



Scanner Technologies Announces Results for Second Quarter 2005

Thursday August 18, 9:00 am ET

MINNEAPOLIS--(BUSINESS WIRE)--August 18, 2005--Scanner Technologies Corporation (OTCBB:SCNI - News) today announced its results for its second quarter ended June 30, 2005.

Sales for the three months ended June 30, 2005, were \$451,119 compared to \$1,752,159 for the three months ended June 30, 2004. The net loss for the quarter was \$410,698, or \$.03 per share, compared to net income of \$532,423, or \$.05 per share in the same quarter of 2004.

Sales for the six months ended June 30, 2005, were \$955,338 compared to \$3,001,943 for the six months ended June 30, 2004. The net loss for the six months ended June 30, 2005 was \$1,324,118, or \$.11 per share, compared to net income of \$872,695, or \$.08 per share in the same period of 2004.

About Scanner Technologies Corporation:

Scanner is a New Mexico corporation that invents, develops and markets vision inspection products that are used in the semiconductor industry for the inspection of integrated circuits. Scanner's headquarters are located in Minneapolis, Minnesota. The company has a manufacturing facility in Tempe, Arizona, and sells its products through direct sales offices in San Jose, California, Singapore and in key geographical markets, through sales representatives and distributors throughout the world. Scanner's stock is traded on the Over-The-Counter Bulletin Board under the symbol "SCNI." For more information please visit www.scannertech.com.

Contact:

Scanner Technologies Corporation, Minneapolis
Investor Relations:
Alan Woinski, 201-599-8484
www.scannertech.com



**SCANNER TECHNOLOGIES CORPORATION AND SUBSIDIARY
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(unaudited)**

| | Three Months Ended | | Six Months Ended | |
|--|---------------------|-------------------|-----------------------|-------------------|
| | June 30, | | June 30, | |
| | 2005 | 2004 | 2005 | 2004 |
| REVENUES | \$ 451,119 | \$ 1,752,159 | \$ 955,338 | \$ 3,001,943 |
| COST OF GOODS SOLD | <u>230,636</u> | <u>489,387</u> | <u>466,266</u> | <u>841,987</u> |
| GROSS PROFIT | <u>220,483</u> | <u>1,262,772</u> | <u>489,072</u> | <u>2,159,956</u> |
| OPERATING EXPENSES | | | | |
| Selling, general and administrative | 453,704 | 528,216 | 1,093,456 | 1,092,388 |
| Research and development | 31,670 | 95,002 | 77,760 | 188,292 |
| Legal fees | <u>139,422</u> | <u>64,025</u> | <u>629,812</u> | <u>132,528</u> |
| | <u>624,796</u> | <u>687,243</u> | <u>1,801,028</u> | <u>1,413,208</u> |
| INCOME (LOSS) FROM OPERATIONS | (404,313) | 575,529 | (1,311,956) | 746,748 |
| OTHER INCOME (EXPENSE) | | | | |
| Other income (expense), net | 2,087 | 11,510 | 4,173 | 333,942 |
| Interest expense | <u>(7,772)</u> | <u>(54,616)</u> | <u>(14,435)</u> | <u>(206,195)</u> |
| INCOME (LOSS) BEFORE INCOME TAXES | (409,998) | 532,423 | (1,322,218) | 874,495 |
| INCOME TAXES | <u>700</u> | <u>0</u> | <u>1,900</u> | <u>1,800</u> |
| NET INCOME (LOSS) | \$ <u>(410,698)</u> | \$ <u>532,423</u> | \$ <u>(1,324,118)</u> | \$ <u>872,695</u> |
| NET INCOME (LOSS) PER SHARE - BASIC | \$ <u>(0.03)</u> | \$ <u>0.05</u> | \$ <u>(0.11)</u> | \$ <u>0.08</u> |
| NET INCOME (LOSS) PER SHARE - DILUTED | \$ <u>(0.03)</u> | \$ <u>0.04</u> | \$ <u>(0.11)</u> | \$ <u>0.07</u> |
| WEIGHTED AVE. SHARES OUTSTANDING - BASIC | 12,136,818 | 10,432,785 | 12,082,776 | 10,429,755 |
| WEIGHTED AVE. SHARES OUTSTANDING - DILUTED | 12,136,818 | 12,418,094 | 12,082,776 | 11,756,315 |



**SCANNER TECHNOLOGIES CORPORATION AND SUBSIDIARY
CONDENSED CONSOLIDATED BALANCE SHEETS
(unaudited)**

| | June 30, 2005 | December 31, 2004 |
|--|------------------|----------------------|
| | (unaudited) | (audited) |
| ASSETS | | |
| CURRENT ASSETS | | |
| Cash and cash equivalents | \$ 1,372,088 | \$ 1,455,423 |
| Accounts receivable, less allowance of \$40,000 | 967,872 | 1,518,477 |
| Inventories, less allowances of \$117,000 and \$63,000 | 1,770,036 | 1,850,852 |
| Prepaid expenses | 30,566 | 52,431 |
| TOTAL CURRENT ASSETS | 4,140,562 | 4,877,183 |
| PROPERTY AND EQUIPMENT, net | 37,313 | 42,239 |
| PATENT RIGHTS, net | 190,398 | 221,274 |
| OTHER | 28,819 | 9,590 |
| | \$ 4,397,092 | \$ 5,150,286 |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | |
| CURRENT LIABILITIES | | |
| Bank line of credit | \$ 490,000 | \$ 490,000 |
| Accounts payable | 573,461 | 404,838 |
| Accrued expenses | 120,605 | 149,804 |
| TOTAL CURRENT LIABILITIES | 1,184,066 | 1,044,642 |
| COMMITMENTS AND CONTINGENCIES | | |
| STOCKHOLDERS' EQUITY | | |
| Preferred stock, no par value, 50,000,000 shares authorized; no shares issued and outstanding | - | - |
| Common stock, no par value, 50,000,000 shares authorized; 12,216,068 and 11,991,068 shares issued and outstanding | 6,434,551 | 5,783,627 |
| Warrants | 643,741 | 863,165 |
| Note receivable for common stock | (153,900) | (153,900) |
| Accumulated deficit | (3,711,366) | (2,387,248) |
| | 3,213,026 | 4,105,644 |
| | \$ 4,397,092 | \$ 5,150,286 |