

SCANTECH LIMITED

ACN: 007 954 627

***PRELIMINARY FINAL REPORT
APPENDIX 4E***

30 JUNE 2015

HIGHLIGHTS FOR 2015

	2015	2014	2013	2012	2011
REVENUES	\$13,255,461	\$11,713,563	\$17,723,583	\$15,406,566	\$9,545,508
CHANGE (%)	13%	-34%	15%	61%	-28%
PROFIT/(LOSS) BEFORE TAX	\$1,242,948	(\$401,621)	\$4,440,987	\$2,324,726	\$25,303
CHANGE (%)	409%	-109%	91%	9,088%	-89%
PROFIT/(LOSS) AFTER TAX	970,736	(\$267,186)	\$3,116,667	\$1,696,459	\$83,301
CHANGE (%)	463%	-109%	84%	1,937%	-81%
SHAREHOLDERS FUNDS	\$13,299,124	\$12,328,388	\$12,592,074	\$10,276,907	\$10,336,155
CHANGE (%)	8%	-2%	23%	-1%	7%
DEBT TO EQUITY RATIO	49%	53%	60%	68%	60%
CHANGE (%)	4%	7%	8%	-8%	1%
EQUIPMENT ORDERS ON HAND AT PERIOD END	\$2,568,164	\$2,628,560	\$6,513,876	\$7,653,126	\$7,327,948
CHANGE (%)	-2%	-60%	-15%	4%	103%
CASH & CURRENT FINANCIAL ASSETS	\$7,459,049	\$6,218,915	\$7,196,653	\$5,200,005	\$6,161,781
CHANGE (%)	20%	-14%	38%	-16%	16%
NUMBER OF EMPLOYEES (FTE)	32	31	36	34	32
CHANGE (%)	3%	-14%	6%	6%	3%

REVIEW AND RESULTS OF OPERATIONS FOR 2015

The Company announces an unaudited profit before tax for the year ended 30 June 2015 of \$1,242,948 compared to \$401,621 loss before tax for the same period last year.

A tax expense of \$272,212 brings the unaudited profit after tax for the year ended 30 June 2015 to \$970,736 compared to a \$267,186 loss for the same period last year. This profit includes a profit of \$64,742 for exchange variance made up of \$50,095 of realised exchange gain and \$14,647 of unrealised exchange gain.

Sales were \$13,255,461 (2014: \$11,713,563) an increase of 13.2% over last year.

Service revenues continue to please with an increase of 20.3% on 2014 levels.

As Scantech grows its install base of on-belt analysers, new customers sign product support agreements to ensure they get the most from their investment. Once customers integrate the on-belt analyser into their process control strategy, they become completely reliant on its real time measurement of material quality. They demand a high degree of accuracy to achieve quality targets, as well as 100% availability to avoid 'flying blind'.

Through product support agreements, customers engage with Scantech's local Service Engineer and the team of technical specialists in the head office. Service Engineers compile regular reports on the analyser performance and visit site to maintain close relations with end users. The greater team is mostly comprised of engineers and physicists with many years of experience in the technical, product development and customer service sides of Scantech's business. Scantech is determined to remain the global leader in on-belt analysis, and has concurrent R&D projects to ensure our technology remains the best option for customers.

Our continued annual growth in service revenue 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 friendly, responsive and quality service.

The orders on hand at the date of this announcement totals \$3.2M.



D. Lindeberg FCA
MANAGING DIRECTOR
Dated: 20th August 2015

APPENDIX 4E

Preliminary Final Report to the Australian Stock Exchange

Name of Entity	Scantech Limited
ABN	50 007 954 627
Financial Year Ended	30 June 2015
Previous Corresponding Reporting Period	30 June 2014

Results for Announcement to the Market

		\$'000	Percentage increase /(decrease) over previous corresponding period
Revenue from ordinary activities (excludes other income)		13,255	13%
Profit / (loss) from ordinary activities after tax attributable to members		971	463%
Net profit / (loss) for the period attributable to members		971	463%
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)		No dividends have been paid or proposed for the financial year ending 30 June 2015.	
Brief explanation of any of the figures reported above necessary to enable the figures to be understood:			
Refer "Review and Results of Operations for 2015" on page 2.			

Dividends

Date the dividend is payable	N/A
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	0.6122	0.5536

Other Significant Information Needed by an Investor to Make an Informed Assessment of the Entity's Financial Performance and Financial Position

HIGHLIGHTS

Please refer to "Highlights for 2015" listed on page 1.

