

# INVESTMENT STATEMENT

## IMPORTANT INFORMATION

(THE INFORMATION IN THIS SECTION IS REQUIRED UNDER THE SECURITIES ACT 1978)  
PREPARED AS AT 22 SEPTEMBER 2011

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.

### The Financial Markets Authority regulates conduct in financial markets.

The Financial Markets Authority regulates conduct in New Zealand's financial markets. The Financial Markets Authority's main objective is to promote and facilitate the development of fair, efficient, and transparent financial markets. For more information about investing, go to <http://www.fma.govt.nz>

#### 1. WHAT SORT OF INVESTMENT IS THIS?

1.1. The securities being offered are ordinary shares in the capital of Ballance Agri-Nutrients Limited ("Ballance" or "the Company"), with a present nominal value of \$7.50 each.

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

2.1. The issuer of the shares is Ballance Agri-Nutrients Limited, Hewletts Road, Mount Maunganui. The Companies Office registration number for Ballance is 178492.

The Company's directors are Gray Baldwin, David Graham, David Hurst, Anthony McNeil, Andrew Morrison, Dean Nikora, David Peacocke, David Pilkington, Oliver Saxton, and Murray Taggart. The Company's address and the names of the Company's directors are current as at the date of this Investment Statement, but are subject to change. A current list of the Company's directors and the Company's current address may be accessed at [www.companies.govt.nz](http://www.companies.govt.nz)

2.2. Ballance carries on business as a fertiliser importer and manufacturer. The Company has manufacturing plants at Mount Maunganui, Whangarei and Invercargill.

The Company owns Ballance Agri-Nutrients (Kapuni) Limited, which operates a urea manufacturing plant at Kapuni. Ballance was established in 1955, at Mount Maunganui. The operations carried on at Invercargill and Whangarei were acquired during 1996-1997, and the urea manufacturing operation was acquired in 1991.

#### 3. HOW MUCH DO I PAY?

3.1. Ballance is registered under the Co-operative Companies Act 1996. Under its constitution, the shares have a nominal value. This is subject to change, by special resolution of the shareholders of the Company. At the date of issue of this investment statement, the nominal value of the shares is \$7.50, which is the amount that must be paid by a subscriber.

3.2. Payment for the shares is to be made to Ballance Agri-Nutrients Limited, Private Bag 12503, Tauranga.

3.3. When you apply for shares, you are required to provide information on your projected fertiliser usage. Based on this, the Company will determine the number of shares you will be required to buy. Initially, you are required to buy 1 tonne equivalent of the total quota of shares. That quota is fixed by the board of the Company from time to time, and is presently 30 shares per tonne of fertiliser purchased using a 4 year rolling average. Under the constitution the Company can require that you pay for further shares in cash, or it can deduct the cost of the further shares from rebates or dividends due to you.

3.4. If you have already applied for shares, and you did not receive a copy of this Investment Statement before applying for those shares, you may within 10 working days of the date this Investment Statement was sent to you, withdraw your application for the shares by giving written notice to the Company.

#### 4. WHAT ARE THE CHARGES?

4.1. There are no charges payable by the subscriber to the Company, or to anyone associated with the Company, in connection with the issue of the shares.

#### 5. WHAT RETURNS WILL I GET?

5.1. Returns on the shares are:

a. **Rebates.** The Company pays a rebate of an amount per tonne of qualifying fertiliser purchased during each year. The amount of the rebate is determined by the Board. The rebate for the previous financial year is detailed in the latest annual report of the Company, a copy of which is available, free of charge, on request from the Company (at the address set out in paragraph 9.1 below).

b. **Dividends.** Dividends of an amount determined by the Board are paid on a per share basis. The dividend for the previous financial year is detailed in the latest annual report of the Company, a copy of which is available, free of charge, on request from the Company (at the address set out in paragraph 9.1 below).

5.2. The key factors that determine the returns are:

- The cost of importing raw materials, with the inherent exchange rate fluctuations;
- Sales volumes and prices;
- International product prices

5.3. No particular amount of returns is promised in relation to the shares.

5.4. Taxes are likely to affect the returns on shares. Rebates and dividends are in general taxable in the hands of holders of shares. It is the current intention of the Company to attach imputation credits to dividends.

5.5. The dates on which or frequency with which rebates and dividends are paid is not fixed. However rebates are generally paid in September each year and dividends in September each year.

5.6. The Company has the right to offset rebate and dividend payments against payments owed by the subscriber to the Company for further shares, which may be issued by the Company from time to time to bring the subscriber up to the appropriate shareholding quota.

5.7. Ballance is the person legally liable to pay the returns.

#### 6. WHAT ARE MY RISKS?

6.1. The investment is in the share capital of a trading company, and is therefore subject to losses if the Company does not trade profitably. The amount of the returns payable in relation to the investment is also dependent on the successful trading of the Company. The amount that a subscriber receives on termination of the security may be less than the amount paid for the security if the Company has not traded profitably, or if there has been a reduction in the value of the net assets of the Company, or if the nominal value of the shares has been reduced.

