

17<sup>th</sup> June 2008

## Media Release

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### AGM Address – June 2008

Good afternoon ladies and gentlemen.

I'm Rick Boven, Chairman of Directors.

Welcome to the Wellington Drive Technologies Annual General Meeting for the six month period ending December 2007. The Company has had a short financial year to more closely align our business cycles, operations and plans with those of our Customers. As we are only covering a half year, this announcement will be shorter than usual.

Before I start, I would like to say how privileged I am to take over as Chairman of Wellington Drive Technologies. It is very exciting to get involved with a company that can really make a difference to the way we use and consume electricity – and the benefits, as you will no doubt know, are global. I would like to thank Shawn Beck, the outgoing Chairman, for his six years of service to the cause and for the smooth transition.

I will start by reviewing the Company performance, before moving on to briefly discuss our plans and outlook. Ross Green will speak to you regarding our operational activities and we will then move on to the business of the meeting.

#### Overall performance

Notwithstanding we are covering six months and not a full year, it has been a crucial period for the Company.

The Company's success in securing high-volume and high quality Total Integration engineering contracts during the period was ahead of expectation. The contracts are with substantial international appliance and component companies, all of whom have revenues in the hundreds of millions or billions of dollars, and all of whom are leading companies in their markets. Today, these companies sell products and appliances numbered in the millions of units annually, and are looking to use Wellington technology to deliver improved energy performance with competitive costs. Furthermore, with each of these customers, we are in negotiations for extensions or new projects as they consider using our technology for other products



In addition to the wins we recorded for Total Integration engineering contracts, two highlights were the strong performance of the Company's ECR range for commercial refrigeration and the first volume deliveries of the DF range for the clean room fan filter market

The major challenge facing us today is delivering to customer expectations and meeting rapidly growing customer demands. Our revenue performance would have been better still if capacity had been in place last year to deliver more products and provide more engineering services. It is easy to make that judgment in hindsight, but ongoing strong demand is leading the Company to expand its investment in the key areas of the sales organization, the manufacturing and logistics capability and engineering capacity.

The aggregate result of these investments will be a significant increase in the Company's sales reach and our ability to meet rapidly rising customer demands. This is key to winning in these highly competitive markets.

### Financial Review

Revenues were up 28% for the six month period, with Product revenue up 22% and Services revenue up 291%, albeit off a small base. For comparative purposes, the twelve month year on year growth was 59% to \$12m. The loss of \$3.9m was in line with Company expectations.

Investment in the Engineering Group and the Products and Markets Group is on track. This is expensed through overheads, which continue to grow in line with the growth in capability of the Company. Much of this spend is in advance of revenue growth. We must have capacity in place before customers have the confidence to order from us in large volumes, and our goal is to be able to deliver millions of units from 2011 onwards. We are confident that we can access that volume of business. Ideally, we would have the business confirmed first and have customers pay us in advance. That would help to pay for the substantial infrastructure that we are creating and would mean that our financial results would be better. However, without the infrastructure and capacity we are developing we could not meet the expectations that customers have as a prerequisite to placing large orders; it is a classic "chicken and egg" situation.

We need cash to execute our plans, and the cash balance at 31 December 2007 was \$7.8 million. \$12.8m was received post balance date from the Global Innovator Fund of UBS. This brought our cash reserves to over \$20 million earlier in 2008, although reserves have reduced since as we continue with our investment programme. We view the investment by UBS as significant as it was made by one of their major Zurich-based international funds that focus on environmentally sustainable companies. The fund's tag line is "Solutions for the 21<sup>st</sup> Century". Sustainability will become an important driver for all businesses over the medium term. Wellington's proprietary technology has sustainability at its core and we are pleased to see a major fund recognizing that fact.

Working capital increased by \$1.2m during the period and will grow in absolute terms over the next few years. However, we continue to expect that working capital will decline relative to sales levels over time, although in absolute terms working capital will rise and investment in working capital will remain substantial.



