



Media Release

28 February 2006

Wellington Drive Technologies Ltd December 2005 Interim Result

Overview

Trading revenues increased substantially in the half year, reflecting a rise in the numbers of products delivered to customers in Europe and Asia, and new Total Integration (customized motor engineering) projects beginning and progressing. Trading revenues exceeded \$3 million in the half year for the first time and were just over triple the figure recorded for the previous corresponding half year. We expect revenues from product sales and Total Integration programmes will continue to grow in the second half of the financial year.

Our Asian supply chain for ECR commercial refrigeration motors is operating satisfactorily. The first full production run of DD025 motors was completed in China in late January and China is now our principal source for finished versions of these motors.

Financial Review

The Company recorded a consolidated loss before tax and unusual items of \$2.6 million for the half year, slightly above the figure recorded in the previous corresponding half year (\$2.54 million). Why increased revenues did not result in improved bottom line performance over the previous corresponding half year was principally due to the higher transport and manufacturing costs from inventory made in Auckland along with other abnormal costs associated with urgent deliveries. The benefit of transferring production activities to Asia should be seen in our financial results in the second half of this financial year, as well as continuing increases in engineering revenues from Total Integration programmes.

Receivables at the end of the half-year were \$2.4 million, substantially greater than the \$0.5 million shown in the 2005 Annual Report. The majority of these receivables were collected in January.

Inventories at the half-year were \$2.1 million, up from the previous full year figure of \$1.6 million, as we are carrying buffer stocks to mitigate the potential consequences of delays as we move over to production in Asia. Pre-launch stocks of two new electronic controllers are also being held as customers complete their evaluation trials.

Background Note

Wellington produces and sells electronically-commutated electric motors for domestic and industrial appliances. We also offer licenses to companies that want to build our designs into their own end products, or make motors for sale, and we provide engineering support services to assist them. Our motors are usually called "EC" or "electronic", because electronic controllers and software are major components within the motors. EC motors have high energy efficiency compared to familiar electric motors, and this is a major reason for demand today, particularly in our target markets in Europe and the United States, where electricity is generated from expensive oil and gas. Using electronic motors saves energy.

® is a registered Trade Mark of Wellington Drive Technologies Ltd in New Zealand

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Fixed assets declined slightly to \$1.4 million from \$1.5 million recorded for the full year, reflecting a reduction in our on-going investment activities as our overall product line stabilizes and more production is handled by subcontractors. Intangible assets, principally capitalized development costs, increased slightly to \$1.8 million from \$1.7 million at the full year, reflecting the stabilization of our own product line and a greater emphasis for engineering activities on contracted work for customers.

Operational Review

Sales growth in the half year was limited by available production capacity. These pressures are now easing. Nevertheless, a good increase in revenues was achieved.

Volume deliveries of CH160 motor control units began early in the half year (in July) and have continued steadily. Higher-power variants of this controller (CH250 and CH350) were completed (CH250) and largely completed (CH350) during the half year and are now undergoing customer trials.

ECR commercial refrigeration motors were chosen by Sanyo Corporation for a major programme and a substantial number of ECR products and accessories were manufactured and delivered to Sanyo in October and November, as previously reported. Further small orders from Sanyo have been received, and ECR products have been ordered by, and delivered to, other companies manufacturing similar products.

Part of the order for ECR products from Sanyo Corporation was for a variant of the motor which was in the last stages of development when their order was placed. Development through to production was accelerated to meet Sanyo's requirements and some exceptional costs were incurred.

The first small orders for ECR products were obtained from Australia and New Zealand, related to the Australian Minimum Energy Performance Standards (MEPS) for commercial refrigeration products that were introduced last year.

Our agents in Turkey have obtained a good level of orders for AirMoVent (low efficiency) commercial refrigeration motors. Orders for AirMoVent motors were also obtained in the United States. First deliveries of these products were made during the half year. We expect AirMoVent motors to contribute significantly to our revenues, and profits, this financial year. Customers that have made initial purchases of AirMoVent motors have also begun to order small quantities of high-efficiency ECR motors, as expected.

