

Annual Shareholders' Meeting

14 June 2017

SCALES CORPORATION – 2017 ANNUAL SHAREHOLDERS' MEETING

The attached presentation will be given at Scales Corporation Limited's Annual Shareholders' Meeting starting at 4.30pm today in the The Waimakariri Room, Novotel Christchurch Cathedral Square, 52 Cathedral Square, Christchurch.

1. 2017 Scales Corporation Limited Annual Shareholders' Meeting – Chair and Managing Director's Address
2. 2017 Scales Corporation Limited Annual Shareholders' Meeting – Presentation

ENDS

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About Scales Corporation

Scales Corporation is a diversified agribusiness group. It currently comprises three operating divisions: Horticulture, Storage & Logistics and Food Ingredients. The company's diverse spread of activities gives Scales broad exposure to New Zealand's agribusiness sector. Scales Corporation was founded in 1897 as a shipping business by George Herbert Scales. Today it employs over 600 staff New Zealand wide. Find out more at www.scalescorporation.co.nz.

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Address by the Chair: Jon Mayson

[SLIDE 3: AGENDA]

My name is Jon Mayson. I'm Chairman of Scales and it's my pleasure to welcome you all to this, the one hundred & fifth annual meeting of the company, the third annual meeting since Scales became a publicly listed company in July 2014 and the first as a member of the S&P NZX50 Index.

Some housekeeping matters before we start. Firstly, I would like to remind you, as a matter of courtesy, to turn your mobile phones to silent. If there is an emergency and we need to leave the venue please do so through the marked exits. Hotel staff will be available to help us. The assembly point is kerbside of the pedestrian crossing out the front of the main entrance.

I am pleased to confirm that we have a quorum and therefore declare the 2017 Annual Shareholders' Meeting of Scales Corporation Limited open.

The items of business for this meeting and the resolutions to be considered by shareholders are contained in the Notice of Meeting which was sent to shareholders on 19 May.

The order of proceedings today is that I will briefly comment on the highlights of the last 12 months followed by an address by Andy Borland, our CEO and Managing Director. We will then attend to the resolutions. While voting is taking place there will be an opportunity for you to ask questions. We will conclude with an opportunity for you to raise any matters of a general nature.

In terms of the formal business, we will cover each resolution in turn and invite questions specific to those items. It will then be time to vote on the resolutions. I will outline the process for the discussion and voting on the resolutions at that point in the agenda.

At the close of the meeting we hope you will join us for refreshments.

I would like to introduce my fellow Directors – they are:

- Andy Borland, Managing Director;
- Tim Goodacre, an independent director;
- Nick Harris, also an independent director;
- Mark Hutton, Chair of Scales' Nominations and Remuneration Committee and also an independent director;
- Alan Isaac, Chair of Scales' Audit and Risk Management Committee and also an independent director; and
- Weiyong Wang, Director.

I would also like to note that members of Scales' management and staff are in attendance as well as our external auditors, Deloitte, and our lawyers, Anthony Harper and Chapman Tripp.

[SLIDE 4: CHAIRMAN'S REVIEW]

Last year was a landmark year for Scales with a number of highlights.

I would like to begin by acknowledging and welcoming Mr Weiyong Wang, CEO of China Resources Ng Fung, as a Director of Scales.

China Resources Ng Fung became a significant minority shareholder in the company in March last year, and Mr Wang became a director in June. Both China Resources Ng Fung and Mr Wang bring a wealth of experience across a broad range of industries, as well as strong networks and connections to mainland China. We are delighted to have Mr Wang as part of the Board.

During 2016, Scales produced another record financial result. This result was made possible by the tireless effort of the entire team and I would like to take this opportunity to acknowledge the contribution from all Scales team members in helping to deliver this outcome.

We have made a number of developments to progress the strategies within each division, including increasing our shareholding in Fern Ridge Fresh and the acquisition of Longview. We are delighted to welcome the management and staff of Longview to the Scales family.

