

ANNUAL REPORT 2015



GEOSCAN AND COALSCAN Real Time Analysers for Cement, Coal and Minerals



www.scantech.com.au

ACN: 007 954 627

HIGHLIGHTS FOR 2015

	2015	2014	2013	2012	2011
REVENUE	\$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%

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 19 November 2015 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 Finnis 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 2015

In a pleasing result, Scantech returned to profit in the year ended 30 June 2015.

The Company recorded an audited profit before tax for the year of \$1,242,948 compared to a \$401,621 loss before tax for the same period last year.

A tax expense of \$272,212 brings the audited 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. The profit includes a profit of \$64,742 for exchange variants made up of \$50,095 of realised exchange gain and \$14,647 of unrealised exchange gain.

The reduction in capital expenditure by Scantech's customers in the coal, cement and minerals industries was still evident in 2015, with sales for the year being \$13,255,461, an increase of 13.2% over last year (2014: \$11,713,563).

Scantech is committed to improving the productivity, efficiency and quality control of its customers processes through the use of the most advanced on-line real time analysers. While the quality and benefits of Scantech's analysers is widely recognised, and there was some growth in product revenue for the year with revenues exceeding \$6M, the Company will need to work hard in a very competitive market to maintain product revenues at that level in the current year. The recent significant change in the exchange rate is welcome. Product orders on hand at the date of this report total \$3,856,517.

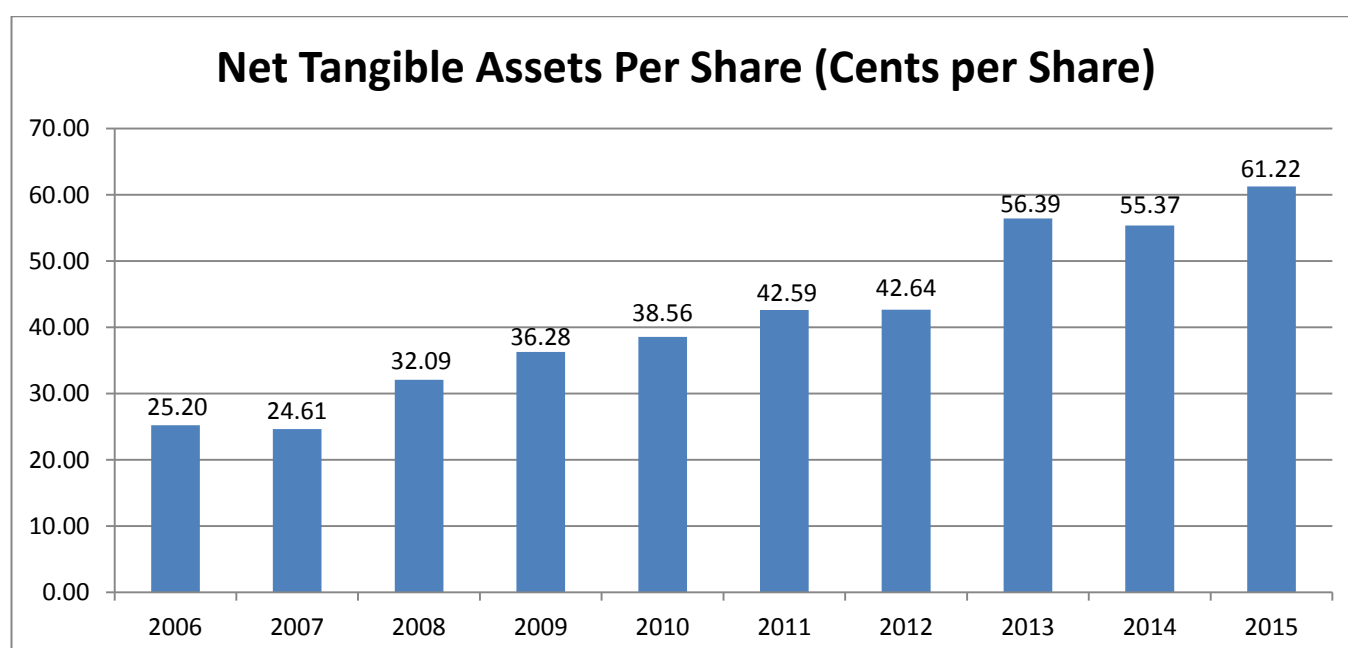
Service revenue continued to please at \$7,250,520 for the year, an increase of 20.3% over service revenue in 2014. The Company expects service revenue to grow.

As Scantech grows its installed base of online analysers, new customers sign product support agreements to ensure that they get the best return from their investment. Once customers integrate the on-belt analyser into their process control strategy, they rely on a high degree of accuracy to achieve quality targets which requires immediate availability of service support from Scantech's local service engineer and the team of technical specialists in the head office.

Scantech is determined to remain the global leader in analysis and to continue to develop long-term working relationships with our customers driven by friendly, responsive and quality service.

Shareholders funds grew again in 2015 to \$13,299,124, an increase of 8% over the previous year. Cash and current financial assets also grew to \$7,459,049 an increase of 20% over the previous year.

The net tangible assets per share as at 30 June 2015 grew to 61.22¢. The net tangible assets per share for the last 10 years can be seen from the following table:



JOINT CHAIRMAN'S REPORT AND MANAGING DIRECTOR'S REVIEW AND RESULTS OF OPERATIONS FOR 2015 (CONT'D)

The Company held a general meeting on Tuesday 15 September 2015 to consider a resolution to de-list the Company. The votes cast by Scantech's shareholders were overwhelmingly in favour of de-listing.

The Company expects that there will be real benefits to the shareholders as a result of de-listing. Apart from significant cost savings in not being listed, being a small listed entity made the Company vulnerable in a number of respects.

