

NEW ZEALAND HONEY PRODUCERS CO-OPERATIVE LTD

INVESTMENT STATEMENT

New Zealand Honey Producers Co-operative Ltd
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This is an Investment Statement for the purposes of the Securities Act 1978, prepared as at 5th February 2010 for New Zealand Honey Producers Co-operative Limited which is a company incorporated under the Companies Act 1993 and under the Co-operative Companies Act 1996.

The purpose of this Investment Statement is to provide certain key information that is likely to assist a prudent but non-expert person to decide whether or not to acquire new Rebate Shares in New Zealand Honey Producers Co-operative Limited and to bring to the attention of prospective investors the fact that other important information about the Rebate Shares in New Zealand Honey Producers Co-operative Limited is available in other documents.

This Investment Statement related to a Prospectus dated 5th February 2010, registered under the Securities Act 1978. The Prospectus contains further details of the Offer to which this Investment Statement relates.

Every applicant for Rebate Shares in New Zealand Honey Producers Co-operative Limited that did not receive a copy of this Investment Statement prior to applying for the Rebate Shares may, within 10 working days of the date on which the Investment Statement is sent to it, withdraw its application by written notice to New Zealand Honey Producers Co-operative Limited.

❖ Important Information

(The information in this section is required by the New Zealand 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

When deciding whether to invest, consider carefully the answers to the following questions that can be found on the pages noted below:

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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.

❖ **Engaging an Investment Adviser**

An investment advisor must give you a written statement that contains information about the adviser and his or her ability to give advice. You are strongly encouraged to read that document and consider the information in it when deciding whether or not to engage an advisor.

Tell the adviser what the purpose of your investment is. This is important because different investments are suitable for different purposes, and carry different levels of risk.

The written statement should contain important information about the adviser, including -

- relevant experience and qualifications, and whether dispute resolution facilities are available to you; and
- what types of investment the adviser gives advice about; and
- whether the advice is limited to investments offer by 1 or more particular financial institutions; and
- information that may be relevant to the adviser's character, including certain criminal convictions, bankruptcy, any adverse findings by a court against the adviser in a professional capacity, and whether the adviser has been expelled from, or prohibited from joining, a professional body; and
- any relationships likely to give rise to a conflict of interest.

The adviser must also tell you about fees and remuneration before giving you advice about the investment. The information about fees and remuneration must include -

- the nature and level of the fees you will be charged for receiving the advice; and
- whether the adviser will or may receive a commission or other benefit from advising you.

An investment adviser commits an offence if he or she does not provide you with the information required.

❖ **What sort of investment is this?**

The securities being offered are rebate shares (Rebate Shares) in New Zealand Honey Producers Co-operative Limited. The Rebate Shares are nominal value shares issued under the Co-operative Companies Act 1996. At the date of preparation of this Investment Statement, the nominal value of the Rebate Shares is \$1.00. Rebate Shares carry the right to participate in any interim or annual rebate declared by the directors of the Company, and, subject to the Co-operative Companies Act 1996 and the Constitution of New Zealand Honey Producers Co-operative Limited, they can be surrendered at their nominal value.

Rebate Shares are issued to parties who supply honey and honey products to New Zealand Honey Producers Co-operative Limited and are paid for in cash or from cash rebates otherwise payable to the Shareholder by New Zealand Honey Producers Co-operative Limited. The total number of Rebate Shares on issue at any time carry 60% of the voting power of all shares on issue based on the amount paid up on each share, notwithstanding the number of shares in any particular class at any one time. Rebate Shares are not freely tradable as they may only be held by other Shareholders who transact with the Company. Subject to the Co-operative Companies Act 1996 and the Constitution of the Company, Rebate Shares can be surrendered back to New Zealand Honey Producers Co-operative Limited at their nominal value.

Under the Constitution of the Company, Rebate Share Shareholders are entitled to supply their honey to New Zealand Honey Producers Co-operative Limited.

❖ **Who is involved in providing it to me?**

The offer of Rebate Shares is being made by New Zealand Honey Producers Co-operative Limited, 39 Laughton Street, Washdyke, Timaru.

