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Welcome New Staff



We have timed this Christmas newsletter to arrive just as thoughts turn to the more relaxing and heartening season of goodwill, family get-togethers and festivity.

Whether we look back across a transformational 2008 or look forward to a productive and successful 2009, we know Windflow is capitalising on the excellent company expertise and shareholder commitment which has been built up over the past seven years.

It has certainly been a transformational year outside of the business, in terms of the current international economic climate, the US election of a 'pro-renewable' president-elect, and a change to a National-led government in New Zealand.

Windflow has come a long way and now, having money in the bank and orders to fulfil, is well positioned to excel as a progressive, innovative business in an expanding market. Our steady share market performance, which gains regular comment, shows that we are relatively immune to the 'financial meltdown' and is another indicator of our overall strength.

We have also built up a promising pipeline of projects with well-funded customers. NZ Windfarms has announced their intent to apply for consent for an up to 15 MW (30 Windflow 500 turbines) extension to the Te Rere Hau wind farm, and WindPower Maungatua has been consulting on an up to 20 MW (40 Windflow 500 turbines) wind farm near Dunedin. The proposed Mighty River Power owned Long Gully wind farm (up to 14 MW / 28 Windflow 500 turbines) is entering into its resource consent phase, and the consent hearing for MainPower's Mt Cass wind farm is coming to an end, which includes an option for utilising up to 83 Windflow 500 turbines on the site.

The factory upgrade mentioned in our last newsletter has been completed which will enable an easier ramp-up in capacity when needed. All 28 of the Stage 2 Te Rere Hau nacelles have been delivered from the Christchurch factory and the Stage 3 nacelles are starting to be assembled on the new production line.

It has been extremely satisfying to see the Te Rere Hau wind farm grow with every new turbine installed. As each turbine is commissioned it joins the five Stage 1 turbines which are now connected via the new 33 kV line to the neighbouring Taranaki wind farm sub station. All connected turbines can now generate at their full 500 kW capacity in a Manawatu gale (see page 3), and the maximum output of the wind farm will continue to increase in the new year as Stage 2 and 3 come online.

We welcome Steve Cross as the new CEO of NZ Windfarms, and their recent agreement to buy NPBB's 50% share of the Te Rere Hau wind farm (subject to shareholder approval). Although it is an unfortunate sign of the times that some companies are having to divest assets, we wish NPBB well and are more than happy that NZ Windfarms is committed to being 100% owners of Te Rere Hau.

The small scale (14 MW) Long Gully wind farm has been mostly well received during consultation. The Long Gully team held two information evenings attended by over 100 interested parties and residents. The information covered such aspects as the scope and size of the proposed wind farm, and assessments of potential environmental effects. Using our medium-sized Windflow 500 technology for the project means that the effects from the wind

continued overleaf

farm are expected to be significantly smaller than other wind farm developments being proposed or underway along Wellington's ridgelines. We are responding to the constructive comments raised and expect to lodge our resource consent application shortly.

We welcome Ian Fraser, who was voted in at the Annual Meeting, to our Board of Directors, and thank our long-standing board members for their continued contribution to the company.

I also want to thank the highly capable team at Windflow Technology for their relentless hard work and tremendous spirit who, along with our now much broader shareholder base, expect 2009 to be just as challenging but even more successful given the strategy we have of aiming high and bringing out the best in everyone.

Happy Christmas and an enjoyable, safe holiday to you all.

Geoff Henderson
CEO/Director

Windflow Named Third Most Exciting Company!

Windflow came third on the machinery and equipment manufacturing sector in National Business Review's monthly Exciting Companies series. Windflow scored a rating of 65.5 in surveys conducted by strategic business consultancy New River. Number one on the list was orthopaedic device designer and manufacturer Enztec with a rating of 70, second was computer silicon chip maker Buckley Systems with a rating of 68.4.

The definition of an 'exciting company' applied in the research is; "A company which fires your imagination or makes you re-think what's possible in the Sector." One of the comments about Windflow was:

"Really made it work against the odds - from capital raising, persistence, good management, really showing results, getting orders coming in, ISO certified - I'm very impressed."

