ANNUAL REPORT 2016

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

SCANTECH

www.scantech.com.au

ACN: 007 954 627

HIGHLIGHTS FOR 2016

	2016	2015	2014	2013	2012
REVENUE	***$13,116,472***	***$13,255,461***	**$11,713,563**	**$17,723,583**	**$15,406,566**
CHANGE (%)	***-1%***	***13%***	**-34%**	**15%**	**61%**
PROFIT / (LOSS) BEFORE TAX	***$23,385***	***$1,242,948***	**($401,621)**	**$4,440,987**	**$2,324,726**
CHANGE (%)	***-98%***	***409%***	**-109%**	**91%**	**9,088%**
PROFIT / (LOSS) AFTER TAX	***$135,065***	***970,736***	**($267,186)**	**$3,116,667**	**$1,696,459**
CHANGE (%)	***-86%***	***463%***	**-109%**	**84%**	**1,937%**
SHAREHOLDERS FUNDS	***$11,778,815***	***$13,299,124***	**$12,328,388**	**$12,592,074**	**$10,276,907**
CHANGE (%)	***-11%***	***8%***	**-2%**	**23%**	**-1%**
DEBT TO EQUITY RATIO	***59%***	***49%***	**53%**	**60%**	**68%**
CHANGE (%)	***-10%***	***4%***	**7%**	**8%**	**-8%**
EQUIPMENT ORDERS ON HAND AT PERIOD END	***$8,769,763***	***$2,568,164***	**$2,628,560**	**$6,513,876**	**$7,653,126**
CHANGE (%)	***241%***	***-2%***	**-60%**	**-15%**	**4%**
CASH & CURRENT FINANCIAL ASSETS	***$4,489,229***	***$7,459,049***	**$6,218,915**	**$7,196,653**	**$5,200,005**
CHANGE (%)	***-40%***	***20%***	**-14%**	**38%**	**-16%**
NUMBER OF EMPLOYEES (FTE)	***33***	***32***	**31**	**36**	**34**
CHANGE (%)	***3%***	***3%***	**-14%**	**6%**	**6%**

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 Audit (SA) Pty Ltd

Principal Bankers
Bendigo Bank Limited

Solicitors
Duncan Basheer Hannon
HWL Ebsworth

Share Registry
Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235
Level 1, 333 Collins Street
Melbourne, VIC 3000
Telephone: 1300 554 474
Email: registrars@linkmarketservices.com.au
Website: www.linkmarketservices.com.au

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 17 November 2016 at 10.00 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. 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 20^{th} 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

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

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

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

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

Dean is involved in a wide range of community organisations and, also undertakes corporate advisory work on innovation, government relations and community engagement for a number of companies. He is a Board member of Foodbank SA, and Chairman of the Playford Memorial Trust, and Chairman of Skill IQ, which is a vocational skills development company funded by the Federal Government to develop training packages for about half of Australia's work force.

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

STATUTORY REPORT OF THE DIRECTORS

Your Directors present the consolidated accounts for the financial year ended 30 June 2016.

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 held during the year ended 30 June 2016 and the number of meetings attended by each Director was:

Name of Director	Full Directors Meetings	
	Held whilst a Director	Attended
Peter Pedler	8	8
David Lindeberg	8	8
Laurance Brett	8	8
Dean Brown	8	8

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 Governance Institute of Australia. Ms Steer has worked for Scantech for the past 15 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 Company recorded an audited profit before tax for the year of $23,385 compared to $1,242,948 for the same period last year.

A tax benefit of $111,680 brings the audited profit after tax for the year ended 30 June 2016 to $135,065 compared to $970,736 for the same period last year. This profit includes a profit of $6,512 for exchange variants made up of $85,119 of realised exchange gain and $78,607 of unrealised exchange loss

The reduction in capital expenditure by Scantech's customers in the coal, cement and minerals industries was still evident in 2016 with sales for the year being $13,116,472, a decrease of 1% over last year (2015: $13,255,461).

Service revenue continued to please at $7,414,997 for the year, an increase of 2.3% over the service revenue in 2015. The Company expects service revenue to continue to grow.

Due to the share buy-back conducted shareholders funds decreased in 2016 to $11,778,815 a decrease of 11.4% over the previous year.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

The Company conducted a share buy-back from the 3 August 2015 to 16 October 2015 and 2,849,903 shares were purchased at a value of $1,655,374.

The Company is now an unlisted public company and was removed from the official list of the ASX on the 19 October 2015.

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 2016

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 5) 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 10 and forms part of this Statutory Report of the Directors.

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 29 day of September 2016 in accordance with a resolution of the Directors.

