

Chairman's Address

The financial year to 31 August 2016 produced an after tax profit of \$8.13 million on revenue of \$112 million. This result is a continuation of the commercial uptake of the company's own developed technologies with significant increases in output from our New Zealand and Australian facilities.

In what has become a tradition, I am able to announce today the successful procurement of a substantial appliance systems order from North America for US\$6.0 million and another order for an X-Ray Primal Middle System from a New Zealand customer. These orders along with other recent orders for mining systems, superconducting magnets and robotic welding cells, maintains a substantial order book across our business units.

Our contribution to the New Zealand economy has continued to grow, with 84% of our revenues in the past twelve months being derived from outside New Zealand, with a large portion of the same equipment provided to New Zealand customers also earning export revenues for the country.

We are hopeful the incoming leadership in the United States continues the work of previous administrations to liberalise trade flows around the world which have brought substantial benefits to many nations and their people over the past few decades. Talk of tariffs and punitive actions against trading nations selling into the US market has raised the prospect of trade wars and the undoing of all the progress that has been made to lift many tens of millions of people around the world out of poverty.

Due to the diversified nature of our operations, as well as the geographical spread of our locations, means that Scott is well placed to continue the growth we have experienced in the past few years.

The world is facing an accelerating reduction in the number of workers available to participate in the workforce due to falling birth rates right across the globe. Scott is well positioned with its technologies and automation solutions to fill this vacuum and is experiencing significant enquiries due to the strategic acquisition path that has delivered manufacturing facilities in North America, Europe and Australia, all important markets for Scott.

Since the introduction of new health and safety legislation, Scott has continued its commitment to maintaining the health and safety of our employees as they carry out their business around the world, together with our visitors while they are on our sites.

The Board has now added health and safety as an additional sub-committee to reflect the importance the Board places on the wellbeing of our workforce.

After waiting for the approval from the Overseas Investment Office, we were able to complete the capital raising which allowed us to welcome JBS as a 50.1% shareholder. This has resulted in the repayment of all bank funding and contributed to our holding of \$34.2 million in cash at balance date to pursue further growth in our existing operations, as well as looking for further suitable acquisitions around the globe.

I would like to thank Chris Hopkins and all of the Scott employees for another huge contribution during the year. The company now has in excess of 400 staff members, all dedicated and hard working.

To my fellow Directors, thank you once again for your wisdom and counsel during the year. As noted last year, Graham Batts who served the company so well and for so long, retired once the JBS transaction was complete. At the same time we welcomed to the Scott Board from JBS, Andre Nogueira, Brent Eastwood and Edison Alvares, each of whom has contributed around the Board table, bringing skill sets that will serve Scott well in the coming years.

Finally, to our shareholders, we appreciate your support which has been rewarded with an increased dividend to 9.5 cents per share, which shows the confidence of your Directors in the future of Scott and the strategies that have been implemented to continue the momentum of the previous years.

I now formally move the Annual Report, including the Directors Report, Financial Statements and the Audit Report of Scott Technology for the year ending 31 August 2016, be adopted and I invite our Managing Director, Chris Hopkins, to address you and to second the motion.

Thank you.