“The Scrip”

MANY INVESTORS; ONE VOICE

NZSA

December 2014

A New Era

One of the most difficult things about chairing the NZSA (apart from writing Scrip leaders!) is the daily frustration of knowing that there are so many things we want to do, so many improvements we need to deliver to our members, and so many initiatives we want to explore. This Association is full of talented people and we have achieved a very great deal since our formation. But throughout our history, the thing we have most lacked is resourcing. The harsh reality is that you can only do so much as a voluntary organisation.

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When we started, the playing field was tilted firmly against retail investors. The law was weak, regulation and enforcement were poor and many corporates paid only lip service to the aspirations of their shareholding owners. Government seemed to have little interest either. The whole environment is very different now, in part due to our efforts. The Shareholders Association has also changed from its early days as a ginger group. Over the past four or five years, we have become a respected organisation that is recognised widely as the voice of the retail shareholder. We are considered an important participant at every level. As a consequence, the expectations of us, and the workload, have grown exponentially. We are, to a fair extent, a victim of our own success. And that is fantastic news for you, our members, because your voice carries an authority that was unimaginable just a decade ago.

However, your board constantly has to juggle the time demands and financial implications of the current workload, balancing the maintenance of existing activities against new initiatives, matters we should investigate and actions we can take across a broad range of issues. The outcome is that while progress is being made, it is neither fast enough, broad enough nor in some cases, sufficiently in-depth. The other very real problem is that of burn-out. For most directors and committee members, NZSA business is on top of an already busy work schedule.

Your board has for some time been wrestling with the question how to take the Association into the future. Do we satisfy ourselves with “doing what we can” or do we make a quantum leap. After a lot of discussion and investigation, we have decided that we have a duty to do the job to the highest standard possible and have now committed to taking that next big step.

At our November 2014 board meeting it was resolved unanimously to introduce a “Corporate Membership” category. This will give us the resources, over a relatively short time, to become a fully professional organisation. This will be a game changer. It is not a step we have taken lightly. We are very aware that NZSA could be criticised for “selling out”, “losing our independence” or “risking our reputation.” In your boards view, none of these arguments is sustainable. Our reasons are as follows:

1. Corporate membership is a non-voting category.

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2 The documentation makes it clear that corporate membership carries no special privileges. In fact, feedback to us during our investigations has been that if there was any suggestion that they were buying favours, chairman and CEO's would want no part of it.

3 A reasonable number of our members are already involved in the corporate world. Their presence as ordinary members has not resulted in any watering down of the Associations activities. In fact from time to time they have provided very useful information to us.

4 Once we have a critical number of corporate members, the effect of losing one or two because we questioned them in some way, becomes insignificant. That is how we protect ourselves from pressure being brought to bear on our decisions. In fact, if a corporate "walked" in these circumstances, this would clearly enhance the Association's reputation for independence, and would potentially raise questions about the motivation of those leaving.

5 We believe that we have demonstrated over several years that our existing corporate sponsors have had no special privileges and on occasions have been criticised in exactly the same way as any other company.

6 We have never had any suggestion from any sponsor that "we should go easy on them as they help us".

7 Corporate membership will be by invitation. This mitigates the risk of poorly governed companies joining to gain credibility at the expense of the Association's reputation.

8 Corporate members will be named on our website. This transparency is an important way in which members and media can check that there is no special treatment.

9 In the event of unforeseen issues, the corporate membership class has a provision allowing the NZSA board to vary the terms of membership at its sole discretion.

We have made two material offers that will only be available to corporate members. The first relates to a potential ability to participate in surveying our members. This will be subject to board approval in every case, and we believe will result in better investor relations outcomes - good companies actually do want to know what you think on a range of governance and practical issues. We can assure you that you will not be bombarded with surveys! The second involves the potential ability to participate in a governance benchmarking program that we have been developing in conjunction with universities, senior chairman and an outside advisory service, but which is yet to be trialled and refined. Once again, if and when this initiative flies, the outcomes will be very positive for investors.

In addition, one representative of each corporate member will be entitled to attend our regular branch meetings. Three will be entitled to come to the Annual Investor Conference. The advantage to members is that they will contribute to intelligent discussion and questions, without in any way controlling or influencing committee or board decisions. We believe this additional participation will be of benefit to branches. It is a two way street, exposing corporates informally to the suggestions and criticisms of individual members, while also giving them the chance to put their side of the story.

For our members the outcomes of this development will be enormously positive. The significant income generated will enable us to employ staff and improve our service in so many ways. We will be able to conduct in depth investigation of many more contentious issues, and pulse helpful information to you in a more timely and more frequent manner. Our website will be frequently refreshed, and a great deal more information will be available. Our proxy service will be dramatically upgraded to provide every proxy holder with detailed responses to every resolution, based of course, on Association policy. We will no longer be limited by cost in considering whether to write to all shareholders seeking support to effect change in the more serious cases. We will be actively trying to establish more branches. We intend to reach out to KiwiSaver investors, who are shareholders whether they realise it or not, as part of an expanded membership and educational drive. And of course we will have much greater ability to investigate issues that are not in retail investors' interests and ensure your voice is heard in a timely manner by the appropriate regulator.

The reality is that a great many companies want the Association to be well resourced and able to do a professional job. They have no more need of shonky practise and outcomes affecting market confidence than investors. This "greater good" aspect is the primary motivation for their agreeing to join. I can announce that at the time of writing we had approached 8 corporates, 5 of whom are NZX20 companies. ALL have accepted our invitation. This initial group is enough to get the process underway, and we will build on this solid foundation in the weeks and months ahead.

It will of course take time to make the changes, and it is certainly not without its challenges, but your board is absolutely convinced it is the right decision and is being made at the right time for the right reasons. I think the following quote sums up the situation:

"Anytime we step out boldly to make changes

We take a chance that we may fail.

But the only way to get better is to try."

Joyce Meyer

As we go forward into this exciting new world, I want to wish you all the very best for the festive season, and may the next year be the best one yet.

John Hawkins

Chairman

NZSA Beacon Award 2014

Joan Withers, the Chairwoman who lead the successful listing of the power companies, has received the Beacon Award for 2014. The full citation may be read on the NZSA website. Joan is the first woman to receive our Beacon award, which is given annually on the following criteria:

- Leadership and guidance on corporate practice.
- Bravery in standing out from the crowd on issues that are controversial and taking stands against the trend on issues of governance, transparency, and individual conduct.
- Conducting herself in a manner that is a guide to others, ignoring self-interest, and putting the concerns of others to the fore.
- Behaving in a manner that is respectful of the rights of others and treating the smallest shareholder with the respect of a business owner.
- Working within the rules and best practice while ensuring fair and equitable outcomes for all.

Joan Withers story is a remarkable one. Through skill and determination, she has risen from a junior bank teller to lead two NZX15 companies - the only woman to achieve this feat. Along the way she had a stellar career in media including CEO of both the Radio Network and Fairfax Media. She is currently chair of Mighty River Power, and guided that company through the transition from SOE to listed entity with great skill.

As well as her own pioneering efforts, an important factor in Ms Withers selection is her championing of board diversity, particularly around closing the gender gap by encouraging and assisting more woman into senior management and board positions. As Chair at Auckland Airport, she was the first high profile director to recognise the importance of increasing the available pool of talent, and appointed the first "Future Director". That action which got an increasingly important programme off the ground is typical of Ms Withers forward thinking.

NZSA also places great importance on how senior leaders share their knowledge and guide other organisations. Ms Withers has been involved as a director of the Treasury board, a former trustee of Royal New Zealand Ballet, a trustee of the philanthropic Tindall Foundation and a trustee of the Sweet Louise Foundation, a cancer support group. She is also key participant in a South Auckland project, creating employment opportunities for disadvantaged Maori and Pacific children.

Ms Withers joins an illustrious group including Sean Hughes, Simon Challies, John Parker, Rob Fyfe, Sir Michael Hill, Bruce Plested and many others. The award has been widely recognised in the media.

Dividend Reinvestment Plans - An equity issue - Part 2

In the last edition of The Scrip we looked at a number of issues that shareholders should keep in mind when considering dividend reinvestment plans (DRPs).

These included:

- Is the company putting retained earnings to good use?
- Does the company offer a discount to the market price when determining the issue price for DRP shares?
- What alternative uses does the shareholder have for the dividend if they receive cash rather than reinvest through the DRP?
- Could income requirements be met through periodic share sales rather than dividends if the investor did participate in the DRP?
- Does the DRP operate continuously or is it periodically suspended?
- Is the DRP underwritten?

After reading Part 1 of our article, a member pointed out that an option open to investors interested in increasing their stake in a company that operates a DRP, is to participate in the DRP when valuation metrics favour the shareholder and to decline the DRP opportunity when the market values the company on more lofty multiples. As the times that DRP shares are offered are the set times that dividends are paid, another approach could be for the investor to receive a cash dividend and then reinvest opportunistically on market when it suits. Both of these could be good options, but they do require the shareholder to make regular judgement calls and of course there are no guarantees of getting it right.

In this article (part 2) we will look at what happens to an investor's proportional interest when some investors participate in the DRP and others receive their dividend as cash. Additionally, what are the financial outcomes that can arise from this?

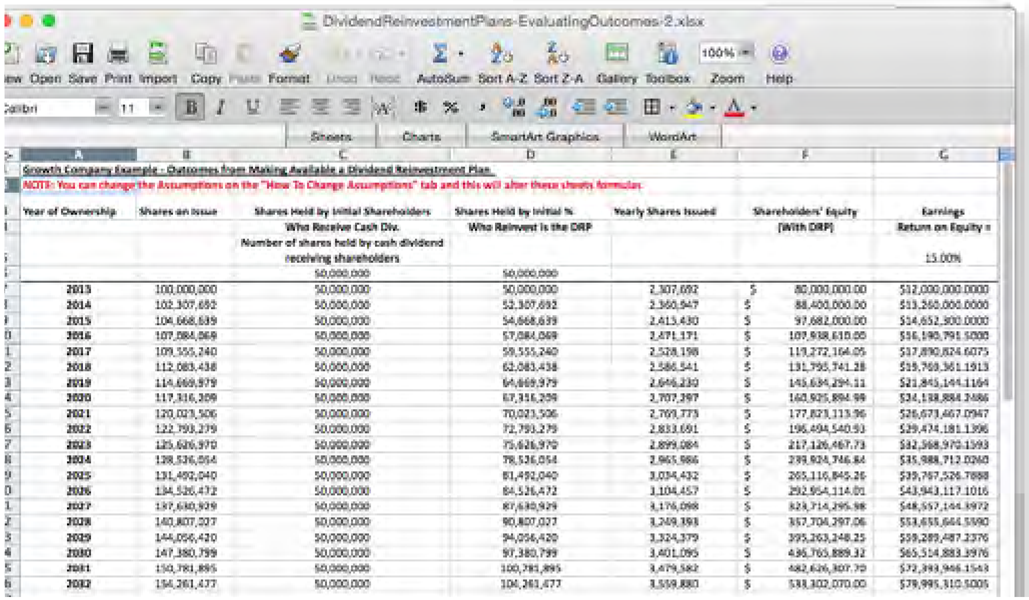
To look at this we put together a spreadsheet to model what happens for a particular company through two scenarios*. In the first scenario the company offers a DRP which is taken up by 50% of shareholders, with the other 50% of shareholders electing to take their dividend in cash. In the second scenario the company has the same payout ratio but does not offer a DRP.

The spreadsheet has been posted on the NZSA website and can be viewed and downloaded from the membership section.

"To go to the spreadsheet, click on the webpage image, log in to your members section, choose the heading, Dividend Reinvestment Outcomes from the index on the left side, and choose from the spreadsheet choices at the foot of the page."

Note that the spreadsheet has been set up so that readers can change the assumptions around and compare the outcomes under alternative scenarios. Directions on how to do this are included with the spreadsheet.