P. Pedler	D. Lindeberg
Chairman	Managing Director

SCANTECH PRODUCTS - ENVIRONMENTAL BENEFITS

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

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

COAL

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

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

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

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

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

CEMENT MAKING

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

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

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

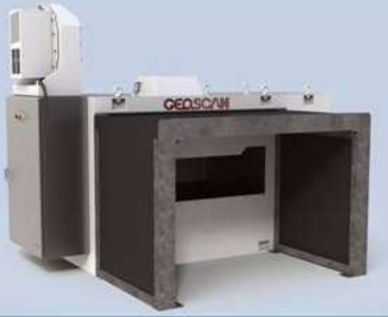
MINERALS

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

Scantech Products

GEOSCAN-M
On-belt Elemental Analyser for Minerals

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

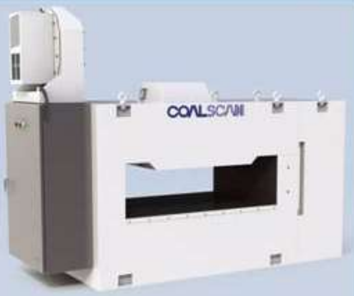


GEOSCAN-C
On-belt Elemental Analyser for Cement

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

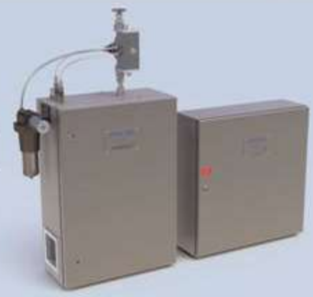
COALSCAN 9500X
On-belt Elemental Analyser for Coal

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



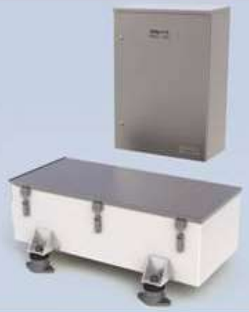
CIFA 350
Carbon In Fly Ash Analyser

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



NATURAL GAMMA 1500
On-belt Natural Gamma Analyser for Coal

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

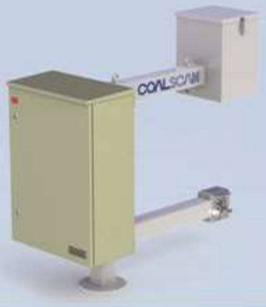


On-belt Natural Gamma Analyser for Minerals

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

COALSCAN 2100
On-belt Ash Analyser

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

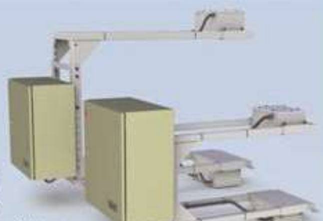


COALSCAN 2800
On-belt Ash & Moisture Analyser

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

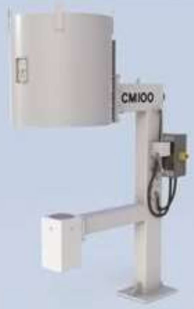
TBM 210 & 230
On-belt Moisture Analyser

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



CM 100
On-belt Moisture Analyser for Conductive Materials

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



PRODUCT APPLICATIONS

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

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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 2016, 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.

Paul Gosnold
Director

BDO Audit (SA) Pty Ltd

Adelaide, 29 September 2016

SCANTECH LIMITED AND ITS CONTROLLED ENTITIES
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2016

	Note	Consolidated Entity 2016 $	Consolidated Entity 2015 $
Revenue	3	13,116,472	13,255,461
Cost of Sales		(6,133,156)	(5,695,229)
Gross Profit		6,983,316	7,560,232
Profit on Sale of Property, Plant and Equipment		0	14,818
Other Income / (Expense)	3	9,122	(10,392)
Interest Received	3	114,296	176,163
Manufacturing Expenses		(810,589)	(755,939)
Engineering and Scientific Expenses		(2,299,941)	(1,933,361)
Marketing Expenses		(2,050,192)	(2,036,604)
Administration Expenses		(1,809,922)	(1,647,349)
Borrowing Costs		(112,705)	(124,620)
Profit before Income Tax		23,385	1,242,948
Income Tax (Expense) / Benefit	6	111,680	(272,212)
Profit after Income Tax Attributable to Owners of the Parent Entity		135,065	970,736
Other Comprehensive Income for the period		0	0
Total Comprehensive Income attributable to Owners of the Parent Entity		135,065	970,736

