"The Scrip"

August 2007

The official newsletter of the New Zealand Shareholders' Association Incorporated

HOW TO REALLY ANNOY SHAREHOLDERS

As many of you will already know, we recently wrote to the shareholders in **Tourism Holding Limited (THL).** We were concerned that the purchaser of the company, should the takeover be successful, were in effect paying the THL management for procuring the success of the bid. We were also concerned that the company was using shareholders' funds to pay a break fee to the purchaser of the company's shares, should the deal not proceed (in limited circumstances admittedly).

Our mail out clearly struck a note with THL shareholders, as we have had numerous letters of support of our actions and condemnation of the board's actions on the issues we raised in our letter to shareholders.

The THL Board then took exception to our correspondence and wrote to all shareholders of THL and among other things told shareholders that they felt our comments were defamatory of the Board and management.

Shortly after the THL letter to their shareholders, our mail box filled with membership applications and cheques, and we thank all those THL shareholders who have joined NZSA and hope that they will value their membership of the NZSA as much or more than they value their continuing shareholding in THL. **The bid for THL failed**. But unlike THL, we will aspire to deliver value for your confidence in this Association and we welcome each of you aboard. For you to get full value out of the NZSA you should, if you are available, attend your local branch meetings, which have solid attendances.

The lessons for the THL Board out of this exercise are these:

It annoys shareholders….

- If you are arrogant in the use of their funds (the break fee)
- If you place the shareholders workers in a conflict of interest with the owners (the incentive)
- If you threaten those who bring these issues to your and the owners attention.

Feltex

- The liquidators have now put the directors on notice of possible actions against them.
- The liquidators are pursuing the ANZ for disclosure and the ANZ are resisting, which is interesting.
- Tony Gavigan is soliciting for contributions through Wakefields; (see elsewhere in this Newsletter for an outline of our views on this).

Bruce Sheppard

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ANNUAL GENERAL MEETING

Redwood Room, Bureta Park Motor Inn
Vale St. Tauranga

Friday 17 August 2007

PROGRAMME

9.15am: Registration and morning tea

10.00am: Presentations by four Bay Of Plenty listed companies – Comvita, Port Of Tauranga, Seeka, Trustpower

11.45am: Guest Speaker – Brian Fallow, Economics Editor for NZ Herald, Wellington
- Why Is The Dollar So High ? -

12.30pm: Break for lunch

1.30pm: Association AGM - including guest speaker Craig Foss, National Party Associate Spokesman For Finance; and Agriculture (Horticulture)

3.00pm: Close

Members and others interested in the role that the Association plays acting for investors in New Zealand investment markets are cordially invited to attend.

Financial members – no charge, Non-members $20 – pay at registration. Lunch is provided.

Enquiries to Dave Higson 07 542 1965; Allen Smith 07 576 7087; Lloyd Christie 07 576 3744

(Directions on how to get to the venue are included in the BOP Branch Report, later in the Newsletter)

FELTEX

We are all aware of the successful action that was initiated by the NZSA to have Feltex placed in liquidation. This has now progressed and John Vague and his team have made considerable progress and recently announced their intention to take action against the Directors.
The latest development has occurred without any request for the funding of the Liquidators by the already embattled shareholders of this once iconic New Zealand Company.
Given the work already undertaken by the Liquidators we suspect more revelations will follow and it will be interesting to see how this develops.
It is also interesting to see the ANZ Bank are refusing to release certain papers to the Liquidators and one has to wonder why. Is it that there is something to hide? Only time will tell!
A number of members have asked the NZSA to comment on the independent action being proposed by another shareholder group. This is a difficult question and the Associations attitude is that members should consider joining on the "risk/reward" principle. Ross Dillon (Chairman of the Advocacy team) recently recommended that "members treat his request for money like any other investment decision - subject it to the same rigor and make their own decision.".
Either way the NZSA applauds the progress made by the Liquidator to date, all at no additional cost to the Feltex shareholders who have suffered so greatly already.
Chris Curlett

SAFETY AND SECURITY

Some months ago, I had an exchange of correspondence with a member in relation to the use of sharebrokers, and the attendant risks of share trading. I considered that the subject of our email discussion would be of interest to many members and I obtained permission to publish the exchange in the newsletter:

"I wonder how vulnerable we are to fraud by a broker? Please do not publish my name as my broker may feel unfairly defamed. However I can see the opportunity for an unscrupulous broker to do very nicely indeed.
My trades are done by phone, I tell the broker to buy and sell, move money in and out of cash accounts without anything but reliance on his/her honesty. If he/she sold all my shares and all his/her other client's shares, cashed up and disappeared to Brazil, I would find out some days later. A few clever letters duplicating Computershare statements, easily produced by a clever computer operator and I would be unaware for even longer.
A broker working for a slightly naïve investor could cream money off the accounts for a long time.
Do the major Share Broking firms, such as ABN Amro Craigs, offer any recompense/cover against fraud by their agents? Have any major frauds been perpetrated by brokers?

