"The Script" February 2005

The official newsletter of the New Zealand Shareholders' Association Incorporated

LIAISON WITH THE AUSTRALIAN SHAREHOLDERS' ASSOCIATION

There are a number of New Zealand listed companies that have outgrown the markets imposed by their country of birth and have sought new pastures for expansion. Naturally our neighbour Australia is the preferred country and our Association is keen to develop a closer relationship with our colleagues across the Tasman.

Coincidentally during the month of December Westpac Banking Corporation decided, for the first time in its history, to hold its AGM in Auckland. We were asked by the Australian Shareholders' Association (ASA) if we would be prepared to represent their members as proxy to attend and vote on their behalf at the AGM. We were very happy to accept this challenge. (See the AGM write up by Bruce). We do not think it is out of place to record the honour that this offer contained. The ASA has been in existence in Australia for 45 years and our own Association has been established for barely 4. Word of the work we have done has clearly crossed the Tasman and your Board has derived immense pleasure from the recognition that is implicit in this expression of faith. For those who toil for the NZSA out of pleasure and commitment it is a very meaningful honour.

A few weeks ago, stage 2 was enacted. It seems clear that as a result of our conduct at the Westpac AGM, we have been asked to represent Australian shareholders in nine of our largest New Zealand listed companies for 2005. We do not belittle the magnitude of the task ahead but if New Zealand is to thrive and encourage investors from overseas then this is an important step along the road. It is the reason we have advertised in our newsletter for volunteers with experience to research our listed companies. We have been encouraged by the response to our December 2004 call and are in the process of completing the team for the 2005/6 financial year. It is planned to have a gathering of the research team before the end of May at which it is hoped we will be able to plan a path for future action on various corporate governance matters. Watch this space.

Recruitment is an on-going process; the more expertise we can obtain, the better will be our results. The rewards may not be monetary but they certainly enhance the spirit.

Oliver Saint

STOP PRESS

In view of the sound financial position of the Association, the NZSA Board at its February meeting decided to reduce the subscription of current members for the 2005-06 year, beginning on 1 April. For all those members who renew their membership, the association subscription will be reduced to $70, while branch subscriptions will remain at $20. New members of the association will continue to pay $80. Renewal notices will be posted to members in March.

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DO YOU WANT TO BE ON THE NZSA BOARD?

Nominations of members who would like to stand for appointment to the NZSA National Board need to be received by the Secretary (Chris Curlett) no later than 31 March 2005. If you wish to stand for election or nominate another member for the national board please email Chris at chris.curlett@xtra.co.nz or phone him on 021 738 032, and he will send you the nomination form.

COMPANY MEETINGS

Contact Energy

About 300 shareholders attended the first AGM with Contact's new "Origin" board. Chairman Grant King and CEO Stephen Barrett (who transferred over from Edison Mission and will retire at the end of September 2005) presented a rosy picture to the audience, highlighting many significant achievements over last year:

1 A smooth transition to new owners.
2 Contracts for gas supplies in place to meet Contacts needs in the post Maui era to 2010.
3 An LNG option under active investigation with Genesis.
4 Obtaining resource consents for Clyde and Wairakei.
5 Extending Contact's retail coverage to 95% of the NZ population.
6 A solid financial result for 2004 with first quarter results released on the morning of AGM showing the trend continuing.

Challenges for the next year are finalising resource consents, finding more gas, capital investment and replacing the departing CEO. Given the one billon dollars of committed capital expenditure (mostly in gas contracts) a capital return to shareholders is unlikely.

The interesting part of the AGM started with the question and answer time and ended with the voting on two resolutions put up by a shareholder and NZSA member Graeme Bulling targeting the political donations made by Contact. Graeme kicked off question time with two questions setting the scene for his resolutions later, "why do donations not get audited?" (A. They do) and "do the political donations influence the political parties?" (A. No).

On behalf of NZSA I congratulated the board on being one of the few NZ companies that has supported shareholders rights by choosing not to adopt the autopilot clause of the NZX proforma constitution and then asked three questions:

1. Why was the auditor changed after the accounts had been prepared? A. Contact changed to use the same auditors as Origin, the timing was driven by Contact's first quarter results being released on 15 February 2005.
2. The reason bad debts doubled to over 10 million dollars? A. There had been historical problems with meter multipliers that meant charges had to be written off – these problems have now been fixed.
3. Contact invites questions from shareholders prior to the AGM – how many were sent in. A. Zero!

