

Wellington[®]

Annual General Meeting

June 16th, 2009



WT6407

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Agenda

- Introductory comments
- Chairman's address
 - Rick Boven
- Chief Executive's address
 - Ross Green
- Business of the Meeting

- 2 -



Good afternoon.

I'm Rick Boven, Chairman of Directors. Welcome to the WDT AGM for the 12 months ending 31st December 2008.

With me are other Board members Ray Thomson, Simon Mander, Professor Ray Meyer and Ross Green.

I will also introduce officers of the company who are attending the meeting today, including Steve Hodgson, Vice President Corporate Services and Ron Jackson, Company Secretary.

Preliminary

- Professor Ray Meyer
 - Retires from the Board today
- Rights Issue
 - Full amount sought (\$11.4 million) raised in difficult market conditions
 - Strong support by shareholders is acknowledged and appreciated



First I want to acknowledge the contribution of Professor Ray Meyer, who is retiring from our Board today. Professor Meyer joined the Board in 2003. As many of you will know, Professor Meyer is a Professor Emeritus of The University of Auckland, having been a Professor of Mechanical Engineering and a former long serving Dean of the Faculty of Engineering. His wise counsel regarding technical matters and engineering management has proved of great value. However, he also brought with him considerable commercial experience as a Director of a number of companies, including New Zealand Oil & Gas as Deputy Chairman and Pike River Coal. In his former roles he was a Director of Electricity Corporation of New Zealand Ltd, Transpower New Zealand Ltd, Deputy Chairman of Watercare Services Ltd, Deputy Chairman of Auckland UniServices Ltd, and Chairman of the New Zealand Forest Research Institute Ltd.

Professor Meyer's wise counsel will be missed, and I ask you to join me now in a vote of thanks to him.

I also want to acknowledge the support of shareholders for the Rights Issue that was successfully completed in March, raising \$11.4 million. Times are uncertain, and the Board recognizes the strength of shareholder support evidenced through the Issue.

Review of 2008

- Revenues \$14.5 million, up 26%
- Loss \$9.6 million
- 360,000 motors delivered
- Deloitte Fast 50/Asia Pacific Fast 500
- Strengthened sales, manufacturing, logistics
- Preparation for growth

- 4 -



Today I plan provide brief comments on last year's result and then share our views about what we believe will be achieved over the next year or so.

Although our major markets in North America and Europe were already in the grip of recession during the 2008 reporting period, we were still able to record revenues 26% ahead of the previous 12 months, assisted by strong growth in our sales of motors – our ECR products - for supermarket and convenience store refrigeration systems. We were able to achieve this growth because of the efforts made over the past few years to gain business with industry leaders such as Hill Phoenix in the USA, who supply Wal-Mart, and Vendo de Mexico, a supplier to Coca-Cola. As you know, we have made substantial investments to capture business with those leaders. Some benefits from these efforts are beginning to come through, especially in these times. For instance, Wal-Mart is one of the few companies in the United States that has reported increased sales over the past year, despite the recession, which is perhaps one reason that our direct customer Hill Phoenix – Wal-Mart's supplier of refrigeration equipment - has, in turn, lifted their orders placed with us.


We are targeting rapid growth, and we had hoped to achieve even more during the year. Nevertheless, our performance saw us in the Deloitte Fast 50 rapid growth companies in New Zealand – at number 32 - and also part of the Asia Pacific Fast 500, achievements that very few manufacturing companies have registered, especially in these times.

Trading Update

	Updated forecast				Normal Variance	9 January Prospectus		
	H1	H2	Full Year	H1		H2	Full Year	
	NZ\$m	NZ\$m	NZ\$m	NZ\$m		NZ\$m	NZ\$m	NZ\$m
Revenue	10.5	23.2	33.7	+ - 10%	15.6	24.5	40.0	
Gross profit	0.7	5.2	5.9		1.7	5.6	7.3	
Operating expenses	- 8.0 -	- 7.1 -	- 15.2	-	- 7.3 -	- 7.1 -	- 14.4	
Depreciation and Amortisation	- 1.0 -	- 1.1 -	- 2.1	-	- 1.2 -	- 1.3 -	- 2.6	
EBIT	- 8.3 -	- 3.0 -	- 11.3	+ - 10%	- 6.8 -	- 2.8 -	- 9.7	
Net finance income	- 0.08 -	- 0.02 -	- 0.09		- 0.07 -	- 0.05	- 0.02	
Net Profit After Tax	- 8.4 -	- 3.0 -	- 11.4	+ - 10%	- 6.8 -	- 2.9 -	- 9.7	

- Released to the market last week, on completion of revised budgets
- More information on some points

- 5 -



I know that most of you will be more interested in how the business is operating now, and what we expect over the remainder of the year and going forward.