I responded, perhaps a little peremptorily, with the following:

"Add to this the fact that the NZX now no longer has a fidelity fund and the position gets even more dangerous. This has of course always been the case; people, other than those who have been in the business, are probably mostly unaware that the trading of shares is built around trust. This of course

is a commodity that, as we are aware through the performance of our politicians, is in short supply. Indeed we are well advised to believe nobody these days. There are some simple rules that should be followed by those who are cynical of the broking fraternity but I will leave the comment there for now."

I was deliberately vague because I appreciated that there were probably many members with clear memories of the Access Brokerage situation who now have the same concern. Some may also consider share broking to be a very dangerous game. This is not the case if a few simple rules are followed. Here are my suggestions for all those investors who still trade by way of the telephone:

Know your broker
If you have known your broker for a long time then this is fine, you will have generated trust both ways and the relationship should be beneficial. Always visit your broker and have a personal conversation. You should get to know your broker and in this day of drug and terrorist activity the regulations that are in place now make it impossible for brokers not to personally know their clients.

Selecting a broker
If you are new to the investment business then a safe step is to choose a broking firm that is a subsidiary of a bank and preferably that uses the name of the bank concerned. ABN Amro and ASB Securities are two that immediately come to mind.

Keep a telephone book
This should record in chronological order in précis form all of the instructions you have placed with your broker. Be aware that your talks with your broker are all recorded. If disputes arise you will at least have a written record of your instructions and this could be invaluable in establishing your intentions. Always keep this book handy so that you can write up the conversation as soon as you have made your call.

Transactions
Ensure you receive your Computershare statement the following week and if necessary follow up your trade on their website. This website allows you to change your address, view holding summaries and many other matters on line. It is at: www.computershare.co.nz/investorcentre.
Enquire immediately about any trades that have not been authorised by you.
Check to see that sale proceeds are received into your account on the third business day after the trade.

Security
Keep your FIN number in a safe place. Your broker should in my view ask you for your number on the occasion of each sale deal as the lack of this question suggest that he is aware of and may possibly have written down your number. If this happens go to Computershare and change your FIN number.
Oliver Saint

AGMs

Cabletalk Group

When new technology demands high capital expenditure amongst the lead players in a growth business like the Telcos, it is sometimes better to look at the potential of lower tech, humdrum services associated with that growth market. Cabletalk, with a market cap of only $9m, engaged in installing cabling for the telecom and security markets, might attract investors on this basis. However, competition from bigger players (Downer and Alcatel) in the Telco market and the small owner drivers in the security market turned this company into a loss making, price-taker. Lack of scale to manipulate the labour force at the end of contracts, lack of skilled labour, and lack of elasticity in the pricing of jobs, meant the experienced board and shareholders were not happy. However Chairman Ross Keenan, and CEO Peter Wilson were upbeat about the current year in which the first quarter was about 40% ahead of the previous year and the security division was achieving progress towards national coverage. After expensed upgrades in the vehicle fleet, increased provisioning for restructure, retaining Bancorp to advise on capital structure, a lowering of directors fees to allow for Sir Ron Carter's retirement, shareholders were disappointed that there was still no news on possible combinations with other market players. We speculate that the directors will now wait to prove their forecast of better days before recommending a new capital structure to shareholders. Watch this space.

Goodman Property Trust AGM July 2007
Review of Performance

The Trust has been renamed Goodman Property Trust from Macquarie Goodman Property Trust – NZX code GMT. The Trust's manager and cornerstone investor, Goodman Group, has re-branded its worldwide operations, following Macquarie Bank Limited selling its security holding. The Goodman name was chosen to unite all group companies under one branch.
The Trust is New Zealand's second largest listed property Trust and has been recognised as one of the country's leading investment vehicles with its inclusion in the NZX15 index. The portfolio comprises 26 industrial and business properties of enviable quality and includes many of New Zealand's leading companies as key customers.

The past 12 months has seen the Trust grow its business and deliver an outstanding operating performance.

Financial highlights	$83.4m, up 56.9%
After-tax operating profit	$ 51.8m, an increase of $16.7m
Revaluations added	$ 65.9m to value of the portfolio
Total NPAT	$117.9m, an increase of $54.8m

Over the past 3 years, the Trust has recorded an annualised total return of 24.8%, which compares well to the 23.1% achieved by NZX Property Index. Asset base has grown to $1.2 billion, providing real depth and scale.

