



Many Investors, One Voice

**ANNUAL REPORT AND SUPPORTING DOCUMENTS FOR THE ANNUAL GENERAL
MEETING**

OF THE

NEW ZEALAND SHAREHOLDERS' ASSOCIATION INCORPORATED

FOR THE YEAR ENDED 31st MARCH 2015

INDEX

AGENDA FOR THE ANNUAL GENERAL MEETING	3
PREVIOUS MEETING MINUTES	4
ANNUAL ACCOUNTS, ACCOUNTS REVIEW AND NOTES	6
Information	7
Independent Review Report	9
Statement of Service Performance	10
Statement of Financial Performance	12
Statement of Financial Position	13
Statement of Cash Flows	14
Statement of Accounting Policies	15
Notes on the Performance Report	16
CHAIRMAN'S OVERVIEW 2014 – 2015	21
ELECTION OF BOARD MEMBERS	28
John Hawkins:	28
Chris Curlett:	29
PROXY FORM	30

**AGENDA FOR THE ANNUAL GENERAL MEETING
of the
New Zealand Shareholders' Association Inc.**

The Annual General Meeting will be held on the 12th of September 2015 in Hamilton

1. Apologies
2. Approval of the previous Annual General Meeting minutes.
3. Chairman's Report.
4. Election of Board Members.
5. Presentation and adoption of the Annual Report incorporating the Chairman's Report and Annual Accounts.
6. Re-appointment of M.A. O'Meara (Chartered Accountant) as Accounts Reviewer for the year ended 2016
7. General Business.

PREVIOUS MEETING MINUTES

Minutes of the Annual General meeting of the New Zealand Shareholders' Association held on 6th September 2014 at Auckland commencing at 12:15 hours.

Attendance J Hawkins (Chairman), A Best, C Curlett, G Diggle, L Lym, G Jaduram, A Redding and M Watson plus 303 members, partners/spouses and guests.

Apologies M Smith and 5 other apologies were received.
Proposed and seconded apologies be adopted. *Passed unanimously*

Previous Minutes Proposed and seconded these be adopted. *Passed unanimously.*

Chairman's Report Hawkins referred the meeting to the Chairman's Report which had been circulated and spoke briefly to it expanding on the information contained in it.

Election of Board members

Each of the candidates addressed the meeting.

It was proposed and seconded Lyn be re-elected to the Board of the Association.
Passed by acclamation.

It was proposed and seconded Jaduram be re-elected to the Board of the Association. *Passed by acclamation.*

Chairman's Report and Annual Accounts

The Chairman referred the meeting to the Chairman's report previously discussed and the Annual Accounts of the Association.

Curlett addressed the meeting and spoke to the Annual Accounts, noting the improved position of the Associations share investments, the bank balance and the accounts receivable demonstrating a improved collection of receivables. The accounts payable, although higher than the previous year, is caused by a difficult February 2014 also requiring the liquidation of a few investments to cover this period. The increase in the web assets was due to undertaking fifteen projects over the year to enhance the management of the NZSA, security and member services.

It was proposed and seconded the Annual Report incorporating the Chairman's Overview and Financial Statements be accepted. *Passed unanimously*

Reappointment of M.A. O'Meara as Accounts Reviewer for the year ended 2015

The Chairman gave a brief history of the Accounts Review philosophy of the Association and the Board's recommendation for the appointment of M.A. O'Meara, who is also a Chartered Accountant, to undertake this role.

It was proposed O'Meara be appointed to undertake a Financial Review of the YE 2015 accounts on behalf of members. *Passed unanimously*

General Question Time

Board members attendance at Branch Meetings. It was suggested the National Board make a point of attending Auckland and other branch meetings

on a more regular bases. The Chairman agreed to look into this with the National Board.

Director Remuneration. The view was expressed that directors of some public companies appeared to be taking excessive amounts given the performance (or lack of it) of the company. The Chairman commented this was a vexed issue and the NZSA did monitor this and was very aware of the issue with the NZSA on occasion being asked to comment on individual companies proposed remuneration policy. The suggestion was made the such remuneration should contain two components, a fixed increases and a larger performance based increase. The Chairman commented this would be considered by the National Board.

Meeting closure at 13:15 hrs

Signed as a true and correct record on _____ 2015

Chairman

Secretary/Treasurer

ANNUAL ACCOUNTS, ACCOUNTS REVIEW AND NOTES

The New Zealand Shareholders' Association Incorporated

Information

"Who are we?" , "Why do we exist"

For the year ended
31st March 2015

Legal Name of Association:	The New Zealand Shareholders' Association Incorporated
Type of Association and Legal Basis:	New Zealand Incorporated Society
Registration Number:	1138448
Directors:	John Hawkins (Chairman) Chris Curlett (Secretary-Treasurer) Grant Diggle Gayatri Jaduram Lyn Lim Andrew Reding Max Smith Martin Watson
Members Annual Accounts Reviewer	M.A. O'Meara, Chartered Accountant)
Association Tax Accountants	Gilligan Sheppard

Association's Purpose:

The objects of the Association are to:

- a. Represent, protect and promote the interests of investors in shares and other Investment Products; and
- b. To promote and encourage an active, efficient, fair and transparent market for raising capital and trading in shares and other Investment Products.

