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# Prospectus

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Electricity Ashburton Limited

**INDEX UNDER SECURITIES REGULATIONS 2009**

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Electricity Ashburton Limited (*the Company*) is a co-operative company registered under the Co-operative Companies Act 1996. This prospectus is issued in compliance with the provisions of the Securities Act (Co-operative Companies) Exemption Notice 2011 (SR 2011/59).

## 1 **Main Terms of Offer**

- 1.1 The issuer is Electricity Ashburton Limited whose registered office is at 18 Kermode Street, Ashburton.
- 1.2 The securities being offered are rebate shares with a nominal value of \$1.00 each.
- 1.3 The maximum number of rebate shares and the nominal value of those rebate shares which the Company is likely to issue in the next 24 months is 200,000 rebate shares of \$1.00 each.
- 1.4 No moneys are payable when the Shares are issued. As rebates, dividends or other distributions are payable to a shareholder these are applied towards paying up the nominal value of the Shares. Once \$1.00 per Share is fully paid up any further distributions are then credited to the shareholders account as set out in clause 4.3.

## 2 **Details of Incorporation of Issuer**

- 2.1 The Company was initially registered as a company on the 4<sup>th</sup> day of September 1989, was reregistered under the Companies Act 1993 on 7 May 1997 and was also reregistered as a company under the Co-operative Companies Act 1996 on the same date, namely 7 May 1997.
- 2.2 The registered number of the Company is 436460 and the public file of the Company can be accessed on the website of the Business Registries Division of the Ministry of Economic Development at [www.business.govt.nz/companies](http://www.business.govt.nz/companies).

## 3 **Subsidiaries**

There are no subsidiaries of the Company.

## 4 **Other Terms of Offer**

- 4.1 Each person who connects to the electricity network owned and operated by the Company is entitled to be issued with 100 rebate shares in the Company. These shares entitle the holder to any distributions of profit by way of dividends, rebates or otherwise made by the Company equally with all other shareholders.
- 4.2 When any holder of rebate shares ceases to be connected to the Company's electricity network then the shares held by that holder are surrendered for the lesser of the issue price of \$1.00 per Share or the amount paid up on those shares from payments as set out in clause 4.3 below.

- 4.3 The amount of \$100 payable is deducted from payments as set out below for the 100 rebate shares held by each person who connects to the network. The \$100 is paid by way of deduction from future payments payable to all Shareholders including dividends, rebates and other payments or discounts made or payable by the Company from time to time. After the full \$100 is received any further payments of discounts is made to the customer through the electricity retailer with whom the customer has entered into an electricity supply agreement.

## 5 **RISKS**

There are a number of risks which can affect the business of the Company. These risks are set out below.

### 5.1 **Economic/Finance**

There is a risk that the financial position of the Company could be affected by material changes in:

- the interest rate being paid on bank debt owing by the Company;
- foreign currency exchange rates which makes the cost of importing plant and equipment more expensive;
- the economy in Mid Canterbury due to market forces that creates redundancies in assets owned by the Company;

The interest rate and exchange rate risks are managed by the Company to reduce the impact of any such changes.

### 5.2 **Retailer Risk**

There is a risk that an energy retailer supplying electricity through the Company's network could default on payment obligations. The Company mitigates this risk by requiring a bond or the retailer to have an appropriate financial rating.

### 5.3 **Contracting Risk**

In entering into contracts for the upgrading or extension to the network there is a risk that contractors may not meet all contract requirements. This risk is managed by supervising all major contracts.

### 5.4 **Easement Risk**

There is a risk that where new lines are required there may be difficulties in obtaining easements giving access to the most appropriate route for those lines. Planning helps to reduce that risk.

### 5.5 **Statutory Invention**

The Government or other statutory bodies could introduce new legislation, regulations or by-laws that could alter the present legal framework for the electricity industry. This could affect the ability of the Company to recover economic returns on its network.

**5.6 Major Catastrophe Risk**

There is a risk that a major event such as floods, snowstorms, earthquakes or other acts of god could materially damage the network and result in material costs for the Company and an inability to deliver power when required.

**5.7 Insurance Risk**

There is difficulty in obtaining insurance for the network at an economic cost to the Company. The Company is unable to insure its network at a realistic cost and this may result in the Company not being in the position to replace its network if there is a major disaster.

**5.8 Technology Risk**

If technology in the electricity distribution industry materially changes or equipment becomes redundant due to technology changes there could be a risk that the current network is uneconomic so causing a material loss of value for the Company.

**6 Financial Statements**

- 6.1 Attached to this Prospectus are the audited financial statements and annual report of the Company for the year ended 31 March 2011.

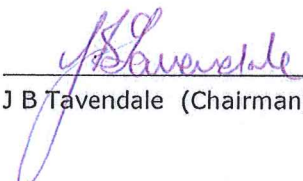
**7 Inspection of Documents**


- 7.1 The constitution and the financial statements for the Company for the year ended 31 March 2011 may be inspected during normal business hours of 8.30 am to 5.00 pm at the offices of the Company 18 Kermode Street, Ashburton without payment of any fees. These documents are also available on the website of the Company at [www.electricityashburton.co.nz](http://www.electricityashburton.co.nz) and on the public file of the Company at the Business Registries Division of the Ministry of Economic Development website [www.business.govt.nz/companies](http://www.business.govt.nz/companies).

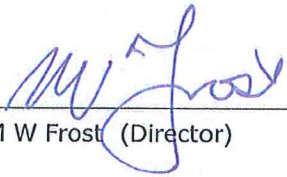
**8 Securities Regulations**

- 8.1 The shares being offered under this Prospectus are being offered under the Securities Act (Co-operative Companies) Exemption Notice 2011.
- 8.2 The Securities Regulations 2009 apply to the offer under this Prospectus subject to the exemption notice referred to in clause 8.1.

Dated this 19<sup>th</sup> day of October 2011

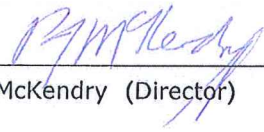
  
\_\_\_\_\_  
J B Tavendale (Chairman)

  
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R J Davy (Director)



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M W Frost (Director)



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P J McKendry (Director)



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G R Leech (Director)