

Scantech Limited
ACN: 007 954 627
Incorporated in South Australia

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SCANTECH LIMITED

ACN: 007 954 627

HALF YEARLY REPORT

31 DECEMBER 2014

DIRECTORS' REPORT

The Directors submit the financial report of Scantech Limited for the half year ended 31 December 2014.

Directors

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

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

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

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

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

Reviews & Results of Operations

The Company announces an unaudited profit before tax for the half year ended 31 December 2014 of \$458,554 compared to \$533,282 loss for the same period last year.

A tax expense of \$144,033 brings the unaudited profit after tax for the half year ended 31 December 2014 to \$314,521 compared to a \$378,897 loss for the same period last year. This profit includes a gain of \$32,201 for exchange variance.

Sales were \$6,217,669 (2013: \$6,307,102) a decrease of 1.4% over last year.

The Company had equipment orders on hand of \$3.6M as at the 31 December 2014 compared to \$5.5M on hand at 31 December 2013.

Outlook

Revenue was similar to last year but our margins have increased by around 7%. The increase in margins is most pleasing and this is expected to continue in 2015. The weakening Australian dollar will reduce the pressure on our selling prices in 2015 and this should assist in winning orders. However, our manufacturing cost will increase because of the higher cost of imported manufactured components.

The additional 7% margins achieved in the December half added around \$435,000 to our gross profits. In the six months, overheads were down by approximately \$600,000 or 16%, as savings were made from reduced staff levels. Higher margins and lower overheads are expected to continue for at least the next six months.

The Service Business is performing well and is expected to achieve its budgeted profit for the year.

Customers continue to request quotations from Scantech and the level of enquiry is at a healthy level. However, the percentage which converts to real orders is always a challenge. Nonetheless, Scantech has a large number of high probability opportunities that we are confident will convert to orders in the second six months.

Auditor's Independence Declaration

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

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



Peter Pedler
Chairman
Adelaide, 16th February 2015

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

As lead auditor for the review of Scantech Limited for the half-year ended 31 December 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 review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

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



Paul Gosnold
Director

BDO Audit (SA) Pty Ltd

Adelaide, 16 February 2015

APPENDIX 4D

Half Year Report to the Australian Stock Exchange

Name of Entity	Scantech Limited
ABN	50 007 954 627
Half Year Ended	31 December 2014
Previous Corresponding Reporting Period	31 December 2013

Results for Announcement to the Market

Results for Announcement to the Market		\$'000	Percentage increase /(decrease) over previous corresponding period
Revenue from ordinary activities (excludes other income)		6,218	(1.4%)
Profit / (loss) from ordinary activities after tax attributable to members		315	183%
Net profit / (loss) for the period attributable to members		315	183%
Dividends (distributions)	Amount per security	Franked amount per security	
Final Dividend	0	0	
Interim Dividend	0	0	
Record date for determining entitlements to the dividends (if any)		N/A	
Brief explanation of any of the figures reported above necessary to enable the figures to be understood:			
Refer the Director's Report.			

Dividends

Date the dividend is payable	Nil
Record date to determine entitlement to the dividend	
Amount per security	
Total dividend	
Amount per security of foreign sourced dividend or distribution	
Details of any dividend reinvestment plans in operation	
The last date for receipt of an election notice for participation in any dividend reinvestment plans	

NTA Backing

	Current Period	Previous corresponding period
Net tangible asset backing per ordinary security	0.5738	0.5443

Control Gained Over Entities Having Material Effect

Name of entity (or group of entities)	N/A
Date control gained	
Consolidated profit / (loss) from ordinary activities since the date in the current period on which control was acquired	
Profit / (loss) from ordinary activities of the controlled entity (or group of entities) for the whole of the previous corresponding period	

Loss of Control Gained Over Entities Having Material Effect

Name of entity (or group of entities)	N/A
Date control lost	
Consolidated profit / (loss) from ordinary activities for the current period to the date of loss of control	
Profit / (loss) from ordinary activities of the controlled entity (or group of entities) while controlled for the whole of the previous corresponding period	

Details of Associates and Joint Venture Entities

Name of Entity	Percentage Held		Share of Net Profit	
	Current Period	Previous Period	Current Period	Previous Period
N/A				
Aggregate Share of Net Profits				

