

5 December 2012

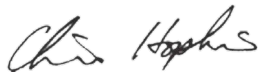
Listed Company Relations
New Zealand Exchange Limited
PO Box 2959
Wellington

Dear Sir/Madam

NEW ZEALAND INNOVATION CREATES ROBOTIC MILKING SYSTEM

Please see attached announcement regarding the robotic milking system by our joint venture company, Scott Milktech Limited.

Yours faithfully



Chris Hopkins
Chief Executive

PRESS RELEASE – 5th DECEMBER, 2012

NEW ZEALAND INNOVATION CREATES ROBOTIC MILKING SYSTEM

New Zealand innovator Scott Milktech Ltd (SML) has created a significant breakthrough in dairy farming.

The SML robotic milking system for cup attachment has been developed in New Zealand over the past seven years and has now been presented to media and industry. The system:

- has been designed by farmers for farmers;
- is designed for pastoral farming systems;
- places cups on cows robotically; and
- can be retrofitted to existing rotary dairy sheds.

The robotic milking system is an economic solution that offers significant labour benefits and allows farmers to spend more time on critical matters such as animal husbandry, farm and business management.

Scott Technology Limited (Scott) and Milktech Limited (Milktech) came together in 2008. Scott provides the technology, automation, robotics and vision expertise while Milktech provides farming and on-farm expertise.

The objective is to make the farmers' life easier and the value proposition is based primarily on labour savings. The farming expertise from the Milktech team has driven the developments and ensures that the solution fits the needs of modern New Zealand dairy farming. After years of development, a proven prototype has been built and the system is operating to a minimum set of design parameters. Speed of cupping is currently in the order of 12 seconds per cow and a 95% cupping success rate on the first attempt.

The system consists of an industrial 6 axis robot, linked to a 3D time of flight camera which, as the name suggests, provides a 3D co-ordinate and enables the system to guide the cups onto each teat. The vision and analysis software is developed by the Scott in-house controls team. The system interfaces with the rotary platform and its associated systems. A unique patented tail diverter also features on the prototype system.

The most important feature is it can be retrofitted to any existing rotary dairy with minimal integration barriers. An automated drafting system provides additional benefits to the farmer.

According to Waikato based dairy recruitment specialist, John Fegan, a partner in the venture, *"The benefits of automated milking would extend beyond simply replacing a farm dairy assistant or cutting work loads of junior staff and enabling the manager to focus on more productive tasks."*

Rotary sheds servicing large herds are also typically where the benefits of technology are already understood, are often fitted with automation (such as automatic cup removal, automatic teat sprayer, and herd tracking) and are known to be the most efficient type of shed.

The system is designed to operate without human intervention.

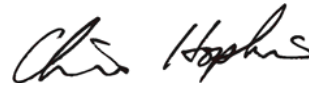
To enable the system to be retrofitted to an existing platform, each of the bails on the platform needs minor modification to allow the cups to be picked up by the robot. This consists of a small attachment which houses the cups as they are retracted utilising automated cup retrieval systems.

There are other areas of farming automation that could benefit from the use of this, or similar technology. Some of these areas have been tentatively explored but our focus has been on the cup attachment system.

SML has kept its developments out of the public domain as far as possible until it has been confident that it can provide a solution. The next stage is to run full production trials in more working dairy sheds. The aim is to start discussions with interested farmers to achieve a managed roll out and sales of the product during 2013.



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