The acquisitions of M20 Business Park, Wiri and Glassworks Industry Park, Hornby have extended the Trust's development capability and are expected to deliver superior returns over time.
To fund the acquisitions and the development programme, the Trust successfully raised a total of $114.7m in new capital through an institutional placement and the operation of the Distribution Reinvestment Plan.
Jacquie Staley

KINGFISH LIMITED AGM   5 July 2007

Chairman, Rob Challinor, opened the meeting to report on a successful third year of operations. He reported a $36.8 million surplus, much of the realised gains resulting from the sale of Waste Management. Operating expenses, excluding the performance fee, represent 1.7% of total assets.

Kingfish shares and warrants reached an all time high, with the shares trading between $1.11 and $1.65. Importantly the discount to NAV closed during the year and remains close to NAV currently. This was partly as a result of on-market buyback of the shares and warrants by the company.

The management agreement with Fisher Funds provides for the payment of an annual performance fee if returns are achieved above the benchmark rate, being 7% plus the change in the NZX 90 day bank bill index. As Fisher Funds achieved a return well in excess of the benchmark rate of 14.7%, they were paid a performance fee of $4.5 million.

The Kingfish Structure provides for two subsidiaries: Kingfish Holdings Limited and Kingfish Nursery Limited. Kingfish Holdings owns the core Kingfish portfolio of companies, whereas Kingfish Nursery owns shares in those companies that have not yet met all of the Manager's investment criteria to become a core holding, but do have potential.

Profit highlights for the year have been adding two new companies in two new sectors, namely the initial public offerings (IPO) of Rakon and Delegat's Group, together with the companies which are core holdings, namely Ryman Healthcare, Mainfreight and Metlifecare continuing to deliver strong performance.

Kingfish has filed an election to become a Portfolio Investment Entity (PIE) to benefit from the new legislation which changes the way that managed funds and listed investment companies are taxed from 1 October 2007. The intent behind the changes is to remove any tax disadvantages to those investing in managed funds and leave investors in the same tax position whether they invest in equities direct or through a managed fund.

The key benefits of the PIE structure will be:

- No tax on capital gains on sale of shares held in Kingfish Nursery
- Distributions to shareholders will be exempt income tax
- Simply legal and reporting structure of the Group

There is no doubt that the PIE structure and Kiwisaver will be positive both for the company and for the New Zealand sharemarket.

Outlook

There is no doubt that companies in general are finding it an increasingly challenging environment in which to operate. Productivity has been pretty tough due to higher costs of core products and higher staff costs. This does not just impact on exporters, although they are hardest hit with the high level of our currency. Some businesses are expanding overseas or acquiring offshore businesses that are complementary.

However, Kingfish believe that the companies within the portfolio are run by excellent management and that it is just a matter of time before they are delivering better profits.

There are no new portfolio additions in the short term for Kingfish, but on the other hand none of the companies currently held are being kicked out.

Highlights for the year were:
Net asset value at 31/3/07 up 35.4% for year. Net asset value at 31/3/07 up 122% since listing in 2004.
Increase in net asset value of 35.4% significantly exceeds the 14.7% benchmark return.
95% increase in operating surplus after tax for the year to 31/3/07. 93% funds invested as at 31/3/07.
$36.8 million surplus after taxation for the year to 31/3/07. Core portfolio of 7 stocks.
Freightways 10%. Mainfreight 16%. Metlifecare 11%. Michael Hill 9%. Pumpkin Patch 10%. Rakon 9%.
Ryman Healthcare 21%. Sub Total 86%.

Mainfreight AGM
We have come to expect a similarly well oiled approach from the Mainfreight board, though more folksy, and accompanied by the positive testimonials of staff members, convinced that they are equipped and ready to take on the world. Amongst New Zealand companies Mainfreight stands out for its family atmosphere and go-do-it staff attitude which produces only 12% of the annual profit in New Zealand, and the balance in Australia and USA. Chairman Bruce Plested announced the completion of the takeover of the Chinese subsidiary, and it was noted by NZSA's Brian Pippen that Bruce had advanced the company at attractive interest over $6m in the year to March 07 – a show of confidence if one was needed. MD Don Braid forecast a further doubling of the business within 5 years, with further acquisitions in USA and Asia. There was discussion over the increase in Directors fees from 50 to 70k each, but a clear majority of shareholders accepted that this was a talented and hard working board without too many competing commitments to other boards, and that the rate of remuneration was not excessive in the global markets in which it operates.
Alan Best

