

31 March 2011

Listed Company Relations
New Zealand Exchange Limited
PO Box 2959
Wellington

Dear Sir/Madam

ACQUISITION OF MAJORITY SHAREHOLDING IN HTS-110 LIMITED & PROPOSED RIGHTS ISSUE

The Board of Directors of Scott Technology Limited (Scott) is pleased to announce the acquisition of a majority shareholding in HTS-110 Limited, a designer and manufacturer of powerful electromagnets and other associated technology which utilises High Temperature Superconductors (HTS). The acquisition will be initially debt funded, with the debt being repaid following the completion of a proposed rights issue to be concluded by the end of June 2011.

The acquisition is for a 50.65% shareholding in HTS-110 Limited for a total consideration of approximately \$4.4 million. Under the terms of the sale Industrial Research Limited (IRL) and American Superconductor Corporation have diluted their shareholdings and Endeavour Capital has sold its stake, as have several minority shareholders. IRL will continue to support the development of HTS-110 Limited's products through its long running superconductor research programme.

HTS-110 Limited

HTS-110 Limited is based at IRL's Wellington facility and designs and manufactures powerful electromagnets, employing approximately twenty staff. More than 90% of its commercial revenues are from international sales of systems that range in price from \$100,000 to \$1 million.

HTS technology is an emerging technology that enables the transmission of electricity without resistance or the loss of energy. HTS enables the manufacture of lighter, smaller and more efficient machines than can be achieved with existing copper wire technology.

HTS-110 Limited's magnets are used to analyse a wide variety of materials. Applications range from cutting edge nanotechnology to ultra high capacity hard drives, from accelerated drug development to increased yield in bio-fuel plants and from smaller magnetic resonance imaging (MRI) systems to more efficient electrical power systems.

HTS-110 Limited has combined a deep knowledge of these unique HTS materials with advanced engineering, precision manufacturing and specialist in-market representatives to create a dominant international position in HTS magnets.

Initial customers were in major research institutes, but as HTS-110 Limited's reputation has grown the business has expanded to industrial customers. HTS-110 Limited's systems are attractive for industrial applications as they combine high-performance and throughput with small size, sturdiness and energy efficiency.

HTS-110 Limited's products are sold through a world-wide distributor network, direct to the end-user and through various OEM (original equipment manufacturer) relationships.

Despite its early stage of development, Scott expects HTS-110 Limited to be both earnings and cash flow positive from the date of acquisition. Revenues and earnings are expected to grow significantly in the medium to long term as the product range moves through to full commercialisation. There is a pipeline of new products at various stages of development to support long-term growth, while in the short to medium term HTS-110 Limited's strategy is to grow its market footprint, target industrial users and create alliances to provide integrated solutions for selected industries.

HTS technology has received major research and development support and encouragement from successive Governments. This support will be ongoing and Scott expects HTS-110 Limited to play a key role in further developing the global HTS industry from New Zealand.

Scott Group Synergies

The acquisition of a majority shareholding in HTS-110 Limited provides further diversification (product and industry) to the Scott Group's activities, while still being underpinned by the Group's core strengths of excellence and innovation in engineering design and manufacture. Scott's involvement with IRL and High Temperature Superconductivity started in 2005 when a wire coating machine was manufactured for IRL by Scott. HTS technology and markets have an interest to some existing international customers of Scott and discussions are ongoing.

HTS-110 Limited scored highly when assessed under Scott's set investment criteria for acquisitions. Like much of the Scott business, the industry in which HTS operates is high technology and growing rapidly. HTS-110 Limited is a world leader and there are synergies with Scott processes, people and skills.

Scott has expertise in scaling up machinery which will enable HTS-110 Limited to enhance its product offering. Scott has achieved this in its previous acquisition of Rocklabs where it has expanded the product range from standalone rock crushers and pulverisers to large scale integrated and automated sample preparation systems.

Synergies will also be achieved through HTS-110 Limited having access to the Scott Group's wider design, manufacturing and procurement resources.

Rights Issue

The acquisition will be initially debt funded, with the debt being repaid following the completion of a proposed rights issue.