We were included in the S&P NZX50 index. This was a significant milestone for Scales, ranking us alongside the largest, eligible stocks on the NZX Main Board.

We take best-practice corporate governance very seriously at Scales Corporation and this year was no exception:

- We participated in the Institute of Director's Future Director programme, welcoming Liz Muller as an attendee at Scales' Board meetings for 12 months. Liz will be replaced by Jennifer Martin, an Investment Banking Director at Deutsche Craigs, who will join us for the next 12 months.
- We undertook a Sustainability Materiality Review and produced our inaugural Sustainability Report within our Annual Report.
- We expanded our Corporate Governance reporting within our Annual Report; and
- We are continually evaluating the performance of the Board including identification of skill gaps. Where skill gaps are identified, we will consider these when making future Director appointments.

I would now like to touch on the subject of Scales' share ownership.

A New Zealand company whose overseas ownership equals 25.0% or more, is considered an 'overseas person' under the Overseas Investment Act. As such, that entity is required to apply for consent for certain sensitive land purchases or the entry into or extension of leases for sensitive land, as well as investments in significant business assets (with a value of more than NZ\$100m). As you will be aware, obtaining Overseas Investment Office consent can be a drawn out process that may, at the time, have a financial and operational impact on the business.

The overseas person whose acquisition of Scales shares causes Scales' overseas ownership to equal 25.0% or more will be required to obtain Overseas Investment Office consent for this investment. Although the responsibility falls on the overseas person acquiring shares in Scales to determine the overall level of overseas ownership and whether consent is required for their investment in Scales, a number of these institutional and retail shareholders do not undertake this process. In addition, the monitoring of shareholding is complex and on-going changes in shareholdings and shareholders is frequent.

Therefore, to assist shareholders to meet their legal obligations the Board intends to provide the market with regular updates of the estimated level of foreign ownership of Scales' shares.

To be clear we do not intend to introduce restrictions on share transfers, we welcome all shareholders, but wish to avoid a shareholder unintentionally tipping Scales into overseas person status and triggering a requirement to seek Overseas Investment Office approval to own Scales shares.

Additional initiatives the board will implement are:

- adopting a selective approach to placing new shares, such as in consideration for bolt-on acquisitions; and
- lobbying the appropriate authorities to introduce new and or practical guidelines for shareholders and listed companies. As such, Scales remains a vocal supporter of the issuer community's call for reform, including by introducing measures similar to those used by Australia's Foreign Investment Review Board, which only counts disclosed relevant interests towards a listed company's overseas ownership levels (i.e. in New Zealand, substantial product holders with a relevant interest in more than 5% of the Company's shares).

The Board welcomes any further feedback from shareholders on this matter.

And, finally, I would like to acknowledge the commitment of the team to delivering on excellent shareholder communication. As a Board we are focused on providing comprehensive, transparent, and timely communications to our shareholders.

I'll now invite Andy Borland to address you. At the conclusion of Andy's presentation we will move to the formal business of the meeting. While voting is taking place you will have an opportunity to ask questions. We please ask that if you have a question you save it for this time.

Address by the Managing Director: Andy Borland

[SLIDE 5: MANAGING DIRECTOR'S REVIEW]

Thank you Jon, and good afternoon ladies & gentlemen. In this section of today's presentation, I will be covering:

- Key highlights from our 2016 year.
- Insight into the people of Scales and various Group initiatives.
- An update on our strategy.
- An update on year to date trading.
- And concluding by examining investor returns.

[SLIDE 6: JON MAYSON - RETIREMENT]

But first, I'd like to talk about Jon Mayson. As announced at our Annual Shareholders' Meeting last year, Jon is retiring from the Scales Board at the end of this meeting. Jon has had a long association with the Group, commencing as a Director of Polarcold (and thus the Storage & Logistics division) in February 2012 and becoming a Director of Scales Corporation in June of that year and Chairman in July. Jon is the 8th Chairman of Scales.