I want to cover that off now by looking in more detail at the trading update we issued to the market last week, after completion of a budget revision.

The key points from this are that our expectations for the second half year have not changed substantially compared to the Prospectus issued in January; we expect to achieve 130% growth for the full year compared to 2008. The first five months of this year have proved to be rather more volatile and less successful than expected, although we achieved 60% growth compared to the same period in 2008. Most of the revenue shortfall has been due to orders being deferred as a result of the widespread recession that is affecting all the markets in which we operate.

You will see also that we are issuing a band to the guidance going forward. I emphasize here, and you will hear me say this again today, that our results remain subject to many influences, and we cannot yet predict outcomes with any certainty.

1st 6 Months +60%

- Market backdrop
 - Unprecedented volatility
 - Up & down, not down only
- Q1: North America strong
 - Asia, Europe weak
- Q2 weaker in North America
 - Europe recovers, Asia stirs

- 6 -



As we near the end of the first half of this year and despite a back drop of unprecedented uncertainty and volatility in markets worldwide, we have seen 60% revenue growth compared to the same period in 2008. We had hoped for and planned to achieve higher growth. Nonetheless, our growth in these conditions is something that few other companies have been able to achieve.

By way of comparison, our two major competitors in high efficiency motors reported sales declines of 40% and 27% over a similar period. It is encouraging that those companies reported their high-efficiency motor sales were less affected than their conventional motor sales.

The first six months of this year divided into two distinct quarters. In the first quarter, sales and enquiry levels were strong in North America. By comparison, Asia was very quiet and sales in Europe were weaker than expected. Enquiry levels in Europe dropped back also.

The second quarter was weaker in North America than expected, possibly because of over-ordering by customers in the first quarter, although Europe began to recover and Asia has also picked up.

When I say “volatility” I emphasize that means “up and down”, not merely down. February for instance came out slightly above the levels we projected in January, and March was close to projections. While it is good to see demand sustained, periods of high demand followed by lower demand are unwelcome, as we need to have stable or predictably growing levels of demand to help us optimize the performance of our supply chain.

Internal changes at Wellington

- Completed closure of United Kingdom operation
- Stator manufacturing moved to Singapore from New Zealand
- “In-sourcing” to Singapore
 - Low volume processes from China, Malaysia
 - Better on-going costs

- 7 -



While we have been handling rapid growth in sales, the reorganization of our manufacturing and logistics arrangements continued in the first half of this year, and is on going.

We completed the closure of our United Kingdom operation in March, and are now operating well with contracted warehousing and seeing a significant on-going cost savings.

In April we completed the move of our stator manufacturing operations from New Zealand to Singapore. Both operations ran in parallel for much of the first quarter, so we could ensure that the new Singapore production line was stable and producing consistent quality. That duplication had a short term impact on costs, although the move provides good on-going savings, gives us greater flexibility and reduces the time to deliver to Northern hemisphere markets.

In addition, we have been making more use of our Singapore facility by moving some low volume processes into it from contracted locations in Malaysia and China. For lower-volume, specialized work, short-notice deliveries and some other work costs are lower using our own Singapore operation rather than contract arrangements in locations that headline lower costs. Part of this benefit comes from the efficient and low cost logistics arrangements that can be accessed in Singapore, but are less available from China.

This does not affect our bulk manufacturing operations in China, where we obtain good results and satisfactory costs. In fact, part of the work in Singapore involves finishing subassemblies that are produced in bulk in China.

Some processes are still being moved in to Singapore, although we expect the current phase of the Singapore manufacturing development to be completed by July.

Launch/Preparation of 6 New Products

- Three new products in the ECR commercial refrigeration range
- Three new products in the ventilation products range



- 8 -



During 2008 and continuing this year we have been developing 6 new products. Three of these are additions to our range of ECR products for commercial refrigeration, and three others are high performance ventilation products developed with our OEM partner, as announced in January 2008. Five of these products expand our market coverage into areas that we do not fully address today, while the sixth offers improved performance and is easier for customers to use. All of these products are expected to help lift our margins as they flow out into the market.

I have examples of some of these here today.

We expect all of these products to be good contributors to profits in the future. Some have already been released to customers as samples for tests and evaluation, and the others will begin sales over the next 6 to 9 months.

Ross Green will have more to say about these new products shortly.

Effects of One-Off Events Seen

- Freight
- Exchange rates
- Stock write-offs associated with UK closure
- Field software upgrade
- Manufacturing start-up on new lines
- Manufacturing reorganization/transfers

Net adverse effect of ~\$0.6 million from one-off events

Partly offset by operating expenditure review

- 9 -



Our results in 2008, and also so far this year, show the effects of numerous one-off events.

Some of these one-offs are associated with reorganization, such as additional freight costs and write-off of some stocks associated with the closure of our UK operation. Others are due to start-up of new products and the shakedown of new manufacturing lines.

