

Gourmet Organic Supplies

Organic and gourmet produce supplier, Epicurean Supplies Ltd, has been a long-standing Prometheus client. Winner of the Restaurant Association of NZ's "Innovators award" in 2000 Epicurean owner Clyde Potter has continued since then to liaise closely with the chef's he supplies when determining what to grow.



Epicurean at the Farmer's Market

As a result of listening to what the customers are asking for produce demand at Epicurean has grown strongly over recent years. This growth is coming across the board from distributor networks, restaurants and health food stores, particularly for the rare and unusual organic vegetables and herbs Clyde supplies. However, an emerging part of his turnover growth is now due to interest from supermarkets in providing fresh organic herbs and salads to their customers.

This unprecedented demand for Epicurean's organic produce and the prospect of more stringent requirements from the NZ Food Safety Authority led Clyde to approach us late last year for finance to expand and upgrade the existing produce preparation, grading and packing facilities. The loan was also aimed at providing better improved office facilities and enabling the fabrication of additional portable tunnel houses to both extend the growing season and increase the quality of their herb growing in the autumn.

We welcomed Clyde's loan application for these purposes and are pleased to see Epicurean continuing to grow and develop.



Bridge nearing completion

Little River Regeneration

We were approached in 2001 by the Kanuka-Wairewa Partnership to help them advance their native forest regeneration goals on a 13 hectare block of land they had bought near Little River on Banks Peninsula. The land was originally bought by four friends in 1994. Prometheus was approached to provide finance to enable new partners to buy into the project when one of the original partners wished to sell and to facilitate further development steps.

The partnership was in touch again at the end of last year to finally draw the last tranche of the loan they had negotiated at that time. A number of factors had contributed to significant delays in their plans but they were finally approaching completion of the bridge they had been building to provide better access onto the property. As one of the partners, Grant, reported:

"The bridge was made with recycled steel support beams, 'ecotimber' vitex hardwood decking from community forestry projects in Solomon Islands and recycled Jarrah power poles.

Most of the work on the embankment and track improvement and gravelling was carried out using machines running on biodiesel manufactured from used deep fry oil."

Over the early years the partners had made good progress with planting thousands of native trees, eradicating and/or controlling pests and weeds and upgrading the roading access to the property. However in recent years they've changed their approach, following the view of those who argue that it's best to allow nature to take it's own course with forest regeneration.

As a result Manfred, another of the partners, has written:

"With the help of an ever increasing wood pigeon population we are witnessing the transformation of a formerly bare kanuka and tree lucerne forest interior into a second generation broadleaf forest understory."

We wish the families involved all the best as they move forward with their next objective to build accommodation on the property so that they can enjoy the peace and serenity they find there in more comfort.



First crossing

Hybrid Car loans – Update

It is a while since we have reported on our consumer finance for the purchasers of the Clean Green Car Company's hybrid vehicles. We started offering car finance for hybrids in early 2006 and our experience since then has borne out our positive expectations.

We offer a simple stream-lined finance application process for smaller loan amounts of \$5,000 – \$30,000. Our experience of financing other eco-products as well as hybrid cars over recent years is that the risk profile for 'eco-consumers' appears to be better than average. Consequently, we are able to work on a lower risk margin on these loans and offer a competitive loan rate for CGCC's customers.

Over the past year we have provided loans to 32 purchasers of hybrid vehicles, a total of around \$600,000.



The vehicles purchased ranged in price from \$13,000 - \$30,000. We have received a number of very positive comments about the performance, fuel economy and cost savings that clients have experienced since purchasing their hybrid car.

For more information about the Clean Green Car Company and hybrid vehicles go to www.hybridcars.co.nz

Nelson Eco Living

Michael North and Keryn Squires approached Prometheus late last year for finance to complete the final extensions to their eco-house. They had initially received a loan from us in 2004 for the main part of the house that they started building at that time on their 1.7 ha property in Todd Valley, Nelson.

The house has a range of eco-features although Michael notes that some compromises have been necessary given the lay of the land and the preferred house site. In particular there were some design challenges building on a North-West facing slope and with a need to build some of the house over infill and supported off the ground on poles.

"The house is a pole house, with the majority of it in-filled with adobe bricks, the remainder with standard framing where the ground could not support the brick weight (ie on infill and where suspended out from the hill). We used adobe brick tiles inside the main french doors as a heat sink but the rest of the house is larch timber flooring apart from concrete in the laundry and bathroom. We have a wetback running off the wood stove that is also an oven, and solar water heating is being installed on the roof."

