



PROSPECTUS

Dated: 31 August 2010

TABLE OF CONTENTS

1. INTRODUCTION	3
2. AN INTRODUCTION TO MANCHESTER UNITY	4
3. THE STRUCTURE OF MANCHESTER UNITY	4
4. PRODUCTS OF MANCHESTER UNITY	6
5. FINANCIAL INFORMATION – Summary of Financial Statements	13
6. STATUTORY INFORMATION.....	16
6.1 Description of Society	16
6.2 Description of Policies.....	17
6.3 Limitations on Liabilities or Returns	17
6.4 Directors, Trustees, Auditors and Advisors.....	17
6.5 Summary of Financial Statements	17
6.6 Guarantors.....	17
6.7 Acquisition of Business or Shares	17
6.8 Interested Persons	18
6.9 Material Contracts.....	18
6.10 Pending Proceedings.....	18
6.11 Other Terms of Offer of Securities	18
6.12 Financial Statements and Actuarial and Auditors Reports	18
6.13 Places of Inspection of Documents.....	18
6.14 Other Material Matters.....	19
6.15. Directors' Statement	19
7. DIRECTORY	20

PROSPECTUS

1. INTRODUCTION

Registration

A copy of this prospectus dated 31 August 2010 (“the Prospectus”) (accompanied by a statement of the terms of the securities to which it relates) has been delivered to the Registrar of Companies at Auckland for registration. Under the Securities Act 1978 “the “Prospectus Date” is 31 August 2010.

Securities Offered

This Prospectus invites the public who are members of Manchester Unity Friendly Society (“Manchester Unity”) to subscribe for certain benefits that are offered by Manchester Unity from time to time to its members which are life insurance policies within the meaning of the Securities Act 1978. The terms and conditions of the securities are those set out in the General Rules of the Manchester Unity Friendly Society (the “Rules”) and include any terms and conditions contained in this Prospectus and any terms and conditions implied by law. The securities subject to this Prospectus are Manchester Unity’s:

- Increasing Assurance Benefit;
- Funeral Assistance Benefit;
- Education Support Plan (“save2learn”)

Their terms and conditions are summarised in paragraph 4.1 of this Prospectus. They are referred to in this Prospectus as the “Benefits”.

The obligations of Manchester Unity in respect of the securities offered in this Prospectus are unsecured. No person or entity guarantees the repayment of the securities or the payment of any interest or other moneys thereon.

To subscribe for any of the securities offered please contact:

Manchester Unity Friendly Society

Level 6, Allied Nationwide Finance Tower,
142 Lambton Quay, Wellington 6011
PO Box 5083, Lambton Quay, Wellington 6145
Customer Enquiries 0800 101 842
Phone 04 473 6155, Fax 04 471 2256
Email: info@manchesterunity.org.nz
Website: www.manchesterunity.org.nz

All Branch and District contact information is available on request from the above address.

2. AN INTRODUCTION TO MANCHESTER UNITY

Statement of Purpose

“Manchester Unity is an organisation that provides financial products and fraternal activities, for the benefit of its members.”

Who Are We?

Manchester Unity is New Zealand’s oldest traditional Friendly Society, which celebrated its 168th year of assisting New Zealanders in 2010.

The original idea for a Friendly Society was simple but brilliant for its time. People who knew each other met for social interaction and mutual support. They also contributed to pooled funds so that in the event of sickness or hardship, individual members could draw upon the funds to which they had contributed. Though today a lot more sophisticated, the principle behind the idea still hasn’t changed nor has Manchester Unity’s focus on people.

Manchester Unity is a modern friendly society, which provides a range of competitive investment and insurance products and services for its members. Our business approach is conservative but flexible, always focusing on the benefits accruing to members. Manchester Unity, its branches and credit unions have funds under management and administration in excess of \$150 million in New Zealand.

Manchester Unity has always encouraged and provided for fraternal activity through lodge meetings. These meetings provide the opportunity for social interaction, serve as a means of communication for Manchester Unity business and can be a source of experience in public speaking, meeting procedure etc.

Our future growth is based on continually improving our service to members and the innovative application of technology to inform and assist our members in planning their own financial security. We have built on our 168 years of operation to position ourselves as a financial services provider for the 21st century and beyond. What will not change is our focus on people. A relationship with Manchester Unity will continue to offer benefits beyond those normally experienced through a commercial association.

3. THE STRUCTURE OF MANCHESTER UNITY

Manchester Unity is a Friendly Society registered pursuant to the Friendly Societies and Credit Unions Act 1982. Manchester Unity was registered at Wellington on 30 July 1902 under registration number WN1/000. Manchester Unity is constituted by its General Rules, which regulate all aspects of the Society’s activities. The public file relating to Manchester Unity, which includes a copy of the General Rules is available for inspection on the Companies Office website www.companies.govt.nz under “Search other Registers”. The file reference is “1802898”. Copies may also be obtained by telephoning the Companies Office Contact Centre at 0508-266-726. A copy of the General Rules is also available for inspection at each of the Manchester Unity branches referred to in paragraph 1 and a copy of the General Rules are available to each member on request at a cost of \$5.00.

