

Market Analysis

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Inside Market Analysis

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Founder: James R Cornell (B.Com.)

Summary and Recommended Investment Strategy.

Apart from some recent weakness, the Australian and NZ stockmarkets have rallied strongly since the end of June - with our portfolio rising more strongly in value! An artificial US political crisis is unlikely to develop into the next GFC, so stay fully invested in shares.

Investment Outlook.

“This is no way to run a country” points out *The Economist*, commenting on the latest US crisis. The US government has failed to pass a budget for the new financial year starting on 1 October. 30% of government workers have been sent home and another 45% are being asked to continue working but not currently being paid.

Around the middle of this month the United States faces a more significant and again purely artificial crisis. The Federal Government will reach the “debt ceiling”, its legal borrowing limit. Tax revenues cover only about 85% of spending, so if the debt ceiling is not raised then spending must be cut 15%. It could cut pensions and welfare, causing a recession (and perhaps social unrest). Or default on interest payments on its debts, creating a real global financial crisis.

These are both purely political crises. There is no economic reason for either situation. The debt ceiling is virtually unique to the US government. Individuals, companies and most governments have no legal maximum borrowing limit. Market forces do a good job of imposing borrowing limits based upon a person's (or company's or government's) collateral and ability to repay.

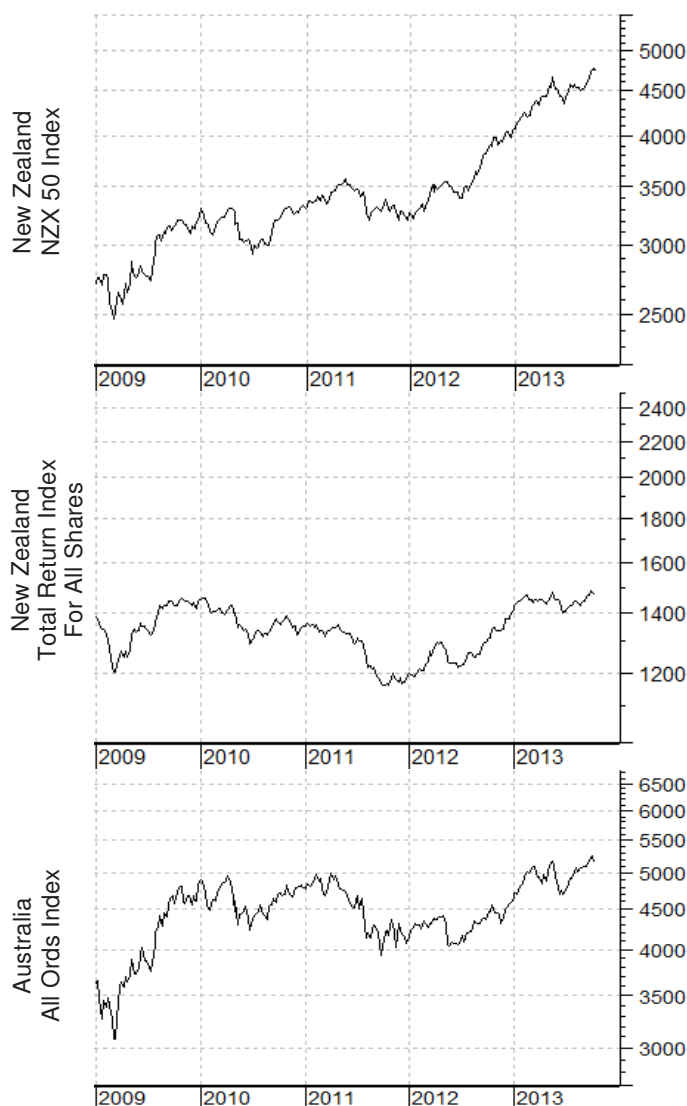
The US “debt ceiling” should be eliminated. It serves no useful purpose. It does not prevent successive governments from increasing debt levels, but just creates artificial levels at which politicians can argue, fail to reach agreement and create a series of future crises.

The US budget crisis reflects polarisation in the US system and highlights the need for electoral reform.

World stockmarkets have weakened ahead of the potential US recession or debt default, but this is simply political brinkmanship - two opposing sides taking the world to the brink of an artificial disaster in an attempt to achieve an advantageous outcome. Invariably politicians will eventually pull back from an unnecessary crisis - which should result in a short, sharp rally in stock prices.

Stockmarket Forecasts

	<u>One-Month</u>	<u>One-Year</u>
Australia:	64% (Bullish)	63% (Bullish)
New Zealand:	64% (Bullish)	53% (Neutral)



Performance Forecasts

"Performance Forecasts" are computer generated predictions of the relative future price performance of a company's shares over the next three to six months. Performance Forecasts are calculated for every listed NZ share (except Investment Trusts) on a rating scale using the letters "A" (Highest potential for capital appreciation over the next 3-6 months), "B" (Above Average), "C" (Average), "D" (Below Average) and "E" (Lowest). These predictions are NOT buy or sell recommendations, but can be useful to help time planned purchases or sales, or to identify shares worthy of further study and analysis.