We also found it necessary to carry out an upgrade of the software in some motors already in stock in the US and Europe, when some of our customers there ran into difficulties when using high efficiency refrigeration cabinets in some new situations. While several solutions were possible, the most effective way of dealing with these problems was changing our software. It was great that we were able to do that, as it means that our customers' needs were quickly met, reinforcing our reputation for great service. It also means that our products are now suitable for a wider range of applications than previously, and we believe that because of this work our products substantially outperform those from our competition in several important respects – so I hope you will understand when I don't give you full details of exactly what was done. But doing this work is not without costs that we had not budgeted for.

The lower level of business in the first half year accounts for much of the shortfall in profits seen, and clearly we do not expect to be able to recover all of this in the second half of the year. However, our on-going review of operating expenditures has been able to offset the contribution shortfall to some extent.

I also want to remind you that our projected result for the 1st half of 2009 is impacted by one-off events, with some of these coming out worse than budgeted, and others not budgeted. The overall effect of one-off events is approximately \$0.6million, which includes extraordinary freight costs associated with manufacturing reorganization and warehouse closures, and costs in relation to the shut down of New Zealand stator manufacturing. In addition, the new projections incorporate a lower exchange rate to the Singapore \$ than used in January, which has increased the forecast loss by \$250,000.

Trends

- Strong underlying growth trend
 - In difficult, uncertain times

- 10 -



Nevertheless, I emphasize again that the company is seeing a strong growth in demand for our products and we expect that to continue. Short-term effects introduce costs and delays but the underlying trend is very positive.

The investments we have made over the past few years have put us in a position to capitalize on this trend, and that is what we are doing.

Commercial Refrigeration

- Stands out again
- Initiated sales to 6 new customers
 - 2nd half expect to initiate 23 new customers
- Year started delivering to two customers with demands greater than 100,000 per year
 - Began delivering to 3 with >100,000 potential
 - By year end expect to add another 5 at this level



- 11 -



Looking in a little more detail at our individual business areas, I think you will have picked up from my earlier comments that commercial refrigeration has again been the stand out performer for us. That was the case in 2008 and the same trend has continued this year.

What is pleasing is that the spread of customers who take significant numbers from us is increasing. As you know, over the past few years we have focused on getting business from the leading companies in the industry, like Hill Phoenix and Vendo. It is those companies that set the standard, and others follow. Let me repeat that it has been difficult, time consuming and expensive achieving the position we have with the leaders. We are now beginning to see additional benefits from this effort because our customer base is now expanding rapidly.

In the first half year we initiated significant sales to 6 new customers. I don't mean sales of samples; I mean sales of products that are used in the customers' production of refrigeration equipment – business that we expect to sustain and grow.

What's more, we started the year delivering to two customers who use more than 100,000 units each year. However, in the first half year we have begun deliveries to another 3 with that level of potential, and we expect to add another 5 in this category by the end of the year. Some of these have potential demand, like Vendo de Mexico, of many hundreds of thousands of units each year.

It will take time for these new customers to build up to full volume, as it has with our existing large accounts, but the process has started.

“Pipeline” Validated

- Annual market size: 26 million
- Recurring demand from existing prospects
 - 3 million per year in North America
 - 3 million per year in Europe
 - 1 million+ in Asia
 - 140+ customers and prospects
- One-off retrofit upgrade
 - 2 million per year in North America

- 12 -



The work of our sales team over the past eighteen months has brought us to the point where we believe we are the high efficiency market leader for commercial refrigeration motors, although I stress that it is impossible to be certain.

The team’s work has validated our view of the potential size of the market for ECR motors. We see the market for commercial refrigeration motors today as approximately 26 million units each year. It is worth several hundred million \$ today. Over time we expect that most of this market will move over to being high efficiency types like our ECR, and that the market value will grow as the transition to high efficiency is made.

Suffice to say that we see this market as being a good profit generator for us near term, which is why we are pursuing it.


This slide also gives you the headlines of our sales pipeline for ECR motors. We are currently in discussions with customers who have a recurring demand of 7 million units per year, and this is spread over 140+ companies. So our sales team is making progress building relationships with the customers that make up this market, but we have by no means exhausted its possibilities.

On top of that, we are in discussions regarding several one-off “retrofit” or upgrade projects for supermarkets in North America which would require an additional 2 million motors over a two to three year period.


Let me remind you that it will take time for all this volume to be obtained. However, the process is advancing and I expect you can see that, on its own, our commercial refrigeration business can be substantial, and should yield substantial profits for us.

Why?

- Appears that the refrigeration market shift to high-efficiency motors is solidly in progress
 - Rapid growth phase
- Muted effects of recession
 - Impact on high efficiency motors less than in many other markets
 - Supermarket business is sustained during recessions



- 13 -



It is fair to ask why we believe the market is moving over to high efficiency motors now, and why we are confident of obtaining a good share of this business?