For the avoidance of any doubt, the Association can do all such things as are incidental or conducive to the attainment of its Objects or any of them and to promote any other activity not repugnant to its Objects, including without limitation:

- a. Influencing through the policy of Government.
- b. Making submissions to Parliament and regulatory bodies on laws.
- c. Performing and encouraging research.
- d. Providing an advocacy role.
- e. Providing a proxy service.
- f. Encouraging good governance within Organisations.
- g. Organising meetings and functions for members, often with keynote speakers from finance, industry, journalism, politics and other relevant sectors.

- h. Undertaking educational activities and working with other organisations in relation to investor education.
- i. Establishing and maintaining branches throughout New Zealand.

Association Structure:

The New Zealand Shareholders' Association Incorporated is structured as a central National office with five partially self governing Branches in New Zealand.

The National Body is governed by a central Board made up of 8 elected members. The Branches each have their own committee which manages the day to day activities of the branch, reporting to the National Board.

Main Sources of the Association's Cash and Resources:*

The NZ Shareholders Association receives a large majority of funding for its activities from Members subscriptions. There are a number of investments in Shares which provides a minor income flow and the National Board has a policy of increasing this investment and reserve funding.

This funding is spread over the entire membership of the Association and is divided between two principle groupings, the Individual Membership and the Corporate Membership.

Main Methods Used by the Association to Raise Funds:*

The Association generates its funding from Membership fees and to a minor degree from event based support, such as advertising and promotion of an event. The Annual Conference receives funds from the NZX and the support of speakers at the event.

Association's Reliance on Volunteers and Donated Goods or Services: *

There is a tremendous amount of work undertaken at all levels of the Association on a voluntary basis. This is supplemented by one part paid position within the National Office, that of Secretary / Treasurer.

Contact details

Physical Address: 4th Floor, Smith and Caughey Building, Wellesley Street, Auckland. 1010. New Zealand.

Postal Address: c/- PO Box 6310, Auckland 1010. New Zealand.

Phone/Fax: 0800-697-27478

Website: www.nzshareholders.co.nz

The New Zealand Shareholders' Association Incorporated

Independent Review Report



O'Meara & Co
Chartered Accountants
P O Box 56 565, Auckland 1446
Phone 09 631 7849
Fax 09 631 7859

INDEPENDENT ASSURANCE PRACTITIONER'S REVIEW REPORT

TO THE MEMBERS OF NEW ZEALAND SHAREHOLDERS' ASSOCIATION INCORPORATED

I have reviewed the accompanying financial statements of New Zealand Shareholders' Association Incorporated which comprise the Statement of Service Performance, Statement of Financial Position at 31 March 2015, Statement of Financial Performance and Statement of Cash Flows for the year then ended and a summary of significant accounting policies and other explanatory information.

The Executive Committee's Responsibility for the Financial Statements

The executive committee are responsible for the preparation and fair presentation of these financial statements in accordance with the XRB - Public Benefit Entity Simple Format Reporting – Accrual (Not-for-profit) or PBE SFR-A (NFP) framework as described in the Basis of Preparation on page 15 and for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Assurance Practitioner's Responsibility

My responsibility to express a conclusion on the accompanying financial statements. I conducted my review in accordance with International Standards on Review Engagements (New Zealand) (ISRE (NZ)) 2400. *Review of Historical Financial Statements Performed by an Assurance Practitioner who is not the Auditor of the Entity.* ISRE (NZ) 2400 requires me to conclude whether anything has come to my attention that causes me to believe that the financial statements, taken as a whole, are not prepared in all material respects in accordance with the applicable financial reporting framework. This Standard also requires me to comply with relevant ethical requirements.

A review of the financial statements in accordance with ISRE (NZ) 2400 is a limited assurance engagement. The assurance practitioner performs procedures, primarily consisting of making enquires of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing (New Zealand). Accordingly, I do not express an audit opinion on these financial statements.

Other than in my capacity as assurance practitioner, I have no relationship with, or interests in, New Zealand Shareholders' Association Incorporated.

Conclusion

Based on my review, nothing has come to my attention that causes me to believe that these financial statements do not present fairly, in all material respects, the financial position of New Zealand Shareholders' Association Incorporated as at 31 March 2015 and its financial performance and cash flows for the year then ended in accordance with the financial reporting framework PBE SFR-A (NFP).

24th August 2015

M A O'Meara
O'Meara & Co, Auckland

The New Zealand Shareholders' Association Incorporated

Statement of Service Performance

"What did we do?", When did we do it?"

For the year ended
31st March 2015

Description of the Associations Outcomes*:

Over the Financial year ended 2015 the Association has aimed to;

- Develop a stronger working relationship with the Financial Markets Authority (FMA)
- Continue and ongoing dialog with the New Zealand Stock Exchange (NZX)
- Increase the open communication with Companies to encourage responsible Corporate Governance
- Encourage a stable and vibrant Equities market
- Continue member communication through print and electronic purposes
- Encourage greater understanding of companies and help them communicate with members and the public
- Encourage Branch development and communication with members and the public
- Continue the Education activities of the Association
- Make submissions on Legislation change where appropriate
- Maintain a overview on emerging investment products
- Continue to represent members and other at meetings through the Proxy Service
- Work with the Share Registries to streamline processes and encourage shareholders to provide proxies to the Association
- Encourage closer relations with the Australian Shareholders Association and exchange information and Newsletters with them
- Grow the Associations membership and look at other forms of membership
- Encourage Financial Literacy
- Attend AGM's and have a presence at the entry to the AGM with material

