committee with a separate agenda. The auditor is invited to all meetings of the Audit Committee. When the Board convenes as the Audit Committee it carries out those functions which are delegated in the Company's Audit Committee Charter. The Board deals with any conflicts of interest that may occur when convening in the capacity of Audit Committee by ensuring the Director with conflicting interests is not party to the relevant discussions.

Given the current size and composition of the Company, the Board believes that there would be no efficiencies gained by establishing a separate Audit Committee.

The Audit Committee is chaired by Laurance Brett. The Audit Committee comprises all the Directors of the Company, being Peter Pedler, Dean Brown, Laurance Brett and David Lindeberg. Messrs Pedler, Brown and Brett are independent Directors, with the only non independent Director being Mr. Lindeberg.

Recommendation 4.3:

The Audit Committee should have a formal charter.

Disclosure:

The Company has adopted an Audit Committee Charter.

Recommendation 4.4:

Companies should provide the information indicated in the Guide to reporting on Principle 4.

Disclosure:

The full Board, in its capacity as the Audit Committee, held two (2) meetings during the Reporting Period. All Board members attended the meetings. When the Board meets as the Audit Committee, Laurance Brett chairs the meeting. To assist the Board to fulfil its function as the Audit Committee, it has adopted an Audit Committee Charter.

The explanation for departure set out under Recommendation 4.1 above explains how the functions of the Audit Committee are performed.

Details of each of the Director's qualifications, including any relevant financial qualifications, as well as details of any relevant financial and accounting experience and an understanding of the industry in which the Company operates, are set out in the Directors' Report.

The Company has established procedures for the selection, appointment and rotation of its external auditor. The Board is responsible for the initial appointment of the external auditor and the appointment of a new external auditor when any vacancy arises, as recommended by the Audit Committee (or its equivalent). Candidates for the position of external auditor must demonstrate complete independence from the Company through the engagement period. The Board may otherwise select an external auditor based on criteria relevant to the Company's business and circumstances. The performance of the external auditor is reviewed on an annual basis by the Audit Committee (or its equivalent) and any recommendations are made to the Board.

PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE

Recommendation 5.1:

Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.

Disclosure:

The Company has established written policies designed to ensure compliance with ASX Listing Rule disclosure and accountability at a senior executive level for that compliance.

Recommendation 5.2:

Companies should provide the information indicated in the Guide to reporting on Principle 5.

Disclosure:

Please refer to the section marked Website Disclosures on Page 49.

PRINCIPLE 6 – RESPECT THE RIGHTS OF SHAREHOLDERS

Recommendation 6.1:

Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy.

Disclosure:

The Company has designed a communications policy for promoting effective communication with shareholders and encouraging shareholder participation at general meetings.

Recommendation 6.2:

Companies should provide the information indicated in the Guide to reporting on Principle 6.

Disclosure:

Please refer to the section marked Website Disclosures on Page 49.

PRINCIPLE 7 – RECOGNISE AND MANAGE RISK

Recommendation 7.1:

Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.

Disclosure:

The Board has adopted a Risk Management Policy, which sets out the Company's risk profile. Under the policy, the Board is responsible for approving the Company's policies on risk oversight and management and satisfying itself that management has developed and implemented a sound system of risk management and internal control.

Under the policy, the Board delegates day-to-day management of risk to the Managing Director, who is responsible for identifying, assessing, monitoring and managing risks. The Managing Director is also responsible for updating the Company's material business risks to reflect any material changes, with the approval of the Board.

In fulfilling the duties of risk management, the Managing Director may have unrestricted access to Company employees, contractors and records and may obtain independent expert advice on any matter they believe appropriate, with the prior approval of the Board.

The Board has formalised and documented the management of its material business risks, comprising a risk register prepared by management to identify the Company's material business risks and risk management strategies for these risks. In addition, management of material business risks have been allocated to members of senior management. The risk register is reviewed quarterly and updated as required.

Recommendation 7.1 (Cont'd):

Disclosure (Cont'd):

The utilisation of the Company's risk register entails the Board regularly reviewing the major risks affecting the Company and the entities it controls (including accounting, budgetary, financial, environmental and safety audits), insurance policies, intellectual property, foreign exchange risk and the retention of specialised staff and external advisers. The Board is responsible for reviewing, identifying, controlling and developing procedures for managing each of the risks identified.