In September 2014 the Company was subjected to a bogus takeover which was played out in the public arena. Apart from the Company incurring significant costs to deal with the bogus takeover, it made it difficult for management to win contracts as the Company's competitors pointed to the Company being the subject of a dispute regarding control.

Customers are looking to form a long-term relationship with the supplier of analysers to ensure that they get the best outcome from the analysers. Concerns about control of the Company make customers wary of entering into a long-term commitment.

The de-listing of the Company will remove those threats.

The Company is aware that shareholders may wish to sell their shares and the ready availability of a sale on the ASX will not be available once the Company is de-listed. The Company will therefore be establishing a low volume market to provide a facility for shareholders who wish to sell shares to be able to do so.

The Company has also implemented a share buy-back to provide an opportunity for shareholders who wish to sell their shares before de-listing to be able to do so. At the date of this report the Company has bought back 965,964 shares at an average price of \$0.53. The Company has approval to buy-back up to a further 3,161,121 shares (at the date of this report) by 16 October 2015.

Once again, Scantech's team has worked diligently during the year to obtain success for the Company and its shareholders. The Company recognises the efforts and dedication of all of its staff and management.

As Chairman and Managing Director, we also recognise the invaluable contribution of our Company Secretary, Valerie Steer and our fellow directors Laurie Brett and Dean Brown.



P. Pedler
Chairman
Dated: 30th September 2015



D. Lindeberg FCA
Managing Director
Dated: 30th September 2015

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

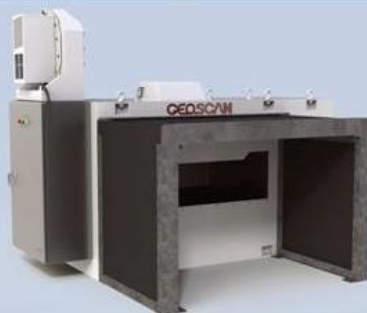
Similar environmental benefits to those described above can be achieved by use of analysers in the minerals industries. There is a wide range of mineral types and methods for mineral processing. However as a general rule the information provided by analysers can provide better process control with the 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 moisture 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:	<ul style="list-style-type: none"> • 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:	<ul style="list-style-type: none"> • Dilution monitoring • Mine optimisation • Plant process control • Uranium ore grade monitoring • Bulk sorting through flow redirection
CM100 Moisture Analyser is used for:	<ul style="list-style-type: none"> • Moisture in conductive materials
COAL PRODUCTION	
COALSCAN real time coal quality analysers are used for:	<ul style="list-style-type: none"> • 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:	<ul style="list-style-type: none"> • Mine feedback and control • Limestone sorting • Stockpile building • Raw mix proportioning
POWER GENERATION	
COALSCAN real time coal quality analysers are used for:	<ul style="list-style-type: none"> • Stockpile management • Contract surveillance • Automated blending • Bunker-feed monitoring • Moisture, ash, elemental (e.g. Sulphur) • Mine and wash plant control
CIFA is used for:	<ul style="list-style-type: none"> • Carbon in fly ash monitoring
STEEL PRODUCTION	
CM100 Moisture Analyser is used for:	<ul style="list-style-type: none"> • Moisture analysis of coke and sinter feed for blast furnaces
MOISTURE	
TBM 210 & 230 Microwave Moisture Analysers are used for:	<ul style="list-style-type: none"> • 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 2015.

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 2015 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	5	5	2	2	1	1	1	1
David Lindeberg	5	5	2	2	0	0	1	0
Laurance Brett	5	4	2	2	1	0	1	0
Dean Brown	5	5	2	1	1	1	1	1

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 27 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 14 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 profit for the year of \$970,736 (2014: \$267,186 loss) after attributable income tax. No dividends have been paid. The net assets for the consolidated entity for the year was \$13,299,124 (2014: \$12,328,388), being an increase of 7.9%.

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 2015 as set out on Page 5 and 6.

Earnings Per Share (EPS)	2015	2014
Basic EPS	\$0.06	(\$0.02)
Diluted EPS	\$0.06	(\$0.02)

STATUTORY REPORT OF THE DIRECTORS (CONT'D)

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

On the 31 July 2015 the Company announced an on market buy-back and cancellation of up to 10% of the issued shares of the company. As at 15 September 2015 the Company has bought back 740,327 shares at an average price of \$0.51.

At a General Meeting held on the 15 September 2015 shareholders voted to delist the Company from the official list of the ASX and to conduct an on market buy-back of up to 15% of the issued shares of the Company.

The Company is now seeking approval from ASX to be removed from the official list of the ASX on the 16 October 2015.

The Company intends to buy-back up to a further 3,386,758 shares by the 16 October 2015 under the 2 buy-backs announced.

EVENTS AFTER THE STATEMENT OF FINANCIAL POSITION 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 2015

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.

DECLARATION OF INDEPENDENCE

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

SHARES UNDER OPTION OR ISSUED ON EXERCISE OF OPTIONS

At the date of this report, there are no unissued ordinary shares under option.

STATUTORY REPORT OF THE DIRECTORS (CONT'D)

REMUNERATION REPORT (AUDITED)

This Remuneration Report for the year ended 30 June 2015 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. 2014 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 2015 no external consultants were engaged to provide advice.

3. Board oversight of remuneration

Remuneration Committee

The Remuneration Committee currently comprises of 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 KMP's and therefore the amount of any STI entitlement, the level of STI payments to the Managing Director is determined separately by the Board.

4. 2014 Annual General Meeting

In accordance with section 250R (2) of the Corporations Act, while the company is a listed company, a resolution to adopt the Remuneration Report as set out in the "Statutory Report of the Directors" is required to be 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, then a Board 'spill' will result.