## The Growing Business

### Sustainability and Energy Saving

I mentioned that the recent investment by UBS in our Company recognized the sustainability aspect of Wellington's technology and products. In addition, I note that one of the key financial market developments observed in the last twelve months is the increasing reference to energy efficiency as a 'resource'. Efficiency means achieving more, with less. If appliances, cars, services in general and the rest are made more efficient, then more people's needs can be met with the resources we already have. For example, if air conditioners and refrigerators become more efficient, more people's needs for comfort and chilled food can be met without requiring more electricity generating plants to be built, more coal or gas to be consumed and so on. That is how efficiency can be viewed as a "resource" or a "fuel". What was previously referred to as an invisible resource is now being recognized as real by businesses, the capital markets and governments worldwide.

Investments made in improving energy efficiency are the fastest, cheapest and most reliable way to meet the ever-increasing needs of society for more energy and, through that, to reduce climate change.

While it might seem that efficiency has become a hot topic "overnight", Wellington Drive Technologies has been at the forefront of the efficiency drive in the electric motor industry and has been "leading the charge" in some of the near-term market segments like supermarket refrigeration. It is really no wonder we are getting the kind of attention we are now – after all, small motors of the type that we deal with consume around a quarter of residential electricity and similar proportions of industrial electricity.

### Products

Returning now to look at some of the specific products and services that have been delivering this market success, I will talk first of all about our refrigeration products. Refrigeration is an area that we focused on specifically in 2007 and our focus there continues today. The refrigeration market is attractive to us because it is large and because parts of the refrigeration market are the most advanced in awareness of the benefits that efficient motors bring.

In the standard product range, the Company's ECR motor for supermarket and vending refrigeration has been the standout performer. In November we announced an order for 400,000 units. We believe that this is the largest individual order for electricity saving motors ever placed with any company. We have started the initial shipments and, as Ross Green will tell you, our customer's new product range based on our motors launches on the world stage in around one week. We have also secured increased follow-on orders from Hill Phoenix in the United States and have begun shipments to several other companies there. Sales of ECR motors are also growing well in Western and Eastern Europe. It came as a surprise to us to find that adoption of electricity saving methods by supermarkets and convenience stores in Europe was actually lagging behind the United States. This is one of the very few market areas where that has happened. However, the European market is accelerating rapidly now and we are well placed to benefit from the trend. Although market growth is still in its early days overall, the scale of supermarket refrigeration is enormous: today around 15 new supermarkets equipped with Wellington electricity saving motors open every week in the USA alone.



The Company's DD range of motors and fans is used mainly in heat recovery, domestic ventilation systems and air conditioning systems. We had hoped for better growth in the half year, although results were steady and we are in long-term supply arrangements with several leading customers. In addition we have only recently begun to expand our DD manufacturing capacity, as we have been devoting resources instead to expanding our delivery capability for ECR motors where our largest volume contracts have been obtained. Structural issues and low headcount in our European sales organization also held back DD sales growth in 2007, and we have addressed these areas in 2008.

In November 2007 the Company shipped its first large volume order of the DF range of products for fan filter units for clean room environments. This shipment via our agents ICT in Korea was for one of Samsung's LCD television semiconductor glass plants. Further orders were received and delivered in early 2008 and more orders have been obtained for delivery later in 2008. This is a premium market that offers good returns for the Company. Our relationship with ICT in Korea has expanded beyond our expectations and we have been pleased to have their support.

As I mentioned above, the Company's most notable success in the six months was the acceleration of customer uptake of Total Integration services. "Total Integration" is an engineering and manufacturing service that we provide so that specially-developed Wellington motors can be fitted seamlessly into a customer's appliance product, yielding performance and manufacturing cost benefits in high volume production. Standard products, like ECR, DD and DF motors, are important and profitable for us, but we believe that Total Integration is the aspect of our business and technology that has the potential to transform the way the mass market buys and uses electric motors in the future. Wellington is the only known company that offers an "application specific" motor service with the degree of flexibility that we have.