He notes that a refusal to cut down a large Totara that blocks much of the morning sun has restricted their solar gain. However, he adds that the new extension faces north and will capture heat that they hope will diffuse through the rest of the house. Despite the compromises they already find that the house is comfortably warm in winter as the bricks store sufficient solar and wood stove heat.

Their other goals with the property are well-advanced. They have done considerable weed eradication and native planting of the significant remnant of podocarp-broadleaved native forest on the property. They have covenanted the one hectare bush gully with QEII Trust and it is due to be surveyed shortly prior to registration on the title.

We were pleased to be able to support the final stages of Michael and Keryn's home and wish them well in the ongoing development of their permaculture designed orchard and gardens.



Snapshots of the past 25 years



Prometheus has a proud history of supporting sustainable and responsible projects over the past 25 years, many of which were innovative and pioneering ventures.

It is difficult to gauge the impact of this legacy. Even those ventures that did not go on to grow substantially still offered much to their communities and the environment and many contributed to seeding other ventures which have gone on to have more noticeable effects.

Nevertheless a significant number of the projects Prometheus has supported over the years have gone on to develop into substantial and successful ventures in their own right.

The following is a very brief but indicative selection of some of the projects and businesses that have benefited from Prometheus' support over the past 25 years.

Raphael House School

In 1983 Prometheus received a gift of \$30,000 from Bochum bank in Germany to finance loans to Steiner Schools in New Zealand. The first recipient was the fledgling Raphael House School in Wellington. Raphael House has gone on to become one of the most well-established Steiner schools in the country.



Novalis House Medical Centre

This medical centre in Christchurch provides both conventional and complementary medical services.

Prometheus first helped with development finance for the centre in 1990 and recently provided further finance in 2007 to enable the centre to expand significantly.



Ceres Enterprises

A modest working capital loan of only \$3,000 was the first of many to this new organic and bio-dynamic food retailer in 1983. Over the years Ceres has grown substantially and is now one of New Zealand's two largest organic food wholesalers and distributors. Ceres now has an annual turnover of around \$20 million and supplies health food stores and supermarkets throughout the country.



Biodynamic Farming in Canterbury

Geoff and Ira Wilson had been farming their mixed livestock and cropping property in mid-Canterbury bio-dynamically since the mid-1980s. A Prometheus loan in 1990 enabled them to continue developing their environmentally beneficial approach to farming.

HRC Recycling, Hamilton

A loan from Prometheus enabled HRC to buy some much needed equipment in 1995 and further develop their recycling operation. Prometheus has since provided finance to quite a number of recycling ventures around the country.

Weleda NZ Ltd

Our first loan to Weleda was made in 1986 to provide the working capital needed to finance the development of this homeopathic and Anthroposophical medicine manufacturer. We made a number of further loans to Weleda over the years as it continued to grow to become the large and successful medicines producer it is today.



Aeolian Property Co

Wind turbine engineer Geoff Henderson started on his long, but ultimately successful, journey to establish New Zealand's first wind turbine manufacturing company back in the early 1990s. He approached Prometheus for finance to purchase a prime wind turbine site in the Tararuas above Palmerston North in 1992. That site has recently seen the erection of five of Geoff's NZ manufactured turbines in the first stage of NZ Windfarm Ltds development of the site.



Hohepa Homes

An initiative targeted toward providing a safe and curative environment for intellectually and emotionally challenged children and young adults. A land appeal launched in 1988 with financial support from Prometheus proved to be satisfyingly successful. Hohepa is now a well-established service provider in this sector with two centres in the Hawkes Bay providing home, education and useful employment to a wide range of ages.

Thomson's Foods

Colin and Michelle Thomson were establishing their health food bakery in Auckland through the mid-1980's when they approached Prometheus for a modest development loan. The relationship has continued over the past 20 years as they have expanded to become a successful organic food processor.

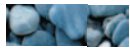
Bio-dynamic viticulture

A Prometheus loan enabled viticulturalist John Kenderdine to import cultivating implements in 1989 which eliminated the need for herbicidal weed control in his vineyards and orchards. This was an early example of Prometheus' interest in supporting non-toxic approaches to agriculture.

Living Nature: natural cosmetics

Suzanne Hall combined her skills as an industrial chemist with her interest in plants and her desire to make an ethical product to create Living Nature's natural skincare range. The company was established in 1991 with Prometheus' providing development finance at an early stage. Living Nature has since gone on to become a very well-respected and popular natural skincare manufacturer.





Grassroots: recycled paper

Grassroots was a company established by Rob Ford and Melissa Arsenault in the early 1990's to fill what they saw as a gap in expertise and knowledge about which paper and board products were environmentally sound.

