

## INVESTMENT STATEMENT

Dated 1 March 2010

### IMPORTANT INFORMATION - NO CREDIT RATING

*Prometheus Finance Limited ("Prometheus ") does not have a credit rating issued by a rating agency approved by the Reserve Bank of New Zealand under section 157J of the Reserve Bank of New Zealand Act 1989. Further details about this are given in section headed "What are my Risks" on page2 below.*

### OTHER IMPORTANT INFORMATION

(The information in this section is required under the Securities Act 1978) Investment decisions are very important. They often have long term consequences. Read all documents carefully. Ask questions. Seek advice before committing yourself.

#### **Choosing an Investment**

In addition to the information in this document, important information can be found in the current registered Prospectus for the investment. You are entitled to a copy of that Prospectus on request.

#### **Choosing an Investment Adviser**

You have the right to request from any investment adviser a written disclosure statement stating his or her experience and qualifications to give advice. That document will tell you:

- Whether the adviser gives advice only about particular types of investments; and
- Whether the advice is limited to the investments offered by one or more particular financial organisations; and
- Whether the adviser will receive a commission or other benefit from advising you.

You are strongly encouraged to request that statement. An investment adviser commits an offence if he or she does not provide you with a written disclosure statement within 5 working days of your request. You must make the request at the time the advice is given or within 1 month of receiving the advice. In addition -

- if an investment adviser has any conviction for dishonesty or has been adjudged bankrupt, he or she must tell you this in writing; and
- if an investment adviser receives any money or assets on your behalf, he or she must tell you in writing the methods employed for this purpose.

Tell the adviser what the purpose of your investment is. This is important because different investments are suitable for different purposes.

### WHAT SORT OF INVESTMENT IS THIS?

#### **Description of Securities**

The securities being offered in this Investment Statement are savings accounts, call and term deposits and notice accounts, all of which are secured ("secured investments").

All secured investments with Prometheus are secured by a first security interest in Prometheus' present and future undertakings, property, assets and revenues. That security interest has been granted in favour of Perpetual Trust Limited (the "Trustee") as the statutory trustee for the purpose of the Securities Act 1978, by a Trust Deed dated 11 December 2003, and registered with the Registrar of Companies.

### WHO IS INVOLVED IN PROVIDING IT FOR ME?

#### **Issuer and Promoter**

Prometheus Finance Limited (trading as "Prometheus")  
27 Tennyson Street, P O Box 969, Napier  
Telephone (06) 835 7138, Facsimile (06) 835 1628,  
E-mail: [ethical@prometheus.co.nz](mailto:ethical@prometheus.co.nz),  
Web site: [www.prometheus.co.nz](http://www.prometheus.co.nz)

#### **Trustee for the purposes of the Securities Act**

Perpetual Trust Limited  
Level 5, Perpetual Trust House  
111-115 Customhouse Quay  
PO Box 3845, Wellington  
Telephone (04) 470 9600  
Facsimile (04) 472 3190

#### **Activities**

Prometheus is a not-for-profit only financial organisation registered as a limited liability company under the Companies Act 1993. The business of Prometheus operates in the Socially Responsible Investment (SRI) economic sector and was started in 1983 by the Prometheus Foundation. Prometheus Finance Limited acquired that business, on 31 March 2004, and has carried on that business after that date.

A principal objective of Prometheus is to encourage people to develop an awareness of the nature and uses of money and to provide services that promote community development, enhance social and economic co-operation and ensure a sustainable future for the natural environment.

Prometheus' objectives also include:

- to foster an awareness of economic and social realities and the impact of financial decisions on our society and the environment;

- to advocate sustainable finance for projects that are socially valuable and environment-friendly;
- to offer responsible and ethical advice and choice for people in the use of their funds and the returns received;
- to create ways for the ethical use by Prometheus and others of gift money for charitable purposes within New Zealand;
- to encourage a secure and rewarding employment environment of co-operation and consensus;
- to promote ways by which its business will ensure a fair financial return on capital;
- to conduct its activities in an efficient, effective and personal manner.