The Company now has five Total Integration programmes in progress at various stages and more in the pipeline to start. Though a lot of work remains to be completed on each step along each project path, medium to long term revenue prospects from these projects are high, with annual production volumes ranging from 1 million to 7 million units each, and expected production lifetime without fundamental changes of longer than 10 years in all cases.

We are being placed under heavy pressure by customers to accelerate and bring forward the introduction dates for these Total Integration projects; hence, the investments we are making in our capacity. For example, the announcement of the "North American Order for Air Conditioning and Refrigeration Equipment Development" made to the market on 22nd November 2007 concerns a Total Integration project with a customer we had been working with for more than two years and the order to move towards production came 8 months earlier than we had expected. The customer's eagerness to accelerate their own product development, and bring forward their motor technology investments, is a result of the increased focus worldwide on energy efficiency and the growing requirement for new technical solutions.

### Investing in Delivery

The Company is continuing to expand its international presence to drive revenue growth, with particular focus on North American markets in 2008, complemented by expansion of the sales team in Europe and Asia. The Company is trebling the sales team in total, with North America lifting from 5 to 20 sales personnel by the end of 2008. This is a significant investment for a company of our size, although the benefits in 2007 of bringing on staff 'in market' in 2006 were large. We expect this sales improvement performance to continue – and be replicated in other geographical regions.



The Manufacturing and Logistics Group is the second key area of investment. Our “MLG” group in Singapore deals with the manufacturing and delivery of physical products to our customers – both standard products and Total Integration items. Our first wholly-owned international manufacturing facility in Singapore has been established and is shaking down right now to start production at the end of June. This will also be the location for the management and day-to-day oversight of our entire supply chain. Singapore has been chosen because of the access to qualified manufacturing and supply chain people, and because of its role as the premier logistics hub for the Asian region.

The Singapore facility is implementing the systems and processes that are required for high volume supply directly to major appliance companies. This is called “Tier 1” supply capability and puts the Company at the top level of the industry. Wellington’s Singapore team will also be working on the improvement of manufacturing processes and the development of new manufacturing equipment that will further reduce costs.

Although the investment in our own plant is important and gives us additional capabilities and options, shareholders should note the Company will continue to outsource the majority of its manufacturing to regional contract manufacturers.

To support sales we are adding capacity at the Engineering centre in New Zealand. The aim is to decrease the time taken to move motor and solution designs from prototype to full production status. To achieve that we are focusing on higher levels of productivity from the existing team, by improving our internal processes, providing some targeted staff training and expanding the facilities to reduce time to develop components.

As Ross Green will describe in more detail shortly, we are also investing to move our manufacturing technology to the next level by adoption of advanced electronics manufacturing methods. The primary reason for the advanced electronics investment is to reduce product cost and improve margins. This new research programme will offer additional product features too, expanding the range of applications we can support. We were pleased that the Foundation for Research Science and Technology agreed to assist with this initiative by providing \$1.75 million of grant funding – the largest technology grant made by the Foundation so far in 2008, and amongst the largest they have made in total.

This will allow us to produce a much wider range of motor products, which we believe will be necessary as more of the overall market begins to demand electricity-saving motors.

## Future

There have been no material changes in outlook since our last AGM in November 2007 and the Company is now well placed to deliver increasing volumes of motors. We expect to see strong revenue growth continue in 2008, with the growth being concentrated in the second half year; the effect of the major contracts that we have begun to deliver to will become visible in the results then.

Further ahead we have excellent revenue and profit prospects, from business that is in the early stages today. We are currently working on Total Integration programmes that could lead to production volumes in the millions of units annually from 2011 onwards. The scale of business that the Company is beginning to address is large. For example, current contracts could lead directly to production volumes in the region of 15 million units in 2011. If we perform only to today’s motor industry



averages, securing that business would lead to revenues of around \$US300 million and EBIT of approximately \$US30 million. I am not making a forecast that we will achieve those figures, as much work still remains to be done to secure the business and the large production numbers associated with it. I am making it clear that the Company's goal is to do so and that is what we are building towards. In addition, given the new technology that we have developed, we expect to significantly outperform the average profitability shown by the electric motor industry today.

