Wellington Drive Technologies Ltd

Annual Results Announcement to the Market

Reporting Period: 12 Months to 31 December 2008 (unaudited)

Previous Reporting Period: 6 months to 31 December 2007 (audited)

Key Points:

1. Revenue at $14.5m for the twelve month period to 31 December 2008, up 26% on the corresponding 12 month period;

2. Reported loss of $9.0m is $1.9m favourable against the projected loss in the prospective financial information in the Prospectus issued on 9 January 2009 (the “Prospectus”), due to $1.8m higher than projected unrealised foreign exchange (“FX”) gain;

3. Commercial refrigeration success continues – full year ECR revenue grew by 138%; and,

4. Global footprint grows; Manufacturing and Logistics Head Office established in Singapore, regional sales offices established in Chicago, and expanded in Singapore and Istanbul.

Commentary

2008 was a significant year for Wellington as the establishment of the operating base that has been in progress for some time reached a stage sufficient to support rapid growth in 2009 and beyond. During the year the Company achieved a number of milestones:

- The opening of the Company's Manufacturing and Logistics centre in Singapore, as well as the establishment of two commercial refrigeration ('ECR') motor manufacturing operations in China;
- The opening of a Sales and Distribution facility near Chicago in the USA and the initiation of volume sales to Vendo de Mexico;
- Continued strong growth in ECR sales – particularly in the second half of the year. Full year ECR revenue grew by 138%;
- The Company was awarded a FoRST grant for $1.75m for long term research and development in support of the Company's electronics and software capability, the benefits of which will be received from 2009 onwards; and,
- The Company received industry endorsement for the energy saving ECR range through joining the Energy Star programme in the US.

Financial Review

- Revenue of $14.5m for the twelve month period to 31 December 2008 was up 26% on the previous 12 month period. Revenue was down $0.3m against the revenue projected in the Prospectus;
- Operating costs, including depreciation, rose by 80% against the 12 months to 31 December 2007as the Company implemented its expansion plan and lifted its global sales, logistics and manufacturing capability, and strengthened its engineering and sales support functions;
- The reported loss for the 2008 year of NZ$9.0m was NZ$1.9m lower than the figure provided in the prospective financial information due to a favourable NZ$1.8m unrealised gain on foreign exchange holdings that resulted from the significant fall in the NZ dollar in the last two months of 2008; and
- Working capital growth during the year was consistent with the existing sales growth and that projected in 2009 in the prospective financial information in the Prospectus.

Outlook

- Shareholders should refer to Wellington's Prospectus and Investment Statement dated 9 January for a summary of the outlook for the Company. Specifically, page 5 of the Prospectus Overview states that "The Company expects and is planning on significant growth in sales revenues during 2009. Indicative orders that account for the greater part of the projected 2009 revenues have already been obtained. For 2009 Wellington is budgeting to sell more than 1 million motors; a considerable achievement even by global electric motor market standards. Growth in sales will be accompanied by improved gross margins from the second half of 2009 and into 2010. Combined with tight control of overhead expenditure this profile is expected to deliver a much reduced loss in the second half of 2009. Breakeven in the second half of 2009 remains the Board's and management's target."

- Page 17 of the Prospectus states: "Wellington has not prepared budgets for 2010. However, assuming some further growth in sales, ongoing control of operating costs, that the Company achieves its targeted level of gross margin by the end of 2009 and that any future capital requirements are met, Wellington would expect to operate profitably in 2010."

Rights Issue

Applications for shares under Wellington's current 1:3 rights issue close on Friday February 27.

Cornerstone shareholder

In the Prospectus, it is stated that:

> *"At this stage it is Wellington's intention that any future requirement for equity will be met by introducing a cornerstone investor, probably US-based, with a 'CleanTech' focus."*

In addition, the Prospectus advises shareholders that:

> *"Wellington has initiated contact with potential investors, but discussions remain at an early stage."*

For the avoidance of doubt, we note that discussions with potential CleanTech investors continue and remain at an early stage. Furthermore, subsequent to the issue of the Prospectus, Wellington has received an unsolicited approach from a potential corporate shareholder with whom we have had preliminary discussions and with whom we expect to initiate more detailed discussions. We emphasise that discussions are at an early stage and that there can be no certainty that any particular outcome or any outcome will be achieved. These discussions are in strict confidence and no further comments can be made at this time.