There were a few more questions from the floor of a generally friendly nature then one from Graeme along the lines of "given the Edision Mission directors donated their directors fees to help fund the science road show – will the Origin directors do the same?" The short and long answers from Grant King were no.

Resolution time - notable discussion around the resolutions put to the AGM included:

Resolution 2: To re-elect Grant King.

Graeme Bulling questioned the workload of directors, and in particular Mr Tim Saunders who has more than 20 directorships if you count each chairmanship as three (he is listed in the annual report as simply being a director of "a number" of companies). This is far too high by just about any measure. Graeme also noted Mr Pryke gave an assurance at the last AGM that he wouldn't take on any directorships then promptly took a full time job. Grant King replied that Origin were very focussed and would ensure the board performed well, that there had been a review of directors contributions and they have been very pleased with Tim Saunders' contribution

– i.e. it's all about quality not quantity.
Resolution 5: To re-elect Tim Saunders.
I asked Tim that given his workload and number of directorships would he review them with a view to culling several? His response was that he didn't think his number of directorships was any issue.

Resolutions 6 and 7: Shareholder Proposals – Political donations, sponsorships and similar distributions.

In these resolutions Graeme Bulling exercised his rights as a shareholder in Contact to propose (in essence) that a) all political donations must be approved by shareholders and b) the details of all donations, sponsorships and similar must be disclosed in the annual report.

Graeme spoke eloquently and in some detail on each of these with his main arguments being:

1 As donations don't influence the political parties (as admitted by Grant King earlier) then no advantage accrues to Contact from them so how can they be considered a wise or legitimate use of shareholders funds?
2 Political donations could generate a negative response towards Contact from those parties that get less (the FY2004 $90,000 was donated in proportion to the number of seats each party holds).
3 That rather than assisting the democratic process (as has been argued by Contact) it embeds the status quo, with the party in power receiving the greatest contribution.
4 Sponsorship is different, there is no problem with Contact sponsoring organisations and individuals as there are obvious benefits to both parties, but the process needs to be transparent and the details should be disclosed in the annual report.

Grant King argued against the donations resolution with a simple "the board don't support this resolution as they consider this to be an operational matter". On the disclosure resolution Grant King argued that the details of these agreements were confidential and therefore couldn't be listed in the annual report, and that many were not material anyway. He did say however that details of all political donations were fully disclosed.
A number of shareholders spoke, mostly in support of these resolutions and for each resolution, at Graeme's insistence; a show of hands was taken (this hadn't been done for the other resolutions). About 70% in favour, 10% against and the rest abstained. However given Grant King held all Origin's proxies there wasn't any doubt that when the counting was done these resolutions would not pass.
I caught up with director Karen Moses briefly over a sausage roll, and one thing she did say was that her role on the Contact board probably takes two to three days a month. If it's the same for Tim Saunders then it doesn't leave much time for his other 19 directorships.
Martin Dowse

Kiwi Income Property Trust
This company, although listed on the NZX, was established under the Unit Trusts Act 1960, with the result that there is rarely a requirement to have a meeting of unit holders. The fact that the Manager regularly convenes a meeting of members each year is a positive and popular move and acts to emphasise the out-of-date statutory regime under which these organisations survive.

The meeting was convened because the Manager of the Fund had decided that it was desirable to increase the maximum debt level from 35% to 40% of total assets. This is one of the few transactions that require approval through a statutory meeting. The increase in debt is not, on the face of things, a huge increase but it is exponential, being on top of what many consider to be a significant debt level for any property company that is in the habit of paying out each year all of its profits to unit holders. The only reserves this company has are the annual revaluation movements that are retained in equity each year and which presently account for around 10% of total assets. Unit holders received an agenda containing some uninspiring reasons for the change in debt levels. These included the cheapness of debt compared with raising further equity. The improved corporate brand of the organisation in the eyes of the community and thus the capability of increasing borrowing was also lauded, somewhat dubiously, as a reason. The fact that the meeting was being held in the summer months when many members had other things on their minds than dealing with debt levels of property companies plus the paucity of the rationale prompted an element of suspicion that there were plans in place to use this increased debt level in the immediate future. Members were not advised of any such moves.

