
INVESTMENT STATEMENT OF CANTERBURY EDUCATION SERVICES SOCIETY LIMITED



SECTION 1 – 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

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

- What sort of investment is this?
- Who is involved in providing it for me?
- How much do I pay?
- What are the charges?
- What returns will I get?
- What are my risks?
- What are the consequences of insolvency?
- Can the investment be altered?
- How do I cash in my investment?
- Who do I contact with my enquiries about my investment?
- Is there anyone to whom I can complain if I have problems with the investment?
- What other information can I obtain about this investment?

- In addition to the information in this document, important information can be found in the current registered prospectus for the investment. You are strongly encouraged to read that document and consider the information in it when deciding whether or not to engage an advisor.

ENGAGING AN INVESTMENT ADVISER

An investment adviser 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 adviser.

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 investments the adviser gives advice about; and
- whether the advice is limited to investments offered 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 an 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.

SECTION 2 – INVESTMENT STATEMENT

What sort of investment is this?

- Canterbury Education Services Society Limited ("the Society") is offering two shares at \$1,000 per share to each new member.
- The shares are specified participatory securities (as defined in the Securities Act (Industrial and Provident Societies) Exemption Notice 2002. The maximum number of shares being issued pursuant to this Prospectus is two shares per shareholder with no limit on the total number of shares to be issued.
- The shares are offered for subscription at a par value of \$1,000.00 per share and on the further terms and conditions set out below under the heading "What are the other terms of issue". All shares issued will be on the same terms as existing shares on issue. The shares are issued to members of the Society and applicants must become members of the Society upon application.

Who is involved in providing it for me?

- The Society is issuing the shares. The Society's registered office is at 89 Nazareth Avenue, Middleton, Christchurch.
- The directors of the Society are:
 - Tony Deavoll (Chairperson)
 - Graeme McGlinn (Deputy Chairperson)
 - Catherine Muir
 - John Laurenson (Principals representative)
- The General Manager of the Society is Anna Thomson

Purpose of the offer

- The principal purpose of the offer is to encourage customer loyalty by issuing shares to key clients of the Society together with membership of the Society and the benefits of membership including rebates.
- The capital raised will be used to fund the Society's capital and working capital requirements for its principal activities.
- The principal activities of the Society are the provision of services to its members including accounting, secretarial, payroll, property and supply services.

How much do I pay?

- An investor is required to subscribe for two shares at \$1,000 per share. An investor may either subscribe for fully paid shares or pay \$500 for each share on application with the balance being called in one year from the date of the allotment of the shares. There are two alternative methods of paying the subscription amount:
 - 1 In one sum of \$2,000 at the time of application.
 - 2 By paying \$1,000 on application, with the balance of \$1,000 being paid one year after the initial date of allotment.
- An investor must make the payment to:

Canterbury Education Services Society Limited
C/-PO Box 414
Christchurch 8140
- Payment must be either in cash, by cheque, or by charging the investor's account. If paid by cheque the Society may wait until the cheque is cleared before allotting the shares.
- The Company may refuse an application, suspend acceptance of an application, or close the issue at any time.

What are the charges?

- There are no charges.

What returns will I get?

- The Society's main purpose is to reduce schools' costs by means of collective buying. The Society negotiates with each preferred supplier a percentage discount off the normal retail price for goods and services purchased from the supplier by CES.
- The negotiated discount less the Society's administration charge is passed on to the shareholder by the Society and shown on the shareholder's monthly statement. Shareholders can claim this price discount provided a direct debit facility has been agreed for the payment of goods and services and the required funds are on hand to discharge the Society's debt to suppliers on the date due in the month following purchase (normally 20th of the month).
- The society also supplies products to schools, such as stationery, with a discount applying once certain volumes are achieved.
- The shares carry the right to receive such rebates as the Board determines. The amount payable

by way of annual rebates on the shares is determined at the Directors' absolute discretion and cannot be quantified in advance.

- Any rebate is paid from the profits of the Society. Before paying out any rebates the Society is entitled to retain such of the profits as it deems necessary for the continuation of the Society's business.
- The Society is also entitled, under its Rules, to deduct from any rebate that would otherwise be payable to a member, any monies owing by that member to the Society for goods or services provided by the Society. There are no specific dates or period by which rebates may be payable.