	Actual*	Actual*
Description and Quantification (to the extent practicable) of the Associations Outputs:*	This Year	Last Year

Regular meetings with the FMA and NZX		
National Newsletters to members		
Meetings with Listed Companies		
Active Proxy Service and appointing proxies to attend Company AGM's		
Discussions with the ASA about a closer relationship		
Ongoing overview of Legislation		
Support of the "Money Week" program and its expansion		
Discussions over Directors having Unique identifiers to better link them to Companies which they are Directors of		
Running evening Education courses		

The Board herewith approve the Financial Report for the year ended 31 March 2015 as presented on pages 7 to 20 inclusive.

For and on behalf of the Board;



24/8/15

Chairman



24/8/15

Secretary / Treasurer

The New Zealand Shareholders' Association Incorporated

Statement of Financial Performance

"How was it funded?", "What did it cost?"

For the year ended
31st March 2015

	Note	Actual * This Year \$	Actual * Last Year \$
Revenue			
Donations, fundraising and other similar revenue *	1.1	36,660	41,381
Fees, subscriptions and other revenue from members *	1.2	172,316	85,944
Revenue from providing goods or services *	1.3	13,028	37,209
Interest, dividends and other investment revenue *	1.4	3,521	2,459
Other revenue		-	-
Total Revenue *		225,525	166,993
Expenses			
Expenses related to public fundraising *		3,319	1,247
Volunteer and employee related costs *	2.1	25,516	23,147
Costs related to providing goods or services *	2.2	3,640	20,592
Grants and donations made *		-	-
Other expenses	2.3	101,086	99,143
Total Expenses *		133,561	144,129
Non-Financial Expenses			
Depreciation		13,599	16,104
Provision for taxation		107	120
Surplus/(Deficit) for the Year *		78,258	6,640

The New Zealand Shareholders' Association Incorporated

Statement of Financial Position

"What we own?" and "What we owe?"

For the year ended
31st March 2015

	Note	Actual* This Year \$	Actual* Last Year \$
Assets			
Current Assets			
Bank accounts and cash*		88,519	22,191
Debtors and prepayments*		5,517	15,280
Inventory*		-	117
Other current assets		899	-
Total Current Assets		94,935	37,588
Non-Current Assets			
Property, plant and equipment*	4	15,179	28,508
Investments - Shares*	3.1	45,356	22,375
Other non-current assets		-	-
Total Non-Current Assets		60,535	50,883
Total Assets*		155,470	88,471
Liabilities			
Current Liabilities			
Bank overdraft*		-	-
Creditors and accrued expenses*		24,959	44,560
Employee costs payable*		-	-
Unused donations and grants with conditions*		-	-
Other current liabilities		-	-
Total Current Liabilities		24,959	44,560
Non-Current Liabilities			
Loans*		-	-
Other non-current liabilities		-	-
Total Non-Current liabilities		-	-
Total Liabilities*		24,959	44,560
Total Assets less Total Liabilities (Net Assets)*		130,511	43,911
Accumulated Funds			
Accumulated surpluses or (deficits)*		43,911	37,664
Capital contributed by members*		-	-
Surplus/(Deficit)*		78,258	6,640
Unrealised Investments - Shares		8,342	(393)
Reserves*		-	-
Total Accumulated Funds*		130,511	43,911

The New Zealand Shareholders' Association Incorporated

Statement of Cash Flows

"How we have received and used cash"

For the year ended
31st March 2015

	Actual* This Year \$	Actual* Last Year \$
Cash Flows from Operating Activities*		
Cash was received from:		
Donations, fundraising and other similar receipts*	46,815	49,226
Fees, subscriptions and other receipts from members*	170,651	86,482
Receipts from providing goods or services*	13,028	37,209
Interest, dividends and other investment receipts*	3,262	1,793
Other revenue	-	-
Cash Income	233,756	174,710
Net GST	3,136	(1,186)
	236,892	173,524
Cash was applied to:		
Payments to suppliers and employees*	155,165	138,327
Donations or grants paid*	-	-
Net Cash Flows from Operating Activities*	81,727	35,197
Cash flows from Investing and Financing Activities*		
Cash was received from:		
Receipts from the sale of property, plant and equipment*	-	-
Receipts from the sale of investments*	75	4,715
Proceeds from loans borrowed from other parties*	-	-
Capital contributed from owners or members*	-	-
Cash was applied to:		
Payments to acquire property, plant and equipment*	270	25,234
Payments to purchase investments*	15,204	11,991
Repayments of loans borrowed from other parties*	-	-
Capital repaid to owners or members*	-	-
Net Cash Flows from Investing and Financing Activities*	(15,399)	(32,510)
Net Increase / (Decrease) in Cash*	66,328	2,687
Opening Cash*	22,191	19,504
Closing Cash*	88,519	22,191
	66,328	2,687
This is represented by:		
Bank Accounts and Cash*	88,519	22,191

The New Zealand Shareholders' Association Incorporated

Statement of Accounting Policies

"How did we do our accounting?"

