



Chairman's Address – EGM November 6th

I am pleased to open the meeting and welcome you all today.

The business of this meeting is to consider and, if thought fit, to approve the placement of 85 million shares at 10c per share to funds managed by Hunter Hall Investment Management.

The placement

I will begin by summarising the background to this placement.

As previously advised to shareholders, Wellington has been conducting a search for a suitable cornerstone shareholder. In conjunction with an investment banking advisor the company has undertaken a substantial search process. While this generated a good degree of interest, the board concluded that it would not be possible to secure a capital injection on better terms than those offered by Hunter Hall within a timeframe compatible with the company's cash requirements.

I draw your attention to three key aspects of the placement that shareholders should consider:

1. The placement, in conjunction with the smaller follow on institutional placement and the Share Purchase Plan, should provide Wellington with the capital it needs to reach profitability;
2. The pricing of the placement – 10c a share – is at a small premium to both the average price of Wellington shares in the period before the placement was announced and to the current market price.
3. The Independent Expert's report concluded that the placement is fair to non-Hunter Hall shareholders in Wellington.

Hunter Hall is Australasia's largest ethical fund manager and has been a significant supporter of the company for five years. Also, Hunter Hall is already Wellington's largest shareholder. The proposed placement will lift their shareholding to 31.6% of the company, prior to the issue of shares under the proposed Share Purchase Plan. I note the Independent Expert's report concludes that

"...while the commensurate increase in HHIM's relative shareholding will technically provide HHIM with the ability to unilaterally prevent the company from following some courses of action, we do not believe that effective control of WDT will pass to HHIM if the Proposed Allotment is approved."

Directors believe that the placement to Hunter Hall is an excellent outcome for Wellington and have no hesitation in recommending it to shareholders. Shareholders will note that several Directors have purchased shares on market since the announcement of this placement to Hunter Hall.



Trading Outlook

I now have a few words about Wellington's recent trading and the outlook for 2010.

During August and September, Wellington traded in line with the guidance provided in the company's interim result release in August. As we move into the final months of 2009 some of our larger customers have revised down their projected orders for the last quarter of the year, with this demand in some cases being pushed into the first few months of 2010. In addition, like many New Zealand companies doing business on the world stage, we have been adversely affected by the continued rise of the New Zealand dollar. When we gave full year guidance in August we assumed a NZ/US rate of 65c, based in part on advice received. As we now know, the New Zealand dollar has continued rise and is now above 71c. As a result we now expect that for the full year revenues will be 5% below the bottom of the previous guidance range at NZ\$23million, with approximately 3% of this shortfall due to the higher currency.

Margins are improving and the effects of the reductions in overhead costs made in the first half year are coming through. Some further cost reductions have been made since then. Sales have grown significantly. Consequently, the company's net loss, before exchange rate variations are considered, is expected to remain within the previous guidance range at NZ\$14.5 million, although in the lower half of it.

I point out that while short term demand from major customers remains volatile and difficult to forecast, the underlying trend of strong sales growth is continuing. Looking out to next year, Wellington expects sales growth to be driven by both expanded sales to existing customers, and by sales to new customers as the Commercial Refrigeration market continues to switch to high efficiency products. In the past few weeks we have received some substantial orders from new customers for the early part of 2010.

2010 will also likely see the first volume sales of the new line of ventilation motors that Wellington has developed for its OEM customer. Small sales of some of these products have already been made, and the remaining products in the range are in the final stages of testing prior to release for production around the turn of the year. Sales are expected to build steadily in 2010 and become more significant over time. Over the medium term, Wellington believes that its Ventilation business can become a significant second 'leg' for the company.

Directors and management retain their strong focus on taking the business to profitability as soon as possible.

Up to date, the company has been investing to obtain customer relationships, to develop new products, and to establish manufacturing and distribution infrastructure. Given the market position now reached, the Board has determined that further expansion of product line and infrastructure is not required for profitable operation to be achieved, while still preserving Wellington's global ambitions. With the company stabilizing in this way, there will be a substantial reduction in operating expenditure in 2010. This will lower the company's breakeven point, aid the drive to profitability and reduce operating cash consumption.



While 2009 has proven to be a challenging year that has not resulted in the level of growth expected at the outset, Wellington has made significant progress in building its business and in setting the company up for substantially improved commercial outcomes in 2010 and beyond.