### HOW MUCH DO I PAY?

Unless otherwise advertised the following accounts are available with Prometheus:

- Savings Accounts can be opened with a minimum deposit of \$25, and any amount can be added to the account at any time.
- Call Accounts require an opening deposit of \$500, and can be added to with deposits of \$500 or more.
- Term Accounts with terms of 1 year or shorter have a minimum opening balance of \$1,000 and can be added to with deposits of \$500 or more.
- Notice of Withdrawal Accounts and Term Accounts with terms longer than 1 year have a minimum opening balance of \$5,000 or \$10,000 depending on the type of account, and deposits of \$1,000 or more can be added to the account at any time.
- Superannuation Long Term Accounts can be opened with a minimum deposit of \$500 and minimum monthly savings of \$50

Applications to subscribe must be made on Prometheus' standard application form, which is attached to this Investment Statement and available on request at the offices of Prometheus. To subscribe, you should attach a cheque for the subscription amount made payable to "Prometheus" to the application form, and post it to the Prometheus' office at the address listed on page 1. Under the Financial Transactions Reporting Act 1996 all new subscribers may be required to produce evidence of their identity. Prometheus reserves the right to accept or decline any application without giving any reason for its decision.

### WHAT ARE THE CHARGES?

#### **Types and Amounts of Charges**

Usually, no fees or charges are paid on opening a Prometheus account or on transactions in the account, except for the charges specified below. The practice of Prometheus is to minimise these charges and to ensure an equitable spread of costs incurred.

If an account is inactive for more than 1 year and the investor cannot be located or is inactive and has a balance below the minimum account balance of \$25 the account is treated as dormant and a Dormant Account fee of \$10 is charged for the transfer to dormancy and for each subsequent year of inactivity. Prometheus will use reasonable endeavours to contact investors affected to reactivate their account

An Account Management Service fee of \$10 per month may be charged for accounts with a high volume of transactions and where extra accounting services are provided.

The above fees may be altered by Prometheus at any time. However, it is Prometheus' intention to give notice of any alteration to all affected investors.

#### **Other charges:**

Where Prometheus incurs a charge from another organisation when acting on an investor's behalf (for example, in the form of bank fees for overseas remittances). Prometheus will pass these costs on to the investor by debiting the investor's account. The costs passed on to investors will be equivalent to the costs incurred by Prometheus and an invoice will be provided at the request of the investor.

### WHAT RETURNS WILL I GET?

#### **Returns**

Interest paid on investments is dependent on the type of account in which funds are placed, the terms of the account, the timing of the application and the duration of the investment's term. Prometheus reserves the right, subject only to any restriction in the Prospectus, the Trust Deed, the terms and conditions of the account or otherwise at law, to alter the terms and conditions as to interest returns. Current interest rates on all accounts are available on request from Prometheus' office.

As any interest return is dependant on the terms of the account, the duration of the investment and the general level of interest rates in the financial market, the return attributable to each account cannot be quantified in this Investment Statement.

#### **Savings, Call, Notice of Withdrawal and Superannuation Accounts**

Savings, Call, Notice of Withdrawal or Superannuation Accounts will, subject to Prometheus' right to vary the rate of return, receive interest on a quarterly basis.

#### **Term Accounts**

Term Accounts will earn interest at the fixed rate specified at the time of application. As any return is dependant on the terms of the account and the duration of the investment, the return cannot be quantified in this Investment

Statement. Accounts will mature, and returns on those accounts will be paid, on their respective maturity dates or yearly on their anniversary dates if earlier. If an investor has given instructions for the monies held in a term account to be automatically reinvested at the end of the term, the monies reinvested will earn the interest rate applicable at the time of reinvestment to the account nominated, and the investor will not be advised unless notice of reinvestment has been specifically requested.

#### **Withholding Tax**

Withholding tax will affect the returns. Prometheus will deduct withholding tax at the relevant rate required by law from the gross return payable, unless it receives a copy of an investor's valid certificate of exemption.