During the meeting there were some interesting comments from holders. It seems that many members were interested in the high income provided and the willingness of the company to distribute substantially all of the earnings to members. Others expressed the view that capital appreciation was of greater importance to them and were concerned that this could be improved through better management. Some even expected the managers to provide both high income and high capital appreciation.

It seems to me that where a company uses its initial capital to invest in properties and distributes all of its income to members in the form of distributions then the greater the level of debt, the higher the risk since the only reserves available to the company are the unrealised capital appreciations added to equity over the years. One way of looking at this conundrum is to say that a reasonable expectation, assuming all income is distributed, would be for the original investment to be covered by the rate of inflation over the years. Any further expectation would seem to have the hallmarks of greed.

Returning to the meeting, Simon Botherway raised the point that the Trust was now involved in property development and the associated risks attaching to such ventures. A statement of the extent of such exposure should be available to Unit holders. This was an important point and was unfortunately the only contribution by institutional investors during the meeting; these people own over 50% of the Trust. There were 576 million unit holders at 30 June 2004 of whom 312 million or 54% voted. Of this there were 250 million in favour and 61 million against the resolution. The chairman made the point that the resolution would have been passed irrespective of whether the votes of CBA were counted; it was still a close call.
Oliver Saint

Pumpkin Patch
The meeting was uneventful save for the fact that a shareholder sought some vision for the company. This was after having been advised that the Company planned to open 3 new stores in New Zealand, 10 in Australia, 6 in the United Kingdom, 10 in Asia, 6 to 7 in the Middle East and 5 in Ireland in the current year. This was clearly a shareholder who needed something more expressive than numbers. A query about the cost of capital produced a response of 8.8% and finally a query about the local content of inventory produced a figure of less than 10%. The Company undertook to look at providing shareholder discounts and share reinvestment schemes but I doubt shareholders should hold their breath on the first item. The number of proxies received was 254 and I will be keeping an eye on these statistics because it seems clear that our effort to convince shareholders to sign and send in their proxies is beginning to have an effect.
Oliver Saint

Tower
The AGM, held for the first time in Auckland, was a muted affair. There was a degree of nervousness apparent at the Board table, providing an interesting context for the movements of Security Guards, noted by one of our members, every time your representatives spoke. We did not think we were that intimidating…

It was particularly pleasing to see a number of shareholders taking the opportunity to raise their concerns with the Board (which surely is the whole point of holding an AGM). A comparison of returns to policy-holders/ shareholders before and after demutualization was made, future prospects commented on, and service provision to policyholders was criticised.

It should be noted that Tower did promote shareholders concerns to point 3 on the agenda, after the obligatory Chairman's and CEO's addresses. It was good to see shareholders taking advantage of their opportunity.

Tower has now split off the Australia Wealth Management company (AUM on the ASX). The underwriting by GPG was commented on. To their credit, the GPG representatives on the Tower Board encouraged all shareholders to take up their entitlements, which is the obvious way of defeating concerns about GPG's increasing ownership stake in the new entity.

One of our members, Mrs Burtenshaw, was the proposer of a number of shareholders resolutions:

To ratify the overpayment of directors' fees – motion carried (an historic achievement, the resolution being supported by the Board);

To prevent directors using undirected proxies to elect themselves – motion lost (but well supported on a show of hands), and

To require that changes to directors or employee share option schemes come back to shareholders for approval (as per the ASX requirement) – motion lost (but again, well supported on the hands).

The two lost motions are issues common to all listed companies, and are something we will take up with the NZX. They are so obviously sensible we are confident they will ultimately represent the norm. The first deals with conflict of interest, and the second with the simple proposition that if you need shareholder approval to start the scheme, you need shareholder approval if you want to "tinker" with it.

In the meantime, these are issues we would encourage all members raise with the companies they have invested in, either informally or by shareholder resolution.
Ross Dillon

The Warehouse Group
(26 November 2004)
This meeting was lengthy as there were several special matters as well as a new constitution to cover. Ian Morrice, the new CEO, addressed his first meeting of shareholders and we were all keen to see how he tackled this task. His quiet but serious comments, including a firm but nevertheless fair suggestion that perhaps the manner of the incursion into Australia was not the way to have gone, combined with a sensible approach to the present situation in Australia, encouraged the meeting. Shareholders were left with the hope that possibly here was the glue by which the faithful could hold on to their shares for a little longer. Certainly time and the amount spent on the Australian business is indicative that there was never ever a point of no return for this transaction.