First of all, it hasn't happened overnight. As you know it has been a long process for us, designing and developing the necessary products, gaining the confidence of customers, completing the necessary trials and gaining the necessary UL and VDE approvals. I know this has been frustrating for shareholders and that there have been disappointments along the way. It has also taken longer than we expected, despite the fact that we did not expect it to be easy, but now we see the market entering a rapid growth phase.

The fact that we have stayed with this, focused on the needs of the customers in this market, and delivered on our promises to them means that customers have gained the confidence to trust us with much of their business.

Second – and as I mentioned last year – there is an increasing awareness of energy costs in developed markets, especially in North America. Investments in energy saving motors for refrigeration equipment have a three to six month pay back in most parts of the United States, for example. We can speculate that looks attractive today when, along with everyone else, supermarkets are being careful where they invest, and because of our track record they are prepared to use our products.

Nevertheless, this market has not been immune to recessionary effects, and without the impact of economic downturn we would have had greater sales.

Ventilation

- Central ventilation stable, against a weak market
 - StorkAir
 - Others
- Clean room business hit hard
 - Asian high-tech manufacturing focus
- Launch of OEM ventilation products range delayed to second half year



- 14 -




Our business that supplies motors, fans, controls, and software for central ventilation and air conditioning systems has remained stable. This is a good achievement, given the weak market conditions, particularly in European housing markets where most of this equipment is sold.

On the other hand, our business with clean room systems, where you might recall we have been supplying Samsung and other companies in Asia, has been hit hard over the past 9 months. We don't expect to see recovery there until late in the year. Our products are used in factories that make, for example, LCD televisions and by all reports products of that type have seen a large slump in demand. Hence there is no need at the moment for more capacity in the sophisticated factories that make those products, resulting in less demand for us.

The volume launch of the special ventilation products that I referred to earlier has also been delayed into the second half of 2009. As I mentioned, these products are premium-positioned and it has taken more time than expected to complete the necessary tests to ensure that they meet customer expectations. These tests are well advanced.

Second half sales forecast

- First half revenue
- \$10.5m
- Second half revenue
- \$23.2m
- Extra 12.7m
 - Growth at current major customers **\$2.5m**
 - Engineering revenue **\$1.5m**
 - 4 new major accounts **\$2.3m**
 - Ventilation OEM **\$2m**
 - **Others \$4.4m**



Before moving on, I want to look more closely at our projection for the second half of this year.

We are projecting that our first half revenue will be \$10.5 million.

In the second half year we expect to see those customers reorder a similar quantity and to spend a further \$12.7 million with us.

We expect growth of \$2.5 million at current major customers, in line with projections and forecasts they have given us. Some of this comes from contracts of theirs that were deferred from the first half of this year. In addition, we expect to see the full effect of the new accounts that we have already started delivering to. Engineering services should provide around \$1.5 million. Four new accounts for ECR motors are expected to yield revenue of \$2.3 million for us, while we also expect that volume business from new ventilation products via our OEM partner will begin in the second half year, delivering \$2 million revenues from product sales.

The uplift is significant, although it is expected to come from a variety of sources, all of which are well developed today.

Overall results

- Considerable upward momentum
 - -Building a global business
- Exact outcomes still unpredictable
- Full year ~\$33 million, \$11.4 million loss
 - 800,000+ motors delivered
- Margins improving
- Profitable operation in 2010

- 16 -



For the full year, we expect to close with revenues in the region of \$33 million – up 130% on 2008 - and a loss of \$11.4 million, slightly above the \$9.6 million reported last year, but with a substantial improvement in the second half.

Despite the setbacks in the first half of this year we expect to deliver over 800,000 motors, although we don't now believe that 2009 will see us pass the milestone of delivering a million motors in a year. I don't have to remind you that Wellington's objective is build a business that is substantial on the world scale. Because of the distribution of customers we have needed to start the business worldwide and the costs associated with that are significant. With the results we are achieving now we are on the threshold of achieving our aims, and in case there is any doubt our revenues are approaching the point sufficient that the margins we can generate will support the overhead costs we need to continue our growth.

I want to emphasize that our margins are improving. We expect to see that continue through the rest of this year and into next year as the better costs we are now achieving work through the supply chain. That is why we remain confident of profitable operations in 2010.

You will have picked up from my comments so far that we believe that the business has considerable upward momentum, and the results show that, although I emphasize again that the actual results remain unpredictable.

Total Integration

- Two advanced projects
 - One with Panasonic
 - Both progressing well
- Negotiations leading to production
 - Proceeding as expected
- Not promoting this service currently
 - Two new projects, on new terms



- 17 -



Before I close and hand over to Ross Green, I want to update you on progress in our Total Integration business which focuses on special designs for customers.