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 2016

	Note	Consolidated Entity 2016 $	2015 $
CURRENT ASSETS			
Cash and Cash Equivalents	26	2,079,719	3,267,795
Trade and Other Receivables	9	3,082,100	2,720,916
Current Tax Asset		282,797	181,366
Inventories	10	3,055,175	3,774,412
Amount due from Customers	11	2,747,401	1,007,643
Financial Assets	12	2,409,510	4,191,254
TOTAL CURRENT ASSETS		13,656,702	15,143,386
NON-CURRENT ASSETS			
Financial Assets	12	1,000	1,000
Property, Plant and Equipment	13	3,233,854	3,261,137
Patents, Trademarks and Licences	14	826,043	832,323
Product Development	15	1,716,045	1,716,045
Deferred Tax Asset	7	193,466	179,752
TOTAL NON-CURRENT ASSETS		5,970,408	5,990,257
TOTAL ASSETS		19,627,110	21,133,643
CURRENT LIABILITIES			
Trade and Other Payables	16	3,618,414	3,192,587
Amount due to Customers	11	865,148	1,284,466
Other Provisions	19	486,949	445,398
TOTAL CURRENT LIABILITIES		4,970,511	4,922,451
NON-CURRENT LIABILITIES			
Financial Liabilities	17	2,000,000	2,000,000
Other Provisions	19	28,434	52,714
Deferred Tax Liability	7	849,350	859,354
TOTAL NON-CURRENT LIABILITIES		2,877,784	2,912,068
TOTAL LIABILITIES		7,848,295	7,834,519
NET ASSETS		11,778,815	13,299,124
EQUITY			
Contributed Equity	20	5,470,385	7,125,759
Reserves	21	519,491	519,491
Retained Earnings		5,788,939	5,653,874
TOTAL EQUITY		11,778,815	13,299,124

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 2016

	Ordinary Share Capital $	Retained Earnings/ (Accumulated Losses) $	Premium on Consolidation $	Asset Revaluation Reserve $	Total $
Consolidated Entity Balance as at 1 July 2014	7,125,759	4,683,138	13,139	506,352	12,328,388
Profit for the Period	0	970,736	0	0	970,736
Consolidated Entity Balance as at 30 June 2015	7,125,759	5,653,874	13,139	506,352	13,299,124
Consolidated Entity Balance as at 1 July 2015	7,125,759	5,653,874	13,139	506,352	13,299,124
Profit for the Period	0	135,065	0	0	135,065
Share buy-back during the reporting period	(1,655,374)	0	0	0	(1,655,374)
Consolidated Entity Balance as at 30 June 2016	5,470,385	5,788,939	13,139	506,352	11,778,815

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 2016

	Note	Consolidated Entity 2016 $	2015 $
Cash flows from operating activities:			
Receipts from Customers		10,657,439	12,874,673
Payments to Suppliers and Employees		(11,867,091)	(11,672,939)
Interest Received		119,181	180,703
Interest Paid		(112,705)	(124,620)
Income Taxes (Paid) / Received		(13,469)	48,609
Other Income / (Expense)		9,122	(10,392)
Net cash provided by / (used in) operating activities	26(ii)	(1,207,523)	1,296,034
Cash flows from investing activities:			
Payments for Property, Plant and Equipment		(49,154)	(55,296)
Receipts from Sales of Property, Plant and Equipment		0	14,818
Payments for Patents, Trademarks and Licences		(57,769)	(15,422)
Net Receipts from movements in Financial Assets		1,781,744	532,833
Net cash provided by / (used in) investing activities		1,674,821	476,933
Cash flows from financing activities:			
Share buy-back		(1,655,374)	0
Net cash provided by financing activities		(1,655,374)	0
Net increase / (decrease) in cash held		(1,188,076)	1,772,967
Cash at the beginning of the financial year		3,267,795	1,494,828
Cash at the end of the financial year	26(i)	2,079,719	3,267,795

Reconciliation of Cash:

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

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

		2016 $	2015 $
Cash and Cash Equivalents		2,079,719	3,267,795

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 2016

1 INTRODUCTION

Scantech Limited is a public company limited by shares, incorporated and domiciled in Australia and is the parent entity of Scantech Limited Group of companies. This financial report is prepared for the period of 1 July 2015 to 30 June 2016 and was authorised for issue in accordance with a resolution of the Directors on the 29 September 2016.

(a) REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

143 Mooringe Avenue, Camden Park, South Australia 5038.

(b) CURRENCY

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

2 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

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

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

(a) BASIS OF ACCOUNTING

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

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

(b) PRINCIPLES OF CONSOLIDATION

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

(c) ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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 profit or loss.

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 2016 was $1,716,045 (30 June 2015: $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 15 for further details.

SCANTECH LIMITED AND ITS CONTROLLED ENTITIES
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

(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 2016. 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-18
AASB 15 / IFRS 15	Revenue from Contracts with Customers	The standard provides a single standard for revenue recognition 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
AASB 16	Leases	AASB 16 eliminates the operating and finance lease classifications for lessees currently accounted for under AASB 117 Leases. It instead requires an entity to bring most leases onto its balance sheet in a similar way to how existing finance leases are treated under AASB 117. An entity will be required to recognise a lease liability and a right of use asset in its balance sheet for most leases.	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-19
AASB 2016-3	Amendments to Australian Accounting Standards - Clarifications to AASB 15	Clarifies AASB 15 application issues relating to: • Identifying performance obligations • Principal vs. agent considerations • Licensing • Practical expedients.	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
AASB 2016-1	Amendments to Australian Accounting Standards – Recognition of Deferred Tax Assets for Unrealised Tax Losses	This amendment clarifies issues with respect to recognising deferred tax assets (DTAs) for unrealised tax losses	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-17
AASB 2015-2	Amendments to Australian Accounting Standards - Disclosure Initiative: Amendments to AASB 101	Amends AASB 101 Presentation of Financial Statements to clarify matters relating to the presentation of financial statements.	These amendments affect presentation and disclosures only. Therefore on first time adoption of these amendments on 1 July 2016, comparatives may need to be restated in line with presentation and note ordering.	1-Jul-16