At the 2014 Annual General Meeting the resolution to adopt the Remuneration Report was put to shareholders and more than 25% of votes were cast against the resolution so the Company received what was constituted as its "second strike".

Due to the "second strike" the Company was required to put a Board Spill Meeting Resolution to the shareholders. A poll was conducted for this resolution and it was defeated.

The Board 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 2015 financial year was \$188,646.

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 seven (7) 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 2015 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 2015 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. Despite performance criteria outlined for the Service and Marketing Bonus Schemes described below, and even if such performance criteria have been met for a particular period, payment of the Service and Marketing Bonus to the Managing Director is ultimately at the discretion of the Remuneration Committee.

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 2015 financial year is \$393,506 (including 9.5% superannuation). The Board has not approved any bonus for the Managing Director in respect of the 30 June 2015 financial year. No service bonus was approved for the Managing Director for the year 2015.

The Marketing Group did not achieve their order KPI set at \$10.8M for 2015 and so there is no Marketing Group Bonus for the 30 June 2015 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
2015	\$970,736	\$13,299,124	\$0.51	\$0.54
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

STATUTORY REPORT OF THE DIRECTORS (CONT'D)

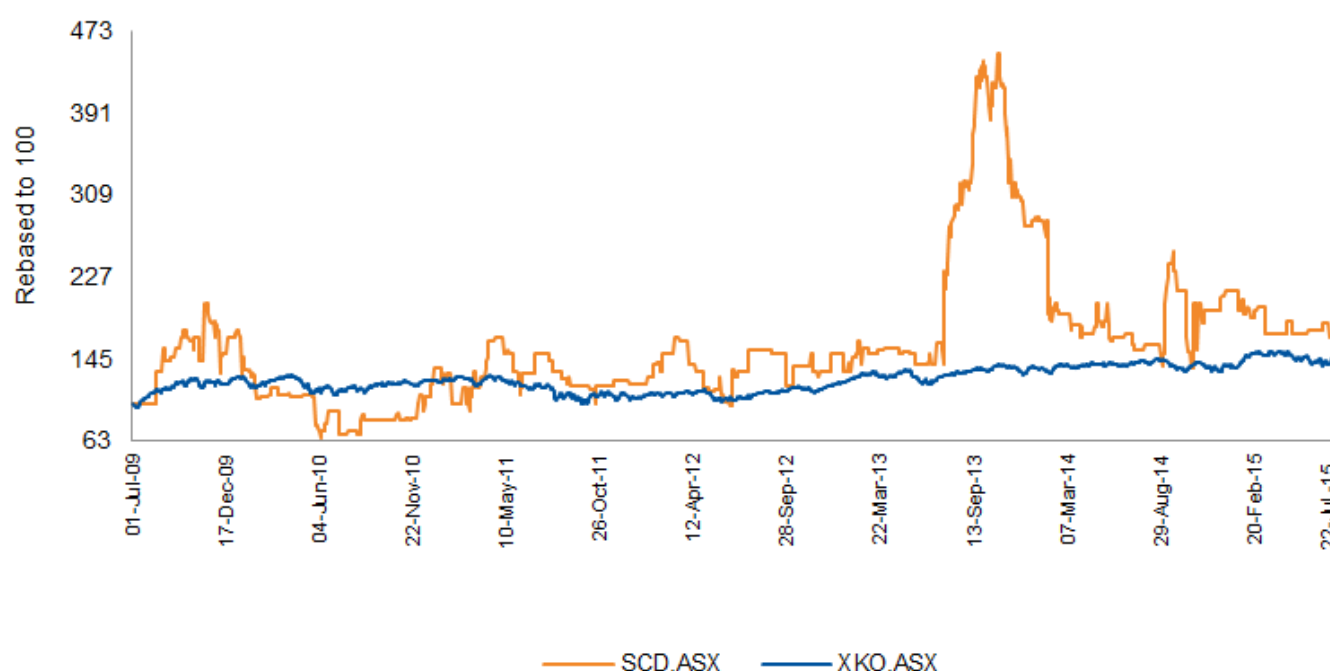
REMUNERATION REPORT (AUDITED) (CONT'D)

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 S&P/ASX 300 XKO over the last 6 years. The Company (SCD) virtually over performed this index from August 2009 to January 2010. From January 2010 to December 2010 it underperformed the Index and since then the Company (SCD) tracked this index and generally over performed until July 2013 when peaked at the highest performance period. From November 2013, the Company (SCD) started to decrease, however it was still well over performed the Index since then to the current July 2015.

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

Share Price Performance S&P/ASX 300 XKO vs Scantech Limited (SCD)



Short term incentives

In 2015 no bonus is payable to the Managing Director in respect of the year ended 30 June 2015. 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.

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 \$378,960 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

Ms. Steer was appointed Company Secretary on 15 October 2001 and appointed Chief Financial Officer on 17 February 2005.

- The Chief Financial Officer / Company Secretary receives a fixed remuneration of \$157,900 per annum.