The assumptions used for return on equity, and the earnings multiple paid on market for the company's shares, reflect those of a growth company that can usefully reinvest the additional retained earnings. A company with significantly poorer expected financial performance might also operate a DRP but this would correspondingly be less attractive to rational investors and, as a result, you



Growth Company Example - Outcomes from Making Available a Dividend Reinvestment Plan

NOTE: You can change the Assumptions on the "How To Change Assumptions" tab and this will alter these sheets formulas

Year of Ownership	Shares on Issue	Shares Held by Initial Shareholders Who Receive Cash Div. Number of shares held by cash dividend receiving shareholders	Shares Held by Initial % Who Reinvest in the DRP	Yearly Shares Issued		Shareholders' Equity (With DRP)	Earnings Return on Equity = 15.00%
		50,000,000	50,000,000				
2013	100,000,000	50,000,000	50,000,000	2,307,692	$	80,000,000.00	$12,000,000.0000
2014	102,307,692	50,000,000	52,307,692	2,360,947	$	88,400,000.00	$13,260,000.0000
2015	104,668,639	50,000,000	54,668,639	2,415,430	$	97,682,000.00	$14,652,300.0000
2016	107,084,069	50,000,000	57,084,069	2,471,171	$	107,938,610.00	$16,190,791.5000
2017	109,555,240	50,000,000	59,555,240	2,528,198	$	119,272,164.05	$17,890,824.6075
2018	112,083,438	50,000,000	62,083,438	2,586,541	$	131,795,741.28	$19,769,361.1913
2019	114,669,979	50,000,000	64,669,979	2,646,230	$	145,634,294.11	$21,845,144.1164
2020	117,316,209	50,000,000	67,316,209	2,707,297	$	160,925,894.99	$24,138,884.2486
2021	120,023,506	50,000,000	70,023,506	2,769,773	$	177,823,113.96	$26,673,467.0947
2022	122,793,279	50,000,000	72,793,279	2,833,691	$	196,494,540.93	$29,474,181.1396
2023	125,626,970	50,000,000	75,626,970	2,899,084	$	217,126,467.73	$32,568,970.1593
2024	128,526,054	50,000,000	78,526,054	2,965,986	$	239,924,746.84	$35,988,712.0260
2025	131,492,040	50,000,000	81,492,040	3,034,432	$	265,116,845.26	$39,767,526.7888
2026	134,526,472	50,000,000	84,526,472	3,104,457	$	292,954,114.01	$43,943,117.1016
2027	137,630,929	50,000,000	87,630,929	3,176,098	$	323,714,295.98	$48,557,144.3972
2028	140,807,027	50,000,000	90,807,027	3,249,393	$	357,704,297.06	$53,655,644.5590
2029	144,056,420	50,000,000	94,056,420	3,324,379	$	395,263,248.25	$59,289,487.2376
2030	147,380,799	50,000,000	97,380,799	3,401,095	$	436,765,889.32	$65,514,883.3976
2031	150,781,895	50,000,000	100,781,895	3,479,582	$	482,626,307.70	$72,393,946.1543
2032	154,261,477	50,000,000	104,261,477	3,559,880	$	533,302,070.00	$79,995,310.5005

would expect a lower uptake of a DRP.

It can be seen from the spreadsheets that over time there is a very significant change in the percent ownership of the company between the two groups of investors. After 20 years, shareholders who have reinvested their dividends own 67.6% of the company, compared to just 32.4% for those who took cash dividends.

If dilution is a significant concern, one way companies can overcome this is by buying shares on market for the DRP rather than issuing new shares. The downside of this is that, as a result, the company will get to retain less of its earnings and some may question why it is offering a DRP at all. The upside is that the company is meeting the needs of two distinct types of shareholders – those who wish to receive a cash dividend and those who are keen to increase their investment in the company. By meeting these two set of needs without diluting its cash dividend receiving shareholders, the company may be more positively rated by investors.

Whilst the dilution shown in the model is dramatic, what is likely to be of most interest to shareholders contemplating a DRP are the $ return outcomes the two sets of shareholders experience. Here it can be seen that $1 invested at the beginning has grown to $9.01 after 20 years for the DRP investors, versus $6.43 for those who have taken the cash dividend. These $ return outcomes are very different but it must be remembered that those who took the dividend in cash will have had the opportunity to generate additional returns by investing their cash dividend stream elsewhere. So again, two of the main determinants of the attractiveness of a DRP are likely to be the returns that the company can generate for shareholders by investing retained earnings and the alternative uses that shareholders may have for the dividend proceeds.

We also compared the shareholder returns of our model company with those of a company identical in all respects, other than that no DRP was on offer, ie all shareholders received their dividend in cash (click on the second sheet Growth Company No DRP). In this case, the return on $1 invested by shareholders grew to $4.72 after 20 years. This compares to the $6.43 received by shareholders taking cash dividends in the company that offered the DRP. From this we can see that, in the situation modelled here, shareholders taking a cash dividend have also financially benefited from other shareholders electing to reinvest their dividends in additional shares. The reason for this is that, in the scenario outlined, the proportion of the total earnings that derive from the additional equity retained through the DRP is greater than the percentage dilution of cash dividend investors from the issue of DRP shares. We see that, in this scenario, the returns for investors taking a cash dividend have been enhanced by the decision of other investors to reinvest their dividends.

There are clearly a lot of factors for shareholders to consider when they weigh up the relative attractiveness of receiving a cash dividend versus reinvesting the dividend through a DRP. We hope that the two articles have gone some way in assisting with that process.

**It is important to note that the assumptions used for the spreadsheet are "straight line" assumptions – for example it is assumed that the company can consistently reinvest retained earnings for a 15% return and that the share price uniformly reflects a price/earnings ratio of 13. In practice a "straight line" is highly unlikely – returns on equity may vary over time and the company will go through periods when the market values its earnings at higher or lower levels. For the purposes of this exercise however, straight line assumptions allow for meaningful comparisons of the two scenarios being considered.*

Kane Ongley and Martin Watson

Voting by NZSA's Proxy Holders

Our proxy coordinator is always on the lookout for regular meeting attendees to carry the proxy votes for those who cannot attend. We recognise that on the first few occasions, it can be daunting to ask questions of the professional chairman and staff at a well attended AGM. We therefore offer induction training to anyone who can help, an offer that will be extended as our funding improves. However, most company chairs try to adopt a receptive and supportive attitude to shareholders, and our experience is that they welcome questions which help shareholders to understand their company. Jacquie Hagberg is now sending out the following Tip Sheet to proxy holders when they are appointed.

TIPS TO THE PROXY HOLDER

Preparation

Read the resolutions and notes well before the meeting. If there are issues to be researched, or questions to be asked on behalf of NZSA, refer them to NZSA board member, your committee chair or the proxy coordinator. Please allow time for a reply.

Appointment

The proxy coordinator will notify the registry and the proxy holder before the AM or SM, and the proxy holder will pick up the list of proxy votes approximately a quarter of an hour before the meeting is called to order.

Questions

Any shareholder or proxy holder may ask a question of the chair in the appropriate part of the agenda. Frame your questions in advance and ensure that they are reasonable and polite. Avoid any personal criticism. If possible telegraph your questions to the Chair before the meeting to avoid being fobbed off with indirect answers.

Voting

Prepare the direction of voting in advance. Any resolution outside the usual election of directors or appointment of auditor, should be voted in line with NZSA policy. If in any doubt, check with a board member. If there is real doubt in your mind during the meeting, abstain the proxies from the vote.

Public Statements

NZSA rules (7.6) forbid members making public statements on behalf of NZSA without the written authority of the Board or in case of urgency, the Chair. This limits a proxy holder to questions only within the agenda of the meeting.

Media comments

Avoid making any comments or statements to media reporters, before or after the meeting, unless they have been approved in writing by the NZSA board or chair. Then keep to the script. This is to protect you as much as it is the NZSA. Unauthorised comments will not be covered by NZSA insurance.

General

Remember we strive for a reputation for fairness, researched wisdom, and fearlessness in the face of truth. Speak up, use the microphone, identify yourself as the NZSA proxy holder and speak clearly.

NZSA Board, November 2014

Jacquie Hagberg

Summerset changes its policy

Recently, NZSA became aware that Summerset policy allowed its executives and directors to trade shares without restriction over the period when it releases its quarterly "right to occupy" sales figures. NZX, (correctly in our view), has been marking this information as price sensitive.

The issue surfaced because earlier this year, a Summerset director traded a large block of shares 2 days prior to the release of this information and it was spotted by an eagle-eyed NZSA member. Our investigation showed that the trade had been done completely within the existing policy and followed the required procedure. No complaint to a regulator was justified as the problem was not with the person, but with the process.

Summerset management initially argued that as no financial value was disclosed, and that since in this case the share price had not moved after the figures were released, the information was not price sensitive. Therefore no trading restrictions need apply. After further discussion with NZSA, Summerset accepted that many investors do view these figures as a strong indicator of forward trading results and agreed to change its policy. These changes were announced in an NZX notice on 28 November.

Trading restrictions now apply "from 14 days prior to release of quarterly sales metrics to NZX and ASX, until the second trading day after the metrics are released to NZX and ASX". These changes were directly in line with those suggested by NZSA. In addition, Summerset has gone a step further and introduced a new policy which imposes" trading restrictions for six months following the effective date of cessation of the employment or directorship of certain restricted persons".

We applaud Summerset Chair Rob Campbell for responding to our concerns in such a decisive and comprehensive manner.

John Hawkins

NZSA Research gets a boost

Members will know that we currently have PhD scholarship winner, Jeremy Beckham studying at Auckland University. NZSA gets some hundreds of hours of research over the three year term as part of this deal.

The Board has decided that Jeremy should work on trying to develop an easy to understand remuneration report format that will be applicable to most if not all New Zealand corporates. Just to make the task a little harder, we have placed a two page restriction on the outcome - no pressure then!.

We have also enlisted support from two large fund managers who will provide input and corporate research capability to Jeremy on this challenging but very worthwhile task. They are as keen as we are to see an end to the multitude of confusing and often unhelpful ways in which CEO and senior executive pay and incentives is currently presented.

John Hawkins

Company Meetings

New Zealand listed companies now usually post AGM presentations by the chair and CEO, on their website. Our commentaries therefore concentrate on the flavour of the meeting and the questions raised by shareholders. We encourage members to use the company website, before attending the general meeting, to see what has been said previously, and to familiarise themselves with the latest news. Comments are those of the attendee, who will often be a shareholder in the company, and are not necessarily NZSA policy. ***Run your cursor over the report heading for a link to the company website***

Michael Hill International AGM 7th November

A generally contented crowd of about 200 gathered after another good year.

Sir Michael Hill's address covered the company's strategic direction and was inspirational in tone. He said they want to be a true New Zealand based global brand, something no-one else has ever achieved. He described the difficulties faced in a variety of markets, observing that strategies that worked in New Zealand, Australia and even Canada were not effective in the USA. For this reason the company is taking time to fine tune its offering and processes, exactly as it had in each offshore market it has entered.

While Canada is now rapidly ramping up and Michael Hill will be the number one chain there in 3 or 4 years, Sir Michael said the North American future lay in the USA and "the door was now open". He said MHI will not be satisfied until this market is conquered.

The company is now trialling a new division called Emma Roe. This is aimed at a more sophisticated market and can be in the same general locations, but will not take customers from the existing stores. While early results have been encouraging with 6 stores now open, no numbers were broken out.

Sir Michael predicted turnover will increase substantially in the next year or two including in NZ. He commented that sponsorship of music and sport (golf) had been very successful in growing brand awareness.

CEO Mike Parsell gave a presentation that was heavy on facts, preferring to leave the strategic and visionary issues to the Chairman. Essentially, revenue was up 9.9%, EBITDA up 8.9% and EBIT up 4.7%. NPAT plunged 22% as a result of a $5.99m settlement with the Australian Tax Office and a further $2.31m provision for interest in regard to a similar dispute with the NZ IRD. Without these adjustments, NPAT would have risen slightly. The dividend remained steady at 6.5c per share.

Same store sales rose in all markets except New Zealand as did return on assets.