Methven AGM
After having attended a few meetings in which shareholders were critical of management, it was almost ho-hum to see how a well organised company prepares and conducts its business without a dissenting voice. Methven has performed well since listing with strong growth from the Flexispray business purchased in Australia (yes, a successful Australian acquisition!), though the green-fields startup in USA is proving slow. Now the time is ripe for a UK business, opening further potential for Europe. Presentations, by Chairman Richard Cutfield and CEO Rick Fala, covering the annual report and the purchase of Deva UK, were well presented in the printed reports, and well rehearsed for the meeting, supported by good visuals, and shareholders welcomed the short prepared addresses by the two directors up for election, Richard Cutfield and Peter Staines. Altogether, a smooth and creditable effort from a small emerging growth company with global ambitions.
Alan Best

Pod – Special Meeting
Normally special meetings are uncontroversial gatherings and do not offer much in the way of interest to the media or for that matter shareholders and are passed or not in a matter of minutes. However there were particular reasons why your representative was keen to attend this meeting and these will be explained later, but first -

Background
The meeting was held to consider the sale of Designer Textile International (DTI), a division of the Pod group, to The Merino Company Pty Limited (Merino) for $8 million. This meeting would not have required shareholder approval but for the fact that a former director Mr Lempriere is now a director of Merino. No problems there you would think. The appropriate appraisal report from Ferrier Hodgson was prepared. However, at the same time as the offer by Merino was made, LWR Manufacturing (a

Christchurch company) announced an intention to make an offer for the whole of Pod at 50cents per share. The Board of Pod therefore advised shareholders in their letter dated 15 June enclosing the Appraisal Report on the Merino offer, to accept the proposed sale if no offer had been received from LWR. The Special Meeting was timed for 10.00am on 29 June and the offer was voidable by Merino if shareholder approval was not received prior to 5pm on 29 June 2007.

Timetable

29 March 2007	Pod announces that Joanna Perry has been appointed a director.
24 May 2007	Two unrelated offers received by Pod.
29 May 2007	Notice received from LWR of intention to bid at 50 cents per share.
31 May 2007	Conditional offer from Merino to purchase business unit of DTI. (This is shown on NZX website as being erroneously dated 1 July 2007)
31 May 2007	Pod advises acceptance of the Merino offer.
1 June 2007	Takeover offer at 50c per share received from LWR.
7 June 2007	Pod advises formation of Committee of Independent Directors to manage both offers chaired by Joanna Perry.
15 June 2007	Notice to shareholders of Special meeting on 29 June.
25 June 2007	Notice from Gould Holdings of sale of interest in Pod to LWR.
27 June 2007	Pod announces LWR despatched takeover offer to shareholders. Pod also says Takeover documents to be mailed by Friday 29 June 2007.
29 June 2007	Special meeting to consider Merino offer.
29 June 2007	Voting results announced advising Merino deal rejected on show of hands.
30 June 2007	Latest date for LWR to make formal takeover offer to shareholders.
30 June 2007	Takeover appraisal report from Pod received by shareholders.

The cynic in me speculates on many theories around the above timetable but there are really two matters that I believe need to be stressed.

For a very long time Pod has been one of the worst listed companies on the New Zealand Exchange for deliberate avoidance in responding to shareholder questions. Our newsletters testify to this fact. Whilst your representative was late in arriving at the Special Meeting, I did challenge whether George Gould who chaired the meeting had a conflict of interest having agreed to sell his holding in Pod to LWR before the Meeting. I had hoped that the chair of the Board Committee formed to advise on this deal would have been an appropriate substitute. Joanna Perry apparently had a prior engagement and I was advised after the meeting that she was in Wellington. Whilst her apology was tabled at the meeting, no explanation was forthcoming. No documentation was available to members present on the LWR offer despite the Board having been in a position for it to be distributed to those present and being aware they would not be received by shareholders until the following day. So the meeting was not able to discuss the merits of both deals. I was obliged to abstain from voting because of lack of information.

The next matter is the absence of Joanna Perry from the meeting. Joanna is a very capable lady, being a member of the Securities Commission, a Board member of PSIS and Kiwi Income Properties and chair of the New Zealand Financial Reporting Standards Board. I find it impossible to believe that she was not aware of the date of the Special Meeting when accepting the chair of the Board Committee. I do not know what priorities existed but I do know that she did Pod shareholders no favours by absenting herself on the most important day so far in the history of this Company.

In summary, Pod is a very small blip in the radar screen of New Zealand listed companies. It is time it disappeared and will be no loss to corporate governance in New Zealand.

Oliver Saint

Restaurant Brands AGM 28 June 2007
Held in Christchurch at Rydges Hotel, it was attended by about 80 shareholders, all of whom had reason to believe the company was not in good health and were looking for answers.
The association attended and was well prepared. There were a number of issues that needed attention including the board of directors and their selection, the sudden departure of the CEO Vicki Salmon and the circumstances surrounding that, the process used to identify and appoint replacements to both board and executive and finally but by no means least the performance of the company.

