

## Media Release

16 March 2004

### Wellington Drive Technologies Ltd - Update

Changes in the scope and timing of supply contracts and development programmes with leading European appliance manufacturers have resulted in the Company increasing its estimated loss for the financial year ending 30 June 2004. Wellington's medium term outlook remains positive and, as per previous communications, Directors believe that the Company will record a profit in the year ending 30 June 2005.

Deliveries of trial quantities of Wellington motors and controllers to lead European customers (under the Supply Agreements announced to the NZX last year) began in December and product testing has been on-going since then.

Customers have recently requested a variety of detail changes, principally to enable Wellington motors to fully substitute standard motors in products that are already in series production. These changes have been made and accepted by customers.

Coupled with the high demands placed on Wellington's engineering resource, these requirements for changes have caused delays. Wellington's lead European customers advise that Wellington's motors are not intended to be introduced initially as "retrofits" in existing products as originally planned and that they intend to launch Wellington motors in new products planned for later this calendar year. The effect on Wellington is that deliveries of significant quantities of motors and controllers under the Supply Agreements will be delayed by four to five months. Commencement will now likely be late in Wellington's current financial year with major volume growth deferred to the next financial year.

Although these delays are disappointing, shareholders should note that the thorough testing and acceptance of products by customers is an important milestone for Wellington.

The scope of some programmes in progress with licensees has also changed recently. In several cases these changes have resulted in progress payments to Wellington being deferred to the next financial year. In most cases, the overall scope and potential longer term returns of the programmes have increased.

Largely due to the delays noted above, Directors expect that the Company will record a loss for the financial year ending 30 June 2004 that will be similar to the loss recorded in the previous financial year, rather than reduced, as previously advised. In addition, Directors consider it prudent and in shareholders' interests to begin exploring options to raise additional capital, and believe the most likely outcome will be a private placement of new shares.



Although the delays (and their financial implications) are obviously disappointing, Wellington continues to have the same positive outlook that has been advised in previous communications. Also as per previous communications, Directors continue to believe that Wellington will record a profit in the year ending 30 June 2005 and that Wellington's profits will grow strongly following this.

For further information visit [www.wdtl.com](http://www.wdtl.com).

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