The two projects we have at advanced stages are progressing well. Negotiations for production are proceeding as expected. We are hopeful of positive outcomes in both cases, and the technical results are good, but these negotiations are difficult and there is no guarantee of success.

We are not actively promoting Total Integration at the moment, as we focus on the near-term prospects we have with commercial refrigeration and ventilation. However, even so we have two new projects, both in North America. One of these is already in progress in the early stages, while the other is expected to begin late this year. Both are under our new terms where our development costs are fully covered by the customer.

Cornerstone Shareholder

- Process is on-going
- Will update when resolved

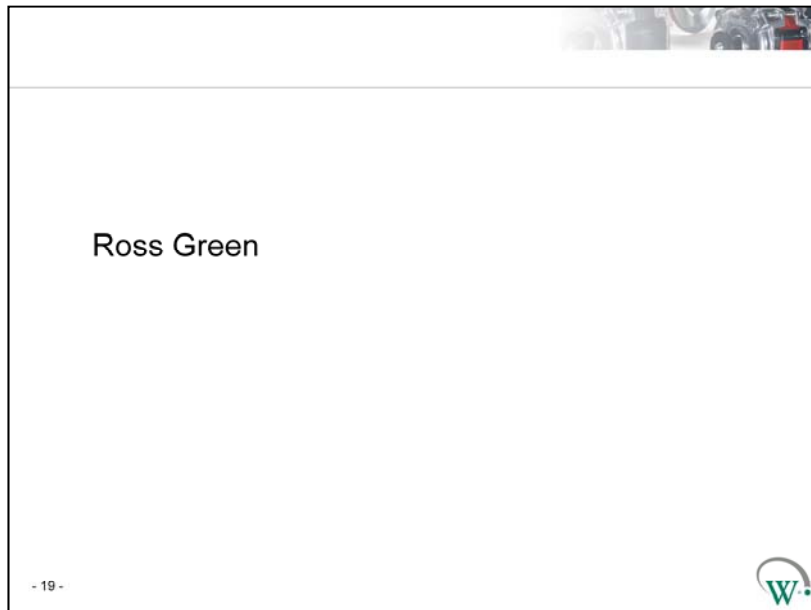
- 18 -



Second, and finally, in our Annual Report we noted that we are planning to bring a cornerstone shareholder into the company. We expect this shareholder to bring both additional capital and capabilities to accelerate the market penetration of Wellington's products. We are in discussions with clean-tech investment funds and substantial international companies.

I do not have a lot I am able to say today, other than the process is on-going and a large amount of effort is being devoted to it. We will update shareholders and the market when we have something further to report.

I'll now pass over to Ross Green who is going to talk to you about operational matters.





Thank you, Mr. Chairman. Good afternoon everyone.


Before I proceed I want to record my personal thanks to Professor Meyer for his assistance and guidance over the past 6 years. Indeed Professor Meyer taught me at Auckland University 30 years ago, so the association is a long one. Thank you, Professor Meyer.

ECR (Commercial Refrigeration) Sales - Metrics

- North America & Europe
 - 8 sales people
 - 142 active accounts
 - Supermarket
 - Bottle coolers
 - Vending
 - Ice machines
 - Bidding on 4.8 million units annually
 - 2 million one-off retrofit
 - Validates market estimate of 26 million annually

- 20 -



The Chairman has covered our results and expectations, so I plan to use my time with you today to give a little more detail concerning some of our major activities.

First, as you have seen we are encouraged by our sales of high efficiency ECR motors to commercial refrigeration companies. I imagine that all of you are familiar with the end use application in supermarkets of our products; we move cold air in the cabinets in the chilled and frozen goods aisles. An example is shown on the slide.

Looking at the metrics for this business in North America & Europe, we have 8 sales people on the team and they are currently working with 142 active accounts. I'm going to stress that point "active". These are companies that we are either supplying or who are asking us to quote for delivery. It isn't the number of companies that we think might want our products; that is a much larger number.

Adding up the number of motors that we are being asked to bid for right now is interesting. The projects we are quoting for and bidding on reach 4.8 million units each year at full volume, and there is growth potential beyond that as Rick mentioned. Now these contracts start at much lower figures and take time to reach the full number - and I don't expect we will win all the business we are in the hunt for. But it is most encouraging to have these solid opportunities.

In addition we are working towards several major supermarket upgrade or retrofit projects that need around 2 million motors in aggregate, consumed over a two to three year period. We have already done some trial projects with some of these supermarkets – one or two sites – results are good, and we believe we have the inside running compared to our competition.

Sales of motors for commercial refrigeration products is a substantial business in its own right, one that is accelerating through the transition from low efficiency to high efficiency. We can't of course be certain how long it will take to convert completely, although we are certain that it will eventually.