Jon's leadership has been a great asset to the Group, providing his expertise and experience in a number of areas. He has overseen the Group in its most transformative years including its growth in Underlying EBITDA from \$27.4m in 2012 to \$67.9m last year, the IPO of the Group in 2014 and entering the S&P NZX50 in September 2016.

Jon's leadership and insight will be greatly missed and we would like to thank him for his significant contribution over the last 5 years and wish him every best wish in his future endeavours. Thank you, Jon.

At the end of the meeting, we will welcome Tim Goodacre as the 9th Chairman of Scales.

At this time, I'd also like to say thank you and best wishes Liz Muller. Liz was welcomed as an attendee at our Board meetings in June last year, as part of the Institute of Directors' Future Directors programme. It has been a pleasure having Liz at our meetings and we would like to thank her for her contribution. Thank you, Liz.

And, as Jon mentioned, we welcome Jennifer Martin as our new future Director. Jen has extensive experience as a senior Investment Banker at Deutsche Craigs where she led their team in the Scales IPO.

[SLIDE 7: YEAR IN REVIEW]

In this section I'll provide an update on the financial and operational highlights of the 2016 financial year.

[SLIDE 8: DIVISIONAL HIGHLIGHTS]

It took a lot of grit, determination and persistence to achieve what our founder, George H Scales, did to start his business 120 years ago. He needed to innovate and use the latest technology to solve his customers' problem - which was to economically sail their wool to London. He achieved this by combining the lighter wool on top with the likes of iron ore in the bottom of the hold, which assisted with balancing the ship for the long trip to London and, of course, making more money per trip.

I believe all of the Scales teams have a small dose of George H Scales' spirit in them. In fact we have more than that with his great grandson, Hornby Evers-Swindell, working for us at Mr Apple - Hornby's daughters and George's great-great-grand-daughters are the double Olympic Gold medallist rowers, Georgina and Caroline. Now, there's some grit and determination coming to the fore.

Where am I heading with this line of thinking? Well I can tell you as shareholders in this old grit, determination, persistence and innovation company, you get the whole package.

John Sainsbury and his Meateor team take waste streams from meat companies and makes pet food ingredients for the world's best pet food companies; 23,000 tonnes of it last year.

Steve Foote and his team at the Coldstores receive and store whatever the teams at Kraft Heinz, Fonterra, McCain's and Silver Fern Farms to name a few throw at them. Completing the installation of our Warehouse Management System across the whole group has helped to improve customer service and efficiency.

Kent Ritchie and his team at Scales Logistics continue the Scales tradition started in 1897 shipping, and now also flying, NZ's most innovative farmers' produce to the world.

And let's not forget the work Brent Forbes and his Balance Cargo crew do packing all the *My Food Bag* meals for the South Island. What would George have thought of that?! Both containers shipped and airfreight tonnes handled were up 17% on last year.

Kevin Cahill has been with us for nearly one third of the total time Scales has been trading - now that's persistence. He continues to lead the Liqueo team to deliver bulk liquid storage and value add solutions to their customers.

[SLIDE 9: DIVISIONAL HIGHLIGHTS - cont]

We have great partners in Fern Ridge Fresh who trade some 700,000 cartons of apples - this includes providing full logistics services to the growers of Honey Crisp and Koru apples, most of which go into the US market.

The partnership with John Bostock is a special one - we have a great deal of admiration for John and the team at Bostock and Profruit. Profruit continues to be profitable in a hard game - running the factory 24/7 and having the team look for every bit of efficiency and quality really makes this business hum. It is interesting that, this year, 95% of our conventional apple juice concentrate was sold into the NZ and Australian markets - finally the big drink brands are putting home grown quality into their products. They know they can trust us to get it 100% pure!

Now, I have left our star performer to last - Andrew van Workum and his team at Mr Apple have taken grit, determination, persistence and innovation to what I can only describe as world best practice levels.