For the year ended
31st March 2015

Basis of Preparation*

The New Zealand Shareholders' Association Incorporated has elected to apply PBE SFR-A (NFP) Public Benefit Entity Simple Format Reporting - Accrual (Not-For-Profit) on the basis that it does not have public accountability and has total annual expenses of equal to or less than \$2,000,000. All transactions in the Performance Report are reported using the accrual basis of accounting. The Performance Report is prepared under the assumption that the entity will continue to operate in the foreseeable future.

Goods and Services Tax (GST)*

All amounts are recorded exclusive of GST, except for Debtors and Creditors which are stated inclusive of GST.

Income Tax

The New Zealand Shareholders' Association Incorporated is exempt from New Zealand income tax having fully complied with all statutory conditions for these exemptions. Where an activity is outside the Exempt status the tax is calculated and a provision made in the accounts for it.

Bank Accounts and Cash

Bank accounts and cash in the Statement of Cash Flows comprise cash balances and bank balances (including short term deposits) with original maturities of 90 days or less.

Investment (Share) Realisation

Shares in listed companies held by the Association are only for representation purposes and may not be realisable for the amounts stated in the accounts.

Fixed Asset Realisation

The Fixed Assets mainly consist of software and there is a fundamental uncertainty over its realisable value.

Changes in Accounting Policies*

The Association has voluntarily elected to adopt the XRB reporting standard as detailed in the "Basis of Preparation".

NZSA Financial Accounts Annual Review costs

This role has been undertaken by M.A. O'Meara who was re-appointed at the 2014 Annual General Meeting. Members should note this is a Review and not an Audit nor does it include the NZSA Branch Accounts. The Review report, concerning the Financial Statements for the 2014/15 year, is attached as part of the 2014/15 Annual Report.

The New Zealand Shareholders' Association Incorporated

Notes on the Performance Report

For the year ended
31st March 2015

Note 1 : Analysis of Revenue

Note 1 : Analysis of Revenue			
		This Year	Last Year
Revenue Item	Analysis	This Year	Last Year
1.1 Donations and other similar revenue	Sponsorship of NZSA	\$ -	\$ 29,167
	PhD Scholarship	2,000	-
	Donations	34,660	12,214
	Total	36,660	41,381
		This Year	Last Year
Revenue Item	Analysis	\$	\$
1.2 Fees, subscriptions and other revenue from members	Subscriptions	90,316	85,944
	Corporate Membership	82,000	-
	Total	172,316	85,944
		This Year	Last Year
Revenue Item	Analysis	\$	\$
1.3 Revenue from providing goods or services	Contract Review work	-	22,500
	FLOW Licence Fees	-	2,169
	Education Revenue	1,845	565
	AGM/Conference Revenue	11,183	11,975
	Total	13,028	37,209
		This Year	Last Year
Revenue Item	Analysis	\$	\$
1.4 Interest, dividends and other investment revenue	Bank Interest	1,483	910
	Dividend	2,524	1,116
	IRD Interest	4	3
	Profit/(Loss) on sale of Shares	(490)	430
	Total	3,521	2,459

Note 2 : Analysis of Expenses

Note 2 : Analysis of Expenses

		This Year	Last Year
		This Year	Last Year
Expense Item	Analysis	\$	\$
2.1 Volunteer and employee related costs			
	Accounting and administration fees	18,000	18,000
	CKPD related fees	2,468	3,540
	Board Meeting	2,174	1,607
	Other costs	2,874	-
Total		25,516	23,147

		This Year	Last Year
		\$	\$
Expense Item	Analysis		
2.2 Costs related to providing goods or services	Contract Review work	-	18,000
	Education	3,640	2,592
Total		3,640	20,592

		This Year	Last Year
		\$	\$
Expense Item	Analysis		
2.3 Other expenses	Administration	11,429	9,228
	AGM/Confrence	19,576	22,739
	Advocacy	7,180	3,880
	Awards and Presentations	4,230	3,958
	Branch	7,185	6,894
	Directors Meetings	5,749	6,577
	Insurance	12,993	14,284
	Credit Card fees	2,583	2,853
	Newsletter and Member Communications	12,020	8,466
	Review Costs	7,028	5,600
	Repairs and Maintenance	4,522	3,670
	Web	6,591	10,994
	Total	101,086	99,143

		This Year	Last Year
		\$	\$
Expense Item	Analysis		
Administration	Accommodation	2,000	1,500
	Parking	1,501	1,580
	Postage	1,784	1,916
	Stationery and Printing	1,928	603
	Telephone	4,216	3,629
Total		11,429	9,228

Note 3 : Analysis of Assets and Liabilities

Asset Item	Analysis	This Year	Last Year
		\$	\$
3.1 Investments	Shares in New Zealand publicly listed companies	45,356	22,375
	Total	45,356	22,375

Note 4 : Property, Plant and Equipment

This Year						PPE7 - PPE8	
Asset Class*	Opening Carrying Amount*	Purchases	Sales/Disposals	Current Year Depreciation and Impairment*	Closing Carrying Amount*	Current Valuation*	Source and Date of Valuation*
Land*	-	-	-	-	-		
Buildings*	-	-	-	-	-		
Motor Vehicles*	-	-	-	-	-		
Furniture and fixtures*	-	-	-	-	-		
Office equipment*	455	270	-	114	611	611	Historic calculation
Computers (including software)*	28,053	-	-	13,485	14,568	14,568	Historic calculation
Machinery*	-	-	-	-	-		
Heritage assets	-	-	-	-	-		
Total	28,508	270	-	13,599	15,179		

