

18 December 2015

Listed Company Relations
New Zealand Exchange Limited
PO Box 2959
Wellington

Dear Sir/Madam

MARKET UPDATE - BUSINESS AS USUAL FOR SCOTT TECHNOLOGY LIMITED ("SCOTT")

The key message for all stakeholders and customers of Scott is that it is very much business as usual following our recent shareholder vote in favour of accepting the offer from JBS Australia Pty Limited ("JBS") to invest substantial capital alongside existing shareholders.

The final vote was a convincing result from shareholders in support of the proposal, the details of which are outlined in a recent announcement to the NZX.

<http://www.scott.co.nz/investor-relations/annpdf/2015-11-26-shareholder+approval+of+jbs+scheme+of+arrangement.pdf>

The issue of shares under the rights issue as well as the issue of further shares in Scott to increase JBS' shareholding to 50.1% will occur following final High Court approval of the Scheme of Arrangement which will, in turn, only be granted once approval from the Overseas Investment Office ("OIO") is received. OIO approval relates to the Kaikorai Stream which passes through our Dunedin property. At the time of our announcement on 26 November 2015 we expected OIO approval to be granted in late December 2015 which would have allowed us to apply to the High Court for final approval before the end of the year. However, to date we have not received approval of the Scheme of Arrangement from the OIO. We are confident that approvals will be granted early in the new year, although the OIO will not provide a definitive timeframe for their approval.

The result of the shareholder vote is a very positive outcome. With a strong partner such as JBS, and with a capital injection, it will enable Scott to accelerate growth far sooner than if the company continued to 'go it alone'. JBS is a strong fit with Scott and our values. Scott will look to expand operations with a focus on increasing its Automation + Robotics capability.

Scott has built valuable relationships with a range of key customers globally and we are excited at the opportunity to grow these partnerships further. We will also continue to service and expand the industry sectors we currently operate in and believe this is important to the Scott growth strategy. All customers can expect Scott to continue our desire to provide high tech engineering services to improve manufacturing productivity, yield and safety.

Scott will continue as a successful standalone business and it will be business as usual, but with accelerated growth to achieve scale within operations. All Scott shareholders want

the unique culture and character of Scott to remain intact, independent, and subject to normal business forces and market tensions.

Key points:

- Scott will continue to be listed on the New Zealand Stock Exchange ('NZX'), will keep all existing trading names, products and services.
- Scott will continue to pursue ambitions in all market and industry sectors.
- Scott will continue to service existing and new customers, regardless of any competitive relationship with JBS.
- There are no plans to move or otherwise change any part of the business.
- Once the Scheme of Arrangement is completed and the new capital structure in place, Scott will look for further opportunities that leverage off existing activities.

Following final approval of the Scheme of Arrangement by the High Court, the company's capital structure, before repayment of existing bank debt, is expected to be:

	Total JBS Shareholding (#,000)	Total JBS Investment (\$,000)	Total Shares on Issue (#,000)	New Capital Raised (\$,000)
Shares currently on issue			45,474	
Rights issue to existing shareholders			1,976	2,746
Placement of new shares to JBS	10,000	13,900	10,000	13,900
Sale of shares by existing shareholders to JBS	10,177	14,146		
Estimated top up shares to be issued to JBS	17,245	23,971	17,245	23,971
	37,422	\$52,017	74,695	\$40,617
	50.1%			

Scott is excited to welcome JBS as a strong strategic partner and major shareholder which will allow Scott's growth aspirations to be achieved in a quicker timeframe.

Yours faithfully



Stuart J McLauchlan
Chairman



Chris C Hopkins
Chief Executive & Managing Director

About Scott

At Scott we automate the future. The production line machinery we design and build deliver productivity gains and exceptional reliability to many of the world's leading manufacturers. We also go a step beyond engineering production solutions to actually revolutionising entire industries – using robotics to automate manual processes and create genuine competitive advantage.

For over 100 years Scott has looked to tomorrow and rapidly responded to shifting needs. Today, we have production bases in the United States, China, Australia and New Zealand, customers in 88 countries, and a real commitment to developing new technology and bringing it to market. Across everything we do you will discover true quality, advanced engineering and a renowned design aesthetic.

Scott. Quality that lasts. Quality that inspires.