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				
D Lindeberg	2015	\$321,259	0	\$9,157	\$30,806	\$0	(\$4,665)	\$356,557
Managing Director (Executive)	2014	\$316,757	(\$104)	\$11,097	\$29,185	\$0	(\$4,284)	\$352,651
P Pedler	2015	\$73,834	\$0	\$0	\$7,014	\$0	\$0	\$80,848
Chairman of the Board	2014	\$72,029	\$0	\$0	\$6,663	\$0	\$0	\$78,692
L Brett	2015	\$49,223	\$0	\$0	\$4,676	\$0	\$0	\$53,899
Non Executive Director	2014	\$48,019	\$0	\$0	\$4,442	\$0	\$0	\$52,461
D Brown	2015	\$49,223	\$0	\$0	\$4,676	\$0	\$0	\$53,899
Non Executive Director	2014	\$48,019	\$0	\$0	\$4,442	\$0	\$0	\$52,461
V Steer	2015	\$149,456	\$0	\$13,455	\$14,402	\$0	(\$17,395)	\$159,918
Chief Financial Officer / Company Secretary	2014	\$119,385	\$45,767	\$13,354	\$15,856	\$0	\$3,950	\$198,312
Total	2015	\$642,995	\$0	\$22,612	\$61,574	\$0	(\$22,060)	\$705,121
Total	2014	\$604,209	\$45,663	\$24,451	\$60,588	\$0	(\$334)	\$734,577

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

Name	Fixed Remuneration		At Risk - STI		At Risk - LTI	
	2015	2014	2015	2014	2015	2014
Executive Directors:						
D Lindeberg	100%	100%	0%	0%	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	100%	75%	0%	25%	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	478,627	0	4,066,928
P Pedler	728,885	0	100,000	0	828,885
L Brett	827,476	0	329,126	0	1,156,602
D Brown	55,000	0	0	0	55,000
V Steer	5,000	0	0	0	5,000
Total	5,204,662	0	907,753	0	6,112,415

Option holding

There were no options over ordinary shares in the company held during the financial year by Directors or other members of key management personnel of the consolidated entity, including their personally related parties.

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 2015 and 2014 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	
2015	\$54,000	\$0	\$0	\$4,916	\$0	\$16,046	\$74,962
2014	\$54,528	\$0	\$0	\$4,847	\$0	\$0	\$59,375

*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 2015, Scantech Limited incurred fees in relation to legal services of \$44,602 excl GST (2014: \$32,108 incl GST) 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 2015 was \$3,960 excl GST (2014: \$700 excl GST)

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 2015 in accordance with a resolution of the Directors.



P. Pedler
Chairman



D. Lindeberg
Managing Director



Tel: +61 8 7324 6000
Fax: +61 8 7324 6111
www.bdo.com.au

Level 7, BDO Centre
420 King William St
Adelaide SA 5000
GPO Box 2018, Adelaide SA 5001
AUSTRALIA

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

As lead auditor of Scantech Limited for the year ended 30 June 2015, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the 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.

A handwritten signature in blue ink that reads 'Paul Gosnold'. The signature is written in a cursive, flowing style.

Paul Gosnold
Director

BDO Audit (SA) Pty Ltd

Adelaide, 30 September 2015

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

	Note	Consolidated Entity 2015 \$	2014 \$
Revenue	3	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 Property, Plant and Equipment		14,818	(239)
Other Income / (Expense)	3	(10,392)	60,964
Interest Received	3	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 (Expense) / Benefit	6	(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		0	0
Total Comprehensive Income attributable to Owners of the Parent Entity		970,736	(267,186)
Basic Earnings per Share	9	0.06	(0.02)
Diluted Earnings per Share	9	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

		Consolidated Entity	
	Note	2015	2014
		\$	\$
CURRENT ASSETS			
Cash and Cash Equivalents	28	3,267,795	1,494,828
Trade and Other Receivables	10	2,720,916	1,928,880
Current Tax Asset		181,366	458,409
Inventories	11	3,774,412	4,190,504
Amount due from Customers	12	1,007,643	1,163,964
Financial Assets	13	4,191,254	4,724,087
TOTAL CURRENT ASSETS		15,143,386	13,960,672
NON-CURRENT ASSETS			
Financial Assets	13	1,000	1,000
Property, Plant and Equipment	14	3,261,137	3,263,331
Patents, Trademarks and Licences	15	832,323	890,376
Product Development	16	1,716,045	1,716,045
Deferred Tax Asset	7	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	17	3,192,587	3,149,392
Amount due to Customers	12	1,284,466	1,192,590
Other Provisions	20	445,398	443,344
TOTAL CURRENT LIABILITIES		4,922,451	4,785,326
NON-CURRENT LIABILITIES			
Financial Liabilities	18	2,000,000	2,000,000
Other Provisions	20	52,714	81,886
Deferred Tax Liability	7	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	21	7,125,759	7,125,759
Reserves	22	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</u> <u>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</u> <u>Balance as at 30 June</u> <u>2014</u>	7,125,759	4,683,138	13,139	506,352	12,328,388
<u>Consolidated Entity</u> <u>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</u> <u>Balance as at 30 June</u> <u>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 / (used in) operating activities	28(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 / (used in) 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	28(i)	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		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 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 2014 to 30 June 2015 and was authorised for issue in accordance with a resolution of the Directors on the 30 September 2015.

(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 authoritative 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.

Contract Revenue Percentage Completion:

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 the statement of profit or loss and other comprehensive income.

Impairment of Product Development Costs:

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 2015 was \$1,716,045 (30 June 2014: \$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(q) and Note 16 for further details.

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

(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 2015. 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-19
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 2013-9	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
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
AASB 2014-4 / 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 additional disclosure.	1-Jul-16
AASB 15 / 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-18

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

(e) REVENUE RECOGNITIONProduct 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 the statement of profit or loss and other comprehensive income when identified.

(h) FOREIGN CURRENCYTransactions:

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 statement of profit or loss and other comprehensive income 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) TAXATIONIncome 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 statement of profit or loss and other comprehensive income 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 statement of profit or loss and other comprehensive income 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.

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

(i) TAXATION (CONT'D)Income Tax: (Cont'd)

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.

(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 statement of profit or loss and other comprehensive income. Impairment testing is performed annually for intangible assets with indefinite lives.

(k) INVESTMENTS IN SUBSIDIARIESSubsidiaries:

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 statement of profit or loss and other comprehensive income 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) INVENTORIESManufacturing 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.