## Summary

The Company has a clearer path before it than at any previous time. In addition there is a substantial pipeline of work on hand that will be undertaken when we have sufficient capacity, and we see every sign that this increased demand will intensify.

Provided that we continue to obtain orders, and we remain successful in delivering increased volumes of products, we expect that the Company will trade at a breakeven position in the second half of 2009. Shareholders should note, however, that our emphasis remains on increasing the Company capability to win business and deliver to large scale orders and we will continue to focus on revenue growth as our first priority.

In summary, Wellington Drive Technologies continues to make good progress. It has become recognized as a capable supplier in its chosen markets and is building the capability to support contracts at the large scale required by major appliance companies— some of whom are now customers of the Company. The day of the conventional, low efficiency, energy wasting motor is fast coming to an end, and large volumes of efficient motors will be required to replace them. The substantial Total Integration contracts that have been obtained give a clear indication of the applicability of the Company's technology across a wide range of applications in the electric motor market – which requires a billion motors per year. The prospect for continuing rapid growth looks increasingly secure. Although revenues remain volatile and future financial results are difficult to predict with certainty, the overall trend is clearly positive and I know I can speak for the other Directors and management when I say that I am excited about Wellington's future.

I will now hand over to Ross Green to talk to you.

Thank you, Mr. Chairman. Good afternoon. It's good to see so many shareholders with us today. First of all, I join with Dr. Boven in thanking Shawn for his service to the Company, and I'm pleased that his wise counsel is staying with us on the board.

Much has been accomplished in expansion of the Company delivery infrastructure over the 7 months since I spoke to you last. Focusing first of all on the basics of the business, it is pleasing to report that sales growth continued, with another good result recorded. The sales team were notably successful in driving up sales of our motors used in supermarket and convenience store refrigeration equipment. It was great to see rapid growth in sales of our electricity-saving "ECR" motors continue. These were up over 7 times compared to the corresponding period last year and were up by 30% over the first half of 2007. Now most of you will recall that we also offer low-efficiency motors under our "AirMoVent" label, to help new customers test out our delivery performance without having to simultaneously introduce our new type of electricity-saving motor. We actually saw less demand for AirMoVent motors in the half year and I view that as good because it means that more customers began to use our



energy-saving types straight away. We are also seeing more customers prepared to take our high efficiency motors first up, without major trial projects first. I can also tell you that the improvement in revenues was achieved without full deliveries beginning on any of the large programmes we have announced recently. The effect of those – a substantial increase in revenues from present levels - will begin to be seen through the second half of 2008 and into 2009.

During the half year some additions were made to the sales team in the United States and Asia, and expansion in those areas has been more rapid subsequent to year end. Headcount in New Zealand remained largely flat although, with the investments we made in engineering facilities, team output has begun to rise. As Rick noted, engineering services revenue was up by almost 3 times in the half year. This was achieved even though a considerable level of engineering resources in New Zealand was devoted to sales support activities for securing the large contracts announced late in the year and since. Sales support is clearly an important function in our business, as a good deal of technical support is often needed before a sale of either products or services is made. However, sales support does not generate immediate revenues. Consequently, you can expect to see services revenue to continue to increase from current levels as the business develops and we work through contracts that began during the half year.

With the expansion of the sales team, generation of new leads has increased in tandem. Opportunities for new contracts are being uncovered with increasing frequency and our “pipeline” of available work stands at well above the amount that we are currently able to deliver. I expect that this situation will continue and may intensify as more of the market moves to adopt improved motors. Amongst the most significant achievements recorded by the sales team is the reduction in the period between first contact with a prospective customer and securing new business. This is an important metric for the performance of our sales team and is something that they have been emphasizing.

I’ve talked so far about particular aspects of our business that have been emphasized by the team. In a market like ours there is no shortage of business opportunities, so focusing our efforts is important. Focus is important for all companies, and it is crucially important for an organization like ours taking on larger companies on the world stage. We do not choose to compete everywhere today, nor will we do so, but we are beginning to register results that are substantial for any company. Our focus on selling our ECR energy saving motors for supermarket and convenience store refrigeration has led to the large order of 400,000 units announced in November. We have also broken through with a number of other customers who have placed rising forecasts with us for delivery during 2008 and beyond.