Commentary on the Results for the Period


<p>The earnings per security and the nature of any dilution aspects:</p> <p>Basic and diluted Earnings per share is \$0.06</p> <p>Total weighted average ordinary shares used for calculation 17,562,066</p>
<p>Returns to shareholders including distributions and buy backs:</p> <p>N/A</p>
<p>Significant features of operating performance:</p> <p>Refer "Review and Results of Operations for 2015" on page 2.</p>
<p>The results of segments that are significant to an understanding of the business as a whole:</p> <p>Refer "Segment Information" on page 14.</p>
<p>Discussion of trends in performance:</p> <p>Refer "Review and Results of Operations for 2015" on page 2.</p>
<p>Any other factor which has affected the results in the period or which are likely to affect results in the future, including those where the effect could not be quantified:</p> <p>Refer "Basis of Preparation of Financial Report" on page 10.</p>

Audit/Review Status

<p>This report is based on accounts to which one of the following applies: (Tick one)</p>			
The accounts have been audited		The accounts have been subject to review	
The accounts are in the process of being audited or subject to review	✓	The accounts have not yet been audited or reviewed	
<p>If the accounts have not yet been audited or subject to review and are likely to be subject to dispute or qualification, a description of the likely dispute or qualification:</p>			
<p>If the accounts have been audited or subject to review and are subject to dispute or qualification, a description of the dispute or qualification:</p>			

Attachments Forming Part of Appendix 4E

Attachment #	Details
1	Preliminary Financial Statements

<p>Signed By: Company Secretary</p>	
<p>Print Name</p>	Valerie Steer
<p>Date</p>	20 th August 2015

Annual General Meeting

The Annual General Meeting will be held at 143 Mooringe Avenue, Camden Park, 19th November 2015 at 11.00 am.
The Annual Report will be available approximately 30th September 2015.

SCANTECH LIMITED AND ITS CONTROLLED ENTITIES
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2015

		Consolidated Entity	
	Note	2015	2014
		\$	\$
Revenue	2	13,255,461	11,713,563
Cost of Sales		(5,695,229)	(5,123,066)
Gross Profit		7,560,232	6,590,497
Profit / (Loss) on Sale of Plant, Property and Equipment		14,818	(239)
Other Income (Expense)	2	(10,392)	60,964
Interest Received	2	176,163	185,431
Manufacturing Expenses		(755,939)	(747,823)
Engineering and Scientific Expenses		(1,933,361)	(2,004,371)
Marketing Expenses		(2,036,604)	(2,484,163)
Administration Expenses		(1,647,349)	(1,878,859)
Borrowing Costs		(124,620)	(123,058)
Profit / (Loss) before Income Tax		1,242,948	(401,621)
Income Tax Benefit / (Expense)	5	(272,212)	134,435
Profit / (Loss) after Income Tax Attributable to Owners of the Parent Entity		970,736	(267,186)
Other Comprehensive income for the period			
Gain / (Loss) on the revaluation of Land, net of tax		0	0
Total Comprehensive income for the period		970,736	(267,186)
Basic earnings per share		0.06	(0.02)
Diluted earnings per share		0.06	(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 30 JUNE 2015

	Note	Consolidated Entity	
		2015	2014
		\$	\$
CURRENT ASSETS			
Cash and Cash Equivalents	11	3,267,795	1,494,828
Trade and Other Receivables		2,720,916	1,928,880
Current Tax Asset		181,366	458,409
Inventories	8	3,774,412	4,190,504
Amount due from customers	8	1,007,643	1,163,964
Financial Assets	9	4,191,254	4,724,087
TOTAL CURRENT ASSETS		15,143,386	13,960,672
NON-CURRENT ASSETS			
Financial Assets	9	1,000	1,000
Property, Plant and Equipment	7	3,261,137	3,263,331
Patents, Trademarks and Licenses		832,323	890,376
Product Development		1,716,045	1,716,045
Deferred Tax Asset	6	179,752	218,418
TOTAL NON-CURRENT ASSETS		5,990,257	6,089,170
TOTAL ASSETS		21,133,643	20,049,842
CURRENT LIABILITIES			
Trade and Other Payables		3,192,587	3,149,392
Amount due to customers	8	1,284,466	1,192,590
Other Provisions		445,398	443,344
TOTAL CURRENT LIABILITIES		4,922,451	4,785,326
NON-CURRENT LIABILITIES			
Financial Liabilities		2,000,000	2,000,000
Other Provisions		52,714	81,886
Deferred Tax Liability	6	859,354	854,242
TOTAL NON-CURRENT LIABILITIES		2,912,068	2,936,128
TOTAL LIABILITIES		7,834,519	7,721,454
NET ASSETS		13,299,124	12,328,388
EQUITY			
Contributed Equity	10	7,125,759	7,125,759
Reserves		519,491	519,491
Retained Earnings		5,653,874	4,683,138
TOTAL EQUITY		13,299,124	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 YEAR ENDED 30 JUNE 2015