Andrew, George would be very proud and be in complete step with your mantra – follow the money by looking after the apple at every step in the vertically integrated chain and by looking after the customer by supplying them what they want. Be it 10 million bags to Europe and the UK or Little Darlings in a bag to China. Together with our external growers, 4.7 million cartons were exported last year!

Wow this has been a great performance - the 2016 result was a stunner - getting an 81% export pack out on a record total crop yield and meeting our 2020 production target 4 years ahead of schedule, this is a home run with all the bases loaded in any man's book.

Lining this up with great retail customer programs, logistics, diverse markets, varieties, and a number of new varieties and you get a business that is what I call "cooking with gas" - \$43.6 million dollars of EBITDA for Mr Apple. Fantastic stuff and something your Board is grateful for and I hope you as shareholders are as well.

[SLIDE 10: DIVISIONAL HIGHLIGHTS - cont]

China is a key export market for Mr Apple going forward - there's currently no dominant apple brand in the China market, which provides us with an opportunity to take a leadership role. In addition, technology has opened new routes to market for the sale of our apples, allowing us to sell directly to retailers as well as online.

Our initial marketing focus in the China market was business-to-business, maximising our appeal to wholesalers and retailers. The next step is increasing our appeal directly to consumers, leading us to evolve our branding line "every bite... pure delight".

[SLIDE 11: SCALES BY THE NUMBERS]

And, just in case you weren't impressed by all that, here are some more financial and volumetric measures that highlight the significant scale of our Group-wide activities:

- Underlying EBITDA of \$67.9m, 11% ahead of 2015. This resulted in Underlying NPAT of \$38.6 million, also 11% ahead of 2015.
- Over half a billion apples picked from Mr Apple's orchards. That resulted in a 29% increase in revenue in the Horticulture division.
- 5.7 million litres of juice concentrate sold by Profruit.
- 6.2 million litres of rainwater collected and used from our Auckland coldstore, reducing our burden on stormwater and Auckland's fresh water supply.
- Almost 23 thousand metric tonnes of petfood sold by Meateor.
- Almost 25 thousand containers organised for international transit by Scales Logistics.

[SLIDE 12: 5-YEAR PERFORMANCE TREND]

Overall, we believe that our 2016 financial result was made possible by careful investment in organic growth opportunities together with some strategic acquisitions.

In addition, we've invested in our people, culture and systems and we will continue to actively look at opportunities to supplement organic growth.

As shown in the charts, we have achieved significant double digit compounding profit growth in both Underlying EBITDA and NPAT over the past 5 years.

[SLIDE 13: SUMMARY FINANCIAL PERFORMANCE]

A summarised Income Statement is provided on this slide. I have already spoken to these results, so would just like to note that we are pleased to deliver a result that surpasses the extremely strong 2015 result by a significant margin.

I'd also like to touch on a couple of other points:

- Firstly, changes in accounting rules now require us to depreciate our apple trees. Previously trees were not depreciated. Our 2015 results have been restated to include the impact of this change.
- Also, the Longview transaction, due to the timing of its purchase in November, did not contribute to 2016 revenues and instead generated a small loss. Underlying profit figures include the impact of this loss. We will see the full benefit of Longview in 2017.

An important metric to note is our Return on Capital Employed which at 21% continues to exceed, by some margin, our target of 15%.

[SLIDE 14: DIVISIONAL EBITDA TREND]

As you can see, all three of Scales' divisions are recording solid profitability and good growth. In particular our Horticulture division has achieved 45% compounding Underlying EBITDA growth over the past 5 years.

[SLIDE 15: BALANCE SHEET]

Our Balance Sheet is in an excellent position, allowing us to cash and debt finance acquisitions.

Net Interest Bearing Debt at the end of the year was \$34.6 million, an increase of around \$18 million over last year, which is mostly due to the acquisition of Longview. However, our debt coverage and interest cover covenants continue to have considerable headroom within them.