During the half-year, some batches of finished fan products were rejected as out of specification on delivery by two European customers, resulting in some exceptional warranty costs as replacements were delivered and the suspected non-conforming product was retrieved and reworked. Subsequent investigations have cast doubt as to whether our products were, in fact, at fault in one of these cases and recovery of the costs are being discussed with the customer involved.

Reliability of our products in service remains excellent.



Production and Logistics

Stock levels remain high, as we are taking a conservative view as production of some finished products is transferred to Asia. Relative stock levels should begin to decline in the last quarter of this financial year.

We have excellent partners in Asia and the quality of our products being produced there is now good. Consideration is being given to moving to China some of the finishing activities currently carried out in Europe. This will significantly reduce logistics costs, will improve margins and will free up capacity at our European offices to concentrate on the needs of new customers.

Our level of business in Turkey has expanded significantly and our agents there are moving to larger premises to cope with the volume of product now being transshipped. Positive effects from this increase in business should begin to be seen in our results this financial year.

A Singapore-based logistics coordinator has been taken on to our payroll to improve information flow to subcontractors, given the level of business that we expect to be placing in Asia going forward.

Licensing (Total Integration) Programmes

The second major income generating aspect of our business is design and development of specialized motor, electronics and software solutions for specific appliances. We call this service “Total Integration”. The number of Total Integration designs in production, or at advanced stages of development, is increasing.

As reported previously, several new Total Integration programmes began during the half year, for companies in Europe and the United States. All of these projects are in high-volume areas of the appliance industry. During the half year two of these projects, entered the production engineering stage and are progressing well. One of these projects uses our new low-cost “Monsoon” controller. Development of this controller is proceeding on schedule and good results are being obtained.

Our licensee Arçelik A.Ş. (Turkey) has completed the major production engineering activities associated with the refrigeration compressor we developed with them. They have had some delays in completing the electronic controller for the compressor to full production readiness. Our team is currently assisting Arçelik with these remaining activities.

During the half year a license to produce a version of our ECR commercial refrigeration motor for sale in China was granted to the Changzhou Matchwell Electrical Products Company (Matchwell). Matchwell anticipates a good level of sales of the ECR product in China, where electricity savings are becoming a national priority. Sales should begin there this financial year.



Subsequent to the half year a further Total Integration project began with a new customer in the United States.

Most of our current Total Integration projects are variants of designs we already have in production. This reduces risks and helps progress to be more rapid than hitherto. Furthermore, all current projects are designs that use rare-earth neodymium-iron-boron (Neo) magnets, due to the price reductions that have come available for this material. We believe that Neo magnets provide greater advantages for Wellington designs than for alternative motor construction methods. The price reduction for this material is, potentially, of great significance for the overall development of our business.

The company's work with Neo magnets has been partly supported by the Foundation for Research Science and Technology.

Outlook

As the first stage of expansion of our supply chain in Asia is now substantially complete, we are able to deliver increased volumes of products without extraordinary costs being encountered to the same extent as previously. Our principal focus for the second half of the financial year is increasing the level of forward orders to match the capacity that we will shortly have at our disposal.

A senior sales appointment (Europe-based) is being made. Under the supervision of this new "Sales and Marketing Director – Europe" the network of agents actively promoting and supporting our standard products there will be expanded.

Subsequent to the half year in January, Mr. Ray Cox, the company's head of sales, relocated to Singapore and has established a Wellington sales office there. This Singapore office will coordinate all Wellington's sales activity going forward. A first salesman for the Asian region, based in Singapore, was appointed in February.

As the recent sales record shows, interest in the company's products in the important North American market continues to grow. Several companies there have provided us with forecast requirements for products and we expect to make our first substantial deliveries to the United States before the end of the financial year.

The increased interest in North America in energy efficiency, an important driver for our business, shows no signs of abating and indeed appears to be strengthening.

Discussions are continuing with a number of substantial companies in the United States with a view to expanding Wellington's presence there by partnering. We believe this is the most cost effective and efficient route for establishing the level of service that North American trade consumers require.