#### **Payment of Interest**

Interest payable on accounts will, unless otherwise advised in writing, be added to the balance of the account at such intervals as is provided in the terms of the relevant account, and can be withdrawn in accordance with terms applying to withdrawals from the type of account concerned. For a further explanation of the restrictions on withdrawals, please refer to the comments under the heading "How do I cash in my investment?" below. Interest to the date of the withdrawal not previously credited to an investor's account will be paid on withdrawal. It is anticipated that investors will receive interest paid on their accounts calculated as follows:

Savings, Call, Notice of Withdrawal and Superannuation Accounts – based on daily balance and credited quarterly.

Term Accounts - based on daily balance and credited yearly at the investment anniversary date and at maturity.

#### **Obligations to Pay Interest**

Prometheus is, subject to the terms of the account, legally liable to pay the interest on investors' accounts. The payment of interest is not guaranteed or promised by the Trustee, by the Prometheus Foundation or any other person.

#### **WHAT ARE MY RISKS?**

##### **Risks**

The main risk to investors of not recovering the money they have paid into their accounts, or not receiving the returns referred to above, is the insolvency of Prometheus. Prometheus' continued existence is dependant on its solvency (the degree to which it is able to meet its debts as they fall due). Long-term profitability contributes towards solvency as it enables Prometheus to maintain adequate reserves.

With its activities concentrated in the Socially Responsible Investment (SRI) economic sector, Prometheus may be vulnerable to any downturn and consequent staff redundancies in that area.

An investment in Prometheus will have taxation implications. The effect of taxation will vary according to each investor's personal circumstances. Prospective and existing investors are encouraged to obtain independent professional advice on their personal circumstances.

An investor will not be required to pay more money in respect of an investment than that disclosed under the heading "How much do I pay?" or below under the heading "Consequences of insolvency".

##### **No credit rating**

Relevant to those risks is that the creditworthiness of Prometheus is not, and has not been, rated by a rating agency approved by the Reserve Bank of New Zealand Bank under section 157J of the Reserve Bank of New Zealand Bank Act 1989 ("RBNZ Act").

That is because Prometheus is operating under an exemption from the requirement to have a credit rating under that Act, the exemption being contained in the Deposit Takers (Credit Ratings Minimum Threshold) Exemption Notice 2009.

The general nature and effect of the exemption contained in the Deposit Takers (Credit Ratings Minimum Threshold) Exemption Notice 2009 is that a deposit taker such as Prometheus is exempt from the requirement to have a credit rating under section 157I of the RBNZ Act if—

- the consolidated liabilities of the borrowing group, or in the case of a deposit taker that is not part of a borrowing group, the liabilities of the deposit taker, are less than \$20 million (measured as an average over a specified 12-month period); and
- the deposit taker meets certain other conditions, including a notification to the Reserve Bank of New Zealand of its intention to operate on the basis of the exemption.

Prometheus meets those conditions and has given such a notification to the Reserve Bank of New Zealand. In particular, Prometheus meets those conditions because it has liabilities of less than \$20 million, making it unduly onerous and burdensome to comply with the requirement under the RBNZ Act to have a credit rating.

##### **Consequences of Insolvency - General**

If Prometheus becomes insolvent, an investor will not be required to pay any additional monies other than those owing to Prometheus (if any). However, if Prometheus becomes insolvent or is wound up it may be unable to repay your investment to you. It is reasonably foreseeable that this will occur only if the losses and expenses of Prometheus exceed its income and reserves.

##### **Consequences of Insolvency - Secured Investments**

The claims of all investors in secured investments with Prometheus will rank equally in an insolvency (including those who invest in secured investments under a later Prospectus and/or Investment Statement).

At the date of this Investment Statement, there are no claims that rank in priority to or equally with investors' claims, except for claims given priority by the Trust Deed or by operation of law. (For example, any monies owing to the Trustee on insolvency, any insolvency costs, and preferred claims such as unpaid wages of Prometheus staff or some taxes). Prometheus may grant a security interest over or affecting all or any part of its assets, which may rank in priority to or equally with investors' claims, but only with the prior written consent of the Trustee. The claims of all other creditors of Prometheus, including trade creditors, will rank after the claims of investors with Prometheus.