The assets of Manchester Unity, including the assets attributable to the benefits, are held by the Trustees of Manchester Unity, appointed in accordance with Section 28 of the Friendly Societies and Credit Unions Act 1982. The role and duties of the Trustees are set out in the Friendly Societies and Credit Unions Act 1982 and in the General Rules and General Principles.

The securities offered in this prospectus are available only to members of Manchester Unity.

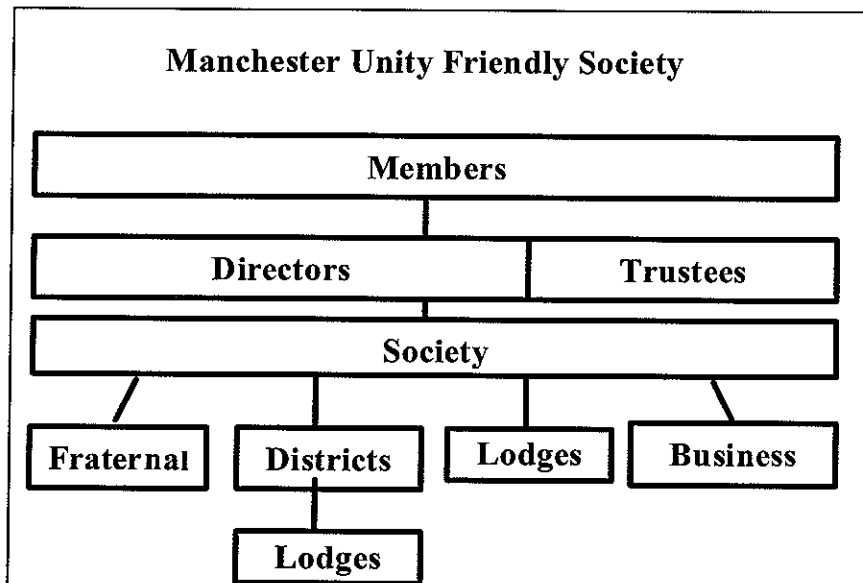
Manchester Unity consists of 5 separately registered Districts and 27 Lodges.

Manchester Unity is a commercial democracy, and provides opportunities for all members to participate in its decision-making process. Manchester Unity is managed by its Board of Directors. The Board is comprised of 6 persons being, a Chairperson, Grand Master, the Chief Executive (CE) and three other Directors. The Chairperson, Grand Master, and the three other Directors are elected at a general meeting called the Movable Conference. Manchester Unity is governed by the Movable Conference which is held in a different location every two years. Each District (or where a Lodge is not affiliated to a District), each Lodge is represented at the Movable Conference by deputies appointed by that District or Lodge.

The number of deputies representing each District or Lodge, and the number of votes exercised by those deputies is determined by the number of members in each Lodge.

The system of organisation and administration is illustrated below. Recognition is given to the uniqueness of Manchester Unity by the separation of fraternal and business operations.

Fraternal involvement is not a necessity of membership but many members find benefit other than financial through the society activities available. Many long friendships develop.



4. PRODUCTS OF MANCHESTER UNITY

4.1 The following products of Manchester Unity are the securities offered pursuant to this prospectus. They are referred to in this prospectus as the "Benefits":

(a) **Increasing Assurance Benefit ("IAB")**

This provides valuable short-term or long-term investment, financial protection and death cover with a good combination of savings commitment and planning flexibility.

There is the choice of ENDOWMENT and WHOLE OF LIFE options, and TERM LIFE insurance is also available.

Increasing Assurance Benefits can be taken for the sum assured you select in multiples of \$1,000 up to the maximum sum provided by Section 42 of the Friendly Societies and Credit Unions Act 1982, which is currently \$100,000 inclusive of all other insurance benefits, (excluding bonuses).

The benefits payable for Endowment are payable upon the attainment of a specified age, while the benefits payable for a Whole of Life or Term Life insurance are payable after the death of the life insured.

For Endowment and Term Life, the benefit holder nominates the term of the benefit. For Term Life the term may not exceed the holders 65th birthday.

Upon attaining the age of 65, Whole of Life Benefit holders may elect to withdraw the cash surrender value on bonuses accrued to that date by way of a lump sum payment to them. From the date of withdrawal the member will continue to accrue bonuses based upon the sum assured and bonuses accrued after the date of withdrawal.

While Whole of Life provides security for whole of life, the capacity also exists for a conversion from Whole-of-Life to Endowment, should your circumstances change. Endowment Benefits allow you to choose when you wish to enjoy the benefits of your saving. Conversions from Whole of Life to Endowment can be made at any time after the Whole of Life Benefit has been in place for three years (provided that you are not more than one quarterly contribution in arrears) The Endowment Benefit to which the Whole of Life Benefit converts must have a minimum term of five years to maturity from the date of conversion. Upon conversion the member has the choice of:

- Maintaining a constant sum assured, in which case the contributions required will increase and the level of accrued bonuses will decrease; or
- Maintaining a constant contribution rate, in which case the sum assured and the level of accrued bonuses will decrease.

The details of each option will be calculated by Manchester Unity upon application to convert and advised to the member at that time. The calculation is made at Manchester Unity's discretion based upon actuarial calculations.