Furthermore, we advise that, subsequent to the issue of the Prospectus, we have been approached by two other substantial international organisations seeking business alliances in specific areas. These approaches do not currently envisage a cornerstone shareholding or any shareholding role and are at an early stage with no certainty of any particular outcome or any outcome.

Wellington is in the process of finalising the appointment of an investment bank to manage the Company's overall cornerstone shareholder process.

WELLINGTON DRIVE TECHNOLOGIES LIMITED

Consolidated Income Statements
for the year ended 31 December 2008

	12 months ended 31 Dec 08 $000s	6 months ended 31 Dec 07 $000s
Revenue	14,508	5,081
Cost of sales	(13,602)	(4,792)
Gross profit	906	289
Other income	4,543	391
Operating expenses	(14,838)	(4,890)
Earnings before Interest & Taxation (EBIT)	(9,389)	(4,210)
Finance income	650	323
Finance expenses	(300)	(44)
Loss before income tax	(9,039)	(3,931)
Income tax expense	-	-
Loss attributable to equity holders for the period	($9,039)	($3,931)
Basic earnings per share – cents	(2.70)	(1.28)
Diluted earnings per share – cents	(2.70)	(1.28)

The above Income Statement should be read in conjunction with the accompanying notes.

Consolidated Statements of Movements in Equity
for the year ended 31 December 2008

	12 months ended 31 Dec 08 $000s	6 months ended 31 Dec 07 $000s
Equity at beginning of period	17,626	21,567
Net loss for period	(9,039)	(3,931)
Movement in Reserves	(724)	(6)
Total recognised income and expense for period	(9,763)	(3,937)
Contributions of equity	12,890	-
Costs related to issues of new equity	(142)	(4)
Equity at end of period	$20,611	$17,626

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

These Financial Statements have NOT been audited.

WELLINGTON DRIVE TECHNOLOGIES LIMITED

Consolidated Statements of Financial Position as at 31 December 2008

	31 Dec 08 $000s	31 Dec 07 $000s
CURRENT ASSETS		
Cash and cash equivalents	5,923	7,837
Trade and other receivables	7,458	3,461
Inventories	8,498	5,192
Total current assets	21,879	16,490
NON CURRENT ASSETS		
Plant & equipment	3,260	2,204
Intangible assets	3,198	2,966
Total non current assets	6,458	5,170
Total assets	28,337	21,660
CURRENT LIABILITIES		
Trade and other payables	4,906	2,779
Bank finance facilities (secured)	2,375	955
Provisions	200	156
Current portion of lease liability (secured)	51	22
Total current liabilities	7,532	3,912
NON CURRENT LIABILITIES		
Lease liability (secured)	194	122
Total liabilities	7,726	4,034
Net assets	$20,611	$17,626
EQUITY		
Contributed equity	68,550	55,802
Accumulated losses	(47,028)	(38,305)
Other reserves	(911)	129
Total equity	$20,611	$17,626
Net tangible assets per share	5.2 cents	4.8 cents

The above Balance Sheet should be read in conjunction with the accompanying notes.

These Financial Statements have NOT been audited.

WELLINGTON DRIVE TECHNOLOGIES LIMITED

Consolidated Cash Flow Statements
for the year ended 31 December 2008

	12 months ended 31 Dec 08 $000s	6 months ended 31 Dec 07 $000s
Cash flows from operating activities		
Receipts from customers exclusive of GST	10,972	4,932
Payments to suppliers and employees exclusive of GST	(25,194)	(9,725)
Net GST (paid)/received	(17)	83
Cash utilised in operations	(14,239)	(4,710)
Interest received	650	323
Interest paid	(300)	(44)
Net cash outflow from operating activities	(13,889)	(4,431)
Cash flows from investing activities		
Payments for plant & equipment	(2,110)	(294)
Payments for intangible assets	(1,019)	(540)
Proceeds from sale of plant & equipment	291	-
Net cash outflow from investing activities	(2,838)	(834)
Cash flows from financing activities		
Cash proceeds from share issues, net of issue costs	12,748	(4)
Proceeds from borrowings	1,130	-
Shareholder oversubscriptions	-	(1,638)
Net cash inflow / (outflow) from financing activities	13,878	(1,642)
Net decrease in cash and cash equivalents	(2,849)	(6,907)
Cash and cash equivalents at the beginning of the financial period	7,837	14,744
Effect of exchange rate movements on cash	935	-
Cash and cash equivalents at end of period	$5,923	$7,837

The above Cash Flow Statement should be read in conjunction with the accompanying notes.