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

(m) 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).

(n) PROPERTY, PLANT AND EQUIPMENTAcquisition:

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 the statement of profit or loss and other comprehensive income.

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 the statement of profit or loss and other comprehensive income, in which case the increment is recognised in the statement of profit or loss and other comprehensive income.

Any revaluation decrement is recognised in the statement of profit or loss and other comprehensive income, 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 statement of profit or loss and other comprehensive income.

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

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

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

(o) LEASES

Operating lease payments are recognised as an expense in the statement of profit or loss and other comprehensive income on a straight-line basis over the lease term.

(p) INTANGIBLESPatents, 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.

(q) 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.

(r) TRADE AND OTHER PAYABLES

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

(s) 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.

(t) PROVISIONSEmployee 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.

(u) 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.

(v) EARNINGS PER SHAREBasic 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.

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

(w) 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.

(x) 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.

(y) FINANCIAL INSTRUMENTSRecognition 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 the statement of profit or loss and other comprehensive income. Transaction costs related to instruments classified as at fair value through the statement of profit or loss and other comprehensive income are expensed to the statement of profit or loss and other comprehensive income 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 the statement of profit or loss and other comprehensive income.

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 the statement of profit or loss and other comprehensive income.

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
	\$	\$
3 REVENUE AND OTHER INCOME / (EXPENSE)		
Included in the statement of profit or loss and other comprehensive income are the following revenue and other income / (expense) items:		
Products Revenue	6,004,941	5,687,483
Services Revenue	7,250,520	6,026,080
Total Revenue	13,255,461	11,713,563
Other Income / (Expense) – AusIndustry Grant	(13,557)	33,918
– Sundry	3,165	27,046
Total Other Income / (Expense)	(10,392)	60,964
Interest Received	176,163	185,431
Net Foreign Exchange Gain / (Loss)	64,742	(64,532)
4 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 Licences	73,475	85,926
Total Depreciation and Amortisation	130,965	157,456
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	3,851,353	4,069,421
5 AUDITORS' REMUNERATION		
<u>Amounts received or due and receivable for audit and review of financial reports:</u>		
– Auditors of the Parent Entity – BDO	72,263	69,700
<u>Amounts received or due and receivable for other services of auditor of parent entity by:</u>		
– Taxation services – BDO	31,567	41,459
– Grant acquittal audit – BDO	1,500	0
– 4E review – BDO	1,742	1,691
Total Auditor's Remuneration	107,072	112,850
6 INCOME TAX BENEFIT / (EXPENSE)		
<u>The components of Income Tax Benefit / (Expense) comprise:</u>		
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

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
	\$	\$
6 INCOME TAX BENEFIT / (EXPENSE) (CONT'D)		
<u>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:</u>		
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
7 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 Licences	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
8 DIVIDENDS		
<u>Dividends provided for or paid by the Parent Entity are:</u>		
(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
<u>Dividend Franking Account:</u>		
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% (2014: 30%)	4,845,872	4,492,308
9 EARNINGS PER SHARE		
Profit / (Loss) attributable to owners of the parent entity after income tax	970,736	(267,186)
<u>Basic Earnings per Share</u>	0.06	(0.02)
Weighted average number of ordinary shares used in the calculation of the basic earnings per share	17,562,066	17,559,559
<u>Diluted Earnings per Share</u>	0.06	(0.02)
Weighted average number of ordinary shares used in the calculation of the diluted earnings per share	17,562,066	17,559,559

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
	\$	\$
10 TRADE AND OTHER RECEIVABLES		
<u>Current:</u>		
Trade Accounts Receivable outstanding:		
Current	2,297,392	1,566,880
1 – 30 days	14,100	96,797
31 – 60 days	0	41,650
61 – 90 days	108,480	0
Over 90 days	98,054	54,000
Total	2,518,026	1,759,327
Other Debtors and Prepayments	202,890	169,553
	2,720,916	1,928,880
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.		
<u>Current Amounts Receivable in Foreign Currencies:</u>		
The Australian dollar equivalent of unhedged amounts receivable in foreign currencies, calculated at year end exchange rates, are as follows:		
United States Dollars (USD)	346,096	415,253
Euro (EUR)	132,074	228,158
South African Rand (ZAR)	20,446	482,076
	498,616	1,125,487
11 INVENTORIES		
<u>Current:</u>		
Raw Materials and Stores at cost	851,471	931,673
Work in Progress	2,922,941	3,258,831
	3,774,412	4,190,504
12 CONTRACTS IN PROGRESS		
Cost Incurred plus Profit to Date	19,974,725	30,185,013
Less Billings	(20,251,548)	(30,213,639)
Net Amount	276,823	(28,626)
<u>Represented By:</u>		
Amounts due from Customers (Asset)	1,007,643	1,163,964
Amounts due to Customers (Liability)	(1,284,466)	(1,192,590)
Contracts in Progress (Net Amount)	276,823	(28,626)
13 FINANCIAL ASSETS		
<u>Non-Current:</u>		
Shares - Other Corporations (at cost)	1,000	1,000
	1,000	1,000
<u>Current:</u>		
Amounts on Deposit at Banks	4,191,254	4,724,087
<u>Current Term Deposit Amounts in Foreign Currencies:</u>		
The Australian dollar equivalent of unhedged amounts in term deposit in foreign currencies, calculated at year end exchange rates, are as follows:		
United States Dollars (USD)	0	39,805
Euro (EUR)	241,254	242,571

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
	\$	\$
14 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
Revaluations	0	0
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