Once converted, the resulting Endowment Benefit may not be surrendered for a minimum of two years from the date of conversion.

Your Endowment Benefit can be flexible, from short-term investment to retirement planning. Endowment Benefits offer something for everyone: Savings, Financial Protection, and Security.

All Increasing Assurance Benefits (excluding Term Life insurance) are eligible to receive reversionary bonuses.

Contributions from subscribers are placed to an identified IAB Fund ("the Fund") in the accounts of Manchester Unity.

With Term Life insurance a member may (with the agreement of Manchester Unity) select benefits payable upon death. The premiums are determined by Manchester Unity for the insurance cover chosen. It depends on the sum insured, the age and health of the life insured, the type of cover chosen and the timing and frequency of premium payments.

What are Bonuses?

Annual reversionary bonuses represent an addition to your sum assured, and become payable in full on maturity. They represent the surplus or addition in value of the Fund established within the accounts of Manchester Unity that represents all Increasing Assurance Benefit contributions, that results from the investment of that Fund. A proportionate amount of the income earned on all the assets of Manchester Unity is credited against each of the funds established in the accounts of Manchester Unity, after deduction of expenses incurred by Manchester Unity. The Fund remaining after deduction of any benefits payable in that year, is currently actuarially valued annually (and must be valued at least once in every five years) and the Directors may, subject to the advice of the actuary and approval of the Registrar of Friendly Societies and Credit Unions allocate all or any part of any surplus to the members contributing to the Fund by way of bonuses.

A split bonus rate applies, which means a bonus is credited on the sum assured and on previously accrued bonuses.

Bonuses reflect the success of Manchester Unity's investment strategy and long-term support from the members of Manchester Unity.

Manchester Unity's investment policy is for the funds to be invested with all the other assets of Manchester Unity in a mix of asset classes including investment properties, registered securities and short term cash deposits. Surpluses of the Society arising from such investments and other income (after deduction of management, administrative, property, interest and other expenses) are available for appropriation to benefit funds and reserves. Appropriations are first applied to the benefit funds to meet actuarial requirements (as determined by the Directors following consultation with the actuary) and the balance applied to these funds or reserves as the Directors may determine. The full terms relating to use and application of surpluses are provided in the General Rules.

Medical Examinations

In certain cases a medical examination may be required for an Increasing Assurance Benefit application.

Loans on Increasing Assurance Benefit Fund

Increasing Assurance Benefit Fund members may on written request (subject to Manchester Unity's approval) borrow from Manchester Unity at competitive interest rates amounts of up to 90% of the Increasing Assurance Benefit cash value (determined actuarially) of such member's interest in the Fund. Currently Manchester Unity requires members requesting a loan to be up to date with all contributions due to Manchester Unity.

The Increasing Assurance Benefit can also be used as collateral security for most lending institutions.

Paid-Up Policy

If for some reason an Increasing Assurance Benefit holder does not wish to continue payment of contributions, and provided contributions have been paid for at least three years and are not more than one quarter in arrears, a "paid-up" policy may be applied for and the Sum Assured reduced to an amount which requires no further contributions. The reduced sum assured is calculated at Manchester Unity's discretion having regard to actuarial principals.

Bonuses accrued still apply to the reduced amount, and future bonuses are based on the reduced benefit.

Paying Contributions

Contributions are payable quarterly in advance.

Non-Forfeiture Right

Benefits do not lapse as long as the cash surrender value equals or exceeds any unpaid contributions. When unpaid contributions exceed the cash surrender value the Benefit will lapse.

Surrender

An IAB holder may surrender his or her IAB to Manchester Unity before the date of maturity, for the cash surrender value. The cash surrender value is an actuarially calculated amount determined by Manchester Unity, representing a portion of the sum assured and accumulated bonuses at a specific date. Any contributions owing by the member will be deducted from the surrender value before payment.

Alteration of the Rules

The Board of Directors may incorporate into the Rules additional Tables for Increasing Assurance Benefits on the advice of the Actuary, and approved by the Registrar of Friendly Societies and Credit Unions.

Continuation of Contributions on Cessation of Membership

Any contributor to the Fund, who ceases to be a Member of Manchester Unity may continue his or her contributions to the Fund. Such contributor will not be entitled to attend any meeting or hold office in Manchester Unity or vote on any matters affecting Manchester Unity.

Claims

Any claim on the Benefit will be paid by Manchester Unity on receiving a death certificate and any other documents required by Manchester Unity to complete the claim.

Assignment of Benefit

Any member whose policy is not subject to a registered nomination may assign or mortgage his or her Increasing Assurance Benefit to any person, corporation or to Manchester Unity. Manchester Unity will not be bound or affected by any assignment or mortgage (or any discharge or variation) until the document creating the arrangement has been delivered to the CE of Manchester Unity with the relevant policy.