	Ordinary Share Capital	Retained Earnings/ (Accumulated Losses)	Premium on Consolidation	Asset Revaluation Reserve	Total
	\$	\$	\$	\$	\$
<u>Consolidated Entity Balance as at 1 July 2013</u>	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
<u>Consolidated Entity Balance as at 30 June 2014</u>	7,125,759	4,683,138	13,139	506,352	12,328,388
<u>Consolidated Entity Balance as at 1 July 2014</u>	7,125,759	4,683,138	13,139	506,352	12,328,388
Profit for the Period	0	970,736	0	0	970,736
<u>Consolidated Entity Balance as at 30 June 2015</u>	7,125,759	5,653,874	13,139	506,352	13,299,124

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 2015

	Note	Consolidated Entity 2015 \$	2014 \$
<u>Cash flows from operating activities:</u>			
Receipts from Customers		12,874,673	13,230,937
Payments to Suppliers and Employees		(11,672,939)	(12,660,455)
Interest Received		180,703	229,186
Interest Paid		(124,620)	(123,058)
Income Taxes (Paid) / Received		48,609	(1,635,584)
Other Income / (Expense)		(10,392)	60,964
Net cash provided by operating activities	11(ii)	1,296,034	(898,010)
<u>Cash flows from investing activities:</u>			
Payments for Property, Plant and Equipment		(55,296)	(82,295)
Receipts from Sales of Property, Plant and Equipment		14,818	36
Payments for Patents, Trademarks and Licences		(15,422)	(969)
Net Receipts from movements in Financial Assets		532,833	2,135,723
Net cash provided by investing activities		476,933	2,052,495
<u>Cash flows from financing activities:</u>			
Issue of Ordinary Shares under Share Options		0	3,500
Net cash provided by financing activities		0	3,500
Net increase in cash held		1,772,967	1,157,985
Cash at the beginning of the financial year		1,494,828	336,843
Cash at the end of the financial year		3,267,795	1,494,828
<u>Reconciliation of Cash:</u>			
For the purposes of the Cash Flow Statement, cash includes cash on hand and at bank net of outstanding bank overdrafts.			
Cash as at the end of the financial year as shown in the Cash Flow Statement is reconciled to the related items in the Statement of Financial Position as follows:			
Cash and Cash Equivalents	11(i)	3,267,795	1,494,828

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 2015

1 BASIS OF PREPARATION OF FINANCIAL REPORT

This preliminary financial report has been prepared on the historical cost basis and does not take into account changing money values or, except where stated, current valuations of non-current assets. The company assesses whether there is any indication that the carrying values of its assets may be impaired. Where an indicator of impairment exists, the company 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 have been consistently applied by the entities are consistent with those of the previous year.

2 REVENUE AND OTHER INCOME

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

	Consolidated Entity	
	2015	2014
	\$	\$
Products Revenue	6,004,941	5,687,483
Services Revenue	7,250,520	6,026,080
Total Revenue	<u>13,255,461</u>	<u>11,713,563</u>
Other Income / (Expense) – AusIndustry Grant	(13,557)	33,918
– Sundry	3,165	27,046
Total Other Income / (Expense)	<u>(10,392)</u>	<u>60,964</u>
Interest Received	176,163	185,431
Net Foreign Exchange Gain / (Loss)	64,742	(64,532)

3 EXPENSES

Included in the profit before income tax are the following expenses:

Operating Lease Rental Costs	120,368	197,348
Research and Development Costs	651,601	226,970
Depreciation of Property, Plant and Equipment	57,490	71,530
Amortisation of Patents, Trademarks and Licenses	73,475	85,926
Total Depreciation and Amortisation	<u>130,965</u>	<u>157,456</u>
Wages and Salaries	2,895,035	3,251,585
Superannuation	282,442	304,141
Other Employee Benefits Expenses	673,876	513,695
Total Employee Benefits Expenses	<u>3,851,353</u>	<u>4,069,421</u>

