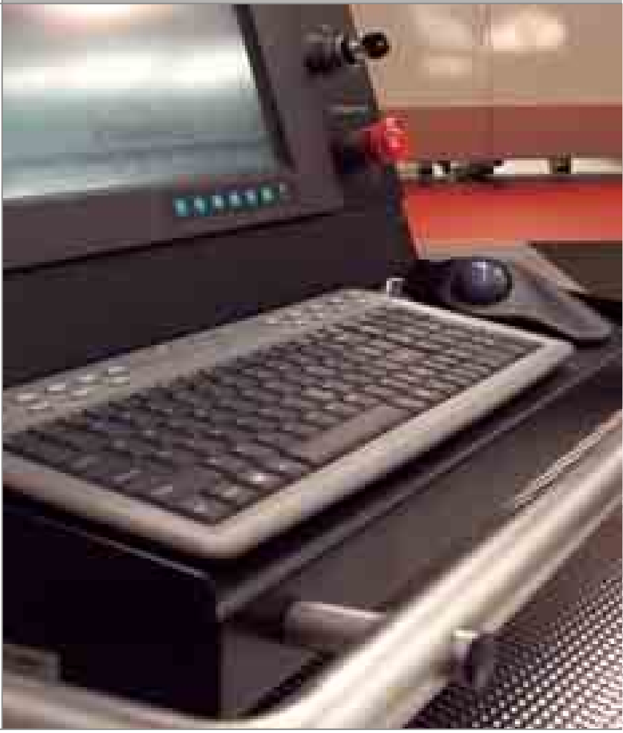
SCOTT TECHNOLOGY LIMITED
HALF YEAR REPORT

For the six months ended 28 February 2005

HIGHLIGHTS

- International sales increased by over 30%
- High level of forward orders
- New contracts in China, Turkey and Australia
- Meat automation production trials underway
- Fully imputed dividend of 4 cents per share



Financial Commentary

The Directors of Scott Technology Ltd report that the company's unaudited result for the six month period ended 28 February 2005 is an operating surplus before tax of $1,677,000 resulting in a tax paid profit of $1,105,000, compared to $1,868,000 in the previous half year. Group sales for the six months were $21.9 million, the majority of which are in international currencies, and this compares to group sales of $16.9 million for the previous half year.

As foreshadowed by the Directors last year, the principal challenge facing Scott Technology Ltd was the high value of the New Zealand dollar and the company indicated it would meet this challenge by continuing to secure contracts in the global market, albeit sometimes at lower margins. Our international sales have increased substantially but on conversion to New Zealand dollars the result is a reduction in our reported profit.

Dividend

Having regard to the very high level of forward orders secured globally, the Directors have confidence in the company's trading position and have declared an interim dividend of 4.0 cents per share. The share register will close for the dividend calculation on 29 April 2005. The dividend will be payable on 5 May 2005 and will be fully imputed with a supplementary dividend being applied to overseas shareholders.

Review of operations

Scott Technology's core business is the design, manufacture and installation of sophisticated production systems specifically engineered for the global manufacturing industry and the company is a worldwide leader in this field.

To date the company's representative office in Shanghai, China has produced excellent results with the securing of several contracts, including the supply of an appliance production system to Haier, one of the worlds leading appliance manufacturers. This contract, to be installed in China, is of significant strategic value and is expected to lead to further contracts with Asian appliance producers. The Shanghai office has also contributed significantly to the company's procurement of technical components from China.

A further highlight of the half year was the securing from a major Turkish Public Company, a contract to build an appliance production system to be installed in Russia. This is in addition to the contract secured late last year to supply three appliance production systems for installation in Turkey. Both of these contracts were secured with the provision of long term finance supported by a payment guarantee issued by the New Zealand Government through their Export Credit Office.

Scott Technology's development and diversification strategy has introduced its appliance production system expertise to the robotics industry and several successful hi-tech processing systems have been developed for the meat and food related industries.

The company has invested heavily in the research and development of automation for the meat industry and also in robotic and automated warehousing technology particularly for the food industry. The company's automation advancement programme for the meat industry includes the development of robotic systems. These systems which are currently being successfully trialled, undertake repetitive applications with improved yields and provide significant advantages for processors including Health & Safety issues. This investment, the cost of which has been expensed and not capitalised, is expected to begin generating sales during the second half of this year. These sales will initially be Australasian based and will help balance our exposure to foreign currencies.