The terms of the rights issue are still to be concluded, but it is likely to be at a rate of one right for every three ordinary shares, with the rights issue being concluded by the end of June 2011. Rights are expected to be tradeable on the NZX with the strike price being at a discount to the head share price. A prospectus is currently being prepared, for distribution to shareholders in late May.

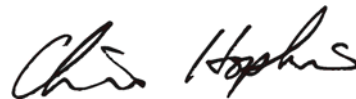
Any share capital raised in excess of the acquisition price of HTS-110 Limited will be applied towards repayment of earlier borrowings for the acquisition of the Rocklabs and Malcolm Smith Reference Materials businesses. This will provide capacity for future borrowings for further acquisitions as opportunities present themselves to us and which meet our investment criteria.

The Board of Scott Technology is excited about the opportunities that the acquisition of HTS-110 Limited will provide to the Scott Group and will continue to look for further opportunities to enhance shareholder value.

Yours faithfully



Stuart J McLauchlan
Chairman



Christopher C Hopkins
Managing Director

Attachments:
IRL Media Release
HTS-110 Limited Media Release



Media Release
31 March 2011

**[STRICTLY EMBARGOED UNTIL SCOTT TECHNOLOGY HAS MADE
ANNOUNCEMENT TO NEW ZEALAND STOCK EXCHANGE]**

Investment in IRL associate boon for high-tech manufacturing

IRL Chief Executive Shaun Coffey says the sale of a controlling stake in IRL associate company HTS-110 to Dunedin-based Scott Technology will enable HTS-110 to rapidly expand its already significant presence in high-value, global markets.

Under the terms of the sale IRL and American Superconductor Corporation have diluted their shareholdings and Endeavour Capital has sold its stake as have several minority shareholders. This means Scott Technology has acquired a majority stake in HTS-110.

HTS-110 designs, manufactures and sells powerful electromagnets that utilise world-leading superconducting technology developed at IRL.

Applications for HTS-110's products range from cutting-edge nanotechnology to the manufacture of ultra-high capacity computer hard drives, and from accelerated drug development to increasing yields in biofuel plants.

"HTS-110 has been growing rapidly over recent years to develop a leading position in the global superconducting magnet market. Its success and potential to grow further mean it is now an appropriate juncture for IRL to transfer this world leading technology to an ambitious New Zealand firm.

"In Scott Technology we have found a company that already has a global presence and is familiar with successfully developing and selling high-tech, high-value products in New Zealand and around the globe," says Shaun Coffey.

Scott Technology Managing Director Chris Hopkins says the Board of Scott Technology is excited about the opportunities that the acquisition of HTS-110 will provide.

"Despite its early stage of development, Scott expects HTS-110 to be both earnings and cash-flow positive from the date of acquisition. Revenues and earnings are expected to grow significantly in the medium to long term as the product range moves through to full commercialisation.

“In the short to medium term HTS-110’s strategy is to grow its market footprint, target industrial users and create alliances to provide integrated solutions for selected industries,” he says.

Endeavour Capital Executive Chairman Neville Jordan says the acquisition is extremely beneficial to all parties.

“As a fund manager of one of the New Zealand Government’s Venture Investment Funds, Endeavour Capital is charged with seeding investment in innovative, fast growing New Zealand companies like HTS-110.

“Right from the outset we saw considerable potential in HTS-110 and having supported its growth from the outset it is very satisfying seeing HTS-110 move into a new phase of development under the guidance of one of New Zealand’s top technology companies,” he says.

Superconducting technology enables the transmission of electricity without resistance or the loss of energy. It can also be used to generate very strong magnetic fields and HTS-110’s magnets utilise this technology to produce powerful yet compact systems, such as Nuclear Magnetic Resonance and Magnetic Resonance Imaging machines that deliver speed and power to customers.

In the coming years superconducting technology will enable the manufacture of lighter, smaller and more efficient machines than can be achieved with existing copper wire technology. The global market for superconducting applications is thought to be worth several billion dollars in the coming decades.

Shaun Coffey says the share sale demonstrates how world-leading technology developed at IRL can support New Zealand companies and add value to the New Zealand economy.

