

21st November 2013

ASX ANNOUNCEMENT

ANNUAL GENERAL MEETING PRESENTATION

Scantech Limited wishes to advise that the attached Chairman's Report will be presented at the Annual General Meeting held at 143 Mooringe Avenue Camden Park at 11.00 am today.

ABOUT SCANTECH

Scantech is a world leader in process control technologies, specialising in the minerals, cement and coal industries.

Its award-winning technology, which is sold all over the world, measures the composition and quality of bulk materials as they pass through its analysers on conveyor belts.

Detailed analysis is provided in real time, enabling quick decisions that can result in improved process control, significant cost savings, longer plant life and substantial environmental benefits.

Scantech analysers are designed and manufactured in Adelaide, South Australia.

The company is listed on the Australian Stock Exchange (ASX:SCD).

For enquiries refer to Valerie Steer on (08) 8350 0200.



Company Secretary

Chairman's Address 2013

On behalf of Scantech Limited board and management I am pleased to welcome you to the 2013 AGM.

Your Company was able to achieve a record result with strong growth in revenue and profit for the year ended 30 June 2013. After the strong growth in revenue during the previous year Scantech was able to further increase revenue to \$17,723,583 - a record result and an increase of more than \$2 million on our previous highest revenue achieved in 2009. Profit before tax improved 91% - up from \$2,324,726 to \$4,440,987 in FY2013 – and profit after tax was \$3,116,667, an increase of 84% on FY2012.

At the 2012 AGM, I noted that after the return of capital of \$0.10 per share to our shareholders during FY2012, shareholders' funds were \$10,276,907 at the end of that year. At the end of the latest year to 30 June 2013, shareholder funds were \$12,592,074, an increase of 23% on last year with cash reserves of \$7,196,653. The net tangible asset backing per ordinary security increased from \$0.4264 per share to \$0.5639 per share. It is pleasing to be able to demonstrate that the board's strategy is providing real increases in shareholder wealth for members.

There was strong growth in both of the main sectors of the business. Product sales revenue increased from \$10,890,825 in FY2012 to \$12,508,528 while the service section continued its growth with revenue up from \$4,515,741 to \$5,215,055.

The improved profits were driven by strong revenue but the Company was at the same time able to contain costs so that there was only a small increase in the expenses between FY2012 and FY2013.

Our revenue growth was particularly pleasing given the strength of the Australian dollar during the latest year. A reduction in the exchange rate towards the end of the year meant that the Company was able to bring to account an exchange gain of \$237,460. The lower exchange rate is certainly welcome.

Most of the revenue earned by Scantech continues to be generated outside of Australia. In fact, during the year under review, more than 90% of our total revenue was earned overseas. As in the past, the revenue was well spread and the Company is looking at exciting projects in countries where it has not previously earned significant revenue so that the geographic spread will continue.

Traditionally sales in the coal and cement industry have underpinned the performance of the Company although demand in the cement industry continues to weaken and prices are negatively impacted by strong competition. Sales in the coal industry were stronger in FY2013.

It is in the mining industry that the Company sees a strong future growth. While the downturn in the resources sector presents a challenge, it also presents an opportunity for the Company. As the need for efficiency increases, the cost benefit of using Scantech analysers in process control becomes more obvious and is being demonstrated on a daily basis at the Company's installations.

Apart from iron ore, there is a range of minerals that can be measured by Scantech's analysers with the same degree of accuracy and with the same benefit for customers. Every application has its own challenges and the Company is proud of its ability to continue meeting the challenge of every application. The reputation of Scantech for workable solutions is so strong that it is now regularly being approached by customers seeking solutions to a range of online analysis problems.

The application of the Scantech Geoscan M analyser as an essential tool for managing process control in mines is being recognised by our customers. Orders received in the first half are traditionally low and this year is no exception although there has been a small increase on orders received to date compared to the same time last year.

However, proposals submitted to 18 November 2013 are \$53.4M compared to \$38.6M to 30 November 2012, an increase of 38%. As recognition of the benefits of the Geoscan for managing process control continues to grow, orders will follow. While conversion of proposals to orders has been slower than we would have hoped, the Company is confident that the orders will flow, particularly as there is a large proportion of projects for which proposals have been submitted that are scheduled for decision in the current financial year.

The latest increase in revenue in our service division is driven by both a continuing increase in the installed product base which therefore drives the need for regular service and a widening in the scope of services which Scantech is able to provide to its customers.

Importantly, the Company is now quoting for installation of its analysers. That work has previously been sub-contracted to third parties but Scantech's strategy is now to try and capture as much of that work as we can. It will be a lucrative source of revenue in the future, and the company has already demonstrated the capacity to perform this work with successful installations during the year. We therefore expect a further increase in service revenue in the current year over that achieved in YE2013.

The reputation of Scantech is being more widely acknowledged outside of its customer base. In May, the Company received a large delegation from Innovation Australia. The purpose of the visit was to present Scantech with a certificate acknowledging the contribution of the company to improving Australia's productivity. You will see more about this visit in the Annual Report. During the visit, the delegation was provided with a presentation on the company's technology and products and a tour of our facility. The feedback from Innovation Australia chairman, David Miles, after the presentation and tour was very positive.

By the end of FY2013 the accumulated losses of your Company had been reduced to \$2,887,879. This compares to \$9,832,026 of accumulated losses five years ago.

As I mentioned earlier, total equity increased from \$10,276,907 to \$12,592,074 during FY2013. Your board recognises the benefits of a strong balance sheet and our focus is to build the strength of the balance sheet and eliminate the accumulated losses.

A strong balance sheet is particularly important in a company such as Scantech which has very uneven cash flow. That cash flow could be assisted by a suitable acquisition. The Company is continually looking at suitable prospects but will not proceed with an acquisition unless it is a good fit with our current business and does not expose the Company to unnecessary risk.

While Scantech does not expect the results for this current year to match the record-breaking results achieved in FY2013, if the company is able to ship the analysers that it expects by 30 June 2014, the accumulated losses should be substantially reduced, if not eliminated. That would be a very pleasing outcome.

With the elimination of the losses, your board will review its dividend policy with a view to commencing payment of a dividend in the next financial year.

Scantech is a small organisation and is only successful because of the dedicated efforts of our staff across each team. The contribution of the Scantech marketing team is a key part of the success of the company as is the service and product optimisation teams. The manufacturing team, contracts management and finance and administration are also crucial to the success of the company. I would like to acknowledge and thank each member of the Scantech team for their efforts during the year and particularly acknowledge the contributions from our Managing Director, David Lindeberg and our Company Secretary, Valerie Steer.

My sincere thanks once again to my fellow directors, Laurie Brett and Dean Brown, for their support during the year. We look forward with confidence for the Company and its shareholders in the current year.

Peter Pedler
Chairman
21 November 2013