



Simplified Disclosure Prospectus for a renounceable rights issue

3 November 2010

WINDFLOW TECHNOLOGY LIMITED

This prospectus is for an Offer of new ordinary shares in the same class as existing Windflow Technology Limited NZAX listed ordinary shares

Sponsoring NZX Participant Woodward Partners Limited





Windflow Technology Limited

Simplified Disclosure Prospectus
for a renounceable rights issue
for

one New Share at \$0.90 for every
two Existing Shares held as at the Record Date



This Offer Document is a Simplified Disclosure Prospectus prepared in accordance with the Securities Act 1978 and Schedule 10 of the Securities Regulations 2009.

It is dated 3 November 2010.

A copy of this Offer Document signed by or on behalf of the directors of Windflow Technology Limited ("Windflow" or the "Company") has been delivered to the Registrar of Companies for registration under section 42 of the Securities Act 1978 together with the 2010 Annual Report containing the latest audited financial statements.

The Offer Document is for an Offer of New Shares in the Company by way of a one for two pro rata renounceable Rights issue of New Shares at an Issue Price of \$0.90 per New Share. The New Shares will rank equally with, and are of the same class as, the existing ordinary shares of Windflow quoted on the NZAX.

The Company is listed on the NZAX and is subject to a continuous disclosure obligation that requires it to notify certain material information to NZX Limited (being a registered exchange under the Securities Markets Act 1988) for the purpose of that information being made available to participants in the registered exchange's securities market.

The information contained in this Offer Document should be considered carefully. If you have any questions regarding the Offer you should contact your NZX primary market participant (sharebroker), your lawyer, accountant or other professional adviser as soon as possible.

No Guarantee

There is no guarantee by any party (including Windflow, its directors and advisors) in respect of the New Shares or any potential return from the New Shares. There is no guarantee or warranty of any return or dividend on the New Shares, in respect of the future performance of the Company, or that the amount payable for the New Shares will be recovered by a subscriber.

Before investing in the New Shares you should read the whole of this document and give careful consideration to the risks identified in Section 5 of this Offer Document.

Quotation of Rights on NZAX

Application has been made to NZX for permission to list the Rights on the NZAX Market. All of the requirements of NZX relating thereto that can be complied with on or before the date of this Offer Document have been duly complied with. However NZX accepts no responsibility for any statement in this Offer Document.

The New Shares have been accepted for listing on the NZAX Market and will be quoted upon completion of the allotment process.

Overseas Investor Statement

The Offer for New Shares is open to Shareholders with a registered address in New Zealand or Australia on the Record Date (5:00 pm on Thursday 11th November 2010). Those Shareholders outside New Zealand and Australia who wish to take up New Shares should contact the Company.

No person resident outside New Zealand and Australia who receives a copy of this Offer Document or a Renunciation and Acceptance Form may treat either of them as an offer or invitation to subscribe for New Shares.

In accordance with NZAX Listing Rule 7.3.4(h) the Company has determined that it would be unduly onerous to satisfy itself that the Offer complied with the legal requirements of jurisdictions outside New Zealand and Australia. In accordance with the proviso to NZAX Listing Rule 7.3.4(h) the Company shall offer for sale on the NZAX Market, via an NZX Firm, the Rights that would, except for this clause, have been allocated to those Shareholders whose postal address as at the Record Date is outside of New Zealand and Australia and shall account to those Shareholders for the proceeds of sale (if any) on a pro rata basis.

Shareholders who are not resident in New Zealand and Australia and who hold their shares through a New Zealand or Australian resident nominee should not allow their nominee to accept the Offer if to do so would cause the Offer to be contrary to the laws of their country of residence. Such Shareholders can request the Company to sell their Entitlement by contacting the Company via the Company Secretary:-

Ms Terry Moon
Windflow Technology Limited
44 Mandeville Street
PO Box 42-125
Christchurch 8149
Phone 03 365-8960
Fax 03 365-1402
Email: terry@windflow.co.nz



Any person outside New Zealand and Australia who applies for Shares through a New Zealand or Australian resident nominee will be deemed to represent and warrant to the Company that the Offer can be lawfully made to their nominee pursuant to this Offer Document. The Company accepts no responsibility for determining whether a Shareholder is able to participate in the Offer under laws applicable outside New Zealand and Australia.

Australia

In respect of Australian Shareholders, the Offer of New Shares to which this Offer Document relates is being made in Australia under Australian Securities and Investments Commission Class Order 00/183 as a Foreign Rights Issue. Accordingly, this Offer Document does not have to and does not purport to contain any of the information required in a prospectus under Chapter 6D of the Corporations Act 2001 (Commonwealth).

A copy of this Offer Document will be lodged with the Australian Securities and Investment Commission on or before 7 days from the making of the Offer together with a statement disclosing the number and percentage of persons to whom offers are being made with an Australian address.

NZX Waivers – Over Subscription facility

The Company has sought and been granted a waiver by NZX Market Supervision from NZAX Listing Rule 7.9.5 to give eligible Shareholders the ability to apply for more New Shares than their entitlement. The Over Subscription pool shall contain any and all New Shares that relate to Rights that have lapsed (ie Rights that have not been exercised either by the original Shareholder or a purchaser of the Rights). NZX Market Supervision has granted the waiver subject to the following conditions:

- (i) any New Shares issued under the Over Subscription facility are allocated in accordance with the procedure set out in Section 2.2.2 Details of Offer under the sub-heading “Over Subscriptions” and
- (ii) this Offer Document records that a waiver has been granted by NZX Market Supervision from NZAX Listing Rule 7.9.5.

Partial Underwrite

The Offer is partially underwritten by Aeolian Property Company Limited. That company has undertaken to subscribe to any shortfall up to a maximum of \$1 million. Further details of the partial underwrite are set out in section 2.2.2 on page 9.







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Dear Shareholder,

Having completed the development and testing of the Windflow 500 turbine in the rigorous New Zealand environment, we are pleased to embark now on an exciting programme of overseas market development. We have real and attractive prospects immediately available in the United Kingdom and opportunities in other markets.

Windflow 500 product development

Windflow Technology Limited has designed and Lloyd's Register has certified to the internationally recognised IEC standard (Class 1A 3rd edition), a cost-effective wind turbine with unique design features, very low weight and low environmental impact. We have manufactured, commissioned and now operate (with industry comparable reliability), support and maintain 65 turbines on the Te Rere Hau wind farm that is amongst the most demanding wind farm sites anywhere in the world. Within the next year that number will increase to 97 turbines at Te Rere Hau. We have developed and tested a supply chain that brings components and raw materials from New Zealand and around the world to be manufactured and assembled into a high value product that can be exported around the world.

We have real and attractive prospects immediately available in the United Kingdom ...

The Company is focusing on the United Kingdom market

The purpose of this Capital Raising is to enable the Company to take advantage of the immediate opportunity for turbine sales into the United Kingdom market.

Less than 3 months ago, Ventus Green Energy Limited (VGE) was appointed the exclusive distributor of Windflow turbines in the United Kingdom.

In that time 29 potential turbine purchasers have each paid VGE to prepare and lodge the necessary applications to authorise the erection and operation of Windflow 500 turbines. As at 22nd October 2010 VGE has prepared and lodged 17 of those applications with the relevant local Councils and utility companies and is continuing to prepare the remaining applications (and process a steady stream of new enquiries). The first decisions are due in January 2011 and a substantial number of orders are expected to flow from those and subsequent applications.

This demand for Windflow 500 turbines is the result of United Kingdom Government policies that have been introduced to encourage the installation of new low carbon electricity generation. The policies provide a major incentive for purchasers of 500 kW turbines and indications are that there will be substantial demand for Windflow 500 turbines from the United Kingdom while those policies remain in place.

While the progress payments from VGE are intended to be more than sufficient to cover the manufacturing costs, additional capital will provide an appropriate balance sheet to fulfil these expected orders.

To take full advantage of this opportunity, we need to offer Advance Payment Guarantees and as orders are received put in place foreign exchange cover. Funds raised in this Offer will be used to provide capital to underpin these facilities.

Other markets

The United States represents a very promising market and we continue to plan the development of a 60Hz machine for this market. The Company has executed a non-binding and conditional Memorandum of Understanding securing two demonstration sites for these machines and expects that funding for these will come from cash flows from the sales described above, a North American strategic partner or a subsequent capital raising.

The Company will continue to seek to develop the New Zealand market for the Windflow 500 turbines, although the current low wholesale power price makes this more challenging than for other markets.

The Company has the capability to execute this strategy

Moving from product development to market development necessitates swift responses to market opportunities as they arise. Our experiences in New Zealand will be effectively leveraged as we apply this knowledge to offshore markets and bring a new commercial edge and export focus to realising profitable volume sales.

The New Zealand Export Credit Office (part of Treasury), on certain conditions (listed on page 16), has supported the sale of Windflow's first 20 turbines to the United Kingdom by supporting the provision of the Advance Payment Guarantees. This support is critical to Windflow's growth and is gratefully acknowledged.

We have an experienced senior management and marketing team who, having faced the challenges of the New Zealand market are capable of now addressing the exciting challenges of more welcoming markets offshore. We anticipate we will increase our marketing team as our strategic imperative requires ongoing market development.



The Offer

The Offer is an Offer to Eligible Shareholders of New Shares in the Company by way of a 1 for 2 pro rata renounceable Rights issue of New Shares at an Issue Price of \$0.90 per New Share.

The Offer strengthens the balance sheet, increases financial flexibility and positions Windflow for improved profitability and growth.

The Directors are pleased to be able to advise that the Offer is partially underwritten by Aeolian Property Company Limited. Further information on the partial underwrite is in section 2.2.2.

However if additional capital beyond the underwritten amount, either from this Offer or a private placement is not raised, the future of the Company becomes increasingly uncertain. The Directors would need to reconsider the best way of ensuring that the existing Shareholders benefit from Windflow's value. That may include the Directors recommending that the Company sell a substantial stake in the business to an international investor or investors.

The Director's opinion is that the opportunities before Windflow more than justify the additional capital which is being sought and the Directors thank you in advance for your support.



A handwritten signature in black ink that reads "Barrie Leay".

Yours sincerely,
Barrie Leay
Chairman





2.1 Offer Timetable

Rights issue opens and existing shares quoted “ex-Rights” on the NZAX market	Tuesday 9 November 2010
Record Date for the determination of entitlement to Rights	5 pm on Thursday 11 November 2010
Expected dispatch of Offer Document, Entitlement and Acceptance forms to each of the Company’s Shareholders	Monday 15 November 2010
Rights trading on the NZAX market ceases	Monday 29 November 2010
Closing date for receipt of acceptances and renunciations with payment	Friday 3 December 2010
Expected allotment and issue of New Shares	Wednesday 8 December 2010
New Shares commence trading	Thursday 9 December 2010

The Offer timetable and any references to those events throughout this Offer Document are subject to change and are indicative only. The Company may withdraw the Offer at any time before the New Shares are allotted at its sole discretion. The Company reserves the right to amend the dates and times

without prior notice (subject to the NZAX Listing Rules and filing a memorandum of amendments to this Offer Document with the Registrar of Companies). Any changes will be announced on the NZAX, with such announcements deemed to be notice to Applicants under the Offer.

2.2 The Terms of the Offer

2.2.1 Summary

Rights issue entitlement basis	1 New Share for every 2 Existing Shares
Issue Price per New Share	\$0.90 payable on 3 December 2010
Shares on issue prior to the Offer	11,993,489
Maximum number of New Shares offered	5,996,745
Rights issue size	\$5.40 million
Over Subscriptions	If you held Existing Shares on the Record Date and accept your entitlement in full you may apply for any number of additional New Shares at \$0.90 each, not exceeding twice the number of Existing Shares that you held on the Record Date
Class of New Shares	The New Shares rank pari passu with the existing ordinary shares in all respects.



2.2.2 Details of Offer

Main Terms

This Offer Document is for a renounceable pro rata 1 for 2 Rights issue by the Company of up to 5,996,745 New Shares at a price of \$0.90 each to Eligible Shareholders.

The Rights to the New Shares are being issued to Eligible Shareholders on the basis of a right to 1 New Share for every 2 Existing Shares held as at the Record Date (5pm on Thursday 11 November 2010). Fractions of shares shall be rounded up.

Holders of Existing Shares on the Record Date will be entitled to the Rights at no cost.

The New Shares are to be issued for \$0.90 each payable in full in cash on application. New Shares issued pursuant to this Offer will rank equally with, and are the same class of share as, the Existing Shares which are quoted on the NZAX market operated by NZX Limited. Allotment of the New Shares (if any) is scheduled to be completed on Wednesday 8 December 2010 and Shareholder Statements would be sent on completion of allotment.

The Rights are renounceable. If an Eligible Shareholder does not wish to subscribe for the New Shares some or all of the Rights may be sold or transferred to a third party.

If both an acceptance and a renunciation are received in relation to the same Rights the renunciation has priority.

Partial Underwrite

The Offer is partially underwritten by Aeolian Property Company Limited. Aeolian Property Company Limited have undertaken to subscribe to any shortfall up to a maximum of \$1 million. The other principal terms of the underwriting agreement are:-

- Aeolian Property Company Limited will be paid an underwriting fee of 3% of the underwritten amount.
- Aeolian Property Company Limited may terminate its obligations on the occurrence of a number of events including:-
 - Any breach of the agreement by Windflow,
 - Any change occurring or being announced prior to the Allotment Date which may materially adversely affect Windflow, or
 - Any material litigation proceedings are commenced against Windflow.
- The Company has given Aeolian Property Company Limited warranties relating to the content of the Offer Document, compliance with relevant laws, solvency and the valid issue and allotment of New Shares.