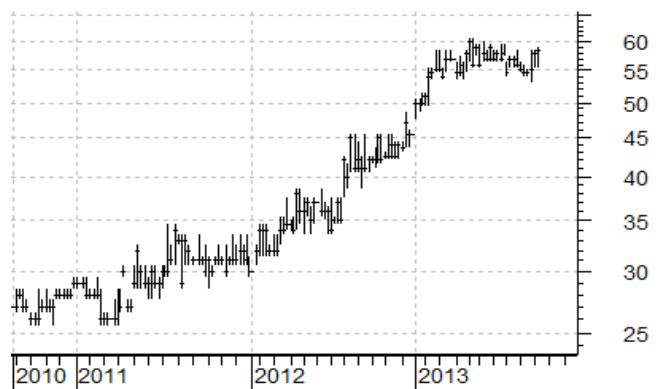
	Performance Forecast	Price	Price/Sales Ratio	P/E Ratio	Gross Yield		Performance Forecast	Price	Price/Sales Ratio	P/E Ratio	Gross Yield		Performance Forecast	Price	Price/Sales Ratio	P/E Ratio	Gross Yield
AMP Limited	B	521	1.18	12	7.6	Just Water Int.	D	11	0.35	6	Nil	Rubicon Limited	D	35	0.28	NE	Nil
AMP Office Trt	C	99	7.75	22	5.7	Kathmandu Ltd	B	363	1.89	16	4.6	Ryman Health.	B	693	N/A	25	0.8
Abano Health.	A	665	0.55	40	4.5	Kermadec Prop.	C	67	6.58	11	4.5	SLI Systems Ltd	C	190	N/A	NE	Nil
Air New Zealand	B	149	0.35	9	7.7	Kingfish Ltd	A	127	N/A	5	7.2	Sanford Limited	C	445	0.91	20	7.4
Akd Int Airport	B	333	9.82	25	5.1	Kirkcaldie & St	D	197	0.53	NE	Nil	Satara Co-op	C	58	0.19	NE	Nil
Allied Farmers	C	5.1	0.12	NE	Nil	Kiwi Property	C	111	5.57	10	7.2	Savoy Equities	D	4.0	N/A	NE	Nil
Allied Work.	A	300	0.59	14	7.4	L&M Energy	E	7.3	N/A	NE	Nil	Scott Tech. Ltd	D	224	1.53	17	5.0
Aorere Res.	N/R	0.7	8.75	NE	Nil	Lytelton Port	C	247	2.28	15	Nil	Sealegs Corp	D	20	1.44	NE	Nil
Argosy Property	D	94	7.25	16	6.4	Mainfreight Grp	E	1153	0.61	17	3.3	Seeka Kiwifruit	C	180	0.19	NE	Nil
Baramundi Ltd	B	70	N/A	5	10.2	Marlin Global	B	73	N/A	8	9.6	Skellerup Hold.	A	163	1.66	17	7.0
Bathurst Res.	D	18	N/A	NE	Nil	Mercer Group	B	23	1.42	72	Nil	Sky Network TV	B	610	2.68	17	5.6
Blis Technology	E	1.1	6.47	NE	Nil	Methven Limited	A	136	0.92	18	7.6	Sky City Ltd	C	407	2.49	18	7.0
Briscoe Group	C	240	1.16	18	6.0	Metro. LifeCare	B	325	7.31	12	0.6	Smartpay NZ Ltd	C	35	7.06	NE	Nil
Burger Fuel	D	160	7.35	80	Nil	Michael Hill	D	143	1.00	14	4.5	Smiths City	E	64	0.15	17	5.5
CDL Investments	D	59	N/A	40	3.4	Mid-Cap Index	B	272	N/A	NE	Nil	Snakk Media Ltd	C	7.0	5.04	NE	Nil
Cavalier Corp	C	185	0.63	19	3.1	Mighty River	C	219	1.78	28	7.8	Sol. Dynamics	D	20	0.25	NE	Nil
Cavotec MSL	C	245	1.08	20	1.6	Millennium & C.	C	69	2.42	12	2.5	South Port NZ	D	350	3.11	14	9.0
Charlie's Group	C	43	4.00	51	Nil	Moa Group Ltd	E	80	9.83	13	Nil	Speirs Group	C	4.0	0.03	NE	Nil
Chorus Ltd	C	265	0.98	6	13.7	Mowbray Collect	C	40	1.65	42	Nil	Steel & Tube	A	307	0.69	17	7.0
Claridge Cap'l	E	1.5	N/A	NE	Nil	NPT Limited	C	62	6.11	3	4.3	Sunmerston Group	C	310	N/A	NE	Nil
Col Motor Co	A	472	0.25	11	9.1	NZ Exchange Ltd	C	128	6.57	25	5.8	Synlait Milk	C	360	1.25	46	Nil
Comvita	B	395	1.11	16	4.7	NZ Experience	C	35	1.11	9	11.8	TeamTalk Ltd	C	247	1.51	19	11.6
Contact Energy	B	528	1.55	19	6.8	NZ Finance Hold	C	1.2	0.15	NE	Nil	Telecom Corp	C	230	1.00	18	9.9
Cynotech Hold.	C	0.2	0.09	NE	Nil	NZ Farming Sys.	D	65	1.53	NE	Nil	Tenon Ltd	C	140	0.20	NE	Nil
DNZ Property	B	161	N/A	19	5.3	NZ Oil & Gas	N/R	83	3.44	13	10.4	Tourism Hold.	C	78	0.38	23	7.3
Delegat's Group	B	380	1.67	9	3.8	NZ Refining Co	E	231	2.22	19	7.4	Tower Limited	C	181	1.01	11	6.1
Diligent Board	D	48	N/A	NE	Nil	NZ Wool Service	B	42	0.19	NE	Nil	Trade-Me Ltd	C	466	N/A	23	4.8
Dorchester Pac	D	21	2.28	27	Nil	NZ Windfarms	D	7.0	2.50	13	Nil	Training Sol.	E	0.1	N/A	NE	Nil
Ebos Group Ltd	A	968	0.35	22	4.4	NZSX 50 Port.	D	163	N/A	NE	Nil	Trust Power Ltd	B	705	2.75	18	8.1
Ecoya Ltd	D	92	2.11	NE	Nil	NZSX 10 Fund	D	114	N/A	NE	Nil	Turners Auction	B	196	0.71	15	12.4
F & P Health.	A	362	3.44	25	4.9	NZSX Aust MidCap	D	458	N/A	NE	Nil	Turners & Grow.	B	168	0.22	16	3.6
Finsoft Sol's	A	42	0.39	9	Nil	New Image Group	D	25	0.79	NE	Nil	Vector Ltd	D	260	2.02	13	8.2
Fletcher Build.	A	946	0.76	20	4.3	Northland Port	A	280	N/A	17	5.1	Velo Capital	E	7.0	N/A	NE	Nil
Foley Fam Wines	C	160	2.25	40	Nil	Nuplex Indust	A	344	0.41	12	6.1	Veritas Invest.	D	138	1.71	NE	Nil
Fonterra S/H Fd	C	692	0.24	22	4.6	Opus Intl Cons	B	188	0.69	11	6.5	Vetliot Limited	D	0.1	0.67	NE	Nil
Freightways Ltd	A	435	1.65	17	6.2	Ozzy (Tortis)	D	373	N/A	NE	Nil	Vital Health PT	C	134	7.82	13	5.9
Genesis Res.	E	1.8	N/A	NE	Nil	PGG Wrightsons	E	38	0.25	20	8.3	WN Drive Tech.	C	17	0.33	NE	Nil
Goodman Prop.	C	103	8.20	NE	6.1	Pac Edge Bio.	E	50	N/A	NE	Nil	Wakefield Hlth	B	565	1.23	17	3.5
Guinness Peat	D	57	0.08	2	2.7	Pharmacybrands	E	126	1.50	12	4.0	Warehouse Group	B	377	0.52	8	7.7
GuocoLeisure	D	76	1.74	18	Nil	Pike River Coal	E	88	N/A	NE	Nil	Windflow Tech.	B	20	1.08	NE	Nil
Hallenstein G.	C	485	1.31	15	9.6	Port Tauranga	B	1380	7.58	16	4.8	Wool Equities	E	12	1.78	NE	Nil
Heartland BS	C	86	1.47	48	7.5	Postie Plus Grp	D	1	0.05	NE	Nil	World Index Fd	E	100	N/A	NE	Nil
Hellaby Hold.	C	281	0.48	14	6.6	Property F Ind.	C	130	8.66	28	6.3	Wynyard Group	D	117	N/A	NE	Nil
Heritage Gold *	N/R	1.8	N/A	NE	Nil	Pumpkin Patch	D	103	0.60	31	Nil	Xero Ltd	D	1795	N/A	NE	Nil
Horizon Energy	B	325	1.21	43	4.4	Pyne Gould Corp	B	34	2.44	3	Nil	Z Energy Ltd	D	404	N/A	NE	Nil
Infratil NZ	C	253	0.61	NE	5.2	Rakon Ltd	D	22	0.24	NE	Nil	Zintel Comm.	D	44	0.54	NE	Nil
Invested Group	E	1.5	0.20	NE	Nil	Renaissance	D	10	0.07	17	Nil	Ave of 142 Cos	C	216	0.45	21	3.3
Jasons Media	E	16	0.30	NE	Nil	Restaurant Brds	C	285	0.89	17	8.0	Oil Search Ltd	B	856	N/A	68	0.4
21st Century F.	A	3480	2.70	11	0.6	David Jones	A	280	0.81	16	6.1	Orica Ltd	B	2005	1.10	11	4.6
360 Capital Ind	A	211	N/A	58	2.1	Deutsche Div Tr	B	131	6.10	14	7.1	Origin Energy	B	1423	1.20	16	3.5
A.P. Eagers	A	470	0.30	14	4.3	Dexus Property	B	106	8.03	10	5.7	Panaust Ltd	B	194	1.61	8	3.6
AGL Energy Ltd	B	1588	0.91	23	4.0	Djerrivarrh	B	453	N/A	28	5.7	Perpetual Ltd	B	4146	4.38	30	2.2
ALS Limited	B	1005	2.41	15	4.8	Dominio's Pizza	A	1361	3.32	34	2.2	Platinum Asset	B	567	N/A	25	3.9
AMP Ltd	B	458	2.80	20	5.5	Downer EDI Ltd	A	466	0.24	10	4.5	Premier Invest	A	792	1.21	7	4.8
ANZ Bank	A	3129	2.35	15	4.6	DuluxGroup Ltd	A	513	1.77	21	3.0	Primary Health	B	489	1.69	16	3.6
APA Group	A	597	3.92	17	5.9	Echo Ent Group	B	271	1.29	27	2.2	Q.B.E. Insur.	B	1429	0.90	23	3.5
ARB Corporation	A	1255	3.12	21	2.2	Energy World	C	42	4.95	40	Nil	Qantas Airways	D	147	0.21	NE	Nil
ASX Limited	A	3478	8.56	19	4.9	Energy Develop.	B	530	2.20	16	2.1	Qube Holdings	B	211	1.81	24	2.1
Abacus Property	A	226	3.64	17	7.3	Envestra	B	112	3.95	19	5.3	REA Group Ltd	A	3985	N/A	48	1.0
Adelaide Bright	A	362	1.96	15	4.6	Fairfax Media	B	53	0.61	9	3.8	Ramsay Health	A	3579	1.73	27	2.0
Ainsworth Game	A	432	7.02	27	1.9	Federation Cent	B	231	6.04	16	6.1	Reece Australia	A	2601	1.69	22	2.4
Alacer Gold	C	315	1.31	NE	Nil	Flexicorp Ltd	B	442	4.68	20	3.3	Regis Resources	C	360	N/A	43	Nil
Alumina Ltd	D	101	N/A	NE	Nil	Flight Centre	A	4939	2.50	20	2.8	Rio Tinto Ltd	B	6158	0.55	3	2.6
Amalgamated Hld	B	820	1.63	16	5.1	Fortescue Metal	A	500	1.75	8	2.0	S/Tracks ASX200	B	4957	N/A	6	3.9
Amcor Ltd	B	1029	1.00	21	3.6	G8 Education	A	332	4.54	43	2.1	SAI Global Ltd	A	435	1.96	21	3.4
Aneka Tambang	D	110	N/A	NE	0.0	GPT Group	B	364	6.48	11	5.2	SP Ausnet	B	124	2.18	13	6.6
Ansell Ltd	A	2061	2.01	20	1.8	GWA Group Ltd	A	333	1.81	32	4.4	Sandfire Res.	C	630	1.93	11	Nil
Aquila Res.	D	227	4.74	NE	Nil	Goodman Fielder	A	75	0.68	14	4.0	Santos Ltd	B	1480	4.42	27	2.0
Ardent Leisure	B	189	2.11	27	6.4	Goodman Group	A	495	9.82	53	3.9	Seek Ltd	A	1176	6.34	29	1.9
Argo Investment	B	693	N/A	25	3.8	Graincorp	A	1214	0.77	12	2.9	Senex Energy	B	76	5.86	14	Nil
Aristocrat Leis	B	482	3.43	44	1.7	Growthpoint Pro	A	255	5.99	11	7.2	Seven West Med.	B	235	1.25	7	10.6
Arrium Limited	B	130	0.29	NE	2.3	Harvey Norman	A	313	2.51	23	2.9	Seven Group	B	786	0.51	5	5.1
Asciano Limited	B	593	1.57	17	1.9	Henderson Group	B	331	3.59	24	3.4	Sims Metal Mgmt	C	975	0.28	NE	Nil
Atlas Iron Ltd	C	98	1.28	NE	3.1	Hutchison Tel.	C	8.8	N/A	NE	Nil	Sirtex Medical	B	1249	7.24	37	0.8
Aurizon Hold.	B	470	2.67	22	2.6	IOOF Holdings	B	846	2.86	25	5.0	Skilled Group	A	371	0.46	15	4.3
Aurora Oil Gas	C	327	5.07	26	Nil	IRESS Limited	A	893	5.68	30	4.3	Slater & Gordon	A	386	2.63	19	1.7
Australand Prop	B	361	2.27	12	6.0	liNET	B	618	1.06	16	3.1	Sonic Health	B	1575	1.80	19	3.9
Aust Foundation	B	582	N/A	25	3.8	Iluka Resources	B	1130	4.06	13	3.1	Soul Pattinson	B	1391	4.21	21	3.3
Aust United In	A	764	N/A	23	3.9	Incitec Pivot	B	264	1.23	8	4.7	Spark Infrastru	B	169	7.70	27	5.9
Automotive Hold	B	372	0.23	15	5.4	Independ. Group	A	370	3.81	47	0.5	Spooning Centre	C	157	N/A	NE	7.1
BHP Billiton	B	3513	2.84	16	3.6	Insurance Aust.	C	588	1.34	NE	6.1	Steadfast Group	C	167	N/A	NE	Nil
BKI Invest Coy	B	152	N/A	20	4.4	Investa Office	B	301	N/A	12	5.9	Steamships Trad	B	2950	1.99	9	5.0
BT Invest Mgmt	A	458	5.80	52	2.7	Invocare Ltd	B	1118	3.34	29	3.0	Sth Cross Media	A	179	1.96	13	5.0
BWP Trust	B	230	N/A	11	6.1	JB Hi-Fi Ltd	A	2091	0.63	18	3.4	Stockland	B	391	5.21	86	6.1
Bank of Q'land	A	1110	1.23	NE	4.7	James Hardie	B	1050	3.66	NE	1.6	Suncorp Group	B	1292	1.03	34	4.3
Beach Energy	A	133	2.42	11	2.1	Kangaroo Island	D	152	N/A	NE	Nil	Super Retail Gr	B	1309	1.27	25	2.9
Bendigo Bank	A	1035	1.27	13	5.9	Kardoon Gas	D	477	N/A	NE	Nil	Sydney Airport	B	405	7.14	48	5.2
Bluescope Steel	C	500	0.38	NE	Nil	Leighton Hold	B	1779	0.								

Recommended Investments

CDL Investments reports the completion of all work on Stages I and II of its *Stonebrook* sub-division, together with the sale and settlement of most sections. These two stages cover 90 of the total of 400 sections in this development. Stage III is almost sold out, with settlements in 2014. Stage IV will be released for sale "very shortly".

(Continued on Page 4)

