

11 October 2012

Listed Company Relations  
New Zealand Exchange Limited  
PO Box 2959  
Wellington

Dear Sir/Madam

**RE: FULL YEAR PROFIT AND REVENUE INCREASE  
SCOTT TECHNOLOGY LIMITED 2012 FULL YEAR ANNOUNCEMENT**

The Directors of Scott Technology Ltd are pleased to report that the Company produced a profit before tax of \$8.7 million, an increase of 19% on prior year, on operating revenues that are up 19% to \$63.8 million for the year ended 31 August 2012.

Net profit after tax on operating results for the year was \$6.1 million compared to \$5.2 million in 2011. Total shareholders' equity at 31 August 2012 was \$39.6 million, compared to \$34.5 million at 31 August 2011.

After a successful capital raising in 2011, 2012 has seen continued growth in revenues and profit. In an environment where the Global economy continues to be challenging, Scott has kept its focus on developing new technologies and associated business opportunities. Of total revenues, 86% (\$54.8 million) are derived outside New Zealand against the backdrop of a high New Zealand dollar.

The Company has a very strong balance sheet and a strong cash position, allowing us to leverage opportunities that enhance our reputation and skills, as well as to position the Company for future growth.

#### **DIVIDEND**

The Directors have declared a fully imputed final dividend of 5.5 cents per share for the year ended 31 August 2012, payable 4 December 2012. An interim dividend of 2.5 cents per share was paid in April 2012, bringing the total dividend to 8.0 cents per share for the year. The Dividend Reinvestment Plan applies to this payment and the full year's dividend represents a 14% increase on last year.

#### **OVERVIEW**

To leverage off our ongoing investment in research and development, we are focusing on converting our technology into standard products and technology offerings across all of our market sectors. This standardisation of products has reduced our reliance on one-off automation systems and has boosted revenues and profits. Many projects we undertake are now building on the standard products and this means that it is becoming increasingly difficult to classify projects into either standard products or one-off automated systems.

Our market for appliance systems is challenging and is expected to remain like this into the near future. New skills and technologies will assist Scott to win projects. Importantly, the skills and expertise we develop for large appliance systems provide the nucleus of our overall skill base.

Scott has continued to invest in and develop its meat processing automation technology during the year. Several successful commercial sales and numerous research and development projects have grown our reputation internationally for our high technology. With our recently announced projects for two large Australian meat processors, we expect that sales for this market sector will continue to grow. These projects will provide a solid base workload for the year ahead and will enable us to build on, and further develop, our standard product offerings for this market.

The mining sector has been particularly strong during the past year and has been a good contributor toward revenue and profit growth. Scott has added products and capabilities that, along with our joint venture with XRF Scientific, will ensure that we continue to grow our share of this market. With current high levels of demand, we have redirected resources into this market to capitalise on the opportunities.

Development of standard products for our electromagnet business utilising high temperature superconducting wire is nearing completion and the commercialisation has been progressing, albeit a little slower than originally planned. The global economic environment has not been conducive to introducing this technology into new application areas.

The Company's Chinese operations, covering both sales and manufacturing, have now been successfully established and integrated with the business. The focus for the next year is to leverage off our base and presence in a key growth market to boost revenues and profits across all of our market sectors.

As the Company moves into its centennial year, many opportunities exist for business growth, both from existing internal initiatives and through possible external acquisitions and partnering. Scott has evaluated many opportunities over the past year and has already commenced with several that fit our skills and capabilities, where we can add value to our customers and which offer potential for growing our shareholders' investment in the Company.

Yours faithfully



Stuart J McLauchlan  
Chairman



Chris C Hopkins  
Chief Executive