Over Subscriptions

Any Eligible Shareholder who accepts their entitlement in full may also apply for additional New Shares in excess of their entitlement at the same Issue Price of \$0.90 each via the Over Subscription facility. Applicants may apply for any number of additional New Shares up to but not exceeding twice the number of Existing Shares held as at the Record Date. There is no right to additional New Shares and the applicant may receive none, some or all of the additional New Shares requested.

The number of New Shares available for Over Subscriptions will be equal to the number of Rights that lapse so there is no change to the maximum number of New Shares that may be issued.

New Shares up to but not exceeding the number of New Shares in the Over Subscription pool will be allocated in the following order of priority, but so that no applicant is allocated more than the number of additional New Shares that the applicant applied for nor more than twice the number of Existing Shares held as at the Record Date:

1. To applicants for additional New Shares who would otherwise hold less than the minimum holding of 1,000 shares after the Offer, to the extent which allows them to hold a minimum holding (and if necessary pro rata based on the aggregate holdings of such applicants for additional New Shares as at the Record Date, to the extent available).
2. In respect of any additional New Shares remaining unallocated in the Over Subscription pool, to applicants for additional New Shares who held Existing Shares as at the Record Date scaled in direct proportion to the aggregate holdings of Existing Shares held by all such applicants for additional New Shares as at the Record Date (so that while fulfilling each Applicant's application to the extent possible, the change in the proportion of the issued share capital of the Company held by such Shareholders is minimised).

Eligible Shareholders and Overseas Shareholders

In general those Shareholders who have a registered address in New Zealand or Australia are Eligible Shareholders. The Overseas Investor Statement on page 2 of this Offer Document specifies who is an Eligible Shareholder and what happens in respect of the Rights of those Shareholders who are ineligible.

Broker Stamping Fee

A stamping fee of 0.5% will be paid to NZX Primary Market Participants (stockbrokers) and other financial intermediaries approved by the Company who submit a valid claim for a broker stamping fee on successful applications (subject to a maximum of \$300.00 per valid application) on the aggregate Issue Price of New Shares allotted pursuant to valid applications bearing their stamp.



The Company has developed the Windflow 500, a two bladed wind turbine with a 33 metre diameter rotor rated at 500 kilowatts (kW). The turbine incorporates technology making it particularly well suited for high wind and gusty sites. The Company has obtained International Electrotechnical Commission (IEC) Class 1A Type Certification (being the IEC class for the highest wind speed and most turbulent conditions) for the Windflow 500 and built an enviable track record in the New Zealand market with 66 turbines and 100 turbine-years of operation. The Company is now in a good position to start selling and exporting turbines into selected export markets such as the United Kingdom and requires capital to enter new markets and take advantage of sales and other opportunities.

It is intended that the proceeds of this Rights Issue will be primarily used for:

- United Kingdom turbine sales, and
- Working capital.

3.1 The United Kingdom Turbine Market

The significant demand from the United Kingdom for new 500 kW turbines and the attractive return possible from owning turbines in the United Kingdom is due to the introduction of a renewable energy feed-in tariff in April 2010 which results in very attractive returns for the turbine owner.

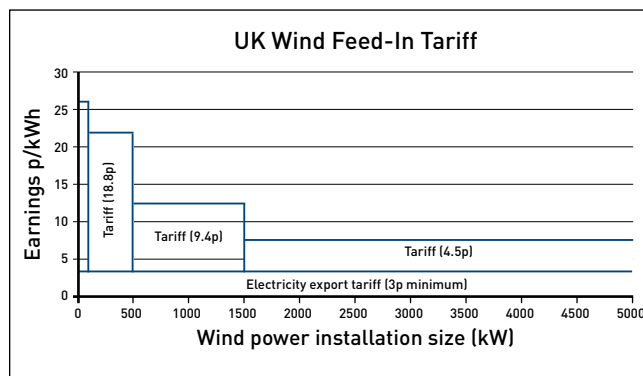
The United Kingdom regulator responsible for enforcing the new regulation is the Office of the Gas and Electricity Markets and it has announced that it will review the new scheme's feed-in tariffs by April 2013.

In a report prepared for the United Kingdom Department of Business Enterprise & Regulatory Reform the projected demand for 100 to 500 kW turbines in Great Britain under a similar hypothetical feed-in tariff is nearly 1 GW (1000 MW) by 2020¹. There are very few turbines available in this size range, and the Company currently offers the only new 500 kW turbine available in the United Kingdom. The Company is therefore focused on entering the United Kingdom market and maximising the number of turbines sold and installed before April 2013.

The United Kingdom Feed-in Tariff

The United Kingdom government has determined that it needs to encourage renewable electricity generation. Further it has determined that the development of small scale distributed generation is important.

In April 2010, the United Kingdom government passed regulation mandating the regional electricity companies to pay a range of generation feed-in tariffs to renewable energy generators (see <http://www.decc.gov.uk>). The feed-in tariff was introduced to create the incentive for investment in small-scale, low carbon power installations by guaranteeing attractive rates for the electricity they generate.



The feed-in tariff is adjusted for inflation each year and lasts for 20 years. In addition to the generation feed-in tariff there is an electricity export tariff, which is guaranteed at a minimum rate of 3 pence/kWh.

The United Kingdom Office of the Gas and Electricity Markets has signalled that it will review the electricity rates it makes available to renewable energy generators by March 2013. This rate would not affect any turbines already in operation by then, meaning those turbines would continue to enjoy the rate of 18.8 pence/kWh, indexed to the United Kingdom's Consumer Price Index as a proxy for the rate of inflation until the 20th year. However, it is unclear today what the new electricity rate for any new turbines installed after March 2013 will be. The attractive feed-in tariff available now to turbine owners for the electricity they generate and the uncertainty as to the feed-in tariff's availability after March 2013 is driving demand for new turbines to be purchased, installed and commissioned by March 2013.

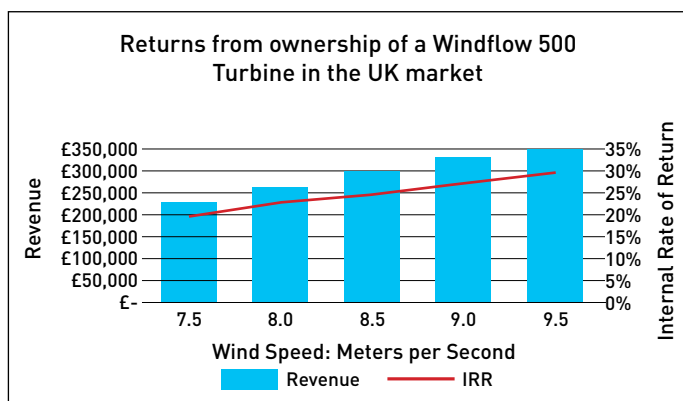
¹ <http://webarchive.nationalarchives.gov.uk/+http://www.berr.gov.uk/files/file48018.pdf>:Page 45



The Reasons for Customer Demand in the United Kingdom

The Windflow 500 occupies in the opinion of the Windflow Directors, the optimal place on the tariff schedule with a very high feed-in tariff of 18.8 pence per kWh while still using a commercial scale turbine.

Windflow's United Kingdom distributor is marketing the Windflow 500 with reference to the very quick payback periods. Based on the price VGE has indicated to its existing prospects, we calculate the Windflow 500 revenue for the Turbine owner of £230,000 to £364,000 per turbine per year and annual returns on investment for the Turbine owner as being between 20% and 30% per turbine. The investment returns on equity would be even higher should projects be partially financed by debt.



The result of these calculations by Windflow are shown in the above chart showing the potential returns to a Turbine owner in the United Kingdom.

The known facts associated with the above returns to turbine owners are

- The power generated by the Windflow 500 turbine at any particular annual mean wind speed has been calculated on 95% turbine availability and the conversion of wind into electricity in accordance with the power curve issued by the Company (based on engineering design and past turbine performance records).
- The Company's understanding of VGE's likely selling price of the Windflow 500 Turbine in the United Kingdom.
- The feed-in tariff price is 18.8 pence per kWh, together with an assumed 3 pence per kWh export tariff, in accordance with the United Kingdom government mandated electricity prices for renewable energy generation.
- Net taxable profit from the wind turbine is taxed at a rate of 28%, being the main rate of corporation tax in the United Kingdom.

Other material factors taken into account in calculating the returns received by the owner of the Windflow 500 in the United Kingdom market are:

- The turbine owner is entitled to claim the feed-in tariff (for example the Turbine must be at least partly owned by the land owner).
- Turbine operating costs have been set at rates reflecting existing costs for Windflow 500 turbines at varying annual mean wind speeds.
- A project length of 20 years (being the design life of the turbine and the mandated time period for regulated feed-in tariff income stream) with no recoverable value of the turbine at the end of the project.

The above investment returns available to the turbine owner are considered by the Directors of the Company to be compelling reasons for potential turbine owners to purchase 500 kW wind turbines due to:

- The feed-in tariff rate being Government regulated,
- The feed-in tariff rate being inflation indexed,
- The feed-in tariff incentive being available over a 20 year period, and
- The magnitude of the £ returns available to the turbine owner.

The attractive feed-in tariff available now to turbine owners for the electricity they generate and the uncertainty as to whether or not it will continue is driving demand for new turbines to be purchased, installed and commissioned by 31 March 2013.

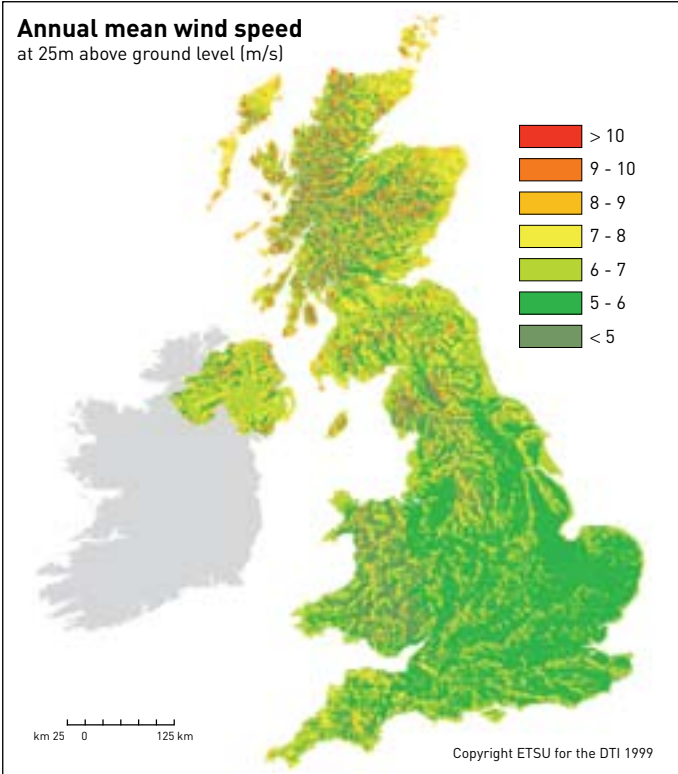
The United Kingdom Market

Strong winds are a feature of the northern United Kingdom. Research by Windflow's employees and the interest reported by VGE indicates that there is a large number of sites within northern United Kingdom which are suitable for wind power generation and which would benefit from the design strengths of the Windflow 500, therefore providing a significant potential market.

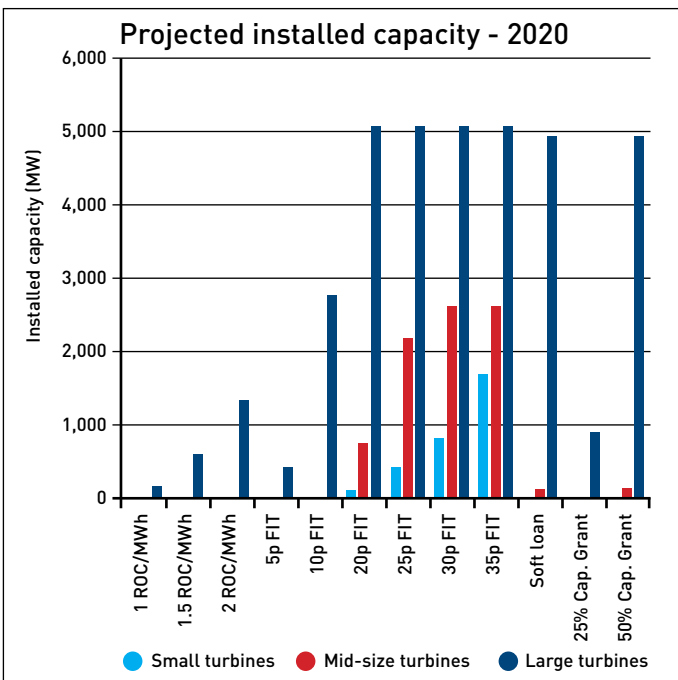
The report published by United Kingdom consultants Element Energy in 2008 for the United Kingdom Department of Business Enterprise & Regulatory Reform (BERR Report see footnote 1 of this Offer Document) considered the possible consequences of a then proposed feed-in tariff policy. Their projections assumed a 20p feed-in tariff (rather than 18.8p feed-in tariff ultimately adopted), a 10% per annum rate of uptake of the economic potential and that uptake is otherwise unhindered, i.e. no supply chain or infrastructure constraints.

They projected "At a feed-in tariff of 20 p/kWh, just under 1 GW of these turbines are expected to have been installed by 2020, increasing to more than 1.5 GW in 2030"².

² BERR Report - page 45



<http://www.cheshirerenewables.org.uk/renewreport/3currentactivites.htm>



Projected Installed capacity under various support policies (Small turbines: 50-100kW; Mid-size turbines: 100-500 kW; Large turbines: >500 kW)³

³BERR Report - page 44

One GW of generating capacity is equal to 1000 MW (or 2,000 Windflow 500 turbines) installed over the next 10 years. This projected demand underpins the agreed minimum VGE targets of 20 in the year ended 30 June 2011 and 48 turbines in the year ended 30 June 2012.