The company is rapidly expanding its Canadian presence with 10 new stores opened and 30 more planned over the next 3 years. Total Canadian stores are already greater than New Zealand. Overall, MHI had 278 Michael Hill and 6 Emma and Roe stores open at balance date. The plan is to open 20 new stores across all markets over the next 12 months.

The company has a self imposed aim of achieving a 20% return on shareholder's funds although the tax issue meant this dropped to only 14.1% in the latest period compared with 19.7% in 2013.

The CEO also commented on the increasing importance of E-commerce, with a new website commissioned during the year.

Question time showed shareholders to be both interested and informed on the company's progress.

Q. How was growth being fostered in the USA?

A. Via a Triple A Mall location strategy combined with an omni online model (Note: Whatever that means!) To achieve this, some stores have been closed and relocated into premium mall positions.

Q. In regard to the NZ IRD claim, could the company comment on provisioning and the impact on the balance sheet and profitability if IRD are successful? (Note: The NZ claim currently is for $31m).

A. The company has kept the market informed. They have a contingent liability in the accounts but have not provisioned for this. They have however started making the earlier mentioned $2.31m interest provision. It was too early to quantify numbers, but the company was comfortable that it could met any liability.

Q. What was the original core amount claimed by NZ IRD prior to any interest or penalties accruing and to what extent was tax advice taken?

A. No direct answer despite repeated attempts at clarification. However, it was revealed that the amount is now increasing by $7m per year. (Note: the dispute began about 5 years ago). The company took advice from two accounting and one legal firm.

Q. Are USA and Canadian stores 7 day operations?

A. Yes. 7 days. Also 6 late nights in USA.

Q. Why has the Albany (Auckland) store been downsized.

A. Moved to a smaller mall location which is much more productive in terms of sales.

Q. Why no NZ imputation credits? (Note. This is a result of the tax driven move to warehouse intellectual property assets in Australia - the subject of the IRD issue).

A. The board believes the transactions have been in the Company's best long term interests.

Resolutions to re-elect Sir Michael and director Rob Fyfe were conducted by poll. Having been beaten to its prepared questions on the tax liability, the NZSA was reduced to pointing out that this board was unique in having two NZSA Beacon award winners.

Predictably given the Hill family control over 50% of the shareholding, both resolutions passed. The margin was a remarkable 99.9% acceptance. NZSA supported both resolutions with its 640,000 proxies.

Prior to closing the meeting (and having some fun sending shareholders chasing around for free Michael Hill "goodies"), the Chair spoke passionately about his vision. He said side issues like the IRD problem should not distract from the company's goal to have 1000 shops and a billion dollar turnover, and claimed "the shares will be worth a fortune". It was all stirring stuff, but that $31m liability remains the "elephant in the room", at least in the short term. As I pointed out to the CFO after the meeting, IRD has taken 75 cases to court in recent times - and won 68!

John Hawkins

New Zealand Windfarms AGM 25th November

There was one and only one bright spot at Windfarms' AGM. Pre meeting and for a time during the meeting we were shown a live screenshot of the generation dashboard. The wind was from a favourable NNW at 20knots with all available turbines generating electricity being sold on the spot market at $80mwh. And that was about the sum of the energy generated at this meeting. There was almost no interaction between directors and shareholders either before, during or after the meeting. Neither side seemed to have any interest in sharing views.

Throughout presentations by Chairman Derek Walker and CEO Chris Sadler directors either gazed at the (better) world outside or were engrossed in checking messages on their smart phones. Shareholders stoically listened to the message they have heard many times before. There are always problems, whether it be gearbox failure, no wind, or wind from the wrong direction, RMA appeals, or a low demand for electricity.

During question time a few shareholders rather plaintively looked for some good news. They already knew the answer – as one put it, "you can put lipstick on a pig but it is still a pig." The future depends on favourable winds and a rising spot market. Further efficiencies in the front office and a successful warranty claim may help the bottom line but will do little to boost the balance sheet so that a dividend can be paid.

Resolutions to re-appoint Derek Walker and Julian Macdonald; and to authorise the board to fix auditor's fees were passed by a show of hands.

Bruce Parkes

Chorus AGM 29th October

There were about 100 people in attendance. The meeting was also streamed live on the web from the Chorus website, www.chorus.co.nz/chorus-annual-general-meeting-2014. Chorus's communications through its website have been prompt and informative.

Chairman Sue Sheldon opened the meeting and advised that approximately 199 million proxy votes had been received. Voting would be done by poll, and that undirected proxies of about 400,000 held by directors would be voted in favour of all resolutions except for the resolution to increase the directors fee pool. Other resolutions related to the usual electing of board members and setting of auditors fees.

Chorus has had a rough year as have its shareholders. Regulation of the prices that Chorus can charge for broadband services coupled with the high rate of capital expenditure will, according to the company, create a funding shortfall of $1 billion and a reduction in annual EBITDA of $160 million, relative to when the separation from Telecom (now Spark) took place three years ago. Chorus is now cash-constrained and has taken several steps to address this, including obtaining new funding facilities from its banks (which required that dividend payments be halted), reshaping the company to adjust to the reduced income, and pursuing a review of the regulated pricing. Operationally, things are much brighter with the Ultra Fast Broadband and Rural Broadband Initiative rollouts ahead of schedule, very large IT projects driven by the operational separation from Spark have been completed, and a solid financial result has been delivered.

Sue Sheldon spent time explaining that the directors' fee pool needs to be increased to allow appointment of an additional director. The resolution was passed with 193 million votes in favour, 4.7 million against and 3.7 million abstentions. Directed proxies received by your Association were 30,000 in favour, 355,345 against and 2,178 abstentions.

The board views the regulatory framework post 2020 as critical to the company's financial wellbeing. In the meantime, Chorus is working to maximise outcomes from today's "flawed" regulatory framework, which "fails to accommodate the transition to fibre in the marketplace." Chorus is engaged in a regulatory process to review regulated prices. This is due for completion in April 2015. The outcome will in the company's view, ultimately determine if a fair rate of return will be achieved for network investment in the short to medium term. Dividends will not be paid until the later of the conclusion of the Commerce Commission's final pricing principle review processes, or 30 June 2015.

(According to stuff.co.nz in a July article, the Government offered to bring forward some of the funding for construction of the ultra fast broadband network to help with any cash flow problems. Chorus said at the time that the financing was an expensive "backstop" that also came with a condition that meant it might not be able to pay shareholders any dividends before 2020.)

Chief Executive Officer Mark Radcliffe further addressed the regulatory situation. He advised that Chorus must drop its broadband pricing to the levels set by the Commission's initial benchmarking process on 1 December. Chorus does not believe that the current benchmarking-based prices reflect the investment they have made to date in the network, nor do the regulated prices encourage future investment. It also remains to be seen if Chorus' wholesale customers the Internet Service Providers, will pass on the cost reductions to us, retail customers.

You've got to feel for Chorus, and its shareholders, of course. The Government partly finances the UFB rollout, which is a huge contractual undertaking by Chorus. Then the Commerce Commission regulates away $160 million in annual EBITDA, from which Chorus's contribution to UFB was to be generated. There was speculation last year that the Government might overrule the Commission's forced price reductions but this did not come to pass. Pandering to a monopoly? Politically impossible, I would think

Chorus's short- to medium-term financial prospects are closely tied to the regulatory environment and it can be expected they will use every possible avenue to influence Government to create a more favourable environment. For investors, the one ray of sunshine is that the share price, which has recovered from a low near $1.40 at the end of 2013, to $2.65 today.

Scott Hudson

Mighty River Power AGM 6th November

Chair Joan Withers welcomed about 400 shareholders, and firstly pre-empted any discussion on retiring CEO Doug Heffernan's one-off salary payment of $500,000 by saying this was the result of a change in his employment contract for the last period he was with the company.

The results for the year ended June 30 2014 were affected by retail competition, low water inflows into the Waikato River, and falling retail demand. However, with the policy of paying dividends in the band of 70per cent to 85per cent of free cash flow, a dividend payout of 13.5 cents per share was declared – a 3% increase on the previous year. Forecast dividends for the 2015 year were 14 cents, supplemented by a special one-off dividend of 5 cents per share to be paid in December 2014.

Overall results for the 2014 year were 29 per cent higher than those forecast in the Initial Public Offering (IFO) document. Actual net profit for 2014 at $115 million was well below the previous year's $212 million but adjusted for one-off items, the results were comparable. Earnings before interest and tax and other non-cash items (EBITDAF) for the 2014/15 year were forecast to be in the range of $495 million to $520 million, depending on water flows and other factors, compared to 2014's $504 million.

The price of shares issued in the IPO was $2.50. After initial declines the price per share had recovered to give shareholders a 14% gain on their original investment.

New CEO Fraser Whineray then gave his report. The emphasis was on renewable energy which produced 98% of Mighty River's electricity output from hydro and geo-thermal plants, with only a minor contribution from the gas-fired Southdown plant (which has been downgraded to a 150MW capacity to simplify its operation). The company's energy configuration is now very favourable with a base load from its geothermal plants and peaking requirement from hydro. The national situation was a total output of about 43 GWh of which 80per cent came from renewables, with a further capability of 10 GWh consented but not built awaiting an increase in demand. New Zealand was thus unique in having this substantial unsubsidised renewable power sources. Other matters covered were a review of overseas investments, and an upgrade of the Waikato River plants' turbines.

Joan Withers then resumed the chair for the formal business of re-electing directors and setting directors fees. All passed without dissent.

Questions from the floor concerned tidal power (seen as not feasible), transmission and distribution costs (about 50% of retail charges and outside the company's control) and the possibility of power stations north of Auckland (not likely). .

The meeting finished with an impassioned address and audio-visual display from CEO Whineray supporting electric cars. This was seen as the answer to New Zealand's transport problems, replacing imported oil with clean, green energy from readily available renewable sources.

The meeting closed after about two hours of often repetitive speeches.

Bill Jamieson

Auckland International Airport AGM 23rd October

The Chairman Sir Henry van der Hayden pointed to the company's excellent result

Passenger movements were 15.1m, with International at 7.7m, up 5.1%, and domestic 6.9m, up 2.2%.

Revenue was up $475.8m or 6.1%.

Operating EBITDAF $355.2m up 7.4%

Total Profit $215.9m21.3%

Underliying Profit $169.9m up 10.5%

Final Dividend $0.07cents per share is up 12%.

Total Shareholder Return was 33.7%.

Forecast for underlying profit next year was between $160m and $170m. This is a slight increase over last year bearing in mind the company will be carrying more debt due to the capital repayment last year and less shares now in the market place. Growth is expected in the domestic market due to the world cup cricket and more flights by Air NZ to tie in with overseas departures. Further initiatives include working with the tourist industry and other players in that sector. China Eastern airways have plans to increase flights up to 40 in the next year.

The board and management are very confident they have the right strategies to grow the company in the future. The Chairman announced the company's 30-year plan, which from shareholders prospective looks very exciting. The recent airport hotel is running near capacity and further accommodation at the airport is being planned.

Special attention to safety and diversity was discussed in detail. Another area getting more attention is the retail business, which will offer many more new opportunities. A number of retailers want to be at the airport. The airport sees on line shopping important and this has seen strong growth over the last 12 months.

There has been a focus on improving productivity like smart gate technology, which moves traffic much more quickly though the airport. The other major opportunity covered by the CEO was growth in the commercial property sector where the company still owns large areas of land.

The CEO stated around 15 million went through the airport in 2014 and the projection for 2044 will be some 40 million passengers. Spending on capital items will need to be done in a timely manner as passenger numbers go up.

Last year $26 million was spent on the local domestic terminal.

The CEO mentioned Queenstown airport traffic numbers were up 28% last year and sees Auckland Airport being able to add further value to this investment. Investment in North Queensland airport was steady but like Auckland has the potential to develop land for commercial use.

Dr Keith Turner is stepping down from the board to be replaced by Christine Spring. From Christine's experience and background in airport development around the world, she looks like an excellent replacement.