Bryan Pippen mentioned a number of factors that the Board and management might consider. The store at Balmoral came in for criticism and Bryan emphasised that the record of the Company over the last 10 years detailed in the Annual Report was shown without inflation being considered, indicating that there was a gap to be filled if this company could ever be described as a growth operator. Finally the goodwill in the Statement of Financial Position was looking increasingly debatable given that most of the $40 million related to the Australian discount stores acquired. The number of directorships and other work undertaken by non-executive directors was again criticised by Graeme Bulling who indicated that under the Australian system for work assessment, Messrs Avery 16, Challinor 13 and Smith 30 were well ahead of the optimum target. However only Mr Challinor was up for re-election and the address to shareholders by Graham Evans was of such brilliance that there was little enthusiasm for further controversy on this topic.

A word here about addresses by directors. The Association has recently pressed for all directors to address the meeting when it is their turn to seek reappointment. Some Board members are reluctant and feel it is undignified to have to stand and be accountable to members for their work. Other directors see this as an opportunity to express not only what they consider to be the contribution that they can make but also in a subtle way they are able, through their address, to confirm and satisfy shareholders that the process is not just an "old boys' network" but a systematic and organised process to ensure that the Board going forward has the right mixture of talent and experience to be entrusted with shareholder wealth. Certainly there are directors who are perhaps not at their best when addressing a meeting but other things can be gleaned from a director who is asked to take the podium. The time spent preparing for the event, the attitude to shareholders and simply the honesty of the individual can all be revealed which makes it an essential part of corporate governance.

Finally, your Association asked in a letter dated 16 November if the Chairman would set out the procedure that the Board went through to select an auditor in place of Ernst &Young. The response to this request is set out below:

EXTRACT from Chairman's notes to the annual meeting

1 "I have been asked by the NZ Shareholders Association to go into more detail around the process for the change of auditor.
2 In March of this year the Audit Committee considered the policy change by Ernst & Young. As I have said because of the significant investment The Warehouse ("the company") had made in its outsourced model for internal audit, the committee recommended to the main board that it was in the best interests of the company to retain the internal audit services of Ernst & Young. The committee further recommended that a process to open the external audit for tender be commenced.
3 It was agreed that the audit committee would run the audit selection process.
4 The process for audit selection was

initiated in April 2004 and because of the size of the audit and the Trans-Tasman nature of the audit, only the major accounting firms were considered, they were Deloitte, KPMG and PricewaterhouseCoopers (“PWC”).

5 Each of the audit firms was given access to senior management, conducted site visits and had access to a secure data-room which contained recent board and committee papers and other information relevant to the audit.

6 Following completion of an extensive due diligence by each of the three audit firms, the audit committee received written proposals from them all.

7 The audit committee met in September 2004 and received formal presentations from each of the three firms. On September 9th the audit committee recommended that PricewaterhouseCoopers should be invited to be the company’s external auditor.

8 The process followed by the company has been the most rigorous I have been involved with and I would like to thank the audit committee for significant extra work they undertook in completing the selection process. I would also like to note the high level of presentation and professionalism of each of the firms.

9 In respect to work that our external auditor may perform we have agreed that PWC will not be providing any other services to the company such as taxation advice or internal audit services to the company.

10 Finally on this topic, the level of fees agreed is similar to that paid to Ernst & Young.”

Oliver Saint

Westpac

This meeting was significant and in a way disappointing on a number of counts.

First it was significant as it was the first time an Australian company has held an AGM outside of Australia. They did so to meet their NZ shareholders and to recognize the significance of NZ business to Westpac a substantial NZ operation in its own right. They must be congratulated for this.

Secondly, it was the first time that the Australian Shareholders’ Associated had partnered with us and trusted us to act as their proxy to a meeting, significant enough for both organizations and has been the catalyst for further communication with them to act as their proxy on a number of other NZ based companies in which their substantial membership hold shares.

The meeting itself was a disappointment, not so much for the content of the meeting, or the success of the company which is taken as read but for the style and approach of the chairman. It is clear that we have done a better job in getting chairmen here to treat shareholders as owners and partners than the Australian have done if Westpac’s chairman is any example. We rarely encounter the structured resistance to discussion, at least now, that we encountered at this meeting. Surprising as there was nothing contentious to discuss.