With the feed-in tariff driving this market for small scale generation, the potential customers are the landowners themselves, consisting predominantly of farmers, industrial estates and businesses, communities, councils, and property investors.

The United Kingdom Competitor Analysis

In the opinion of the Directors, there is limited competition in the 100 - 500 kW new turbine market in the United Kingdom (noting that the feed-in tariff is only available to new wind turbines installed). This is due principally to the world's main turbine manufacturers concentrating on large scale turbines (1.5 MW and bigger).

The three main competitors in the United Kingdom in the 100 - 500 kW range are Enercon, WES and Vergnet. Other competitors may enter the market in the future including RRB Energy, Turbowind and Polaris America.

The limited number of competing turbines within the United Kingdom market, combined with the heavy demand expected by the Company's Directors for 500 kW turbines arising from the feed-in tariff, means that the turbine suppliers to the United Kingdom market are unlikely to be able to meet short term customer demand.

The principal competitors for 500 kW turbines in the United Kingdom are:

Enercon

This manufacturer's competing turbine is a 330 kW machine with a 33.2 metre rotor. Enercon currently manufactures at least six different turbine models and is mainly focused on larger turbines (over 800 kW). The 330 kW turbine makes up approximately 1% of their installed turbines worldwide (calculated by the Company from reference Wind Turbine Market 2010, Erneuerbare Energien Special Report 45852). Both Enercon and Windflow offer an IEC certified Class 1A product for the United Kingdom market and have similar output in the same wind speeds. Both Enercon and Windflow offer an IEC certified Class 1A product for the United Kingdom market and have similar output in the same wind speeds.

Wind Energy Solutions (WES)

This manufacturer offers a 250 kW turbine with a 30 metre diameter rotor in the 100 - 500 kW range. The WES 250 is not IEC certified and is designed for lower wind speeds. WES claims that its 250 kW turbine is ideal for average wind speeds up to 7.5 m/s (reference www.windenergysolutions.nl).



Manufacturer	Country	Generator size (kW)	IEC Class	Number of installations of this model
Windflow	New Zealand	500	1A (high wind)	66
Enercon	Germany	330	1 and 2 (high and mid wind)	75 ⁴
WES	Netherlands	250	Not IEC certified. Optimised for low wind.	Over 1000 (all models) ⁵
Vergnet	France	275	Not IEC certified. Optimised for low wind.	Over 350 ⁶
RRB Energy	India	600/ 500	Class 1 or 2 – provisional type certification for 600 kW	Over 620 of both ⁷
TurboWind	Belgium	600	Class 2 - no current certification found	123 of 600 kW and 29 of 400 kW ⁸
Polaris America	USA	500 ⁹	Class 2 - no current certification found	None found

Assuming a standard wind pattern and equivalent reliability, a single Windflow 500 turbine can generate more electricity and therefore revenue over a year than a single WES 250 kW.

Vergnet

This manufacturer's competing turbine is a 275 kW machine with rotor diameters of between 28 and 32 metres depending on the wind class rating. Vergnet turbines stop operating at approximately 20 m/s and start operation at 3.5 m/s whereas the Windflow 500 has an operating range of 5.5 – 30 m/s. The Vergnet turbines are downwind turbines installed on a tilt-down tower which allows them to be lowered for servicing.

RRB Energy

This manufacturer offers the PS600, a 600 kW turbine with a 47 metre rotor diameter and also mentions a V39 – 500 kW turbine with a 47 metre rotor diameter. The company has a provisional and partial type approval certificate for the PS600 turbine. A Canadian company called Freebreeze also promotes a PS500 turbine with a 47 metre rotor diameter which appears to be the 600 kW turbine downrated to 500 kW.

TurboWind

The Belgian designer and manufacturer licenses the design of the T600 (600 kW turbine with a 48 m rotor diameter) to several companies around the world. The 600 kW turbine does not appear to have current IEC certification. It is possible that this turbine could be offered as a 500 kW turbine by downrating the generator.

Polaris America

This recently formed US company claims it will have a 500 kW wind turbine (with a 50 metre rotor diameter) available Q3/2011. The company offers turbines from 20 kW to 1 MW but do not appear to have certified, built or installed any 500 kW turbines yet.

Windflow's Competitive Advantage

The Windflow 500's competitive advantages in the United Kingdom are:

- The 500 kW size and output which maximises the returns in the 100 – 500 kW band of feed-in tariff at 18.8 pence per kWh,
- The IEC Class 1A design and certification,
- A proven track record of the technology in strong winds, and
- The full service offering of its distributor VGE who offer full turnkey project management for the landowner and a de-risked offering including warranty, servicing and price certainty.

As the Company specialises in a 500 kW turbine, the production line is focused only on this model. The Company's manufacturing capacity in its existing factory if running two production lines is 240 turbines per year.

⁴ Wind Turbine Market 2010, Erneuerbare Energien Special Report 45852, available from website <http://www.erneuerbareenergien.de/>

⁵ www.windenergysolutions.nl

⁶ <http://www.vergnet.com/pdf/gev-mpc-en.pdf>

⁷ <http://www.freebreeze.eu/en/wind-turbines/ps500-500kw-ruzgar-turbini.html>

⁸ <http://www.turbowinds.net/ingles/references.html>

⁹ <http://www.polarisamerica.com>



3.2 United Kingdom Turbine Sales

United Kingdom Distribution Agreement

In the first half of 2010, Windflow employees spent a considerable amount of time in the United Kingdom talking to United Kingdom turbine retailers and service providers to locate a suitable partner to assist Windflow's entry into the United Kingdom.

In order to access the demand for Windflow 500 turbines in the United Kingdom, in August 2010 the Company entered into an exclusive distribution agreement with Ventus Green Energy Limited based near Glasgow. See www.ventus-green-energy.co.uk for further details.

In the past two years VGE has received deposits for planning permission for over 100 wind turbines, and has sold, installed and serviced over 40 of these turbines. VGE provides its clients with full project management services that cover site assessment, planning (resource management), consents, arranging site works, installing turbines and operating and maintaining turbines (including providing their own warranties to turbine owners in addition to the manufacturers' warranties).

Under the distribution agreement, the payment schedule for each turbine is comprised of a substantial initial deposit at the date the turbine is ordered, a further substantial progress payment 6 months following the order with a smaller progress payment at the time the turbine is ready to be shipped, and a final small payment upon commissioning. This schedule has been fixed so that the payments from VGE should cover the expenditure required to manufacture each turbine, thereby minimising the working capital requirements even during periods of high volume. It is expected that the turbines will be sold in batches of 4 turbines.

Failure to meet minimum order targets contained in the distribution agreement places VGE at risk of losing its exclusive distributorship. Those minimum order targets are for VGE to order from the Company 20 Windflow 500s through to June 2011, increasing to 48 turbines through to June 2012 and then to 96 turbines per annum.

Under the distribution agreement with VGE, in respect of a turbine sold to VGE by Windflow, title in the turbine passes upon Windflow's delivery of the turbine to the premises of VGE in the United Kingdom. All payments to Windflow are to be protected by a letter of credit. Ventus are solely responsible for the subsequent sale of the turbine to its customers, together with the installation maintenance and operation of the turbine. In order to control the quality of the commissioning process, Windflow has reserved for itself the right (at VGE's cost) to undertake the final commissioning process. Windflow is responsible to VGE's customer for a limited 5 year warranty covering turbine failure by virtue of defective manufacture or materials.

In the 3 months since commencing the marketing of the Windflow 500 in the United Kingdom, VGE has received strong sales interest. The first formal stage in the process of installing turbines in the United Kingdom is to get planning (resource management) consent and completion of a satisfactory power lines survey. These activities act as an early indicator that VGE orders will be forthcoming. At 22 October 2010 VGE reported the following progress:

Milestone	Turbine numbers
Enquiries for Windflow 500 turbines	370
Site surveys carried out	113
Received deposits of £10,000 or other payment covering the cost of preparing planning applications and/or lines surveys	29
Planning applications lodged with local Councils	17
Submissions made to the local power utility for line surveys	17

Of the 17 planning and line survey applications lodged, all 17 are still pending with the first decisions expected early next year.

VGE has advised that the first order may not be able to be placed until planning approvals are received early next year. There is no guarantee that a successful applicant for a planning approval will place an order for a turbine with VGE (which in turn would lead to VGE placing an order with the Company).

This level of activity less than 3 months after signing the distribution agreement represents significant progress towards VGE achieving or exceeding its targets in the distribution agreement and Windflow achieving sustainable and profitable sales.

The combination of the following factors supports the Directors' view that the Company will receive a substantial number of orders from VGE in the next couple of years:

- A turbine with IEC approval.
- A local distributor who understands the market.
- The likelihood that at least some of the sites will obtain planning and lines approval.
- The underwriting of the guarantee (subject to conditions) for the first 20 deposits by the New Zealand Export Credit Office, and
- The high rate of return to the ultimate Turbine owner from the turbines.



Present Returns to Windflow from United Kingdom Sales

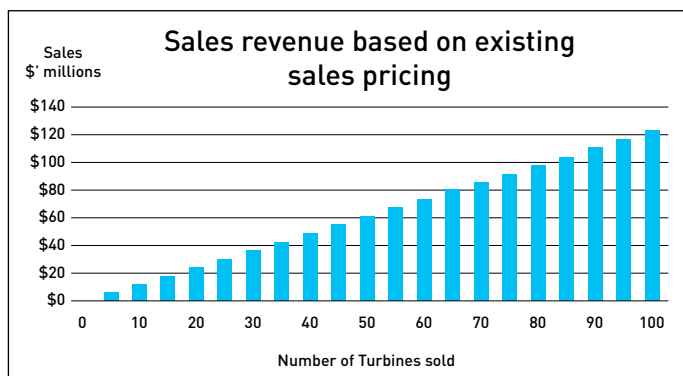
The sales opportunity for the Company in the United Kingdom, in the opinion of the Directors, represents a compelling business investment with each individual turbine sold contributing very attractive cash flows and significantly improved profitability.

The contribution to gross profit from United Kingdom sales, based on existing component, transport, labour costs and quoted selling price to VGE in October 2010, is approximately 20% or \$250,000 per Windflow 500 turbine. The Company notes that future market forces (including competitive tension and exchange rate movements) will undoubtedly change this gross profit percentage.

This \$250,000 per turbine contribution to gross profit is calculated including:

- The sale price per turbine of \$1.23m based on the current quoted sales pricing and a .47 NZ\$/UK£ exchange rate which has been used by the Company and VGE in market planning.
- Shipping costs to the United Kingdom.
- A 5 year warranty is provided by the Company to VGE's customers (the end turbine owner) as part of the agreed marketing plan between the Company and VGE. This warranty covers the repair or replacement of components that fail during the warranty period. The warranty costs are calculated with reference to the warranty costs experienced (or projected to be experienced) in respect of New Zealand turbines sold, plus a further margin of 33% to cover higher costs anticipated from operating in the United Kingdom market.

As indicated previously, the Company and VGE have entered into a distribution agreement which incorporates minimum sales targets of 20 turbines in the year ending 30 June 2011, 48 turbines in the year ending 30 June 2012 and 96 turbines in subsequent years.



Given the significantly higher gross profits available from sales to the United Kingdom in comparison to historical New Zealand sales margins, the Company expects that substantially fewer turbines need to be sold each year in order to achieve profitability.

The breakeven sales volume for the business will be where the gross profit equals the overhead costs. The current overhead costs are largely fixed for production levels of up to 60 turbines per year. Thereafter, additional marginal costs will be incurred in achieving higher levels of sales. The Company's current overheads are listed in the published financial statements of the Company. Copies of these statements are obtainable at <http://www.windflow.co.nz/pdf-folder/Financial-Reporting/Annual%20Report%202010.pdf>. These overhead costs will change over time.

Summary of present UK economics

1. Contribution to gross profit per Windflow 500 turbine: approximately \$250,000
2. Total overheads per 30 June 2010 Windflow accounts: \$6.785m
3. VGE sales targets:
 - 20 turbines by 30 June 2011
 - 48 turbines by 30 June 2012
 - 96 turbines per annum thereafter.

Application of Proceeds

The application of proceeds will depend on the final amount raised. The first priority for the capital raised is for the United Kingdom opportunity including:

- Early order of components to reduce manufacturing lead time and maximise the number of turbines able to be sold in the United Kingdom in the current market conditions,
- Foreign Exchange cover, and
- Working capital and improvement in balance sheet strength. The Company currently has no bank debt and no substantial funding facilities.

The VGE distribution agreement requires the Company to offer an Advance Payment Guarantee by a third party to protect VGE's deposits should the Company be unable to supply the turbines.



In September 2010 the Company presented to the New Zealand Export Credit Office the business plan for selling turbines to the United Kingdom. Following a detailed assessment of that business plan the New Zealand Export Credit Office agreed, subject to a number of on-going conditions¹⁰, to provide the Advance Payment Guarantee for the first 20 turbines to be supplied under the distribution agreement. Some of the capital raised may be needed to support security requirements related to future customer deposit bonds and progress payment bonds.

If justified by the number of turbines in planning in the United Kingdom and any volume discounts available from the suppliers of the components, some of the capital raised may be used to order components with long lead times before an order is received. Due to component lead times, it is expected to take approximately 10 months from the placing of an order to when a Windflow 500 is ready to ship to the United Kingdom. That delay introduces an element of uncertainty into the process for the ultimate purchasers. If the Company could supply turbines from stock, it is expected that this would result in more sales and lower costs.

VGE will order turbines from the Company denominated in Pounds Sterling. The estimated 10 month delay between taking the order based on a fixed exchange rate and receiving the final payment for the turbine introduces an exchange rate exposure. The Company intends to eliminate this exchange rate risk by taking out exchange rate cover.

