

Chairman's Address

The financial year to 31 August 2015 produced an after tax profit of \$6.11 million on revenue of \$72.30 million. This was an exceptionally strong result, despite the headwinds of currency and the lack of appliance orders.

Over the past few years I have been able to announce the successful procurement of substantial contracts for future work. I was unable to do so last year, so it is with great satisfaction I am able to share with you today the successful contracting for \$15 million of work for our Meat division, US\$6 million for the Appliance division and US\$1.5 million for the Mining division which gives us a good order book right across our business units.

The majority of our revenues, 90%, were derived outside New Zealand, which is a great success story for the New Zealand economy which is reliant on export earnings to pay for the imports our country depends on.

The New Zealand economy has weakened over the past 12 months due to the slow down in the Chinese markets for the commodities New Zealand has been exporting in increasing quantities.

This has resulted in the New Zealand dollar adjusting down which has allowed Scott to become more competitive in some of the markets we operate in, including North America, where we have our RobotWorx business.

Due to our diversification over the past few years we are better positioned to ride out the downturns in any of the segments we operate in. The 2016 year is shaping up well due to the order books filling up as explained earlier.

The world economy in which we operate is showing improvement for Scott as a number of large economies are facing reduced work forces due to their populations ageing. This will be beneficial to Scott as automation is at the forefront of our offerings.

As set out in my address last year when announcing the purchase of Machinery Automation and Robotics, or MAR, it was flagged we would be looking to raise additional capital to reduce the debt taken on to conclude this, and the RobotWorx transactions. After working with our advisors it was recommended we look for a cornerstone shareholder to reduce the call on our existing shareholders for this capital.

After discussions with a number of parties we received what the directors considered to be a very good offer from JBS, which you have voted on today. The additional capital that will be available to Scott will allow us to scale our business to take advantage of the opportunities in front of us with a very supportive and successful major shareholder. I would like to welcome JBS into the Scott family and we look forward to a long and successful journey together.

This will be the last Annual Meeting that Graham Batts will be attending as a director. Graham indicated at last year's Annual Meeting his intention to stand down after 60 years of serving Scott as an employee and director.

I would ask you all to acknowledge Graham's huge contribution to this company. He will be missed around the Board table. Graham has agreed to stay on until the appointment of two directors from JBS, which will happen early in 2016.

I would like to thank Chris Hopkins and all of the Scott employees for a huge effort in the 2015 year, which is a reflection of their dedication and hard work.

To my fellow directors, I would like to thank you for your support and insight that you provide, not only around the Board table, but also to management when required.

Finally, to our shareholders, we appreciate your support over the past few years during our diversification journey, which we believe will deliver strong and sustainable earnings for the future.

I now formally move the Annual Report, including the Directors Report, Financial Statement and Audit Report of Scott Technology for the year ending 31 August 2015, be adopted and I invite our Managing Director, Chris Hopkins, to address you and second the motion.

Thank you.