Scotts has secured a very significant contract to build multiple production systems for an Australian company about to embark on a global launch of an innovative patented product. This initial contract, valued at $9 million, provides long term opportunity for the company with multiple repeat contracts anticipated.

The company has recently completed an automated warehousing solution that is now successfully installed in Auckland. Further similar opportunities are being actively pursued in both New Zealand and Australia.

As part of its continuing focus upon international competitiveness the company is currently undertaking a review of its operations with the objective of further reducing its operating costs and improving margins. This will include increased offshore component sourcing and the installation of new generation high-efficiency machine tools.

Scott Technology Ltd has a strong equity base and although the timing of current contracts has increased its work in progress and working capital requirements, this is expected to correct itself later in the year. The challenges facing Scott Technology Ltd are those facing all exporters and manufacturers alike and the Directors see the current position as part of our business and global currency cycle. The Directors and management continue to view the future with optimism.

Graeme J. Marsh
Chairman of Directors

Kevin J. Kilpatrick
Chief Executive Officer

CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE

	For the 6 months to		12 Months to
	28 Feb 05	29 Feb 04	31 Aug 04
	$000	$000	$000
	unaudited	*unaudited*	*audited*
Group sales	**21,859**	16,877	35,789
Operating surplus before tax	**1,677**	2,815	5,526
Income tax charge	**(572)**	(947)	(1,810)
Net surplus after tax	**1,105**	1,868	3,716

CONSOLIDATED STATEMENT OF MOVEMENTS IN EQUITY

	For the 6 months to		12 Months to
	28 Feb 05	29 Feb 04	31 Aug 04
	$000	$000	$000
	unaudited	*unaudited*	*audited*
Equity at beginning of period	**17,153**	16,932	16,932
Net surplus after tax	**1,105**	1,868	3,716
Dividends paid to owners			
- prior year final	**(1,747)**	(1,997)	(1,997)
- current year interim	**-**	-	(1,498)
Equity at end of period	**16,511**	16,803	17,153

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 28 Feb 05 $000	As at 29 Feb 04 $000	As at 31 Aug 04 $000
	unaudited	*unaudited*	*audited*
EQUITY			
Share capital	**7,629**	7,629	7,629
Capital reserves	**1,203**	1,203	1,203
Revenue reserves	**7,679**	7,971	8,321
Total Shareholders' Equity	**16,511**	16,803	17,153
CURRENT LIABILITIES			
Bank overdraft (secured)	**6,544**	-	-
Trade creditors	**1,730**	1,215	2,984
Sundry creditors and accruals	**607**	856	424
Employee entitlements	**1,028**	904	1,206
Provision for warranty	**200**	300	200
Provision for tax	**63**	274	-
	10,172	3,549	4,814
	26,683	20,352	21,967
NON-CURRENT ASSETS			
Property, plant and equipment	**9,504**	8,669	9,932
Investments in associates	**7**	-	7
Other investments	**69**	122	88
Deferred tax benefit	**451**	464	383
	10,031	9,255	10,410
CURRENT ASSETS			
Cash and bank	**-**	3,540	1,869
Trade debtors	**5,582**	3,386	6,015
Finance lease receivable	**586**	-	243
Sundry debtors and prepayments	**508**	10	61
Inventories	**765**	194	354
Contract work in progress (net)	**9,211**	3,967	2,904
Tax refund due	**-**	-	111
	16,652	11,097	11,557
	26,683	20,352	21,967

CONSOLIDATED STATEMENT OF CASH FLOWS

	For the 6 months to		12 Months to
	28 Feb 05	29 Feb 04	31 Aug 04
	$000	$000	$000
	unaudited	*unaudited*	*audited*
Cash flows from operating activities			
Cash was provided from:			
Receipts from operations	**15,807**	19,640	37,149
Interest received	**50**	39	104
	15,857	19,679	37,253
Cash was applied to:			
Payments to suppliers and employees	**21,887**	14,302	29,044
Interest paid	**68**	5	49
Company taxes paid	**464**	875	2,042
	22,419	15,182	31,135
Net cash (used in)/from operating activities	**(6,562)**	4,497	6,118
Cash flows from investing activities			
Cash was provided from:			
Sale of property, plant and equipment	**39**	213	238
Sale of Investments	**19**	11	45
	58	224	283
Cash was applied to:			
Purchase of associate	**-**	-	10
Purchase of property, plant and equipment	**160**	745	2,580
	160	745	2,590
Net cash used in investing activities	**(102)**	(521)	(2,307)
Cash flows from financing activities			
Cash was applied to:			
Dividends paid	**1,747**	1,997	3,495
Net cash used in financing activities	**(1,747)**	(1,997)	(3,495)
Net movement in bank position	**(8,411)**	1,979	316
Effect of exchange rate on foreign currency balance	**(2)**	-	(8)
Opening bank position	**1,869**	1,561	1,561
Closing bank position	**(6,544)**	3,540	1,869

NOTES TO THE FINANCIAL STATEMENTS

1 Financial statements

These interim financial statements have been prepared in accordance with Financial Reporting Standard No. 24 and generally accepted accounting practice and should be read in conjunction with the 2004 annual report.