We focused on this particular area of the market because it gives us stable and large production volume through our supply chain. That helps reduce costs across our entire manufacturing business by giving us buying power. I’m pleased to tell you that the level of orders that we have obtained in this particular market segment means that we are one of the leading suppliers worldwide in the category: in fact we believe we are now the market leader for electricity-saving motors. In the conservative markets we serve, obtaining a leading position is especially important because it helps give new customers the confidence to buy.

Success with commercial refrigeration helps us expand our business more easily. For example, outside commercial refrigeration we have been growing our Total Integration activity by focusing on refrigeration compressors, working with Panasonic and others. We are working also with equipment for air conditioning and air handling systems and all of these areas overlap to some degree. What’s more I’m confident in our team’s capability to replicate our performance in supermarket refrigeration



in these other segments. That gives you an insight into how we plan to grow; we will continue to focus and seek to dominate new segments in succession.

Although our technology and products are new, the fundamentals of business apply to us as they do to any other company – and we aim to serve our customers better than our competitors. I believe that we have achieved that goal also because we have numerous customers today who are willing to act as references for us. That is invaluable because it helps new customers make the important first buying decision.

In this connection I believe that one arrangement we completed during the half year will prove to be particularly useful for us as a reference, as well as yielding good business directly. This was the major design, manufacturing and distribution deal announced in January shortly after the year end. The deal is with a company that is the international leader in its particular field and, under the arrangement, we are developing and manufacturing their new range of electricity-saving products. Our “DD” series of motors for ventilation and air-conditioning systems is the foundation of the new product range, which involves several power ratings and different motor configurations. Development of this new range is a major engineering undertaking and it delivered some revenue for us last year in advance of the announcement.

The first major revenue effect will be seen in 2008 as the engineering work progresses and completes, while production revenues will begin to be seen later in 2008, growing steadily thereafter if sales meet expectations. Our customer launched the first of the new range at their industry’s largest trade show in Europe in March and has reported a high level of interest from their customers; small numbers of products have been delivered by us already and our new Singapore facility is preparing for full scale production now.

Before moving on I don’t believe I can over stress the importance of obtaining the high volume orders that we have and beginning – as we are - to deliver to high volume contracts. Almost all the customers we work with want to move their entire production over to high efficiency motors. Furthermore, they are prepared to pay substantial premium prices compared to the low efficiency motors they use today. This gives me an opportunity to correct an opinion that I believe some observers have about us – which is that we use low price as a major selling point. Certainly, we are able to offer our customers commercially sensible prices, but the high efficiency motors that we deliver today are substantially more expensive than the low efficiency motors that they compete with and displace. Our customers recognize the value of paying a premium and we price realistically.

As I said, most of the customers we work with today are planning to move over entirely to high efficiency motors. They also trust us sufficiently today to want to move over entirely to Wellington motors –this is a great tribute to the efforts of our team and to the performance of our products in service.

Before customers can actually place the bulk of their business with us, however, two major things are necessary. First, we have to absolutely demonstrate that we can supply large volumes – and by that I mean hundreds of thousands of motors per month. It isn’t sufficient to talk about it and show convincing plans: we need to be able to actually do it before we can expect the support we have from customers to crystallize into business. That is what our investments in Singapore and the extension of our manufacturing activities in the Asian region as a whole are about. Second, we have to offer prices that are commercially viable for our customers. Premium pricing is acceptable, yes, but there are limits and we understand clearly today what those limits are. And to achieve the costs necessary to



enable those prices we need to be processing volume through our supply chain. Customers prefer not to start unless they are confident they can move over entirely when they choose to.

People who have been observing our Company for any length of time will have seen us affected by this conundrum; hence our decision to invest substantially in production and sales support infrastructure in advance of sales. All that hard work and investment is now beginning to deliver results.

