

30 September 2011

Listed Company Relations  
New Zealand Exchange Limited  
PO Box 2959  
Wellington

Dear Sir/Madam

**EXPANSION OPPORTUNITY WITH THE PURCHASE OF AN EQUITY STAKE IN NEW ZEALAND COMPANY'S CHINESE FACTORY**

The Directors are pleased to announce that Scott Technology Limited has today settled on the transaction to acquire a 75% controlling share in Teknatool International Limited's Qingdao based manufacturing company, and renamed it QMT Machinery Technology (Qingdao) Co., Ltd ('QMT').

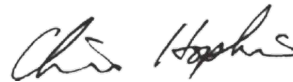
Further information is contained in the 29 June 2011 announcement of the signing of the conditional agreement. It has taken several months to go through the required process to obtain approvals from relevant Chinese authorities.

The existing China operations of Scott and QMT will be merged and operated by Scott with effect from 1 October 2011.

Yours faithfully



Stuart J McLauchlan  
Chairman



Chris C Hopkins  
Chief Executive