

24 September 2012

Listed Company Relations
New Zealand Exchange Limited
PO Box 2959
Wellington

Dear Sir / Madam

AUSTRALIAN BASED MEAT PROCESSORS INVEST IN AUTOMATION

Scott Technology is pleased to advise that the Company, in association with its joint venture with Silver Fern Farms (Robotic Technologies Ltd ("RTL")), has been contracted to provide lamb boning room automation to two Australian meat processors. Innovative meat processors the Australian Lamb Company ("ALC") and JBS Australia ("JBS"), a division of the world's largest meat processor, have both agreed to invest in technology to help drive automation in their Australian operations. Supported by Meat and Livestock Australia and the Australian Meat Processor Corporation, the projects total NZ\$11 million sales to Scott Technology and are due to be installed and operational before the end of 2013.

Both ALC and JBS see enormous benefits in the technology, including improved carcass cut accuracy, significant increase in room product flow, OHS improvements for staff and data analysis for stock procurement.

The investment follows on from the 2011 installation by ALC of RTL's automated x-ray primal system.

Yours sincerely

A handwritten signature in blue ink, appearing to read "Stuart McLauchlan".

Stuart McLauchlan
Chairman

A handwritten signature in blue ink, appearing to read "Chris Hopkins".

Chris Hopkins
Chief Executive

About the project

In 2010 Australian Lamb Company, an innovative family owned lamb boning room based in Melbourne Australia, made a significant investment in the future of its boning room by investing in a fully automated x-ray primal system. The benefits that ALC have received to date include accurate cutting via use of the x-ray image on each individual carcass, a significant reduction in bandsaw meat dust and a consistent room product flow. With two less operational staff now using bandsaws it is anticipated that future OH&S claims will also significantly reduce.

"We knew of all the cutting accuracy benefits that we would receive, however one of my biggest surprises is the benefit of consistent room product flow as a result of the x-ray primal. This has resulted in processing an extra 250 carcasses per shift" said Darren Verrall, General Manager of Operations at ALC. "The Scott team delivered on their promise of a well engineered solution that integrated seamlessly into our existing operation, delivering the pre-agreed benefits and then some. Scott are always available either in person or on the phone if any questions arise." said Mr. Verrall.

The x-ray primal accurately dissects the lamb carcass into forequarter, middle (rack and loin) and hindquarter segments with the use of the x-ray image in defining every bone position. Along with powered rotary cutting knives that can pitch and yaw at the required angles, the entire system can produce accurate cuts that are just not possible using a traditional manual bandsaw. When questioned about the bottom line benefits John Verrall, Joint Managing Director (ALC) responded by saying that "the scallop cuts give us extra loin recovery that was previously lost to waste. We have already received unsolicited positive feedback from our customers on increased product presentation and consistency."

During June 2012 Don Jackson, CEO of JBS USA, witnessed the operation of the ALC system first hand and commented that "This was the future for JBS smallstock processing." "Why aren't you guys doing this in beef and pork as well?" questioned Mr. Jackson. Both ALC and JBS have bought into the vision of the future of an automated lamb boning room. JBS has contracted Scott to deliver a fully automated and integrated x-ray primal middle system at their Bordertown facility in South Australia. At the same time, ALC has contracted Scott to supply an automated middle machine to integrate with their existing x-ray primal system. Denis Zarpellon, Joint Managing Director at ALC, when referring to the recently signed ALC contract said, "we can't stop now, this is our future!"

JBS has requested that Scott hold a fixed price for another two complete units for their other Australian lamb processing facilities. Graham Treffone, Innovation Manager at JBS said "once we prove this to the rest of the company it is only a matter of time before we have the system at our other sites in quick succession." Neil Brereton, JBS Group Engineer, concluded that "if you can demonstrate to us, as you have ALC, that we do not need to 'nursemaid' this technology, we will be installing more."

Scott will have the new systems operational for both ALC and JBS before the end of 2013. Along with the original x-ray primal system installed at ALC, the total commitment from both ALC and JBS, has resulted in a total Australian industry investment of A\$11 million in automated lamb deboning.

Scott are currently working with both JBS and ALC to determine how to use the individual carcass grading data that is obtained from the x-ray system to benefit their producers, in addition to bone-in and boneless forequarter automation developments.

ALC, JBS and Scott would like to acknowledge the ongoing support of both Meat and Livestock Australia and the Australian Meat Processor Corporation.