One of the most remarkable achievements that the Wellington team has been able to make is achieving a positive margin on production and delivery of tiny – by motor industry standards – volumes of products, while still offering customers prices that are commercially viable for them. Furthermore, positive margin has been achieved while still moving customers through start-up phases where they require special versions and need test quantities at short notice. I believe that most people watching our company understand this, and – for the avoidance of any doubt – the margins that we achieve today are small compared to the levels that we will achieve as volumes grow and stabilize.

Merely increasing volume results in margin improvements as overheads throughout the supply chain are amortized over larger numbers. The best way to look at this is to realize that a certain minimum level of overhead is required for any motors to be produced and delivered: then large numbers can be delivered without overheads increasing markedly. What's more, as volumes increase, field experience grows and customers are gaining confidence to accept certain design changes that we propose to make to our motors that substantially reduce production costs, while offering products that are easier and more effective for customers to use.

I'm now going to mention one of the ways we are going to increase our returns over the next few years. By now most of you will be aware of the support we have received from the New Zealand Foundation for Research, Science & Technology to assist with our development of “advanced fabrication” electronics technology for our motors. The principal reason for the investment is to improve our operating margins while offering great prices to customers. We are using sophisticated techniques, that come under the general heading of “silicon systems”, to reduce costs by lowering the amount of material needed while also reducing the number of process steps used in production. We believe we are bringing these methods to the volume appliance motor industry for the first time. Recalling the comments I made earlier, the reason we can do it is because we have obtained some orders which are large enough to make these methods cost effective. As well, in the future our use of advanced fabrication technology will mean that we can offer customers some new performance features that are not available in our markets. We believe that the availability of these features will substantially expand the size of the market that we can access.

#### Total integration

So far I have talked mainly about our standard products business. The supply chain that we are strengthening is also important for the special purpose products that we are developing under paid contract to major international companies. We are operating several of these special developments simultaneously at the moment. We call these contracts “Total Integration” projects, because the designs combine with and fit into – in other words, “integrate” with – the customer end product. These designs are all for companies that produce millions of units each year right now and the Wellington Total Integration designs – if they meet expectations – will be manufactured in those quantities and supplant the customers' current products.



What's more, all the companies we are currently working with are requesting more work from us on other products in their ranges. Provided that we delivery satisfactorily on the projects we are completing now there is a long "pipeline" of new work available for us. As you can imagine, it is much more cost effective and efficient to obtain more work from established customers, rather than obtaining and developing new customers continually. This is a major reason that we have aimed to develop business with large scale organizations in the first place. Finally, under all the arrangements we have at the moment, Wellington will be producing all or part of the finished product. That helps to reduce costs across our product range by passing more volume through our supply chain.

I can't share with you precisely with whom we work, or give you exact details of the projects; however, we are working on developments for air conditioning equipment, refrigerators, fans and domestic appliances, while our customers are leaders in the industries that we target.

400,000 piece order

Our Total Integration projects will give us good volume of production in the future. As you know, though, last year we recorded a milestone single order for 400,000 of our ECR electricity-saving motors for commercial refrigeration systems, and that is beginning to give us good production volume now. We have begun delivering to that order following the completion by the customer of extensive accelerated life tests and field tests. We also received the crucial approval from US Underwriters' Laboratories - who give the UL safety mark that you will see on most products – that enables sales in the United States. Now it took a little longer than our customer expected to complete the life tests and trials, and from our side it took longer to complete the UL approvals than we expected. However, all that is behind us now and we have begun delivering to the full schedule. What's more, our customer has advised us of their decision to move all of their motor requirements over to us as soon as we have the production capability in place to meet their demands. This is an important statement of their confidence in our product line and underlines what our products mean for their business. Those total numbers are substantially larger than the 400,000 announced so far. Remember also that these quantities are annual – in other words, 400,000+ motors every year – and will continue indefinitely provided we meet the customer's expectations. We still have some work to do before we are ready to meet all their demands – and getting that business of course depends on our team continuing to deliver and perform satisfactorily – but progress is good and it's a great achievement reaching this point. In fact our customer launches their new range of electricity-saving products based on our motors in around one week from now at a major industry event in North America.