The Bank of New Zealand has indicated that it requires cash deposits to secure the maximum loss reasonably likely to be sustained by the Bank in the event that sales proceeds are not received (for whatever reason) to settle the foreign exchange hedging contracts.

Due to the strong cashflow arising from the deposits payable under the VGE contract, free cash from the orders enables the foreign exchange deposit requirements to be met by the Company in the medium term, but capital raised under this Offer would enable the Company to fund the short term requirements.

¹⁰ The NZECO's offer of support is subject to the following conditions:

1. NZECO's right to review the facility and potentially suspend cover on future customer deposit bonds in the event that Windflow is unable to raise capital by December 2010;
2. Final bond form to be issued by BNZ satisfactory to NZECO and to specifically state a trigger for the release of the bonds issued (e.g. the deposit bond and progress payment bond to be released upon receipt of a certificate from an independent body stating that the associated order is ready to be shipped);
3. Windflow to seek NZECO's consent for variation in the shipping schedule currently stated in the Distribution Agreement (draft dated 15/10/2010) with Ventus;
4. NZECO to consent to any further security arrangements (i.e. in addition to the security provided to BNZ covering the NZD 12.16m foreign currency hedging facilities) that Windflow proposes to enter into while the NZECO guarantee is in place;
5. Validity period of three months;
6. The Exporter must sign the Recourse Deed with the NZECO before NZECO will issue the Contract Bond Guarantee Final Notice that provides indemnity for the BNZ; and
7. Final acceptance by the Secretary to the Treasury.

An additional medium-term objective for the use of the capital raised may be to improve the Balance Sheet strength of the Company in order that advance payment guarantees are not required by customers and that banking facilities are available whereby cash security for foreign exchange requirements is not necessary.

3.3 Other Opportunities

The United Kingdom turbine sales market is not the only opportunity that is currently presenting itself to the Company. Windflow continues to pursue other opportunities and is prioritising resources on each of these opportunities depending on market conditions, the size of opportunity and ability to fund from sales proceeds or further capital raising.

Other opportunities for the 50 Hz turbine include:

- Joint venture turbine ownership in the United Kingdom market.
- Developing sales opportunities in the New Zealand market.
- Potentially taking control of sites appropriate for the Windflow 500 turbine.
- Development of the sales opportunities in the Chile market through its Chilean agent.

The Company is also making significant progress towards United States market entry where a 60 Hz turbine would be required.

Product development to expand our market competitiveness is desirable, and includes the development of the 60 Hz turbine and potentially a version of the 500 kW turbine optimised for lower wind speeds.



3.3.1 United Kingdom Turbine Ownership

Selling turbines to VGE in the United Kingdom is expected to earn a good commercial return to the Company. However, due to the feed-in tariffs referred to in section 3.1 of this Offer Document, owning and operating turbines in the United Kingdom would earn a higher return.

Turbines operating on sites with attractive average wind speeds are likely to have a payback period of three to five years, and the income earned over the remainder of the estimated 20 year life of the turbine would provide strong cash flow and profit.

Therefore an investment option is to co-own with VGE and the land owner, turbines in the United Kingdom. This would be particularly attractive until April 2013 while the feed-in tariffs are at their current high levels.

VGE has recognised that some landowners of sites with a good wind resource may not be able to, or are unwilling to, raise the funds needed to buy and install their own turbines. Therefore VGE has established a programme called WindVestment for landowners who are prepared to have a turbine installed on their land in return for ownership of a proportion of a turbine.

VGE WindVestment Agreement

The Company has signed a joint venture Heads of Agreement with VGE based on the WindVestment product under which the Company has the option to participate in a process whereby:

- The Company manufactures and ships to the United Kingdom up to 8 Windflow 500 turbines and provides its standard five year warranty.
- VGE provides suitable consented sites, pays for lines survey, meets the legal costs of registering land owner agreements, pays for site infrastructure costs and erection costs and meets the first five years' operating costs of the turbines.
- The turbines may be transferred into a separate entity, which will be 50% owned by a Windflow nominee, under an agreed funding formula.

The returns from this proposal and the operational stability that the proposal provides in terms of on-going positive cash flow and assets which could provide asset security make this proposal attractive.

The Directors of Windflow have yet to determine if such an investment is the best use of the Company's resources and how it sits with the Company's sales and marketing strategy. It is possible that the best vehicle to pursue this strong profit opportunity and to maximise the value of the Company's asset is through a separate investment vehicle which would raise capital and debt funding for this purpose.





In making this assessment, the Directors will take account of the desires of the Company's shareholders. Once the United Kingdom export operation is performing in accordance with the Company's plans, then Shareholders may be approached to participate in further capital raising in order to fully access, or expand, this opportunity.

- The Huntly coal fired station is nearing the end of its life,
- Competition for water resources in all our major hydro catchments is increasing.

3.3.2 The New Zealand Market

The Directors of Windflow believe that small scale distributed generation is appropriate to New Zealand, a view supported by research conducted by the Parliamentary Commissioner for the Environment¹¹ and Energy Efficiency and Conservation Authority¹² in recent years. This type of generation has been demonstrated to be more easily consented with smaller projects such as Long Gully compared to larger projects such as Project Hayes. Distributed generation makes use of existing capacity in the grid and local power networks.

Distributed generation also introduces geographic diversity into both the asset owners and the nation's portfolios, thus substantially reducing the risks to output resulting from weather systems, grid constraints or natural disasters.

Distributed generation is however typically a higher cost due to the small scale and higher consenting costs per kW. Long term power purchase agreements with appropriate pricing are required to get independent financing.

Demand for electricity is steadily increasing in New Zealand and that, by itself, would be expected to lead to increased electricity prices. However, wholesale electricity prices during 2009/2010 were at historically-low levels due to the combination of the global financial crisis reducing economic activity, high rainfall (meaning ample hydroelectric capacity) and the addition of wind and geothermal generating capacity in the past year.

The Directors of the Company believe that the wholesale spot market has limitations in terms of the signals that it gives to independent power producers to enter and stay in the market. These limitations are the subject of current legislative reforms, but for the moment the wholesale price alone does not make it economic to build new wind power generation.

New Zealand's existing sources of electricity generation are coming under increasing pricing pressure in the medium term:

- The low cost Maui gas field is coming to an end after supplying up to 25% of New Zealand's electricity,

New Zealand's '100% pure' brand has been valued¹³ at more than \$20b and continues to be supported by policies such as 90% renewables by 2025¹⁴. This in turn supports the export of food products and growth of tourism, New Zealand's two biggest earners of foreign exchange. Consequently the Directors of the Company do not believe that New Zealand should build any new coal-fired generating stations.

Therefore the Company concludes that it is likely that the economics of wind farming will continue to improve in real terms over time.

Mighty River Power - Long Gully wind farm

Mighty River Power Limited, Windflow's largest shareholder, has the rights to develop a 25 turbine wind farm on Long Gully station near Wellington using Windflow 500 turbines. The wind farm will require approximately \$30m to develop and Mighty River Power has indicated that it is not intending to proceed with the development.

In addition to the funding, it is still necessary to obtain a number of additional rights, particularly the easements required for the line that will export the power from the site before the development of the Long Gully wind farm could commence.

Mighty River Power and the Company are engaged in negotiations to facilitate the development of the Long Gully wind farm.

The returns from the development of this wind farm would (based on the Company's internal forecasts) be considerably less than any of the options based on the United Kingdom and the United States. This is in spite of the very high wind speeds available on the Long Gully site. The principal reason for this is New Zealand's much lower electricity price¹⁵. However the Directors anticipate that the power price in New Zealand will increase in the future, potentially making the economics of this wind farm more attractive. The agreement with the landowners and the resource consent are both subject to development deadlines and it may be that the power price will not increase sufficiently before those deadlines expire.

¹¹ <http://www.pce.parliament.nz/publications/all-publications/wind-power-people-and-place-2>

¹² <http://www.eeca.govt.nz/sites/all/files/dg-barriers-report-june-2010.pdf>

¹³ <http://www.tourismnewzealand.com/media/106877/10%20year%20anniversary%20of%20100%20%20pure%20new%20zealand%20campaign%20-%20pure%20as%20magazine.pdf>

¹⁴ Draft New Zealand Energy Strategy July 2010 page 9

¹⁵ <http://www.parliament.nz/NR/rdonlyres/A7E4C7AE-DB6C-4179-9054-0DE9E3B559D7/292/0408ElectricityGeneration1.pdf>



NZ Windfarms Limited – Te Rere Hau wind farm

NZ Windfarms Limited will, after the completion of stage 4 of the TRH wind farm near Palmerston North, still have 56 consented but undeveloped sites for Windflow turbines. 32 of those sites are the lowest wind speed locations on the original windfarm and so development of those sites may require a significant increase in the average power price. However NZ Windfarms has recently purchased the land on which the original windfarm sits and that may make development of those sites more attractive. Normally a proportion of the gross proceeds from selling electricity needs to be paid to the landowner. However in this case all of the additional income from those sites would pass to NZ Windfarms. Further, NZ Windfarms has already started to develop the roads and crane pads needed to build those turbines, making further development of this site more likely.

The remaining 24 consented sites are on the Eastern Extension of the TRH windfarm. It is likely that at least some of those sites will be exposed to a very good wind resource.

NZ Windfarms stated in its 2010 prospectus that it had no plans to make further investments in wind farm capacity beyond the 97 turbines installed or on order. The cost of additional turbines and the weaker electricity and carbon prices meant that further investment was less attractive. It was however noted that the consents provided NZ Windfarms with some scope to increase capacity incrementally on a very good site if prospects improved.

The Directors of Windflow do not expect a further order from NZ Windfarms in the short term.

Other New Zealand wind farms

Another publicly announced potential New Zealand site held by a non-related party (Main Power New Zealand Limited) is Mt Cass in North Canterbury. This application is currently before the Environment Court and has as one of its options 68 turbines matching the Windflow 500 specifications, referred to as the “R33 wind farm option”.

Should the Court decision be favourable then Windflow will get an opportunity to submit a supply proposal for this development.

The Company is also working on developing proposals on a number of other sites for some of the “big five” generators in New Zealand (Meridian, Mighty River Power, Genesis, Contact Energy and Trustpower). The lead time before orders eventuate from these proposals is likely to be in excess of three years.

3.3.3 The United States Market

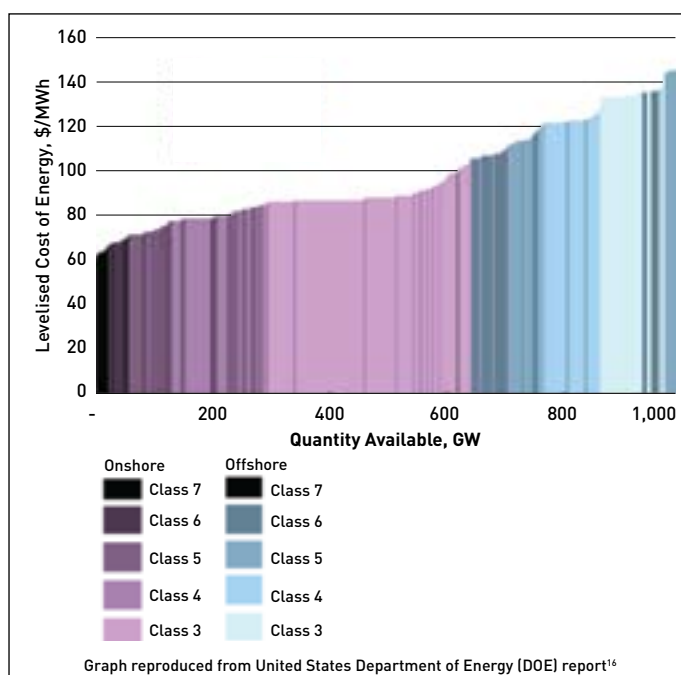
Compared to New Zealand, the United States has:

- A massively larger market,
- A much lower percentage of existing renewable power, and
- Political encouragement behind renewable generation.

Since the passage of the Public Utilities Regulatory Policies Act of 1978 (PURPA), America’s electric utilities have been mandated to buy power from independent power producers (IPPs) at “avoided cost” rates, which are independently set by each state’s regulators, and are generally associated with the costs of fossil fuels. In contrast, New Zealand IPPs without a retail base have to sell to their competitors at prices which are set by the incumbent generator-retailers. Chief among the recent United States policies supporting wind energy development, a production tax credit provides a US\$21 / MWh benefit for the first ten years of a windfarm’s operation.

A July 2008 United States Department of Energy (DOE) report¹⁶ presented a roadmap for the nation to obtain 20% of its electricity from wind power by 2030, requiring the installation of 300,000 MW over 20 years, or an average of 15,000 MW per year.

The DOE report emphasised that the lowest-cost options for wind energy development are in on-shore locations with strong winds, and showed 20,000 MW of wind power density Class 7 sites available. These sites have average wind speeds above 8.8 m/s at a height of 50 m. IEC Class 1 turbines are generally required in Class 7 sites, and in the highest Class 6 sites.



¹⁶ 20% Wind Energy by 2030, U.S. Department of Energy, DOE/GO-102008-2567 (2008)



The United States currently has 35,000 MW of installed wind turbine capacity, which is 22% of the world's capacity. 2740 MW, or 8% of the installed U.S. capacity, is in California. 58% of California's installed capacity is over 10 years old. 620 MW are installed in the San Gorgonio Pass near Palm Springs, and 690 MW in Tehachapi¹⁷.

The United States Opportunity

- **The repowering market**

The Company sees a market entry opportunity in repowering the older windfarms in southern California. 20 years ago, California had 1,161 MW installed, 60% of the world's capacity, with 323 MW in the rest of the United States, and 444 MW in the rest of the world¹⁸. Many of California's older turbines are reaching the end of their serviceable lives, creating a growing repowering opportunity. Most of the turbines currently coming out of service are 50-150 kW capacity. The logistics of repowering favour submegawatt turbines, as the location of each new turbine needs to respect the required setbacks from existing turbines, roads, transmission lines and other obstacles.