Dada Afrika: fair trade

Charlene and Seydou Diallo used a Prometheus loan in 1992 to travel to Africa to re-stock their shop in Auckland selling African crafts and artefacts. Their policy was to buy direct from artisans and craftspeople and from co-operatives so that they could ensure people were getting fair value for their work.



The Green Grocer: organic retail

The initial push for this venture came from the need for a retail outlet for Seager and Sue Mason's organic vegetables. A Prometheus loan helped establish the store and enable it to expand beyond that initial impulse to become the iconic Nelson store that it since has.



Titirangi Rudolf Steiner School

After seven years in rented accommodation and months of careful planning the Titirangi School purchased nine buildings from the Ramarama Hospital and moved them onto land they had previously bought in Titirangi. A loan from Prometheus helped with both the land purchase and the later building of the school in 1994.

Auckland Women's Health Centre

Prometheus received a plea for help from the Auckland Women's Health Centre in 1994 when it was facing some major challenges. The Centre had operated since the mid-70s but was struggling with changes in health funding. Close consultation over the rescue plan ensured the loan was approved that enabled the centre to secure the fundraising it needed and ensure its continuation.

Huiarangi: free range eggs

In the mid-1990's Ian and Lesley Thomas had 6,400 hens free ranging in four separate flocks. A Prometheus loan enabled them to further expand their flock to meet the growing demand for free range eggs.



The People's Centre: medical services

The centre was established to offer low-cost medical and dental services for low-income families in Auckland. Prometheus helped finance the purchase of a second-hand press for this community organisation in 1996. We also provided more essential support when the centre went through a difficult period several years later.

NZ BioGrains Ltd: organic miller

This milling company was established in 1987 to process the organic grains grown by seven Canterbury farmers. A loan from Prometheus was sought in 1997 to enable improvements to buildings and help with business expansion.

Koanga Gardens: heirloom seeds

A seed preservation and propagation trust established by Kay Baxter in 1983 to preserve heritage seed varieties. A Prometheus loan in 1999 supported the subdivision of the property that Koanga was based on and the establishment of Kohatu-Toa Eco-Village.



Solar Water Heating

In 1999 Prometheus was part of a partnership with Synergex Systems that succeeded in an application for grant funding from the Energy Efficiency and Conservation Authority (EECA).



The grant was to be used to provide interest-free loans for solar water heating installations. This was the precursor to a number of schemes that have followed since.

Clean Stream Waiheke: recycling

This new recycling initiative won the waste disposal tender for Waiheke from Auckland City Council in 2001. A loan from Prometheus enabled them to buy the equipment needed to service that contract and achieve their aim of a significant reduction in the amount of waste going to landfill. This community business is going strong 7 years on.

Earthsong Eco-Neighbourhood

Earthsong is based on a co-housing philosophy employing eco-housing principles and permaculture design in a medium-density urban environment.



Prometheus provided completion finance for the first stage of the development in 2001 and has since been involved in financing individual residents into their rammed-earth homes.

Piko Wholefoods: organic retail

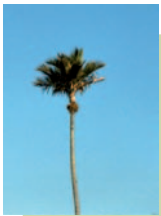
Long established Christchurch organic and wholefood retailer, Piko Wholefoods faced several challenges in 2005. They required additional retail and cool-store space as well as earthquake strengthening of their Grade III listed building. A loan from Prometheus enabled the necessary work to proceed.



Lower Hutt Women's Centre

This Centre offers education, training and support for women. The Centre's Trustees approached Prometheus in 2006 for finance to enable them to purchase the property which they had been leasing since 1987.





New Shareholders

Prometheus has two new shareholders, Triodos Bank and GLS Gemeinschafts Bank, two of the largest and longest established ethical banks in Europe. We initially approached these two banks in 2006 to begin discussions and invite them to support our ongoing growth and development with a substantial injection of capital.

After a period of discussions and their own due diligence processes both Banks became shareholders in Prometheus on 31 March 2008. Each has bought \$500,000 in Prometheus shares taking our total capital position (equity plus subordinated debt) to just over \$2.1 million.

As explained in earlier newsletters, Prometheus' capital position is an important part of the security for depositor's funds. We are required by our Trust Deed to have sufficient capital such that total liabilities (i.e. mainly deposits but includes some other balance sheet items) not exceed 15

times our total capital. This is broadly equivalent to a standard capital adequacy ratio of 6.6% (the inverse of the above measure i.e 1/15th). Clearly, as total deposits grow we need to increase capital in line with that to continue to meet that ratio requirement.