Last Year					
Asset Class*	Opening Carrying Amount*	Purchases	Sales/Disposals	Current Year Depreciation and Impairment*	Closing Carrying Amount*
Land*	-	-	-	-	-
Buildings*	-	-	-	-	-
Motor Vehicles*	-	-	-	-	-
Furniture and fixtures*	-	-	-	-	-
Office equipment*	607	-	-	152	455
Computers (including software)*	18,771	25,234	-	15,952	28,053
Machinery*	-	-	-	-	-
Heritage assets	-	-	-	-	-
Total	19,378	25,234	-	16,104	28,508

Significant Donated Assets Recorded - Source and Date of Valuation*	
There are no Significant Donated Assets which are not recorded	

Significant Donated Assets - Not Recorded*	
There are no Significant Donated Assets which are not recorded	

Note 5: Accumulated Funds

This Year				
Description*	Capital Contributed by Owners or Members*	Accumulated Surpluses or Deficits*	Reserves*	Total*
Opening Balance	43,911	-	-	43,911
Capital contributed by owners or members*	-	-	-	-
Capital returned to owners or members*	-	-	-	-
Surplus/(Deficit)*	78,258	-	-	78,258
Distributions paid to owners or members*	-	-	-	-
Unrealised Investments - Shares	8,342	-	-	8,342
Transfer to Reserves*	-	-	-	-
Transfer from Reserves*	-	-	-	-
Closing Balance	130,511	-	-	130,511

Last Year				
Description*	Capital Contributed by Owners or Members*	Accumulated Surpluses or Deficits*	Reserves*	Total*
Opening Balance	37,664	-	-	37,664
Capital contributed by owners or members*	-	-	-	-
Capital returned to owners or members*	-	-	-	-
Surplus/(Deficit)*	6,640	-	-	6,640
Distributions paid to owners or members*	-	-	-	-
Unrealised Investments - Shares	(393)	-	-	(393)
Transfer to Reserves*	-	-	-	-
Transfer from Reserves*	-	-	-	-
Closing Balance	43,911	-	-	43,911

Breakdown of Reserves*

The Association has not received any funds or property which is subject to a condition relating to its transfer to the Association. No capital or Project reserves have been created or held for a specific project or event other than in respect of normal trading activities.

Note 6 : Commitments and Contingencies

6.1 Commitments

There are no commitments as at balance date (Last Year - nil)

6.2 Contingent Liabilities and Guarantees

There are no contingent liabilities or guarantees as at balance date (Last Year - nil)

Notes 7-12

Note 7: Other

7.1 Significant Grants and Donations with Conditions which have not been Recorded as a Liability*

There are no Significant Grants and Donations which are not recorded as a liability

7.2 Goods or Services Provided to the Association in Kind*

Description*	Amount*
0800 Phone Line provided by "Spark"	Not Quantified

7.3 Assets Used as Security for Liabilities*

No Assets have been used as Security for Liabilities

Note 8: Assets Held on Behalf of Others*

No Assets are held by the Association on behalf of others

Note 9: Related Party Transactions*

Description of Related Party Relationship*	Description of the Transaction (whether in cash or amount in kind)*	This Year	Last Year	This Year	Last Year
		\$	\$	\$	\$
		Value of Transactions*	Value of Transactions*	Amount Outstanding*	Amount Outstanding*
Member of the Association	Accounting, secretary, treasurer, web development and maintenance	18,000	18,000	-	-
Member of the Association	The Association rents office and meeting space along with telephone services.	2,000	1,500	-	-
Member of the Association	The Association receives tax advice and the tax calculations/returns are completed for the Association	600	807	-	-
Members of the Association	Members undertaking the review of Company reports for which the Association was paid.	-	18,000	-	10,371

Note 10: Events After the Balance Date:

There were no events that have occurred after the balance date that would have a material impact on the Performance Report. (Last Year Nil)

Note 11: Ability to Continue Operating*

The Board of the Association has no reason to believe the Association will not continue to operate in the following Financial Year

Note 12: Correction of Errors*

There have not been any Correction to Errors made to the accounts forming a part of this report.

There has been a re-alignment of some amounts to conform with the reporting requirements of the XRB Rules, however this been solely to allow a comparison of amounts between the previous and current Financial years.

CHAIRMAN'S OVERVIEW 2014 – 2015

Introduction.

When I became Chairman of your association five years ago and outlined to you my thoughts for the future, I began by asking a question. "Did the Association wanted to be an emergency flare, the kind that shots to prominence when the situation is desperate, burns bright for a while and is then extinguished. Or did we want a more permanent role. To be a lighthouse that illuminates a safe path for decades ahead?" And I made the presumptuous choice to answer my own question. I said that NZ needs us to be that lighthouse.

It has taken a lot of effort on the part of your board, local branch committees and various volunteers, but we have built that lighthouse! Your Association is now seen as key organisation to involve in any matters relating to the sharemarket and the capital markets generally. Whether at a company, regulatory or governmental level we are the "go to" group when issues affecting retail investors arise.

I also said we wanted to work WITH people, but not work FOR them. Our independence has always been our strength. My confidence in the collective wisdom of your Association's board to come up with workable and proactive solutions to the problems we confront has never wavered nor have I been disappointed. But some issues are structural, or too big for any one organisation to tackle effectively on their own.