[SLIDE 16: SCALES' PEOPLE]

Scales now employs over 600 permanent staff throughout its operations, with total staff numbers swelling to around 2,400 during the peak of the apple season. In this section we touch briefly on some of the things that we do to acknowledge and develop our amazing team.

[SLIDE 17: PEOPLE]

The Scales' culture continues to be a "people first" culture and we are committed to being an employer of choice.

Our workforce is incredibly hard-working and committed and we are pleased to maintain a stable and experienced team in an increasingly competitive environment for work force talent.

In return, we seek to develop our people's skills and potentials. Some of the initiatives offered include:

1. Mr Apple has a 4 year apprenticeship programme offering apprentices the opportunity to 'earn while they learn'.
2. With our Hua Initiative, Mr Apple has partnered with Hawke's Bay Iwi Ngati Kahungunu to actively recruit and develop employment opportunities for whanau.
3. Mr Apple also works together with WINZ on a prisoners release to work scheme.
4. The Seasonal Employee / Employer Development (or SEED) Programme was developed for industry to meet skill shortages and develop sustainable careers.
5. Over 200 staff are in formal tertiary training programmes to upskill and develop their potential.
6. Lastly, Mr Apple meets its workforce requirements during the peak season through its participation in the New Zealand Government's Recognised Seasonal Employer (RSE) scheme. In 2016, Mr Apple employed 1,040 RSE workers from 7 Pacific nations. Participation in this scheme helps Mr Apple meet an increasing challenge of finding peak seasonal labour and is a critical success factor to Mr Apple achieving the high quality and value from their export apples.

[SLIDE 18: HEALTH & SAFETY]

Safety is more than the responsibility of every director, manager and team member – it is our number one priority. It's treated with utmost focus by the Board and it is our first agenda item for every Board meeting.

Each day, every one of our 2,400 employees should be able to go home healthy and safe.

We provide extensive training to all new staff and managers and health & safety representatives receive ongoing internal and external training.

We are seeking continual improvement in hazard identification and the overall Health & Safety culture in all Scales companies.

[SLIDE 19: STRATEGIC UPDATE]

In this section I'll provide a brief update against our strategic objectives.

[SLIDE 20: VISION AND LONG-TERM GOAL]

Scales vision continues to be the foremost investor in, and grower of, New Zealand agribusiness by leveraging our unique insights, experience, and access to collaborative synergies.

We are looking to extend our agribusiness reach through disciplined and patient investment to develop new divisions or market sectors. We believe the opportunities that produce the most consistent returns are achieved through operating (or providing a nationwide service to) businesses that are fully vertically integrated.

Scales provides exposure to a growing number of local agri-business sectors which provide shareholders with a robust and diversified earnings stream with exposure to both global and domestic markets. In addition the group is developing and growing an expanding network in Asia and in particular China. Our international networks, coupled with our strong ties to China, uniquely position us to add value to the export programmes of prospective target businesses.

Our long-term goal is to generate a long-run average 15% return on capital employed across our portfolio. To date we are exceeding this objective.

[SLIDE 21: UPDATE ON STRATEGIC DEVELOPMENTS]

We have made excellent progress on a number of our strategic objectives throughout 2016.

In Horticulture:

- New varieties, such as Dazzle and the Mr Apple brand were areas of focus during 2016 and will be an ongoing area of focus for us going forward.
- The next step in our branding journey is to appeal directly to consumers and this has led to the evolved branding line “every bite ... pure delight”.

In our Storage & Logistics division:

- We obtained the benefit of a full year of trading from a number of initiatives or acquisitions undertaken in 2015.
- We’ve rolled-out our FMCG capable warehouse management software through Polarcold and as a result have sourced new customers. The rollout will be finalised in 2017.
- We’re also continuing to seek and review a number of acquisition opportunities for the division.

In the Food Ingredients division:

- We’re continuing to seek new opportunities, both organic and through acquisition. This includes sourcing alternative proteins for Meateor to process and new prospects for our 50% joint venture partner, Profruit.