CDL Investments



Portfolio of Recommended Investments

CURRENT ADVICE	Company	Code	Initial Recommendation - Date -	Price	Performance Forecast	Issued Shares (mil.)	Volatility Ratio	Price/Sales Ratio	Price/Earnings Ratio	Gross Dividend Yield	Recent Share Price	Cash Dividends Rec'd	Total Return %
NZ Shares													
BUY	CDL Investments Ltd	CDI	12/01/99	25	E	258.2	1.3	13.42	40	3.4	59	23.4	+228%
BUY	Cavalier Corporation	CAV	05/12/95	156*	C	68.3	1.0	0.63	19	3.1	185	282.0	+199%
HOLD	Colonial Motor Company	CMO	10/11/92	128*	A	32.7	0.5	0.25	11	9.1	472	392.3	+575%
HOLD	Lyttelton Port Company	LPC	12/12/00	150	C	102.2	0.8	2.28	15	Nil	247	77.7	+116%
BUY	Michael Hill Int'l Ltd	MHI	11/06/91	5*	B	382.8	0.8	1.00	14	4.5	143	48.4	+3728%
HOLD+	Nuplex Industries Ltd	NPX	11/02/97	523*	A	198.1	1.0	0.41	12	6.1	344	451.0	+52%
HOLD	Renaissance Corp	RNS	13/08/96	85*	D	45.7	4.2	0.07	17	Nil	10	53.9	-25%
HOLD	Smiths City Group	SCY	09/10/06	64	C	52.7	1.2	0.15	17	5.5	64	22.0	+34%
HOLD	South Port New Zealand	SPN	13/02/96	120	B	26.2	0.5	3.11	14	9.0	350	196.3	+355%
HOLD+	Steel & Tube Holdings	STU	08/08/00	146	A	88.4	0.8	0.69	17	7.0	307	281.6	+303%
Australian Shares (in Aust cents)													
HOLD+	AJ Lucas Group	AJL	13/05/03	107*	C	211.5	0.7	0.95	NE	Nil	132	36.4	+57%
BUY	ALS Limited	ALQ	12/10/99	77*	B	374.8	0.5	2.41	15	4.8	1005	225.5	+1498%
HOLD+	Atlas South Sea Pearl	ATP	14/05/96	73	C	281.7	3.9	2.01	NE	Nil	5	17.5	-69%
BUY	Ausenco Ltd	AAX	10-06-13	215	B	123.5	0.9	0.32	5	12.2	165	2.0	-23%
HOLD+	Brickworks Ltd	BKW	12/11/12	1115	B	147.8	0.3	3.36	20	2.9	1380	13.5	+25%
HOLD	Cardno Ltd	CDD	14/12/09	391*	B	143.7	0.5	0.77	12	5.6	638	115.3	+93%
HOLD	Cellnet Group Ltd	CLT	12/02/02	147*	C	55.7	2.0	0.12	8	Nil	16	55.9	-51%
BUY	Chandler Macleod Group	CMG	14/08/01	51*	B	450.9	1.4	0.14	11	7.0	46	28.9	+46%
HOLD	Circadian Technologies	CIR	10/02/04	188	C	48.6	1.7	11.81	NE	Nil	28	65.0	-51%
HOLD+	Clarius Group Ltd	CND	08/04/03	82*	C	89.6	1.6	0.11	NE	Nil	29	70.5	+21%
BUY	CPT Global Ltd	CGO	10/03/08	88	B	36.7	1.3	0.47	51	Nil	45	11.3	-36%
HOLD	CSG Limited	GSV	11/10/10	175	B	278.2	1.0	1.51	32	Nil	100	37.0	-22%
HOLD	Devine Ltd	DVN	13/11/06	334*	C	158.7	0.9	0.62	NE	Nil	121	79.6	-40%
BUY	Ellex Medical Lasers	ELX	14/03/06	49	C	84.9	1.8	0.61	NE	Nil	31	Nil	-38%
BUY	Fiducian Portfolio Ser	FPS	11/02/08	260	B	31.5	0.9	1.52	10	6.7	105	43.8	-43%
BUY	Finbar Group Ltd	FRI	12/04/10	106	B	218.0	0.8	2.17	10	6.6	143	30.5	+64%
HOLD+	Iluka Resources Ltd	ILU	12/10/04	471	B	417.1	0.6	4.06	13	3.1	1130	187.0	+180%
BUY	Integrated Research	IRI	14/01/08	40	B	168.4	0.9	3.10	17	5.6	90	24.0	+185%
HOLD	M2 Telecommunications	MTU	09/10/06	33	B	178.3	0.5	1.58	24	3.3	605	67.5	+1938%
BUY	Melbourne IT	MLB	10/02/04	53	B	82.5	0.7	0.77	12	8.8	160	121.0	+430%
HOLD+	Nomad Building Solutio	NOD	16/08/10	13*	C	277.5	3.2	0.27	4	Nil	8	Nil	-40%
HOLD	Novarise Renewable Res	NOE	14/03/11	25	B	415.1	1.9	1.06	5	Nil	21	Nil	-16%
HOLD+	Penrice Soda Holdings	PSH	11/07/11	17	C	91.4	3.2	0.05	NE	Nil	8	Nil	-56%
HOLD+	Probiotec Ltd	PBP	11/02/08	116	B	52.9	1.4	0.26	17	Nil	33	9.3	-64%
HOLD+	Prophecy International	PRO	08/09/08	26	A	55.4	1.0	4.64	25	5.5	64	13.0	+194%
HOLD	Skilled Group Ltd	SKE	12/03/02	126	A	233.5	0.6	0.46	15	4.3	371	148.0	+312%
HOLD	Technology One Ltd	TNE	11/11/03	44	B	305.4	0.5	3.90	28	2.4	216	38.8	+479%
BUY	TFS Corporation Ltd	TFC	08/01/07	45	A	279.6	1.0	1.78	4	3.8	78	14.2	+105%
HOLD	The Reject Shop Ltd	TRS	11/01/05	257	B	28.8	0.4	0.83	26	2.1	1775	345.5	+725%
HOLD	Village Roadshow	VRL	10/08/09	77	B	159.5	0.4	1.10	20	4.0	648	186.0	+983%

The average Total Return (i.e. both Capital Gains/Losses plus Dividends received) of all current investments from initial recommendation is +317.6%. This is equal to an average annual rate of +33.9%, based upon the length of time each position has been held.

The average annual rate of gain of ALL recommendations (both the 40 current and 154 closed out) is +32.3%, compared with a market gain of +4.0% (by the SRC Total Return Index).

CURRENT ADVICE is either Buy, Hold+, Hold, Hold- or Sell. Hold+ indicates the most attractive shares not rated as Buy. Hold- indicates relatively less attractive issues.

* Initial Recommendation Prices adjusted for Share Splits, Bonus and Cash Issues.

Recommended Investments

(Continued from Page 3)

The company also owns 75 hectares of land that will become part of the 203 hectare *Prestons* joint venture (with **Ngai Tahu Property** and **Foodstuffs South Island**). CDL Investments will develop this into an urban village with over 2500 homes. Planning consents have been obtained and earthworks will begin before the end of 2013. This is a long term project which should contribute to higher revenues and profits over many years.

Michael Hill International has changed its reporting currency to Australian dollars. Quarterly revenues and annual and half year reports will now be in Australian dollars, although the parent company remains a NZ registered company and will declare dividends in NZ dollars.

This change complies with *International Financial Reporting Standards*. The company's head office functions are in Australia, 61% of stores, 66% of revenues and 72% of earnings are in Australia. Those numbers will likely decline in the future, owing to growth in Canada, but the relative importance of the NZ business will continue to diminish.

Revenues for the three months to 30 September were up 8.7% to A\$98.5 million. In local currencies, the NZ business performed worst, with revenues down 6.1% to NZ\$21.3 million, while Canada continued to grow strongly, lifting revenues 25.4% to C\$12.4 million.

Professional Care Plan receipts rose 31.7% to A\$6.7 million, with "earned revenues" from this plan rising 118.3% to A\$3.9 million.

The Canadian business generated 12% of revenues in the year to June 2013 but less than 2% of earnings. Profit margins were 2.1%, compared with 14.6% in Australia and 19.9% in NZ. Part of this reflects the initial "start-up" costs with the rapid store expansion, but this is an economy-of-scale business. With a very small number of stores, advertising is not economic as customers cannot find a local *Michael Hill Jewellery* store. As store numbers increase, advertising becomes more economic and also drives *increased sales in existing stores*, which further lifts profit margins. As Canadian store numbers *double* over the next 4-5 years, revenues should increase 3-4 fold and earnings rise 15-25 fold (from their current low level). That alone would add 20-50% to the group's annual profits.

Michael Hill International



Australian Shares

(This section is in Australian currency, unless stated.)

ALS Ltd's latest investor presentation indicates that following the recent acquisition of **Reservoir Group** it sees opportunities to significantly expand its *Energy* division's business in surface logging, laboratory services and specialist well services.

ALS Ltd



Brickworks lifted revenues 8.9% to \$606.5 million over the year to 31 July 2013, with normalised profits up 26.8% at \$100,048,000 (67.8 cents per share). A final 27.0 cents dividend will maintain a 40.5 cents annual dividend.

The net operating cash surplus was 29% lower at \$46.0 million.

Reported profits, however, are not really important (except in its Building Products division) as this is an *investment company*.

The *Building Products* division lifted revenues 3.8% to \$568.7 million with earnings (before interest and tax) 14.9% higher at \$32.8 million.

The 23.8% appreciation in the share price since we bought in 11 months ago removes some of the initial under-valuation, but this is a sound investment company so remains an attractive holding.

Brickworks



Cardno Ltd is to acquire the Texas based structural engineering firm **Haynes Whaley Associates**. The business currently generates annual revenues of US\$20 million and earnings (before interest, depreciation and tax) of around US\$4.6 million, but will add to the group's range of skills and offer cross-selling opportunities. Cardno will pay up to US\$22.25 million (25% in shares, 75% in cash), with 10% subject to performance targets over the next year and 15% deferred for two years. This is a Price/Sales ratio of 1.11 and a Price/Earnings ratio of about 9-10, so fairly values the existing business (but any future growth will add to Shareholder wealth).

Cardno



Devine has won a competitive tender to become the principal contractor to build a 12 storey apartment building for **Chrome Properties**.

Devine



Ellex Medical Lasers has raised \$3.3 million in cash from the placement of 12,700,000 shares at 26 cents.

The company, plus two other competitors, have entered the US market for SLT glaucoma lasers but only Ellex Medical Lasers has been included on the US **Government Service Administration** contract (from 1 October), allowing sales to US government medical facilities. The company reports "excellent progress", with July and August sales in line with budget and expects these lasers "to be a strong contributor" to revenue growth this year "and beyond".

Ellex Medical Lasers also sees its *Ellex 2RT* laser as having "game changing potential" owing to the massive number of potential patients for new treatments. There will be a "limited commercial release" this year to treat diabetes related macula oedema and clinical studies into early AMD are continuing.

The company predicts "meaningful" revenue growth and a "meaningful improvement" in net profit this year . . . just don't ask us *exactly* what that means.

Ellex Medical Lasers



Finbar Group has completed its *St Marks* project which consists of 130 luxury apartments and a commercial building, all sold, and the *Knightsgate* project where 41 of 43 apartments have been sold. The combined value of these projects is \$89 million, with settlements commencing this month.

Finbar Group



(Continued on Page 6)

Recommended Investments

(Continued from Page 5)

Iluka Resources has completed the acquisition of **PKD Resources** and exploration tenements in Sri Lanka as we discussed in August. This increases its total heavy mineral resource 46% at a nominal cost of just \$5 million. Feasibility work on the potential development of these deposits will begin shortly.

Iluka Resources

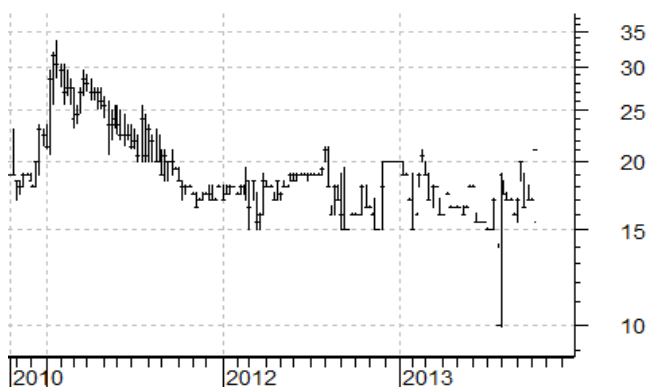


Novarise Renewable Resources International's major shareholders have agreed to provide financing to the company for its proposed 23 cents per share capital reduction. Under this proposal the minority public shareholders, owning 25.56% of the company, will be paid 23 cents per share in cash. This effectively allows the major shareholders to buy out the public shareholders at 23 cents and take 100% ownership of the business.

The 23 cents will consist of both a return of capital and a dividend. The amounts of each are yet to be determined and will be notified ahead of the shareholders meeting.

Notice of a shareholders meeting to approve this transaction, plus the independent expert's report, will be sent to shareholders in mid-November to mid-December, with the meeting likely in mid-December to early January.

Novarise Renewable Resources International



Prophecy International Holdings report **SNARE** product sales for the first two months of the new financial year “about 40% higher” than the same period last year. Software is an economy-of-scale business, so extra revenues can contribute strongly to net profits, although the company has invested in marketing and support.

The company has also added “an innovative new module” to its Birth, Deaths and Marriages software to allow the online registration of births in South Australia. This is being rolled out to all locations after a successful trial at three hospitals.

It has also won a competitive tender to provide Births, Deaths and Marriages registry software in the Solomon Islands. Implementation will start this month and will go live in early 2014.

Prophecy International has also completed the water and waste water billing system for the 165,000 residents of the **City of Yonkers** and the parties are “exploring the possibility of extending it as a centralised Revenue Management solution for additional city and county services”.

Prophecy International Holdings



Skilled Group has been awarded a \$200 million contract to provide qualified construction and marine crews on the pipe-laying vessels that will build an 889km pipeline connecting the **Ichthys LNG Project** offshore central processing facility with the onshore processing facility in Darwin. Contract documentation is expected to be completed in four weeks, with work expected from mid-2014 to mid-2015.