He opened discussion on the first resolution which was the auditor item and restricted discussion to audit issues, and then without informing the meeting allowed discussion on general matters. He restricted each questioner to one question and refused to engage in dialogue or debate and did not allow one shareholder to question his answers when his answers clearly invited further questions. There was not a long queue of shareholders wishing to speak, so he could have been more flexible. He stated to the person in question that he had no intention of entering into any dialogue. It was not me by the way. I challenged him on this ruling and reminded him that it was a meeting of shareholders and that general business was exactly that and should not be restricted. I also reminded him that refusing dialogue with the company’s owners seemed to run contrary to his speech on the issue so I was left with the impression that Westpac is big on PR and might be a bit slow on delivery.

He also told the meeting that he would take no questions or comments from shareholders on the bank’s operations or complaints that related to customer matters, these should be dealt with by the Westpac staff on hand and by implication in private. No chance of Westpac’s meeting turning into a mystery shopper’s convention which is what happened at the last Restaurant Brands AGM. Not the sort of comment that comes from a bank that prides itself on transparency.

They talked long about their team and how great it was, but it was interesting to hear the contrary view from a union delegate who was given speaking rights.

I was left with the view that Westpac Australia had a lot of work to do to live up to its PR. NZ on the other hand appears to be in better shape.

Bruce Sheppard

THE INAUGURAL ASA2005 NATIONAL CONFERENCE

Members who have a portfolio of investments in Australia will wish to know about an offer extended to our members by the Australian Shareholders' Association in relation to their first conference to be held at the Star City, Sydney from 12 – 14 July 2005. The registration brochure with explanatory notes may be downloaded from the ASA website www.asa.asn.au. The offer to our members is that the registration fee will be available to NZSA members on the basis that they are ASA members. Generally this provides a saving of between 25% and 40% on the registration costs depending on the booking date and days required. Optional extras include a Welcome reception for non-delegates, a conference dinner and a visit to the Sydney Opera House for a performance of Verdi's Nabucco (of slaves chorus fame) on14 July.

NZSA BENEFITS

Members who have an email address and who are interested in the UK investment scene or who wish to be kept informed about shareholder associations and developments in the investment world overseas should be aware that the UKSA newsletter is available to our members. This newsletter, which is published five times a year, may be obtained on request from Russell Hodge (Email only). Unfortunately cost prohibits copying and forwarding to all members.

THE AUTOPILOT PROVISIONS

Contact Energy should be added to the list of those companies who have decided the autopilot clause is undemocratic.

A glance at the companies that have declined to make the pragmatic choice on changing the constitution of their companies to suit the NZX will highlight a common denominator, the names of directors who clearly have a more than passing interest in the people to whom they are accountable. We think their names should receive recognition.

Ian Farrant and **Sir Dryden Spring**

Ian Farrant is chairman of both Broadway Industries and New Zealand Refining Company and Sir Dryden is a director of both SKYCITY Entertainment International and Port of Tauranga. The thanks and admiration of NZSA members and investors are due to these individuals for their leadership and showing they are trust worthy individuals in their stand for the rights of shareholders. To complete this picture, we should mention that the chair of New Zealand Experience is **Tony Frankham** and of Spectrum Resources, **Alex Paterson.**

LETTERS TO THE EDITOR

At a recent Board meeting it was agreed that we should open up the newsletter to dialogue with members and it was felt that a 'Letters to the Editor' section was the most appropriate way to achieve meaningful feedback with members. Please feel free to send us your comments on any aspect of our organisation or listed company corporate activity to editor, Russell Hodge.

BRANCHES

Auckland

The first Branch Meeting for the year on 16 February attracted over 70 members to hear Cameron Watson, the Head of Private Client Research at ABN AMRO Craigs. We were lucky to get Cameron at short notice, after the new Minister of Commerce, Pete Hodgson, declined our invitation to replace Margaret Wilson as the scheduled speaker.

Cameron gave a very entertaining and informative address, supported by a handout of comprehensive notes, on the criteria they use to evaluate the performance of listed companies and the series of model portfolios they provide for their clients. He also explained the criteria used for their 2005 ‘picks’, and he and a colleague answered a wide range of questions. Many of those present remained for a drink and an informal chat with Cameron at the conclusion of his address.