These Financial Statements have **NOT** been audited.

Notes to the Financial Statements
for the year ended 31 December 2008

1. GENERAL INFORMATION

Wellington Drive Technologies Limited (the Company) and its subsidiaries (together the Group) are technology companies that develop, manufacture, market and sell energy saving, electronically commutated (EC) motors and fans for worldwide use. The Company and its subsidiaries are profit oriented entities.

The Company is a limited liability company incorporated under the Companies Act 1993 and domiciled in New Zealand. It is listed on the New Zealand Stock Exchange ("NZX") and is an issuer in terms of the Financial Reporting Act 1993.

The Company changed its balance date from 30 June to 31 December. As such the December 2007 financial statements reported on the six months from 1 July 2007 to 31 December 2007 only.

The Company continues to adopt the going concern assumption in the preparation of the financial statements which assumes the rights issue due to close on 27 February 2009 is successful.

The report and results are based on financial statements which are in the process of being audited. These condensed consolidated financial statements have NOT been audited.

These condensed consolidated financial statements have been approved for issue on 24 February 2008.

The Annual Report is expected to be available on or about 23 March 2009.

The comparative figures have been restated, particularly in the Income Statements, to align the presentation with the prospective financial information that was included in the Prospectus and Investment Statement dated 9 January 2009. In addition, 2007 royalty income of $12,000 has been reclassified from Other Income to Revenue.

2. ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these condensed consolidated financial statements are consistent with those applied by the Group in its financial statements as at and for the period ended 31 December 2007.

3. SHARE CAPITAL

CONSOLIDATED & PARENT	31 Dec 08 Shares	31 Dec 07 Shares	12 months ended 31 Dec 08 $000s	6 months ended 31 Dec 07 $000s
Ordinary shares – fully paid	337,080,927	306,080,927	68,525	55,802
Ordinary shares – partly paid	4,950,000	-	25	-
Total ordinary shares on issue	342,030,927	306,080,927	$68,550	$55,802

(a) Ordinary shares – fully paid

	31 Dec 08 Shares	31 Dec 07 Shares	12 months ended 31 Dec 08 $000s	6 months ended 31 Dec 07 $000s
Opening balance of ordinary shares on issue	306,080,927	306,080,927	55,802	55,806
Issues of ordinary shares during the period:				
Issue costs re June 2007 rights issue at 10 cents for cash	-	-	-	(4)
January 2008 issued at 41.5 cents for cash	31,000,000	-	12,723	-
Ordinary fully paid shares on issue at period end	337,080,927	306,080,927	$68,525	$55,802

All ordinary shares are authorised and have no par value. Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on shares held.

(b) Ordinary shares – part paid

	31 Dec 08 Shares	31 Dec 07 Shares	12 months ended 31 Dec 08 $000s	6 months ended 31 Dec 07 $000s
Part paid shares outstanding at start of period	-	-	-	-
September 2008 issue of partly paid shares at 31.12 cents paid to 0.5 cents	4,950,000	-	25	-
Surrendered	-	-		-
Ordinary part paid shares on issue at period end	4,950,000	-	$25	$ -

In June 2008 the Company established a Partly Paid Share Scheme to enable certain employees to acquire shares in the Company. Under the Scheme the issue price of the part-paid shares is the weighted average of the market price 10 trading days prior to the issue date and 0.5 cents per part-paid share is required to be paid on issue. Wellington Drive Technologies Share Scheme Trustee Limited (WSST) acts as trustee holding the part-paid shares on behalf of employees. These partly paid shares are not quoted on the NZX and are not tradable. After a minimum period of 3 years (but on or before the 4th anniversary of the issue date), provided the market price (i.e. the hurdle price) for the Company's shares has increased by 30% above the issue price on the date of the 3rd anniversary of the issue, employees can settle the unpaid balance of their part-paid shares and transfer the shares to their name or the name of their nominated trustee.