SCANTECH LIMITED AND ITS CONTROLLED ENTITIES
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

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

Reference	Title	Summary	Impact on Group Financial Report	Application Date for Group
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 2016-2	Amendments to Australian Accounting Standards - Disclosure initiative: - Amendments to AASB 107	Requires additional disclosures to enable users to evaluate changes in liabilities arising from financing activities, including both cash flow and non-cash flow changes.	These amendments affect presentation and disclosures only. Additional disclosures will be required for the first time during the year ended 30 June 2018 and comparatives will not be required in the first year.	1-Jul-17

(e) REVENUE RECOGNITION

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

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

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

(f) CASH AND CASH EQUIVALENTS

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

(g) TRADE RECEIVABLES

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

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

(h) FOREIGN CURRENCY

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

Transaction of Controlled Foreign Entities:
At the end of the reporting period, there are no assets and liabilities in overseas subsidiaries.

(i) TAXATION

Income Tax:

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

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

Deferred income tax (expense) / benefit 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 profit or loss when the tax relates to items that are credited or charged directly to equity.

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

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

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

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

Tax Consolidation:

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

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

(j) IMPAIRMENT OF ASSETS

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

SCANTECH LIMITED AND ITS CONTROLLED ENTITIES
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

(k) INVESTMENTS IN SUBSIDIARIES

Subsidiaries:

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

Other Companies:

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

(l) INVENTORIES

Manufacturing Activities:

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

(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 EQUIPMENT

Acquisition:

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

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

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

SCANTECH LIMITED AND ITS CONTROLLED ENTITIES
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

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

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

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

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

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

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

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

(o) LEASES

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

(p) INTANGIBLES

Patents, Trademarks and Licences:
Measured initially at cost less an accumulated amortisation and any impairment losses.

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

(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.

SCANTECH LIMITED AND ITS CONTROLLED ENTITIES
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

(t) PROVISIONS

Employee Benefits:

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

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

(u) 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.

(v) 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.

(w) FINANCIAL INSTRUMENTS

Recognition and Initial Measurement:

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

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

Derecognition:

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

Classification and Subsequent Measurement:

(i) Loans and Receivables

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

(ii) Held-to-Maturity Investments

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

(iii) Financial Liabilities

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

Impairment:

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

SCANTECH LIMITED AND ITS CONTROLLED ENTITIES
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

		Consolidated Entity 2016 $	Consolidated Entity 2015 $
3	**REVENUE AND OTHER INCOME / (EXPENSE)**		
	Included in profit or loss are the following revenue and other income / (expense) items:		
	Products Revenue	5,701,475	6,004,941
	Services Revenue	7,414,997	7,250,520
	Total Revenue	13,116,472	13,255,461
	Other Income / (Expense) – AusIndustry Grant	0	(13,557)
	– Sundry	9,122	3,165
	Total Other Income / (Expense)	9,122	(10,392)
	Interest Received	114,296	176,163
	Net Foreign Exchange Gain	6,512	64,742
4	**EXPENSES**		
	Included in the Profit before Income Tax are the following expenses:		
	Operating Lease Rental Costs	131,963	120,368
	Research and Development Costs	879,085	651,601
	Depreciation of Property, Plant and Equipment	76,437	57,490
	Amortisation of Patents, Trademarks and Licences	64,049	73,475
	Total Depreciation and Amortisation	140,486	130,965
	Wages and Salaries	3,065,712	2,895,035
	Superannuation	296,819	282,442
	Other Employee Benefits Expenses	1,314,825	673,876
	Total Employee Benefits Expenses	4,677,356	3,851,353
5	**AUDITORS' REMUNERATION**		
	Amounts received or due and receivable for audit and review of financial reports:		
	– Auditors of the Parent Entity – BDO	70,841	72,263
	Amounts received or due and receivable for other services of auditor of parent entity by:		
	– Taxation services – BDO	22,243	31,567
	– Grant acquittal audit – BDO	0	1,500
	– 4E review – BDO	0	1,742
	Total Auditor's Remuneration	93,084	107,072
6	**INCOME TAX BENEFIT / (EXPENSE)**		
	The components of Income Tax Benefit / (Expense) comprise:		
	Current tax	87,962	(228,434)
	Deferred tax	23,718	(43,778)
		111,680	(272,212)