This year we expect to sell around 0.6 million high efficiency motors into these applications, and we believe that makes us the high efficiency market leader. However, I hope you can see that there is a long way yet to go before we exhaust the possibilities of this market; the research shows that around 26 million motors in this category are used each year.

ECR

- Focus for resources
 - Sales
 - Engineering
 - Manufacturing



- 21 -



Because of the scale of this particular market, and because it is a market that is happening “now”, we have been focusing more of our available resources on it.

Our sales force has concentrated principally on our ECR range for the past 18 months and the results are obvious. It has also received the attention of a large part of our engineering and manufacturing teams over the past year. That is why we have new products to offer the market now, and why our manufacturing and logistics infrastructure has been developed in the way you have seen.

New Products

- ECR85/95
 - Larger
 - Walk-in chillers
 - Subsidized in California
- ECR83/93
 - Smaller
 - Vending, bottle coolers
 - High performance



The image shows two electric motors. The top one is larger and has a long shaft extending from its left side. The bottom one is smaller and more compact. Both have labels with technical specifications.

- 22 -



Here are the new products that we are releasing to customers over the next 6 months. Some customers already have samples and their feedback has been useful.

The large motor on the top, which comes in two versions – one for North America (the 95) and the other for the rest of the world (that’s the 85) – is used in walk-in chillers and cold rooms, mainly in supermarkets. Once again I think that most of you will be familiar with the chilled produce rooms where these products are used. High efficiency motors with this rating are now legally required in California, and subsidies are available, so there is a ready market for this product.

The smaller unit is a high performance device targeted particularly for vending machines and bottle coolers, with ratings and features carefully designed based on customer feedback that we have received over the past few years. We believe that this motor meets customers’ requirements better than products offered by our competitors.

New Products

- ECR82/92
 - Supermarket, vending, bottle coolers
 - “Ultrasynch™” control
 - Tough construction



- 23 -



Our ECR82/92 products have reached full volume production, to the point now that ten thousand+ are used each week. In fact, right now one is used roughly every minute, somewhere in the world, and well over 100,000 are in service. As you can see, the numbers have started to grow rapidly.

This design has a number of features that help it win sales. First, it uses our unique “Monsoon” electronics, software and motor construction that gives exceptionally precise speed control, even when the supply voltage varies and when the refrigeration system get older. This means the refrigeration performance stays as designed for long periods and the food stays in better condition. We trade mark that as “Ultrasynch”. Second, we can offer additional facilities like reversing, which are important in some refrigeration products, without extra costs.

These days we are also introducing the 82 and 92 in tough polymer cases, which look similar to the 83/93 I showed you earlier.

This particular product is unique in the market today, and we believe that our complete ECR range is a more attractive offer to customers than comparable product lines from competitors.

Wellington as the market leader

- Product range
- Performance
- Sales
 - 0.6 million projected this year



The market is in a rapid growth phase...



- 24 -



So we have the product range, and our products offer the performance that customers need and demand.

Although we can't be absolutely certain, we believe that we are the market leader by sales in this high efficiency segment today, and we believe that our complete ECR product range meets customers needs better than our competitors products. I also want to emphasize my earlier comments: the market is in a rapid growth phase now and we expect eventually to achieve much higher levels of sales than we do today.

OEM Ventilation Products

- Developed with a major international OEM
 - Premium positioning
 - Global sales
 - 200+ sales personnel
 - Ventilation
 - Air conditioning
 - Extraction
 - Clean rooms



- 25 -



ECR has been a major focus for us, although a similar amount of effort has also been dedicated to the range of special ventilation products we have been developing with our OEM partner.

There are three main types, two of which are loosely based on our current DD product range, and serve some of the same markets. The third, the largest, is completely new. These units have premium performance and are positioned at the top of the market in terms of quality. The development has been a major effort, which has taken longer to complete than originally hoped, although we are nearing the end of this process.

These products are manufactured in our Singapore facility. In terms of scale, our partner has a field sales force of over 200 people world wide. To put this in perspective, that is one reason I shared with you earlier the results that our comparable sales force of 8 has been able to achieve. I hope it helps you see why we are confident that this relationship will ultimately be successful and a substantial profit generator for us.

To be fair, the markets being addressed are substantially different. These products are at the premium end compared to our ECR motors, and individual customers take much smaller volumes, so a larger sales force is necessary. However, it will be great to have a large team promoting our products.

Manufacturing

- Singapore
 - Excellent logistics
 - Attractive costs
 - Excellent infrastructure
 - Support services
 - Subcontractors
 - Communications & travel links



- 26 -



So a considerable amount of effort has been put into developing new products and selling them.

Underpinning those efforts last year, and still on going now, has been the establishment of our new facility in Singapore, which was officially opened in August last year by Singapore Minister Mah Bow Tan.