Long Gully Wind Farm Proves Popular

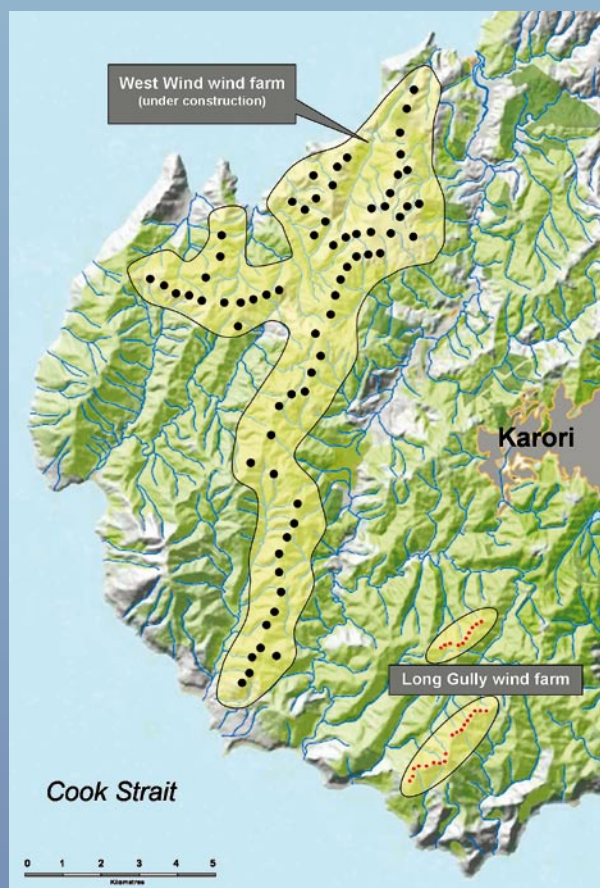
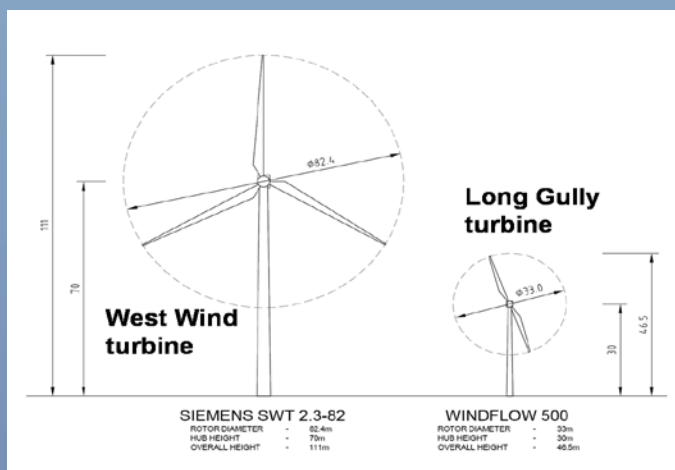
Information evenings were held in Wellington in November to give the public an opportunity to ask questions and provide comments on the proposed Long Gully wind farm. It was a 'drop-in' style evening with information on display and brochures to take away, and members of the project team answering questions and receiving feedback from those who attended.

Approximately 40 residents attended the Brooklyn evening on 18 November, and around 60 residents attended the Karori evening on 19 November. People were able to leave their comments on a comment form on the night, or take one with a freepost envelope to send back.

Comments received have been mostly positive about the proposal, and particularly towards the smaller scale of the development and turbines.

At up to 14 MW, the Long Gully wind farm is approximately one tenth the size of the neighbouring Project WestWind.

At 47 metres to blade tip, the Windflow 500 turbine is about the same size as the Brooklyn turbine, and less than half the size of the 2.3 MW turbines to be used at Project WestWind.