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
		\$	\$
14 PROPERTY, PLANT AND EQUIPMENT (CONT'D)			
<u>Carrying amounts of the Land and Buildings if they were not re-valued and measured at cost less accumulated depreciation would be as follows:</u>			
Carrying Amount of Land & Buildings at the end of the year		2,321,640	2,349,140
<p>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 2015. The valuation was determined by reference to recent market transactions on arm's length terms.</p> <p><u>Assets pledged as security:</u> 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 (refer to Note 18).</p>			
15 PATENTS, TRADEMARKS AND LICENCES			
Patents and Licences – at cost at the end of the year		1,629,543	1,632,569
Accumulated Amortisation at the end of the year		(797,220)	(742,193)
		832,323	890,376
<u>Movement In Carrying Amounts:</u>			
Patents and Licences at cost at the beginning of the year		1,632,569	1,671,804
Additions		15,422	969
Disposals		(18,448)	(40,204)
Patents and Licences at cost at the end of the year		1,629,543	1,632,569
Accumulated Amortisation at the beginning of the year		(742,193)	(696,471)
Amortisation Expense		(73,475)	(85,926)
Amortisation Expense Write Back		18,448	40,204
Accumulated Amortisation at the end of the year		(797,220)	(742,193)
Carrying Amount of Patents and Licences at the end of the year		832,323	890,376
16 PRODUCT DEVELOPMENT			
Development – at cost		1,716,045	1,716,045
<u>Movement In Carrying Amounts:</u>			
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.

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

16 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% (2014: 13%) pre-tax discount rate;
- b. 2% (2014: 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 42% 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 30% 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.

17 TRADE AND OTHER PAYABLESCurrent:

Trade Accounts Payable
Other Payables and Accruals

Consolidated Entity	
2015	2014
\$	\$
402,149	439,903
2,790,438	2,709,489
3,192,587	3,149,392

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)	113,222	147,895
Euro (EUR)	138,033	132,759
South African Rand (ZAR)	1,832	40
	253,087	280,694

18 FINANCIAL LIABILITIESNon-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 14), 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 Collateralisation 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. The principal is repayable in full by March 2025.

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

19 FINANCING ARRANGEMENTS

The Consolidated Entity had access to the following lines of credit:

Total facilities available at balance date:

	Consolidated Entity 2015 \$	2014 \$
Bank Overdraft	0	1,000,000
Bank Loans	2,000,000	2,000,000
Bank Guarantee / Performance Guarantee	2,971,375	4,422,311
Forward Cover	20,000	1,000,000
	4,991,375	8,422,311

Facilities utilised at balance date:

Bank Overdraft	0	0
Bank Loans	(2,000,000)	(2,000,000)
Bank Guarantee / Performance Guarantee	(1,096,070)	(1,500,438)
Forward Cover	0	0
	(3,096,070)	(3,500,438)

Facilities not utilised at balance date:

Bank Overdraft	0	1,000,000
Bank Loans	0	0
Bank Guarantee / Performance Guarantee	1,875,305	2,921,873
Forward Cover	20,000	1,000,000
	1,895,305	4,921,873

20 PROVISIONS – OTHERCurrent:

Employee Benefits	445,398	443,344
	445,398	443,344

Non-Current:

Employee Benefits	52,714	81,886
	52,714	81,886

21 CONTRIBUTED EQUITYIssued and Paid Up Capital:

At the beginning of the reporting period	7,125,759	14,960,462
Shares issued during the reporting period	0	3,500
Reduction of Capital - S258F*	0	(7,838,203)
At reporting date	7,125,759	7,125,759

*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:

	2015 Number of shares	2014 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	17,562,066	17,562,066

Changes to the Corporations Law abolished the authorised capital and par value concept in relation to share capital from 1 July 1998. Therefore, the Company does not have 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.

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

21 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 2015 and 30 June 2014 are detailed below.

	Consolidated Entity	
	2015	2014
	\$	\$
<u>Debts:</u>		
Trade & Other Payables	3,192,587	3,149,392
Financial Liabilities - Loans	2,000,000	2,000,000
Total Borrowings	5,192,587	5,149,392
Less Financial Assets	(4,191,254)	(4,724,087)
Less Cash and Cash Equivalents	(3,267,795)	(1,494,828)
Net Debt	(2,266,462)	(1,069,523)
Total Equity	13,299,124	12,328,388
Total Capital	11,032,662	11,258,865
Gearing Ratio	-21%	-10%
22 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 the statement of profit or loss and other comprehensive income		
23 CAPITAL AND LEASING COMMITMENTS		
The Group has no capital expenditure commitments at year end.		
<u>The Underwood, Queensland property lease is a non-cancellable lease with a three year term set to expire on 30/04/2017.</u>		
Payable – minimum lease payments		
- not later than 1 year	111,831	110,259
- between 1 year and 5 years	95,510	210,559
	207,341	320,818
<u>The operating lease for Xerox Photocopier is a non-cancellable lease with a four year term set to expire 24/02/2018.</u>		
Payable – minimum lease payments		
- not later than 1 year	2,640	2,640
- between 1 year and 5 years	4,400	7,040
	7,040	9,680

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
	\$	\$
23 CAPITAL AND LEASING COMMITMENTS (CONT'D)		
<u>The operation lease for IBC Network solution is a non-cancellable lease with a two year term set to expire 30/04/2017.</u>		
Payable – minimum lease payments		
- not later than 1 year	16,363	12,272
- between 1 year and 5 years	13,636	20,454
	29,999	32,726
24 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 lodged with the bank as cash cover for Bank Guarantee / Letter of Credit facilities.		
25 PARENT ENTITY INFORMATION		
<u>Information relating to Scantech Limited the Parent Entity:</u>		
Current Assets	9,771,689	4,020,009
Total Assets	9,780,084	4,028,404
Non-Current Liabilities	0	1,748,320
Total Liabilities	0	1,748,320
Issued Capital	7,125,759	7,125,759
Retained Earnings / (Losses)	2,654,325	(4,845,675)
Total Shareholders' Equity	9,780,084	2,280,084
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	711,096	1,095,592
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 and Equipment	0	0

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

26 SUBSIDIARIESName/Country of Incorporation:

		Group Interest	Book Value of Investment	2015	2014
			\$	\$	
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
<u>Investment in Other Companies:</u>					
Saindo Trading Company Pty Ltd (1 trust unit)			1,000		1,000
			1,000		1,000

27 DIRECTORS SHAREHOLDINGS AND OPTIONS – DIRECT AND INDIRECT INTEREST AS AT 30 JUNE 2015

There were no Director Share Option Deeds executed and no options remain outstanding as at 30 June 2015.