(b) Funeral Assistance Benefits ("FAB")

A Funeral Benefit offers a way to ease the financial burden for families and friends. Members under the age of 65 may purchase units of \$500 each up to a maximum of \$10,000 cover. Members who have attained the age of 65 may not enter the fund except by taking a single contribution benefit. A member who has contributed to this fund prior to attaining 65 years of age and has not attained 75 years of age, may increase their existing Funeral Assistance Benefit by units of \$500 up to a maximum of \$5,000. Upon production of the member's death certificate the amount of cover plus accrued bonuses (if any) are paid to the member's estate. The member must pay regular contributions, the amount of which will vary depending upon the age at which the member commences contribution and the amount of cover selected. Contributions are credited to a separate fund and surpluses may, on the recommendation of the actuary and at the discretion of Manchester Unity's members, be applied to the benefit of contributors, in the same manner as the IAB. The fund is invested with the rest of the assets of Manchester Unity in the same manner as described in respect of the IAB.

An additional Single Contribution benefit ("prepaid funeral") is also available to members of all ages. This benefit allows a member to contribute for a unit to yield \$1,000 towards the cost of their funeral (maximum ten units of \$1000) which will be payable in the event of death and under no other circumstances.

Paying Contributions

FAB contributions are payable every three months in advance.

Forfeiture

If the contributions are unpaid for more than 39 weeks the claim to the funeral benefit is forfeited.

Early Payment

A member aged at least 75 years of age may, on production of the death certificate of their spouse, apply to have the whole or part of the benefit which is payable upon their own death paid in advance to the member to assist in the costs of their spouses funeral. The Benefit is not otherwise payable prior to the member's death and has no surrender value.

Medical Examinations

In certain cases, a medical examination may be required for a Funeral Assistance Benefit application.

(c) Education Support Plan (“save2learn”)

The Education support plan has been in operation since 2005. It is a pooled investment fund that permits subscribers to make provision for their children or grandchildren’s education costs at secondary or tertiary level. Tertiary means university, college of education, polytechnic providers or other tertiary course approved by the New Zealand Ministry of Education.

- Secondary – this policy pays out when your child enters year nine of schooling or their 13th birthday, whichever is later. It is designed to help pay for the cost of uniforms and extra curricular activities such as music or sports trips and equipment.
- Tertiary – this policy pays out at the beginning of tertiary study or your child’s 18th birthday whichever is later. It is designed to help cover the cost of fees, text books and some living expenses that are involved when studying at this level.

Both types of policy are eligible for bonuses, the level of which will depend on the returns allocated to the fund by Manchester Unity and are not guaranteed.

You could take out one or both of the policy options, allowing you to cover expenses for your child’s secondary schooling and tertiary education.

The secondary policy allows you to provide for both expected and unexpected educational related costs, such as your child developing a stronger interest in subject areas that may not be covered within the school’s curriculum. It also allows you to plan financially for your child’s future right from day one.

The tertiary policy can also provide your child with a sense of ease about study, taking the stress out of having to take out large loans to cover costs. It will also ease the level of crippling loan repayments after study, giving your child an economic head start when they move into the professional environment.

In the event of the death of the nominated student, you will be entitled to receive 100% of the contributions you have paid along with interest at a rate to be determined by the Board of Directors. Where the nominated student dies and the plan has reached maturity, the remainder of the outstanding benefit will become payable. The nominated student’s death certificate must be produced to Manchester Unity before payment of this type can be made.

There is provision for premium insurance where contributions may be waived for a period of up to 12 months in the event of the principal contributor experiencing disablement and being unable to pay the contributions. Disablement is defined as follows:

- The inability of the principal contributor by reason of illness or injury to carry out his or her usual occupation for a continuous period of 90 days or longer;

- The principal contributor will not be Disabled if, in Manchester Unity's reasonable opinion, he or she is engaged or would be able to be engaged, for 20 hours or more per week, in any occupation for which he or she would be reasonably fitted by his or her knowledge, training or previous work experience.

No benefit will be paid if the Disablement results (directly or indirectly) from:

- An injury or an illness arising from an act which was intentionally self inflicted;
- Participation in war (whether war is declared or not), warlike operations, insurrection or civil commotion;
- Alcohol or drug abuse by the insured: or
- The principal contributor's involvement in an unlawful act whether or not the principal contributor is charged or convicted of an offence in respect of that act.

Secondary Policy

Premiums can start at any time from birth.

Payments begin upon the commencement of Year 9 schooling or the child's 13th birthday whichever is later and are paid out upon the production of the appropriate evidence.

1st year 20% of policy amount
2nd year 25% of remaining policy amount
3rd year 33% of remaining policy amount
4th year 50% of remaining policy amount
5th year 100% of remaining policy amount

Tertiary Policy

Premiums may start at any time from birth.

Payments begin upon the commencement of tertiary study or the child's 18th birthday whichever is later and are paid out as follows upon the production of the appropriate evidence, with payment determined by the duration of the approved Tertiary course, i.e. for a 2 year course 50% will be paid in year 1 and 50% in year 2.

Cancellation

You can cancel your plan prior to maturity and you will receive 85% of the contributions that you have paid to us along with interest at the rate of 2.5%. All rates and percentages are subject to change from time to time by amendment to Manchester Unity's regulations by the Board of Directors. If you have taken out a tertiary policy and the nominated student does not continue into higher learning the cancellation payment is the same.

Forfeiture

Interest is payable on overdue contributions at the rate of 14%. All rates and percentages are subject to change from time to time by amendment to Manchester Unity's regulations by the Board of Directors. Any policy where the contributions are in arrears by 39 weeks may be closed and the membership terminated without repayment of contributions.