At the Annual Meeting of the Company held on 17 June 2008, shareholders approved the issue of 1,400,000 part paid shares to Dr Ross Green, the Company's Chief Executive Officer pursuant to the Scheme. These 1,400,000 part paid shares were issued in September 2008 along with 3,550,000 (relating to senior management) to WSST. Further details of partly paid shares on issue are summarised below:

Issue Date	Earliest date to exercise	Expiry exercise date	Share hurdle price (cents)	Partly paid share price (cents)	Balance payable on exercise (cents)	Outstanding at December 2008 (numbers)	Outstanding at December 2007 (numbers)
15 Sep 2008	15 Sep 2011	15 Sep 2012	40.5 cents	31.12	30.62	4,950,000	-

(c) Share options (numbers)

	31 Dec 08 Shares	31 Dec 07 Shares
Options outstanding at start of period	7,400,000	9,000,000
Exercised	-	-
Lapsed	(500,000)	(1,600,000)
Surrendered	(6,000,000)	-
Outstanding at end of period	900,000	7,400,000

At 31 December 2008, a number of grants of share options had been made pursuant to the Wellington Employees Share Option Plan (ESOP) to employees and the Chief Executive. No new grants under this scheme are intended to be made. The ESOP was originally approved by shareholders at the General Meeting held on 28 November 2000. Subsequently in the General Meeting held on 14 November 2006 shareholder approval was granted to increase the number of options under the ESOP from 3,000,000 to 10,000,000 options. All options are exercisable 3 years after the vesting date (i.e. the date an offer to an employee or executive director is made to take up options) and must be exercised within 30 business days after the expiry of the 3 year period. The price at which options can be exercised under the ESOP is the weighed average market price for the 10 trading days on the N.Z. Stock Exchange prior to the date on which an offer is made plus a premium of 30%. Further details of share options granted are summarised below:

Vesting Date	Expiry date	Exercise price (cents) [1]	Outstanding at December 2008 (numbers)	Outstanding at December 2007 (numbers)
28 Oct 05	9 Dec 08	31.7	-	500,000
13 Mar 07	27 Apr 10	50.4	900,000	4,900,000
20 Jun 07	30 Jul 10	49.4	-	2,000,000
			900,000	7,400,000

1. The stated exercise price has been adjusted for the effect of cash issues in December 2005 and in June 2007 in accordance with the terms of the Wellington Employees Share Option Plan.

4. EARNINGS PER SHARE

(i) Basic

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

	12 months ended 31 Dec 08	6 months ended 31 Dec 07
Loss attributable to equity holders of the Company	(9,039,000)	(3,931,000)
Weighted average number of ordinary shares in issue (thousands)	335,297	306,081
Basic earnings per share	(2.70 cents)	(1.28 cents)

(ii) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all share options. A calculation is made in order to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of share options.

	12 months ended 31 Dec 08	6 months ended 31 Dec 07
Loss attributable to equity holders of the Company	(9,039,000)	(3,798,000)
Weighted average number of ordinary shares in issue (thousands)	335,297	306,081
Adjustment for share options	-	-
Weighted average number of ordinary shares for diluted earnings per share (thousands)	335,297	306,081
Diluted earnings per share	(2.70 cents)	(1.28 cents)

5. DIVIDENDS

No dividends have been declared.

6. COMPARISON TO PROSPECTIVE FINANCIAL INFORMATION

The Prospectus and Investment Statement dated 9 January 2009 for Wellington Drive Technologies Limited one for three renounceable rights issue contained two years prospective financial figures to 31 December 2008 and 2009. The following information is a comparison of the unaudited prospective financial statements of Wellington Drive Technologies Limited from the 9 January 2009 prospectus with the unaudited actual results for the year ended 31 December 2008.

