



Prometheus Profile

Introduction

The recent events in Christchurch and Japan have focused our thoughts on the natural environment we all share and with the many people who have been affected by these disasters, particularly those in Christchurch where we have many customers and contacts.

The depth of community spirit in Canterbury and the support coming from the rest of New Zealand has been inspiring; something good coming out of the destruction. We've been talking to our customers there offering support during this very difficult time. And we share the growing hopes around New Zealand that the rebuilding of Christchurch will create something new, a truly sustainable Garden City; something that people will feel proud of in the years to come. Our office is in Napier. When it was flattened in 1931, they built the art deco city of today which is now a world heritage site. What would be the equivalent for Christchurch today? We think an imaginative sustainable city is what's needed.

Prometheus continues to grow and develop, while dealing with the growing burden of compliance. A range of new legislation came into force in December last year. This aims to strengthen financial regulation in New Zealand, something we support. We have comfortably met all of the new regime's requirements including key measures of financial strength, such as our capital adequacy and liquidity. Our prospectus and investment statements have been updated to reflect the changes. Copies of these, including our September 2010 financial statements, are available on our website.

We're delighted to welcome Chris Morrison, one founder of Phoenix Organics, onto the board of Prometheus Finance. Chris replaces Otto Mengedoht who has moved to a new role in Auckland. Our thanks go to Otto for his extensive contribution over many years.

Deposits continue to grow, especially the Organic Saver account, targeted to organic agriculture and supporting Soil & Health. This now holds over \$1m. And, you'll find details in this newsletter of some of the loans we've made recently that are using these funds.

We continue to lead the development of social finance in New Zealand. This includes our work with large trusts and foundations which are looking at providing social loans themselves. There's more about this on page 3.

And lastly, reflecting the focus on the natural environment, we've also included an article on solar power. We continue to provide consumer loans for people to install eco-products in their homes. This will be the first of a series of articles about the variety of renewable energy products currently available.

We continue to lead the development of social finance in New Zealand.

Little Bird Organics

Gluten is a protein found in wheat, as well as barley and rye cereals, which is used as a binding and thickening agent (the glue) to make many common products such as bread, baking products, sauces, sweets and chocolate, as well as shampoos, conditioners and washing products. But many people suffer from gluten intolerance. This has a variety of symptoms but in its more severe form is coeliac disease. In simple terms, its symptoms are inflammation and damage to the small intestine which interferes with nutrient absorption.

Awareness is growing of a range of dietary intolerances to foods containing gluten and also to dairy products, and other processed foods. And there is a better appreciation of the dangers of high levels of sodium and processed sugars in diets.

Megan May of Little Bird Organics produces a variety of organic foods which are gluten, dairy and sugar free, and we were delighted when she approached us to finance equipment for her business.

Her main product is granola made from sprouted buckwheat, nuts and seeds blended with selected fruits. She also makes raw flax crackers and chocolate truffles — and a range of macaroons with vanilla, chocolate, passion fruit and macadamia flavours, and at Christmas time, spiced cherry and chocolate.

Megan's philosophy is that you should be able to recognise the ingredients in your food. This, along with her emphasis on organics, appealed to us. She's adding to the foods available for those who are otherwise limited in their choices.

 **Megan (centre) and the team at Little Bird can be contacted at www.littlebirdorganics.co.nz**





Introducing Chris Morrison

We're delighted that Chris joined the board of Prometheus Finance at the end of last year.

Many of you will know him from Phoenix Organics which he, Deborah Cairns and Roger Harris founded over 20 years ago. Phoenix was the first commercial organic drinks brand in Australasia and remains the largest. The company was sold to Charlie's in 2005 and had been growing strongly at 25% a year before then with annual sales when it was sold of \$11 million.

Chris is a director and was a long time chair of the Sustainable Business Network which he handed on to Glen Saunders, the Prometheus chair, last year (www.sustainable.org.nz). He also chairs BioGro, New Zealand's leading organic certifier (www.biogro.co.nz). He is now focused especially on fair-trade, was a past director of the Fairtrade Association of Australia and New Zealand, and is now building another business from scratch importing fair-trade bananas from Ecuador and Samoa.