6.2. If the Company is put into liquidation or wound up, the holders of ordinary shares in the Company will rank equally, and all other claims on the assets of the Company will rank ahead of the claims of ordinary shareholders.

The constitution of the Company authorises the Board of Directors to allot shares to Shareholders if the Shareholder holds less than the Shareholder's share quota.

The practice of the Board has been to exercise its power to issue shares only to the extent that rebates and/or dividends are available in satisfaction of payment. However, the Constitution authorises the Board to issue shares, and require payment, even if there are no rebates or dividends available, and this power may be exercised if the Company is insolvent.

#### 7. CAN THE INVESTMENT BE ALTERED?

7.1. The investment is a share in a company, and accordingly its terms can be altered by a special resolution of all the members of the Company which alters the constitution of the Company, or by a special resolution of the holders of shares of the same class, which can alter the terms of issue of the shares.

7.2. The amount payable in respect of each share cannot be changed, but the amount payable in respect of further shares which may be issued to the subscriber to bring the subscriber up to the required shareholding quota can be amended by a special resolution of shareholders to alter the nominal value of shares as set out in the constitution.

#### 8. HOW DO I CASH IN MY INVESTMENT?

8.1. The shares can be sold, but in the opinion of the Company there is a limited market for the sale of shares. The shares will not be listed on the stock exchange.

8.2. The shares can be surrendered or repurchased by the Company in certain circumstances under the constitution of the Company, and under the Co-operative Companies Act 1996. If the subscriber ceases to be a transacting shareholder of the Company, the Company can by agreement with the subscriber accept a surrender of the subscriber's shares. Where the subscriber has not been a transacting shareholder for a period fixed by the Board from time to time (currently five years) or has disposed of or changed the use of the subscriber's property with the result that the subscriber does not have the capacity to be a transacting shareholder, the subscriber can require the Company to accept a surrender of the shares. The amount payable in respect of each share upon surrender will generally be the nominal value of the share. The Company has a policy that a shareholder surrendering shares can elect to receive the full nominal value paid by three equal installments over a two year period commencing on the surrender date, or immediate payment of a discounted amount. However if the payment of nominal value would cause the Company to fail the solvency test under the Companies Act 1993, the constitution sets out a special procedure for determining the consideration.

#### 9. WHO DO I CONTACT WITH INQUIRIES ABOUT MY INVESTMENT?

9.1. Inquiries about the shares should be made to:

Shares Registrar

Ballance Agri-Nutrients Limited

Private Bag 12503 Tauranga

Tel (07) 572 7900. Fax (07) 572 7346.

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

10.1. Complaints about the investment should be addressed to The Company Secretary, at the address and phone/fax numbers set out in the preceding paragraph.

10.2. There is no Ombudsman to whom complaints about the shares can be made.

#### 11. WHAT OTHER INFORMATION CAN I OBTAIN ABOUT THIS INVESTMENT?

11.1. Other information about the shares and about Ballance is contained in and referred to in a prospectus dated 22 September 2011 and in financial statements registered in the Companies Office. A copy of the prospectus, and of the most recent financial statements of Ballance, can be obtained, free of charge, from Ballance (at the address set out in paragraph 9.1 above), or from the Companies Office website at [www.companies.govt.nz](http://www.companies.govt.nz). Where relevant documents are not available on the website, a request for the documents can be made by contacting the companies office contact centre by telephone on 0508 266 726 or email [info@companies.govt.nz](mailto:info@companies.govt.nz).

11.2. As a shareholder in Ballance, the subscriber will be provided with an annual report under the Companies Act 1993. The annual report will include the financial statements for the Company.

11.3. Holders of shares may request from the Company the following documents:

- a copy of the most recent annual report of the Company;
- a copy of the most recent financial statements of the Company;
- a copy of the most recent prospectus for shares;
- a copy of the most recent investment statement.

These documents will be provided free of charge. A request for those documents should be made to the Company Secretary at the address and phone/fax numbers set out in paragraph 9.1.

11.4. The following further information will be available upon request, as required by the Companies Act 1993:

- Certificate of incorporation of the Company
- Constitution
- Share Register
- Full names and residential addresses of the directors
- Registered office and address for service
- Minutes of all meetings and resolutions of shareholders\*
- Copies of written communications to all shareholders during the preceding ten years, including annual reports and financial statements\*
- Certificates given by directors under the Companies Act 1993\*
- Interests register of the Company\*

The items marked \* are available for inspection only by shareholders of the Company, in accordance with section 216 of the Companies Act 1993.

11.5. The information set out in clause 11.4 should be requested from either the Shares Registrar or Company Secretary, at the address set out in paragraph 9.1 above. If a subscriber requires a copy of, or an extract from, a document which is available for inspection, the Company may require the subscriber to pay a reasonable copying and administration fee, as prescribed by the Company.