Early Payment

If the nominated student starts secondary school/tertiary study earlier than the nominated date, the principal contributor can have the benefit paid a year earlier. The amount paid is the sum assured less a fixed discount as shown in the table contained in the Education Support Plan Regulations.

Late Payment

If the nominated student starts secondary school/tertiary study later than the nominated date, the principal contributor will cease paying the contributions at the predetermined time, and the benefit may be paid one or more years later. The amount paid is the sum assured plus interest at the rate of 3.5% per annum. All rates and percentages are subject to change from time to time by amendment to the Education Support Plan Regulations by the Board of Directors.

Free Look Arrangement

A free look arrangement period of 14 days exists from the date the confirmation of policy is received by the principal contributor, during which time the policy may be cancelled by the principal contributor in exchange for a full refund of all amounts paid for the policy.

The full terms and conditions of these Benefits are set out in the Education Support Plan Regulations, as contained in the save2learn Investment Statement, a copy of which may be obtained from the places specified in paragraph 6.13.

4.2 Surplus Funds

The appropriation and transfer of surplus funds is specifically detailed in Section 76 of the Friendly Societies and Credit Unions Act 1982.

4.3 Disputes Resolution

Manchester Unity is a member of the Insurance & Savings Ombudsman's dispute resolution scheme.

4.4 Manchester Unity's Other Products and Benefits

Manchester Unity offers other Financial Services and benefits to members. The following products are outside the scope of this prospectus:

- Personal Accident Benefit
- Affordable healthcare - Medical Benefits
- Credit Unions – Savings, Mortgages and Loans (credit unions are separately registered under the Friendly Societies and Credit Unions Act 1982)
- General Insurance
- Travel Insurance
- Holiday Accommodation
- Education Scholarships
- Fraternity/Self-help

To obtain information about any of Manchester Unity's products or benefits, refer to the contact details in the Directory on page 20.

5. FINANCIAL INFORMATION – Summary of Consolidated Financial Statements

- These summarised financial statements have been prepared in accordance with FRS-43.
- These summarised financial statements have been extracted from audited financial statements.
- The full audited financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand (NZ GAAP). They comply with New Zealand equivalents to International Financial Reporting Standards (NZ IFRS) and other applicable financial reporting standards as appropriate for profit-orientated entities. The financial statements comply with the International Financial Reporting Standards (IFRS). Periods prior to that beginning 1 June 2006 were prepared under the applicable NZ GAAP at the time.
- All audit reports are unqualified.
- The full financial statements and audit reports were authorised for issue by the Board as follows:
 - For the year ended 31 May 2006 on 27 July 2006
 - For the year ended 31 May 2007 on 26 July 2007
 - For the year ended 31 May 2008 on 29 July 2008
 - For the year ended 31 May 2009 on 30 July 2009
 - For the year ended 31 May 2010 on 29 July 2010
- Summarised financial statements cannot be expected to provide as complete an understanding as provided by the full audited financial statements. Full audited financial statements are available from our office – see the Directory on page 20.
- The functional and reporting currency used in preparation of these financial statements is New Zealand dollars.
- There were no changes in accounting policies affecting the prior period other than the transition to NZ IFRS in 2007 and the application of new accounting standards as they were issued and became effective.
- Australian equity investments are held and designated as 'financial assets at fair value through profit and loss. No foreign exchange cover is in place. A 1% movement in the exchange rate between the Australian and New Zealand dollar will equate to a variation in comprehensive income and equity attributable to members of \$10,000.

Manchester Unity Friendly Society Consolidated Statement of Comprehensive Income

(\$000's)	Year ended	31-May	31-May	31-May	31-May	31-May	31-May
		2010	2009	2008	2007	2006	2006
		NZIFRS	NZIFRS	NZIFRS	NZIFRS	NZIFRS	NZ GAAP
Revenue							
Member insurance contributions		2,109	2,221	2,304	2,433	2,583	2,590
Rental Income		1,580	1,491	1,302	1,251	1,225	1,225
Investment Revenue		3,490	4,048	4,020	3,805	3,709	3,708
Realised Gains on Sale of Properties/Land		161	-	222	354	-	-
Realised Gain/(Losses) on Funds Invested		-	-	-	311	452	452
Change in fair value of financial assets designated at fair value through profit or loss		1,027	-	-	-	-	-
Increase in Relief and special purpose fund							31
Revaluation investment property/land		(133)	(532)	709	2,660	1,327	1,187
Other Revenues		212	253	113	69	82	82
Total Revenue		8,444	7,481	8,671	10,883	9,378	9,275
Expenses							
Benefit Payment to Members		3,971	3,668	4,411	3,912	4,192	4,445
Change in fair value of financial assets designated at fair value through profit or loss		-	253	708	346	354	354
Management and Administration Expenses		2,632	2,755	2,435	1,870	1,928	1,979
Policy Claims Expense		50	60	62	67	100	100
Property Expenses		173	155	154	208	175	175
Interest Paid to Districts & Lodges		167	363	413	428	389	388
Decrease in medical services fund and member share funds							312
Appropriations to member benefit Funds		295	290	338	299	213	-
Revaluation of member insurance contract obligations		1,500	417	(161)	764	145	-
Total Expenses		8,788	7,961	8,360	7,894	7,496	7,753
Total Income/(loss) for year		(344)	(480)	311	2,989	1,882	1,522
Other comprehensive income/(loss)		-	-	-	-	-	-
Total comprehensive income/(loss) attributable to members		(344)	(480)	311	2,989	1,882	1,522
<i>Statement of movements in equity</i>							
Opening equity		26,464	26,944	26,633	23,644	21,762	10,781
Total comprehensive income/(loss) attributable to members		(344)	(480)	311	2,989	1,882	1,522
Closing equity		26,120	26,464	26,944	26,633	23,644	12,303