Although it was not mentioned at the AGM I was surprised to read in the NZ Herald 5 employees received over 1 million in the last financial year. Some of this was related to short and long term bonuses being paid out. It may be interesting to find out what was the basic pay was for each of those 5 employees.

I have no objection to performance pay so long it is set realistically.

Des Hunt

Sky Network Television AGM 24th October

This year's Sky TV's annual meeting at the Langham followed a familiar pattern. Coffee or juice before the meeting, no admittance to the meeting room until the last minute and the handing out of a "goody bag" on entry. With no competing meetings, attendance of around 100 was higher than last year. While we were waiting for entry there was an opportunity – not widely taken up - to meet and talk with "Sky Next" sponsored Commonwealth Games gold medal winners, Anton Cooper and David Nyika.

Attendees were 'entertained' with video – played at 'advertising volume levels – at the start, during and at the end of the presentations and formal business. Those who have watched Sky ads on TV will know the format. We were told Sky has reduced churn and is getting better returns from the 'My Sky' top end of its market. Revenue and net profit are expected to rise, as is capital expenditure with a planned replacement of old sky decoders to give existing customers recording and internet connectivity. There have been over 200,000 downloads of the SkyGo app to allow viewing on personal devices.

Sky holds rights to the 2016 Olympics, Cricket world cup and the next 5 years of Sanzar rugby. A 'Neon' on demand service is about to launch. The impression I got, both from presentations and after meeting conversations, is that Sky sees "content as king", there are few and increasingly less barriers to entry at the web based bottom end of the market and Sky is focusing on the top end where there is less churn and higher returns.

Peter Marcourt and John Waller were re-elected as directors on a show of hands. John Hart has retired. Surprisingly, I was told the Board does not have a replacement in mind. I take that with a grain of salt. Perhaps they might look at another with technology skills to join Geraldine McBride and Derek Handley in navigating our ever changing digital environment

Bruce Parkes

PGG Wrightson AGM 22 October

The chairman Alan Lai addressed the meeting emphasising that the company had achieved the strongest result for several years, enabling a shareholder dividend of 5.5 cents per share for the year, an increase of 2.3 cents.

Speaking again prior to voting, Alan expressed his confidence in the future growth of the company and his willingness to continue in his role as chairman.

He thanked Sir Selwyn Cushing for his wisdom and generous guidance from the time he became a director in 2009.

CEO Mark Dewdney then summarised the achievements of the company during the last financial year across all 6 business units: Retail, Seed and Grain, Livestock, Wool, Real Estate and Water, the latter being a new initiative.

Company involvement in Uruguay South America since 1999 is in seed, fertilizer and irrigation.

Current changes in the agricultural sector are corporate ownership, foreign ownership, e-commerce and increasing use of the internet and associated technology.

Questions from shareholders were:

1. Does the board have a policy limiting funds going into the South American operation? Answer: The board is reviewing policy on capital investment there.

2. What is the Dividend Policy? Answer: Compared with no dividend paid over the last three years a healthy dividend has been paid this year.The board is adopting a prudent policy toward debt.

3. What is the company going to do to improve the profitability of the wool business unit? Answer: Improve efficiencies and grow exports especially to Asia.

4. During general business, a paper from the John McCarthy family trust requested that the board set a minimum requirement for a share parcel at 1000 shares to reduce compliance costs. At the present time there are many shareholders with very small parcels of shares. Answer: The board accepted this request and agreed to deal with it.

The CEO then extended thanks to all staff and customers for their continued efforts and support, and gave special thanks to Rob Woodgate, the chief financial officer who is leaving the company.

Juliana L J Husheer

Contact Energy AGM 14th October

It was a big AGM with around 300 shareholders and Contact staff present and it kicked off with a traditional Te Reo welcome with respects paid to the people and the environment, a blessing, and a Waiata led by director Whaimutu Dewes with solid support from Contact staff and CEO Dennis Barnes.

Chair Grant King didn’t seem all that fussed by the welcome and made no reference to it during his opening, perhaps being an Australian he didn’t feel qualified to comment on it.

Contact Energy is the second largest generator and retailer in the NZ market. It originally was an SOE set up in late 1995 that purchased generation assets from ECNZ for 1.6 billion. It was listed and sold in 1999 and had a few ups and downs and is now 52% owned by Australia’s Origin Energy , the other 48% is in the hands of institutional and retail investors.

In 2008 Contact raised prices and doubled director’s fees, a major PR stuff up that resulted in over 10% of their customers switching to other suppliers. At the 2008 AGM in Auckland then Shareholders Association chairman Bruce Sheppard attended the meeting in a Viking helmet and toy pitchfork, which he threw to Mr Pryke: “so you can shovel the cash into your trough.” Neither Phil Pryke nor chair Grant King came out of that that well and if it wasn’t for the support of Origin they would probably be long gone.

Since then Contact has worked hard to repair the PR damage and set in place a transformation programme to modernise Contact's generation portfolio. It was this programme that Grant King wanted to talk about.

The problem being addressed was, although Grant didn't say it exactly this way, the generation assets purchased from ECNZ were a bit of a rat bag and didn't provide much generation flexibility. That was ok when gas was cheap and competition limited but it is not sustainable now with gas more expensive (it is also on a take or pay basis), and other plentiful (in wet years anyway) cheap hydro available. So over the last seven years Contact has worked hard to build in flexibility, investing in geothermal capacity, renewables, and a gas storage facility. The gas storage involves taking the gas they are contracted to buy out of the ground and then and pumping it back into a depleted gas field, it is a shame they couldn't just leave it in the ground until needed – capitalism strikes again.

The transformation programme is largely complete now with the commissioning of the 160 MW Te Mihi geothermal plant – geothermal is a great baseload, always there, always on, it takes capital to build it but once built the running costs are low.

Also since November 2013 the new Pole 3 Cooks Strait cable has been operating allowing Contact to send power north from Clyde and Roxurgh, or South in dry years.

Dennis Barnes CEO went into a bit more detail and also talked about the importance of working with Ngai Tahu, Health and Safety and recent upgrades to Contacts billing systems that have resulted in some delays to getting the bills out.

The year ahead is one of consolidation – no major new generation is planned but there will be some tinkering to improve the efficiency of existing generation. It is unlikely that Contact will develop any more wind farms either – geothermal is now the preferred source for new generation, and you could have guessed that by looking at the cover of the annual report titled "Full steam ahead".

Question time – there were a few.

Shareholder Robert Murray questioned Contacts investment in "outdated technology" when over the next 20 years distributed and self generation (solar panels etc;) could render Contact irrelevant. Grant King replied to say that Contacts generation, especially the geothermal, was state of the art and that there was now enough flexibility to cater for changes in generation. He was sceptical that self generation would be economic for New Zealand in the short to medium term; hydro and geothermal are more efficient.

Robert also noted that according to Powerswitch Contact was not price competitive – David Barnes replied that Contact is cheapest in 29 of the 34 regions.

Another shareholder asked about the risk of lower demand and extra capacity coming online if Tiwai Point closes. The reply was that Contact is not planning any significant new generation, a number of Aluminium smelters had closed recently, and prices had increased a bit, so don't count on Tiwai Point going just yet.

Tony Milne, ex Contact employee, noted that the 120 million increase in line charges was a black mark on the financials – this is out of Contacts control and is passed on to the customers.

Lastly a shareholder asked if we could have a translation for the Maori welcome as he didn't have a clue as to what it was all about.

After the meeting I spoke with Mark Corbitt, GM Information and Communication Technology about the new billing system. It is a SAP system, these are usually complicated, run over budget and over time and take years to get right. Marks comment was it was almost done, a good clean implementation with few problems. I got a different story from the next person from Contact I spoke with – their take was "a dog's breakfast camp," but mostly sorted out now.

Martin Dowse

Spark AGM 7th November

As with the last AGM, directors were seated in armchairs facing the audience of about 300. This unusual format takes away a lot of the "them and us" feeling and shareholders are much more engaged as a result. It is a format others could well emulate. Director Charles Sitch was unable be present in person, but joined the meeting by video link from the other side of the world.

The meeting itself was an uneventful affair. Chairman, Mark Verbiest talked of the fundamental changes Spark instituted 2 years ago when it appointed Simon Moutter as CEO. He talked about the rebranding from Telecom to Spark as an important component in re-defining what the company sees as its future. He then covered a number of headline items including 191,000 new mobile connections, which give Spark an estimated 39% of the market - up 2%. Fixed broadband has remained stable. Spark Digital (formerly Gen-i) has been a stand out, increasing EBITDA by 38.5%. The company has launched 4G mobile, divested its Australian arm AAPT and intends to be a New Zealand only company going forward. Verbiest noted that the dividend had increased 1c (or 6%) to 17c and that TSR to balance date had been 28% for the year, and had improved further since that time.

CEO Simon Moutter then gave an energetic and enthusiastic presentation. Speaking for half an hour without a prepared address, he showed an impressive grasp of concepts, detail and numbers as he outlined the year that had been, and where he saw things going. If Energiser Batteries ever want a human actor to replace the supercharged toys in their advertisements, they need look no further than Simon in full flight!

Spark has in effect downsized as it shed non-core operations, and this year was about consolidation. Revenue was down 2.6% to $3.68b. EBITDA and net earnings increased, but when adjusted for one off factors such as sale of assets and restructuring costs decreased 4% and 7.7% respectively. Importantly, operating expenses have been trimmed 5.5%, employee numbers are down 5.7%, and there are significant savings still to flow through. The CEO was upbeat about the future, despite the company being in a very competitive environment with constantly changing technology and an insatiable increase in demand for data. He rattled of statistics indicating just how fast this change is occurring and why capital expenditure ($459m) was necessary to keep pace with demand.

Each director standing spoke. New appointee Ido Leffler made a big impression. Young, and a child of the digital age with an impressive pedigree as an entrepreneur, he clearly brings a vision to Spark which is not often seen on our boards. This was reflected in the votes (all of which were conducted by poll), which saw him achieve 99.82% support from shareholders. The others standing, Mark Verbiest and Murray Horn were easily elected with 97.9% and 99.6% respectively. NZSA voted around 750,000 shares in favour of all three candidates, each of whom brings a complimentary set of skills and experience to what is, in our view, a very strong board.

Shareholders must have been either happy or hungry as there were no questions of note and the meeting was all over in under an hour.

John Hawkins

Genesis Energy AGM 28th October

A large assembly of shareholders were welcomed by Chairperson Dame Jenny Shipley. Her opening address was followed by a report by Chief Executive Albert Brantley.

They said that Genesis was the largest retailer of electricity and gas in New Zealand, supplying one in four households and businesses. Fluctuations in meeting this demand were handled by supply agreements with Contact and Meridian.

Financial information was confused by comparison with the Prospective Financial Information (PFI) in the prospectus for the 2014 share offer, as well as the audited results for the June 30 2013 and 2014 years. Generally, actual results for 2014 equalled or bettered the PFI forecasts, with profit after tax being 18 per cent higher, and the Genesis share of the Kupe oil field providing 35 percent of the earnings before financing, tax and depreciation (EBITDAF). However, the 2014 net profit after tax at $49.2 million was well below the previous year's result of $104.5 million. This was explained by favourable climatic conditions for the predominantly hydro operators reducing Genesis fossil fuel electricity generation, and flat overall domestic demand in a warmer winter. In addition the company had one-off costs totalling some $30 million from re-lining the Tekapo canal, changes in coal supply contracts and share offer expenses. Indications for the current 2014/15 year were net profit after tax of $95.4 million and a dividend of 16 cents per share, compared to the 2014 year of 13 cents.

Resolutions re-electing directors Graeme Milne, Mark Cross and Doug McKay were passed without debate. A further two resolutions were placed on the agenda by shareholder Peter Wakeman who unfortunately did not attend the meeting. The first proposed that dividends should be suspended and that the funds released be applied to the completion of a Wairarapa wind farm. The Board and its proxies voted against the resolution as I also did on behalf of the Shareholders Association, telling the meeting that the directors must be allowed to direct.

The second resolution sought to have the Crown as majority shareholder take steps to replace the current Chairman. Company Secretary Maureen Shaddick took the chair while this was considered, with the motion being defeated without discussion.