All Good Organics is based in Auckland and was launched early last year. The business is growing fast and now receives over five containers of bananas a month. These bananas are distributed to health food stores, and to supermarkets, such as Pak n Save and New World. Most of the bananas come from a growers co-operative in Ecuador, certified by The Fairtrade Labelling Organisation, the international certification body. The small premium paid for fair trade bananas means members of the co-operative are able to support their families properly and provide 17 schools for over 900 local children.

Chris and his team are also working with organic bananas from Samoa, but the numbers are small and the infrastructure fragile, hence the move to Ecuador. But they are experimenting with dried Samoan bananas to be used in a health bar with other ingredients.

 To see stockists of fair-trade bananas across New Zealand, look at All Good Organics website www.allgoodbananas.co.nz.

Devonport Wholefoods

Devonport is near the naval base on Auckland's North Shore and is popular with both tourists and locals. It can be reached by harbour ferry or road, and has many heritage buildings as well as an attractive shopping area. Each February, for the past 21 years, the Devonport Wine and Food festival has attracted over 8,000 people.

What better place to establish Devonport Wholefoods Ltd, a small business on Lake Road, which is attracting a growing number of customers looking for organic wholefoods, eco-friendly cleaning products and good coffee. The coffee is roasted locally from an organic coffee bean from Bolivia. It is made with Ararimu mineral water and served with organic milk.

In the 20 months it has been operating, the shop has developed into a community centre where items such as lemons and fresh herbs can be swapped, vegetable seedlings can be bought as fundraising for the local community garden and customers can stop and chat.

When Lynda Walters set up her shop, her aim was affordable organics so the shop stocks a lot of bulk items and liquid refills. Limitations on space means that few fresh fruit items or vegetables can be stocked but there are always some staple perishables available. Many products come from small producers not big enough to supply supermarkets. Prometheus has provided a loan to help with the purchase of food cabinets in the shop and provide working capital.

The good news for local residents is that the shop is now expanding into fresh food sales such as vegetarian pies, and of course, continuing to offer great coffee and conversation.

 The shop is at 63c Lake Road (photos below) Telephone 09 445 9598



Developing social lending

Over the past year Prometheus has been at the forefront of the development of social lending in New Zealand. As part of our own growth, we've established a new company, Prometheus Social Lending Services, which is providing support for the growing number of New Zealand grant making trusts and foundations that want to undertake social lending themselves. Using our social lending expertise and established operating systems, we're able to undertake the evaluation of loan applications on their behalf and then manage the documentation and regular monitoring.

We're delighted to be working with The Tindall Foundation on this. The Foundation is a strong supporter of social lending in New Zealand and is actively engaged in social lending alongside its grant making. One of their larger borrowers is the New Zealand Housing Foundation (NZHF) which has developed a number of affordable housing schemes. People who were resigned to never being able to own their own home can now do that through shared equity schemes.

Learn more at www.housingfoundation.co.nz.

... we've established a new company, Prometheus Social Lending Services, which is providing support for the growing number of New Zealand grant making trusts and foundations that want to undertake social lending themselves.

NZHF is one of the larger providers of affordable housing in New Zealand and we've discussed with them and Tindall Foundation how they can grow and develop their activity further to provide more houses using social finance. Affordable housing is a key social issue for New Zealand with limited government funding.

In parallel, government has been showing interest in social lending and social enterprise. The Office of the Community and Voluntary Sector (OCVS) convened a meeting in December last year bringing together a wide range of interested organisations. As a result, we are now leading the development of a Social Lenders Forum for social lenders in New Zealand including credit unions and specialist loan funds. The Forum will hold its first meeting in April.

We'll hope to continue to play a role nationally in developing social finance in New Zealand and encouraging the demand for loans from social and environmental enterprises.