The next Branch Meeting is on 13 April at Alexandra Park, when the speaker will be Ralph Norris, CEO of Air NZ. All NZSA members and their friends are welcome to attend our Branch Meetings.

A large group of members is visiting Sanford Fisheries on 1 March, and plans are well under way for an overnight visit to Northport and NZ Refining in mid-May. To book your place on this trip, contact Bryan Trenwith by phone 09 814 9669 or email bryangay@ihug.co.nz.

Russell Hodge

Bay of Plenty

The Branch’s year starts off with a Discussion Meeting - topics include “ Tax Issues for Investors” and the new Share Club.Initially there will be no fixed rules. The starting pool is a phantom $100,000; members on day decide investment changes.

Share Pick Competition: - Same rules as last year. Identity of participants confidential; start prices as at 31 March; any share or investment on New Zealand Market page of Herald. Your choice to Bruce Anderson phone 07 541 0688 before 31March; one pick each member and spouse. Competition ends just prior to Xmas bash when winner announced. Prize a bottle of good wine kindly donated by Ian Greaves.

Graham Wilson will be running education courses in the Bay of Plenty : - “ Starting in the sharemarket” and “investing in shares” at Lake Plaza Rotorua Hotel 9th April.

Branch enquiries to Secretary -Kerry Drumm ph 07 574 7400 or di.kerry@xtra.co.nz

Canterbury

The New Year is starting quietly, but planning is in hand for some exciting things to happen. Negotiations have commenced for 2 Company Visits in the next month or so. Unable to divulge any details at this stage but watch this space. We also have another Shareholder Education Day scheduled for Saturday 2 April at the Cashmere Club.

The other day I was asked by a member of the public whilst discussing NZSA “What do you get for your $100 subscription?”. I was immediately reminded of the speech by JFK when he said “Ask not what your country can do for you, but what you can do for your country”. I thought to myself, if this person is only interested in what they can get out of the organisation, do we really want this type of person in our organisation. I have belonged to many and varied organisations over the years and have found out that what you get out of an organisation is directly related to what one puts in to it. Marketing people are always looking at the W.I.I.I.F.M.(What’s in it for me) Factor but as we are a mutually beneficial organisation this should be way down at the bottom of our list of priorities. So I challenge members to ask themselves “What have I done for the NZSA lately?”

Ritchie Mein

Waikato

The first full year of the Waikato Branch ended successfully with a Christmas gathering of members to celebrate the festive season with good food and beverages, and to hear the wisdom and business experience of Brian Gaynor. The talk given by Mr Gaynor was informative, learned in the field of business, and entertaining. It was a pleasure to hear someone talk so easily – the Irish do that well - and to be willing to receive and respond to a variety of questions.

There was a very good attendance, with the opportunity taken to invite non-members, with the intention of persuading them to join NZSA and the Waikato Branch. In its first full year the Waikato Branch has grown from an embryonic few to a membership of 40. We are well pleased with the membership growth and see it as a challenge to provide a stimulating and interesting programme for 2005.

The first activity for the year is a visit, on 22 February, to the offices of ABNAMRO Craigs in Hamilton. Sharebrokers and financial advisers will show us
· how they process investor orders,
· the computerised workings of the NZ and Australian markets,
· the research, and other investor information, they have available.
Alex Eames

Wellington
The Wellington Branch finished off 2004 with a company visit to Kirkcaldie & Stains. Branch members enjoyed the opportunity to quiz management on their current strategy. The evening highlighted the great value members get from company visits. The Wellington Branch Committee met in February and set a date for the next Branch meeting, 7.30pm Tuesday 15 March at First New Zealand Capital in the Caltex Tower. Details of the meeting will be emailed to all members shortly. We look forward to seeing you all there.
Ray Jack

KIRKCALDIES COMPANY VISIT

The Wellington branch visited Kirkcaldies department store on 25 November and spoke to their Finance Manager Nicholas Bartle.

We were very graciously hosted, with a drinks and nibbles, and a gift bag for all, containing an annual report, some store catalogues, and samples of men's and ladies perfume from their range.

We had provided a list of the areas we were interested in and these were addressed in the presentation we received on Kirkcaldies history and current operations. Interestingly that morning the Dominion had carried an obituary for Jack Barr, the former long serving managing director and then board member of Kirks.