Windflow estimates the annual demand in this niche as 60 MW. The Company anticipates competition for this repowering business from GE 1.5 MW turbines, which are offered with optional earthquake-rated towers at a price premium, and from larger IEC Class 1A turbines from other manufacturers. Windflow anticipates capturing a share in this repowering niche as the Windflow 500 has Class 1A certification, a standard 30m tower design which is both earthquake rated and earthquake-proven, and a competitive cost structure.

- **The new investment market**

In addition to the opportunity in repowering mature southern California windfarms, the Company anticipates capturing a small share of the new capacity to be installed in southern California.

Little new construction is foreseen in Palm Springs, but the nearby Tehachapi region enjoys an abundance of locations with strong winds, close proximity (120 km) to Los Angeles, and a sparsely populated community, receptive to windfarm development.

In 2006, Southern California Edison (SCE) awarded a 1,550 MW power purchase agreement for new projects in Tehachapi. Shortly thereafter, SCE began construction of a new 4,500 MW Tehachapi substation. In 2009, the California Public Utilities Commission approved SCE's construction of transmission lines to deliver 4,500 MW from Tehachapi to Los Angeles¹⁹. The implication is that a further 2,950 MW of Power Purchase Agreements will be awarded and in due course substantial investment in new wind turbines will occur. Over 500 MW of wind turbines were purchased in 2010 for Tehachapi.

Selected locations between Tehachapi and Palm Springs also enjoy strong winds and sparse populations. Portions of this region are subject to construction height restrictions which would permit Windflow 500s but preclude larger turbines, based on proximity to small airports or to the large United States Air Force base located near Tehachapi.

The 1.5 to 3.0 MW IEC Class 1 turbines offered by GE, Vestas and Siemens are expected to enjoy a dominant share of the market for new wind power development in southern California, but Windflow sees a niche for a 500 kW Class 1A turbine in those high-wind locations where multimegawatt turbines simply cannot fit based on required setbacks and height restrictions.

- **Lower wind speed opportunities**

A broader underserved demand for 100-1000 kW wind turbines has been recently identified by the United States Department of Energy^{20,21}, and resulted in the launching of the Department of Energy "Midsize Wind Turbine Development Project" in early 2010. A growing demand for "midsize" wind turbines is foreseen, particularly in the growing community wind segment. Market research commissioned by Windflow in 2008 projected that the community wind segment would grow from 4% to 12% of the United States market, and recommended a long-term growth strategy in this market segment²². The Company foresees opportunities for growth in this segment after developing a turbine optimised for somewhat lower wind speeds, which would be progressed after a successful United States market entry with a Class 1A Windflow 500.

¹⁷ http://en.wikipedia.org/wiki/Wind_power_in_the_United_States#Largest_wind_farms

¹⁸ <http://www.awea.org/projects/Projects.aspx?s=California>

¹⁹ http://docs.cpuc.ca.gov/PUBLISHED/NEWS_RELEASE/111310.htm

²⁰ *Distributed Wind Market Applications*, NREL/TP-500-39851 (2007)

²¹ *An Analysis of the Technical and Economic Potential for Mid-Scale Distributed Wind*, NREL/SR-500-44280 (2008)

²² *Windflow US Market Entry Plan*, T. Roberts et al, UCLA Global Access Program (2008)



United States Market Entry

Windflow has been preparing to enter the United States market for some years. This will require adapting the Windflow 500 for 60 Hz operation, primarily through a gearbox redesign to provide an 1800 rpm output. An in-market demonstration of the 60 Hz Windflow 500 is also considered important to launching a planned United States sales effort.

The Company decided that until a site had been obtained for the in-market demonstration and until Windflow had IEC Certification of the 50 Hz model, it was inappropriate to allocate substantial funds to modifying a turbine for the United States. Windflow has now satisfied both of those preconditions. The 50 Hz model has obtained IEC Type Certification, and Windflow and the Dutch Energy Corporation (DEC) have executed a non-binding and conditional Memorandum of Understanding that will allow the installation of two Windflow 500s on sites leased by Windflow for 8 years on DEC's wind farm in Palm Springs California once formal agreements between the two companies have been completed.

The Dutch Energy Corporation has power purchase agreements and consent to operate 33 500 kW 2-bladed turbines. Dutch Energy Corporation owns and operates 31 turbines from a manufacturer that ceased wind turbine manufacturing in 1997. These Windflow turbines would act as demonstration sites for the United States market.

The Company believes that Windflow's United States sales prospects could be strengthened by a suitable strategic partnership. The Directors are considering an entry into the United States market via a joint venture company with a strategic partner, who would invest working capital to launch the United States affiliate (including potentially funding the two demonstration turbines), and who would add local reputability and financial stability to the venture to strengthen its warranty offering, enabling United States early adopter sales to be financed.

While Windflow may be able to finance the development of the 60 Hz model and its in-market demonstration from the proceeds of this capital raising or cashflow from on going operations, the Directors consider it is likely that further capital from either Windflow or a strategic partner would be needed to enter the United States market.

3.3.4 Other International Markets

The Company has invested a considerable amount of time developing the market in Chile and in the longer term that is likely to be an attractive market for Windflow turbines. Australia is also a potential market for the Windflow 500, however low energy prices and political uncertainty around energy and climate change policies have meant that this market has not been a priority for the Company.





4.1 The Windflow 500 Technology

4.1.1 Track record

The first prototype Windflow 500 was installed in 2003 and replaced in 2005. Five Windflow 500s have been in commercial operation since 2006 at the Te Rere Hau windfarm near Palmerston North. The company moved into its current premises in late 2007 and began serial production in early 2008.

During 2009, the number of turbines in commercial operation grew from 6 to 65. As turbines from early serial production came into service, a few teething issues surfaced, for which mechanical and control system improvements were retrofitted throughout the fleet. Even as these first year issues were being sorted, fleet operating availability exceeded 93% for 2009. Operating availability has exceeded 95% through the first 3 quarters of 2010.

The strong, turbulent winds at Te Rere Hau provide an ideal testing ground for the refinement of the Company's core technologies. Both the torque-limiting gearbox and the teeter control system have enjoyed a small number of mechanical improvements and a large number of automatic control system improvements as the Windflow 500 fleet has built a cumulative track record of over 100 turbine-years.

4.1.2 Core technologies

The Windflow 500 is designed in all aspects to minimise transmitted fatigue loads, enabling a relatively small and lightweight wind turbine to provide durable service. In particular, the Windflow 500 embodies two differentiated core technologies:

- A proprietary teeter control system enables the Windflow 500 rotor to teeter on an axis perpendicular to both the main shaft and the blade pitch axis, limiting damaging teeter excursions while significantly reducing bending fatigue loads from wind shear and turbulence which would otherwise be transmitted through the entire wind turbine structure.
- A proprietary torque-limiting gearbox fundamentally reduces drivetrain torsional fatigue loads, enabling close regulation of power, minimising gearbox rating, and enabling the use of a synchronous generator directly on line.

Both core technologies enable fundamental reductions in turbine weight and cost. The Windflow 500 boasts a tovertop weight of less than 13 tonnes. By incorporating a grid-friendly synchronous generator, the Windflow 500 enables additional windfarm cost savings as it requires neither power electronics for frequency conversion, nor dynamic reactive power compensation systems to support grid voltage.

4.1.3 International Electrotechnical Commission (IEC) certification

The Windflow 500 has been designed, manufactured and tested for a 20-year life at a Class 1A site in accordance with IEC WT-01:2001 and IEC 61400-1:2005 (Edition 3). Class 1A is the IEC classification for the highest wind speeds and greatest wind turbulence. In September 2010, the independent auditor Lloyd's Register awarded Type Approval to Class 1A, the culmination of over 5 years work by the Company and its suppliers.



A larger copy of the Certificate, which has not been classified as an expert's statement is on page 40 and the limitation of liability provision is set out in section 6.1.



Based on worldwide best practices in wind turbine computer-aided engineering, the mechanical loads imposed on the turbine during 20 years of service in Class 1A winds have been modelled and calculated. The Windflow 500 is built from thousands of mechanical parts: steel plates, flanges and forgings, iron, steel and aluminium castings, gears and bearings, welds, bolted joints and composite structures. The calculated ultimate strength of every part has been shown to exceed the maximum load, and the calculated fatigue life of every part has been shown to exceed 20 years in Class 1A winds.

IEC 61400-1 and its associated standards spell out comprehensive processes for wind turbine design and testing, and specify the required degree of conservatism in safety factors to be applied in design calculations throughout the turbine. Independent IEC Type Certification substantially reduces the investment risk in windfarming, and is typically required in order to secure project finance. However IEC Type Certification does not remove all the risks inherent in a new and complex design.

4.1.4 Product Development

Wind-diesel Variant

Work has progressed on a wind-diesel variant of the Windflow 500 with testing at the prototype turbine at Gebbies Pass. Wind diesel cogeneration is still seen as a market that is well suited to the Windflow 500. However the fall in petrol and diesel prices over the last couple of years has reduced the pressure for more economic forms of generation. As the world economy improves the Directors believe that world oil prices will return to higher levels, which should create increased interest in wind-diesel cogeneration. Further product development on this variant will be considered once demand for a wind-diesel product increases.

60 Hz Variant

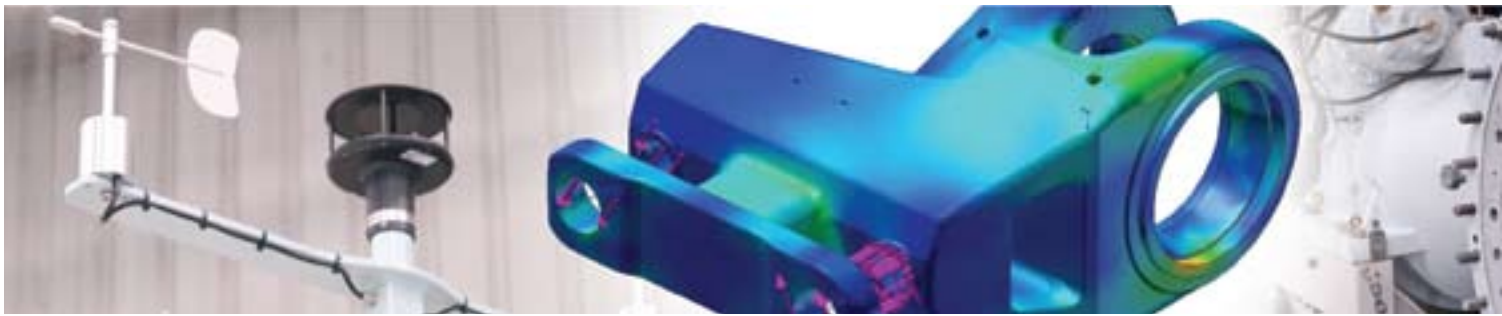
As discussed above, the development of a 60 Hz variant is required for United States market entry. While this may be able to be funded from proceeds from sales, additional capital is likely to be required and the Directors are considering options for United States market entry.

Large Rotor Model

The Windflow 500 is optimised for high wind speed sites. While it is economic in those sites and certain niche low speed markets, a turbine with different optimisation (larger rotor for the same power rating) is desirable to access a larger proportion of the international markets open to the Company.

Whether the 60 Hz variant is developed together with the large rotor low wind speed optimised model will depend on demand in the North American market and the availability of funding.





4.2 The Company

4.2.1 Background

Since its initial public offering in July 2001, the Company has been steadily transitioning from a small start-up company to what the Directors believe is a dynamic and capable wind turbine design and manufacturing company.

Over the last two financial years the Company has manufactured the last 64 turbines for the Te Rere Hau wind farm near Palmerston North. The Company has also successfully completed, or substantially completed, the two major objectives that the senior management team set for the Company in early 2009, being the obtaining of IEC Type Certification and the successful completion of the manufacturing and commissioning of the TRH turbines for NZ Windfarms.

In doing so the Company has demonstrated that it has the management, employees, systems and facilities necessary to manage the complex, inter-related and international supply chain that is needed to continuously manufacture, assemble, commission and service wind turbines.

Obtaining IEC Type Approval for the Windflow 500 is a validation of all of the processes and systems now established within the Company and the skills of all of the engineers. The issuing of the Type Approval was the culmination of a detailed review and examination of calculations and documentation by engineers in the United Kingdom working to the standards and systems specified by Lloyd's Register. This review included:

- more than 2,000 pages of calculations,
- more than 200 drawings,
- 37 specifications and
- the results of months of testing.

The ability of the Windflow engineers to rapidly and efficiently diagnose the root cause of teething issues and to design and test any necessary remedial work gives the Directors confidence that Windflow will be able to respond to any new issues or customer demands as they appear from time to time.

A prerequisite for obtaining IEC Type Approval is that the company must have ISO9001 certification. All of the systems must be robust and well documented, and all institutional knowledge must be documented within the systems so that the systems are not dependent on any one individual.

In recognition of the growing sophistication of the Company's business, an experienced Chief Financial Officer has been brought into Windflow on an initial 6 month contract to assist growth in an increasingly sophisticated operational environment.

4.2.2 Staff and Directors

Staff

As at 30 September 2010, the Company employed a total of 51 staff across its operations and corporate functions. Seven of Windflow's employees are Chartered Professional Engineers (CPEng). This is a well-recognised qualification attesting to the current competence of a professional engineer in New Zealand. Three of the finance staff are Chartered Accountants, further attesting to the competencies the Company can now bring to bear.