Singapore is an excellent location in the region for the focus of our manufacturing and logistics activities. The logistics services there are great – which means on time, frequent and low cost, while I have to say the costs overall there are also attractive for our type of work, even when compared to China, when everything is taken into account.

A large part of the competitiveness of Singapore, for us, is to do with the infrastructure there. The range of support services a business like ours needs are easy to access locally, there is a full range of specialist subcontractors nearby that offer short turn around times, while the communications and travel connections available are probably the best in the world. Frankly speaking, it is hard to compete with Singapore as the location for the manufacturing and logistics operations for a business like ours.

Manufacturing Strategy

- China
 - High volume
 - Common subassemblies
- Singapore
 - Specials
 - Samples
 - Low volume



Focus
Evolving

- 27 -


Our manufacturing strategy overall is continuing to evolve, although the arrangement that we have now will be its core for the foreseeable future. As I mentioned, we are doing more in Singapore, with all of the work there being lower volumes – short run production, samples and so forth. If need be we can also handle work of that type in New Zealand, as a back up.

Our contracted plants in China focus on higher volumes and stable, steady orders. Going forward the China plants will be making subassemblies that will be finished in Singapore in some instances. One of the reasons for this is that it is almost as expensive moving a small volume of products out of China as it is for a large volume like a container. Also in China it can be time consuming dealing with the required paperwork for shipments, all of which has to be repeated any time there is a change. The net effect is that Singapore is lower cost overall for flexible work.

We continue to utilize suppliers in Malaysia, and others in Taiwan and elsewhere. We have also completed some trial manufacturing projects in Vietnam; that location shows some distinct possibilities for the future.

Singapore is at the heart of this activity, where we support our own Supplier Quality Team with the necessary regional language skills, etc.

Logistics

- Changes
 - Buffalo Grove, Illinois
 - UK, Italy closed
 - Global logistics contract
- Target: excellent logistics
 - Differentiation
 - Profit contributor



- 28 -



Improved logistics is another area that has received considerable attention from us over the past year. In the context of logistics, “improved” means better costs, shorter times, accurate deliveries.

Excellent logistics performance can be a great profit contributor for us, and a major differentiator between us and our competitors. Eventually we believe that our proprietary manufacturing process will enable us to have a shorter supply chain than our competitors, and lower levels of working capital relative to sales. We expect to be able to finish products quickly according to customer specifications and deliver them fast without needing to hold large stocks of finished goods, as we do today as our customers ramp up.

The key to making that work is logistics, and you can expect to see an increasing emphasis from us in this area over the next few years.


The first steps have been taken. In addition to the expansion of our Singapore operations, we opened a new warehouse and sales support location last September in Buffalo Grove, near Chicago in the US. It is well placed to service our customers, many of whom are in the US midwest, while the time zone there is convenient for contact with customers across the US, and acceptable back to New Zealand.

We also closed our equivalent facilities in the United Kingdom and Italy, in favour of a global logistics and warehousing contract that we have negotiated with one of the leading shipping companies. This gives us substantially better costs for our European operations, and more favourable terms for shipments worldwide.


That is the picture going forward. However, as you may appreciate, the process of closing these operations and starting new ones has resulted in some one-off costs that affected our results last year and in the first half of this year, as mentioned earlier.

Technology Roadmap

- Universities
 - Auckland
 - Advanced software system
 - Advanced motor methods
 - Control techniques
 - Canterbury
 - Electronics fabrication



- 29 -



Before I hand back to Rick, I want to touch on our longer-term research activities.

As you will have picked up today, our focus is on near-term business opportunities and operational efficiency to reduce costs and drive profits now. However, a company like ours needs to keep an eye on the future to keep the product line fresh.

In connection with this we have been pleased to have the support of both Auckland and Canterbury Universities on a variety of longer-term research initiatives. I don't have a lot I can say specifically about these projects today – as we need to keep the details confidential from our competitors. However, the work being carried out at Auckland University is well in advance of the current state of the art, and we believe will offer us substantial competitive advantages if the market evolves in the direction we expect, particularly for product costs. The work at Canterbury has nearer-term applications for reduced costs in some of our products, although we are hoping to expand that in a new direction also.

Emphasis on operations & costs

- **Shift of resources**
 - Sales & sales support
 - Manufacturing & quality
 - Logistics
- **Personnel**
 - Senior team reduced by 6
 - Pay freeze for 18 months, on going
 - Other initiatives

- 30 -



Also, I want to talk briefly to you about the on-going operational review that began some 15 months ago.

From the comments you've just heard, you will have picked up that there have been major changes in our manufacturing, logistics and delivery arrangements. We are also introducing new products with improved performances and lower manufacturing costs.

These actions are about driving up sales, improving the services we offer to customers and reducing costs overall. The objective is to drive margins up, which is what we are achieving. We are able to take some of these actions because we are now producing and shipping significant numbers of products.