Further, when presenting the financial statement for approval by the Board, the Managing Director and the Chief Financial Officer provide a written statement to the Board that:

- The Group's financial statements present a true and fair view in all material aspects of the Company's financial condition and operational results and are in accordance with the relevant accounting standards;
- The Group's financial statements are founded on a sound system of risk management and internal compliance and control which implements policies adopted by the Board; and
- The risk management and internal control systems are sound and operating effectively in all material respects.

Recommendation 7.2:

The Board should require management to design and implement the risk management and internal control system to manage the Company's material business risks and report to it on whether those risks are being managed effectively. The Board should disclose that management has reported to it as to the effectiveness of the Company's management of its material business risks.

Disclosure:

The Board has required management to design, implement and maintain risk management and internal control systems to manage the Company's material business risks. The Board also requires management to report to it confirming that those risks are being managed effectively. Further, the Board has received a report from management as to the effectiveness of the Company's management of its material business risks.

Recommendation 7.3:

The Board should disclose whether it has received assurance from the Chief Executive Officer (or equivalent) and the Chief Financial Officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.

Disclosure:

The Chief Executive Officer (or equivalent) and the Chief Financial Officer (or equivalent) have provided a declaration to the Board in accordance with section 295A of the Corporations Act and have assured the Board that such declaration is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial risk.

Recommendation 7.4:

Companies should provide the information indicated in the Guide to reporting on Principle 7.

Disclosure:

The Board has received the report from management under Recommendation 7.2.

The Board has received the assurance from the Chief Executive Officer (or equivalent) and the Chief Financial Officer (or equivalent) under Recommendation 7.3.

PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY

Recommendation 8.1:

The Board should establish a Remuneration Committee.

Disclosure:

The Company has established a Remuneration Committee.

Recommendation 8.2:

The remuneration committee should be structured so that it:
- Consists of a majority of independent Directors
- Is chaired by an independent chair
- Has at least three members

Disclosure:

The remuneration committee comprises the three independent Directors and is chaired by Dean Brown.

Recommendation 8.3:

Companies should clearly distinguish the structure of Non-Executive Directors' remuneration from that of Executive Directors and senior executives.

Disclosure:

Non-Executive Directors are remunerated separately from the Company's employees. Payments to Non-Executive Directors are consistent with market norms and have been determined after independent external advice. Superannuation payments made to Non-Executive Directors are those required by legislation.

Remuneration packages are set at levels that are intended to attract and retain personnel capable of managing the economic entity's operations.

Pay and rewards for Executive Directors and senior executives consists of a base salary and performance incentives. Long term performance incentives may include options granted at the discretion of the Board and subject to obtaining the relevant approvals. Executives are offered a competitive level of base pay at market rates and are reviewed annually to ensure market competitiveness.

Recommendation 8.4:

Companies should provide the information indicated in the *Guide to reporting on Principle 8.*

Disclosure:

Details of remuneration are contained in the "Remuneration Report" which forms part of the Directors' Report.

The Remuneration Committee held one (1) meeting during the Reporting Period. The following table identifies those Directors who are members of the Remuneration Committee and shows their attendance at committee meetings:

Name	No. of meetings attended
Dean Brown	One (1)
Laurance Brett	One (1)
Peter Pedler	One (1)

There are no termination or retirement benefits for Non-Executive Directors (other than for superannuation).

The Company's Remuneration Committee Charter includes a statement of the Company's policy on prohibiting transactions in associated products which limit the risk of participating in unvested entitlements under any equity based remuneration schemes.

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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SCANTECH LIMITED

Report on the Financial Report

We have audited the accompanying financial report of Scantech Limited, which comprises the consolidated statement of financial position as at 30 June 2014, 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, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility 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 Note 2, the directors also state, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that the financial statements comply with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report that gives a true and fair view 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 company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit, 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 report.

Opinion

In our opinion:

a) the financial report of Scantech Limited is in accordance with the Corporations Act 2001, including:

   (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of its performance for the year ended on that date; and
   (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001; and

b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 2.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 12 to 19 of the directors' report for the year ended 30 June 2014. 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.

Opinion

In our opinion, the Remuneration Report of Scantech Limited for the year ended 30 June 2014 complies with section 300A of the Corporations Act 2001.

BDO

BDO Audit (SA) Pty Ltd

G K Edwards
Director

Adelaide, 30th September 2014