The key reason Prometheus restructured to become a finance company was to allow us to bring in outside capital as necessary to protect depositor's funds and meet this ratio requirement as our balance sheet grew. We sought this extra capital to allow Prometheus to continue to grow substantially over the next 2-5 years.

Following this capital injection we now have a capital adequacy ratio of 13.5%, substantially above the implicit requirement of 6.6% set by our Trust Deed. This means that we can double our total deposits over the next few years and still remain compliant with that ratio.

This gives Prometheus a solid foundation for the growth we are aiming for.

Tui - Community Lifestyle

Surendra van Susteren has been building his own home at Tui Community in Golden Bay for the past 5 years. That home is now nearing completion and he approached us late last year for a loan to enable him to repay his ex-partner.

His home is a triple-hexagon design which achieves much of its heating from passive solar gain, although this is supplemented by a wood stove (with wetback and radiators) in the winter. The house is built from trees harvested on the property, has solar water heating and is connected to the community's own independent sewage system.

Surendra has been living at Tui Community for the past 13 years. The community itself was established 23 years ago and currently has a resident population of around 30 people. He works as the marketing manager for Tui Balmes & Waxes, manufacturer of a well known range of massage waxes and healing balmes made from organic beeswax and natural ingredients. The business was established by community members.

He is also the organiser and a key facilitator of a number of men's workshops that are run regularly each year through the facilities provided at the community by the Tui Spiritual and Educational Trust.

We welcomed this opportunity to support Surendra by refinancing his home and helping to facilitate his sustainable, community-focussed, lifestyle.

For information about the range of workshops run at Tui Community visit www.tuitrust.org.nz



Surendra's house



Workshop space



View over Golden Bay

Prometheus News

The 2007/08 financial year was a good one for Prometheus, particularly given the background of considerable turmoil on the financial markets. The good performance we reported in October last year continued, albeit more steadily over the second half of the year.

Financial Results

Provisional figures show strong growth in deposits last year, with an increase of \$2.6 mn over the year to nearly \$15.1 million at end March 2008. This compares well with the previous year's strong growth of \$2.8 million. On the other side of our balance sheet total lending fell over the year by \$0.8 mn to around \$9.3 million. This is the result of a reduction in the number of loan applications combined with the impact of a large number of maturing solar water heating loans over the year. In particular, those maturing SWH loans were not offset by new SWH loans as changes made by EECA to their finance assistance scheme in mid-2007 appear to have discouraged new applications. The new option of a direct cash grant appears to have been preferred by consumers.

Energy Wise Homes

Prometheus was successful in March this year in being selected as a finance provider by a number of installer partnerships for EECA's new EnergyWise Homes Scheme. This scheme provides energy efficiency upgrades to older homes, including insulation, cylinder wraps, efficient heating and other improvements. The inflow of loan applications under this scheme is, to date, more encouraging than those under the revised SWH scheme. Having said that, improvements to the SWH scheme announced in the 2008 budget may result in an increase in loans for SWH as well.

Liquidity

The net result of these opposite movements in deposits and loans has been a strong increase in Prometheus' liquidity position. We are currently holding much more liquidity than we would normally wish to. This is no bad thing in the current environment where many finance companies have been exposed by a lack of liquidity.



Solar Water Heating Loans Update

When we last reported on our lending for solar water heating installations in the April 2007 newsletter the Energy Efficiency and Conservation Authority (EECA) assisted finance scheme had been progressing well. At that time we had made around \$2.5 million in SWH loans over the previous six months, helping to finance just under 600 SWH installations. Changes to the EECA scheme in 2007 had a significant impact on the uptake of SWH loans over the remainder of the scheme. Those changes involved increasing the subsidy from \$300 to \$500 per installation for systems that had been tested and met cost-effectiveness requirements. Unfortunately, delays to implementation of these planned amendments resulted in a slow-down in loan applications over the remainder of that scheme.

Nevertheless, we made a further \$1.3 million in SWH loans over the remainder of that 2006/07 EECA scheme, helping to finance another 270 installations. The 2007/08 scheme, which introduced a direct cash grant option, resulted in a sharp drop-off in loan applications as those people who were purchasing tested packaged systems under the EECA scheme seemed to prefer the cash grant.

However, in the period since the new tested systems approach was due to start in April last year we have financed around \$0.5 million of SWH loans outside of the EECA scheme. These SWH installations were for systems that did not fit within the new EECA criteria.