Questions from the floor concerned the setting of Key Performance Indicators (KPIs) when setting the Chief Executive's salary; costs of cancelling the imported coal contract; and possibility of extending the life of the Kupe field. The meeting closed after two hours of interesting discussion concerning not only the company, but the energy market in general.

Bill Jamieson

Skellerup Industries AGM 29th October

Chair Sir Selwyn Cushing focussed on a $20.4 million insurance settlement related to the Canterbury earthquakes, lifting NPAT to $41.1 million. Excluding the insurance settlement gain, NPAT was $20.7 million, all based on revenue of $196.6 million. The insurance settlement will provide the main funding base for a new dairy rubberware plant in Wigram, replacing the original plant after 70 years, at an estimated cost of over $30 million with construction completed by late 2015.

David Mair, who started on the SKL board a few years ago and who has taken the company a good step forward since taking over as CEO, convincingly explained expansion plans for both, Agri & Industrial divisions with diversification into new product ranges & aiming at new markets. This should help to balance the fluctuating demand for dairy rubber ware, which are being impacted by lower dairy-product auctions.

Dr Ian Parton, Chancellor of Auckland University, was re-elected to the board by show of hands with the screened proxies predicting the outcome. The meeting was over in 75 minutes.

Uli Sperber

Tourism Holdings AGM 26th November

The Chairman opened the meeting by stating that all the goals set by the Board at the 2013 AGM had either been met or exceeded. NPAT was up 192% to $11.1M with dividends at 11 cps up 175% on 2013. NPAT for 2015 is forecast at $16M with dividends being maintained. Debt is forecast at around $80M.

The company has gone through a major restructure and recovery programme over the past two years and whilst good progress has been achieved the goals are to establish a sustainable model that is less susceptible to global shocks. This will be achieved by a less capital intensive structure with a more flexible balance sheet. Whilst there are no specific expansion plans at present opportunities are being evaluated. The target is to achieve a 14% plus return on capital.

The Board has established a Marketing and Customer Experience Committee to work with management to maximise customer focused activities and ensure all areas of marketing potential are covered. This involves moving away from a product and price focus to one that captures the experience seekers market.

Australian based Graeme Bowker, who has been an independent director since 2003 is to retire in February 2015 and the Board are currently recruiting a replacement Director.

Given that the Chairman held a significant proxy majority, it was pleasing that motions were voted by way of a poll, which is the Associations preferred voting method at AGM's,.

Grant Diggle

Port of Tauranga AGM 23rd October

The AGM was attended by about 400 shareholders, a good proportion of whom are enthusiastic locals who have benefited as the port has grown over the years.

The Board reported a good year with tonnage up 3.5% to 19.7 million tonnes, EBITDA up 5.6% to $142.6 and full year dividend up 8.7% to 50 cents.

The AGM was the story of a growth strategy that will increase New Zealand's largest Port by tonnage i.e. dredging the channel that now takes 4,000 twenty foot equivalent unit (TEU) container ships to take 6,500 TEU container ships with new tugs, cranes and enlarged wharves to match, as well as larger bulk and cruise ships.

The Port has also taken a 50% stake in Primeport Timaru and taken a 35 year lease over Primeport's container terminal, which has been established as a wholly owned subsidiary of Port of Tauranga. Kotahi (the joint venture between Fonterra and Silver Fern Farms,) has recently taken a 49.9% shareholding.

The building of an inland port at Rolleston 12 kms from the centre of Christchurch is underway to better serve the South Island, and a logistics contract to give the company the confidence to further develop the hub Port.

The Port farewelled Sir Dryden Spring (the second Director in two years) thus giving effect to a succession plan for directors. Three women shareholders raised questions around having women on the Board. The answer showed some understanding, but clearly laid down that the criteria was to obtain the best person for the job by training, experience and ability.

The first quarter Y/E 2015 shows that transhipped cargo was up 47% illustrating the emergence of Tauranga as NZ's key hub port.

Lloyd Christie

Fletcher Building AGM 21st October

The Chairman, Ralph Walters briefly outlined the company results.

Top line revenue down 1% at $8.4 billion. Would have been up by 5% if not for the adverse impacts of currency (NZ$23m) for the year.

NZ revenue up 5%, Australia up 2%, Rest of the World up 5%.

Reported net earnings were up 4% or NZ$339 million.

There was a loss of NZ$23 million on the sale of 3 businesses. Adjusted for these items, net earnings were 11% higher at $362 million. However it pays to note each year, whether the company continues to have such adjustments, because if they do, the only figure that is important is the reported net earnings.

The chairman then reported in NZ the sustained increase in activity across the construction industry drove strong volume growth. This will continue in to the coming year. It was driven by immigration and construction in Christchurch.

Conditions in Australia were mixed throughout the year and likely to continue in the coming 12 months. Although housing consents reached near-record highs, it was mainly construction of apartments where Fletcher is not very strong. Other sectors like mining, government and local bodies infrastructure work saw reduced demand and this will not recover as quickly has they hoped. The performance highlights were Tradelink's (plumbing supplies,) operating earnings more than double, and Laminex progress. Operating earnings from markets outside NZ and Australia was up 14%.

The company has been building up a land bank so they can build around 1,000 houses each year in NZ.

Fletchers have gearing of around 32%, which is in line with their long-term target. The "FB Unite" program delivered around NZ$30 million this financial year. They hope to deliver a further saving of NZ$25 million in the coming financial year. Projected earnings before interest, tax and significant items will be between NZ$650 million and NZ$690 million in the coming financial year.

There were a number of excellent questions about Fletchers results over the last 5 years complaining about the poor performance regarding NPAT and the share price. The chairman acknowledged they paid too much for Laminex and Crane but like many other companies they were caught out by the severe downturn in 2008. However he did say they were still excellent companies, which will deliver good results in the coming years. Another question was about the way executive pay had gone up these past few years. The chairman stated pay levels were still lower than their competitors whom they bench mark regularly as well as performance.

One came away with the impression the board realises the company needs to lift its performance and intend to focus on improving the NPAT.

To achieve this objective the chairman and CEO outlined the company strategies.

- The review of the business portfolio and what segments should they operate in long term.
- Continue to focus on FBUnite program, which focuses on cost savings and improve efficiency.
- The expansion of the residential development business in New Zealand
- The opening of the new Formica plant in JuiJiang, China
- Initiatives focused on employee's development and lifting employee engagement.

I was encouraged to hear the directors were visiting sites and meeting various employees. Over 90% of employees were responding to company surveys. It is obvious more effort is being given to organic growth opportunities rather than acquisitions.

As already indicted Ralph Walters steps down from the board to be replaced by Sir Ralph Norris.

The Chairman Ralph Waters did acknowledge the NZSA input in to electronic voting which will take place next year. FBU also publishes summaries and key facts on its website.

Des Hunt

Nuplex AGM 5th November

For once, the 250 shareholders present were not assailed with requests for more directors' fees, more generous CEO remuneration or overly generous executive reward schemes that in some cases have rewarded under performance. Whether this heralds a new realism under new Chairman Peter Springford remains to be seen.

In his address, the Chair noted that improved earning in Asia and Europe were more than offset by declines in Australia and NZ with the USA being steady. Earnings have changed significantly from 2009 when 41% came from Australasia. Today this market accounts for just 14%. During the year Nuplex sold two small divisions at a slight loss overall, and post balance date it has divested Masterbatch for over $NZ140m. Interestingly there was no commentary on how this compared to the book value of Masterbatch. Initially the proceeds will be used to retire debt.

Considerable time was devoted to the improvement in health and safety performance. This is important to a chemicals company, but it was hard not to feel that it was padded somewhat to mask the mediocre financial performance. Both former Chairman Rob Aitken and current director Jerry Maycock have stepped down and Nuplex is now seeking two new directors. We hope they are brave enough to bring in some younger talent with international industry experience. As a result, Nuplex currently only has 4 directors and under NZX rules, only one was required to stand again.

Managing director Emery Severin gave a similar introduction to that used at past AGM's. "We have made a number of significant developments"…"we still have a lot of work to do", "we have moved your Company into a much better position to deliver improved returns" and so on. He said that rationalisation in Australia and New Zealand was expected to deliver $6.4m in benefits in the 2015 year. He claimed that while 2015 earnings would be reduced from the divestments (especially Masterbatch), additional earnings from Asian expansion was expected to more than offset this beyond that.

Question time was very quiet indeed. So taking advantage, I reminded the board that "while shareholders understood this was a difficult industry, they were paying very high directors fees and executive salaries, for what was at best very modest performance". I said that "sales were down, EBITDA was down, underlying earnings per share were down, return on funds employed was down and gearing had increased". In fact, statutory (as opposed to underlying) NPAT at $52m, while up on last year's $45m is 19% below the 2010 figure - hardly inspiring progress. I also pointed out that "the share price had risen a pitiful 8.6% in the last two years, well behind the NZX average. In addition while the CEO had not received any long term incentive cash payments, the potential short term incentives at more than 100% of base salary were far too high, and could have the effect of encouraging short term thinking." To be fair, this does not seem to have happened at Nuplex, but the risk is real. To avoid this, NZSA policy suggests STI should be at 25% of base and LTI at 75-100% of base.

For the record, in 2014, Mr Severin was paid a base salary of $AUD 1,132,123 along with $AUD25,000 super and 48% of available STI being $AUD558,128. Added to this, potential long term share incentives of $AUD555,002 gives potential total remuneration of $AUD2,270,252. This is serious money and both the board and shareholders have to be asking whether they are getting appropriate value for money after Mr Severin's 4 years in the job.

In response, all the Chair could do was thank shareholders for their patience.

The resolution to re-elect Mr Springford was decided on a show of hands. Although there was an attempt by one shareholder to call a poll, the Chair held an overwhelming majority of proxies and the mood of the meeting was clearly opposed, so NZSA did not force this issue. On balance, we thought Mr Springford deserved a second year in the Chair. However, we will need to see evidence that the strategy he has supported is producing results by the 2015 AGM.

John Hawkins

Meridian Energy AGM 29th October

Both the Chairman Chris Moller and CE Mark Binns patted themselves on the back for a successful first year of listing as the NZ sharemarket's top performing stock over the period showing an 80% return. I would say (as a non-National supporter) well done chaps on fleecing the majority of Kiwis who couldn't afford to buy Meridian shares. Of course it was all blamed on the Labour party and their central buying scheme.

Opened by a Maori greeting and many references to working alongside and consulting with Maori, the company appears well versed with all the protocols needed to tick that box. They also ticked the health and safety box with a thick permanent marker - clearly this company is feeling its way coming from 100% Govt ownership and doesn't want to put a barefoot wrong!

Reference to their Iconic dam assets built in a different time and place to the high Ministry of Works standards that was long abandoned to the free market. The Waitaka dam built 80 years ago and still just as strong today - clearly wouldn't survive Treasury's spread-sheets today, to even make it to the drawing boards!

By luck probably rather than design they own and operate 100% renewable energy resources, and so they are greener than a leprechaun in Dublin on St Pats day. Around 90% of the generation capacity is via the 7 hydro dams with the remainder courtesy of the wind. It was stated that wind generation is 3-4 times more cost effective than solar and that they do not believe solar is a realistic option in NZ for 20 years – maybe you need to take that comment with a large dose of salt.

Now getting down to the nitty-gritty for 2014:

- 6.7% EBITDAF ahead of Prospectus
- 13.01 cps dividend, 24% ahead of Prospectus
- 35% average NZ generation market share
- 1.7% growth in customers

In the near future

- After a strong start to FY15 Meridian management expressed comfort with the current consensus of analyst estimates set at NZ$607m, implying a ~3% lift versus prospectus guidance.
- Investors will have to wait until the New Year for an announcement with respect to possible capital management, i.e. a return of capital to investors.
- Analyst's speculation is that Meridian could return up to ~30cps, and that any capital management would likely be linked to the timing of the 50cps instalment receipt (record date 4 May 2015).