A letter detailing our concerns and posing questions that we wanted addressed was sent to the Chairman prior to the meeting providing them with the opportunity to respond to each and every area of concern. Acknowledgment of this letter was received just before the meeting.
The Chairman addressed the meeting with a full and detailed resume of how he and the board saw the position, admitted that the performance over the past 12 months was “not acceptable” but played up the fact that the Kentucky Fried Chicken brand had performed well, that Starbucks had held its own but that Pizza Hut had failed dismally. He made this sound better than it was and clearly did not want to concede that it was quite as bad as the reality indicated.

He was questioned at some length by a number of shareholders including myself as the representative of the NZ Shareholders Assn. With some research, and with the help of Bruce Shepherd and Oliver Saint, we had a well prepared number of questions covering several topics, the delivery of which would be determined by the content of the Chairman’s address.

Firstly we questioned the sudden and inopportune departure of Ms Vickie Salmon with particular reference to the fact that it was in the middle of potential offers for the company. Mr. van Arkel responded that it was a decision that Vicki Salmon made in her own right, based on the fact that she believed she had reached the end of her worthwhile contribution to the company and in the best interests of all she should move on. I pointed out that for a person of her age and at the stage of her career this was unusual and asked him to confirm it was an amicable parting without dissention or rancour from the board. He confirmed this was so. I did not pursue this as the objective had been achieved and he had placed on public record the Board’s version of events.

I moved on to the need for a replacement and asked him what procedure was being adopted to identify a suitable person. He advised that they had commissioned Sheffield & Associates to provide a short list of suitable candidates.

With this established I reminded those present that an Acting CEO had been appointed and confirmed it was Mr. Russell Creedy the former General Manager of Pizza Hut. I then asked Mr van Arkel if this appointment was likely to be confirmed as permanent. He dodged the question by simply confirming that Sheffields were charged with the responsibility of identifying a suitable candidate from both within and outside the company. I then suggested that with the performance of Pizza Hut over the past year or two that Mr Creedy was hardly a desirable candidate and perhaps they should make sure this did not happen. I did not solicit an answer.

I then pursued the matter of board replacements resulting from recent departures and asked how many candidates had been considered and how many had not proceeded. This was not really answered due in part to the fact that he construed my question to be applicable to the current search for a replacement CEO rather than historically and considered it had already been addressed. It was not quite the way I intended it but I let it go.

I moved on to the performance of the company and the effectiveness of the board and asked if they had a business plan, a strategic plan and if they had any KPIs and what they were. Mr van Arkel would not elaborate on any plans on the grounds it would provide their competitors with useful information. I responded by saying that we as shareholders had to have confidence in the board and we had reason not to have confidence in the board with the current situation and perhaps we should have some confidential advice about their intended course of action. The reply was that he had given a broad indication of what they intended to do and that would have to suffice.

Another member of the association who accompanied me, Mr. Bruce Fraser was concerned at the collective number of directorships held by the board and asked if they felt they could do justice to the company with so many commitments. The reply was not at all pleasing in that Mr. van Arkel felt he could handle it. It was not really the point and on reflection the issue should have been pursued. The question was directed to the board collectively and not specifically to Mr. van Arkel.

It was noted that Mr. Danny Diab was the largest single shareholder in Restaurant Brands with 3.4 million shares. Bruce Fraser went on to ask about the involvement of Mr. Diab. Specifically he was asked if he had any role in getting RB involved in Australia, was there a possibility of a conflict of interest and an ethical aspect regarding his involvement? Was he helping management to sell the Victorian operation?

Diab avoided the first two parts of the question but said yes to the last part regarding the assistance to sell the Australian business. He also confirmed his entry on to the board was post RB decision to enter Australia.

We concluded after the event that an opportunity was lost here as the lack of answers to the above questions suggested, on reflection, that the matter should have been pursued.
There were several other shareholders who spoke, none of them favourably and let he board know they were not performing. One speaker concluded that the company was bleeding $200,000.00 a week and directors were in “loo la land” to have allowed the current situation to come about.
Comments were also made about the state of the Starbucks stores, the general hygiene of the KFC outlets and the need to revamp their whole image.

The two directors who put themselves up for re-election spoke and were re-elected. The association voted against them, mainly in protest and as a signal we were watching and they were on notice.
While both were reputable and experienced directors neither convinced the writer they were of the type, knowledge or experience necessary for this business and did not have any point of difference to offer.

