



Media Release

1 August 2003

For immediate release

NZX Release – Wellington Drive Technologies Ltd

Directors wish to advise that the result for the year ended 30 June 2003 is expected to be a loss before tax of approximately \$2.5m. As projected at the last Annual Meeting and in the interim report, this is reduced from the loss recorded in the 2002 financial year of \$3.0m.

Operating revenues (excluding interest income) are expected to be approximately double the 2002 financial year operating revenues. The expected increase in operating revenues is due to increased licensing and engineering development fees and increased product sales. Total operating expenses (excluding cost of goods sold) are expected to be approximately the same as the 2002 financial year operating expenses (excluding cost of goods sold).

The results are being finalised and the unaudited Preliminary Announcement for the full year is expected to be released before the end of August 2003.

Growth in revenues in the last year is due to Wellington's products and designs beginning to be adopted for use by substantial, well-known and, in most cases, market leading, international appliance and appliance component manufacturers.

Agreements have been executed with Aweco GmbH and Arçelik S.A. both of whom are substantial European appliance component (Aweco) and complete appliance (Arçelik) manufacturers. An agreement has also been executed with a third leading European manufacturer; the agreement contains confidentiality provisions that preclude release of the company name or product type at this stage. An agreement has also been executed with Australian manufacturer, Seeley International Pty Ltd.

These agreements are important achievements for Wellington. Aweco is widely regarded to be Europe's largest manufacturer of components for "wet" appliances and it supplies all of the major European dishwasher brands, making millions of components per year. Arçelik is a leading global manufacturer of household appliances with revenues of NZ\$3.1bn (EUR1,570m), including NZ\$1.4bn (EUR725m) of sales in Western Europe. Seeley International is regarded as the world's technological leader in manufacturing of evaporative air conditioners, exporting to approximately 60 countries.

In May 2003, a formal Supply Agreement was completed envisaging the delivery of 30,000 motors and controllers by Wellington from February 2004 to a company that is widely considered by informed industry sources to be the European market leader for domestic and light industrial heat recovery ventilation systems.

In July 2003, a formal Supply Agreement was completed with a second leading European ventilation products company that envisages the delivery of 15,000 motors and controllers by Wellington from February 2004.



While the actual order levels are subject to confirmation, together these two supply agreements are expected to yield revenues for Wellington of over \$NZ3m in the 12 months from February 2004. These agreements are a strong validation of Wellington's strategy of offering to supply finished products to appliance manufacturers.

In addition, several small purchase orders for direct supply of product by Wellington have been received from other prominent European appliance manufacturers. Further potential customers are currently evaluating samples that they have purchased from Wellington.

Although it is difficult to predict Wellington's future profitability levels, Directors expect that the net loss before tax for the year ending 30 June 2004 will be significantly reduced from the 2003 financial year and that the Company will move into profit for the year ending 30 June 2005, with profits expected to grow strongly thereafter.

Directors are currently considering options in respect of raising approximately \$3.5m in new equity capital. This would enable Wellington to continue its progress, strengthen its production activities in New Zealand (through investment in additional production capacity and inventory levels to meet expected growing sales volumes), expand and enhance the range of finished products and designs Wellington can offer and strengthen its international marketing and sales efforts. Directors expect to make a further announcement in respect of this shortly.

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