Directors

The Directors of the Company are:

Barrie Leay, Chairman of Directors

45 Ledbury Road, Nelson



Barrie Leay was until mid-1997 Executive Director of the Electricity Supply Association of New Zealand. Subsequently he was elected as the founder Chairman of the APEC Energy Business Network in the Asia Pacific region, where he has been a leading figure in the reforms of the electricity industries and the establishment of competitive electricity markets in New Zealand and other APEC economies. Barrie is currently Chairman of Aquaflo Bionomic Corporation Ltd, ThePacific.net Ltd, Broadband Networks Ltd, NetSolutionz Ltd, Ecodyne Ltd, ASCE Corporation Ltd, and is a director of Renewables Ltd, Our Wind Ltd and several other companies.

Geoff Henderson, Director and Chief Executive Officer

50 Waiwetu Street, Christchurch



A Chartered Professional Engineer in New Zealand, Geoff Henderson has been involved in wind power engineering for twenty years, including seven years in California and England working at the forefront of wind power technology. During that time he invented the torque limiting gearbox (TLG)

system which has been patented in New Zealand, Australia, and the United States. In 1994 he received the Communications Award from the Institution of Professional Engineers (IPENZ) for his contribution to the engineering profession as a proponent of wind power. Geoff is past-chairman of the Canterbury Branch of IPENZ and in 2005 was elected a Fellow of IPENZ. He is also a director of the Aeolian Property Company Ltd and four companies in which the Company has shares, Wind Blades Ltd, Windpower Otago Ltd, Our Wind Ltd and Pacific Windfarms Ltd (non-trading).



Keith McConnell, Director

Unit 1,12 Balfour Road, Auckland



Keith has served as Chief Executive Officer of a number of commercial entities over the last 15 years. These include John Edmond Ltd, Donaghy Downs Pty Ltd, The Power Company Ltd, United Electricity Ltd, Paykel Ltd and most recently Fruehauf Pacific Ltd. His involvement with wind energy

first arose during his tenure with The Power Company Ltd where he sponsored a wind testing programme at three sites in Southland. Keith has also been involved in several successful startup ventures (eg Metering Systems Ltd and Supply Solutions) and has a good understanding of the issues involved in such ventures.

Heugh Kelly, Director

Shegadeens Road, R.D. 1, Wellsford



Heugh Kelly is a barrister and solicitor with over 20 years experience of commercial law. Educated at Auckland Grammar School and the University of Auckland, he has been in practice on his own account since 1984. He is a director of the Environmental Defence Society which is a position he has held since

1981 and was a member of the legal committee of the Maruia Society for some years.

Simon Young, Director

7 Tole Street, Ponsonby, Auckland



Simon Young has had a very successful career to date in the electricity industry as a founder and owner of his own energy trading company Opunake Hydro Ltd, Managing Director of Alliant Energy New Zealand Ltd, and as a Director of TrustPower Ltd. Simon was also co-

founder and Managing Director of Empower Ltd, New Zealand's first independent electricity retailer. He holds a Bachelors Degree in Business Studies, a Post-graduate Diploma in Horticultural Science and Masters Degrees in both Science and Economics.

4.3 Manufacturing Capacity and Supply Chain

The assembly factory at Riccarton, Christchurch is currently configured to enable the manufacture of 5 turbines per month or 60 turbines per annum. However the space is sufficient to duplicate various parts of the production line (such as the testing facilities) which would, when fully staffed, enable approximately 20 turbines per month or 240 turbines per annum to be manufactured.

4.4 Future Dividend Policy

The Directors' intentions and expectations as to the Company's future dividend policy are to commence paying a dividend from free cashflow as soon as the profitability, investment and cashflow position of the Company enables a dividend to be paid. At this stage the Directors do not expect a dividend to be paid for the year ended 30 June 2011 nor 30 June 2012 as the Directors would expect that any free cashflow would be employed towards pursuing the opportunities available to the Company.





The Company is exposed to a number of different types of risks including company specific and general investment and economic risks.

Eligible Shareholders should consider these risks thoroughly before electing to subscribe for New Shares under this Offer. This is a Simplified Disclosure Prospectus which in part relies on information being disclosed in the 2010 Annual Report which was released to the NZAX on 29 September 2010. Eligible Shareholders should review that Annual Report and also the disclosures that the Company has made to the NZAX.

This section describes the key risks considered by the Directors as applying to the Company. The list is not necessarily exhaustive. These risks may result in no dividends being paid or the share price falling or there being no market for the sale of the shares.

Eligible Shareholders should also consider their personal circumstances, including their financial situation, their level of tolerance to risk and whether or not they need a regular income from the investment before deciding whether to accept the offer of New Shares or decline that offer. The Directors do not expect to declare a dividend for the years ended 30 June 2011 and 30 June 2012.

5.1 Regulatory Environment

Over the last five years, the New Zealand and global growth in generation by windpower has been exceptionally strong. Much of this is driven by concern over climate change and the desire to establish renewable sources of energy but in many overseas countries it has been assisted by subsidies. There is no certainty that either the concern or subsidies will continue.

In particular, the current demand for 500 kW turbines from the United Kingdom and the potential profit that can be made from owning turbines in the United Kingdom are consequences of a regulatory environment that strongly encourages the use of 500 kW turbines. The short term prospects of the Company are linked to that United Kingdom regulatory environment.

The United Kingdom policy that encourages the use of 500 kW turbines was issued with a built-in review date of March 2013. There is a risk that in 2013 (or before that date) the incentives for 500 kW turbines are removed or substantially reduced (either absolutely or relative to other forms of renewable generation) and demand for 500 kW turbines may reduce.

There is also a risk that the precise terms of the Feed-in Tariff policy could change. A change that would have an adverse impact on the Company would be if the eligibility criteria for the Feed-in Tariff were widened to include second hand machines. This change is considered unlikely as it would not necessarily increase the total amount of renewable energy generated within the United Kingdom.

If there is a substantial change to the current Feed-in Tariff policy, there are risks that the Company will not have established sufficient momentum to continue its development or that another profitable market will not be available.

As part of the process of developing the United Kingdom market, the Company is working towards documenting compliance with various European Union regulatory standards. Professional assistance is being obtained. However there is a risk that proving compliance of the existing Windflow 500 specification is more onerous than currently anticipated or that changes need to be made to the Windflow 500 specification to comply with European Union regulatory standards. This risk is mitigated by the extent of international compliance work already carried out by the Company and its suppliers, in particular IEC certification.

5.2 Resource Consents and Planning Consents

Future growth of wind generation will require that the necessary regulatory consents for the erection and operation of wind turbines can be economically obtained by purchasers of the turbines. This risk is present in all of the markets, locally and internationally, that the Company is developing. There is a risk that purchasers will either not be able to obtain resource or planning consents to erect and operate the turbines and therefore will not purchase the turbines or that progress in obtaining consents will be slower than expected. The Company's Windflow 500 turbine is much smaller than those more commonly being installed elsewhere in New Zealand and internationally. Being shorter, the structure presents less of a risk to low flying aircraft, and is not as visible as larger machines. Smaller machines also mean that narrower access roads are sufficient, therefore there is less call for widening existing roads and new access tracks will be easier to obtain consent for, while also requiring less investment to build.



5.3 Distributor Risks

To minimise the risks involved in rapidly entering the United Kingdom market, the Company decided to enter the United Kingdom market through an established distributor of turbines. The distributor chosen (VGE) has existing and growing marketing, sales, planning, administration, erection and maintenance capability in the United Kingdom that Windflow cannot easily replicate. The distribution agreement was only entered into after several Windflow employees had visited VGE in the United Kingdom and one of the directors of VGE had spent time in New Zealand looking at the Christchurch factory and the turbines at Te Rere Hau.

However such a strategy does result in risks relating to that distributor. If for any reason the distributor fails or proves to have insufficient capability, then the Company's entry into the United Kingdom market will be delayed while another distributor is selected or the Company builds its own capacity in the United Kingdom. To mitigate this risk Windflow plans to have sales and marketing employees working in the United Kingdom alongside the distributor from time to time. Further mitigating the risk is the fact that the distribution agreement is only exclusive while the distributor is achieving sales targets that reflect the demand for turbines currently being experienced in the United Kingdom.

5.4 Risk of Withdrawal of NZ Export Credit Office Assistance

Without the assistance of the New Zealand Export Credit Office the Company may have been unable to provide the Advance Payment Guarantees that were requested by VGE. VGE advised the Company that without the Advance Payment Guarantees its ability to sell the Company's turbines would be adversely affected. If the NZ Export Credit Office withdraws its assistance and the Company is unable to obtain an alternative provider of the Advance Payment Guarantees the future prospects of the Company will be adversely affected.

If the NZ Export Credit Office assistance expires and is not renewed and if by that date the Company is not able to obtain an alternative provider of the Advance Payment Guarantees the future prospects of the Company will be adversely affected.

5.5 Risk of Dilution of Interest in the Company

Three of the fundamental principles that have guided the Directors of Windflow since the initial public offer in 2001 are that:

- (a) The company's development should be equity funded. The last couple of years have vindicated the Director's belief that debt should only be employed when there is reliable and regular cashflow available to service that debt. Currently the Company has no long term debt.
- (b) The existing Shareholders at any point in time should be given the first opportunity to invest in the next stage of the development of the company. Since 2001 the Company has conducted three rights issues (one with an option attached) and only one private placement (being to Mighty River Power). The issue of shares to Mighty River Power was only completed following the obtaining of Shareholder approval.
- (c) The Shareholders should expect to see tangible and real progress before putting funds into the Company beyond what is needed to complete the current stage in the Company's development. The cost of capital (the proportion of the company required by new investors) should fall as the Company develops its business. Thus taking in additional funds beyond what is necessary risks unnecessarily diluting the interests of the existing Shareholders.

Therefore at the end of each stage in the development of the Company:

- (i) The Company needs additional funds to progress to the next stage and
- (ii) The Shareholders of the Company need to contribute additional funds to maintain their proportionate investment in the Company.



That is the present position of the Company. The Offer in this Offer Document is one of the responses by the Directors of the Company to Windflow reaching the end of one stage of the commercialisation process and commencing the next stage.

The Offer has been structured to raise what the Directors currently think will be necessary to progress the Company to the next stage (on-going sales to the United Kingdom distributor) in its development, without unduly and unnecessarily diluting the existing Shareholders.

There is however a risk that additional funds will be needed during 2011.

Additional funds may be needed because of either negative or positive factors. If, for example, revenues are materially lower than anticipated or operating costs are materially higher than anticipated, additional capital may be needed to enable the Company to continue operating while the United Kingdom market is proven.

If revenues are materially higher than anticipated then additional working capital may be needed, particularly if the NZ Export Credit Office requires the Company to obtain Advance Payment Guarantees for the additional sales without the support of the NZ Export Credit Office.

If additional funds are needed during 2011, those funds may only be available at a cost in terms of the proportion of the company required by the new Shareholder that represents a substantial dilution of the existing Shareholders (if the existing Shareholders are not able to participate in the additional capital raising due to the structure of the capital raising or the existing Shareholders financial position at the time of the capital raising).

Alternatively existing Shareholders may be requested to invest additional funds to maintain their proportionate interest in the company.

There is no risk of a Shareholder being forced to contribute additional funds. All the shares that have been issued are fully paid and it would be the Shareholder's choice as to whether to contribute additional funds or not.

5.6 Risk Relating to Sufficiency of Working Capital

In addition to the risk of dilution by way of the issuing of additional shares and the risk of being asked to contribute additional funds to maintain the proportionate level of ownership in the company (as detailed in clause 5.5), there is also a risk that low levels of working capital may have an adverse impact on the financial performance of the Company. Insufficient working capital may restrict the ability of the Company to hedge foreign currency payments and receipts and restrict the ability of the Company to accept additional orders or take advantage of other opportunities that present themselves.

Any forward-looking statements will naturally assume that the Rights issue for New Shares is close to fully subscribed. If that is not the case then the plans of the Company will have to be adjusted to take into account the resources available to it. This means that if the capital raising has a substantial shortfall (and additional funding cannot be obtained from other sources), then the growth prospects discussed in this Offer Document will be delayed or curtailed.

5.7 Rights Issue and Equity Market Risks

There is a risk that the value of the New Shares may reduce to a level below the Issue Price.

There is a risk that Shareholders are unable to sell the shares due to a lack of demand or the absence of a market for a significant volume of shares. The shares may in the future cease to be listed on the NZAX or any other recognised or registered securities market.

There is a risk that the Company is never able to access a market for its turbines that enables it to sell a sufficient number of turbines at a margin that would enable the Company to declare a dividend.



5.8 Force Majeure

Most, if not all, of the major contracts that the Company has and will enter into do, or will, contain a “force majeure” clause which specifies how the parties rights and obligations would be adjusted in response to a force majeure event (such as the recent Christchurch earthquake).

However the presence of such provisions does not guarantee that any and all losses from such an event would be carried by the other party to the contract. Generally the losses from such events are in some fashion shared by both parties (eg by accepting a delayed delivery without compensation for the delay).

The Company has extensive insurance cover on its plant and equipment. The Company also has insurance over stock including partially completed and completed turbines. Generally Windflow has and expects to arrange insurance for the turbines until they are delivered to the purchaser.

The effect of a force majeure event such as the recent Christchurch earthquake is also mitigated by the Company sourcing components from a number of different locations. The assembly of those components into a turbine could be completed at another location which had an appropriate crane. However the real or perceived effects of such an event could have an adverse impact on the Company.

5.9 Consequences of Insolvency

An insolvency risk arises if the Company cannot trade profitably and/or can not raise sufficient on-going working capital and is forced to cease operating its business. If this occurs Shareholders are unlikely to recover the money they have paid for the shares. There is no risk that Shareholders must pay in more money than the original subscription amount for the shares. This applies even if the Company becomes insolvent.

Shareholders should be aware that in the event of the Company becoming insolvent, ordinary Shareholders rank behind secured and unsecured creditors in respect of both the principal invested and any dividends accumulated, in any claim on the assets of the Company.