4 AUDITORS' REMUNERATION

Amounts received or due and receivable for audit and review of financial reports:

– Auditors of the Parent Entity – BDO	74,005	69,700
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Amounts received or due and receivable for other services of auditor of parent entity by:

– Taxation services – BDO	29,722	27,265
– Other accounting services – BDO	3,345	15,885
Total Auditor's Remuneration	<u>107,072</u>	<u>112,850</u>

SCANTECH LIMITED AND ITS CONTROLLED ENTITIES
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

		Consolidated Entity	
		2015	2014
		\$	\$
5 INCOME TAX EXPENSE			
The components of tax benefit / (expense) comprise:			
Current tax		(228,434)	73,905
Deferred tax		(43,778)	60,531
Over / (Under) provision in respect of prior years		0	(1)
		(272,212)	134,435
A reconciliation between tax expense and the product of the accounting profit before income multiplied by the consolidated entity's applicable tax rate is as follows:			
Accounting Profit / (Loss) before Income Tax		1,242,948	(401,621)
Tax at 30%		(372,884)	120,486
Non Deductible Permanent Differences		(189,889)	(59,955)
Other Temporary Differences not Previously Recognised		0	(1)
Impact of R&D Tax Incentive		290,561	73,905
Income Tax Benefit / (Expense)		(272,212)	134,435
6 RECOGNISED DEFERRED TAX ASSETS AND LIABILITIES			
Deferred income tax as at 30 June 2015 relates to the following:			
<u>Deferred Tax Liabilities:</u>			
Other Debtors and Prepayments		2,942	4,936
Land and Buildings		224,216	217,009
Patents, Trademarks and Licenses		106,423	110,952
Product Development		514,813	514,813
Foreign Exchange Differences		10,960	6,532
		859,354	854,242
<u>Deferred Tax Assets:</u>			
Contracts in Progress		5,156	3,016
Land and Buildings		0	6,490
Plant and Equipment		11,844	19,702
Other Payables and Accruals		9,490	10,206
Provisions		149,434	157,569
Other Assets		3,828	6,117
Current Year Tax Loss		0	15,318
		179,752	218,418

SCANTECH LIMITED AND ITS CONTROLLED ENTITIES
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

	Consolidated Entity	
	2015	2014
	\$	\$
7 PROPERTY, PLANT AND EQUIPMENT		
Plant and Equipment – at cost	615,028	626,427
Accumulated Depreciation	(398,891)	(435,596)
	216,137	190,831
Leasehold Improvements – at cost	0	0
Accumulated Amortisation	0	0
	0	0
Land and Buildings – at fair value	3,237,500	3,237,500
Accumulated Depreciation	(192,500)	(165,000)
	3,045,000	3,072,500
Total Property, Plant and Equipment	3,261,137	3,263,331
<u>Movement In Carrying Amounts:</u>		
Movement in the carrying amounts for each class of Property, Plant and Equipment between the beginning and the end of the current financial year.		
Plant and Equipment at cost at the beginning of the year	626,427	562,479
Additions	55,296	82,295
Disposals	(66,695)	(18,347)
Plant and Equipment at cost at the end of the year	615,028	626,427
Accumulated Depreciation at the beginning of the year	(435,596)	(409,638)
Depreciation Expense	(29,990)	(44,030)
Depreciation Expense write back	66,695	18,072
Accumulated Depreciation at the end of the year	(398,891)	(435,596)
Carrying amount of Plant and Equipment at the end of the year	216,137	190,831
Leasehold Improvements at cost at the beginning of the year	0	112,983
Dispose Leasehold Improvement	0	(112,983)
Leasehold Improvement at cost at the end of the year	0	0
Accumulated Amortisation at the beginning of the year	0	(112,983)
Amortisation Expense	0	0
Amortisation Expense write back	0	112,983
Accumulated Amortisation at the end of the year	0	0
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	3,237,500
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	(165,000)	(137,500)
Depreciation Expense	(27,500)	(27,500)
Accumulated Depreciation at the end of the year	(192,500)	(165,000)
Carrying amount of Land and Buildings at the end of the year	3,045,000	3,072,500
Total Property, Plant and Equipment at the end of the year	3,261,137	3,263,331
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	2,321,640	2,349,140

SCANTECH LIMITED AND ITS CONTROLLED ENTITIES
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

7 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

The valuation of land and buildings at 141 – 145 Mooringe Avenue, Camden Park was conducted by local independent valuers on the 3 July 2013 to determine the fair value of the land and buildings at 30 June 2015. 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 \$3,045,000 (2014: \$3,072,500) have been pledged to secure borrowings of the Group.

