9 October 2014

Listed Company Relations
New Zealand Exchange Limited
PO Box 2959
Wellington

Dear Sir/Madam

RE: SCOTT TECHNOLOGY LIMITED 2014 FULL YEAR ANNOUNCEMENT

The Directors of Scott Technology Limited are pleased to advise that for the year ended 31 August 2014, the company achieved a profit before tax of $4.2m on revenues totalling $60.3m which have slightly increased from the previous year. This year's profit before tax compares to $7.1m recorded in the previous year.

The company responded well to the impact of the major slowdown in our mining sector markets and has shown a steady recovery within the second half of the year, producing a profit more than double the profit produced in the first half. A major lift in sales to the appliance and meat processing sectors assisted the company in achieving this small increase in revenues. Competitive pressures, along with the high value of the New Zealand dollar, have put pressure on our manufacturing margins across all market sectors.

Two businesses acquired in the latter part of the year contributed well and further expanded Scott's capability and presence in key markets of North America and Australia.

Scott maintains a strong balance sheet with shareholders' equity of $47.2m, an increase over the year of $4.2m, and has an overall term debt to total assets ratio of 11%. During the year Scott took the decision to purchase the Auckland properties occupied by our business unit, Rocklabs, on favourable terms. This, along with the outlay for the two acquired businesses, are the reasons for the addition of debt to the balance sheet.

Globally, the demand for automation and robotics is expected to grow, driven by the trend of rising labour costs and the quest for greater productivity, consistency and quality. Scott's automation and robotics capability and skill is well recognised by our customers in our chosen field of application and continues to grow in other markets.

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The Company's strategy is to use our standard offerings and base skills to underpin our operating performance. Growth will increasingly come from our use of research and development, combined with acquisitions to grow our offerings and increased presence in key markets that are increasingly looking for automation and robotics partners.

The markets we operate in have been highly volatile over the year. Our customers who operate in the mining sector have dramatically reduced expenditure on capital equipment in response to a fall in the price of their traded commodities, minerals and precious metals. Conversely, Scott customers who operate in the meat processing and the appliance sectors have increased their capital expenditure to achieve yield and productivity gains in a market that has more attractive prices, but still remains highly competitive. Many of our customers look to Scott, not only for productivity and smart technology in their manufacturing, but to help provide a competitive advantage through either smart new technology or innovative process improvement.

With the purchase of RobotWorx, Scott now has international manufacturing and engineering facilities in China and the USA. These operations performed well during the year and provide a strong local presence to support our growth in these geographic regions.

Lower cost whilst maintaining or improving quality and yield will drive the growth of automation and robotics, particularly as smart new technologies become a reality. To ensure Scott remains a leader in this field, the Directors have committed to an extensive programme of research and development. A portfolio that supports and protects the technologies, and more importantly, the application of our technologies, has been developed and continues to grow and will provide a foundation for the company's future growth.

Total research and development expenditure was in excess of $3.0m during the year with our research and development programme receiving very good assistance from both New Zealand and Australian Government agencies. The company continues to develop and grow technologies and products that have or are about to be taken to market. This includes Scott's joint venture robotic milking system now in advanced production trials after successful pre-production running during the 2013 / 2014 Dairy season. These advanced production trials are a precursor to commercial installations targeted for 2015.

Dividend

The Directors have declared a final dividend of 5.5 cents per share for the year ended 31 August 2014 payable on 9 December 2014. An interim dividend of 2.5 cents per share was paid in May 2014, bringing the total dividend to 8.0 cents per share for the year. The Dividend is fully imputed and the Dividend Reinvestment Plan applies to these distributions.

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Outlook

The Directors are confident that the business is well positioned to take advantage of the increased demand for our technology and services that is evident in our global economies. The Company remains committed to expanding margins whilst growing revenues. Diversification through taking our technologies and skill into new markets or new applications will continue to underpin this growth.

Yours faithfully

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