In the event of the Company being put into liquidation, secured and unsecured creditors rank ahead of ordinary Shareholders in any claim on the assets of the Company. Once all other creditors have been paid, ordinary Shareholders rank equally amongst themselves and are entitled to share in the distribution of any remaining assets in proportion to their shareholding.

5.10 Product Liability Risks

The Windflow 500 turbine, which is the core of the Company’s future, has been developed over the last 9 years. Sixty-six are presently operating with approximately 100 turbine years of operational history between them. Although performance to date has been good, there is no surety that problems will not be found in the future, within either the warranty period (normally 2 or 5 years) or the 20 year design life. If the TRH turbines breakdown within the 5 year warranty period applicable to those turbines, then the Company is likely to be liable for the cost of repairing the turbines. If issues are identified after the expiration of the warranty, Windflow may still be adversely affected by way loss of goodwill and/or potential sales.

One of the warranties provided in respect of the turbines supplied for installation at Te Rere Hau related to sound levels. The Company believes that the turbines supplied comply with the sound level warranty, however a small number of local residents and the Palmerston North City Council suggest otherwise.

Obtaining IEC Type Certification in September 2010 was the result of a rigorous and lengthy process under which the Company had to demonstrate to independent engineers from Lloyd’s Register that the design of the turbines meet or exceed the performance standards specified by the International Electrotechnical Commission.

Obtaining IEC Type Certification substantially reduces but does not remove the technology risks inherent in a new and complex design.



Development of the Windflow 500 is continuing in order to improve performance, simplify and reduce the cost of manufacture. However, most changes will require an amended IEC Type Certificate to be issued. There are cost and delay risks associated with obtaining an amended IEC Type Certificate but based on the experience obtained over the last 3 to 4 years with obtaining the original Type Certificate, including the experience of submitting design changes, those cost and delay risks are not expected by the Directors to delay the delivery of any turbines.

As a result of issues identified as part of the IEC approval process and identified from the operating performance of the turbines, modifications have had to be made, and are being made on an on-going basis, to the turbines installed at Te Rere Hau.

The Company has given a warranty on the turbines it has sold that they will meet certain performance standards and should these performance standards not be achieved by a large number of turbines over an extended period of time then significant claims could arise.

The Company has set aside provisions to cover those on-going obligations but the Company's obligations to turbine purchasers are not limited to the value of those provisions and a major warranty claim that was a type fault (i.e. affected all of the turbines) could result in very substantial costs to the Company in excess of the provisions.

The Company's general policy is that where commercially practicable Windflow will obtain warranties from its suppliers that substantially match the warranties that Windflow provides to its customers. There are two major exceptions to that:

- (a) Many suppliers will only provide a 2 year warranty whereas the Company has in the past offered a 5 year warranty. This means that the Company has no warranty off-set for the last 3 years of its warranty obligations to turbine purchasers; and
- (b) There is limited warranty coverage for the mechanical aspects of the torque limiting gearboxes as the Company has been involved in specifying the design.

There is a risk that the Company is liable to its customers for faults in components supplied by sub-contractors, but that Windflow is not able to obtain reimbursement of those costs from the sub-contractors.

5.11 Competition

At the moment, the Directors believe that the Company, with the Windflow 500 turbine, is able to provide a combination of size and technological benefits that cannot easily be matched by its competitors.

As the United Kingdom Feed-in Tariff is subject to review in just over two years, the Directors of Windflow are of the opinion that the major competitors (who have been building larger and larger turbines over the last decade) are unlikely to start development of a new turbine in the 500 kW size bracket. However there is a risk that this might happen and that new competition appears in this size bracket potentially via an existing manufacturer de-rating a larger turbine to access the Feed-in Tariff available for 500 KW turbines.

The patents on the torque-limiting gearbox expired in 2009 (Australia and New Zealand) and will expire in 2011 (United States). Potentially other companies may adopt the same basic technology. However they do not have access to the Company's own plans, diagrams and specifications which are protected by copyright and are confidential to the Company. There is currently no patent protection for the basic torque-limiting gearbox technology outside of the United States.

The New Zealand dollar has been very volatile over the last few years. A low New Zealand dollar helps Windflow compete:

- Within New Zealand (as imported turbines are more expensive and a high percentage of the cost of a Windflow 500 turbine is paid for in New Zealand dollars and therefore not directly affected by a lower dollar); and
- With the rest of the world (as the Windflow turbine is relatively cheaper than turbines manufactured in Europe or the United States of America).

If the New Zealand dollar is high for a long period of time, it would impact the competitiveness of the Windflow 500 turbine outside of New Zealand.



There is no certainty that the Company can successfully develop the new larger rotor model or 60 Hz variants indicated or that the market will respond positively to them.

The Windflow 500 produces a maximum output of 500 kW or 0.5 MW. Recent announcements of wind farm projects in New Zealand have been for 2 MW or larger machines. There is a risk that the market may be favouring larger machines than that designed by the Company.

The Directors believe that the 500 kW machine is competitive in its own right because:

- It fills a niche market for small-medium sized wind farms.
- United Kingdom buyers will be buying a turbine that maximises the benefit from the feed-in tariff which steps down for wind farm developments larger than 500 kW.
- The long-term trend to larger turbines is based on Northern Hemisphere needs (particularly in Europe) to develop turbines suitable for offshore wind farms, and does not have a significant (if any) fundamental economic advantage for the best sites for the Windflow 500.

While the Windflow 500 technology could be scaled up to a larger machine, the Directors believe that (at least initially and based on the current market conditions) it is better to develop the variants on the Windflow 500 outlined earlier in this Offer Document rather than developing a larger version of the turbine.

As at 1 November 2010 the only unconditional purchasers of the Windflow 500 have been NZ Windfarms Limited and the Te Rere Hau Joint Venture. Those orders have been to further progress the development of Te Rere Hau which was started when NZ Windfarms Limited was a wholly owned subsidiary of Windflow and where the resource consent specifies that Windflow 500 turbines be used.

The Company is still to obtain its first sale in a full competitive bid situation against the established turbine manufacturers.

5.12 Key Personnel

The Company will continue to rely on a number of key personnel. Loss of certain key personnel could adversely impact the ability of the Company to deliver on its commitments. The Company is not aware of any impending loss of key personnel.

5.13 Litigation

Material claims against the Company or its subsidiaries or officers could have an adverse impact on the Group. Windflow is not aware of any material impending claims and carries insurance to protect it from such claims were possible. The Company has a claim against Wellington City Council in the Environment Court disputing costs charged by the Council in relation to the Long Gully resource consent. As the full amount of the disputed costs has been provided for in the 30 June 2010 accounts of the Company, an adverse decision by the Environment Court will not impact in the Profit and Loss Statement.

5.14 Supply Chain Risks

The Company is dependent on a large number of independent suppliers from New Zealand, Europe and China to supply components for the turbine on time, on budget and to the required standard. Therefore there are risks to the Company in respect of delays, costs and operating performance. The suppliers of the critical components to the turbine have been audited as part of the IEC Type Approval process.

The Purchasing Group within Windflow comprises a group of specialist employees tasked with managing that process and mitigating those risks. Alternative suppliers have been qualified for a number of components and a current project is to maximise the number of components that have more than one qualified supplier.



The most urgent and important part of the project is to qualify one or more gearbox suppliers. The current IEC Type Certificate includes a requirement that the gearbox be made by Wind Gears Limited – a joint venture between the Company and AH Gears Limited (an Auckland company that supplied the gearboxes for the early batches of turbines and supplied gearbox components to Wind Gears Limited). The Wind Gears Limited joint venture partners have determined that any future gearboxes to be supplied using components manufactured by AH Gears Limited should be supplied directly from AH Gears Limited to the Company and therefore Wind Gears Limited will in due course be wound up. Without the inspection and certification of a gearbox supplier turbines could be supplied as IEC Design Approved but not IEC Type Approved.

5.15 General Business Risks

The Company, like all business, has general business risks which include the following risks.

General economic conditions.

The level of economic activity, industrial disruption, import controls, changes in duties and other similar imposts will all affect the Company both directly and indirectly. Concerns about general economic and political uncertainty tend to delay major decisions such as purchasing a turbine. The distance from New Zealand to, in particular, the United Kingdom may magnify these concerns. Further, in New Zealand, where the regulatory environment is not so supportive, the level of economic activity impacts on demand for power and therefore power prices and the economics of installing additional turbines.

Interest Rates

The Company has no long term debt so the Company is not directly affected by concerns regarding the cost or availability of credit. However many purchasers of turbines seek to fund part of the cost of purchasing and installing the turbine by way of debt and therefore high interest rates or low availability of credit either in the United Kingdom or in New Zealand may adversely impact on the Company.

Other risks

These include managing staff and director succession issues to ensure knowledge is retained within the Company; dealing with changes in laws or regulations; the risk of information system failure and fraud; risks relating to industrial action and epidemics and pandemics affecting availability of employees.





This section of the Offer Document contains important information regarding the Offer including information that is required by the Securities Regulations 2009. Some of the information required by the Securities Regulations has been disclosed in earlier sections of this Offer Document.

Index to Statutory Requirements

Regulation 16 and Schedule 10 of the Securities Regulations 2009 require the following matters to be stated or contained in this Offer Document

Clause in Schedule 10 of Regulations	Topic	Section Number	Page Number
1	Important Information		2
2	Names, addresses, and other information	6.1 8	33 39
3	Experts and underwriter	6.1 2.2.2	33 9
4	Terms of Offer and securities	2 6.2	8 34
5	Relationship with listed securities	6.3 2.2.2	36 9
6	Information available under issuer's disclosure obligation	6.4	36
7	Financial statements	6.5	37
8	Additional interim financial statements	N/A	
9	Access to information and statements	6.6	37
10	Directors' statement	6.7	37

6.1 Names, Addresses, and Other Information

The Issuer

The issuer is Windflow Technology Limited having its registered office at the offices of HFK Limited, Unit 4, 567 Wairakei Road, Christchurch and carrying on business at 44 Mandeville Street, Christchurch.

The Company was incorporated under the Companies Act 1993 on the 13th of October 2000, registration number 1071533. A public file relating to the incorporation and registration of the Company can be viewed on the Companies Office website at www.companies.govt.nz under the name of the Company.

Promoters

There are no Promoters.

Experts and Underwriters

There are no experts named in this Prospectus. The Type Approval Certificate on pages 22 and 40 has not been classified as an expert's statement. Lloyd's Register, its affiliates and subsidiaries and their respective officers, employees or agents are, individually and collectively referred to in this clause as the Lloyd's Register Group. The Lloyds Register Group assumes no responsibility and shall not be liable to any person for any loss, damage or expense caused by reliance on the information or advice in this document or howsoever provided, unless that person has signed a contract with the relevant Lloyd's Register Group entity for the provision of this information or advice and in that case any responsibility or liability is exclusively on the terms and conditions set out in that contract.

The Offer is partially underwritten by Aeolian Property Company Limited as set out in Section 2.2.2. The address of Aeolian Property Company Limited is

23 Joyce Crescent, Ilam, Christchurch



6.2 Actions Required by Shareholders

6.2.1 Acceptance of New Shares

Accompanying this Offering Document is an **Entitlement and Acceptance Form** showing the number of New Shares to which you are entitled. You may take **one** of the following actions:

- Accept your entitlement in full;
- Purchase further Rights and accept your original entitlement plus additional Rights acquired;
- Accept your entitlement in full and apply for additional New Shares as an over subscription;
- Sell your entitlement in full;
- Sell part of your entitlement and accept the balance or allow the balance to lapse; or
- Do nothing.

IF YOU DO NOTHING YOUR RIGHTS WILL LAPSE. YOU WILL GET NOTHING FOR THEM AND THE PROPORTION OF YOUR SHAREHOLDING IN THE COMPANY WILL BE DILUTED.

Set out below are instructions on how to take the one action you have selected from the list above.

6.2.2 To Accept Your Entitlement in Full

To accept your full entitlement of New Shares, you must:

- Complete and sign the enclosed **Entitlement and Acceptance Form**, following the instructions on the reverse of that form;
- Attach your cheque or bank draft in New Zealand dollars for the amount required to be paid, made payable to Windflow Technology Limited and crossed 'Not Transferable' and
- Using the reply paid envelope, forward your completed **Entitlement and Acceptance Form** and your cheque or bank draft to:

Windflow Technology Limited Rights Issue
c/- Link Market Services Limited
PO Box 384
Ashburton 7740

Alternatively send your completed Entitlement and Acceptance Form and your cheque or bank draft to any NZX Firm in time to be forwarded to the Registrar by 5:00 pm on Friday 3 December 2010.

FOR APPLICATIONS TO BE VALID, RELEVANT DOCUMENTATION, PROPERLY COMPLETED, MUST BE RECEIVED BY THE REGISTRAR NO LATER THAN 5:00 PM ON FRIDAY 3 DECEMBER 2010. APPLICATIONS CANNOT BE REVOKED OR WITHDRAWN

6.2.3 To Purchase Further Rights and Accept Your Original Entitlement Plus Additional Rights Acquired

To purchase further Rights and accept your original Entitlement plus additional Rights acquired, you must:

- Contact an NZX Firm and place an order on the NZAX market to purchase additional Rights during the Rights Trading Period. Rights may or may not be offered for sale at a price acceptable to yourself and there is no guarantee that you will be able to purchase additional Rights;
- During the Rights Trading Period, you may also be able to purchase Rights privately from other Shareholders;
- Complete and sign the enclosed **Entitlement and Acceptance Form**, following the instructions on the reverse of that form;



- Attach your cheque or bank draft in New Zealand dollars for the amount required to be paid, made payable to Windflow Technology Limited and crossed 'Not Transferable'; and
- Forward your completed **Entitlement and Acceptance Form** and your cheque or bank draft for the amount payable (for the total number of Rights, being the additional Rights you have purchased plus the Rights specified in your Entitlement and Acceptance Form) to the NZX Firm you instructed to act for you in time to be forwarded to the Registrar by 5:00 pm on Friday 3 December 2010.