Most of Wellington's current sales are still within the premium segment of the appliance market. However, three of our current Total Integration projects are for products in the mainstream, non-premium, segment where volumes are higher. We believe that we now have



the technical means to achieve prices competitive in the mass market with traditional, low efficiency motors. The first products designed to be cost-competitiveness in the wider market are expected to be ready for production during this calendar year.

For further information visit www.wdtl.com.

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PRELIMINARY HALF YEAR REPORT ANNOUNCEMENT

Wellington Drive Technologies Limited

(Name of Listed Issuer)

For Half Year Ended 31 December 2005

(referred to in this report as the "current half year")

Preliminary **Half year** report on consolidated results (including the results for the previous corresponding half year) in accordance with Listing Rule 10.4.2.

This report has been prepared in a manner which complies with generally accepted accounting practice and gives a true and fair view of the matters to which the report relates [see Note [X] attached] and is based on **unaudited** financial statements. If the report is based on audited financial statements, any qualification made by the auditor is to be attached.

The Listed Issuer **has** a formally constituted Audit Committee of the Board of Directors.

[PLEASE REFER TO ATTACHED NOTES WHEN COMPLETING THIS FORM]

1 CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE	Consolidated Statement Financial Performance		
	Current half year \$NZ'000	Up/(Down) %	Previous corresponding half year \$NZ'000
1.1 OPERATING REVENUE			
(a) Trading Revenue	3,150	200.9%	1,047
(b) Other Revenue	139		146
(c) Total Operating Revenue	\$3,289	175.7%	\$1,193
1.2 OPERATING (DEFICIT) BEFORE TAXATION	(2,605)		(2,543)
(a) Less taxation on operating result	-		-
1.3 OPERATING (DEFICIT) AFTER TAX	(2,605)		(2,543)
(a) Extraordinary Items after Tax [detail in Item 3]	-		-
(b) Unrealised net change in value of investment properties	-		-
1.4 NET (DEFICIT) FOR THE PERIOD	(2,605)		(2,543)
(a) Net *Surplus (Deficit) attributable to minority interests	-		-
1.5 NET (DEFICIT) ATTRIBUTABLE TO MEMBERS OF THE LISTED ISSUER	(\$2,605)	-2.4%	(\$2,543)

2 DETAILS OF SPECIFIC RECEIPTS/OUTLAYS, REVENUES/ EXPENSES FOR FULL YEAR	Consolidated Statement of Financial Performance	
	Current half year \$NZ'000	Previous corresponding half year \$NZ'000
2.1 INCLUDED IN CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE		
(a) Interest revenue included in Item 1.1(b)	75	111
(b) # Unusual items for separate disclosure (gain/loss) (detail - Item 3)	-	-
(c) Equity earnings (gain/loss) (detail - Item 16)	-	-
(d) Interest expense included in Item 1.2 (include all forms of interest, etc)	-	-
(e) Leasing and renting expenses	129	107
(f) Depreciation	252	212
(g) Diminution in the value of assets (other than depreciation)	-	-
(h) Amortisation of goodwill	-	-
(i) Amortisation of other intangible assets	250	109
(j) Impairment of goodwill	-	-
(k) Impairment of other intangible assets	-	-

5 EARNINGS PER SECURITY	Earnings Per Security	
	Current half year \$NZ'000	Previous corresponding half year \$NZ'000
Calculation of basic and fully diluted, EPS in accordance with IAS33: Earnings Per Share		
(a) Basic EPS	cents (2.91)	(3.47)
(b) Diluted EPS (if materially different from (a))		

6 MATERIAL ACQUISITIONS OF SUBSIDIARIES (See Note (VII))	
(a) Name of subsidiary or group of subsidiaries	N/A
(b) Percentage of ownership acquired	
(c) Contribution to consolidated net *Surplus (Deficit) (Item 1.4)	\$
(d) Date from which such contribution has been calculated	\$

7 MATERIAL DISPOSALS OF SUBSIDIARIES (See Note (VII) attached)	
(a) Name of subsidiary or group of subsidiaries	N/A
(b) Contribution to consolidated net *Surplus (Deficit) (Item 1.4)	\$
(c) Date from which such contribution has been calculated	
(d) Contribution to consolidated net *Surplus (Deficit) (Item 1.4) for the previous corresponding half year/full year	
(e) Contribution to consolidated net *Surplus (Deficit) (Item 1.4) from sale of subsidiary	\$