As a Friendly Society, registered under the Friendly Societies & Credit Unions Act 1982, Manchester Unity is exempt from income tax pursuant to s.CW44 of the Income Tax Act 2007.

Manchester Unity Friendly Society Consolidated Statement of Financial Position

as at	31-May 2010 NZIFRS	31-May 2009 NZIFRS	31-May 2008 NZIFRS	31-May 2007 NZIFRS	31-May 2006 NZIFRS	31-May 2006 NZ GAAP
(\$000's)						
Assets						
Cash and cash equivalents	8,969	8,040	16,523	21,589	20,013	20,013
Other financial assets designated at fair value through profit or loss	42,824	42,364	34,247	30,575	29,705	30,464
Trade and other receivables	690	770	1,402	1,331	1,190	423
Other assets	30	27	28	34	26	20
Investment property	22,369	23,320	23,836	23,318	20,983	20,768
Property, plant & equipment	144	241	318	178	212	227
Intangible assets	10	21	28	12	15	14
Total Assets	75,036	74,783	76,382	77,037	72,144	71,929
Liabilities						
Trade and other payables	385	485	555	522	466	466
Other liabilities - contributions in advance	155	147	165	182	192	192
Other financial liabilities						
-District, Lodge and Credit Union deposits	2,809	3,767	5,354	6,300	5,271	5,271
-Member benefit fund liabilities	4,828	4,691	4,567	4,455	4,383	250
Provisions	50	39	23	10	18	18
Member insurance contract obligations	40,690	39,190	38,774	38,934	38,170	53,429
Total liabilities	48,917	48,319	49,438	50,403	48,500	59,626
Closing equity	26,120	26,464	26,944	26,634	23,644	12,303

Movement in Member Funds

Year ended	31-May 2010 NZIFRS	31-May 2009 NZIFRS	31-May 2008 NZIFRS	31-May 2007 NZIFRS	31-May 2006 NZIFRS	31-May 2006 NZ GAAP
(\$000's)						
Members Contributions	2,109	2,221	2,304	2,433	2,583	2,590
Less Benefit Payments to Members	(3,971)	(3,668)	(4,411)	(3,912)	(4,192)	(4,443)
Less Fund Expenses	(299)	(323)	(338)	(343)	(419)	(419)
<i>Underwriting loss</i>	(2,161)	(1,770)	(2,445)	(1,822)	(2,028)	(2,272)
Appropriations for Year	2,513	2,604	3,246	2,764	2,293	2,526
Transfer to Medical Services Fund from Medical Services Reserve	(73)	(228)	(35)	(256)	27	27
Net Increase / (Decrease) in Funds	279	606	766	686	292	281
Total Funds At Beginning of Period	55,490	54,883	54,116	53,429	46,885	53,148
Members funds at end of period	55,770	55,490	54,883	54,116	47,177	53,429
<i>This comprises</i>						
Net liabilities before future bonuses	40,690	39,190	38,774	38,934	38,170	38,170
Unallocated actuarial surplus	8,825	10,046	9,856	8,930	9,007	9,007
Members funds at end of period	49,515	49,236	48,630	47,864	47,177	47,177