SCANTECH LIMITED AND ITS CONTROLLED ENTITIES
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

	Consolidated Entity 2016 $	Consolidated Entity 2015 $
6 INCOME TAX BENEFIT / (EXPENSE) (CONT'D)		
A reconciliation between tax expense and the product of the accounting profit before income tax multiplied by the consolidated entity's applicable tax rate is as follows:		
Accounting Profit before Income Tax	23,385	1,242,948
Tax at 30%	(7,015)	(372,884)
Non Deductible Permanent Differences	(277,115)	(189,889)
Other Temporary Differences not Previously Recognised	222	0
Impact of R&D Tax Incentive	395,588	290,561
Income Tax Benefit / (Expense)	111,680	(272,212)
7 RECOGNISED DEFERRED TAX ASSETS AND LIABILITIES		
Deferred income tax as at 30 June 2016 relates to the following:		
Deferred Tax Liabilities:		
Other Debtors and Prepayments	1,475	2,942
Land and Buildings	231,598	224,216
Patents, Trademarks and Licences	101,463	106,423
Product Development	514,814	514,813
Foreign Exchange Differences	0	10,960
	849,350	859,354
Deferred Tax Assets:		
Contracts in Progress	4,491	5,156
Plant and Equipment	14,341	11,844
Other Payables and Accruals	10,649	9,490
Provisions	154,615	149,434
Other Assets	9,370	3,828
	193,466	179,752
8 DIVIDENDS		
Dividends provided for or paid by the Parent Entity are:		
(i) No final dividend was paid	0	0
(ii) No interim dividend was paid	0	0
(iii) No final dividend is recommended by the Directors	0	0
Dividend Franking Account:		
Retained profits and reserves that could be distributed as franked dividends using franking credits already in existence or which will arise from income tax payments and in the following period, and after deducting franking credits to be used in payment of the above dividends, franked at 30% (2015: 30%)	4,647,629	4,845,872

SCANTECH LIMITED AND ITS CONTROLLED ENTITIES
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

		Consolidated Entity 2016 $	2015 $
9	**TRADE AND OTHER RECEIVABLES**		
	Current:		
	Trade Accounts Receivable outstanding:		
	Current	2,633,476	2,297,392
	1 – 30 days	4,228	14,100
	31 – 60 days	27,568	0
	61 – 90 days	0	108,480
	Over 90 days	97,334	98,054
	Total	2,762,606	2,518,026
	Other Debtors and Prepayments	319,494	202,890
		3,082,100	2,720,916

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

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

Current Amounts Receivable in Foreign Currencies:

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

	2016 $	2015 $
United States Dollars (USD)	1,536,139	346,096
Euro (EUR)	344,671	132,074
South African Rand (ZAR)	150,810	20,446
	2,031,620	498,616

		2016 $	2015 $
10	**INVENTORIES**		
	Current:		
	Raw Materials and Stores at cost	1,021,291	851,471
	Work in Progress	2,033,884	2,922,941
		3,055,175	3,774,412
11	**CONTRACTS IN PROGRESS**		
	Cost Incurred plus Profit to Date	20,023,388	19,974,725
	Less Billings	(18,141,135)	(20,251,548)
	Net Amount	1,882,253	276,823
	Represented By:		
	Amounts due from Customers (Asset)	2,747,401	1,007,643
	Amounts due to Customers (Liability)	(865,148)	(1,284,466)
	Contracts in Progress (Net Amount)	1,882,253	276,823
12	**FINANCIAL ASSETS**		
	Non-Current:		
	Shares - Other Corporations (at cost)	1,000	1,000
		1,000	1,000
	Current:		
	Amounts on Deposit at Banks	2,409,510	4,191,254

Current Term Deposit Amounts in Foreign Currencies:

The Australian dollar equivalent of unhedged amounts in term deposit in foreign currencies, calculated at year end exchange rates, are as follows:

	2016 $	2015 $
Euro (EUR)	63,422	241,254

SCANTECH LIMITED AND ITS CONTROLLED ENTITIES
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

	Consolidated Entity 2016 $	Consolidated Entity 2015 $
13 PROPERTY, PLANT AND EQUIPMENT		
Plant and Equipment – at cost	626,001	615,028
Accumulated Depreciation	(409,647)	(398,891)
	216,354	216,137
Land and Buildings – at fair value	3,237,500	3,237,500
Accumulated Depreciation	(220,000)	(192,500)
	3,017,500	3,045,000
Total Property, Plant and Equipment	3,233,854	3,261,137

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

	2016 $	2015 $
Plant and Equipment at cost at the beginning of the year	615,028	626,427
Additions	49,154	55,296
Disposals	(38,181)	(66,695)
Plant and Equipment at cost at the end of the year	626,001	615,028
Accumulated Depreciation at the beginning of the year	(398,891)	(435,596)
Depreciation Expense	(48,937)	(29,990)
Depreciation Expense write back	38,181	66,695
Accumulated Depreciation at the end of the year	(409,647)	(398,891)
Carrying Amount of Plant and Equipment at the end of the year	216,354	216,137
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	(192,500)	(165,000)
Depreciation Expense	(27,500)	(27,500)
Accumulated Depreciation at the end of the year	(220,000)	(192,500)
Carrying Amount of Land and Buildings at the end of the year	3,017,500	3,045,000
Total Property, Plant and Equipment at the end of the year	3,233,854	3,261,137

Carrying amounts of the Land and Buildings if they were not re-valued and measured at cost less accumulated depreciation would be as follows:

	2016 $	2015 $
Carrying Amount of Land & Buildings at the end of the year	2,294,140	2,321,640

An Independent valuation of Land and Buildings at 141-145 Mooringe Avenue, Camden Park was conducted by a local valuer on the 3 July 2013, to determine the fair value of the Land and Buildings. The valuation was determined by reference to recent market transactions on arm's length terms. At 30 June 2016 the directors re-assessed the fair value of land and buildings and resolved that the carrying value is appropriate.