Foreign Entities Accounting Framework

For foreign entities provide details of which accounting standards have been adopted (e.g. International Accounting Standards)

N/A

Audit/Review Status

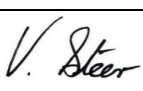
This report is based on accounts to which one of the following applies:

(Tick one)

The accounts have been audited		The accounts have been subject to review	√
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If the accounts are subject to audit dispute or qualification, a description of the dispute or qualification:

Attachments Forming Part of Appendix 4D

Attachment #	Details
1	Half Year Financial Report
2	Audit Report or Review Report
Signed By (Director/Company Secretary)	
Print Name	Valerie Steer
Date	16 th February 2015

SCANTECH LIMITED AND ITS CONTROLLED ENTITIES
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR HALF YEAR ENDED 31 DECEMBER 2014

Consolidated Entity			
	Note	31 December 2014	31 December 2013
		\$	\$
Revenue	3	6,217,669	6,307,102
Cost of Sales		(2,652,593)	(3,120,985)
Gross Profit		3,565,076	3,186,117
Profit / (Loss) on Sale of Property, Plant and Equipment		13,000	0
Other Income	3	1,789	34,447
Interest Received	3	94,842	106,371
Manufacturing Expenses		(390,523)	(389,274)
Engineering and Scientific Expenses		(938,423)	(1,155,434)
Marketing Expenses		(920,931)	(1,208,162)
Administration Expenses		(904,283)	(1,045,499)
Borrowing Costs		(61,993)	(61,848)
Profit / (Loss) before Income Tax		458,554	(533,282)
Income Tax Benefit / (Expense)		(144,033)	154,385
Profit / (Loss) after Income Tax Attributable to Owners of the Parent Entity		314,521	(378,897)
Other Comprehensive Income for the period		0	0
Total Comprehensive Income attributable to Owners of the Parent Entity		314,521	(378,897)
Basic Earnings per Share		0.02	(0.02)
Diluted Earnings per Share		0.02	(0.02)

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

SCANTECH LIMITED AND ITS CONTROLLED ENTITIES
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2014

Consolidated Entity			
	Note	31 December 2014	30 June 2014
		\$	\$
CURRENT ASSETS			
Cash and Cash Equivalents		1,971,595	1,494,828
Trade and Other Receivables		1,105,460	1,928,880
Current Tax Asset		491,966	458,409
Inventories	4	3,304,930	4,190,504
Amount due from Customers	4	1,741,193	1,163,964
Financial Assets	5	4,768,934	4,724,087
TOTAL CURRENT ASSETS		13,384,078	13,960,672
NON-CURRENT ASSETS			
Financial Assets	5	1,000	1,000
Property, Plant and Equipment		3,249,868	3,263,331
Patents, Trademarks and Licences		849,089	890,376
Product Development		1,716,045	1,716,045
Deferred Tax Asset		183,813	218,418
TOTAL NON-CURRENT ASSETS		5,999,815	6,089,170
TOTAL ASSETS		19,383,893	20,049,842
CURRENT LIABILITIES			
Trade and Other Payables		2,283,842	3,149,392
Amount due to Customers	4	1,112,281	1,192,590
Other Provisions		415,861	443,344
TOTAL CURRENT LIABILITIES		3,811,984	4,785,326
NON-CURRENT LIABILITIES			
Financial Liabilities		2,000,000	2,000,000
Other Provisions		62,355	81,886
Deferred Tax Liability		866,645	854,242
TOTAL NON-CURRENT LIABILITIES		2,929,000	2,936,128
TOTAL LIABILITIES		6,740,984	7,721,454
NET ASSETS		12,642,909	12,328,388
EQUITY			
Contributed Equity	6	7,125,759	7,125,759
Reserves		519,491	519,491
Retained Earnings / (Losses)		4,997,659	4,683,138
TOTAL EQUITY		12,642,909	12,328,388

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

SCANTECH LIMITED AND ITS CONTROLLED ENTITIES
STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2014

	Ordinary Share Capital	Retained Earnings/ (Accumulated Losses)	Premium on Consolidation	Asset Revaluation Reserve	Total
	\$	\$	\$	\$	\$
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	(378,897)	0	0	(378,897)
Issue of ordinary shares under share options	3,500	0	0	0	3,500
Consolidated Entity Balance as at 31 December 2013	14,963,962	(3,266,776)	13,139	506,352	12,216,677
Consolidated Entity Balance as at 1 July 2014	7,125,759	4,683,138	13,139	506,352	12,328,388
Profit for the period	0	314,521	0	0	314,521
Consolidated Entity Balance as at 31 December 2014	7,125,759	4,997,659	13,139	506,352	12,642,909