[SLIDE 22: SUSTAINABILITY]

As Jon mentioned earlier, we were delighted to produce our inaugural Sustainability Report this year. Whilst it was the second year we have reported on sustainability, we improved the depth and breadth of coverage in our 2016 Annual Report.

As an agribusiness group, we clearly recognise that we have a responsibility to all stakeholders to ensure we have a sustainable business.

Through a materiality review, we identified 16 sustainability topics which we believe reflect key sustainability concerns for Scales. These were grouped under 3 headings (people, marketplace and environment) as shown in the matrix on the right.

[SLIDE 23: THE YEAR AHEAD AND INVESTOR RETURNS]

So, how are we trading today?

[SLIDE 24: TRADING UPDATE]

Overall I’m delighted to report that we’re experiencing a positive start to the year.

In our Horticulture division the harvest has been completed. The total pick of 4.4m cartons from our own orchards (including the new Longview apple volumes), is in line with volumes picked during the past two years. Whilst we incurred some apple losses as a result of extremely wet harvest weather and ex-Cyclone Cook, these losses were within expected tolerances.

Packing is still underway, with about 60% of fruit packed. During the packing process fruit is graded and poor colour, undersize or damaged fruit is set aside. Normally about 75% of the total pick is deemed suitable for export - we refer

to this as the 'packout'. As I mentioned, the 2016 packout rate was an exceptional 81%, so we expect the 2017 rate to be lower.

The chart on the right hand side shows the 2017 fruit pick against that achieved in recent years as well as the final packout rate for the last 5 years. Achieving the volume harvested and an average packout, in what were difficult wet harvest conditions, will be a great effort by the Mr Apple team.

To date we have sold approximately 1/3rd of the apple crop with apple pricing in line with expectations.

In Storage & Logistics the performance of our coldstore operations in 2016 was lower than anticipated due to a number of external factors such as shortened product turnaround cycles, climatic conditions and the exit from New Zealand of a Timaru-based customer. However, momentum in Auckland together with an expectation of more normal trading cycles, are expected to improve divisional performance in 2017.

Our Food Ingredients division has also had a good start to the year. Supply volumes for Meateor are running in line with budget, with sales volumes ahead of the same time for last year. The company's strategy to diversify geographic raw material supply has proven to be beneficial, as a reduction in lamb and deer numbers in New Zealand put pressure on available raw material volumes.

For Profruit, the juice concentrate markets generally remain supportive.

And, as an overall Group, we remain comfortable that the business will generate returns in line with guidance provided to the NZX of EBITDA of between \$55 and \$62 million.

[SLIDE 25: DIVIDENDS]

The table on this slide shows our track-record for dividends following the IPO. We have declared and / or paid 18 cents per share in respect of our 2016 result, which compares favourably to the 13 cents per share of 'ordinary' dividends paid in 2015 and an increase on the total 17 cents per share for 2015.

This dividend, when grossed up for imputation credits, represents a yield of 8.3% on the average daily share price in 2016 and is in line with our stated long term average payout range of between 65% and 75% of net profit after tax.

That concludes my presentation. An opportunity to ask questions will be made available during the voting on the resolutions. I'll now pass back to Jon to cover the business of today's meeting.

Address by the Chair: Jon Mayson

[SLIDE 26: ORDINARY BUSINESS AND RESOLUTIONS]

Thank you Andy.

We will now move to the business of the meeting and the procedure for this part of the meeting. All items of business are ordinary resolutions and are required to be passed by a simple majority of votes.

The resolutions that we will be voting on today are as follows:

- Resolution 1: Authorisation for the Directors to fix the auditor's remuneration for the coming year.
- Resolution 2: Re-election of Nick Harris as a Director.
- Resolution 3: Re-election of Weiyong Wang as a Director.
- Resolution 4: Increase of Directors' fee pool.

Current best practice for Shareholder voting is by way of poll. Accordingly, in my capacity as Chair I require that a poll be held for each of the resolutions.