8 INVENTORIES

Current:

Raw Materials and Stores at cost
Work in Progress

Contracts in Progress:

Cost Incurred plus Profit to Date
Less Billings
Net Amount

Represented By:

Amounts due from Customers (Asset)
Amounts due to Customers (Liability)
Contracts in Progress (Net Amount)

9 FINANCIAL ASSETS

Non-Current:

Shares - Other corporations (at cost)

Current:

Amounts on Deposit at Banks

10 CONTRIBUTED EQUITY

Issued and Paid Up Capital:

At the beginning of the reporting period
Reduction of Capital-S258F*
Issue of Ordinary Shares under Share Options
At reporting date

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

11 CASH FLOW INFORMATION

i) Reconciliation of cash:

For the purposes of the Cash Flow Statement, cash includes cash on hand at bank, net of outstanding bank overdrafts.

Cash as at the end of the financial year as shown in the Cash Flow Statement is reconciled to the related items in the Statement of Financial Position as follows:

Cash

Consolidated Entity	
2015	2014
\$	\$
851,471	931,673
2,922,941	3,258,831
3,774,412	4,190,504
19,974,725	30,185,013
(20,251,548)	(30,213,639)
(276,823)	(28,626)
1,007,643	1,163,964
(1,284,466)	(1,192,590)
(276,823)	(28,626)
1,000	1,000
1,000	1,000
4,191,254	4,724,087
7,125,759	14,960,462
0	(7,838,203)
0	3,500
7,125,759	7,125,759
3,267,795	1,494,828

SCANTECH LIMITED AND ITS CONTROLLED ENTITIES
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

	Consolidated Entity	
	2015	2014
	\$	\$
11 CASH FLOW INFORMATION (CONT'D)		
(ii) <u>Reconciliation of cash flow from operations with profit after income tax :</u>		
Profit / (Loss) after income tax	970,736	(267,186)
<u>Add / (Less) non-cash items:</u>		
Depreciation and Amortisation	130,965	157,456
Loss / (Profit) on Sale of Property, Plant and Equipment	(14,818)	239
<u>Change in assets and liabilities:</u>		
Reduction / (Increase) in trade and other receivables	(792,036)	484,855
Reduction / (Increase) in contract balances	248,197	663,379
Reduction / (Increase) in inventories	416,092	(384,021)
Reduction / (Increase) in deferred tax asset	38,666	(18,654)
Increase / (Reduction) in deferred tax liability	5,112	(41,876)
Increase / (Reduction) in trade and other creditors	43,195	202,889
Increase / (Reduction) in provision for employee entitlements	(27,118)	14,398
Increase / (Reduction) in income tax provision	277,043	(1,709,489)
Net cash provided by / (used in) operating activities	1,296,034	(898,010)
12 CONTINGENT LIABILITIES AND CONTINGENT ASSETS		
The group has a contingent liability of \$781,410 (2014: \$1,120,495) in relation to a Deed of Deposit and Set off over Term Deposit funds with the bank as cash cover for Bank Guarantee/ Letter of Credit facilities.		
13 SEGMENT INFORMATION		
<u>Business Segments</u>		
Sales Revenue		
Products	6,004,941	5,687,483
Service	7,250,520	6,026,080
	13,255,461	11,713,563
Segment Results Profit / (Loss) After Tax		
Products	439,759	(129,731)
Service	530,977	(137,455)
	970,736	(267,186)
Depreciation, Amortisation, Interest Received, Interest Paid and Income Tax are all allocated to Products.		
<u>Geographical Segments</u>		
Geographic information is not disclosed as the necessary information is not available and the cost of developing it would be excessive.		
<u>Major Customers</u>		
There is three external customers with 39.92% (2014: one customer 14.10%) of the entity's revenue for year ended 30 June 2015.		
Products Revenue	3,445,544	796,283
Service Revenue	1,847,304	855,387
	5,292,848	1,651,670