Recent changes to EECA's solar water heating grant scheme announced in the 2008 Budget may see some revival of interest in the loan option. The cash grant and finance assistance subsidy are both being increased to \$1,000 and changes to the cost-effectiveness calculations should see more systems eligible for assistance.

If you want more information about finance assistance available from EECA for SWH installations see www.solarsmarter.org.nz





Peter, Rachel and friends in Punjab

Peter enjoying the ploughing

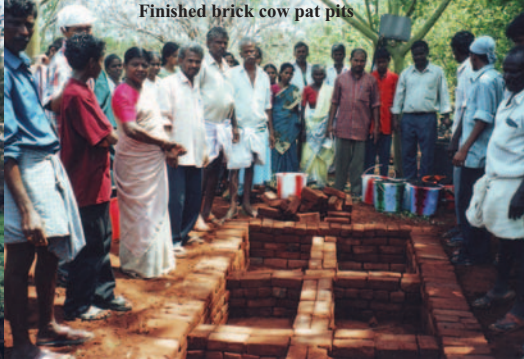


BD Tea Picking



Composting in Punjab

Mixing ingredients for the pits



Finished brick cow pat pits



Composting Guru

Biodynamic farming adviser and long-standing Prometheus client, Peter Proctor, has become well known of late for his work in bringing biodynamic-organic agriculture methods to India over the past 15 years. The recent award-winning documentary “How to Save the World” (available on DVD) follows Peter through India discussing his mission and his remarkable success.

Peter was initially invited to India in 1993 to teach Indian farmers biodynamic methods. The level of interest and enthusiasm was such that he has been returning to India at least twice a year since then to run further courses.

Peter was welcomed because the “green revolution”, which had started in India in the 1960s, had been failing for some time. The adoption of higher yielding strains of crops and chemical fertilisers was initially very successful in producing substantial increases in production. However, over time yields across a range of crops had been dropping and greater quantities of fertiliser were increasingly required to slow that decline.

This decline in yields has been attributed to the destructive effect of chemical fertilisers on soil bacteria, beneficial fungus and earth worms – all of which support humus formation and soil fertility. In addition, the plants themselves, as a result of the depletion in soil quality and microbial activity, had become more susceptible to fungal disease and insect attacks. Thus a whole regime of chemical pesticides and fungicides had become necessary which were polluting the soil, the water and the food itself.

The loss of humus from the soil also reduced the soil’s water holding capacity. This translated into the need for regular irrigation which, after forty years of this approach, has resulted in serious water shortages, alarming drops in the level of ground water and a shortage in many areas of “sweet” water. Consequently, many farmers have been irrigating with salty water, further damaging soil productivity.

For Indian farmers this was proving a costly process, with falling yields and continually rising input requirements and costs. Peter’s introduction of a biodynamic-organic method of farming was welcomed by many intrepid pioneering farmers as it removed the need for expensive inputs and promised to recover soil structure and fertility. The approach has since been embraced by a growing number of farmers in regions

throughout India as it was relatively quick to prove effective in improving not only crop yields but also quality.

As a case in point, Jaspal Singh, a farmer in the Punjab switched his 30 acres of degraded farmland to biodynamic management after attending a seminar of Peter’s in 2004. This was despite considerable scepticism from his neighbours. Within three years his farm had improved markedly and, in Peter’s words:

“After seeing the quality of the wheat, rye and potatoes that Jaspal grows, there are now at least 100 neighbouring farmers following his example.”

This is just a recent example of what has been occurring throughout India over the past 15 years. In most states that Peter has been teaching there are now many hundreds of farmers practising this form of organic agriculture, while in several states there are many thousands.

Over recent years Peter had been residing in India for extended periods so he could travel extensively to support the broad range of farmer groups and training courses that had been established around the country. In 2007 he and his partner Rachel Pomeroy felt that the courses they had helped establish and the level of farmer involvement were such that, at age 80, he could finally return to New Zealand and enjoy his retirement. Peter is confident that, with around 20 well-trained and enthusiastic leaders and tutors now in the field, the future of biodynamic-organic agriculture in India is well catered for.

We have welcomed the opportunity to support Peter and Rachel in their work in India over this time and invite anyone who wishes to make a donation to support the ongoing training work in India to send that to Biodynamic Outreach c/- Prometheus. When Peter heard that we intended to include this tribute to him in this newsletter he asked that we include the following from him:

“I want to say how much Rachel and I appreciated the very efficient and helpful way Prometheus administered the Biodynamic Outreach business while we were in India. That was truly very helpful.”

For information about the DVD of Peter’s work visit www.howtosavetheworld.co.nz