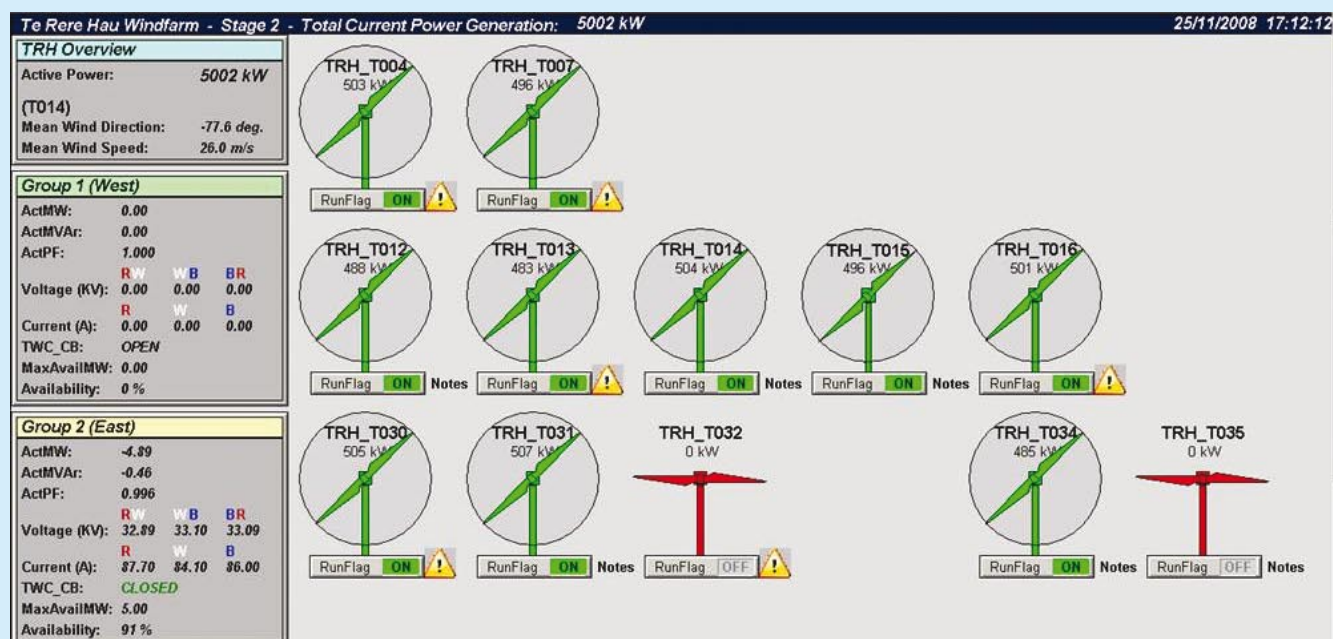


Te Rere Hau Wind Turbines Operate at Full 500 kW

The wind farm is now connected to a 7 km long 33 kV line which runs from the northern most end of Te Rere Hau and connects to the neighbouring Tararua wind farm's substation owned by Trustpower, which then sends the power into the national grid. The first five turbines and commissioned Stage Two turbines are therefore now able to run at full 500 kW.

The screenshot below from the TRH SCADA system shows 10 turbines generating at their full 500 kW capacity in wind speeds averaging 26 m/s. This is remarkable because most other wind turbines shut down at 25 m/s to avoid the damaging effects of high winds on conventional turbine designs. However, the Windflow 500 is designed and optimised for these strong New Zealand wind conditions and is therefore able to capture the additional energy at these high wind speeds.

The 28 Stage Two turbines are installed and are gradually being commissioned. NZ Windfarms and their contractors have completed the roads and commenced the foundations for the 32 Stage Three turbines which will start to be installed following the completion of Stage Two in early 2009.



Report from the Annual Meeting

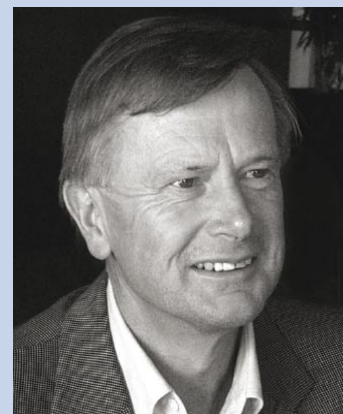
Windflow's annual meeting of 6 November 2008 in Christchurch was attended by 65 shareholders. Chairman Barrie Leay gave an inspiring speech influenced by the US election that had taken place just the day before. Mr Leay said that the election of Barack Obama was great news for the wind industry and it would surely open up further opportunities for Windflow in the USA.

Geoff focused his presentation on all the highlights of the year such as the opening of the new factory, the new production line of five turbines a months, acquisition of key suppliers, successful capital raising, Mighty River Power's cornerstone shareholding and the Long Gully wind farm project.