Going forward

At Wellington, we believe our efforts have played a significant part to increase the speed of uptake of electricity-saving motors in the market as a whole.

Our Total Integration offer means that large companies who, previously, had not been able to consider electricity-saving motors are now able to do so and many are now actively moving to use our methods. This is a great achievement by Wellington's sales and technical teams. However, I stress again it is no use to customers if we only make promises. We have to deliver as well and customers do not want small projects. So we are ensuring that we have sufficient capacity to deliver to customer expectations. Now we have increased capability we are changing the commercial offers that we make so that, in most cases, we will be supplying all or part of the Total Integration product when it reaches



series production. As I mentioned earlier, as customers gain confidence in our ability to deliver, time to market is reduced. That meets both customer needs and our own targets.

We are also making further investments in our internal rapid prototyping capability with the objective of reducing still further the time required to move from a design through to the stage where a product is ready to enter production. Following the investments we made in facilities last year we are now able to move from the earliest stages of a design, through to prototype level in around 6 weeks. Our next goal is to achieve production status around 12 weeks after starting a design. These are important goals and we believe that, when we obtain them, our product development and introduction cycle will be the fastest in the industry. Development speed is valuable in competitive markets where product “churn” is becoming ever faster and product development cycles are shortening. I should explain that this “churn” usually involves minor – although important - modifications to a basic platform; the platforms themselves tend to stay in production for long periods, often over 10 years, and are progressively modified over time and improved. Today we are going through the stage of establishing new platforms with customers, which is a larger and more time consuming exercise. Once we get through this stage of establishing new platforms the road will become a little easier, one reason why we are confident that our revenue and profit growth will continue to accelerate.

In tandem with these investments, we are working on our internal management processes across the Company aiming to improve our engineering efficiency so that we can complete projects more quickly, and handle more projects simultaneously. We are also planning some modest increases in headcount within our engineering team, both in New Zealand and in Singapore, to lift our overall capacity still further.

Going forward we are also improving the technical delivery capability at some of our other international divisions. The focus of the New Zealand team will be advanced development and project work up to prototype level. Our Singapore team is close to our manufacturing plants and is building a manufacturing engineering capability to accelerate new products into production, while Wellington’s team based in the United States is strengthening its sales engineering and customer support capability.

### Standard products

The same techniques and strategies I’ve talked about for Total Integration projects are also useful for our standard products business. What’s more I expect you can see that if we can handle rapid development for customers on special projects, we can also speed up the introduction of upgrades and new products for our standard catalogue. That’s important because, given the leading position that we believe we have achieved for supermarket and vending refrigeration, customers are asking us to offer an expanded product range that covers their niche requirements also so that they can put the benefits of Wellington products into service across their entire range.

In a similar fashion we are being asked to expand the range of products that we offer for clean room ventilation and for air conditioning systems. I emphasize again that we have only begun to scratch the surface of the electric motor market. Furthermore, many of our standard product customers have heard and understood our Total Integration message and are asking for variants of our standard products with enhancements that make their own final assembly processes easier, reduce the component count in their end product, improve performance, and so forth. Our sales people are able to work with the end customer to understand their detailed requirements and determine how we can most efficiently serve them. In line with these technical requirements we are also developing a range of standard commercial offers for customers that take into account the different services that



Wellington can make available. We believe that these offers will make great sense for customers and will also improve our own financial performance by lifting the efficiency of the service that we provide.

Our team has achieved excellent results with our ECR products for supermarket and vending refrigeration. Our target is to not merely lead, but to dominate this particular market segment over the coming years and, what's more, the same strategies will serve us well as we seek to achieve a comparable position in other areas.

It is an exciting time for the team as we are finally beginning to obtain the level of business we have been driving towards for several years, and we are firmly on track to deliver the commercial returns that we seek. I'll now hand back to Rick for the business of the meeting.

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

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