Manchester Unity Friendly Society Consolidated Statement of Cash Flows

Year ended	31-May	31-May	31-May	31-May	31-May	31-May
	2010	2009	2008	2007	2006	2006
(\$000's)	NZIFRS	NZIFRS	NZIFRS	NZIFRS	NZIFRS	NZ GAAP
<i>Cash flows from operating activities</i>						
Member contributions-insurance contracts	2,109	2,221	2,243	2,423	2,575	2,575
Interest received	3,415	4,488	3,984	3,613	3,593	3,593
Dividends received	79	-	-	-	-	-
Rental received	1,580	1,491	1,302	1,251	1,226	1,226
Member benefit fund contributions	124	2	42	2		
Other income	213	273	(23)	64	93	93
Member withdrawals-insurance contracts	(3,971)	(3,668)	(4,411)	(3,930)	(4,249)	(4,249)
Member benefit fund withdrawals	(282)	(168)	(226)	(230)	(208)	(208)
Payments to suppliers and employees	(2,775)	(2,780)	(2,486)	(1,995)	(2,175)	(2,175)
Interest paid	(167)	(363)	(413)	(428)	(389)	(389)
<i>Net cash inflow/ (outflow) from operating activities</i>	325	1,496	12	770	466	466
<i>Cash flows from investing activities</i>						
Proceeds from sale of leasehold properties	342	-	480	678	3,239	3,239
Proceeds from realisation of holiday home	635	-	-	515	-	-
Proceeds from realisation of financial assets designated at fair value through profit or loss	6,490	7,820	1,548	6,956	1,900	1,900
Member IAB loan repayments	57	70	103	100	117	117
Purchase of property, plant & equipment	(25)	(52)	(236)	(42)	(21)	(21)
Purchase of intangible assets	(2)	(10)	(27)	(10)	(4)	(4)
Purchase of investment properties			(67)	(514)	(5,535)	(5,535)
Purchase of financial assets	(5,923)	(16,196)	(5,916)	(7,861)	(3,680)	(3,680)
Member IAB loan advances	(12)	(24)	(15)	(45)	(118)	(118)
Deposits received from Districts, Lodges and Credit Unions	320	4,856	1,775	3,938	3,986	3,986
Deposit repayments to Districts, Lodges and Credit Unions	(1,278)	(6,443)	(2,723)	(2,909)	(5,554)	(5,554)
<i>Net cash inflow/ (outflow) from investing activities</i>	604	(9,979)	(5,078)	806	(5,670)	(5,670)
Net increase/ (decrease) in cash held	929	(8,483)	(5,066)	1,576	(5,204)	(5,204)
Opening cash and cash equivalents	8,040	16,523	21,589	20,013	25,217	25,217
<i>Closing cash and cash equivalents</i>	8,969	8,040	16,523	21,589	20,013	20,013

These summarised financial statements were authorised for issue by the Board on 31 August 2010.
NB. Numbers may not appear to add due to rounding.

6. STATUTORY INFORMATION

The following matters are those required by Schedule 5 of the Securities Regulations 2009 and are set out with the same numbering and headings as the clauses of Schedule 5. The word "Exempt" indicates that Manchester Unity is exempt from compliance with the provisions of that clause of Schedule 5 by virtue of Securities Act (Friendly Societies) Exemption Notice 2002 as extended by the Securities Act (Transition to Securities Regulations 2009) Exemption Notice 2009 ("Exemption Notice").

6.1 Description of Society

Manchester Unity Friendly Society is registered pursuant to the Friendly Societies and Credit Unions Act. The address of Manchester Unity's head office is listed in paragraph 7 of this Prospectus. Manchester Unity was registered at Wellington, New Zealand on 30 July 1902 under registration number WN1/000. The public file relating to the registration of Manchester Unity is available on the Companies Office website www.companies.govt.nz under "Search other

Registers". The file reference number is "1802898". Information on Manchester Unity's principal activities are detailed on pages 4 and 5 of this Prospectus.

6.2 Description of Policies

A description of the types of life insurance benefits to which this prospectus relates and a description of the principal terms of those benefits are set out in paragraph 4 of this Prospectus. A full statement of the terms relating to the different benefits are set out in the relevant investment statement. Copies of these investment statements accompanied this Prospectus when it was delivered for registration. These documents are also available at www.manchesterunity.org.nz.

6.3 Limitations on Liabilities or Returns

- (1) The returns to holders of the benefits are calculated by reference to the returns on all the assets of Manchester Unity, which are appropriated proportionately to the respective funds established in the financial statements of Manchester Unity for each of the Benefits and the other products offered by Manchester Unity.
- (2) All of the assets of Manchester Unity are available, to satisfy Manchester Unity's obligations under the Benefits in equal priority with all other obligations of Manchester Unity.

6.4 Directors, Trustees, Auditors and Advisors

The name, address and (for each Director who is an employee of Manchester Unity) position of each Director of Manchester Unity is set out in the Directory in paragraph 7 of this Prospectus.

No Director of Manchester Unity has been adjudged bankrupt, prohibited from acting as a Director or convicted of any crime involving dishonesty in the five years preceding the Prospectus Date.

No person other than the Directors and employees of Manchester Unity and their professional advisers have been instrumental in formulation of the plan under which the Benefits are offered.

The names of the Auditors, solicitors, actuaries and other professional advisors (other than employees of Manchester Unity or any associated person) involved in the preparation of the prospectus are set out in the Directory in paragraph 7 of this Prospectus.

6.5 Summary of Financial Statements

A summary of Consolidated Financial Statements for the five years preceding Prospectus Date appears in paragraph 5 of this Prospectus.

6.6 Guarantors

No person guarantees the payment of any money from the Benefits.

6.7 Acquisition of Business or Shares

Within the period 2 years preceding the Prospectus Date, Manchester Unity has not acquired any company or business or shares for which the consideration paid has been greater than 1/5th of the total tangible assets of Manchester Unity shown in the financial statements referred to in clause 6.12.

6.8 Interested Persons

(1) Where a member of a branch of Manchester Unity subscribes for an IAB, the branch receives commission from the Fund as follows:

- 1% of Sum Assured
- Plus \$50 for every new policy with a sum assured of \$20,000 or more
- Plus 2% of Sums Assured for an IAB holder under 35 years of age.

The commission is then distributed at the discretion of the branch. The level of commission is determined by the Directors of Manchester Unity and may be changed at their discretion at any time. There is no limit to the level of commissions that can be determined. No other associated person of Manchester Unity is entitled to remuneration for services in respect of the Benefits.