There are no promoters of the issue.

The Company is a Co-operative Company which packs honey and other products derived from the honey supplied to it by its shareholders and sells those products in New Zealand and overseas. The Company has been carrying on these activities since 1981.

❖ **How much do I pay?**

The amount payable for each Rebate Share is the nominal value of one dollar (\$1.00).

Payment is due, in full, upon application for share allocation.

A Shareholder who holds Rebate Shares and supplies to the Company is required to hold a specified number of Rebate Shares according to the amount of honey supplied to the Company by the shareholder. At the date of preparation of this Investment Statement a supplying shareholder is required to hold one Rebate Share for every kilogram of honey supplied to the Company.

❖ **What are the charges?**

There are no entry, administration, termination or other charges payable in respect of the Rebate Shares.

In accordance with the Company's Constitution, a Shareholder will be charged for the cost of grading, packaging, storing, transporting etc for its produce.

❖ **What returns will I get?**

New Zealand Honey Producers Co-operative Limited has the power to pay dividends on Rebate Shares, and attempts to do so annually.

Supplying shareholders are unlikely to realise any capital gains in the value of the Rebate Shares. The Rebate Shares are issued at their nominal value of \$1.00. The Co-operative Companies Act 1996 permits the Company to accept or require the surrender of Rebate Shares at a price which does not exceed the nominal value of the Share or the amount paid up on a Share whichever is the lesser. Rebate Shares may only be transferred to other persons who are or are likely to be supplying shareholders and in practice are almost without exception traded at a price which reflects the surrender price.

The value of Rebate Shares may decline if the value of the Company's assets is reduced to a level at which the Rebate Shares would not be paid in full on a liquidation. The nominal value of Rebate Shares can also be altered by special

resolution of the Company. Further information is set out below under the heading "What are my Risks?".

The returns on Rebate Shares are traditionally paid by way of rebate which is calculated on the basis of transactions between supplying shareholders and the Company. The amount of any rebate is determined by the Board.

The amount of any rebates will be determined by the success of the business operations of the Company and no promises or guarantees are made as to those returns. The Company can give no assurance about the level of future rebate or dividend, if any, or the level of imputation credits which might be attached to the dividend. These levels will depend on a number of factors, including the solvency of the Company, requirements for capital and operating conditions, as well as those discussed in this Investment Statement under the heading "What are my Risks?" below. Any rebates will be determined pursuant to the current Board distribution policy and will reflect the level of profits earned by the Company on transactions with Shareholders. The Company is legally liable to pay any rebates if and when declared. The Company does not guarantee the capital or the amount of returns (if any) in relation to an investment arising from this offer.

❖ **What are my Risks?**

You will not be required to pay more in respect of the Rebate Shares than disclosed below (in relation to insolvency) or under "How much do I pay?" above.

The principal risk of you not recovering the surrender value of your Rebate Shares and not receiving the returns described under "What returns will I get?" is that the Co-operative goes into liquidation or is wound up.

The Company must not accept or require the surrender of Rebate Shares unless the Board has resolved that immediately after the surrender the Company will satisfy the solvency test.

While the price paid for the surrender of Rebate Shares will in most cases be the nominal value of the share or the amount paid on the Share whichever is the lesser, the Board may pay a lower price if it determines that it is fair and reasonable having regard to a range of matters relating to the financial circumstances of the Company and any other matter which the board considers has a bearing on fair value of the Rebate Shares.

If the Company is put into liquidation or wound up, you as a Shareholder will rank after all creditors of the Company. If you hold fully paid Rebate Shares in the Company you will be under no obligation to pay further amounts to any person should the Company become insolvent. If you hold any Share which is

partly paid, then you will be liable to pay the balance of the nominal value in the case of insolvency of the Co-operative.

❖ **Can the investment be altered?**

The rights and obligations attached to the Rebate Shares may be altered by a special resolution of shareholders whose rights are affected in the same way. A special resolution is one passed by a majority of 75% or more of the votes of those shareholders entitled to vote and voting on the question. Under certain circumstances set out in the Companies Act 1993 a shareholder whose rights are affected by a special resolution may require the Company to purchase his or her Rebate Shares.