What are my risks?

- The amount of \$1,000.00 paid by each subscriber for every share is only repayable on withdrawal by the member in special circumstances, or on redemption of the share by the Society in the event the member becomes insolvent or in the opinion of the Society becomes undesirable. The principal risk associated with holding shares is that the Society may not be able to afford to pay rebates.
- In addition, in the event that the Society is placed into liquidation or receivership then members will rank behind the secured, preferential and unsecured creditors of the Company.
- A member's liability as a shareholder is limited to the investment in the Company i.e. \$2,000.00. If the Society goes into liquidation and shares are partly paid, the shareholder will be liable to pay the balance of the unpaid capital to the liquidator.
- It should be noted that the shares are not transferrable from one member to another and will not appreciate in value.

What are the consequences of insolvency?

- In the event that the Society is placed into liquidation the holders of the shares shall rank equally in the distribution of Society assets. The investors will, however, rank behind secured, preferential and unsecured creditors.

Can the investment be altered?

- The subscription amount cannot be altered. The subscription amount is payable on application. Thereafter the amount payable cannot increase or decrease.

- The rights attaching to the shares can only be altered by an alteration of the Rules of Society by Special Resolution.

How do I cash in my investment?

- The shares are not transferable.
- In accordance with the Rules of the Society if a member wants to withdraw its share(s) from the Society under special circumstances the repayment of the member's capital will be at the discretion of the Society.

Other terms of issue

Each member shall have one vote in the Annual General Meeting or special meeting of the Society.

In accordance with the Rules of the Society:

- The Society has the power to impose charges and levies on the members for services provided by the Society to its members as may from time to time be deemed necessary by the Directors;
- An applicant must become a member of the Society prior to or contemporaneously with subscribing for shares. Membership shall be at the sole discretion of the Directors who do not give any reason for refusal to grant membership to the applicant;
- Membership of the Society is only available to charitable educational institutions in New Zealand including (without limiting the generality thereof) any pre-school, primary school, secondary school, community college or post compulsory educational institution or entity;
- The Society has the power to redeem the share(s) of any member in the event that the member becomes insolvent or in the opinion of the Society the member becomes undesirable or is found guilty of an offence which in the opinion of the Society shall prejudice the Society or its members;
- A members shares are non-transferrable.
- No member may withdraw from the Society except in such special circumstances and in such manner and upon the payment of such withdrawal fee as the Society may in its absolute discretion determine.
- Every member shall be faithfully observant of all the Rules and by-laws of the Society.

- The Society may from time to time make by-laws being not inconsistent with the Act or the Society's Rules relating to business and the functioning of the Society as may from time to time be deemed necessary.

Who do I contact with enquiries about my investment?

- Enquiries about the securities may be made to:

Anna Thomson – General Manager
Canterbury Education Services Society Limited
Phone: 03 338 4444

Is there anyone to whom I can complain if I have problems with the investment?

- Complaints about the securities may be made in the first instance to:

Tony Deavoll – Chairperson
Canterbury Education Services Society Limited
Email: deavoll@xtra.co.nz
Phone: 03 385 9327

Anna Thomson – General Manager
Canterbury Education Services Society Limited
Email: gm@cessl.org.nz
Phone: 03 338 4444

What other information can I obtain about this investment?

- Other information relating to the securities and to the Society is contained in the registered short form prospectus of the Society and in the financial statements of the Society.
- A copy of the registered short form prospectus and most recent financial statements of the Society are supplied with this investment statement. Further copies of all documents can be obtained free of charge from the Society or may be downloaded from the Society's website at www.cessl.co.nz.
- A copy of the registered short form prospectus can be viewed on the Companies Office website at www.companies.govt.nz.
- Additional information apart from that contained in the investment statement and short form

prospectus may be obtained by telephone from the Society.


This investment statement has been signed by every person who is a director of the Society.

Directors of Canterbury Education Services Society Limited:

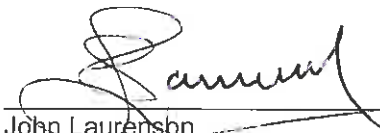
Signed by each director of the issuer:




Tony Deavoll



Catherine Muir



John Laursen



Graeme McGlinn