(2) No associated person of Manchester Unity has or has had at any time in the five years preceding the Prospectus Date, a material interest whether direct or indirect in any contract or arrangement entered into on behalf of or in respect of Manchester Unity that relates to or affects the assets liable to satisfy the obligations under the Benefits.

(3) At no time in the two years preceding the Prospectus Date, has more than 10% of the assets of Manchester Unity (calculated in accordance with generally accepted accounting practice) been represented directly or indirectly by any securities of which an associated person of Manchester Unity is the issuer.

6.9 Material Contracts

Within the period of 2 years preceding the Prospectus Date, no material contracts have been entered into by Manchester Unity other than in the ordinary course of business.

6.10 Pending Proceedings

As at the Prospectus Date there are no legal proceedings or arbitrations pending which may have a material adverse effect on Manchester Unity.

6.11 Other Terms of Offer of Securities

All terms of the offer and all terms of the securities being offered, except those implied by law are set out in the General Rules of Manchester Unity. The General Rules are registered with the Registrar of Friendly Societies and Credit Unions and with the Registrar of Companies and may be inspected at the places referred to in paragraph 6.13.

6.12 Financial Statements and Actuarial and Auditors Reports

The latest financial statements for Manchester Unity that comply with the Financial Reporting Act 1993 and delivered for registration on 31 August 2010, are for the year to 31 May 2010. The Auditors report on those financial statements was unqualified and was dated 29 July 2010.

Manchester Unity is exempt under the Exemption Notice from the requirement to set out in this prospectus a report of a qualified auditor regarding the summary of financial statements set out in paragraph 6.5.

6.13 Places of Inspection of Documents

The General Rules of Manchester Unity and copies of the latest financial statements (as referred to in paragraph 6.12) and latest annual report of Manchester Unity may be inspected:

(1) On the Companies Office website www.companies.govt.nz under "Search other Registers". The file reference is "1802898"; or

- (2) At each of the offices of Manchester Unity referred to in paragraph 1 of this Prospectus, during normal business hours.

A copy of the General Rules is also available to each member of Manchester Unity on request at a cost of \$5.00. A copy of the Investment Statement for the Educational Support Plan accompanied this Prospectus when it was delivered for registration, and may be inspected on the Companies Office website using the internet address given above.

6.14 Other Material Matters

The Friendly Societies & Credit Unions Act 1982 (FSCUA) referred to in this prospectus can be viewed on the internet under www.legislation.govt.nz.

Except as mentioned elsewhere in this Prospectus there are no other material matters relating to the offer of securities to which this Prospectus relates.

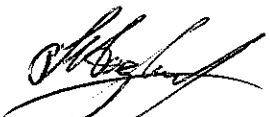
6.15 Directors' Statement

In the opinion of each of Manchester Unity's Directors, after due enquiry by them:

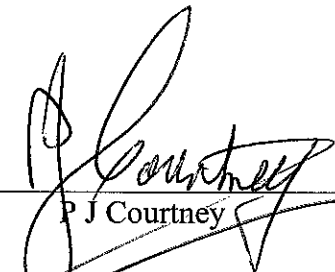
- (a) The value of Manchester Unity's assets relative to its liabilities (including contingent liabilities);
- (b) The ability of Manchester Unity to pay its debts as they become due in the normal course of business;

has not materially and adversely changed during the period between the balance date of the financial statements referred to in paragraph 6.12 and the Prospectus Date.

This Prospectus has been signed by or on behalf of all the Directors of Manchester Unity:



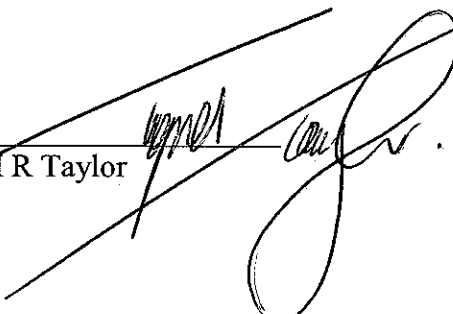
P L Haglund




P J Courtney



J H Lowe



I R Taylor



G J Allanson



P W Schumacher

7. DIRECTORY

Issuer

Manchester Unity Friendly Society
Level 6, Allied Nationwide Finance Tower,
142 Lambton Quay, Wellington 6011
PO Box 5083, Wellington 6145

Customer Enquiries 0800 101 842
Phone (04) 473 6155
Fax (04) 471 2256
Email: info@manchesterunity.org.nz

Directors of the Issuer

P L Haglund (Chairman)
Christchurch

P J Courtney (Trustee)
Auckland

J H Lowe (Trustee)
Waipukurau

I R Taylor (Trustee)
Christchurch

G J Allanson
Feilding

P W Schumacher (Chief Executive)
Wellington

The Directors, Officers and Trustees of Manchester Unity can be contacted at Level 6, Allied Nationwide Finance Tower, 142 Lambton Quay, Wellington.

Actuaries
Greystone Consulting Ltd
Wellington

Solicitors
Quigg Partners
Wellington

Auditors
Deloitte
Wellington

Bankers
Bank of New Zealand