At the conclusion of the meeting I privately asked Mr Van Arkel if the board would consider introducing four options on the voting sheet. He asked if others did this and I responded by advising Telecom did and others had also. He noted the point and said he would look into it.
The meeting closed nearly an hour late and the food was cold.
Max Smith

Richina Pacific
Richina is usually one of the most interesting meetings on the calendar. It is a basket of issues for the Shareholders’ Association: a Managing Director who survives after years of underperformance because his Holding Company owns 38.6% of the shares; a tracking security which financed the purchase of Shanghai Leather and which pays the MD’s company a 15% share of the profit on that part of the company; profits swollen by discounts on the book value of loans; registered in Bermuda, a head office in KL, main assets in China, a construction company and stock exchange listing in New Zealand; anomalous subsidiaries which generate cash (Blue Zoo, Beijing) and core subsidiaries

which don't (Richina Financial), and a share price which is languishing at less than half of its Book Value. All of these issues were canvassed by shareholders questions. Jenny Shipley who was brought in to tidy up after the Arena project priced at $72m and costing instead, $95m, found in hard to convince us that the problems were in the past, while chairman, John Walker, a legal expert from New York, fielded proposals as diverse as firing MD, Richard Yang, to liquidating the enterprise. However there is light at the end of the tunnel. The six months accounts show net profit running at record levels, real growth in gross profit despite a drop in total sales, and near-zero net debt with assets approaching $300m. KPMG were approved as auditors for their expertise in China, while Ernst and Young were retained separately for their tax advice. This company may have a pot of gold in its undervalued Shanghai land bank. Maybe, just maybe, this will turn out after a couple more years to be the best little spec on the NZX, that is if you can put up with, as Brian Gaynor pointed out, the MD's confusion over whether he is reporting on RPL or his shareholding Company REH.

Turners & Growers

The meeting was held in Auckland on Friday 29 June 2007 on a dreadfully blustery and rainy day. The numbers attending testified to the fortitude of those braving the adverse climatic conditions. It is a strange feeling for new investors attending meetings of this Company. It is almost as if one is intruding on a large family gathering. However the chairman is able to put those present at ease and the CEO gave an excellent Powerpoint presentation that really covered everything that could possibly be asked about the current operations of the group and the challenges and prospects for each division in the near future. This short article will be at least a couple of months old before you read it so I recommend those who have a computer link go to the website at www.turnersandgrowers.com. The location is a little challenging and the following navigation may assist: Place you curser on the ABOUT US title when a scroll down menu will appear at which stage click on 'Investor Centre', then click on 'Shareholder Notices' and finally 'AGM Presentation'. Downloading the presentation will take less that a minute if you have broadband but the wait is worth it. The AGM each year features the Roger Davis Trophy and this year it went to a capsicum grower who incidentally gave an exceptionally good address in appreciation. Altogether a bright event on a dismal day, weatherwise.
Oliver Saint

TrustPower 2007 AGM Some two hundred shareholders farewelled Harold Titter at the AGM in Tauranga. Initially as a board member, Harold has been involved with TrustPower since the Company was listed in 1994; in this period the share price has increased 17 fold. Strong governance has contributed to this solid performance. First quarter net profit is up 20% thanks to a one off windfall from the cut in company tax from 33% to 30 %. However, what is exciting investors is the fully renewable status of the Company's generation assets and six new renewable projects in the pipe line. The last few turbines will soon be commissioned in the Stage 3 of the Tararua Wind farm. This $174 million development is on time and under budget – music to investors' ears.
Allen Smith and Howard Zingel

DO KIWI SHAREHOLDERS THINK COMPANIES SHOULD DISCLOSE ENVIRONMENTAL INFORMATION?

by Charl de Villiers and Chris van Staden

We conducted a survey as a joint project with the New Zealand Shareholders Association and we found that shareholders want companies to disclose environmental information. While we have to admit the answer isn't that simple, the number of respondents who want lots of environmental information surprised us. For example, 87% want companies to disclose their environmental risks and impacts. We were also surprised by the number of shareholders who wants environmental information to be compulsory (49% thought it should be prescribed by law) and by the reasons they sited for wanting environmental information (86% thought companies should disclose to account for their environmental stewardship). We had a high response rate to the survey (44%). This suggests that the results are robust and reflective of the views of the members of the New Zealand Shareholders Association.

Not everyone was positive about environmental reporting and there were individuals who thought that environmental disclosures would result in additional cost to New Zealand companies without resulting benefits. We thank everyone for their participation including those who do not agree. It is important to get everyone's views; otherwise the results would not be reliable.