OceansWatch

OceansWatch is an international not-for-profit organisation working with sailors, divers and scientists worldwide to help coastal communities conserve their marine environments, develop sustainable livelihoods and access primary education. They have projects in the Pacific including whale research in Niue and Fiji, coral reef conservation and sustainable development in Melanesia as well as working in the Caribbean and establishing a new trust in Australia.

The charity was established in 2007 and until recently was based in the home of two of the trustees Chris Bone and Julia Alabaster. Our loan has helped to fund a new office.

To see more about what they are doing, visit www.oceanswatch.org


Kutash Gardens

Lon Johnson and his wife Gill Darbey have been growing organic garlic in Oturehua in Central Otago for the past six years. They produce around 2.5 tonnes of garlic a year and rely on Wwoofers to help on their block. Prometheus recently provided a loan to help with the purchase of a campervan to accommodate the Wwoofers. This will help Lon and Gill take forward their plans to become caregivers for troubled and at-risk children.

William Crawford's medical practice in Wellington

William Crawford is a medical doctor practising integrated complementary medicine in Wellington using conventional medicine and complementary therapies to treat patients holistically.

We recently made a loan to William to finance the purchase of a building in Lower Hutt for his new practice. He is working closely with the Aurora group of therapists to provide a full range of complementary therapies.

 Dr Crawford can be contacted at 39 Pretoria Street, Lower Hutt telephone 04 977 1634.

Solar Power

Many observers believe that Peak Oil — the point in time when the maximum rate of petroleum extraction is reached and after which the rate of production will decline — was reached in 2010. The international Energy Agency says that production of conventional crude oil peaked in 2006. But conventional oil represents only 30% of the world's oil reserves and other sources — heavy crude, oil shale and tar sands — remain plentiful. But they are costly to extract and refine for petroleum and are environmentally very damaging. Energy costs will rise significantly over the next decades and this will be increased by political instability in conventional oil-producing countries.

So the interest from consumers in alternative energy sources, especially for electrical power generation, is increasing fast and we continue to finance eco products in private homes and businesses. This month we highlight solar power and in future issues will cover micro hydro systems and windpower.

The UK supermarket chain Sainsbury's announced early in March that it was going to sell 2.1kw solar photovoltaic (PV) systems for about \$16,300 installed; helping UK consumers to become more aware of the future challenges and reduce their carbon footprint. Surveys show that 87% of UK consumers do not know about small scale renewable energy and what steps they themselves can take directly.

Most people think solar power is mainly solar water heating systems of the sort we finance. But in the UK some households are starting to source some of their electricity from solar electric or PV systems which turn sunlight into electricity.

Looking similar to the flat panels used for solar water heating, solar PV panels contain many solar cells which are made from semi-conductor materials such as silicon. Solar radiation, sunlight, makes electrons move between the semi-conductor layers which creates the electrical current.



The amount of electricity produced depends on the panel's absorption of sunlight. The amount of sunlight will be affected by weather, the seasons, pollution, and the angle of the roof. The panels can still produce electricity on cloudy days but the power output will reduce significantly. Small electric motors can be used to alter the tilt angle of the panel especially in winter when the power usage is higher and there is a need to maximize the amount of sunlight. Similarly daily electricity demand peaks can be met by using tracking systems which orientate the panels up to 20 degrees from true north either east or west.

The size of the panels relative to the power produced will depend on the type of panel and the nature of the solar cells. It's unlikely that solar panels could supply all of a normal household's power usage in NZ. An average household uses about 18-24 kWh of electricity per day. To give an idea of what this means a 150 watt light bulb left on for 8 hours will use 1.2 kWh. The 2.1kw panels to be sold by Sainsbury's in the UK will produce anything from 4 to 10 kWh of energy in optimum conditions.

Solar panels (and the associated roof mounting, cabling, inverter and metering) are still relatively expensive here with the savings in power costs taking some years to recoup the initial outlay. However, it's expected that as demand increases prices will fall.

One area where solar panels are in demand is on small ships, in particular ocean going yachts where a small installation can be used to charge batteries. They are also commonly used as power supply in remote locations such as weather recording stations.