As a result, the demands on the NZSA have increased, but so to has the willingness of the business world to support our efforts. They recognise that having the unified voice the NZSA provides is an important way that they can measure and become more responsive to retail shareholder concerns. Without in any way compromising our independence, our corporate membership scheme has brought a level of resourcing that will enable us to pursue a number of initiatives that would not have been possible. Over the next twelve months we will progressively ramp up the interactions we have with members , upgrade our proxy service and considerably increase our advocacy and lobbying at all levels. This will take even more time, and as a result the board has offered me a part-time paid CEO role. My chairman duties remain unpaid as do the Associations directorships. The decision was also taken to contract a part time Executive Assistant to help the CEO and board administratively. Andrew Reding has ably led the sub-committee that handled these personal matters.

The advent of new laws and a much more active regulator, the FMA, is resulting in a more secure investing environment. While it will probably never be possible to eliminate

all undesirable activity, I think most people would agree that these situations are becoming much less common. Of course, investors still have a responsibility to make suitable investigation of their commercial decisions. The Association can assist by providing information, education and networking opportunities, but under current law, we cannot advise you on specific buy or sell decisions.

Members with shares in BHP were no doubt surprised when we warned earlier this year that the demerger into two companies would potentially leave them liable for tax on the full value of the split off company, South32. We have been working hard on this and progress is being made. It will not be helpful to comment in more detail at this stage.

The Association also took a strong view over the exemption application from Unlisted. We understand the argument that it may enable some liquidity for some companies that would otherwise be too small to list. That argument does weaken given that several companies on Unlisted have capitalisation in excess of \$100m and one is more than \$400m. However, the board was strongly of a view that permitting insider trading, market manipulation and virtually no ongoing disclosure obligations was not acceptable from companies taking money from the public. Very light regulation has unfortunately resulted in disastrous consequences in the past - such as the finance company collapses. Despite some safeguards that are proposed, we continue to believe that the average retail investor will not readily distinguish between a regulated and a non regulated share market.

We have concerns also about the Crowd Funding scene. It is inevitable that some of the start ups will fail. that is the reality for many new businesses. Providing people understand the risks, that is not a problem because the rewards can also be spectacular if you "pick it right." We lobbied to have an investing limit of \$20,000 for individuals but were unsuccessful. Notably, Australia is proposing that this should be \$10,000.

A significant concern that remains is the slow pace of many investigations. We have discussed this at length with the FMA who we believe need a greater sense of urgency. They have a view that their timeliness is not out of line with other market regulators. That may well be the case. However, it is not fair to either investors or those being investigated that things drag on for many months, often in an information void which is rapidly filled with rumour and innuendo.

Again this year, NZSA has instituted several formal complaints covering everything from suspected insider trading, failure to disclose, inaccurate disclosure to accounting deficiencies. I am sure that a number of you would like to see us run to the media when we uncover (or are alerted to) issues. The board has taken a deliberate decision to not do this. While some complaints are upheld, others are not. Trial by media is simply not appropriate and could unfairly affect an individual, a company or indeed our own reputation. Obviously where there are real problems, we expect these to be publicised once the investigation is completed. I can tell you that we currently have three live complaints. One went direct to FMA and is the latest in a series relating to a certain South

island based company. In our opinion this company does not deserve to be allowed to continue trading on the stock exchange, such is its disregard for both its shareholders and acceptable governance standards. the other two have been elevated from NZX to FMA in double quick time and we expect that action will likely follow. all directors have had input to these matters .

On a positive note, the FMA has demonstrated that once it does move, its new teeth can be very sharp indeed. This has certainly focussed the minds of all market participants. We will need to be vigilant to ensure that regulatory enthusiasm is not so great that it stifles reasonable commercial risk taking by boards, executives and fund managers. Doing so would drain the life out of our investments and growth could easily stall. It is still relatively early days and it appears to me that the ideal balance is yet to be achieved.

A similar complaint could be directed to the Commerce Commission. Endless rounds of submissions, numerous extensions of deadlines, several years of argument and still no definitive decision has been reached on the Chorus situation. The impact of regulatory uncertainty continues to be a concern with little indication that politicians appreciated the impact it has. And Chorus is just one example.

Encouragingly, following our earlier discussions with NZX and some focussed media attention, the regulatory side of that organisation has been beefed up substantially. The result is that a greater number of investigations are occurring and decisions are being reached far more quickly. This demonstrates that sharper performance is indeed possible. We remain unhappy that the dilutionary SPP equity raising process is still being used by some companies and will continue to pressure them to use much fairer renounceable rights offers.

After considerable lobbying, we are pleased that the registries will now process payments for debt and equity issuances by direct debit . This means that you can commit well ahead, but the funds do not leave your account until the last moment. It is positive for the companies as well since they know in advance how their offer is going. This is a genuine win-win situation. I am grateful to Auckland committee member Robert Johnston for his assistance with this initiative.

With the raft of changes to laws and regulation, we have seen pressure to increase directors fees. There is no doubt that a lot more time and risk is now involved. For example directors are personally responsible for health and safety breaches, and can face jail sentences in some circumstances. That is certainly going to improve New Zealand's poor record in the H & S area, but it does have a price. It also remains vitally important that the companies you invest in attract the best people and the right mix of skills. The Association has taken a moderate view and in effect accepted a jump in fees to reflect the new reality. Once over this step change, we will expect only modest changes in line with inflation and performance going forward.