The half year financial statements are unaudited, however the 31 August 2004 comparatives have been extracted from audited financial statements.

2 Accounting policies

There have been no changes to the accounting policies, as disclosed in the 2004 annual report, in the preparation of these interim financial statements.

3 Reconciliation of net surplus after tax to net cash used in operating activities

	For the 6 months to		12 Months to
	28 Feb 05	29 Feb 04	31 Aug 04
	$000	$000	$000
	unaudited	*unaudited*	*audited*
Net surplus after tax	**1,105**	1,868	3,716
Add/(less) non cash items			
Depreciation	**557**	554	1,119
Deferred tax benefit	**(68)**	37	118
Share of associates' net deficit	**-**	-	3
Net loss on foreign currency balance	**2**	-	8
	491	591	1,248
Add/(less) movements in working capital items			
Debtors, prepayments and finance lease receivables	**(357)**	2,976	53
Inventories	**(411)**	23	(137)
Contract work in progress	**(6,307)**	(1)	1,062
Creditors, accruals and provisions	**(1,249)**	(959)	580
Tax refund due	**174**	35	(350)
	(8,150)	2,074	1,208
Less items classified as investing			
Gain on sale of property, plant and equipment	**(8)**	(36)	(54)
Net cash (used in)/ from operating activities	**(6,562)**	4,497	6,118

Scott Technology Ltd – Head Office

Scott House
123 Crawford Street
Private Bag 1960
Dunedin
New Zealand

Telephone	+64 (3) 477 0975
Facsimile	+64 (3) 474 0934
Chief Financial Officer:	C.C. Hopkins
	c.hopkins@scott.co.nz

Scott Technology Ltd – Christchurch

10 Maces Road
P O Box 19667
Christchurch
New Zealand

Telephone	+64 (3) 384 2029
Facsimile	+64 (3) 384 3686
Chief Executive Officer:	K.J. Kilpatrick
	k.kilpatrick@scott.co.nz
Marketing:	G.W. Todd
General Manager:	P.J. Johnston

Scott Technology – Dallas

Suite 214
1611 North IH35E
Carrollton, TX 75006
United States of America

Telephone	+1 (972) 466 2543
Facsimile	+1 (972) 446 1157
Sales:	I.A. Ure
	i.ure@scott.co.nz

Scott Technology – Shanghai

Shanghai Representative Office
Suite 3006, Shanghai Information Tower
211 Century Avenue, Pudong
Shanghai
China

Telephone	+86 (21) 5877 2675
Facsimile	+86 (21) 5877 2695
Sales:	H. Pan
	h.pan@scott.co.nz

Scott Automation Ltd – Dunedin

123 Crawford Street
Private Bag 1960
Dunedin
New Zealand

Telephone	+64 (3) 477 0974
Facsimile	+64 (3) 474 0934
General Manager:	A.R. Arnold
	a.arnold@scott.co.nz
Operations:	B.W. Rekittke

Scott Automation Ltd – Auckland

48 Wharf Road
Te Atatu
Auckland
New Zealand

Telephone	+64 (9) 834 2700
Facsimile	+64 (9) 834 3863
General Manager:	P. Denton
	p.denton@scott.co.nz

Scott Automation Ltd – Sydney

Unit 22, 244 – 254 Horsley Drive
Milperra
New South Wales 2214
Australia

Telephone	+61 (2) 9773 1682
Facsimile	+61 (2) 9773 1683
Manager:	A.J. Singh
	a.singh@scott.co.nz

Solicitors

Gallaway Cook Allan
P O Box 143
Dunedin

Share Registry

BK Registries
138 Tancred Street
P O Box 384
Ashburton

Telephone	+64 (3) 308 8887
Facsimile	+64 (3) 308 1311
Email	info@bkregistries.co.nz

Auditors

Deloitte
P O Box 1245
Dunedin

Bankers

ANZ Banking Group
Moray Place
Dunedin

www.scott.co.nz