Consolidated Income Statements

	UNAUDITED Actual 12 months ended 31 Dec 2008 $000s	UNAUDITED Prospective 12 months ended 31 Dec 2008 $000s
Revenue	14,508	14,798
Cost of sales	(13,602)	(14,098)
Gross profit	906	700
Other income	4,543	2,696
Employee costs	(7,801)	(7,522)
Other operating expenses	(5,151)	(5,175)
Earnings before Interest, Taxation, Depreciation & Amortisation (EBITDA)	(7,503)	(9,301)
Depreciation & amortisation	(1,886)	(2,103)
Earnings before Interest & Taxation (EBIT)	(9,389)	(11,404)
Finance income	650	677
Finance expenses	(300)	(238)
Loss before income tax	(9,039)	(10,965)
Income tax expense	-	-
Loss attributable to equity holders for the period	($9,039)	($10,965)

Consolidated Statements of Changes in Equity

	UNAUDITED Actual 12 months ended 31 Dec 2008	UNAUDITED Prospective 12 months ended 31 Dec 2008
Equity at beginning of period	17,626	17,626
Net loss for period	(9,039)	(10,965)
Movement in Reserves	(724)	240
Total recognised income and expense for period	(9,763)	(10,725)
Contributions of equity	12,890	12,865
Costs related to issues of new equity	(142)	(142)
Equity at end of period	$20,611	$19,624

Consolidated Balance Sheets

	UNAUDITED Actual as at 31 Dec 2008 $000s	UNAUDITED Prospective as at 31 Dec 2008 $000s
CURRENT ASSETS		
Cash and cash equivalents	5,923	4,053
Trade and other receivables	7,458	7,237
Inventories	8,498	6,870
Total current assets	21,879	18,160
NON CURRENT ASSETS		
Property, plant & equipment	3,260	2,611
Intangible assets	3,198	3,040
Total non current assets	6,458	5,651
Total assets	28,337	23,811
CURRENT LIABILITIES		
Trade and other payables	4,906	1,956
Bank finance facilities (secured)	2,375	1,793
Provisions	200	193
Current portion of lease liability	51	52
Total current liabilities	7,532	3,994
NON CURRENT LIABILITIES		
Lease liability	194	193
Total liabilities	7,726	4,187
Net assets	$20,611	$19,624
EQUITY		
Contributed equity	68,550	68,525
Accumulated losses	(47,028)	(49,269)
Other reserves	(911)	368
Total equity	$20,611	$19,624

Consolidated Statements of Cash Flows

	UNAUDITED Actual 12 months ended 31 Dec 2008	UNAUDITED Prospective 12 months ended 31 Dec 2008
Cash flows from operating activities		
Receipts from customers exclusive of GST	10,972	13,066
Payments to suppliers and employees exclusive of GST	(25,194)	(27,788)
Net GST (paid)/received	(17)	15
Interest received	650	677
Interest paid	(300)	(238)
Net cash outflow from operating activities	(13,889)	(14,268)
Cash flows from investing activities		
Payments for plant and equipment	(2,110)	(1,414)
Payments for intangible assets	(1,019)	(825)
Proceeds from sale of plant and equipment	291	-
Net cash outflow from investing activities	(2,838)	(2,239)
Cash flows from financing activities		
Cash proceeds from share issues, net of issue costs	12,748	12,723
Proceeds from borrowings	1,130	-
Net cash inflow from financing activities	13,878	12,723
Net decrease increase in cash and cash equivalents	(2,849)	(3,784)
Cash and cash equivalents at the beginning of the financial year	7,837	7,837
Effect of exchange rate movements on cash	935	-
Cash and cash equivalents at end of the period	$5,923	$4,053

The major reasons for the difference between the prospective financial information and actual figures are as follows:

Income statement
The actual results for 2008 were broadly in line with the prospective financial information with the exception of Other Income, where there was a favourable foreign exchange gain of $1.8m. Actual operating revenue is down slightly against the prospective financial information due to customer shipments being slightly lower than projected in the December month, with some volume moving into the first quarter of 2009. Gross Profit was higher than projected. Operating expenses were up due to a provision for the reorganisation of European distribution arrangements and unfavourable exchange rate movements increasing the NZD equivalent of SGD and USD based costs. Depreciation was lower than projected due to a lower rate of depreciation for new Singapore assets.

Balance Sheet
Actual cash and cash equivalents were higher than projected due to lower payments over the year end close, and the prospective financial information projecting cash net of the Turkish subsidiary's overdraft. Inventories and trade payables were higher than projected due to increased stock build to meet 2009 demand, more favourable terms from suppliers and higher work in progress in stock than projected. Property, plant and equipment was higher due to lower depreciation rates applied in Singapore, an unfavourable exchange rate on new assets in Singapore against the rate used in the prospective financial information and higher than projected spend.