The **OMSA Joint Venture** (50% owned by Skilled Group) has had its contract to supply marine logistic services to the **Gorgon** project extended from April 2014 until December 2015, but activity will reduce over this period as the construction project approaches completion.

Skilled Group



TFS Corporation had planned to harvest 30 hectares before the wet season (to ensure that the full 144 hectares could be harvested by June 2014), but stopped after eight hectares. The “rate of harvesting significantly exceeded initial estimates” so the remaining trees will be left for the “extra six months of growth” to “increase the heartwood yield”. Harvest costs will also be lower than previous estimates - boosting the returns to growers.

Random tests on small samples from the eight hectares harvested indicate that the oil yield will exceed the predicted 3.7% and meet the ISO specifications for high quality Indian Sandalwood oil.

TFS Corporation



Village Roadshow, Ardent Leisure (the owner of other theme parks) and the **Queensland Government** are jointly funding a \$15 million advertising campaign to promote the Gold Coast as the “Theme Park Capital of Australia”.

Village Roadshow owns and operates *Warner Bros. Movie World, Sea World, Wet 'n' Wild, Paradise Country* and *Australian Outback Spectacular*, while Ardent Leisure has *Dreamworld, White Water World* and *SkyPoint Climb*.

Village Roadshow



Computer Selections of NZ Shares based upon our Comprehensive Share Selection Criteria

For an explanation of this table see the *Share Selection Methods* report available from our website. These shares are not formal "buy" and "sell" recommendations, but the "Under-Valued", "Best Performing" and "Income" shares should be considered for purchase, while the "Over-Valued" and "Worst Performing" shares can generally be sold to release money for re-investment in more attractive shares.

Company	STRENGTH RATING											Market Cap'n	
	Share Price	Cur- rent	4-Wk Chg.	Rank 0-99	Insider Buy/Sell	Brokers Following	Price to NTA	Return on Equity	Volatility	Price/Earn. Ratio	Dividend Yield		Price/Sales Ratio
UNDER-VALUED SHARES: Lowest Price/Sales, Yld > 0, Rel Strength > 0													
Guinness Peat	57	+3.7	+4.5	27	8-5	3	0.1	5	1.5	2	2.7	0.08	170
Smiths City	64	+3.6	-0.8	29	0-1	-	0.7	4	1.2	17	5.5	0.15	34
Turners & Grow.	168	+2.8	+0.6	33	0-0	-	0.6	4	0.8	16	3.6	0.22	190
Col Motor Co	472	+8.9	+3.0	10	1-0	-	1.2	11	0.5	11	9.1	0.25	154
PGG Wrightsons	38	+1.2	+6.3	45	1-0	4	1.1	6	1.7	20	8.3	0.25	287
Ebos Group Ltd	968	+3.9	-0.1	25	0-0	-	2.1	9	0.5	22	4.4	0.35	634
Air New Zealand	149	+1.3	+0.1	44	0-7	6	0.9	10	1.0	9	7.7	0.35	1,639
Tourism Hold.	78	+6.1	+5.8	17	2-0	1	0.4	2	1.3	23	7.3	0.38	86
Nuplex Indust	344	+3.7	+3.6	26	0-0	6	1.2	10	1.0	12	6.1	0.41	682
Warehouse Group	377	+2.7	-0.1	34	2-1	7	2.9	37	0.7	8	7.7	0.52	1,173
Abano Health.	665	+6.3	+2.7	16	0-0	2	1.5	4	0.7	40	4.5	0.55	114
Allied Work.	300	+5.6	-0.5	17	0-1	-	3.6	25	1.0	14	7.4	0.59	77
Mainfreight Grp	1153	+0.8	+1.8	47	4-2	5	2.9	17	0.5	17	3.3	0.61	1,142
Infratil NZ	253	+3.8	+1.7	26	0-3	4	1.5	0	0.7	436	5.2	0.61	1,476
Steel & Tube	307	+7.6	+4.3	13	1-0	4	1.7	10	0.8	17	7.0	0.69	272
Turners Auction	196	+3.3	+1.7	32	2-1	-	3.1	21	0.8	15	12.4	0.71	54
Fletcher Build.	946	+4.9	+2.5	19	7-15	-	1.8	9	0.5	20	4.3	0.76	6,490
Restaurant Brds	285	+0.0	+0.5	55	0-0	3	4.6	27	0.8	17	8.0	0.89	279
Methven Limited	136	+1.9	+3.1	39	0-0	5	2.0	11	1.0	18	7.6	0.92	91
Chorus Ltd	265	+1.5	+2.0	42	1-0	10	1.7	27	0.6	6	13.7	0.98	1,032

BEST PERFORMING SHARES: Strongest Shares, P/E < 20, P/S < 1.0

Col Motor Co	472	+8.9	+3.0	10	1-0	-	1.2	11	0.4	11	9.1	0.25	154
Steel & Tube	307	+7.6	+4.3	13	1-0	4	1.7	10	0.7	17	7.0	0.69	272
Allied Work.	300	+5.6	-0.5	17	0-1	-	3.6	25	0.8	14	7.4	0.59	77
Fletcher Build.	946	+4.9	+2.5	19	7-15	-	1.8	9	0.5	20	4.3	0.76	6,490
Michael Hill	143	+4.3	+2.8	22	0-4	2	2.6	19	0.6	14	4.5	1.00	547
Finzsoft Sol'ns	42	+4.3	-1.5	22	0-0	-	1.3	15	0.9	9	Nil	0.39	3
Nuplex Indust	344	+3.7	+3.6	26	0-0	6	1.2	10	0.9	12	6.1	0.41	682
Guinness Peat	57	+3.7	+4.5	27	8-5	3	0.1	5	1.2	2	2.7	0.08	170
Smiths City	64	+3.6	-0.8	29	0-1	-	0.7	4	0.9	17	5.5	0.15	34
Turners Auction	196	+3.3	+1.7	32	2-1	-	3.1	21	0.6	15	12.4	0.71	54
Turners & Grow.	168	+2.8	+0.6	33	0-0	-	0.6	4	0.6	16	3.6	0.22	190
Warehouse Group	377	+2.7	-0.1	34	2-1	7	2.9	37	0.6	8	7.7	0.52	1,173
Methven Limited	136	+1.9	+3.1	39	0-0	5	2.0	11	0.8	18	7.6	0.92	91
Chorus Ltd	265	+1.5	+2.0	42	1-0	10	1.7	27	0.5	6	13.7	0.98	1,032
Air New Zealand	149	+1.3	+0.1	44	0-7	6	0.9	10	0.8	9	7.7	0.35	1,639
PGG Wrightsons	38	+1.2	+6.3	45	1-0	4	1.1	6	1.3	20	8.3	0.25	287
Mainfreight Grp	1153	+0.8	+1.8	47	4-2	5	2.9	17	0.4	17	3.3	0.61	1,142
Restaurant Brds	285	+0.0	+0.5	55	0-0	3	4.6	27	0.7	17	8.0	0.89	279

INCOME SHARES: Highest Yields, Capitalisation > NZ\$100 million

Chorus Ltd	265	+1.5	+2.0	42	1-0	10	1.7	27	0.4	6	13.7	0.98	1,032
NZ Oil & Gas	83	-1.9	-0.2	72	1-0	6	1.0	7	1.1	13	10.4	3.44	342
Telecom Corp	230	-1.5	+1.0	70	1-3	11	3.0	17	0.5	18	9.9	1.00	4,179
Hallenstein G.	485	-5.0	+1.4	83	0-1	5	4.3	28	0.5	15	9.6	1.31	289
Col Motor Co	472	+8.9	+3.0	10	1-0	-	1.2	11	0.3	11	9.1	0.25	154
PGG Wrightsons	38	+1.2	+6.3	45	1-0	4	1.1	6	1.2	20	8.3	0.25	287
Vector Ltd	260	-2.3	+0.1	74	5-0	6	1.1	9	0.5	13	8.2	2.02	2,589
Trust Power Ltd	705	-3.9	-0.0	81	0-0	5	1.4	8	0.4	18	8.1	2.75	2,214
Restaurant Brds	285	+0.0	+0.5	55	0-0	3	4.6	27	0.6	17	8.0	0.89	279
Mighty River	219	-5.9	+1.4	83	5-2	8	1.0	4	0.8	28	7.8	1.78	3,066

INSIDER BUYING: Most Insider Buying, Relative Strength > 0

Metro. LifeCare	325	+0.1	-0.6	53	3-0	3	0.9	8	0.5	12	0.6	7.31	674
Pharmacybrands	126	+0.7	-1.5	48	3-0	-	2.1	18	0.6	12	4.0	1.50	157
Guinness Peat	57	+3.7	+4.5	27	8-5	3	0.1	5	1.0	2	2.7	0.08	170
Tourism Hold.	78	+6.1	+5.8	17	2-0	1	0.4	2	0.9	23	7.3	0.38	86
Mainfreight Grp	1153	+0.8	+1.8	47	4-2	5	2.9	17	0.4	17	3.3	0.61	1,142
Skellerup Hold.	163	+4.0	+5.4	24	1-0	3	2.5	15	0.8	17	7.0	1.66	314
Chorus Ltd	265	+1.5	+2.0	42	1-0	10	1.7	27	0.4	6	13.7	0.98	1,032
PGG Wrightsons	38	+1.2	+6.3	45	1-0	4	1.1	6	1.1	20	8.3	0.25	287
Steel & Tube	307	+7.6	+4.3	13	1-0	4	1.7	10	0.6	17	7.0	0.69	272
Col Motor Co	472	+8.9	+3.0	10	1-0	-	1.2	11	0.3	11	9.1	0.25	154

Company	STRENGTH RATING											Market Cap'n	
	Share Price	Cur- rent	4-Wk Chg.	Rank 0-99	Insider Buy/Sell	Brokers Following	Price to NTA	Return on Equity	Volatility	Price/Earn. Ratio	Dividend Yield		Price/Sales Ratio
OVER-VALUED SHARES: Highest Price/Sales Ratios, Relative Strength < 0													
Moa Group Ltd	80	-14.9	-4.3	91	1-0	1	1.7	13	0.9	13	Nil	9.83	24
Goodman Prop.	103	-1.7	-0.0	71	2-2	7	1.0	0	0.5	228	6.1	8.20	1,232
Vital Health PT	134	-58.3	+0.0	98	13-0	4	1.5	11	0.5	13	5.9	7.82	453
Argosy Property	94	-1.5	-0.6	70	1-0	5	1.2	7	0.6	16	6.4	7.25	734
NZ Exchange Ltd	128	-0.8	-1.1	65	1-0	3	4.2	17	0.7	25	5.8	6.57	330
Blis Technology	1	-13.3	+2.1	90	0-0	-	2.1	-	4.3	NE	Nil	6.47	7
Kiwi Property	111	-1.0	+0.3	67	0-0	7	1.0	10	0.5	10	7.2	5.57	1,106
Snakk Media Ltd	7	-19.4	-1.4	93	0-0	-	21.9	-	1.8	NE	Nil	5.04	18
Charlie's Group	43	-58.3	+0.0	97	0-0	-	7.7	15	1.2	51	Nil	4.00	126
NZ Oil & Gas	83	-1.9	-0.2	72	1-0	6	1.0	7	1.0	13	10.4	3.44	342
Trust Power Ltd	705	-3.9	-0.0	81	0-0	5	1.4	8	0.3	18	8.1	2.75	2,214
NZ Windfarms	7	-12.7	+0.8	90	0-0	-	0.3	2	1.9	13	Nil	2.50	20
Sky City Ltd	407	-2.2	-1.4	72	3-3	10	2.9	16	0.5	18	7.0	2.49	2,348
Dorchester Pac	21	-9.5	-0.2	88	0-0	-	1.3	5	1.4	27	Nil	2.28	44
NZ Refining Co	231	-0.9	+2.7	66	3-0	4	1.1	6	0.5	19	7.4	2.22	647
Vector Ltd	260	-2.3	+0.1	74	5-0	6	1.1	9	0.5	13	8.2	2.02	2,589