8 REPORTS FOR INDUSTRY AND GEOGRAPHICAL SEGMENTS

Information on the industry and geographical segments of the Listed Issuer is to be reported for the *half year/ /full year in accordance with the provisions of SSAP:23: Financial Reporting for Segments. Because of the differing nature and extent of segments among Listed Issuers, no complete proforma is provided, and the segment information should be completed separately and attached to this report. However, the following shows a suitable list of items for presentation and indicates which amounts should agree with items included elsewhere in the *half year/full year report:

SEGMENTS

Industry

- Operating revenue:)
- * Sales to customers outside the group)
- * Intersegment sales)
- * Unallocated revenue)
- Total revenue [consolidated total equal to Item 1.1(c) above])
- Segment result)
- Unallocated expenses)
- Operating surplus (Deficit) after tax (Item 1.3))
- Segment assets)
- Unallocated assets)
- Total assets (Equal to Item 9.3))

Wellington Drive Technologies Limited is a Technology owning company operating in a single industry segment developing, manufacturing, marketing its brushless electric motors for worldwide use. It is New Zealand based and there are no industry or geographic segments.

Geographical

- Operating revenue:)
- * Sales to customers outside the group)
- * Intersegment sales)
- * Unallocated revenue)
- Total revenue [consolidated total equal to Item 1.1(c) above])
- Segment result)
- Unallocated expenses)
- Operating surplus (Deficit) after tax (Item 1.3))
- Segment assets)
- Unallocated assets)
- Total assets (Equal to Item 9.3))

Consolidated Statement of Financial Position			
(Note (VIII) attached has particular relevance for the preparation)	At end of current half year \$NZ'000	As shown in last Annual Report \$NZ'000	If half yearly as shown in last half yearly report \$NZ'000
9 CURRENT ASSETS:			
(a) Cash	4,405	3,242	3,023
(b) Trade receivables	2,462	516	717
(c) Investments	-	-	-
(d) Inventories	2,118	1,624	1,073
(e) Other assets, current	-	-	-
TOTAL CURRENT ASSETS	\$8,985	\$5,382	\$4,813
9.1 NON-CURRENT ASSETS			
(a) Trade receivables	-	-	-
(b) Investments	-	-	-
(c) Inventories	-	-	-
(d) Property, plant and equipment	1,421	1,503	1,412
(e) Goodwill	-	-	-
(f) Deferred Taxation Assets	-	-	-
(g) Other Intangible Assets	1,819	1,672	1,254
(h) Other assets, non current	-	-	-
9.2 TOTAL NON-CURRENT ASSETS	\$3,240	\$3,175	\$2,666
9.3 TOTAL ASSETS	\$12,225	\$8,557	\$7,479
9.4 CURRENT LIABILITIES			
(a) Trade Creditors	1,435	555	583
(b) Income in advance, current	-	-	-
(c) Secured loans	-	-	-
(d) Unsecured loans	-	-	-
(e) Provisions, current	323	225	45
(f) Other liabilities, current	47	51	51
TOTAL CURRENT LIABILITIES	\$1,805	\$831	\$679
9.5 NON-CURRENT LIABILITIES			
(a) Accounts payable, non-current	-	-	-
(b) Secured loans	-	-	-
(c) Unsecured loans	-	-	-
(d) Provisions, non-current	-	-	-
(e) Deferred Taxation Liability, non-current	-	-	-
(f) Other liabilities, non-current	-	21	47
9.6 TOTAL NON-CURRENT LIABILITIES	-	\$21	\$47
9.7 TOTAL LIABILITIES	\$1,805	\$852	\$726
9.8 NET ASSETS	\$10,420	\$7,705	\$6,753
9.9 SHAREHOLDERS' EQUITY			
(a) Share capital (optional)	36,436	31,115	27,816
(b) Reserves (optional)			
(i) Revaluation reserve			
(ii) Other reserves			
(c) Retained Surplus (accumulated Deficit) (optional)	(26,016)	(23,410)	(21,063)
9.10 SHAREHOLDERS' EQUITY ATTRIBUTABLE TO MEMBERS OF THE LISTED ISSUER	10,420	7,705	6,753
(a) Minority equity interests in subsidiaries	-	-	-
9.11 TOTAL SHAREHOLDERS' EQUITY	\$10,420	\$7,705	\$6,753
(a) Returns on Assets (%) (EBIT divided by Total Assets)	-43.8%	-60.0%	-71.0%
(b) Return on Equity (%) (Net Income divided by Shareholders' Equity)	-57.5%	-76.0%	-85.4%
(c) Debt to Equity Ratio (%) (Total Liabilities divided by Shareholders' Equity)	17.3%	11.1%	10.8%