Shareholders who are entitled to vote and proxies who have discretion as to how they vote have received a Voting / Proxy Form when they registered upon arrival at the meeting. If you completed a postal vote, you do not need to complete another Voting / Proxy form.

If you have not received a Voting / Proxy form, please go to the Computershare desk at the back of the room where their representatives will be able to assist you. After voting, you should place your Voting / Proxy form in one of the ballot boxes which will be passed around the room. I'll invite you to vote after all of the resolutions have been introduced to the meeting.

I and my co-directors hold undirected proxies:

- With respect to Resolution 1, authorisation for the Directors to fix the auditor's remuneration for the coming year: 622,567 shares.
- With respect to Resolution 2, re-election of Nick Harris as Director: 644,092 shares.
- With respect to Resolution 3, re-election of Weiyong Wang as Director: 705,192 shares.

Your Board supports these resolutions and we intend to vote all of these shares in favour of these resolutions.

In accordance with the NZX Listing Rules, Directors, and their associated persons, are not able to vote on Resolution 4, which relates to Directors' Fees. Accordingly, the directors will not vote on this resolution and will not exercise any discretion given to them by proxies in relation to this resolution.

However, votes cast by directors will count where that director is voting as a proxy in accordance with express instructions.

There will be an opportunity to ask questions on, or speak to, each resolution being put to shareholders. I ask that, in the interests of fairness to all shareholders attending this meeting, anyone wishing to speak to a resolution be as concise as possible and be considerate to other shareholders who may also wish to ask questions.

[SLIDE 27: RESOLUTION 1]

Resolution 1 relates to the remuneration of auditors. The proposed ordinary resolution is to authorise the Directors to fix the auditor's remuneration for the coming year. In accordance with the Companies Act, Deloitte have been automatically reappointed as the company's auditors. As is usual with audit fees, due to the complexity and changing nature of the company's affairs, it is not possible to fix the remuneration at the beginning of the year.

I now move, as an ordinary resolution, that the Board is authorised to fix the auditor's remuneration for the coming year.

I now invite discussion on the resolution.

[Discussion]

There appears to be no [further] discussion.

We will now move to the next resolution.

[SLIDE 28: RESOLUTION 2]

Resolutions 2 and 3 relate to the re-election of Directors, as required by the NZX Listing Rules. Two directors are required to retire at this meeting. Jon Mayson is the longest in office and wishes to retire at the conclusion of the Annual Meeting. Accordingly Jon does not offer himself for re-election. Nick Harris, being one of the longest in office, will retire and offer himself for re-election.

Accordingly, Resolution 2 relates to the re-election of Nick Harris.

Nick Harris was first appointed a Director of the company in June 2014. Nick is retiring by rotation as required by the Constitution and the NZX Listing Rules and, being eligible, offers himself for re-election. The Board recommends Nick Harris to you as a director of the company and unanimously supports his re-election.

I now invite Nick to briefly address the meeting on his proposed re-election.

[Address from Nick Harris]

Thank you Nick.

I now move, as an ordinary resolution, having retired by rotation (as determined by lot), that Nick Harris be re-elected as a director. Is there any discussion on this resolution?

[Discussion]

There appears to be no [further] discussion.

We will now move to the next resolution.

[SLIDE 29: RESOLUTION 3]

Resolution 3 relates to the re-election of Weiyong Wang.

Weiyong Wang was first appointed a director of the company by the board in June 2016. Having been appointed by the board during the year, as required by the Constitution and the NZX Listing Rules, Mr Wang retires and, being eligible, offers himself for re-election. The Board recommends Weiyong Wang to you as a director of the company and unanimously supports his re-election.

I now invite Weiyong to briefly address the meeting on his proposed re-election.

[Address from Weiyong Wang]

Thank you Weiyong.

I now move, as an ordinary resolution, that having been appointed during the year by the board and holding office only until the Annual Meeting, that Weiyong Wang be elected as a director. Is there any discussion on this resolution?