FOR APPLICATIONS TO BE VALID, RELEVANT DOCUMENTATION, PROPERLY COMPLETED, MUST BE RECEIVED BY THE REGISTRAR NO LATER THAN 5:00 PM ON FRIDAY 3 DECEMBER 2010. APPLICATIONS CANNOT BE REVOKED OR WITHDRAWN.

6.2.4 To Accept Your Original Entitlement in Full and Apply for Additional New Shares as an Over Subscription

To accept your full entitlement of New Shares and apply for additional New Shares as an over subscription, you must:

- Complete and sign the enclosed **Entitlement and Acceptance Form**, following the instructions on the reverse of that form;
- Complete the over subscription box with the number of additional New Shares that you wish to subscribe to (which can not be more than twice the number of your original Entitlement);
- Attach your cheque or bank draft in New Zealand dollars for the amount required to be paid, made payable to Windflow Technology Limited and crossed 'Not Transferable' and
- Using the reply paid envelope, forward your completed **Entitlement and Acceptance Form** and your cheque or bank draft to:

Windflow Technology Limited Rights Issue
c/- Link Market Services Limited
PO Box 384
Ashburton 7740

Alternatively send your completed Entitlement and Acceptance Form and your cheque or bank draft to any NZX Firm in time to be forwarded to the Registrar by 5:00 pm on Friday 3 December 2010

There is no guarantee that there will be any shares available to satisfy requests for over subscriptions and requests for over subscriptions are subject to scaling. If you want to be assured of receiving additional New Shares the Directors recommend that you purchase additional Rights, see section 6.2.3 above.

FOR APPLICATIONS TO BE VALID, RELEVANT DOCUMENTATION, PROPERLY COMPLETED, MUST BE RECEIVED BY THE REGISTRAR NO LATER THAN 5:00 PM ON FRIDAY 3 DECEMBER 2010. APPLICATIONS CANNOT BE REVOKED OR WITHDRAWN.

6.2.5 To Sell Your Entitlement in Full

To sell (or renounce) your full entitlement of New Shares, you should instruct any NZX Firm to sell your Rights during the Rights Trading Period. There is no guarantee that a purchaser will accept your offer to sell Rights or pay the price that you have specified (if any) for the Rights.

IF YOU WISH TO SELL YOUR RIGHTS, YOU MUST DO SO BEFORE RIGHTS TRADING PERIOD ON THE NZAX CEASES.



6.2.6 To Sell Part of Your Entitlement and Accept the Balance

During the Rights Trading Period, you may sell (or renounce) your Rights to part of your entitlement and accept the balance. To do so, you will need to do the following:

- Instruct any NZX Firm to sell the number of Rights you wish to renounce. Rights may only be traded until 5:00 pm on Monday 29 November 2010;
- Complete and sign the enclosed **Entitlement and Acceptance Form** for the number of New Shares you wish to accept, following the instructions on the reverse of that form; and
- Attach your cheque or bank draft in New Zealand dollars for the amount payable for the number of New Shares applied for, made payable to Windflow Technology Limited and crossed 'Not Transferable', and forward in the reply paid envelope provided to:

Windflow Technology Limited Rights Issue
 c/- Link Market Services Limited
 PO Box 384
 Ashburton 7740

If you wish to sell some of your Rights, you must do so during the Rights Trading Period before Rights trading on the NZAX ceases on 29 November 2010. If you need any assistance you should contact an NZX firm, or your investment or legal adviser. Applications cannot be revoked or withdrawn. If the registrar receives, on or before 5:00 pm on Friday 3 December 2010 both an instruction to sell with a completed renunciation and also an acceptance form in respect of the same Rights, the instruction to sell/renunciation will be given effect in priority to the acceptance.

THERE IS NO GUARANTEE THAT ANY RIGHTS OFFERED FOR SALE OR ANY RIGHTS SOUGHT FOR PURCHASE WILL BE BOUGHT OR SOLD.

6.3 Relationship with Listed Securities

The New Shares are of the same class as securities previously issued by the Company that are listed securities on the NZAX market under the code WTL.

The Issue Price has been set at a discount to the market price for Windflow shares traded on the NZAX Market on 29 October 2010.

Warning: The market price of the listed securities may increase or decrease between the date of the Offer and the date when the securities are allotted. The Issue Price will not change if the market price of the listed securities changes.

Following allotment of the New Shares, the market price of the New Shares may be higher or lower than the Application Price.

6.4 Information Available Under Issuer's Disclosure Obligation

The following information has been disclosed on the NZAX market on or after the date on which the latest financial statements have been notified to the NZAX market.

Released	Headline
3 November 2010	WTL Waiver from NZAX Listing Rule 7.9.5
2 November 2010	Windflow announces capital raising
2 November 2010	Notice of event affecting securities
19 October 2010	Windflow Secures US Demonstration Site
13 October 2010	Windflow Director Resigns
12 October 2010	Windflow 500 wins NZ Timber Design Award
12 October 2010	Windflow Technology Limited Annual Meeting Notice
11 October 2010	Windflow CEO Encouraged by UK Progress
29 Sep 2010	Windflow Annual Report to 30 June 2010



6.5 Financial Statements

The latest financial statements for the Windflow group are those for the year ended 30 June 2010. Those financial statements comply with, and were registered under, the Financial Reporting Act 1993 on 7 October 2010.

The financial statements were notified by the Company to NZX on 29 September 2010.

6.6 Access to Information and Statements

The financial statements referred to in section 6.5 together with all of the information disclosed on the NZAX market as listed in section 6.4 are filed on a public register at the Companies Office of the Ministry of Economic Development and are available for public inspection (including at www.companies.govt.nz).

The disclosed information identified under clause 6.4, and the financial statements referred to in clause 6.5, will be made available on request and free of charge by the Company. Requests for copies of the information should be directed to:

Ms Terry Moon
Windflow Technology Limited
44 Mandeville Street
Christchurch 8011
PO Box 42-125, Christchurch 8149
Phone 03 365-8960
Fax 03 365-1402
Email: terry@windflow.co.nz

6.7 Directors' Statement

In the opinion of the Directors, after due enquiry by them, the Company is in compliance with the requirements of the continuous disclosure provisions that apply to it.

Signed by the Directors

Barrie Leay

Geoff Henderson

Keith McConnell

Heugh Kelly

Simon Young

The terms set out below have the following meanings in Prospectus. Unless otherwise stated, all dollar (\$) amounts refer to New Zealand dollars.

Advance Payment Guarantee	A guarantee by the BNZ to VGE in respect of deposits received for Windflow 500 turbines ordered
Allotment Date	The date on which Shares will be allotted by the Company pursuant to the Offer which will be Wednesday 8 December 2010 or such other date as determined by the Company
Applicant	An investor whose application for Shares has been received by the registrar prior to the Closing Date
Application	An application to subscribe for Shares under the Offer
Application Moneys	The moneys payable on Application
Business Day	A day on which the NZX is open for trading
BNZ	Bank of New Zealand, Level 4, 80 Queen Street, Auckland, New Zealand
Capital Raising	Proposed capital raising pursuant to this Offer
CEO	Chief Executive Officer
Closing Date	5.00pm Friday 3 December 2010
Company	Windflow Technology Limited
EBIT	Earnings before interest and tax
EBITDA	Earnings before interest, tax, depreciation and amortisation
Eligible Shareholders	Holders of Existing Shares having a registered address in New Zealand or Australia
Entitlement and Acceptance Form	The Application Form enclosed to subscribe for Shares under the Offer
Existing Shares	Shares on issue at the Record Date
IEC	International Electrotechnical Commission, 3 rue de Varembe, PO Box 131, CH-1211 Geneva 20, Switzerland, www.iec.ch – this body issues standards, including IEC 61400-1 and related standards which prescribe wind turbine design, testing and manufacturing requirements
Issue Price	\$0.90 per New Share issued in accordance with this Offer
kW	1,000 watts
m	Metres
m/s	Metres per second
MW	Megawatts, being 1,000 kW
New Shares	Shares issued to Shareholders in accordance with this Offer, being an Ordinary Share for each Right that the Shareholder takes up (subscribes and pays for) at the Issue Price
NZAX	The New Zealand alternative market of the NZX
NZAX Listing Rules	The Listing Rules applicable to companies listed on the NZAX market
NZSX	The equities security market operated by NZX
NZX	NZX Limited Level 2, NZX Centre, 11 Cable Street, PO Box 2959, Wellington, New Zealand. New Zealand's registered national stock exchange
NZX Firm	A sharebroking firm authorised to trade shares on the NZSX
NZ Windfarms	NZ Windfarms Limited, the New Zealand customer of the Company
Offer	The offer of a 1 for 1 pro rata renounceable Rights issue of New Shares at the Issue Price that will rank equally with the existing ordinary shares of Windflow Technology Limited
Offer Document	This document
Ordinary Shares	Ordinary Shares have equal rights as voting rights, dividends and any surplus on winding up. The Ordinary Shares have no par value.
Opening Date	Tuesday 9 November 2010
Over Subscriptions	The pool of Rights to New Shares that Shareholders have not taken up or sold, and which are available to Shareholders to purchase by way of over subscriptions as nominated by them in the Entitlement and Acceptance Form
Recipients	Persons who receive this Offer Document
Record Date	5pm on Thursday 11 November 2010
Rights	The right to subscribe for 1 New Share for every 2 Existing Share at the Issue Price
Rights Trading Period	From the date that the Rights issue opens on 9 November 2010 until the date the Rights trading ceases on 29 November 2010
Share Capital	The Shares on issue by the Company at any relevant time
Shareholders	Owners of existing shares in the Company from time to time
Shares	Ordinary Shares in the Company
TRH	The Te Rere Hau windfarm, owned by NZ Windfarms, situated near Palmerston North
VGE	Ventus Green Energy Limited, the Company's exclusive distributor of Windflow's turbines in the United Kingdom market, registered number SC 0349767
Windflow	Windflow Technology Limited
Windflow 500	The 500 kW wind turbine designed and manufactured by the Company
Windflow Technology Limited	Windflow Technology Limited and its subsidiaries, Registered Office Unit 4/567 Wairakei Road, Christchurch, New Zealand
Woodward Partners	Woodward Partners, Investment Bankers, Level 3, Woodward House, 1 Woodward Street, Wellington, New Zealand, Sponsoring NZX Participant



DIRECTORS OF WINDFLOW TECHNOLOGY LIMITED

(Peter) Barrie Leay (Chairman)
 Geoffrey Morgan Henderson
 Keith James McConnell
 Heugh Maudsley Kelly
 Simon Venn Young

ISSUER

Windflow Technology Limited
 The offices of HFK Limited
 Unit 4, 567 Wairakei Road
 Christchurch 8053
 Phone: (03) 365 8960
 Facsimile: (03) 365 1402
 Website: www.windflow.co.nz

SHARE REGISTRAR

Link Market Services Limited
 138 Tancred Street,
 Ashburton 7740
 PO Box 384,
 Telephone: (09) 375 5998 / (03) 308 8887
 Facsimile: (09) 375 5990 / (03) 308 1311
 Email: lmsenquiries@linkmarketservices.com

AUDITOR

PKF Goldsmith Fox Audit
 250 Oxford Terrace
 Christchurch 8140

SOLICITORS TO THE OFFER

Mortlocks,
 137 Armagh Street,
 Christchurch 8140
 PO Box 13480
 Phone 03 3799 222
 Fax 03 3669 878

INSURANCE BROKER

Marsh Limited
 Level 4, Pyne Gould Corporation Building
 233 Cambridge Terrace
 Christchurch 8013
 PO Box 1591
 Phone: (03) 977 4383
 Facsimile: (03) 977 4399

MANAGEMENT TEAM

Chief Executive Officer	Geoff Henderson
Chief Financial Officer	John Hunter
Chief Technology Officer	John Arimond
Production Manager	Jules Ganley
Windfarm Dev Manager	Chris Freear
Windfarm Ops Manager	Peter Chadwick
Quality and Training Manager	Tim Armitage
Accountant	Martin Richardson
Marketing Manager	Sheralee MacDonald
Company Secretary	Terry Moon



Windflow Technology management team:
 Back row: Tim Armitage, Martin Richardson, John Hunter, Geoff Henderson, John Arimond
 Front row: Sheralee MacDonald, Peter Chadwick, Jules Ganley, Chris Freear, Terry Moon



Type Approval Certificate

This is to certify that the undernoted product(s) has/have been tested with satisfactory results in accordance with the relevant requirements of the Lloyd's Register Type Approval System.


This certificate is issued to:

PRODUCER	WINDFLOW TECHNOLOGY LIMITED
PLACE OF PRODUCTION	44 Mandeville Street Christchurch, New Zealand
DESCRIPTION	2 Bladed Wind turbine
TYPE	WINDFLOW 500 WIND TURBINE
APPLICATION	Land based Wind turbine
STANDARDS	IEC 61400-1: 2005 IEC 61400-11: 2003 IEC 61400-12: 1998 IEC TS 61400-13: 2001 IEC 61400-21: 2001 IEC TS 61400-23: 2001
RATINGS	500 kW

"This Certificate is not valid for equipment, the design, ratings or operating parameters of which have been varied from the specimen tested. The manufacturer should notify Lloyd's Register EMEA of any modification or changes to the equipment in order to obtain a valid certificate."

The Design Appraisal Document No O-16845 and its supplementary Type Approval Terms and Conditions form part of this Certificate.

Certificate No.	RE 1005
Issue Date	17 September 2010 Issue 02
Expiry Date	16 September 2015
Sheet	1 of 1


Peter Davies
Compliance & Engineering Services Dep't, Aberdeen
Lloyd's Register EMEA

Lloyd's Register EMEA
25 Union Terrace, Aberdeen, AB10 1NN

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