❖ **How do I cash in my investment?**

If you cease to supply the Company you may surrender the Rebate Shares to the Company by agreement with the Company. You may require the Company to accept the surrender of the Rebate Shares where you:

- a) Have not been a supplying shareholder during the immediately preceding 5 years;
- b) Have disposed of your beekeeping business and other assets with the result you do not have the capacity to continue to be a supplying Shareholder.

The price will usually be the nominal value of the Share or the amount paid up on the Share, whichever is the less, but the Board may pay a lower price if it determines that it is fair and reasonable having regard to a range of matters relating to the financial circumstances of the Company and any other matter which the Board considers has a bearing on fair value of the Rebate Shares.

The Board may defer payment for the surrender of the Rebate Shares for up to five years after the surrender is accepted or deemed to take effect.

You may sell the Rebate Shares subject to the restrictions in the constitution of the Company on transfers of Rebate Shares. Those restrictions include the right for the Board to refuse to register a transfer:

- where the Board resolves that it is not likely that the transferee will become a supplying shareholder of the Company;
- where the transferee would hold Rebate Shares exceeding the number of Rebate Shares to be required under the share standard in the Constitution;

- where the Board resolves that is not in the best interests of the Company to register the transfer.

❖ **Who do I contact with enquiries about my investment?**

Any enquiries can be directed to:

Warren Reynolds *Company Secretary*

New Zealand Honey Producers Co-operative Ltd
PO Box 2075,
Washdyke,
Timaru 7941

Telephone: (03) 688 7380
Fax: (03) 688 7385
Email: warren @nzhoney.co.nz

❖ **Is there anyone to whom I can complain if I have problems with my investment?**

Complaints about shares covered by this Investment Statement can be directed to:

Warren Reynolds *General Manager*

New Zealand Honey Producers Co-operative Ltd
PO Box 2075,
Washdyke,
Timaru 7941

Telephone: (03) 688 7380
Fax: (03) 688 7385
Email: warren @nzhoney.co.nz

There is no Ombudsman to whom complaints can be made.

❖ **What other information can I obtain about my investment?**

Other information relating to the Co-operative can be found in the Prospectus and in financial statements of the Company.

A copy of the Prospectus, the latest annual report of the Company, the Constitution of the Company, the terms and conditions of supply and other information relating to suppliers are all available free of charge to shareholders,

and to prospective shareholders, on request from Warren Reynolds, Company Secretary, New Zealand Honey Producers Co-operative Limited, PO Box 2075, Washdyke, Timaru 7941. The Prospectus, financial statements and other documents of, or relating to, the Company are filed on a public register at the Companies Office of the Ministry of Commerce.

Each shareholder will be sent a notice of general meetings of the Company and all notices, accounts and other documents required to be sent to shareholders under the Constitution of the Company or the Companies Act 1993, including the annual report.

Shareholders may also request, at any time, free of charge:

- A copy of the Company's most recent Annual Report and Financial Statements, together with all documents that are required to be registered with those financial statements under the Financial Reporting Act 1993;
- A copy of the most recent Prospectus relating to Rebate Shares in the Company;
- A copy of the most recent Investment Statement relating to Rebate Shares in the Company;

Shareholders are also entitled to inspect and, subject to certain restrictions and payment of the Company's reasonable costs, to take copies of the following;

- The Certificate of Incorporation of the Company;
- Constitution;
- The Share Register;
- The full names and residential addresses of the Directors;
- The registered office and the address for service of the Company;
- Minutes of all meetings and resolution of shareholders;
- Copies of written communications to Shareholders during the preceding ten years, including Annual Reports, Financial Statements and Group Financial Statements;

- Certificates given by Directors under the Companies Act 1993;
- The Interests Register of the Company;

Such a request should be made in writing to:

Warren Reynolds *General Manager*

New Zealand Honey Producers Co-operative Ltd
PO Box 2075,
Washdyke,
Timaru 7941

Telephone: (03) 688 7380
Fax: (03) 688 7385
Email: warren @nzhoney.co.nz