The NZSA board.

This year Chris Curlett and myself are both retiring by rotation. We are both offering ourselves for re-election at the upcoming AGM.

We are likely to see some board changes in the next year as at least one director has indicated that time constraints mean they will need to stand down.

Branches

The branches of course are the backbone of this organisation. Some of there activities are detailed elsewhere in this report, but it is the meetings and company visits they organise, the opportunity they give to talk things over with other members, local newsletters and other initiatives plus the reassurance that you are not on your own that is immeasurably valuable. Every member and the board are indebted to the work the six local committees put in to make these activities a reality.

Membership

I am pleased to report that membership continues to grow . The feedback we receive from members remains very positive.

While it has been some while in coming, we have finally been able to conclude a reciprocal arrangement with the Australian Shareholders Association. Post balance date, a significant number of members have taken up the free subscription and now receive the benefits of that Association, including its excellent Equity magazine.

We have recently launched our sixth branch, this time in Taranaki. 60 people turned up to the inaugural event and at the time of writing half have committed to becoming NZSA members .

Finance and Administration

Our financial situation is better than it has ever been and has continued to strengthen since balance date. The additional resourcing from corporate memberships has also allowed us to build a reserve of funds that will enable us to carry out mass communication to all shareholders in most local companies should the need arise - as it did in the Abano case.

Your board is very aware that we must spend money wisely and have introduced stronger controls on capex. As an added check, we have also voluntarily undertaken our annual review in line with new XRB requirements, even though we remain below the threshold for this. It is likely that over the next years we will move to a full audit rather than a review, although we have yet to make a final decision.

I am also pleased to report that for the fifth year in a row, NZX has committed to partnering with us and provided significant assistance toward the staging of our annual investor conference in Hamilton.

Other Selected Activity this year

1. We have continued to pulse members about a range of matters. We will increase this activity going forward. I would urge all members to utilise email as timeliness considerations mean postal advice is not practical.
2. We began to video some branch meeting speakers early in the year and several are now on our website. To date the viewing rates have been quite encouraging and it allows our more remote members to share some of the benefits of membership that others take for granted . This is a trial and the cost/benefit of continuing will be reviewed in the next few months. This initiative really is a "use it or lose it" opportunity.
3. Company advocacy continues. As well as the Chairman, Martin Watson, Andrew Reding and associate directors Alan Best and Des Hunt have all contributed. For South island based companies, Max Smith has ably represented the Association. As previously, if issues are particularly contentious we form a sub committees to advise the full NZSA board.
4. The Abano issue was finally resolved in the past financial year. One outcome has been the decision by FMA to prosecute Archer Capital and Peter Hutson over alleged failure to notify the market in a timely fashion. This relates to the agreement they had, apparently some time ahead of launching their bid. While this is a "technical" matter, the reputational impact could be significant. Regardless of the outcome, we would hope that a signal will be received by the market about what the regulator believes constitutes acceptable behaviour in takeover situations.
5. Our media publicity on the proposed Mega backdoor listing brought a much needed reality check for some people. If nothing else, this incident demonstrated that the herd mentality remains alive and well.
6. During the last year, we surveyed members preference on the question of "price sensitive marking" on NZSX notices. Following balance date, NZX have put out a discussion paper that promotes your least preferred option. We will be very actively seeking a re-think on what we believe is a backward step.
7. The NZSA remains in demand as a speaker at a range of events. From the main stage of the INFINZ Conference right through to local Rotary club events, we were able to highlight our policies and the role we play.
8. Each NZSA Board meeting has a branch representative attend on a rotating basis. Strong branches are essential to the health of the Association and I remain indebted to the efforts of all committee members around the country.

9. Alan Best and Bruce Parkes produce the Scrip magazine. This just keeps getting better and better. We have had many compliments about the professional layout and interactive electronic versions they have instituted. Also, a big thank you also to everyone who sends in reports and opinion pieces – the lifeblood of the magazine.
10. We continue to tweak our website and add new information both in the public and members areas. We are looking to increase the amount and frequency of information that is posted. And we may introduce a Facebook presence if we can be sure that the trolls out on the internet cannot capture and distort our message.
11. Board Associate Jacquie Staley has again ably coordinated our proxy service. We attended around 80 AGM's last year.
12. The Secretarial and Treasury role continues to be well served by Chris Curlett. Chris also handles membership and drives changes and improvements to the website. His time commitment is substantial we are fortunate to have someone prepared to put in this effort year after year.

Future Directors and Board Diversity

Future Directors was is a joint venture with the Institute of Directors and has been driven primarily by NZSA associate director Des Hunt, Sir Stephen Tindall and Michael Stiassny. The programme continues to gain momentum. feedback from companies and appointees is universally positive. some early adopters are now onto their third appointment. We would like to see more positions available as the supply of talented applicants far outstrips the supply.

We continue to encourage greater diversity in the boardroom. NZSA policy on this topic extends far beyond just gender diversity.

Awards For 2014, we gave the Beacon Award to Joan Withers, Chair of Mighty River Power since its IPO. Not only is Joan highly skilled as a director and chair, but she has worked tirelessly to lift the standard of governance and increase diversity at the board table. a worthy and popular winner.