Respondents mostly wanted the types of environmental disclosure we asked about in the first 6 questions. 86% wants the company's environmental policy disclosed, and about two thirds wants measurable environmental targets (66%), actual environmental performance (68%) and environmental costs (62%). Independent environmental audit was less popular at 54%, but it is still more than half the respondents wanting this type of disclosure from companies.

Most respondents (88%) want environmental disclosure in the annual report. Website disclosure (72%) was also popular.

One of the most interesting findings was that more respondents (86%) felt that companies had to disclose in order to be accountable for their environmental stewardship, than those who want the information in order to make buy/sell decisions (66%).

Recent media attention has suggested that society as a whole may be changing their ideas around environmental issues and that it is becoming mainstream. However, when shareholders state that they are more interested in environmental stewardship than in making investment decisions, things may really be changing.

SURVEY RESULTS

(Percentage of respondents who agreed or strongly agreed)

The following environmental information should be disclosed by companies:

1. A description of the company's major environmental risks and impacts	87%
2. The company's environmental policy	86%
3. Measurable targets ($ and/or quantities) based on environmental policy	66%
4. Actual performance ($ and/or quantities) against environmental targets	68%
5. Environmental costs by category	62%
6. Independent audit of environmental disclosures	54%

Where should environmental information be disclosed/reported?

1. In the company's annual report	88%
If you agree with reporting in the annual report, where?	
Separate environmental section [This was the most popular choice]	71%
2. On the company's website	72%
3. In the company's separate environmental report	41%

Environmental disclosure by companies should be:

1. Compulsory, prescribed by law	49%
2. Compulsory, prescribed by accounting standards	33%
3. Compulsory, prescribed by stock exchange rules	36%
4. Voluntary and not prescribed	42%

Companies should disclose environmental information because:

1. It is material for financial decision making (e.g. buy/hold/sell shares)	66%
2. It is a means for companies to defend their environmental management	68%
3. Companies should be accountable for their environmental stewardship	86%
4. I am concerned about climate change	54%

Information that I use or will use (top 5 reasons in order of importance)

Environmental risks/impacts information
Environmental policy
Waste handling/Toxic release/emissions info
Environmental performance (against targets)
Energy use/savings information

Percentage of respondents making their own investment decisions (1-4 on the scale of 1-10)	72.5%

BRANCHES

Auckland
About 100 members turned out on a wet evening in late June to hear Mark Weldon of NZX. Mark spoke informally about the “Kiwi Homestay” option chosen by most New Zealand businesses, leading to low wages and decline, comparing it to the “Kiwi Development” option exemplified by the new NZX Carbon Trading exchange.

Having been caught before, Mark left plenty of time for questions, and was inevitably challenged by Oliver on the conflict between regulation policing and the promotion of membership. Mark insisted that the NZX Discipline committee is a loss-making service completely independent of the normal activities of the exchange. He believes there is a clear distinction between the statutory supervision by Sec. Comm. And the parking ticket type of work carried out by NZX Discipline. Why hang on to Discipline? – because NZX can handle it in a more immediate way to preserve the health of the market, - because the small size of New Zealand demands a small scale solution, - and because the close relationship with brokers can ensure early correction of potential problems. Yeah, right! Finally, there was a concession that if “public chatter” became too loud NZX would probably withdraw from policing.

On the topical question of Reserve Bank intervention in the currency market, Mark pointed out that the currency markets were the largest markets by value and that our RB’s $300m trade was seen in London as “just another trade.”

Regarding Private Equity acquisitions, Mark seemed confident that USA would move to remove the current 16 to 25% tax advantages for private equity groupings against listed public companies, that the 75% of PE groupings don’t perform in USA, and that the lack of public disclosure of results will end the cycle naturally.

Over the possibilities for overseas expansion, Mark pointed out that the tiny size of NZX made it unlikely that he would bidding for exchanges, but that companies with ancillary services like proprietary speed routing mechanisms are attractive targets.
Questioned on Executive Incentives Mark advised us to ally with ISS (International Security Services) which is the most important reference point for fund managers and which places this issue at the top of its agenda.

On the issue of shareholder education Mark said NZX had conducted trials in 2003 through its website, and had some hope that Kiwisaver would stimulate the demand for education. He noted that a 10c fee on ASX trades was being deployed in education. My comment: We need to research this to capture this activity for our future. Alan Best

The Auckland Branch holds it’s AGM on Wednesday 15 August,

Bay of Plenty
A sister share club has been formed and the preliminary governance things have been completed; especially pleasing is that a significant number of our women members are using the club to gain investment experience.
The Branch AGM was a huge success; a good venue and Carmel Fisher as guest speaker being the right mixture. Fisher Funds, doing simple things well and in a transparent fashion have made them heroes with many members and it was good hearing their successes. Their STEEPP investing

method was the main topic at the Branch discussion meeting held at the end of July- buying and holding good companies that have the potential to double their profits over five years. It seems to be working. Recently we have been getting about 30members at discussion meetings. Topics are varied and every few months we try and have a guest speaker. Experimenting with the format to encourage group participation is on going.
Luckily we have one or two members in the branch who like organising things and the up coming National AGM in Tauranga is going to be a boomer – don't miss it. See the details of the programme elsewhere but get to The Redwood Room, Bureta Park Motor Inn, Vale Street, Tauranga a bit before 10am on the 17th – plenty of parking on site.