[Discussion]

There appears to be no [further] discussion.

We will now move to the next resolution.

[SLIDE 30: RESOLUTION 4]

Resolution 4 relates to a proposal to increase the maximum total pool of directors' remuneration available for your Board of Directors.

An appropriate fee structure is important to ensure that your Company is able to continue attracting and retaining the right directorial skills and experience to govern your business, and that those directors are being fairly remunerated for the work they do.

In proposing this increase in directors' fees it should be noted that Director remuneration is reviewed annually and any increase in base directors' fees becomes effective from January 1st of each year. From 1 January 2017, base directors fees were increased by 7.5% and fees were introduced for two newly constituted Board sub-committees. Accordingly, the Board considers that an increase in the total fee pool available to be paid to directors is appropriate to provide scope for future review (noting that any increase in individual directors' base fees would only take effect from 1 January 2018). Future reviews are intended to take into account the expanded scope of Board committees.

I now move, as an ordinary resolution, that the maximum total pool of Directors' remuneration payable by Scales to Directors (in their capacity as Directors) be increased by \$60,000 per annum, from \$440,000 per annum to \$500,000 per annum.

As I referenced, in accordance with the NZX Listing Rules, the directors and their associated persons are restricted from voting on this resolution.

Is there any discussion on this resolution?

[Discussion]

There appears to be no [further] discussion.

[SLIDE 31: VOTING & QUESTIONS]

If you wish to vote on all of these motions, you should use either the Voting / Proxy Form that was sent to you with the Notice of Meeting or an alternative voting form given to you by Computershare when you entered the meeting.

When you cast your vote, please tick one box to select "for", "against" or "abstain", alongside each resolution in the section named Step 1: Voting Instructions / Voting Form.

If you hold a proxy on behalf of a shareholder, you will need to cast that shareholder's votes in order for them to be counted. The Voting / Proxy Form given to proxy holders, sets out the number of proxy votes held and records directed votes.

If there are no undirected votes, the proxy holder needs only to sign the voting form. Where there are undirected votes, proxy holders may vote these as they see fit by ticking the appropriate box.

Finally, in all cases, please ensure the voting form is signed. I remind you that you are voting on each separate resolution as detailed in the Notice of Meeting. After voting, you should place your Voting / Proxy Form in one of the ballot boxes which will be passed around the room. If anyone is unsure how to complete the voting form or hasn't got a form, please go to the registration desk where someone will be able to help you.

Once all the votes have been cast, they will be counted by the Company's share registrar, Computershare, and scrutinised by the Company's auditor. The results of today's meeting will be released to the NZX on the completion of verification of voting.

Please prepare your forms and cast your votes now, while we take questions.

[Can I now ask Computershare to please bring the ballot boxes forward?]

Questions

Before I ask for questions I would like to take this opportunity to thank my fellow Directors and the Senior Management Team for their continued contribution to Scales leadership, governance and in the formulation of our strategic intent.

The Board voted Tim Goodacre into the deputy Chairman role last year as a part of its ordinary Board succession planning. As part of that I also stated my intention to retire at the end of the 2017 Annual Shareholder Meeting. In accordance with that intention I will formally retire from the position of Director and Chairman of Scales Corporation at the end of this meeting, and at that point would welcome Mr Tim Goodacre as the incoming Chairman of the Scales Corporation Board. Could you now please join me in congratulating Mr Goodacre as the ninth Chairman of Scales. .

[applause]

At this point we will open the floor to any questions on the financial results, the business update or any other matters you would like to raise.

[Questions]

[After no more questions]

Are there any items of general business to be discussed?

There appears to be no further business for discussion.

Ladies and gentlemen, that brings us to the end of formal business for Scales Corporations' 2017 Annual Shareholders' Meeting. Thank you for taking the time to participate today.

I would now like to invite you to join us for afternoon tea.

Thank you.

[ENDS]