Research Scholarships.

Jeremy Beckham has been working on his PhD. The board has decided that Jeremy should spend his research time owing to NZSA by trying to come up with a succinct remuneration report format. Trying to marry up timing issues, performance payments and base rates into a standardised format that can be easily understood by investors is going to be difficult. Fortunately, Jeremy is up for the challenge.

Education.

The Commission for Financial Capability is beginning to get traction in this area and the FMA is also finally adding its weight to this critical need.

Following on from the success of the Bay of Plenty Money Week initiative, Canterbury branch is this year running its own event. If this proves to be successful, we will consider trying to roll out something across all branches.

In Auckland our "Investing" and "Sharemarket basics" courses remain popular. This year they have also been presented in Hamilton.

Thanks I am extremely grateful to have such a strong board to support me. Andrew Reding, Chris Curlett, Gayatri Jaduram, Grant Diggle, Lyn Lim, Martin Watson and Max Smith have all been involved in a wide range of the activities noted and many more as well as associate directors Alan Best, Des Hunt and Jacquie Hagberg have continued to give us the benefit of their experience. NZSA is a team effort - and we have a great team!

Summary

As I wrote last year, our emphasis remains on making sure retail investor concerns are heard. We continue to promote best practise and to obtain a fair deal for all shareholders. We will continue to try to find ways of adding value to your membership. This year we have another great line-up for our 2015 Investor Conference. The theme is "Investing in a low interest rate world", something that must be exercising all our minds at present.

Following fourteen years of effort, I am delighted with the sea change that has occurred. Your concerns are no longer ignored, no longer just listened to, but are actively sought. More than ever, we are able to deliver on our mission statement "enabling, protecting and rewarding ownership".

So, despite the naysayers, a reluctance by some to make long overdue and necessary changes and criticism from entrenched participants who wanted nothing to shake their cosy and lucrative world, NZSA has become that solid lighthouse that investors can look to in stormy weather.

John Hawkins

Chairman.

ELECTION OF BOARD MEMBERS

Two board members have retired by rotation and seek re-election. The following synopses have been supplied.

John Hawkins:



This year, I retire by rotation and am offering myself for re-election.

Originally from New Plymouth, I graduated as an Optometrist in 1974. In 1979, along with my wife Helen, we started a niche manufacturing business and built it into the second largest of its type in Australasia before selling in 2004.

I joined the NZSA in 2005, served on the Auckland branch committee and became branch Chairman in 2009. Shortly after I was invited to join the NZSA National Board. In July 2010, I was elected National Chairman following Bruce Sheppard's elevation to the FMA establishment board. I have led the NZSA submission process ensuring retail shareholders interests were represented and enhanced during the overhaul of Securities Laws, establishment of FMA and the introduction of the Financial Markets Conduct Act. As Chairman, I have worked across all aspects of the Associations activities and instigated and successfully promoted the corporate membership initiative.

My vision is for the Association to be relevant, effective and self sustaining in the long term. While we have moved far along the path to achieving those goals, there is still work to be done. I would like the opportunity to be part of that process and seek your support.

As well as my NZSA role, I am a director of a private property owning company and a committee member of the Westhaven Marina Users Association.

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Chris Curlett:



Chris is a founding member of the NZSA and has filled a number of roles within the Association.

I have a strong interest in the Equities Markets and see the next years as providing unique issues to the Market, Investor and Regulators. The emergence of new markets crowd funding as a example) will have a direct influence on the investment landscape, and the NZSA has a unique role in this area.

The NZSA will also progress over these years as it grows with greater internal horsepower however it is important it never loses sight of its individual members. We need to build on the solid foundation that has been established and deliver more member benefits whilst encouraging a stronger, robust and more vibrant investment economy.

I hope to be able to continue assisting the team grow the NZSA, both in size and stature, tackle these new challenges, help New Zealanders increase their wealth and better understand the principles of prudent investment.

PROXY FORM

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Mt Wellington
Auckland. 1072
NEW ZEALAND

OR FAX TO +64-9-3095260

**NOTE TO BE A VALID PROXY IT MUST BE RECEIVED BY THE ASSOCIATION AT
THE ABOVE ADDRESS NO LATER THAN 48 HOURS PRIOR TO THE MEETING
(R20.11)**

I/We _____ of _____
(Please print your name)

being a member of the New Zealand Shareholders' Association Incorporated hereby

appoint _____ of _____
(Please print the Proxy Holder name)

or failing them _____ of _____
(Please print the alternative Proxy Holder name)

as my proxy to vote for me on my behalf at the Annual General Meeting of the
Association to be held on the 12th of September 2015 and at any adjournment thereof.
My Proxy Holder is instructed to vote as follows

**For. Against. Proxy Holder Abstain.
 discretion.**

A Appointment of Board members

John Hawkins

☐☐☐☐

Chris Curlett

☐☐☐☐

**B Adoption of the Annual Report
Including Chairman's Report and
Annual Accounts.**

☐☐☐☐

**C Re-appointment of M.A. O'Meara
as Accounts Reviewer**

☐☐☐☐

Signed by the member of the Association _____

Please PRINT your name here _____

Member Number _____ (Failure to supply your
member number may not render this Proxy invalid provided your membership can be
validated at the time of counting Proxies)