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

SCANTECH LIMITED AND ITS CONTROLLED ENTITIES
CASH FLOW STATEMENT
FOR HALF YEAR ENDED 31 DECEMBER 2014

	Consolidated Entity	
	31 December 2014	31 December 2013
	\$	\$
<u>Cash flows from operating activities:</u>		
Receipts from Customers	6,440,237	7,585,002
Payments to Suppliers and Employees	(5,817,662)	(7,598,498)
Interest Received	91,962	159,910
Interest Paid	(61,993)	(61,848)
Income Taxes Paid	(130,582)	(1,322,125)
Other Income	1,789	34,447
Net cash provided by / (used in) operating activities	523,751	(1,203,112)
<u>Cash flows from investing activities:</u>		
Payments for Property, Plant and Equipment	(15,137)	(12,000)
Receipts from Sale of Property, Plant and Equipment	13,000	0
Payments for Patents, Trademarks and Licences	0	(454)
Net Receipts / (Payments) from movements in Financial Assets	(44,847)	2,503,045
Net cash provided by / (used in) investing activities	(46,984)	2,490,591
<u>Cash flows from financing activities:</u>		
Issue of Ordinary Shares under Share Options	0	3,500
Net cash provided by / (used in) financing activities	0	3,500
 Net increase in cash held	 476,767	 1,290,979
Cash at the beginning of the financial year	1,494,828	336,843
Cash at the end of the half year	1,971,595	1,627,822
 <u>Reconciliation of cash:</u>		
For the purposes of the Cash Flow Statement, cash includes cash on hand and at bank net of outstanding bank overdrafts.		
 Cash as at the end of the financial year as shown in the Cash Flow Statement is reconciled to the related items in the Balance Sheet as follows:		
Cash and Cash Equivalents	1,971,595	1,627,822
	1,971,595	1,627,822

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

**SCANTECH LIMITED AND ITS CONTROLLED ENTITIES
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR HALF YEAR ENDED 31 DECEMBER 2014**

1 BASIS OF PREPARATION OF FINANCIAL REPORT

This general purpose condensed financial report for the half-year ended 31 December 2014 has been prepared in accordance with AASB134 Interim Financial Reporting and the Corporations Act 2001.

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

It is recommended that the half-year financial report be read in conjunction with the annual report for the year ended 30 June 2014 and considered together with any public announcements made by Scantech Limited during the half-year ended 31 December 2014 in accordance with the continuous disclosure of the ASX listing rules.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the company's 2014 annual financial report for the financial year ended 30 June 2014. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

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

- AASB 2012 – 3 'Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities [AASB 132]'
- AASB 2013-3 'Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets'
- AASB 2013-4 'Amendments to Australian Accounting Standards – Novation of Derivatives and Continuation of Hedge Accounting [AASB 139]'
- AASB 2013-5 - Amendments to Australian Accounting Standards – Investment Entities [AASB 1, AASB 3, AASB 7, AASB 10, AASB 12, AASB 107, AASB 112, AASB 124, AASB 127, AAB 132, AASB 134 & AASB 139]'
- AASB 2013 – 7 - Amendments to AASB 1038 arising from AASB 10 in relation to Consolidation and Interests of Policyholders [AASB 1038]
- AASB 2014-1 - Amendments to Australian Accounting Standards – Part A – Annual June 2014 Improvements 2010-2012 and 2011-2013 Cycles

The above revised Standard and amendments have been adopted with no material impact to the amounts recognised in the consolidated half-year financial statements.