WORST PERFORMING SHARES: Weakest Shares, P/S Ratio > 0.25, Yield < Twice Average

Charlie's Group	43	-58.3	+0.0	97	0-0	-	7.7	15	1.2	51	Nil	4.00	126
Vital Health PT	134	-58.3	+0.0	98	13-0	4	1.5	11	0.5	13	5.9	7.82	453
Snakk Media Ltd	7	-19.4	-1.4	93	0-0	-	21.9	-	1.7	NE	Nil	5.04	18
Bathurst Res.	18	-15.3	+3.2	92	1-1	-	-	-	1.2	NE	Nil	N/A	128
Moa Group Ltd	80	-14.9	-4.3	91	1-0	1	1.7	13	0.8	13	Nil	9.83	24
Blis Technology	1	-13.3	+2.1	90	0-0	-	2.1	-	3.9	NE	Nil	6.47	7
NZ Windfarms	7	-12.7	+0.8	90	0-0	-	0.3	2	1.8	13	Nil	2.50	20
Kirkcaldie & St	197	-9.8	+1.0	89	0-0	-	1.1	-	0.3	NE	Nil	0.53	20
Dorchester Pac	21	-9.5	-0.2	88	0-0	-	1.3	5	1.4	27	Nil	2.28	44
Veritas Invest.	138	-9.1	+2.6	88	3-0	-	20.6	-	0.4	NE	Nil	1.71	51
Diligent Board	487	-7.4	-3.3	86	0-2	2	-	32	0.5	341	Nil	N/A	398
Pumpkin Patch	103	-6.3	+6.4	84	0-2	4	3.2	10	0.8	31	Nil	0.60	174
Just Water Int.	11	-4.0	-2.6	82	1-0	-	1.5	26	2.4	6	Nil	0.35	10
Scott Tech. Ltd	224	-3.7	+1.1	81	0-0	-	2.1	13	0.6	17	5.0	1.53	92
NZX Aust MidCap	458	-2.8	+2.3	78	0-0	-	-	-	0.6	NE	Nil	N/A	39
Tower Limited	181	-2.6	-1.9	77	1-1	4	1.0	9	0.8	11	6.1	1.01	487
Pac Edge Bio.	50	-2.4	-2.6	76	0-2	-	12.5	-	1.1	NE	Nil	N/A	139
Cavalier Corp	185	-2.4	+3.5	75	0-0	3	1.3	7	0.7	19	3.1	0.63	126
Freightways Ltd	435	-2.3	+0.6	73	1-1	7	3.6	22	0.5	17	6.2	1.65	670
Goodman Prop.	103	-1.7	-0.0	71	2-2	7	1.0	0	0.4	228	6.1	8.20	1,232

INSIDER SELLING: Most Insider Selling, Relative Strength < 0

Fonterra S/H Fd	692	-1.2	-0.5	68	0-7	-	0.9	4	0.6	22	4.6	0.24	747
DNZ Property	161	-0.9	-0.4	67	0-4	5	1.0	5	0.6	19	5.3	N/A	397
Pumpkin Patch	103	-6.3	+6.4	84	0-								

Computer Selections of Australian Shares based upon our Comprehensive Share Selection Criteria

For an explanation of this table see the *Share Selection Methods* report available from our website. These shares are not formal “buy” and “sell” recommendations, but the “Under-Valued”, “Best Performing” and “Income” shares should be considered for purchase, while the “Over-Valued” and “Worst Performing” shares can generally be sold to release money for re-investment in more attractive shares.

STRENGTH RATING													STRENGTH RATING														
Company	Share Price	Cur- rent	4-Wk Chg.	Rank 0-99	Insider Buy/Sell Following	Price to NTA	Return on Equity	Volatility	Price/Earn. Ratio	Dividend Yield	Price/Sales Ratio	Market Cap'n	Company	Share Price	Cur- rent	4-Wk Chg.	Rank 0-99	Insider Buy/Sell Following	Price to NTA	Return on Equity	Volatility	Price/Earn. Ratio	Dividend Yield	Price/Sales Ratio	Market Cap'n		
OVER-VALUED SHARES: Highest Price/Sales Ratios, Relative Strength < 0																											
Monax Mining	3	-11.5	-0.3	67	0-0	-	-	-	1.9	NE	Nil	9.94	6	Alycone Res Ltd	0	-38.6	-2.6	97	0-1	-	-	-	4.9	NE	Nil	0.31	7
Charter Hall GR	372	-1.3	-0.6	44	1-0	8	1.7	8	0.3	21	5.4	9.79	1,124	KGL Resources	10	-38.1	-0.7	96	0-0	1	-	-	1.2	NE	Nil	N/A	101
Austin Explor.	1	-18.8	+0.2	79	0-0	-	-	-	3.2	NE	Nil	9.60	18	Rialto Energy	3	-37.8	+3.9	96	1-0	2	-	-	2.2	NE	Nil	N/A	20
Samson Oil/Gas	3	-3.6	+3.0	50	1-0	-	-	-	2.1	NE	Nil	9.57	58	Hawkeye Oil Gas	3	-37.6	+1.3	96	0-0	1	-	-	1.7	1	Nil	0.28	8
Bullabulling G.	5	-0.5	+15.2	42	3-0	-	-	-	1.7	NE	Nil	9.45	16	Mungana Gold.	5	-37.5	+0.6	96	0-0	-	-	-	1.5	NE	Nil	N/A	8
Globe Metals	4	-20.9	-2.1	82	0-0	-	-	-	1.8	NE	Nil	9.28	9	Hawthorn Res.	4	-35.3	+1.3	95	0-0	-	-	-	1.8	NE	Nil	N/A	6
Phoslock Water	5	-3.4	+0.5	50	4-0	-	-	-	1.5	NE	Nil	9.12	12	Petrocoal Ltd	4	-35.0	+0.7	95	1-0	-	-	-	1.7	NE	Nil	N/A	7
White Energy Co	18	-2.5	+7.0	49	0-0	-	-	-	1.2	NE	Nil	9.10	58	Potash Minerals	10	-34.2	+0.3	95	0-0	-	-	-	1.2	NE	Nil	N/A	7
Kangaroo Res.	2	-25.8	+0.5	87	0-0	-	-	-	2.6	NE	Nil	8.89	55	China Magnesium	4	-33.1	-0.2	94	2-0	-	0.5	-	1.6	NE	Nil	7.19	6
Red Fork Energy	46	-15.7	+3.2	74	0-0	2	-	-	0.8	NE	Nil	8.89	177	Perseus Mining	48	-33.0	+2.6	94	3-0	16	0.5	8	0.8	6	Nil	0.75	220
Indophil Res.	16	-16.1	-2.6	75	0-0	-	-	-	1.1	34	Nil	8.81	186	Sundance Res.	8	-32.4	+3.5	94	0-0	-	-	-	1.2	NE	Nil	N/A	230
Viagold Capital	29	-30.3	+3.9	92	0-0	-	3.6	-	0.7	NE	Nil	8.79	9	Dragon Energy	6	-32.1	+1.8	93	0-0	-	-	-	1.5	NE	Nil	N/A	11
Galaxy Res.	6	-30.2	-7.0	92	0-3	-	-	-	1.6	NE	Nil	8.76	66	Venturex Res.	1	-32.1	-0.5	93	0-0	-	-	-	3.6	NE	Nil	N/A	12
Silver City Min	6	-16.1	-3.4	75	0-0	-	-	-	1.6	NE	Nil	8.69	6	Alara Resources	6	-31.7	+5.1	93	1-0	-	-	-	1.4	NE	Nil	N/A	15
Eden Energy Ltd	2	-0.7	+9.1	42	0-0	-	-	-	2.6	NE	Nil	8.68	10	Guildford Coal	13	-31.4	+4.4	93	5-0	2	-	-	1.1	NE	Nil	N/A	83
Carbon Energy	2	-23.3	-2.8	84	1-0	-	-	-	2.4	NE	Nil	8.42	16	Nyoto Minerals	2	-31.3	+6.6	93	0-0	-	-	-	2.0	NE	Nil	N/A	9
Aspen Group Ltd	17	-9.5	+1.8	63	5-0	-	0.8	-	0.8	NE	9.1	8.42	197	Primeag Aust.	44	-31.1	-4.4	93	0-0	1	0.7	-	0.5	NE	Nil	1.42	116
Centrex Metals	14	-10.2	+2.3	64	1-0	-	-	-	1.0	42	Nil	8.18	42	Manhattan Corp	5	-30.5	+0.9	92	0-1	-	-	-	1.6	NE	Nil	N/A	5
Sprintex Ltd	2	-15.7	-2.9	74	1-0	-	-	-	2.6	NE	Nil	8.18	13	Rift Valley Res	2	-30.4	+0.8	92	1-0	-	-	-	2.4	NE	Nil	N/A	5
Wasabi Energy	1	-20.3	+3.1	81	1-0	-	0.6	-	4.3	NE	Nil	8.11	22	Viagold Capital	29	-30.3	+3.9	92	0-0	-	3.6	-	0.6	NE	Nil	8.79	9
Nusep Holdings	5	-11.8	+2.1	67	0-0	-	2.3	-	1.6	NE	Nil	8.04	7	Galaxy Res.	6	-30.2	-7.0	92	0-3	-	-	-	1.5	NE	Nil	8.76	66
Dexus Property	106	-2.0	-0.2	47	2-0	12	1.0	10	0.5	10	5.7	8.03	4,984	Golden Rim Res.	2	-30.2	+4.9	91	0-0	-	-	-	2.5	NE	Nil	N/A	9
TZ Limited	11	-7.1	-1.6	58	0-0	-	-	-	1.0	NE	Nil	7.95	22	Reward Minerals	19	-30.1	+1.6	91	6-0	-	-	-	0.9	NE	Nil	N/A	18
CFS Retail Prop	202	-0.1	+0.7	40	0-0	13	1.0	5	0.4	19	6.7	7.74	5,714	Sovereign Metal	10	-30.0	+1.6	91	0-0	-	-	-	1.2	NE	Nil	N/A	8
Spark Infrastru	169	-0.7	-1.4	42	1-1	13	0.9	3	0.3	27	5.9	7.70	2,236	KBL Mining Ltd	4	-29.9	+2.5	91	0-0	-	-	-	1.8	NE	Nil	0.28	12
Chart H Retail	384	-2.4	+0.3	48	0-0	11	1.2	5	0.3	25	7.0	7.51	1,296	Ampella Mining	12	-29.7	+2.6	91	3-0	4	-	-	1.0	NE	Nil	N/A	28
Horizon Oil Ltd	34	-6.4	+1.3	57	1-0	7	0.8	1	0.9	102	Nil	7.34	386	Pluton Resource	7	-29.6	+5.0	91	1-0	-	-	-	1.5	NE	Nil	0.40	17
Westside Corp.	21	-14.2	+8.5	72	0-1	-	-	-	1.1	NE	Nil	7.24	74	Sihayo Gold Ltd	4	-29.5	-4.6	91	0-1	1	-	-	1.5	NE	Nil	N/A	27
China Magnesium	4	-33.1	-0.2	94	2-0	-	0.5	-	1.7	NE	Nil	7.19	6	Realm Resources	0	-29.3	+6.1	91	0-0	-	-	-	4.8	NE	Nil	0.33	7
Oceania Capital	160	-2.5	+0.8	48	11-0	-	0.7	-	0.4	NE	Nil	6.97	56	Silver Lake Res	67	-29.2	+4.4	91	1-0	9	0.8	-	0.5	NE	Nil	N/A	254
Westfield Group	1105	-1.0	-1.0	43	0-0	12	1.6	11	0.2	14	4.5	6.84	24,559	Indo Mines Ltd	5	-29.0	+4.3	90	0-0	-	-	-	1.3	NE	Nil	N/A	30
Altura Mining	11	-4.5	+2.8	53	1-0	-	-	-	1.3	NE	Nil	6.77	48	Latin Resources	6	-29.0	+0.8	90	0-1	-	-	-	1.4	NE	Nil	N/A	13
Noble Mineral	1	-48.7	+1.9	99	0-0	1	-	-	3.6	NE	Nil	6.77	7	WHL Energy	1	-28.6	-4.8	90	0-0	-	-	-	3.0	NE	Nil	N/A	17
Wotif.com Hold.	465	-3.1	+0.6	49	0-4	21	-	-	0.3	19	4.9	6.71	985	Gunson Res.	2	-28.4	+5.7	89	3-0	-	-	-	2.0	NE	Nil	N/A	6
Jupiter Mines	6	-14.7	-0.1	73	1-2	-	-	-	1.5	NE	Nil	6.59	128	Renaissance Min	7	-28.3	+6.8	89	1-0	-	-	-	1.3	NE	Nil	N/A	5
Entek Energy	3	-20.4	+5.1	81	9-0	-	-	-	2.1	NE	Nil	6.53	16	Antipa Minerals	4	-28.2	+2.0	89	1-0	-	-	-	1.9	NE	Nil	N/A	7
Deutsche Ind Tr	196	+0.0	+0.0	38	0-0	-	1.2	10	0.2	12	8.1	6.49	663	Blackthorn Res.	26	-28.2	+4.0	89	3-0	2	-	-	0.8	NE	Nil	N/A	43
GPT Group	364	-2.9	-1.0	49	2-0	13	1.0	9	0.3	11	5.2	6.48	6,438	Titan Energy	1	-28.0	-2.0	89	2-0	-	-	-	4.3	NE	Nil	5.45	8
Bounty Oil Gas	2	-6.0	+0.6	56	0-0	-	-	-	2.7	NE	Nil	6.47	14	INSIDER SELLING: Most Insider Selling, Relative Strength < 0													
NewSat Ltd	47	-3.4	+5.3	50	0-0	-	1.4	1	0.5	138	Nil	6.46	254	Western Desert	69	-3.4	+1.3	50	0-5	2	-	-	0.6	NE	Nil	N/A	249
Medical Dev Int	128	-0.3	+2.5	41	0-0	-	42.7	-	0.4	32	3.9	6.27	73	Computershare	1000	-0.1	-0.6	41	0-5	17	-	-	0.2	32	2.8	2.52	5,558
Computronics	2	-1.5	+0.4	45	0-0	-	-	-	2.1	77	Nil	6.25	9	Lycopodium Ltd	469	-7.9	+3.8	60	0-5	1	2.9	35	0.3	8	7.7	0.74	182
Strike Res.	6	-14.5	+6.9	72	1-0	-	-	-	1.4	NE	Nil	6.24	8	McMillan Shake.	1108	-14.1	-6.8	71	0-5	6	5.7	43	0.4	13	2.2	2.50	826
Phileo Aust.	252	-3.6	+2.7	51	0-0	-	0.9	8	0.2	12	0.8	6.16	73	GBM Gold Ltd	2	-2.0	-1.8	47	0-4	-	-	-	2.2	NE	Nil	N/A	10
Transerv Energy	0	-17.4	+2.2	77	0-0	-	-	-	5.5	NE	Nil	6.14	16	Wotif.com Hold.	465	-3.1	+0.6	49	0-4	21	-	-	0.3	19	4.9	6.71	985
Deutsche Div Tr	131	+0.0	+0.0	38	0-0	-	1.1	8	0.2	14	7.1	6.10	1,306	CocaCola Amatil	1241	-4.1	+0.5	52	1-5	14	6.5	32	0.2	21	4.5	1.84	9,458
Federation Cent	231	-2.6	-0.2	49	0-0	12	1.0	7	0.5	16	6.1	6.04	3,298	Galaxy Res.	6	-30.2	-7.0	92	0-3	-	-	-	1.4	NE	Nil	8.76	66
Sino Securities	28	-0.0	+0.0	39	0-0	-	-	-	0.6	NE	Nil	6.00	19	Lincoln Min.	6	-11.6	+6.2	67	0-3	-	-	-	1.1	NE	Nil	N/A	9
Aurora Minerals	6	-1.6	+5.2	45	2-0	-	-	-	1.3	NE	Nil	5.94	6	Monadelphous Gr	1733	-4.4	+4.1	52	0-2	16	5.2	52	0.3	10	7.9	0.60	1,576
Carbine Tungst.	6	-5.6	+4.2	55	2-0	-	-	-	1.4	NE	Nil	5.88	18	Macquarie C Tel	800	-4.5	+0.7	53	0-2	3	2.0	7	0.3	29	3.0	1.59	168
WORST PERFORMING SHARES: Weakest Shares, P/S Ratio > 0.25, Yield < Twice Average																											
Style Limited	2	-52.8	+1.5	99	0-0	-	-	-	2.7																		