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

Name of Director	30 June 2015	30 June 2014
	Number of Shares	Number of Shares
David Lindeberg	4,066,928	3,588,301
Dean Brown	55,000	55,000
Laurance Brett	1,156,602	827,476
Peter Pedler	828,885	728,885
Total	6,107,415	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
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

	Consolidated Entity	
	2015	2014
	\$	\$
28 CASH FLOW INFORMATION		
<u>i) 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	3,267,795	1,494,828
<u>ii) 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 & 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 & 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)
29 RELATED PARTY TRANSACTIONS		
<u>Parent entity</u>		
Scantech Limited is the parent entity.		
<u>Subsidiaries</u>		
Interests in subsidiaries are set out in Note 26.		
<u>Compensation</u>		
In aggregate compensation made to directors and the members of key management personnel of the consolidated entity is set out below:		
<u>Key Management Personnel Compensation:</u>		
The total payment of Key Management Personnel compensation comprised:		
Short-term employee benefits	665,607	674,323
Post-employee benefits	61,574	60,588
Termination benefits	0	0
Other long term benefits	(22,060)	(334)
Share-based payments	0	0
	705,121	734,577

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

29 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 2015 and 2014 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	
2015	\$54,000	\$0	\$0	\$4,916	\$0	\$16,046	\$74,962
2014	\$54,528	\$0	\$0	\$4,847	\$0	\$0	\$59,375

*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 2015, Scantech Limited incurred fees in relation to legal services of \$44,602 excl GST (2014: \$32,108 incl GST) 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 2015 was \$3,960 excl GST (2014: \$700 excl GST)

Loans:

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

30 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, 13 and 17 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, 12 and 19.

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

30 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 2015	Weighted Average Effective Interest Rate	Floating Interest Rate	Within Year	1 to 5 Years	Over 5 Years	Total
	%	\$	\$	\$	\$	\$
<u>Financial Assets</u>						
Trade and Other Receivables	0.00	0	2,720,916	0	0	2,720,916
Amounts due from customers	0.00	0	1,007,643	0	0	1,007,643
Cash and Cash Equivalents	0.87	3,267,796	0	0	0	3,267,796
Investments	2.50	0	4,227,741	0	0	4,227,741
Total Financial Assets		3,267,796	7,956,300	0	0	11,224,096
<u>Financial Liabilities</u>						
Trade and Other Payables	0.00	0	3,192,587	0	0	3,192,587
Amount due to customers	0.00	0	1,284,466	0	0	1,284,466
Bank Overdrafts and Loans	5.79	0	115,800	878,568	2,142,781	3,137,149
Total Financial Liabilities		0	4,592,853	878,568	2,142,781	7,614,202

30 June 2014	Weighted Average Effective Interest Rate	Floating Interest Rate	Within Year	1 to 5 Years	Over 5 Years	Total
	%	\$	\$	\$	\$	\$
<u>Financial Assets</u>						
Trade and Other Receivables	0.00	0	1,928,880	0	0	1,928,880
Amounts due from customers	0.00	0	1,163,964	0	0	1,163,964
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	7,868,701	0	0	9,363,529
<u>Financial Liabilities</u>						
Trade and Other Payables	0.00	0	3,149,392	0	0	3,149,392
Amounts due to customers	0.00	0	1,192,590	0	0	1,192,590
Bank Overdrafts and Loans	5.79	0	115,800	1,044,254	1,575,076	2,735,130
Total Financial Liabilities		0	4,457,782	1,044,254	1,575,076	7,077,112

Refer Note 19 "Financing Arrangements" for details of bank facilities available.

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

30 FINANCIAL INSTRUMENTS (CONT'D)**(ii) Fair Values:**

Aggregate fair values and carrying amounts of financial assets and financial liabilities at balance date. The fair value of non-current loans of \$2,000,000 approximates the carrying amount because the loan has a variable interest rate (level 3).

	Consolidated Entity			
	2015 \$		2014 \$	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial Assets:				
Cash and Cash Equivalents	3,267,795	3,267,795	1,494,828	1,494,828
Trade and Other Receivables	2,720,916	2,720,916	1,928,880	1,928,880
Amounts due from customers	1,007,643	1,007,643	1,163,964	1,163,964
Held to Maturity Investments	4,191,254	4,191,254	4,724,087	4,724,087
Financial Liabilities:				
Trade and Other Payables	(3,192,587)	(3,192,587)	(3,149,392)	(3,149,392)
Amounts due to customers	(1,284,466)	(1,284,466)	(1,192,590)	(1,192,590)
Loans	(2,000,000)	(2,000,000)	(2,000,000)	(2,000,000)
Net Exposure	4,710,555	4,710,555	2,969,777	2,969,777

(iii) Sensitivity Analysis:

As at 30 June 2015, 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	
	2015 \$	2014 \$
Interest Rate:		
Increase in interest rate by 0.50%	27,295	31,095
Decrease in interest rate by 0.50%	(26,089)	(29,683)
Foreign Currency:		
Improvement in AUD to USD by 5%	(11,089)	(14,627)
Decline in AUD to USD by 5%	12,256	16,166
Improvement in AUD to EUR by 5%	(12,215)	(17,136)
Decline in AUD to EUR by 5%	13,500	18,941
Improvement in AUD to ZAR by 5%	(886)	(22,954)
Decline in AUD to ZAR by 5%	981	25,370

31 SEGMENT INFORMATION**Business Segments:**

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	(129,371)
Service	530,977	(137,455)
	970,736	(267,186)

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.