Assets pledged as security:
Freehold Land and Buildings with a carrying amount of $3,017,500 (2015: $3,045,000) have been pledged to secure borrowings of the Group (refer to Note 17).

SCANTECH LIMITED AND ITS CONTROLLED ENTITIES
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
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	Consolidated Entity 2016 $	Consolidated Entity 2015 $
14 PATENTS, TRADEMARKS AND LICENCES		
Patents and Licences – at cost at the end of the year	1,687,312	1,629,543
Accumulated Amortisation at the end of the year	(861,269)	(797,220)
	826,043	832,323
Movement In Carrying Amounts:		
Patents and Licences at cost at the beginning of the year	1,629,543	1,632,569
Additions	57,769	15,422
Disposals	0	(18,448)
Patents and Licences at cost at the end of the year	1,687,312	1,629,543
Accumulated Amortisation at the beginning of the year	(797,220)	(742,193)
Amortisation Expense	(64,049)	(73,475)
Amortisation Expense Write Back	0	18,448
Accumulated Amortisation at the end of the year	(861,269)	(797,220)
Carrying Amount of Patents and Licences at the end of the year	826,043	832,323
15 PRODUCT DEVELOPMENT		
Development – at cost	1,716,045	1,716,045
Movement in Carrying Amounts:		
Product Development at cost at the beginning of the year	1,716,045	1,716,045
Carrying Amount of Product Development at the end of the year	1,716,045	1,716,045

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

Impairment Testing:

The operations of the Group are considered a single cash-generating unit for the purpose of allocation of Product Development costs.

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

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% (2015: 13%) pre-tax discount rate;

b. 2% (2015: 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.

SCANTECH LIMITED AND ITS CONTROLLED ENTITIES
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
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15 PRODUCT DEVELOPMENT (CONT'D)

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 below 0.00% 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 16% before Product Development costs would need to be impaired, with all other assumptions remaining constant.

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

	Consolidated Entity	
	2016	2015
	$	$
16 TRADE AND OTHER PAYABLES		
Current:		
Trade Accounts Payable	779,113	402,149
Other Payables and Accruals	2,839,301	2,790,438
	3,618,414	3,192,587
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)	447,083	113,222
Euro (EUR)	271,073	138,033
South African Rand (ZAR)	6,421	1,832
	724,577	253,087
17 FINANCIAL LIABILITIES		
Non-Current:		
Bank Loans	2,000,000	2,000,000
	2,000,000	2,000,000

Summary of borrowing arrangements:

Bank loans are secured by a registered mortgage over the Group's freehold land and buildings (refer to Note 13), a registered mortgage debenture in the form of a Fixed and Floating Charge over assets and undertakings of the Scantech Properties Pty Ltd and Scantech International Pty Ltd, Deed of Cross 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 2016

	Consolidated Entity 2016 $	Consolidated Entity 2015 $
18 FINANCING ARRANGEMENTS		
The Consolidated Entity had access to the following lines of credit:		
Total facilities available at balance date:		
Bank Overdraft	0	0
Bank Loans	2,000,000	2,000,000
Bank Guarantee / Performance Guarantee	3,663,226	2,971,375
Forward Cover	20,000	20,000
	5,683,226	4,991,375
Facilities utilised at balance date:		
Bank Overdraft	0	0
Bank Loans	(2,000,000)	(2,000,000)
Bank Guarantee / Performance Guarantee	(791,686)	(1,096,070)
Forward Cover	0	0
	(2,791,686)	(3,096,070)
Facilities not utilised at balance date:		
Bank Overdraft	0	0
Bank Loans	0	0
Bank Guarantee / Performance Guarantee	2,871,540	1,875,305
Forward Cover	20,000	20,000
	2,891,540	1,895,305
19 PROVISIONS – OTHER		
Current:		
Employee Benefits	486,949	445,398
	486,949	445,398
Non-Current:	28,434	52,714
Employee Benefits	28,434	52,714
20 CONTRIBUTED EQUITY		
Issued and Paid Up Capital:		
At the beginning of the reporting period	7,125,759	7,125,759
Share buy-back during the reporting period	(1,655,374)	0
At reporting date	5,470,385	7,125,759

Ordinary Shares:	2016 Number of shares	2015 Number of shares
At beginning of the reporting period	17,562,066	17,562,066
Share buy-back during the reporting period	(2,849,903)	0
At reporting date	14,712,163	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 2016

20 CONTRIBUTED EQUITY (CONT'D)

Capital Management:

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

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

There are no externally imposed capital requirements.