Both Keith McConnell and Geoff Henderson were re-elected as directors and Ian Fraser was elected as the new sixth member of the Board. Ian Fraser is the Executive Director of Beca and has a long background in civil engineering. He is an ex-director of Mighty River Power and currently also holds directorship of Transpower. We welcome Ian to the Windflow Technology Board and look forward to working with him.

An audio broadcast of the Annual Meeting and copies of the presentation slides can be downloaded from the Windflow website: www.windflow.co.nz.

Pictured: Ian Fraser – New Director at Windflow



Gebbies Pass Open Days

Over 70 people took the opportunity to visit the Windflow 500 turbine at Gebbies Pass on Sunday 7th December. The weather co-operated with a sunny day and strong 10 – 15 m/s winds which saw the turbine operating at full 500 kW capacity from time-to-time during the visit.

- The next open day is scheduled for Sunday 1 February, 3–5pm
- Meeting point and car parking: Wheatsheaf Tavern in Teddington.
- Bus will leave 3pm, 3.30pm, 4pm and 4.30pm to transport you to the Windflow 500 turbine in Gebbies Pass.
- Bring some warm, wind-proof clothes and good shoes!

In case of cancellation due to bad weather on the day, please check: www.windflow.co.nz or ring Sheralee on 021946333

Windflow Wins NZ Metals Industry Innovation Award

Windflow is proud to have been named the winner of the NZ Metals Industry Innovation award. The award recognises major product, manufacturing or information technology innovation by HERA (NZ Heavy Engineering Research Association) member companies, or member companies of associated sector organisations.

The Innovation Award was received in Auckland at the end of October by John Arimond, Windflow's Engineering Manager on behalf of Geoff Henderson. In his reply he gave a glowing tribute to Geoff's unwavering spirit in a very tough and originally unsupportive environment where many said wind turbine manufacture could not be done in New Zealand.

Windflow has been glad to work with so many quality oriented companies in the metal industry who supply vital components such as towers and fabricated steel pallets, hubs and gearbox casings. The skills and experience that this industry brings, proves that wind turbine manufacturing can be an important contributor to New Zealand's manufacturing industry.



Windflow's Engineering Manager John Arimond and HERA Deputy Chairman Peter Hutton (right).

Welcome New Staff

Matt Silvester – Mechanical Engineer

Matt joined the Windflow design team in December 2008. Matt is from Auckland, but completed his Mechanical Engineering degree at Canterbury University. He has spent the last 6 years in UK, Germany and Canada; working for Rolls Royce on aircraft engine design. Matt brings with him skills in finite element analysis and structural design. In his free time Matt likes underwater hockey, motorcycling and wind surfing.



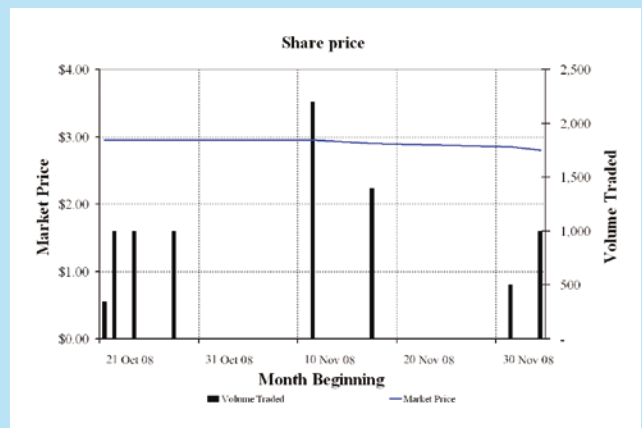
Val Teen – Receptionist

Val has started with Windflow in December 2008 and is replacing Jessie Liu on the Reception Desk as Jessie moves to the position of Accounts Assistant. Val comes from a job with Visual Group working with HP computers and has recently graduated from Canterbury University with a BA in Psychology and Sociology. She also has a degree in Homoeopathic Medicine from Australia and has been a nurse. Previously, Val used to be the leaseholder of the Greymouth Railway Station on the West Coast where she spent her childhood. Val has an 18 year old daughter and enjoys staying fit, playing the piano and gardening.



In the next Newsletter we will have the pleasure of introducing these six new positions, which are currently being appointed and will start shortly: R&D Manager, Wind Farm Construction Manager, Specialist Buyer, two Electrical Wind Smiths and a Mechanical Wind Smith.

Share Graph



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