We had a very free ranging discussion about all aspects of the business and came away feeling very well briefed on all areas of the business we had chosen to enquire about.

Obviously the purchase of the next door DIC building had been a big move, and Kirkcaldies is now a retailer and a property investor. The rationale of the move in terms of providing a credible alternative when the lease next reprices was well understood. There were a number of questions about the disciplines and corporate governance aspects of running two businesses within the one management structure and members seemed more than happy with the responses.

The major risk identified by Kirks to their operations was the exposure to the Wellington economy. A back-of-the-envelope calculation during the meeting from the latest financial information suggested that interest costs were covered around four times, suggesting quite some resilience against unforeseen events.

The members were able to offer many personal datapoints in the discussion of the consumer finance operations and the introduction of point of sale technology which made for an interesting conversation.

The meeting closed with a lucky seat draw for several copies of the coffee table book of the history of Kirkcaldies. After thanking Nicholas Bartle for hosting the event we offered him membership of the association which he was delighted to accept.

We look forward to more such constructive interaction with local listed companies.
Matthew Underwood (Chairperson Wellington Branch)

Shareholder Education

"Great courses – thanks. Lots of useful info. Not a sales pitch! "
Register now, course limit 22.

Auckland 09 376 7368
Saturday March 12 2005
Starting in the Sharemarket 9.00–12.00
Investing in Shares 1.00 – 4.30
Institute of Chartered Accountants
27-33 Ohinerau St, Remuera

Rotorua 07 3479083
Saturday April 9 2005
Starting in the Sharemarket 9.00–12.00
Investing in Shares 1.00 – 4.30
Lake Plaza Rotorua Hotel
1000 Eruera Street Rotorua
Host: Good Returns Bookshop

Christchurch 03 3320052
Saturday April 2 2005
Investing in Shares 9.00 – 12.00
Understanding Company Reports
1 p.m. - 4.30
Cashmere Club, Hunter Terrace
Beckenham Christchurch

Starting in the Sharemarket
Starting or updating. Buying & Selling, Share tables, Risk and return, 4 Key Financial Ratios, Simple ways to analyse shares and get going.

Investing in Shares
Information Sources, Investment Strategies, Key Financial Indicators and Ratios, Ways to assess companies for people with a broker and shares or who have taken the "Starting" course.

Understanding / Using Company Reports
Buy, Hold or Sell? – that is the question. Consider a company's announcements, annual report and analyst's report. Learn about its people, strategies, products, market, financial multiples and ratios to work out a share value.

Course Ratings:

Very Satisfied:	46%
Satisfied:	54%
Dissatisfied	0%
Very Dissatisfied:	0%

Feedback from all courses held in November 2004. Auckland, Franklin, Wellington, Chrischurch.

Tutor: Graham Wilson, NZSA Director of Investment Education
Grad Dip Appl. Finance and Investment (Securities Instit. Aus) ASIA Dip Tchg
Questions? Phone local number or Graham Wilson 027 4767368 or 09 3767368
Email nzsaeducation@invested.co.nz
Register online: www.nzshareholders.co.nz - click "Shareholder Education"
Register by mail : Complete form below

NZSA Investment Education Course Registration Form

Bring an acquaintance to join NZSA and save!

Course Location____

First Name/s Mr/Ms/Mrs/Dr ____________________Last Name/s________________________

Email (main contact method)____

Phone____________________________

Postal Address____

Course Name	Cost	NZSA Members	Number	Total $
Starting in the Sharemarket	$65	$55		
Investing in Shares	$65	$55		
Both Courses Above	$115	$95		
Understanding Company Reports (Christchurch only)	$75	$65		
Lunch	$20	$20		

Each course fee includes a course book and refreshments **Total $: ------------**

Post Form with cheque made out to "IENZ" to
NZSA Investment Education, PO Box 90821 AMSC, Auckland 1030.

Cancellations and Refunds: Cancellations received in writing at PO Box above more than 7 days before course commencement will receive a full refund less administrative fee of $25. Cancellations seven days or less before course commencement will not receive a refund but substitute attendee is welcome without an additional charge. Please advise of any name changes. Should the course be cancelled by the organisers or by any reason or any factor outside the control of the organisers the course cannot take place the amount of the registration fee will be refunded. The liability of the organizers will be limited to that refund and the organizers will not be liable for any other loss cost or expense, however caused incurred or arising.