Mr Binns advised share-holders that the company would not provide forecasts for future years because it was all too difficult. Tewai was discussed, and a touch of optimism was detected around the prospects of Rio Tinto renewing the contract next year. A number of smelters have closed recently, the NZ$ is dropping, and the price of Aluminium lifting.

When I thought it was finally over, a Kids-Can video on disadvantaged NZ children and helping them reach their potential. Then a Freudian slip:" It was great to be contributing to this country's future," but said instead: "our company's future" - that summed it up nicely for me.

Phil Kelliher

Vector AGM 22nd October

The chairman Michael Stiaasny opened the meeting asking the CEO Simon McKenzie to cover the power shutdown.

It took five and a half hours to extinguish the fire. From the moment the fire was under control the company was committed to finding out what went wrong at the Penrose Sub Station. The CEO explained to us the Penrose Power Station assets are owned by Trans Power. Vector assets include the lines going in to the Power Station to receive the electricity.

The CEO went on to say connecting new cables was not a easy task for a number of reasons, not the least, safety of their employees. Over the last 15 years, 99.9% of customers have not been affected by issues out of the Penrose Power Station.

As a result of the fire, a number of enquiries will take place to establish the cause and responsibility. It will then be possible to establish whether any compensation needs to be paid out and to whom.

This past few months was one of the worst winters due to high winds, which made it a challenging year for Vector.

Reviews by outside consultants rated Vector to be a high performer when compared with similar overseas companies in the USA, Europe etc.

The Chairman then went on to the main business where he stated the board policy is to try and increase dividends each year, which has been achieved over the past 8 years.

The company sees growth coming from new technology such as the smart meters where 750,000 units will be in use this coming year. The potential is for over 1,000,000 million units if they are successful with the Arc acquisition. Another growth area is solar panels and electric cars.

Vector is projecting EBITDA of $588 million in the next financial year. It is up on the previous year so one can expect steady growth in the future rather than spectacular growth due to a very competitive market place and government interference on what they can charge.

Challenges for the company include customers having more choice of suppliers. They are more demanding regarding value, efficiency, reliability and distribution.

All of Vectors recent price increases are due to third parties like Auckland City Council and Trans Power charges.

Vector is committed to paying their employees a living wage, receiving continuous training and ensuring women are being considered for promotions at all levels within the company.

Coralie van Camp did her usual thing by asking many similar questions, as in previous years, about the poor governance and performance of the company and her no confidence in the chair or board.

Another shareholder held up the meeting with numerous legal issues on the company's constitution without making any real point.

Finally, the chairman stated power cuts are a part of life and Auckland should get used to them unless you want to pay large increases for power to cover what would be very expenses capital expenditure for both Vector and Trans Power.

Des Hunt

Ebos AGM 31st October

Chairman, Rick Christie, started the meeting with an overview of the events of the past 12 months:-

- The accounts were the first full year with Symbion which was taken over in 2013 (at a cost of $1.1 bn) and profits were now up 216% on the previous year.
- Earnings per share this year were up 34%
- Since December 2013 Ebos has dual listing on the ASX
- Company debt has been refinanced at better rates
- The full-year dividend has been paid at 41c/share
- Shareholder returns have achieved an average growth of 19% pa over the past decade.
- Changes in the management team reflect good succession planning, Mark Waller (with 27 years as CEO) has stepped down in favour of Patrick Davis (formerly CEO of Symbion), the former long serv-

- ing SFO has retired and been replaced and Rick Christie has given advance notice of his retirement next year to be replaced by Mark Waller.
- They foresee good prospects for sustained profitable growth into the future.

Former CEO, Mark Waller, said that integration with Symbion had gone smoothly in 2014 and drew attention to the company's diversification into seven channels and the revenue stream was now split 80:20 Australia: NZ.

The new CEO, Patrick Davies, announced the acquisition of the Australian pet food company, BlackHawk Premium Pet Care for A$52m (NZ$57.8m), which would add to Ebos' animal care division currently generating about 17% of earnings. He said Ebos was well placed to respond to the Australian government's healthcare reforms. Trading in the first quarter of the 2015 financial year is expected to be 10% higher than last year. He included a video clip of the operations of the automated warehouse newly opened in Melbourne at a cost of A$40m.

Rick Christie invited questions:

- Q: Could the video be added to the Ebos website? A: Yes
- Q: Is Ebos prepared for an Ebola outbreak? A: both countries rely on Ebos and it has coped well with previous situations like SARS and flu. It stands ready to respond.
- Q: Concern was expressed at the longevity of the directors' terms on the board and the possible effect on the innovation role of directors. A: Longevity seems to have been working well for Ebos and innovation is not lacking.

The three directors seeking re-election (Elizabeth Coutts, Barry Wallace and Peter Williams) each addressed the meeting and were successful.

The meeting was followed by refreshments and an ample opportunity to talk with board members. One of whom was most emphatic that there were no plans to move their base across the Tasman and such a suggestion would be vigorously opposed!

Robin Harrison

The Warehouse Group AGM 14th November

Under the chairmanship of Ted Van Arkel and the management of Mark Powell (now in his 5th year as CEO,) the strategy of the group has been reshaped.

The red sheds, "house of bargains and home of essentials," are being strengthened in both staff training and store upgrades. The investment is ongoing and will include Downtown (requiring a new site,) Newmarket and Balmoral in future, but although there is an improvement in customer perception, it has not translated yet, into profit growth.

However improved cashflows from the red sheds will be supplemented by growth in Warehouse Stationery targeting businesses, students, artists, and online buyers – "work, study, create, connect." Growth will also occur in Noel Leeming, and Torpedo 7. The growth involves both "bricks and clicks," – premises and internet. The group's websites are already the most visited retailer at 1.1m clicks per month, compared with Trademe (scarcely a retailer,) at 1.4m/month. The acquisition of Diners Club franchise from a Singaporean seller will be built up to include a full scale consumer finance service to rival Farmers Finance.

This years meeting re-elected Keith Smith and Ted Van Arkel by about 99% of votes cast, but it was surprising that the former was opposed by 695000 votes while the latter was opposed by 2.1m votes.

Questions ranged from the upgrades to specific sites, through congratulatory messages to staff, to questions over the Diners Club purchase. The chairman claimed although no figures were given, that the group had not paid too much for the name or goodwill, but that the software asset would be invaluable as a basis for finance packages throughout the group. The business of Torpedo 7 was also redefined. Although some overlaps with Katmandu and Rebel Sport exist, the Torpedo retail is more concerned with adventure sports such as mountain biking and surfing, and there are expansion opportunities in the pricing and online promotion of Torpedo's outdoor brands.

The aim is to make the other parts of the group as good at generating cash as the red sheds, which currently make 75% of the profit. At $3.17, the business is on a p/e of 13.2, a yield of 5.8%, a p/s of 0.41, an ROI of 12.2%, an ROE of 17% and an operating cashflow of $76.6m. So it boils down to, whether you have faith in Ted Van Arkel and his board, and the key figure of Mark Powell, to implement the local merchandising plan in the face of well known competition. Not a bad lineup!

Alan Best

Sky City Entertainment Group AGM 17th October

This meeting was web cast, widely reported in the media and the presentations are available on the SkyCity's website. The usual, large shareholder attendance is, at least in part, attracted by the lure of a goody bag of gaming and food vouchers, free parking and endless food during the after meeting 'cup of tea with the directors.'

First, a bouquet. The investor center pages on SkyCity's website are a benchmark for other companies to emulate. They are full of useful information and should be required reading for all shareholders before they head of for Annual Meetings. The five year financial summary displayed there should have been in the annual report. As it shows a flat or declining performance over the period, one might draw conclusions from its absence. I was struck by the imbalance between rising dividends and falling earnings per share. John Hawkins had obviously done his homework as he asked questions about the earnings per share and whether or not there would be an upgrade in the company's credit rating. The answer to the second question was "not likely – at least during the significant capital expenditure over the next five or so years."

CEO Nigel Morrison, in his presentation of FY14 financial results was at pains to emphasise "Normalised" numbers ahead of lower reported results. This growing trend could be seen as giving shareholders a fairer report, or gilding the lilly. We will all have our own opinions.

Some of the things that did not make the media reports:

- The company was included in the ASX200 for the first time in the December 2013 update.
- The Adelaide upgrade – with support from the S A government – is progressing well and will be completed in 2018.
- The Queenstown casino is a bit of a dog. SkyCity is constrained by a tightly controlled property market from developing a viable operation in this top tourist destination.
- The concept drawings and planning for the Auckland Convention Centre includes the retention of the Albion Hotel on the Wellesley and Hobson Sts.
- There is a 37% takeup of the Dividend Reinvestment Plan.

Ahead of a vote on a resolution to increase director's fees, Caroline Alpine, a shareholder and 15year service table games supervisor, cried as she told how she was a solo mother who was extremely unhappy with new employment arrangements resulting in less pay. She certainly captured shareholder's sympathies and support, but with the chairman holding proxies for 66% of the votes there was no chance of the resolution being defeated.

In a little by-play between chairman Chris Moller and Nigel Morrison in response to a shareholder question on the value of the shares, Mr Morrison was invited to immediately lift the share price by 10cents. Low and behold the market responded and a 10cent gain was there by the end of trading. The shares have continued to rise – along with the rest of the market – but are still below where they were 12 months earlier.

Former chairman Rod McGeogh retired from the Board the day before this meeting. Tributes were paid to his contribution to the company. Although SkyCity has made the appropriate notification to the NZX, he was still listed on the NZX site as a Director as late as November 4th. A little point, but someone was not looking and checking. It was changed after I drew attention to it.

Bruce Parkes

Precinct Properties AGM 7th November

While Precinct has 7,913 shareholders, less than 30 of them attended this annual shareholder meeting. Spark's AGM, set for an hour later just over the Hobson Street rise and the steep stairs (precarious for those unsteady on their feet) leading to the Crowne Plaza ballroom would have contributed to this low number. So too did Registery staff excluding non-shareholder "meeting followers". We have a group of these in Auckland who attend AGMs presumably looking for a little excitement and an opportunity to graze at the after meeting refreshments. As it turned out, the meeting and following morning tea was concluded in time for all those who wished to make it to Spark where the refreshments were perhaps a little more fullsome.

To the meeting, which was not webcast or reported in the media. Chairman Craig Stobo and CEO Scott Pritchard both made presentations that are posted on the company website. Their message was positive. Gearing is down to 33% - the company has recently arranged a US$100 million private placement. The strategy is on improving the quality and age of buildings with a focus on the Downtown redevelopment and Wynyard brownfield site. Wellington occupancy is improving and Auckland is solid. Earnings are up 6% before management fees. In the short term, dividends will stay the same but should grow in the future.

Most shareholders are receiving their annual report electronically. Only 600 copies are printed. At question time, shareholders were interested in any risk exposure to seismic activity and/or climate change. The answer is that all buildings were built to or have been brought up to a high seismic rating and the expert advice is that there is a low risk of rising water levels. (Auckland is building its rail loop under the Downtown building)

Precinct is one of those listed property companies with an external manager. In this case AMP Haumi Management Limited. The manager employs all staff and gets to appoint two directors - Mohammed Al Nuaimi and Christopher Judd, who are not required to retire by rotation. Rob Campbell, appointed by Haumi Company under a 15% shareholder rule, is also exempt from shareholder election. Sydney based Anthony Bertoldi, an alternate for Mohammed Al Nuaimi, also sat at the top table. It was a good opportunity to see him and speak with him after the meeting.

Two of the four independent directors come up for election every year. This year Don Huse and Graeme Wong were re-elected on a show of hands. None of my 1 million proxies were against their re-election.

Bruce Parkes

Cavalier Corporation AGM 25th November

Shareholders turned out with serious questions over their income stock, which has failed to produce a reasonable dividend, whose shareprice is languishing, and whose forecast only a day before, had further reduced expectations to just above breakeven. The headwinds were described as the permanent changes in the carpet market, and currency problems. High wool prices, a cheap US$, and a glut of synthetics in depressed economies, saw a stream of imported carpet into the New Zealand market. The carpet tile business in Australia is facing similar imported competition. The changes in the Australasian markets are now regarded as permanent.