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 \$
31 SEGMENT INFORMATION (CONT'D)		
<u>Major Customers:</u>		
There are three external customers with 39.92% (2014: one customer 14.10%) of the entity's revenue for year ended 30 June 2015.		
Customer 1: 10.10%		
Products Revenue	(159,076)	796,283
Service Revenue	1,498,362	855,387
	<u>1,339,286</u>	<u>1,651,670</u>
Customer 2: 16.76%		
Products Revenue	2,204,188	N/A
Service Revenue	17,574	N/A
	<u>2,221,762</u>	<u>N/A</u>
Customer 3: 13.06%		
Products Revenue	1,400,432	N/A
Service Revenue	331,369	N/A
	<u>1,731,801</u>	<u>N/A</u>

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.

32 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 categorised according to the fair value hierarchy as Level 2 – inputs other than quoted prices included in Level 1 that are observable for the assets or liabilities, either directly or indirectly.

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.

33 EVENTS AFTER THE REPORTING PERIOD

On the 31 July 2015 the Company announced an on market buy-back and cancellation of up to 10% of the issued shares of the company. As at 15 September 2015 the Company has bought back 740,327 shares at an average price of \$0.51.

At a General Meeting held on the 15 September 2015 shareholders voted to delist the Company from the official list of the ASX and to conduct an on market buy-back of up to 15% of the issued shares of the Company.

The Company is now seeking approval from ASX to be removed from the official list of the ASX on the 16 October 2015.

The Company intends to buy-back up to a further 3,386,758 shares by the 16 October 2015 under the 2 buy-backs announced.

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 Statutory Report of the Directors 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 2015 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
P. Pedler



Director
D. Lindeberg

Dated this 30th day of September 2015

ADDITIONAL INFORMATION – DISCLOSURE

The following information required by the Australian Stock Exchange is extracted from the records as at 15 September 2015. The holdings of the twenty largest holders of shares represent 81.0% (2014: 75.4%) 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 <RIDGWAY SUPER FUND A/C>	2,766,928*	16.4
Ouwens Corporate Services Pty Limited <OUWENS SUPER FUND A/C>	2,117,679	12.6
C H ADMINISTRATION PTY LTD <D R WATSON SUPER FUND A/C>	1,456,885	8.7
RIDGWAY CONSULTING PTY LTD	1,300,000	7.7
VELKOV FUNDS MANAGEMENT LIMITED <VICTOR VALUE FUND A/C>	925,528	5.5
BODKIN PTY LTD <KYRE AVENUE SUPER FUND A/C>	828,885*	4.9
BOBA CORPORATION PTY LTD	677,476*	4.0
MR GEOFFREY DUNCAN NASH <GDN SUPER FUND A/C>	615,318	3.7
BOBA CORPORATION PTY LTD <BOBA SUPER FUND A/C>	479,126	2.8
MR RONALD COLIN SARGENT & MRS KATHLEEN ANN SARGENT	300,482	1.8
ABSOLUTE ANALOGUE INC	300,000	1.8
MRS ELIZABETH GERALDINE COOPER	300,000	1.8
PULLINGTON INVESTMENTS PTY LTD <SIMPLA PLASTICS AUS SF A/C>	300,000	1.8
BFA SUPER PTY LTD <GDN SUPER FUND A/C>	239,905	1.4
MR EDWARD JOHN SHEPHERD & MRS LORETTA CONSTANCE SHEPHERD <MELBOURNE STREET INV S/F AC>	200,000	1.2
MR PETER DONALD SHEARER & MRS SUZANNE ELIZABETH SHEARER	200,000	1.2
MR ROBERT WILSON	198,375	1.2
MR IAN ERNEST WEBBER & MRS CHRISTINE MARGARET WEBBER <WEBBER SUPER FUND NO 2 A/C>	160,000	1.0
BELMARK INVESTMENTS PTY LTD	134,822	0.8
MR SHANBIAO GAO	125,000	0.7
Total Top 20 Fully Paid Ordinary Shares	13,626,409	81.0
All other ordinary shares	3,195,330	19.0
Total Issued Ordinary Shares	16,821,739	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	38
1,001 – 5,000	149
5,001 – 10,000	54
10,001 – 100,000	67
100,001 & over	21
Total Holders of Fully Paid Ordinary Shares	329

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, 125 Windermere Road, Hamilton, QLD 4007	4,066,928	24.18
Ouwens Corporate Services Pty Ltd, 147 Frome Street, Adelaide, SA 5000	2,187,459	12.50
Daniel Ronald Watson, PO Box 322, Glenside, SA 5065	1,593,666	9.07
Boba Corporation Pty Ltd, 52 Gladstone Road, North Brighton, SA 5048	1,156,602	6.59
Victor Velkov, 115 Toohey Road, Tarragindi, QLD 4121	1,002,267	5.94

OPTIONS

The Company has no options outstanding as at 15 September 2015.

CORPORATE GOVERNANCE

Please refer to the Scantech company website <http://www.scantech.com.au/corporate-governance/>



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 2015, 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 2015 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 2015. 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 2015 complies with section 300A of the *Corporations Act 2001*.

BDO (Audit) SA Pty Ltd

Paul Gosnold
Director

Adelaide, 30 September 2015