2 REPORTING BASIS AND CONVENTIONS

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

SCANTECH LIMITED AND ITS CONTROLLED ENTITIES
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR HALF YEAR ENDED 31 DECEMBER 2014

		Consolidated Entity	
		31 December 2014	31 December 2013
		\$	\$
3 REVENUE AND OTHER INCOME			
Included in profit or loss are the following revenue and other income items:			
Products Revenue		3,091,162	3,716,078
Services Revenue		3,126,507	2,591,024
Total Revenue		6,217,669	6,307,102
Other Income – AusIndustry Grant		0	33,918
– Sundry		1,789	529
Total Other Income		1,789	34,447
Interest Received		94,842	106,371
Net Foreign Exchange Gain / (Loss)		32,201	(18,389)
		31 December 2014	30 June 2014
		\$	\$
4 INVENTORIES			
<u>Current:</u>			
Raw Materials and Stores at cost		923,005	931,673
Work in Progress		2,381,925	3,258,831
		3,304,930	4,190,504
<u>Contracts in Progress:</u>			
Cost Incurred plus Profit to Date		25,952,107	30,185,013
Less Billings		(25,323,195)	(30,213,639)
Net Amount		628,912	(28,626)
<u>Represented By:</u>			
Amounts due from Customers (Asset)		1,741,193	1,163,964
Amounts due to Customers (Liability)		(1,112,281)	(1,192,590)
Contracts in Progress (Net Amount)		628,912	(28,626)
5 FINANCIAL ASSETS			
<u>Non-Current:</u>			
Shares – Other Corporations (at cost)		1,000	1,000
		1,000	1,000
<u>Current:</u>			
Amounts on Deposits at Banks		4,768,934	4,724,087
		4,768,934	4,724,087

SCANTECH LIMITED AND ITS CONTROLLED ENTITIES
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR HALF YEAR ENDED 31 DECEMBER 2014

Consolidated Entity

	31 December 2014	30 June 2014
	\$	\$
6 CONTRIBUTED EQUITY		
<u>Issued and Paid Up Capital:</u>		
At the beginning of the reporting period	7,125,759	14,960,462
Reduction of Capital – S258F	0	(7,838,203)
Shares issued during the reporting period	0	3,500
At reporting date	<u>7,125,759</u>	<u>7,125,759</u>
	31 December 2014	30 June 2014
<u>Ordinary Shares:</u>	Number of shares	Number of shares
At beginning of the reporting period	17,562,066	17,557,066
Issue of ordinary shares under share options	0	5,000
At reporting date	<u>17,562,066</u>	<u>17,562,066</u>

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

7 FINANCIAL INSTRUMENTS

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

8 CONTINGENT LIABILITIES AND CONTINGENT ASSETS

The Group has a contingent liability of \$1,482,462 (June 2014: \$1,120,495 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.

9 DIRECTORS SHAREHOLDINGS AND OPTIONS – DIRECT AND INDIRECT INTEREST AS AT 31 December 2014

There were no Director Share Option Deeds executed and no options remain outstanding as at 31 December 2014.

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

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

10 EVENTS AFTER THE BALANCE SHEET DATE

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

SCANTECH LIMITED AND ITS CONTROLLED ENTITIES
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR HALF YEAR ENDED 31 DECEMBER 2014

		Consolidated Entity	
		31 December 2014	31 December 2013
		\$	\$
11 SEGMENT INFORMATION			
	<u>Business Segments</u>		
	Sales Revenue		
	Products	3,091,162	3,716,078
	Service	3,126,507	2,591,024
		6,217,669	6,307,102
	Segment Results Profit / (Loss) after Tax		
	Products	156,367	(223,242)
	Service	158,154	(155,655)
		314,521	(378,897)

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

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.

**Scantech Limited Public Company A.C.N. 007 954 627
And Controlled Entities**

Directors' Declaration – Half Year

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

In the opinion of the directors:

- (a) The financial statements and notes of the consolidated entity are in accordance with the Corporations Act 2001, including:
 - (i) Giving a true and fair view of the financial position as at 31 December 2014 and performance for the half-year ended on that date of the consolidated entity
 - (ii) Complying with Accounting Standard AASB134 Interim Financial Reporting and the Corporations Regulations 2001.
- (b) There are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

On behalf of the Board



Chairman
P Pedler



Managing Director
D Lindeberg

Signed in Adelaide, this 16th day of February, 2015

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

Report on the Half-Year Financial Report

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

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Scantech Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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

Conclusion

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

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*

A handwritten signature in blue ink, appearing to read 'BDO'.

BDO Audit (SA) Pty Ltd

A handwritten signature in blue ink, appearing to read 'Paul Gosnold'.

Paul Gosnold
Director

Adelaide, 16 February 2015