The board took prompt action, consolidating 3 spinning plants, 2 distribution centres, and 2 broadloom tufting operations. Cavalier also launched its synthetic range which is now selling at above forecast, (albeit with higher stock and service levels,) formed strategic alliances with USA's Mohawk, and Milliken, and sought sales in markets outside Australasia. Even so every 1cent movement in the NZ$/A$ cross rate affects EBIT by $500-$600 thousand. The exchange cover taken in 2012 has now run out. Although 40% of Cavalier carpet sales are now non-wool, every 10 cent movement in the kg cost of clean wool affects EBIT by about $330,000.

The wool business involves commission wool buying, which is trading to plan, and scouring, where wool grease demand dropped because of disease in Asian shrimp farms. Prices are now recovering, and although there is still excess capacity, the merger with NZ Wool Services will help to meet the market.

Chairman Alan James gave CEO, Colin MacKenzie the floor to explain the above, and then gave prepared answers to a long list of written questions from shareholders, which probed the slow movement by Cavalier from an older business model which is no longer viable, to the current model of selling woollen carpets to the world, while importing synthetic yarn and carpet for Australasia.

Questions from the floor came from farmers (with their vested interest in wool), women (with their interest in furnishing colour), traders (with their interest in Australian consumption cycles), investors (who were interested in bank covenants and idle equipment), but the charge was lead by Brian Gaynor who asked the Chair, "What is your vision? Have you sought the help of outside consultants to improve the structure and response to current conditions? The Chairman who joined the company in 1993 as MD, believes that they have more expertise on the board than could be found in outside consultancies, but his dour leadership and description of the job as "a poisoned chalice" convinced shareholders to vote against his reelection, when the time came for a show of hands, and to call for a poll. The board with over 95% of proxy votes in hand was entirely unprepared for the poll but the auditors struggled through. NZSA votes were cast for Sarah Haydon, and impressive new director Graeme Edmond, and against Alan James, although the result was a foregone conclusion.

It is clear that the board has not talked up the company's prospects, but it is still a long way back to reasonable profit and cashflow for a dividend stream.

Alan Best

Delegat Group AGM 2nd December

Auckland, delivered a fine summer day, a sparkling harbour and a cruise liner parked at a nearby quay as shareholders turned up in their droves for what was a cruisy Delegat AGM. The attraction for most was no doubt the opportunity to sample award winning Oyster Bay and Barossa Valley wines coupled with an endless supply of canapes.

Before the refreshments and an opportunity to chat with directors we sat through presentations by Executive Chairman Jim Delegat and Managing Director Graeme Lord. Neither mentioned that the company had taken the best growth strategy award at this year's Deloitte Top 200 Award. They did talk about their strategy to build a global super premium wine company and the success they are having along the way. Their presentations are posted on both the NZX and the company's web sites.

The company continues to invest in new plant, equipment and vineyards. Net debt, funded through a bank syndicate, continues to rise. Up to $250 in FY14/15 and then $350m thereafter. Directors are confident the company can both service the debt and increase dividends. Historically, the company has paid out 30 – 35% NPAT in dividends and plans to continue that policy.

Sales are diversified across different markets – 38% in North America, 29% in Europe and the remainder in Australasia and Asia. The company has a target to grow sales by 52% Directors Jim Delegat and Alan Jackson were re-elected without dissent or questions.

Shareholders asked if there were any plans to introduce a low alcohol wine - the answer is No; and whether there is an emphasis on environmentally sustainable operations – the answer is Yes.

Directors and senior management mixed freely with shareholders both before and after the meeting. The wine offered was excellent. With tougher drink-drive legislation, shareholders attending future meetings need to consider safe transport options.

Bruce Parkes

Steel and Tube AGM 14th November

The 61st Steel and Tube AGM went off without a hitch, there were approximately 75 shareholders, no contentious issues and it was all over in 45 minutes with only two questions from the floor – both from me.

It has been another solid year for S&T with revenue up (441m vs 393m last year), NPAT up, a solid balance sheet and the April 2014 acquisition of Tata Steel International now complete and performing well as S&T Stainless. Cash on hand is down as inventory has been increased to cater for the large infra-structure projects S&T is involved in Auckland and Christchurch.

The One Company "reinvig-oration" programme is still underway with existing facilities being rationalised and three new purpose built plants under development. The driving force behind this is to gain efficiencies by bringing what were separate business units, operating almost as separate companies, together in each geographic location.

The outlook for next year is more of the same, it is a very compet-itive environment but S&T is the market leader and with a full year contribution from Tata Steel, revenue should top 500m for FY 2015.

At question time I asked firstly how the lost time incident count compared to FY 2013. I did this because S&T focus on health and safety and usually CEO Dave Taylor talks about the improvement in LTI between the years. The answer was this year there was no improvement. Not better but not worse either.

My other question was if the sale by Fletcher Building of Pacific Steel to Bluescope has any impact on S&T. Answer not really.

Overall – a good company with a strong board and management team performing well. Is this the only NZX listed company with half of the board members female?

Martin Dowse

South Port AGM 30th October

Chairman Rex Chapman welcomed approx 15 shareholders and an equal number of directors and management to the AGM, noting that it is 25 years since Southport was formed and 20 years since becoming a NZX listing. Cargo turnover was a record at 2.72 million tonnes up 8% (ie 32700 containers handled from 316 ship visits) resulting in a profit of 6.7 million after tax, and a dividend of 22 cents(previous years 2010-17; 2011-20; 2012-20; 2013-22.) The distribution may not be achieved this year after capital expenditure of over 12 million, including 6 million on a new crane.

We noted that of the 848 shareholders holding 26,234,898 shares, Enviroment Southland hold 17,441,573 (66%.) There are concerns at a sluggish log market and a drop in dairy farming returns, but there will always be a base of sales through the port. The port of Timaru (aka Tauranga) has also signed a deal with Fonterra and Silver Ferns to load large tare ships at Timaru. Rex Chapman emphasised that Southport had good relationships with other ports, and hoped Bluff would continue to be a feeder on coastal supply. A warehouse packaging building is still in development stage at Mersey Street, Invercargil. Mark Oconnor,CEO stated that oil exploration was still in the early stages, there was shrinkage in the Tiwai market (aluminium) but basic goods such as fuel, palm kernel, logs and ferti-liser would always provide tonnage. Dairy firm, Open Country had opened a 2nd dryer which would increase output by 120% by 2015-16. Overall it is a company that is trucking nicely providing a return to shareholders, with a share price of $3.75 at the time of the meeting.

Gary Mcintyre

Syft Technologies AGM 20th October

Chairperson Ruth Richardson commented that the news was positive, and mentioned a newly created position of CFO to which Andy Collis has been appointed. Ms Richardson made reference to a book, Zero to One, written by Peter Thiel in which he comments that engineers love making things, but actually 'making it happen' in terms of successfully selling a clever product is much harder than it looks. There are three key things for survival in business – innovation, cracking sales and distribution, and cost of production. Last financial year Syft sold seventeen units of which 75% were to new customers.

CEO Doug Hastie then spoke. He is anxious to have a more disciplined focus for Syft. He showed an image of the Voice 200 Ultra and said every sale to a new customer opens up opportunities. His aspiration is not to 'save the world' but to make money! Apart from sales, there has been a great deal done to cleanse the inventory. He wants to have a lot more control of production, and improve the financial reporting of the company.

There is a very strong push to maximise growth at good margins. This is where critical mass is important as their market is complex, but once Syft is accepted as a key player, life is harder for competitors. That is where scientific staff are absolutely critical. He said the technology is world class, and they have the ability to make money over the life of the machine by supplying parts, or new machines. Doug Hastie said that their sales would grow by 40% if existing customers were to purchase again within five years.

There has been a significant change of personnel, some have left and new science graduates have been employed. Although there has been an increase in staff costs, there is strong emphasis on developing sales presentations by the technical staff. Customers like this, the technicians network, and the equipment is sold to specification.

The price of the high-speed Voice 200 Ultra was decreased, though still between $200 and $300 K each, and distributors have come up with numerous new applications. Twelve units were sold to Samsung. Syft sees big potential in the Taiwanese semi-conductor sector, and Australian coal-fired power stations.

Chief Technology Officer Dr Murray McEwan then spoke of how Syft is expanding the application base of their technology both geographically, (Japan, USA, and Australia,) and through product segments, such as volatile chemicals, narcotics, food flavourings, car odours, and in future, breath testing.

A selection from the numerous questions follows:

- Q: What is the long term aspiration of Syft? A: I want this to be a billion dollar turn-over company.
- Q: Container pollution is the responsibility of the company using it. Could there be a universal method of detection? A: Our container monitor is the best. Companies know that they have to spend money on health and safety but are reluctant to do so. It may need a middle man to contract this service.
- Q: Mud logging was available four years ago. What is different now? A: The potential is huge but it will take time. The oil and gas market is complicated. We now work with our distributors, who sell to the service providers.
- Q: Is it possible to lease machines? A: We require distributors to buy a machine and they are happy to lease to users.
- Q: You mention your intention to have some manufacturing done overseas – where would this be? A: In all probability the Czech Republic where the vacuum pump we use is made. This is to keep costs down. Not finalised yet.
- Q: What about detecting chemicals in rental properties, e.g. methamphetamines? A: Again, it's a cost issue. A contractor would be the best solution here.

The resolutions were then put and all three were passed.

This is a company with an extremely focussed and ambitious CEO and staff. We can only hope that their optimism and determination yield the results they envisage and finally give a reward to their very patient shareholders The signs look promising..

Barbara Duff

Marlin Global Fund AGM 31st October

Alistair Ryan in his commentary said that Marlin had had 2 years of good returns for 2013 & 14, with total shareholder returns of 28.5% & 12.2% respectively. The large negative return of -18.5% in 2012 resulted in the re-organisation of the management team with improved returns.

Carmel Fisher said that the portfolio has been repositioned with good growth opportunities, increased diversification, with a mix of larger and small cap stocks.

Roger Garrettt reviewed the performance of the markets and the main stock positions in the portfolio.

Share price at balance date of .83c was a 9% discount to the Net Asset value of 91c, a big improvement on the previous year of 20%.

The quarterly dividend of 2% of net asset value continues.

Q & A – The turnover in the portfolio was commented on with 11 exits from a total of 35 positions. This was part of the continuing restructure. Currency hedging was at management's discretion with currently no USA hedges in place. It was noted that the MSCI index at 12.4% was better than the Marlin return and it was pointed out that Marlin did not use MSCI indices as benchmarks.

Noel Thompson

Abano Healthcare AGM 25th November

Abano's AGM was sandwiched between Cavalier and Pumpkin Patch at the same Ellerslie location and unlike the other two, provided a relative oasis of competence, clear communication and cheerful forecasts. It was also far more relaxed than the special meeting earlier this year when the Archer-Hutson-Reeves bid to unseat the chair was rejected.

The meeting opened and closed with unforecast announcements. Chairman Trevor Janes announced the sale of the company's orthotic business at a small loss on book value, once settlement adjustments and sale costs were taken out. Proceeds of the sale will be reinvested in reducing debt and reinvesting in the dental business. At the other end of the meeting CEO Alan Clarke announced his intention to retire at the time of the 2015 AGM. Mr Clarke outlined the transition of the company from a debt ridden cluster of aged care facilities to a multi sector healthcare organisation operating in the private sector across New Zealand, Australia and the South Pacific. He said the keys to success was getting A grade directors on board and hiring top staff. His effusive praise of Chief Operating Officer, Richard Keys suggests that Mr Keys will be a strong candidate to take over as CEO when Mr Clarke departs.

The Chairman's address and operational report (presented by Richard Keys) are available on the company's website. I noted that gearing is currently at 44% and likely to increase with further dental acquisitions. Over 50% of dividends are reinvested in the company through the DRP. While it is difficult to analyse performance while the company is in an active growth phase, I was told same store sales have increased. A new director, to be appointed in the new year to replace Peter Hutson, is likely to be Australian based. The company has few Australian shareholders so there is little value seen in seeking a listing on the ASX.