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

There have been no changes in the strategy adopted by management to control the capital of the Group since the prior year. This strategy is to ensure that the consolidated Group's gearing ratio remains below 25%. The gearing ratios for the year ended 30 June 2016 and 30 June 2015 are detailed below.

	Consolidated Entity	
	2016	**2015**
	$	**$**
Debts:		
Trade & Other Payables	3,618,414	3,192,587
Financial Liabilities - Loans	2,000,000	2,000,000
Total Borrowings	5,618,414	5,192,587
Less Financial Assets	(2,409,510)	(4,191,254)
Less Cash and Cash Equivalents	(2,079,719)	(3,267,795)
Net Debt	1,129,185	(2,266,462)
Total Equity	11,778,815	13,299,124
Total Capital	12,908,000	11,032,662
Gearing Ratio	9%	-21%

21 RESERVES

	2016 $	2015 $
Premium on Consolidation	13,139	13,139
Asset Revaluation Reserve - Land	506,352	506,352
	519,491	519,491

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

22 CAPITAL AND LEASING COMMITMENTS

The Group has no capital expenditure commitments at year end.

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

	2016 $	2015 $
Payable – minimum lease payments		
- not later than 1 year	94,293	111,831
- between 1 year and 5 years	0	95,510
	94,293	207,341

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

	2016 $	2015 $
Payable – minimum lease payments		
- not later than 1 year	2,640	2,640
- between 1 year and 5 years	1,760	4,400
	4,400	7,040

SCANTECH LIMITED AND ITS CONTROLLED ENTITIES
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

	Consolidated Entity	
	2016	**2015**
	$	**$**
22 CAPITAL AND LEASING COMMITMENTS (CONT'D)		
The operation lease for IBC Network solution is a non-cancellable lease with a two year term set to expire 30/04/2017.		
Payable – minimum lease payments		
- not later than 1 year	13,636	16,363
- between 1 year and 5 years	0	13,636
	13,636	29,999
23 CONTINGENT LIABILITIES AND CONTINGENT ASSETS		
The Group has a contingent liability of $791,961 (2015: $781,410) in relation to a Deed of Deposit and set off over Term Deposit funds lodged with the bank as cash cover for Bank Guarantee / Letter of Credit facilities.		
24 PARENT ENTITY INFORMATION		
Information relating to Scantech Limited the Parent Entity:		
Current Assets	8,176,411	9,771,689
Total Assets	8,184,806	9,780,084
Non-Current Liabilities	(60,096)	0
Total Liabilities	(60,096)	0
Issued Capital	5,470,385	7,125,759
Retained Earnings / (Losses)	2,654,325	2,654,325
Total Shareholders' Equity	8,124,710	9,780,084
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	509,652	711,096
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
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25 SUBSIDIARIES

Name/Country of Incorporation:		Group Interest	Book Value of Investment 2016 $	2015 $
Coalscan Pty Ltd	Australia	100%	6,393	6,393
Scantech Applications Pty Ltd	Australia	100%	0	0
Mineral Control Instrumentation Pty Limited	Australia	100%	2	2
Scan Technologies Inc	Pennsylvania USA	100%	0	0
Scan Technologies Inc	West Virginia USA	100%	0	0
Scantech Services Pty Ltd	Australia	100%	0	0
Scantech Properties Pty Ltd	Australia	100%	0	0
Scantech International Pty Ltd	Australia	100%	1,000	1,000
			7,395	7,395
Investment in Other Companies:				
Saindo Trading Company Pty Ltd (1 trust unit)			1,000	1,000
			1,000	1,000

26 CASH FLOW INFORMATION

	Consolidated Entity 2016 $	2015 $
i) Reconciliation of Cash:		
For the purposes of the Cash Flow Statement, cash includes cash on hand and at bank, net of outstanding bank overdrafts.		
Cash as at the end of the financial year as shown in the Cash Flow Statement is reconciled to the related items in the Statement of Financial Position as follows:		
Cash	2,079,719	3,267,795
ii) Reconciliation of cash flow from operations with profit after income tax:		
Profit after income tax	135,065	970,736
Add / (Less) non-cash items:		
Depreciation and Amortisation	140,486	130,965
Profit on Sale of Property, Plant and Equipment	0	(14,818)
Change in assets and liabilities:		
Reduction / (Increase) in trade & other receivables	(361,184)	(792,036)
Reduction / (Increase) in contract balances	(2,159,076)	248,197
Reduction / (Increase) in inventories	719,237	416,092
Reduction / (Increase) in deferred tax asset	(13,714)	38,666
Increase / (Reduction) in deferred tax liability	(10,004)	5,112
Increase / (Reduction) in trade & other creditors	425,827	43,195
Increase / (Reduction) in provision for employee entitlements	17,271	(27,118)
Increase / (Reduction) in income tax provision	(101,431)	277,043
Net cash provided by / (used in) operating activities	(1,207,523)	1,296,034

SCANTECH LIMITED AND ITS CONTROLLED ENTITIES
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

27 RELATED PARTY TRANSACTIONS

Parent entity
Scantech Limited is the parent entity.