#### **CAN THE INVESTMENT BE ALTERED?**

Prometheus reserves the right, subject only to any restriction imposed by the Prospectus, the Trust Deed, the terms and conditions of the account or otherwise at law, to alter the terms and conditions as to interest returns, the minimum amount of investments required and the other terms of any account, at any time. Any alteration of the rate of interest will not apply to investments already placed in term accounts.

The Trustee and Prometheus may alter the Trust Deed without the consent of investors where such amendment does not materially prejudice the interests of investors, or where the alteration has been approved by a meeting of investors held in accordance with the provisions of the Trust Deed.

If Prometheus were to breach its obligations under the Trust Deed, the Trustee may exercise its rights of enforcement, which include, but are not limited to, appointing a receiver or requiring the immediate repayment of all monies secured by the Trust Deed.

#### **HOW DO I CASH IN MY INVESTMENT?**

##### **Withdrawals**

Requests for withdrawals can be made at Prometheus' offices, branch offices or service locations, during normal office hours. All requests for withdrawals must be made in writing and signed by the investor, unless an alternative method of withdrawal is specified in the terms and conditions of the account. Prometheus may not be entitled at law to allow any withdrawals from investors' accounts where Prometheus is unable to meet its debts as they fall due.

##### **Early Repayment**

The policy of Prometheus is to not make repayments prior to maturity. In the event of financial hardship or extraordinary circumstances, written application may be made to Prometheus, which may exercise its discretion to repay the funds in whole or in part. In such case the interest payable may be subject to adjustment in accordance with any applicable terms and conditions of the account, and will only be credited to the date of termination of the investment.

##### **Transfer of Investments**

An investment with Prometheus may be transferred to another person, with the consent of Prometheus and otherwise in the circumstances and manner outlined in the Trust Deed. However, in Prometheus' opinion, there is no established market for such transfers.

#### **WHO DO I CONTACT WITH ENQUIRIES ABOUT MY INVESTMENT?**

The General Manager of Prometheus can assist you with any questions about investments in Prometheus. The General Manager can be contacted at Prometheus' office, at the address listed on page 1.

#### **IS THERE ANYONE TO WHOM I CAN COMPLAIN IF I HAVE PROBLEMS WITH THE INVESTMENT?**

Any complaint about an investment should, in the first instance be made to the General Manager of Prometheus, whose contact details are listed on page 1.

If after discussing any concerns with the General Manager, investors are still not satisfied, they may contact the Trustee whose contact details are listed on page 1.

There is no ombudsman to whom complaints can be made.

#### **WHAT OTHER INFORMATION CAN I OBTAIN ABOUT THIS INVESTMENT?**

##### **Prospectus and Financial Statements**

More information about investments and Prometheus is contained in the Prospectus and in the financial statements relating to Prometheus. For more information about investing with Prometheus, investors may request in writing to obtain free of charge the most recent copies of the Prospectus, Investment Statement and Trust Deed; and Prometheus' most recent financial statements. Those documents can be requested from Prometheus' office whose contact details are listed on page 1, and the documents can also be inspected during normal office hours at Prometheus' office.

##### **Prometheus newsletter**

Investors receive a free copy of Prometheus Profile, a regular newsletter reporting on recent loans and a statement of their accounts every half year. Investors may also request in writing from Prometheus' office a statement of transactions or an account balance at any time.

##### **Companies Office File**

The Prospectus, the Trust Deed, the financial statements of Prometheus, and other documents relating to Prometheus are also filed on a public register at the Companies Office of the Ministry of Economic Development and are available for inspection online at the Companies Office website, [www.companies.govt.nz](http://www.companies.govt.nz).

The address of the Companies Office, Ministry of Economic Development is: Level 5, 3 Kingston Street, Private Bag 92061, Auckland Mail Centre Telephone (09) 912 7677, Facsimile (09) 912 7787.