Directions from Auckland proceed through Bethlehem. From Hamilton proceed through Tauriko about 1.5km, turn left a big round about. There is a $1 toll to pay. Proceed along the respective motor ways, there will be regular signs **City Centre, Mt Maunganui.** Keep in the Left Lane **- repeat Left Lane.** The harbour emerges on the left just keep going until the first set of traffic lights. Turn left and travel along Chapel Street, over a causeway for 1.2 kms when the road will fork. Take the left fork and the hotel complex will appear on your right. Turn into the driveway and find a car park - You are then at the Bureta Motor Inn - Proceed through the main door. If you get lost phone 027 292 9684.
A Company visit to Seeka Kiwifruit Industries Ltd is planned for the 31 August meet at their head office in Te Puke. All NZSA members and spouses are welcome. Please let Bruce Anderson, bs.anderson@xtra.co.nz
or phone 07 541 0688, know that that you are coming as Seeka wants a week's notice on numbers. We had a visit to Seeka about four years ago; it was very enjoyable. Since then things haven't been all plain sailing but they have maintained the dividend rate as a token of confidence that while nature will be fickle the future is viewed with confidence.
Allen Smith and Howard Zingel

Canterbury
No Report

Waikato
The only event to report upon is the branch AGM - regarded by most members as something you attend out of a sense of duty and with a fervent hope that the chairman will not eye you when nominations for the committee are called for. We try to make the AGM a pleasant experience by including a meal and a guest speaker.

The AGM came first and was over in 30 minutes without any corners being cut. Get the meeting organised(not fixed) and things will go smoothly. Then feed the audience, and when replenished, treat them to a delivery from Peter Masfen, an experienced and successful investor. We all enjoyed his talk where he ranged over many years of involvement in investment and the business world.

He made it clear that research and patience were essential for the successful investor. He left us with a list of books that he favoured and a series of quotations from those books. Question time was lively and much appreciated by the members. We appointed our man from the committee with expert knowledge of wine to select the gift as a token of our appreciation. Peter accepted the gift with grace and then told us that he had not consumed alcohol for several years. It was a very good evening.
The new committee was elected at the AGM and we welcomed two ladies to the group, and most important, they both accepted positions of responsibility without any persuasion, and with enthusiasm. We should have a very good year and already the programme for the remaining months of 2007 is arranged, except for a few details.

Robert Foster, a new member of our committee, has been assisting Graham Wilson with his educational courses. Recently there were two of the basic courses held in the Waikato and they were run by Robert very successfully. Ashley Chan came from Auckland to run the two more advanced courses and although the numbers attending were modest, the value of these courses was appreciated by those that attended. Education in the field of investment is very important and the opportunities made available to us by these courses are appreciated by those that attend.

2006 saw an upsurge in membership in all branches. Retaining members is a vital responsibility of a branch and it is clearly related to the activities that are arranged. It is the time of the year when a few members have yet to renew their subscription and the Waikato branch is very pleased that the number is very small and we are confident that it will be even smaller by the end of August due to the efforts of Helen Glyde our new membership convenor. The activities for the first part of 2007 were organised by Malcolm Dunshea, who did an excellent job, and now Bronwyn Smits has taken over with enthusiasm and skill. All these contributions are reasons why the membership has grown and has been retained. The returning members of the committee have done a great job in the past and I am grateful to them for continuing to offer their services.
Alex Eames (Chairman)

Wellington
The Wellington Branch held its latest meeting on 10 July. The guest speaker was Ray Jack who gave an update on Australasia equity markets in a global context.
The Branch this month decided to implement a more disciplined approach to the stock game focusing on an absolute return strategy via a concentrated portfolio. The portfolio will now be restricted to 7 stocks with the best medium term earnings outlooks. Any new stock will have to have a better earnings outlook than the existing stocks to be added to the portfolio.
The next meeting will be our AGM held at 7.30pm Tuesday 14 August at FNZC's boardroom. We intend to have A KiwiSaver panel discussion and also discuss any other investment issues that members have. We look forward to seeing you all at the next meeting.
Wellington Committee