“IRL has been a world leader in the development of superconducting technology for more than two decades. During this time we have maintained a strong capability across the full R&D spectrum – from fundamental research into superconductivity, all the way through to the development of new engineering techniques that enable the application of superconducting technology in an industrial context,” he says.

Shaun Coffey says IRL will continue its superconductivity R&D programme and will continue to supply R&D support to HTS-110 under its new ownership structure.

IRL scientists and engineers have received several prestigious awards for their work in superconductivity. These include inaugural winners of the Prime Minister’s Science Prize Drs Bob Buckley and Jeff Tallon, and the IRL team that developed superconducting technology cable from highly fragile superconducting wire, who won the Royal Society of New Zealand’s Cooper Medal.

For further information contact:

IRL Communication Team Leader Mike Eng on 04 931 3029 or 029 261 0086

IRL Communication Advisor Malcolm Burgess on 04 931 3267 or 021 459 787



Media Release
31 March 2011

**[STRICTLY EMBARGOED UNTIL SCOTT TECHNOLOGY HAS MADE
ANNOUNCEMENT TO NEW ZEALAND STOCK EXCHANGE]**

Scott investment in HTS-110 secures leadership for NZ Inc

The sale of a controlling stake in IRL associate company HTS-110 Ltd to leading New Zealand company Scott Technology will enable HTS-110 to consolidate its position as a world leader in the emerging high-value superconductor magnet market globally, says HTS-110 Chairman Drew Stein.

HTS-110 designs, manufactures and sells powerful electromagnets that utilise world-leading superconducting technology developed at Industrial Research Ltd (IRL) to clients across the globe.

Applications for HTS-110's products range from cutting-edge nanotechnology to the manufacture of ultra-high capacity computer hard drives, and from accelerated drug development to increasing yields in biofuel plants.

"I am delighted that a New Zealand-based company with such a proven history in high-value manufacturing has invested in the company. Over the last few years HTS-110 has grown significantly and it has been clear for some time that further investment was needed for this growth path to continue," says Drew Stein.

He says the sale represents the establishment of a solid foundation for the development of an emerging superconducting technology industry in New Zealand. Under the agreement IRL will continue to support the development of HTS-110 products through its long-running superconductor research programme.

HTS-110 has a strong product development pipeline and healthy order book. "Scott Technology's expertise in scaling up machinery will no doubt enable HTS-110 to enhance its product offering.

"Furthermore, I believe that under Scott Technology's leadership this emerging industry will enjoy significant growth and many benefits will accrue for local suppliers and collaborators," he says.

Scott Technology Managing Director Chris Hopkins says the Board of Scott Technology is excited about the opportunities that the acquisition of a controlling stake in HTS-110 will provide.

"Despite its early stage of development, Scott expects HTS-110 to be both earnings and cash-flow positive from the date of acquisition. Revenues and earnings are

expected to grow significantly in the medium to long term as the product range moves through to full commercialisation.

“In the short to medium term HTS-110’s strategy is to grow its market footprint, target industrial users and create alliances to provide integrated solutions for selected industries,” he says.

When HTS-110 was founded IRL, Endeavour Capital and American Superconductor Corporation became shareholders in the company. Under the new ownership structure American Superconductor and IRL have diluted their shareholdings and Endeavour Capital has sold all of its shares, with Scott Technology becoming a majority shareholder.

Endeavour Capital Executive Chairman Neville Jordan says the deal is extremely beneficial to all parties.

“As a fund manager of one of the New Zealand Government’s Venture Investment Funds, Endeavour Capital is charged with seeding investment in innovative, fast growing New Zealand companies like HTS-110.

“Right from the outset we saw considerable potential in HTS-110 and having supported its growth from the outset it is very satisfying seeing HTS-110 move into a new phase of development under the guidance of one of New Zealand’s top technology companies,” he says.

For further information contact:

*IRL Communication Team Leader Mike Eng on 04 931 3029 or 029 261 0086
IRL Communication Advisor Malcolm Burgess on 04 931 3267 or 021 459 787*