“Insider” Trades in NZ Shares

The table below shows the number of Purchases and Sales of a company's shares by its Directors over the last twelve months (excluding “Neutral” situations where the number of Buyers and Sellers were equal). Shares where many “insiders” have been buying can outperform the market for up to two years, while shares where many “insiders” have sold can under-perform for a similar period.

“Insider” Indicators

Last 5 wks: 54.3% Buyers
Last 13 wks: 57.1% Buyers

Company	Insider Buyers-Sellers	Company	Insider Buyers-Sellers	Company	Insider Buyers-Sellers	Company	Insider Buyers-Sellers	Company	Insider Buyers-Sellers
Air New Zealand	0-7	Fletcher Build.	7-15	Marlin Global	0-1	Opus Int'l Cons	1-0	Steel & Tube	1-0
Akd Int Airport	0-1	Foley Fam Wines	0-1	Metro. LifeCare	3-0	PGG Wrightsons	1-0	Summerset Group	1-3
Allied Work.	0-1	Fonterra S/H Fd	0-7	Michael Hill	0-4	Pac Edge Bio.	0-2	TeamTalk Ltd	0-1
Argosy Property	1-0	Guinness Peat	8-5	Mighty River	5-2	Pharmacybrands	3-0	Telecom Corp	1-3
Barramundi Ltd	0-1	GuocoLeisure	1-0	Moa Group Ltd	1-0	Port Tauranga	1-3	Tourism Hold.	2-0
Briscoe Group	4-0	Hallenstein G.	0-1	NPT Limited	1-0	Property F Ind.	0-1	Trade-Me Ltd	1-0
Burger Fuel	0-2	Heartland BS	1-4	NZ Exchange Ltd	1-0	Pumpkin Patch	0-2	Turners Auction	2-1
Chorus Ltd	1-0	Hellaby Hold.	2-0	NZ Experience	0-1	Rakon Ltd	7-5	Vector Ltd	5-0
Col Motor Co	1-0	Infratil NZ	0-3	NZ Oil & Gas	1-0	Ryman Health.	2-3	Veritas Invest.	3-0
Comvita	1-0	Just Water Int.	1-0	NZ Refining Co	3-0	SLI Systems Ltd	0-2	Vital Health PT	13-0
DNZ Property	0-4	Kathmandu Ltd	0-2	NZ Wool Service	0-1	Seeka Kiwifruit	2-4	Warehouse Group	2-1
Diligent Board	0-2	Kingfish Ltd	0-1	Northland Port	0-1	Skellerup Hold.	1-0	Xero Ltd	1-5
		Mainfreight Grp	4-2			Smiths City	0-1		

“Insider” Trades in Australian Shares

The table below shows the number of Purchases and Sales of a company's shares by its Directors over the last twelve months (excluding “Neutral” situations where the number of Buyers and Sellers were equal). Shares where many “insiders” have been buying can outperform the market for up to two years, while shares where many “insiders” have sold can under-perform for a similar period.

“Insider” Indicators

Last 5 wks: 72.5% Buyers
Last 13 wks: 75.6% Buyers

Company	Insider Buyers-Sellers	Company	Insider Buyers-Sellers	Company	Insider Buyers-Sellers	Company	Insider Buyers-Sellers	Company	Insider Buyers-Sellers
360 Capital Ind	8-0	Alacer Gold	5-2	Ardent Leisure	4-0	Austal Limited	1-2	Bendigo Bank	3-0
A-Cap Resources	1-0	Alara Resources	1-0	Argo Investment	2-0	Aust Vintage	1-0	Benitec Bio.	1-0
A.P. Eagers	7-0	Alchemia Ltd	1-0	Ariadne Aust	2-0	Aust Ren. Fuels	3-0	Beyond Int'l	2-6
A1 Consolidated	1-0	Alcyone Res Ltd	0-1	Aristocrat Leis	1-0	Aust Mines Ltd	2-0	Billabong Int'l	4-1
ABM Resources	1-0	Alestor Energy	1-0	Ark Mines Ltd	11-0	Aust Agricult.	3-0	Biodiem Ltd	1-0
ADG Gbl Supply	4-0	Alexium Int'l	3-0	Armour Energy	3-0	Austbrokers	1-0	Biotech Capital	1-0
AGL Energy Ltd	0-1	Algae. Tec Ltd	4-0	Arowana Int'l	3-0	Aust Power Gas	3-0	Bioxyne Ltd	2-0
ALS Limited	0-1	Alligator En.	1-0	Artimis Res.	1-0	Aust Pharm. Ind	2-0	Black Fire Min.	2-0
AMCIL Limited	0-2	Alliance Aviat.	3-0	Ask Funding Ltd	0-1	Aust Wealth Inv	0-1	Black Star Pet.	4-0
ANZ Bank	4-1	Allmine Group	0-1	Aspen Group Ltd	5-0	Automotive Hold	0-1	Blackthorn Res.	3-0
AO Energy Ltd	3-0	Alloy Resources	1-0	Astro Japan Pro	1-0	Avalon Minerals	2-0	Blackmores Ltd	0-1
APN Property	0-1	Altium Limited	3-0	Ator Medical	0-1	Avexa Limited	4-0	Bligh Resources	2-0
ASG Group Ltd	1-0	Altura Mining	1-0	Athena Res.	1-0	Axiom Mining	0-1	Blue Energy Ltd	2-0
AWE Limited	1-0	Alumina Ltd	2-0	Atlas Iron Ltd	4-1	BC Iron Ltd	1-4	Bluescope Steel	7-0
Aberdeen Leader	1-0	Amalgamated Hld	1-0	Atrum Coal NL	2-0	BCD Resources	5-0	Bluechip Ltd	1-2
Acacia Coal Ltd	3-0	Ambition Group	5-0	Aura Energy Ltd	1-0	BHP Billiton	3-1	Boadicea Res.	0-1
Academies Aust.	0-1	Amcor Ltd	1-2	Aurizon Hold.	4-1	BKI Invest Coy	4-0	Boart Longyear	15-0
Acrux Ltd	1-0	Ampella Mining	3-0	Aurora Minerals	2-0	BT Invest Mgmt	1-3	Boom Logistics	3-0
Activex Ltd	1-0	Anglo Australia	2-0	Aurora Oil Gas	2-0	BWP Trust	1-0	Bora Bora Res.	1-0
Ad Braking Tech	3-0	Anittel Group	1-0	Auroch Minerals	1-0	Balamara Res.	1-0	Bougainville Co	0-2
Adcorp Aust.	3-0	Ansell Ltd	1-0	Ausdrill Ltd	2-0	Bank of Q'land	2-1	Bradken Ltd	0-2
Adelaide Bright	7-1	Antaria Ltd	4-0	Ausenco Ltd	5-0	Bannon Limited	3-0	Brambles Ltd	1-2
Adelaide Res.	1-0	Antisense T.	2-0	Ausquest Ltd	3-0	Bannerman Res.	1-0	Breville Group	1-0
Admiralty Res.	1-0	Antipa Minerals	1-0	Aust-Amer Min.	3-0	Baru Resources	10-0	Brierty Ltd	1-0
Adslot Ltd	3-0	Aphrodite Gold	1-0	Aust Pac Coal	4-0	Base Resources	0-1	Brighton Mining	1-0
Aeris Tech Ltd	1-0	Aquarius Plat.	1-0	Aust Leaders Fd	0-5	Beacon Minerals	2-0	Brisbane Bronco	1-0
African Energy	5-0	Aquila Res.	0-1	Austex Oil Ltd	0-1	Beach Energy	0-2	Broad Invest.	0-1
Aguaia Resources	1-0	Arafura Res.	1-0	Australand Prop	1-0	Beadell Res.	1-2	Brockman Mining	2-0
Ainsworth Game	2-4	Archer Explor.	0-1	Aust Foundation	3-0	Bell Financial	1-0	Brumby Resource	1-0