All of this means that our company is changing. Obviously, part of that change involves the way we resource some of our functions here in New Zealand and abroad. I'll repeat that we have been shifting resources towards sales and sales support, manufacturing and quality control and logistics.

This process has had an effect on personnel, with the company management team reducing by 6 over the past 7 months. Staff have also been supporting the drive to profitability by accepting an effective pay freeze that has been in place for 18 months and is on-going; pay has only been increased in exceptional circumstances. There are also a variety of other initiatives in progress with staff with a view to reducing costs, although I'm not able to say a lot more about those today.

The point to take from this is that we find ourselves in a tantalizing situation. Sales are increasing rapidly and margins are improving, so we have the goal of profitable trading within sight, despite the challenging market environment. The team is energized by the place the company has reached after long efforts and are going the extra mile to see the company succeed.

To conclude

- Evolving rapidly to be a viable, conventional business
- Good market success
- Focus on revenue, margins and costs



- 31 -



I'll finish by saying that the company is rapidly evolving to be a straightforward, conventional and viable business.

We are having good, even great, success in the marketplace, especially with our ECR products. We have a good and growing revenue stream, and a thoroughly conventional focus on margins, overall costs and collections is driving the company to profitability.

I'll now hand you back to the Chairman to cover the rest of the agenda today.

Rick Boven

- 32 -



Summary

- Exciting time for our company
- Market is shifting in our favour
- Challenging economy
 - Not stopping rapid growth
 - Good results are being achieved
- Guidance for profit in 2010 remains



- 33 -



Thank you Ross.

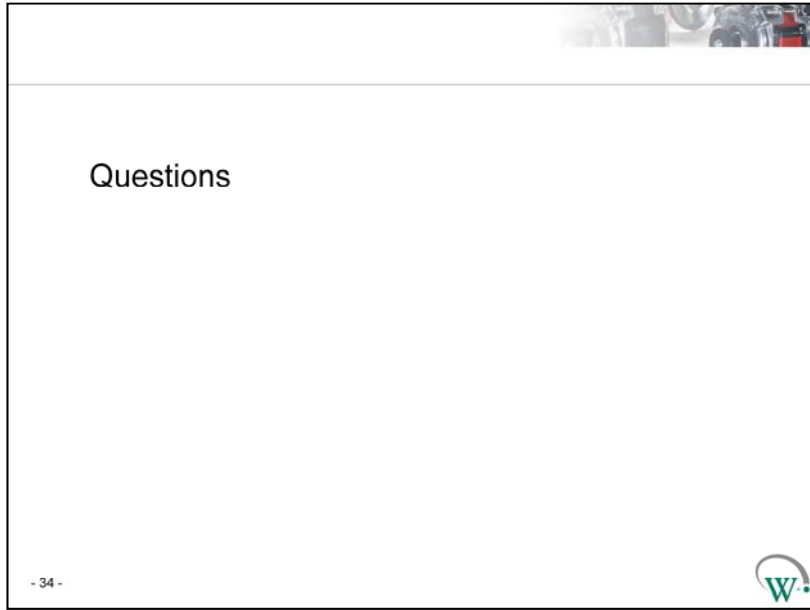
Before we move on to transact the business of the meeting, I want to add some final comments of my own to reinforce what you have just heard.

It is most definitely an exciting time for our company. After many years of effort we have established a good position in the market, and there are strong signs that the segments of the market that we focus on, like commercial refrigeration, are shifting to favour high efficiency motors: in other words, the market is shifting in our favour.

Nobody is immune to the challenges facing the world economy, and times are uncertain. Any predictions made by us, or for that matter by anyone, have to be viewed against a backdrop of unprecedented uncertainty.

Nevertheless, rapid growth is still in progress in our main market of commercial refrigeration, although some of the areas we address have been adversely affected. Overall, good results are being achieved. Taking those points together, provided we can sustain the growth trend that we are seeing, and we continue to meet success with our margin improvement and cost down activities, we expect to turn a profit next year in 2010.

Progress is good at the moment towards that important goal, although I have to remind you again that we are operating in times of unprecedented uncertainty so that our results may prove to be significantly different from those we expect to achieve.



Before we move on to the business of the meeting, I will open the floor for questions.

Business of the Meeting

- To elect directors

- To re-elect, by ordinary resolution, Mr Shawn Beck who, in accordance with the Constitution of the Company, retires by rotation and being eligible, offers himself for re-election. Mr Shawn Beck would be an Independent Director.
- Professor Ray Meyer in accordance with the Constitution of the Company, retires by rotation and is not seeking re-election. The Board wish the meeting to record their sincere thanks to Professor Meyer for his contribution to the Company.



Business of the Meeting

- To authorise the Directors to appoint and fix the remuneration of the Auditors for the ensuing year.