	Consolidated Statement of cashflows for half year	
	Current half year \$NZ'000	Corresponding half year \$NZ'000
10 CASH FLOWS RELATING TO OPERATING ACTIVITIES		
(a) Receipts from customers	1,414	979
(b) Interest received	75	111
(c) Dividends received	-	-
(d) Payments to suppliers and employees	(5,087)	(3,845)
(e) Interest paid	-	-
(f) Income taxes paid	-	-
(g) Other cash flows relating to operating activities	-	-
NET OPERATING FLOWS	(\$3,598)	(\$2,755)

11 CASH FLOWS RELATING TO INVESTING ACTIVITIES		
(a) Cash proceeds from sale of property, plant and equipment	-	-
(b) Cash proceeds from sale of equity investments	-	-
(c) Loans repaid by other entities	-	-
(d) Cash paid for purchases of property, plant and equipment	(171)	(312)
(e) Interest paid - capitalised	-	-
(f) Cash paid for purchases of equity investments	-	-
(g) Loans to other entities	-	-
(h) Other cash flows relating to investing activities	(388)	(315)
NET INVESTING CASH FLOWS	(\$559)	(\$627)

12 CASH FLOWS RELATED TO FINANCING ACTIVITIES		
(a) Cash proceeds from issue of shares, options, etc.	5,320	4,139
(b) Borrowings	-	-
(c) Repayment of borrowings	-	-
(d) Dividends paid	-	-
(e) Other cash flows relating to financing activities	-	-
NET FINANCING CASH FLOWS	\$5,320	\$4,139

13 NET INCREASE (DECREASE IN CASH HELD)		
(a) Cash at beginning of full year	3,242	2,266
(b) Exchange rate adjustments to Item 12.3(a) above	-	-
(c) CASH AT END OF FULL YEAR	\$4,405	\$3,023

14 NON-CASH FINANCING AND INVESTING ACTIVITIES
Provide details of financing and investing transactions which have had a material effect on group assets and liabilities but did not involve cash flows:

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15 RECONCILIATION OF CASH	Current half year NZ\$'000	Previous Corresponding half year NZ\$'000
For the purposes of the above Statement of cash flows, cash includes:		
.....		
Cash at the end of the full year as shown in the statement of cash flows is reconciled to the related items in the financial statements as follows:		
Cash on hand and at bank	146	97
Deposits at call	461	96
Bank overdraft	-	-
Other (short term deposits)	3,798	2,830
Total = Cash at End of Half Year (Item 13(c) above)	\$4,405	\$3,023

16 EQUITY ACCOUNTED INVESTMENTS IN ASSOCIATES

Information attributable to the reporting group's share of investments in associates and other material interests is to be disclosed by way of separate note below (refer FRS-38 Accounting for Investments in Associates).