Company	Insider Buyers- Sellers	Company	Insider Buyers- Sellers	Company	Insider Buyers- Sellers	Company	Insider Buyers- Sellers	Company	Insider Buyers- Sellers
Buderim Ginger	1-0	County Coal Ltd	1-0	Exalt Resources	1-0	Helix Resources	1-0	King Solomon M.	1-0
Bulletin Res.	1-0	Countplus Ltd	3-0	Ezeatm Limited	2-0	Hillcrest Litig	1-0	Kingrose Mining	1-0
Bullabulling G.	3-0	Coventry Group	3-0	FSA Group Ltd	1-0	Hills Holdings	16-0	Konekt Limited	4-0
Buxton Res.	2-1	Coziron Res.	1-0	Fairfax Media	1-0	Hill End Gold	3-0	Korvest Ltd	2-0
CTI Logistics	0-1	Credit Corp	0-5	Ferrum Crescent	2-0	Hillgrove Res.	3-0	Kresta Holdings	3-0
Cabcharge Ltd	2-0	Credo Resources	2-0	Ferrowest Ltd	2-0	Hodges Res.	2-0	Kula Gold Ltd	9-0
Cabral Resource	2-0	Crest Minerals	2-0	Fiducian P Serv	4-1	Horizon Oil Ltd	1-0	Lachlan Star	1-0
Calibre Group	3-0	Cromwell Prop.	2-5	Finbar Group	4-0	Horseshoe Metal	2-0	Laconia Res.	1-0
Cape Lambert R.	15-1	Crossland Strat	5-0	Firestone En.	0-1	Hot Rock Ltd	1-0	Landmark White	0-3
Capital Health	0-1	Cryosite Ltd	3-0	Fitzroy Res Ltd	1-0	Hughes Drilling	1-0	Lantern Hotel	1-0
Capilano Honey	0-2	CuDeco Ltd	16-0	Fitzroy River	4-0	Hunter Hall Int	1-0	Latin Resources	0-1
Capral Limited	2-0	Cue Energy Res.	3-0	Fleetwood Corp	2-0	I-Cash Payment	1-0	Latin Gold Ltd	1-0
Caravel Min.	3-0	Cyclopharm Ltd	3-0	Flexicorp Ltd	0-3	I-Property Grp	3-1	Lawson Gold Ltd	1-0
Caravel Energy	4-0	Dampier Gold	1-0	Flight Centre	0-2	I-Sonea Limited	1-0	Legacy Iron Ore	4-0
Carabella Res.	1-0	Dart Energy Ltd	4-0	Flinders Mines	3-0	ILH Group Ltd	1-0	Legend Corp.	2-1
Carbon Energy	1-0	Datadot Tech.	3-0	Focus Minerals	2-0	IMF (Aust) Ltd	0-1	Legend Mining	1-0
Carbon Con	1-0	Delecta Ltd	1-0	Folkestone Ltd	4-0	IMX Resources	7-0	Leighton Hold	4-0
Carbine Tungst.	2-0	Delta SBD Ltd	2-0	Forge Group Ltd	1-0	IOOF Holdings	3-1	Lend Lease Grp	0-2
Carbine Res.	1-0	Dempsey Min.	2-0	Forte Cons. Ltd	5-0	IPB Petroleum	1-0	Leopard Res. NL	1-0
Cardno Ltd	1-0	Desane Group	0-1	Fortescue Metal	2-1	IRESS Limited	1-0	Leyshon Res.	1-0
Careers Multi.	0-1	Dexus Property	2-0	Forte Energy NL	1-0	ITL Limited	0-5	Lifestyle Com.	4-2
Carnarvon Pet.	1-0	Diploma Group	3-0	Foyson Res Ltd	1-0	Icar Asia Ltd	1-3	Lincoln Min.	0-3
Carpentaria Exp	0-1	Djerriwarrah	1-3	Funastic Ltd	0-1	Iluka Resources	2-1	Lindsay Aust	1-0
Carsales.com	1-5	Domino's Pizza	0-1	G.U.D. Holdings	0-1	Image Resources	2-0	Liontown Res.	2-1
Cash Converters	0-2	Doray Minerals	2-0	G8 Education	1-0	Imdex Limited	2-1	Lion Selection	4-0
Cassini Res Ltd	1-0	Downer EDI Ltd	5-0	GBM Gold Ltd	0-4	Impact Minerals	2-0	Lion One Metals	1-0
Castillo Copper	1-0	Dragon Mining	1-0	GBM Resources	3-0	Impedimed Ltd	5-0	Liq Natural Gas	2-0
Cazaly Res Ltd	2-0	Draig Resources	4-0	GBST Holdings	4-8	Inca Minerals	0-1	Living Cell T.	1-0
Cedar Woods Prp	0-1	Drillsearch	4-1	GPT Group	2-0	Incitec Pivot	1-0	Lodestar Min.	2-0
Celamin Hold.	5-0	DuluxGroup Ltd	2-0	G&R Engineering	1-0	India Resources	1-0	London City Eq.	2-0
Cellmid Ltd	6-0	Dyesol Ltd	2-0	Gage Road Brew.	0-2	Indochine Min.	1-0	Lonestar Res.	3-0
Celsius Coal	1-0	E-Bet Limited	2-0	Galaxy Res.	0-3	Indus Coal Ltd	3-0	Longreach Group	2-0
Centrex Metals	1-0	ERM Power Ltd	1-0	Gale Pacific	1-2	Infomedia Ltd	1-2	Lucapa Diamond	1-0
Centuria Cap'l	4-0	EVZ Ltd	7-0	Galilee Energy	2-0	Ingenia Com Grp	5-0	Lurii Gold Ltd	3-0
Century Aust In	2-0	Eagle Nickel	0-2	General Mining	0-1	Insurance Aust.	5-1	Lycopodium Ltd	0-5
Cent West Gold	0-1	Eastern Iron	5-0	Genera Bio.	2-0	Int'l Coal Ltd	1-0	Lynas Corp Ltd	1-0
Centrepoint All	3-0	Easton Invest.	2-0	Genesis Mineral	3-0	Intercept Min.	3-0	M2 Telecom. Grp	0-2
Central Petrol.	6-0	Echo Resources	3-0	Geopacific Res.	1-0	Intermin Res	4-0	MEO Australia	5-0
Chal Div Prop	2-1	Echo Ent Group	6-0	Gindalbie Met.	4-0	Intec Ltd	1-0	MGM Wireless	0-1
Chalice Gold	6-0	Ecosave Hold.	1-0	Global Resource	0-1	Intra Energy	7-0	MGT Resources	1-0
Chapmans Ltd	2-0	Elixir Petrol.	1-0	Global Petrol.	3-0	Intrepid Mines	1-0	MacMahon Hold	1-0
Charter Pacific	0-1	Emeco Holdings	2-0	Global Resource	1-0	Inventis Ltd	1-0	Maca Limited	3-2
Charter Hall GR	1-0	Emerg. Leaders	7-1	Glory Resources	1-0	Investa Office	2-0	Macarthurcook P	5-0
China Magnesium	2-0	Emerging Mkts	1-0	Goldminex Res.	7-0	Invictus Gold	2-0	Macquarie C Tel	0-2
Circadian Tech	3-0	Emergent Res.	3-0	Golden Gate Pet	5-0	Invigor Group	1-0	Macquarie Group	2-1
Citation Res.	1-0	Emerchants Ltd	2-0	Goldfields Mon.	1-0	Invocare Ltd	3-1	Magellan Flag.	1-0
Clancy Expor.	2-0	Empired Ltd	0-2	Golden West Res	1-0	Ironclad Mining	1-0	Magnolia Res.	1-0
Clarius Group	1-0	Empire Oil, Gas	1-0	Goodman Fielder	2-0	Iron Mountain	4-0	Mako H/carbons	0-1
Clearview Wlth	1-0	Emu NL	2-0	Goodman Group	0-1	Iron Ore Hold.	2-0	Malagasy Min.	0-1
Clime Capital	1-0	Encounter Res.	1-0	Grand Gulf En.	1-0	Ironbark Zinc	1-0	Malachite Res.	1-0
Clime Inv Mgmt	1-0	Endeavour Min.	2-0	Grange Resource	4-0	Iselect Limited	8-0	Malabar Coal	10-0
Coal of Africa	3-0	Energia Mineral	3-0	Green Rock En.	1-0	JB Hi-Fi Ltd	0-1	Mamba Minerals	1-0
Coalspur Mines	2-0	Energy Metals	1-0	Greenland Min.	3-0	Jacka Resources	2-0	Manas Resources	3-0
CocaCola Amatil	1-5	Energy Tech.	2-0	Greenvale Min'g	1-0	James Hardie	3-1	Manhattan Corp	0-1
Cochlear Ltd	6-0	Energy Action	0-11	Growthpoint Pro	3-0	Jervois Mining	1-0	Mastermyne Grp	4-1
Codan Ltd	6-0	Enero Group Ltd	1-0	Gryphon Mineral	1-0	Jindalee Res.	1-0	Matrix Comp.	4-0
Coffey Int'l	17-0	Engenco Ltd	5-0	Guildford Coal	5-0	Jumbo Interact.	0-2	Maverick Drill.	4-1
Cogstate Ltd	2-0	Ent. Uranium	1-0	Guinness Peat	6-5	Jupiter Mines	1-2	Maxi TRANS	1-0
Cokal Limited	5-0	Entek Energy	9-0	Gulf Mines Ltd	1-0	K2 Asset Mgmt	0-3	Mayan Iron Corp	1-0
Collection Hse	8-5	Entellect Ltd	0-1	Gullewa Ltd	1-0	Kaboko Mining	0-1	Mayne Pharma Gr	1-0
Computershare	0-5	Enterprise Met.	2-0	Gunson Res.	3-0	KalNorth Gold	2-0	McMillan Shake.	0-5
Condoto Plat.	2-0	Equity Trustees	1-0	HGL Limited	1-0	Kardoon Gas	1-2	Mec Resources	0-1
Conto Resources	1-0	Equus Mining	2-0	Hannans Reward	2-0	Key Petroleum	2-0	Medical Aust.	2-0
Contango Micro.	0-1	Estrella Res.	2-1	Hansens Tech.	0-1	KeyBridge Cap'l	3-0	Medigard Ltd	0-1
Cont'l Coal	2-0	Etherstack plc	1-0	Haoma Mining NL	0-1	Kibaran Res.	4-0	Medusa Mining	2-0
Convergent Min.	2-0	Eumeralla Res.	2-0	Harvey Norman	4-0	Killara Res.	4-0	Merlin Diamonds	0-1
Corp Travel M.	0-2	Eumundi Group	1-0	Hastings Rare M	2-0	King River Cop.	1-0	Mermaid Marine	1-2

