

23 March 2016

Listed Company Relations
New Zealand Exchange Limited
PO Box 2959
Wellington

Dear Sir/Madam

POSSIBLE BUSINESS ACQUISITION

The Board of Directors of Scott Technology Ltd ("Scott") is pleased to announce that the Company is in final negotiations and expects to shortly enter into a conditional agreement to purchase certain business assets of an engineering company based in Germany.

The German engineering company operates within Scott's appliance manufacturing industry sector.

Scott intends to acquire the business assets, consisting of plant and machinery, stock and selected work in progress, along with all the intellectual property which includes the designs and drawings for past, current and future projects.

The company has strong engineering and technical skills and its business is very similar to Scott. Although the company has been in direct competition with Scott on some instances in the past, there are customers and offerings that are new to Scott.

Our European customer base is starting to grow, but further growth is inhibited without a local presence. This acquisition, if it completes, will assist our planned strategic expansion through a stronger presence in our key international markets. Current indications are that this business will have a solid forward workload and there will be further opportunities to expand the business to deliver and support Scott's engineered solutions into the European market.

Final details are yet to be determined but we expect to employ approximately 40 staff with a turnover of up to €8 million per annum.

Yours faithfully

A handwritten signature in blue ink, appearing to read "Stuart McLauchlan".

Stuart McLauchlan
Chairman
Ph +64 3 477 8192

A handwritten signature in blue ink, appearing to read "Chris Hopkins".

Chris Hopkins
Managing Director
Ph +64 3 478 8110

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.