16.1 GROUP SHARE OF RESULTS OF ASSOCIATES

N/A

(a) OPERATING *SURPLUS (DEFICIT) BEFORE TAX

(b) Less tax

(c) OPERATING *SURPLUS (DEFICIT) AFTER TAX

(i) Extraordinary items

(d) NET *SURPLUS (DEFICIT) AND EXTRAORDINARY ITEMS AFTER TAX

Equity Earnings	
Current half year \$NZ'000	Previous corresponding half year \$NZ'000
-	-
-	-
-	-
-	-
-	-

16.2 MATERIAL INTERESTS IN CORPORATIONS NOT BEING SUBSIDIARIES

(a) The group has a material (from group's viewpoint) interest in the following corporations:

Name	Percentage of ordinary shares held at end of Half Year		Contribution to net *surplus (deficit) (Item 1.5)	
	Current Half Year	Previous Corresponding Half Year	Current Half Year NZ\$'000	Previous Corresponding Half Year NZ\$'000
Equity Accounted Associates				
N/A			<i>Equity Accounted in current year</i>	
Other Material Interests			<i>Not Equity Accounted in current year</i>	
N/A				

(b) Investments in Associates

Carrying value of investments in associates beginning of half year/
full year

Share of changes in associates' post acquisition surpluses/and reserves:

- Retained surplus

- Reserves

Net goodwill amortisation and impairment adjustments in the period

Less Dividends received in the period

Equity carrying value of investments at the end of half year year

Amount of goodwill included in carrying value at end of that half year year

Current half year \$NZ'000	Previous Corresponding half year \$NZ'000
N/A	N/A

17 ISSUED AND QUOTED SECURITIES AT END OF CURRENT HALF YEAR

Category of Securities	Number Issued	Number Quoted	Cents	Paid-Up Value (If not fully paid)
PREFERENCE SHARES:				
# (Description)				
Issued during current half year	N/A	N/A	N/A	
ORDINARY SHARES:				
Issued at beginning of half year	155,449,156	155,449,156		
Issued during current half year:				
Nov 05 placement	4,200,000	4,200,000	33.0	
Dec 05 rights issue	39,911,539	39,911,539	10.0	
Issued at end of half year	199,560,695	199,560,695		
CONVERTIBLE NOTES				
# (Description)				
Issued during current half year				
OPTIONS:				
	Issued	Quoted	Exercise Price	Expiry Date
Issued at beginning of half year	500,000	not quoted	46.1955	13-Oct-05
	800,000	not quoted	57.35	8-Oct-06
	1,650,000	not quoted	52.83	27-Nov-07
Issued during current half year	500,000	not quoted	40.50	28-Oct-08
Lapsed during current half year	(500,000)	not quoted	46.1955	13-Oct-05
	(100,000)	not quoted	57.35	8-Oct-06
	(50,000)	not quoted	52.83	27-Nov-07
On issue at end of half year	2,800,000			
DEBENTURES - Totals only:		\$		
UNSECURED NOTES - Totals only:		\$		
OTHER SECURITIES		\$	\$	

Description includes rate of dividend or interest and any redemption or conversion rights together with the prices and dates thereof.

18 COMMENTS BY DIRECTORS

If no report in any section, state NIL. If insufficient space below, provide details in the form of notes to be attached to this report.

- (a) Material factors affecting the revenues and expenses of the group for the current full year
Refer attached
- (b) Significant trends or events since end of current full year
Refer attached
- (c) Changes in accounting policies since last Annual Report and/or last Half Yearly to be disclosed
N/A
- (d) Critical Accounting Policies - Management believes the following to be critical accounting policies. That is to say, they are both important to the portrayal of the Issuer's financial condition and results, as they require management to make judgments and estimates about matters that they are inherently uncertain
N/A
- (e) Management's discussion and analysis of financial condition, result and/or operations (optional) - this section should contain forward looking statements that should outline where these involve risk and uncertainty
Refer attached
- (f) Other comments
Refer attached

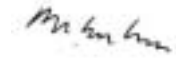
19 DIVIDEND

- (a) Dividend Yield as at balance date (%) (Annual dividend per share divided by price per share)
N/A
- (b) Tax Adjusted Dividend Yield as at balance date (%) (Annual net dividend per share divided by price per share)
N/A

20 ANNUAL MEETING (if full year report)

- (a) To be held at
To be advised
- (b) Date 200 Time N/A
- (c) Approximate date of availability of Annual Report N/A

If this half year report was approved by resolution of the Board of Directors, please indicate date of meeting:


.....
(signed by) Authorised Officer of Listed Issuer

.....
Tuesday, February 28, 2006
(date)

*Delete as required