In light of a number of new residential care listings coming to market on both sides of the Tasman, investors might note that Abano sees little opportunity in investing in businesses that have a high reliance on government funding.

There were 4 resolutions at the meeting, all voted on by poll. Authority to fix the auditor's remuneration passed without dissent. While directors Danny Chan and Susan Paterson were re-elected with comfortable majorities, there was a 37% abstain on those votes. The vote to increase director's fees by $34,500 passed with 53.2% of the vote; 45.6% were against and the rest abstained. I voted all 236,678 discretionary proxies (2.22%) in favour of all 4 resolutions.

Bruce Parkes

Caught on the Net

Bosses earn more when they hire compensation consultants

This is no surprise to most shareholders. Now, researchers at Judge Business School, Cambridge University provide the evidence. Firms that hire compensation consultants paid their CEOs 7.5% more than those that do not. **More**

Its hard to find reasons for the divergence between asset class prices

Says Mohamed El-Erian in a Financial Times article. The divergence in 2014 between equities and commodities/bonds is historically unusual. He suggests that there will be a reversion to a correlation of past patterns sometime in 2015. **More**

Research finds bankers lie more than the rest of us.

Economists at the University of Zurich set out to find whether bankers are more likely to cheat than the rest of us. They found that when bankers were primed to think of themselves as bankers they lied significantly more than they did when they were primed to think as everyday people. **More**

The fix is in: how banks allegedly rigged the US$5.3 trillion foreign exchange market.

Carol Osler, Professor of Business at Brandeis University discusses how traders at some of the world's biggest banks worked to manipulate key currency rates. **More**

The "foolishness" of the old

That's how Frances Coppola sees it in her Peria piece. She claims that, "it is very foolish of the old to expect their pensions and benefits to be protected at the expense of the young. They should be demanding investment in education, training and skills development to ensure that as many as possible of the young have high incomes in the future. Investment in the young is investment in themselves." Not many readers of this column will agree but it is helpful to know what the "enemy" is thinking. **More**

How important is a manager's experience in fund selection?

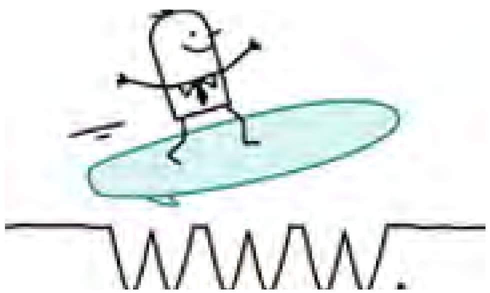
Not much, according to a survey of UK based financial advisers. To protect their jobs, managers are prone to 'index hugging rather than acting in the best interests of their investors. **More**

Fewer active managers beat the market than at any time in this decade.

Says Stephen Foley in the Financial Times. Large cap mutual funds have a bias towards smaller stocks and smaller stocks have not been doing well. **More**

How concentrated should you make your value portfolio?

Patrick O'Shaughnessy, in Millenial Invest, suggests that an ideal portfolio should cover a small range of stocks. **More**



Building a personal margin of safety

Investors should focus on the long term; but the long term is made up of a series of short terms and the long term is not where will live. The Abnormal Returns blog suggests we should make some fundamental decisions about our investment processes and automate them as much as possible. **More**

Lies investors tell themselves

A wealth of common sense blog lists lies investors commonly tell themselves to justify their behaviour. Can you add to the list? **More**

The World's dumbest idea

There are lots of candidates. In fact, in finance there is an embarrasment of riches. In a must read 10 page essay, James Montier makes a case against shareholder value maximisation. ***More***

Average is a simple word that masks a significant degree of complexity

Something to keep in mind when looking at average returns over time. **More**

Bruce Parkes

Branch Reports

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We recognise that branch reports in our newsletter do not adequately represent the expertise and preparation of those presenting. The work of these professionals who give their time is appreciated by all who attend. Members are encouraged to refer to the individual company websites for the latest news and disclosures.

Auckland

Metlife Care visit 13th October

The Poynton has an interesting backstory. The site was purchased with a view to development in 2004 but sales of apartments languished during the G.F.C. until the new C.E.O. Alan Edwards came on board and started making an all-out effort to promote and sell the village. It is now fully sold down and could be regarded as having become a success.

Some months ago Stuart and I received a personalised tour from Alan Edwards of three villages on the North Shore; the Poynton and two villages currently under development; The Orchards and Unsworth Heights. We were impressed. To be honest the buildings of The Poynton looked unprepossessing from the outside and they are bound by very difficult and busy North Shore roads, but once inside the compound we were struck by how attractive the communal lounge and dining areas were and by the friendliness and evident passion of the staff. Alan also showed us an apartment interior that was stunning and would be as good as you would find anywhere. And it was very evident that Alan was immensely proud of his product, which was heartening to see in a C.E.O. So when it came time to organise a company visit for the Auckland Branch The Poynton came naturally to mind.

The visit began with a speech from Alan. He mentioned that Metlifecare now has twenty five villages and 200 units plus under development per annum. The retirement village industry is a clear growth market. People are living longer plus there is the coming baby boomer market. Previously retirement villages were the realm of the churches and the state; there were not large amounts of private capital involved. The industry started in earnest in 1985. There are now 350 villages in New Zealand with a combined population of approximately 25,000 residents.

Residents purchase a right to occupy and have prior or higher rights than the bank. The membership fee comes with benefits, eg maintenance, staff, community assets, restaurants pools etc.

Metlifecare is focused on Auckland, Hamilton and Tauranga – what Alan Edwards referred to as the 'Golden triangle'. They differ from Ryman in that they partner with other companies on construction rather than have their own in-house construction capability.

Metlifecare operates different

price points on their villages, and one of the things we have been noticing is that their villages appear to be more individual in design and several appear to be more boutique in nature.

The only debt the company holds is development debt. There is no core debt. 67% of the value of the company is in Auckland; with 13-14 villages here. Research has shown that their customers come from within an 8 kilometre radius of a village site. Metlifecare puts a lot of effort into differentiating their product from those of competitors, and doing market research before building is critical. Alan Edwards emphasised that site selection is a critical success factor.

Rates, insurance etc influence weekly fees, but fees are fixed for life. New residents pay higher fees. Alan said the question they constantly ask themselves is "What difference can we make today?" (Metlifecare versus the competition).

Metlifecare encourages residents to form their own committees, and they regularly convene a conference of all committee chairs. Alan stated that theirs is an "Unrestricted environment where people can be the best they can be".

After Alan's talk we were divided into groups and given a tour of The Poynton that included the amenities plus examples of smaller serviced and larger independent apartments. Again Alan's pride in The Poynton and his passion for the business was very evident, as was the pride and passion of all the staff who conducted us around the village. Members of the Auckland Branch of the Shareholders' Association appeared to be impressed with the visit, and we are very grateful for the hospitality shown to us by Alan and his team.

Fiona Gray

Upcoming Auckland Branch Meetings

All at Alexandra Park Convention Centre, Green Lane. 7pm tea & coffee – 7.30 pm start

Wednesday, 18th February – details to be advised

Wednesday, 15th April – Presentation by Peter Mence, CEO, Argosy Property

Wednesday, 17th June

Please diary these dates, and look for details of the programme on the branch section of the NZSA website

Company Visits

Stuart and Fiona are arranging the next visit to Auckland International Airport, on Monday 9th March 2015. Details will be advised as soon as possible. Email - grayfion@gmail.com

It is intended that visits will continue in the month between branch meetings.

Auckland Education Courses

Western Springs Community College will run two education courses early 2015.

Website: ***www.leisuretimelearning.co.nz/businessandfinance***

Our courses are right for new investors, for current investors who need more knowledge, and for those who want to understand their Kiwisaver investments.

Course 1. Investing for your future – general investing principles - 2*2hr sessions

Commencing 18th February at 7pm;   Tutor John Hawkins

Price $65 inc GST; plus $20 for the NZSA course book

Course 2. Sharemarket basics – understanding how and why to invest in shares.

Commencing 3rd March at 7pm; Tutor Jacquie Hagberg – 2*2hr sessions

Price $65 inc GST; plus $20 for the NZSA course book

Tell your friends, family, and work colleagues about these informative courses. You don't have to be an NZSA member – just keen to develop your understanding.

Bay of Plenty.

Our Money Week Seminar went off very well …….not as good as our first one, but over 70 attendees nevertheless, with the bigger percentage of non members. Three new members came along and joined because they saw our large advertisement and feature article in the local paper, which is published on Fridays. Others had seen the ad and came because they didn't know we existed before now!

We are most appreciative of a financial donation towards costs for our seminar from

Trustees Executors Ltd.

We had two Guest Speakers – John Berry, Director of Pathfinders Asset Management who gave a very good presentation entitled "Five Free Lunches in the Financial Markets" – more for intermediate to seasoned investors, and Aaron Jenkins Head of Markets NZX also an excellent presentation for beginner – intermediate investors – a good mix.

The biggest disappointment was that despite personally contacting the colleges and visiting the School of Business Studies, not one student came. However, we were heartened by one member who brought his daughters along. Perhaps timing this year was not ideal as it was delayed from August last year to October this year due to the election. Hopefully it will be back to August for 2015. We will start working on our Money Week event at the end February 2015.

We have already got an exciting and interesting program planned for the first half of 2015.

Jane Lyndon

Waikato

We have had a busy end to our year's activities with presentation by Mark Powell, CEO, Warehouse Group at our October event, then our Christmas dinner event was addressed by Paul Glass and Slade Robertson from Devon Funds Management

Mark Powell was a breath of fresh air with an off the cuff address on his vision for the group. He is a very active CEO that is making a difference at the group. A big push into Online sales with the option to pick up at local store, rather than relying on courier to drop off at home, often meaning a visit to Post Shop as you were not home when courier called- I'm sure you have experienced that!

Paul Glass assisted by Slade Robertson addressed our members at our Christmas dinner and shared their view on how they see the world at present. They shared that Devon Funds is an independent employee owned business, specialising in Australasian Equities managing over $1.3 billion for a range of clients.

They covered The Big Picture: China and USA; NZ and Australia; and Corporate Governance. Their views in corporate governance are encouraging and we see big benefits of NZSA working with them for the benefit of NZ retail investors.

Spread in between our monthly events we have held a new members evening, then we held three Share Investment Strategy Discussion Evenings for members and guests.

We will start 2015 with two NZSA Investment courses for members and guests, then our first monthly event will be 24th Feb with presentation by Mark Lister, Head of Private Wealth Research with Craigs Investment Partners

John Davies

EDUCATION NEWS FLASH – Waikato Branch will run the Sharemarket Basics Course early in 2015. Details will be advised in our next issue

Wellington

Thank you to branch members and the committee for your support during 2014. It has been another busy year and we have had a great variety of meetings and speakers.

For 2015, our meeting will be held on the second Tuesday of each month (March to November) from 7:30pm to 9:30pm. We will be running a new investors evening, probably the March or April meeting.

All the best for Christmas and I look forward to seeing some of you at our next branch meeting in March 2015.

Martin Dowse

Canterbury

Members of the branch committee have been busy attending company AGMs (reported elsewhere in this issue of the Scrip). Our next branch function will be our annual End of Year Social, complete with trivia quiz and dividends, some entertaining video clips plus seasonal refreshments.

The planning for our next year's programme is already well advanced with several speakers lined up. Details will be given to branch members in our regular newsletters

Robin Harrison

Upcoming Events

For more information go to Branch section of NZSA website

2015

February 18	Auckland Branch meeting
March 9	Wellington Branch meeting
April 14	Wellington Branch meeting
April 15	Auckland Branch meeting
May 12	Wellington Branch meeting
June 17	Auckland Branch meeting

NEW ZEALAND SHAREHOLDERS ASSOCIATION INC

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New Zealand Shareholders Association Inc.

NZSA

Many Investors, One Voice

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