Subsidiaries
Interests in subsidiaries are set out in Note 25.

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

Key Management Personnel Compensation:
The total payment of Key Management Personnel compensation comprised:

	Consolidated Entity 2016 $	Consolidated Entity 2015 $
Short-term employee benefits	1,291,417	665,607
Post-employee benefits	60,637	61,574
Termination benefits	0	0
Other long term benefits	(9,537)	(22,060)
Share-based payments	0	0
	1,342,517	705,121

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 2016 was $118,416 and 2015 was $74,962.

During the financial year ended 30 June 2016, Scantech Limited incurred fees in relation to legal services of $43,592 (2015: $49,062) 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 2016 was $968 (2015: $4,356).

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

28 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 9, 12 and 16 for further details.

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

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

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

SCANTECH LIMITED AND ITS CONTROLLED ENTITIES
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FOR THE YEAR ENDED 30 JUNE 2016

28 FINANCIAL INSTRUMENTS (CONT'D)

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 9, 11 and 18.

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 2016	**Weighted Average Effective Interest Rate**	**Floating Interest Rate**	**Within Year**	**1 to 5 Years**	**Over 5 Years**	**Total**
	%	**$**	**$**	**$**	**$**	**$**
Financial Assets						
Trade and Other Receivables	0.00	0	3,082,100	0	0	3,082,100
Amounts due from customers	0.00	0	2,747,401	0	0	2,747,401
Cash and Cash Equivalents	0.92	2,079,719	0	0	0	2,079,719
Investments	2.58	0	2,328,494	0	0	2,328,494
Total Financial Assets		**2,079,719**	**8,157,995**	**0**	**0**	**10,237,714**
Financial Liabilities						
Trade and Other Payables	0.00	0	3,618,414	0	0	3,618,414
Amount due to customers	0.00	0	865,148	0	0	865,148
Bank Overdrafts and Loans	4.48	0	89,600	1,065,861	1,696,127	2,851,588
Total Financial Liabilities		**0**	**4,573,162**	**1,065,861**	**1,696,127**	**7,335,150**

30 June 2015	**Weighted Average Effective Interest Rate**	**Floating Interest Rate**	**Within Year**	**1 to 5 Years**	**Over 5 Years**	**Total**
	%	**$**	**$**	**$**	**$**	**$**
Financial Assets						
Trade and Other Receivables	0.00	0	2,720,916	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**
Financial Liabilities						
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**

Refer Note 18 "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 2016

28 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).

	2016 $		**2015 $**	
Financial Assets:	**Carrying Amount**	**Fair Value**	**Carrying Amount**	**Fair Value**
Cash and Cash Equivalents	2,079,719	2,079,719	3,267,795	3,267,795
Trade and Other Receivables	3,082,100	3,082,100	2,720,916	2,720,916
Amounts due from customers	2,747,401	2,747,401	1,007,643	1,007,643
Held to Maturity Investments	2,409,510	2,409,510	4,191,254	4,191,254
Financial Liabilities:				
Trade and Other Payables	(3,618,414)	(3,618,414)	(3,192,587)	(3,192,587)
Amounts due to customers	(865,148)	(865,148)	(1,284,466)	(1,284,466)
Loans	(2,000,000)	(2,000,000)	(2,000,000)	(2,000,000)
Net Exposure	3,835,168	3,835,168	4,710,555	4,710,555

(iii) Sensitivity Analysis:

As at 30 June 2016, 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	
	2016 $	**2015 $**
Interest Rate:		
Increase in interest rate by 0.50%	12,446	27,295
Decrease in interest rate by 0.50%	(12,129)	(26,089)
Foreign Currency:		
Improvement in AUD to USD by 5%	(51,860)	(11,089)
Decline in AUD to USD by 5%	57,318	12,256
Improvement in AUD to EUR by 5%	(16,244)	(12,215)
Decline in AUD to EUR by 5%	17,953	13,500
Improvement in AUD to ZAR by 5%	(6,875)	(886)
Decline in AUD to ZAR by 5%	7,600	981

29 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.

30 EVENTS AFTER THE REPORTING PERIOD

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

SCANTECH LIMITED PUBLIC COMPANY A.C.N. 007 954 627
AND ITS CONTROLLED ENTITIES

Directors' Declaration

The Directors of the Company declare that:

1. The financial statements and notes, as set out on Pages 11 to 34, 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 2016 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 29 day of September 2016

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AUSTRALIA

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 2016, 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 2016 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.

BDO

BDO Audit (SA) Pty Ltd

Paul Gosnold

Paul Gosnold
Director

Adelaide, 29 September 2016