Company	Insider Buyers-Sellers	Company	Insider Buyers-Sellers	Company	Insider Buyers-Sellers	Company	Insider Buyers-Sellers	Company	Insider Buyers-Sellers
Metallica Min.	1-0	Origin Energy	1-4	Ramelius Res.	2-1	Sonic Health	0-5	Tox Free Sol.	1-0
Metaliko Res.	3-0	Orinoco Gold	3-0	Rampart Energy	1-0	Soul Pattinson	5-0	Trafford Res.	3-0
Metcash Ltd	2-0	Orion Gold NL	2-0	Ramsay Health	0-2	Southern Gold	1-0	Traka Resources	0-1
Meteoritic Res.	2-0	Orocobre Ltd	2-0	Raya Group Ltd	4-0	Sovereign Gold	1-0	Transfield Serv	4-0
Metrocoal Ltd	1-0	Oroya Mining	2-0	Red Sky Energy	1-0	Spencer Res Ltd	1-0	TransPacific In	0-1
Midas Resources	1-0	Orpheus Energy	10-0	Red Hill Iron	12-0	Spitfire Res.	2-0	Transurban Grp	1-0
Middle Island	1-0	Orrex Resources	2-0	Red Mountain	6-0	Spooning Centre	2-0	Treasury Group	1-0
Millennium Min.	1-0	Otoc Limited	4-0	Red Metal Ltd	5-0	Sprint Energy	3-0	Treasury Wine	6-0
Milton Corp.	5-0	Overland Res.	1-0	Redcliffe Res.	2-0	Sprintex Ltd	1-0	Triausmin Ltd	2-0
Mindax Limited	1-0	Oz Brewing Ltd	2-0	Redflex Holding	2-1	St Barbara Ltd	6-0	Triangle Energy	1-0
Minerals Corp.	2-0	P-REIT	1-2	Reed Resources	0-1	Starpharma Hold	8-0	Troy Resources	10-3
Minemakers Ltd	18-0	PLD Corporation	7-0	Reedy Lagoon	1-0	Sterling Plant.	1-0	Trustees Aust.	1-0
Minera Gold Ltd	1-0	PMI Gold Corp.	4-1	Renaissance Min	1-0	Sth Boulder Min	0-1	Trust Company	1-0
Mineral Res.	0-1	PMP Limited	1-0	Republic Gold	1-0	Sth America F M	3-0	Tungsten Mining	1-0
Mining Projects	3-0	PPK Group Ltd	1-0	Res & Invest NL	2-0	Sth Amer Iron	5-0	UGL Limited	3-0
Mirrabooka Inv.	1-0	PTB Group Ltd	1-0	Resource Equip.	3-0	Sth Hemi Mining	1-0	UXC Limited	0-1
Mirvac Group	4-0	Pacific Brands	2-0	Resolute Mining	0-1	Sthn Cross Exp.	5-0	Unity Mining	1-0
Mithril Res.	1-0	Pacific Energy	0-1	Resource Dev.	1-0	Stockland	3-0	Universal Coal	1-0
Mnemon Limited	1-0	Pacific Mining	2-0	Retail Food Grp	1-0	Stokes (Aust)	1-0	Uranex Ltd	10-0
Modun Resources	2-0	Pacific Niugini	1-0	Reverse Corp	1-0	Stratum Metals	5-0	Venus Metals	2-0
Molopo Energy	4-0	Padbury Mining	2-0	Reward Minerals	6-0	Strike Res.	1-0	Village Road.	0-3
Monadelphous Gr	0-2	Paladin Energy	2-1	Rialto Energy	1-0	Strike Energy	1-0	Villa World Ltd	4-0
Mortgage Choice	2-0	Pan Asia Corp	1-0	Ridley Corp.	4-1	Structural Syst	3-0	Virgin Aust	2-0
Mt Gibson Iron	2-0	Pan Pacific Pet	3-0	Riedel Resource	4-0	SubZero Group	4-0	Vision Eye Inst	0-4
Murchison Hold.	2-0	Panaust Ltd	9-2	Rift Valley Res	1-0	Sun Resources	3-0	Vita Group Ltd	1-0
Musgrave Min.	1-0	Pancontinental	1-0	Rimfire Pacific	1-0	Sunbird Energy	2-0	Vita Life Sci.	3-0
My ATM Holdings	0-1	Paperlin X Ltd	6-0	Robust Resource	2-0	Suncorp Group	4-0	Vital Metals	2-0
My Net Fone Ltd	0-3	Paragon Care	0-1	Roc Oil Company	0-1	Sundance Energy	9-0	Vocus Comm.	0-5
NRW Holdings	6-0	Paringa Res Ltd	1-0	Royal Wolf Hold	1-0	Sunland Group	0-1	Vortex Pipes	3-0
NSL Cons. Ltd	1-0	Patties Foods	6-3	Royal Resources	1-0	Super Retail Gr	0-2	WAG Limited	0-1
Nanosonics Ltd	1-0	Paynes Find Gld	1-0	Rubicon Res.	2-0	Swala Energy	1-0	WAM Capital Ltd	0-1
Naos Emerging	2-0	Peel Mining Ltd	0-1	Rubianna Res.	1-0	Syndicated Met.	1-0	WDS Limited	3-0
Naracoota Res.	1-0	Peet Ltd	5-0	Rumble Resource	4-0	Syngas Ltd	2-0	Waratah Res.	0-1
Nat'l Aust Bank	1-2	Pelican Res.	2-0	Run Corporation	6-0	Syrah Resources	0-3	Wasabi Energy	1-0
Navitas Ltd	0-2	Pental Limited	1-0	Runge Pincock M	7-0	TFS Corporation	5-0	Watpac Ltd	3-1
Nearmap Ltd	5-0	Perpetual Res.	2-0	SAI Global Ltd	1-2	TPG Telecom Ltd	0-2	Webjet NL	1-2
Neon Energy Ltd	1-0	Perpetual Ltd	4-0	SDI Limited	2-0	TPL Corporation	2-0	Webster Ltd	0-1
NetComm Wire.	1-0	Perseus Mining	3-0	SP Ausnet	1-0	TUC Resources	3-0	Wellcom Group	4-0
New Horizon C.	1-0	Pharmaust Ltd	0-1	STW Comm Group	0-1	TW Holdings Ltd	2-0	Wentworth Hold.	1-4
New Hope Corp.	1-0	Phoenix Gold	0-1	Saferoads Hold.	3-0	Tabcorp Holding	2-0	Wesfarmers Ltd	0-2
New Standard En	5-0	Phoslock Water	4-0	Samson Oil/Gas	1-0	Tamawood Ltd	0-3	Western Desert	0-5
Newcrest Mining	13-0	Pilbara Mineral	3-0	Sandfire Res.	0-1	Tanami Gold NL	1-0	Westpac Banking	0-3
Nextdc Limited	1-2	Pioneer Res.	1-0	Santana Mineral	3-0	Tangiers Petrol	1-0	Westfield Ret.	0-1
Nexus Energy	2-1	Planet Metals	1-0	Saracen Mineral	2-0	Target Energy	2-0	Western Areas	3-1
Nib Holdings	0-1	Platina Res.	3-0	Saunders Int'l	0-2	Taruga Gold Ltd	2-0	West Wits Min.	1-0
Nick Scali Ltd	1-0	Platsearch NL	2-0	Savcor Group	3-0	Tassal Group	2-0	West African R.	2-0
Nido Petroleum	1-0	Pluton Resource	1-0	Scantech	2-0	Tatts Group Ltd	0-1	Westside Corp.	0-1
Niuminco Group	2-0	Plymouth Min.	2-0	Seek Ltd	2-1	Tawana Resource	1-0	White Cliff Min	2-0
Noni B Limited	1-0	Po Valley Ener.	2-0	Select Explor.	3-0	Techniche Ltd	5-0	Whitehaven Coal	6-1
Northwest Res.	1-0	Praemium Ltd	3-0	Select harvest	2-0	Technology One	0-4	White Rock Min.	1-0
Norwest Energy	2-0	Prairie Downs	5-0	Senex Energy	4-0	Tel.Pacific Ltd	3-0	Wide Bay Aust.	3-0
Nthn Star Res.	0-1	Premier Invest	1-0	Service Stream	4-0	Telstra	3-2	Wolf Petroleum	3-0
Nthn Minerals	0-3	Primary Health	10-4	Seven West Med.	3-0	Tempo Australia	2-1	Wolf Minerals	1-0
NuEnergy Cap'l	2-0	Primary Gold	3-0	Sheffield Res.	3-0	Templeton Globa	1-0	Worley Group	3-0
Nucoal Res.	7-0	Prima Biomed	3-1	Sietel Ltd	1-0	Ten Network	1-0	Wotif.com Hold.	0-4
Nufarm Limited	1-0	Pro Medicus Ltd	3-0	Sihayo Gold Ltd	0-1	Teranga Gold	1-0	XRF Scientific	4-0
Nyoto Minerals	1-0	Pro Maintenance	2-0	Silex Systems	3-0	Terrain Mineral	1-0	Xanadu Mines	5-0
OZ Minerals Ltd	14-0	Pro-Pac Pack.	0-1	Silver Lake Res	1-0	Thinksmart Ltd	1-0	Xceed Resources	2-0
Oakton Limited	1-0	Probiotec Ltd	4-0	Silver Chef Ltd	1-6	Thomson Res.	1-0	Xstate Res.	1-0
Oceania Capital	11-0	Progen Pharm.	1-0	Sims Metal Mgmt	3-1	Thorn Group Ltd	1-3	YTC Resources	4-0
Octagonal Res.	1-0	Promesa Ltd	2-0	Sino Gas & En.	4-0	Thunselarra Ltd	1-0	Yellow Rock Res	3-0
Oil Search Ltd	4-5	Proto Resources	0-1	Sirius Res. NL	1-0	Tidewater Inv	2-0	Yowie Group Ltd	1-0
Oilex Ltd	1-0	Pulse Health	3-0	Slater & Gordon	1-5	Titan Energy	2-0	ZYL Ltd	1-0
Oklo Resources	0-1	Q.B.E. Insur.	1-0	Smart Parking	1-0	Titan Energy	0-7	Zamanco Min Ltd	4-0
Oncosil Medical	1-0	Qantas Airways	1-0	Solco Ltd	1-0	Tlou Energy Ltd	1-0	Zenith Minerals	4-0
Optiscan Image	1-0	Qld Mining Corp	7-1	Solimar Energy	1-0	Toll Holdings	2-0	Zicom Group	4-0
Orica Ltd	3-0	Quickstep Hold.	1-0	Somnomed Ltd	1-0	Torrens Energy	1-0		

New Issue: Meridian Energy

The following email was sent to subscribers on 25 September . . . and received an unusually large volume of very positive feedback!!

Thank goodness the Financial Markets Authority has outlawed “misleading and deceptive conduct” as otherwise investors might question Page 27 (and other aspects) of the Meridian Energy Investment Statement and Prospectus that promises a “yield of [and in very big numbers] 13.4%”.

We suggest you seek “independent advice” - wherever one is supposed to find that? This writer can not possibly comment, as the Financial Markets Authority has effectively outlawed this (non-NZ resident) writer and his foreign company (operating outside of NZ) after writing a “Don't Buy Mighty River Power” email. That recommendation upset the brokers and investment bankers who received \$40.8 million in fees. Brokers and investment bankers will receive \$41.5 million this time - so watch out for people pushing their own vested interests!

But let's summarise some of the publicly available facts about this Initial Public Offering. Then you can make your own decision. (OK, I know. I'll get into trouble for this too. 40 years ago my high school principal wrote “James obeys *reasonable* school rules” on my report. Apparently nothing has changed.)

Meridian Energy has an issued capital of 2,563,000,000 shares. The NZ Government will retain at least 51% of these, offering up to 1,255,870,000 shares to the public and institutional investors at an indicative price of 150-180 cents per share. The final price will be set through an institutional tender, although individual NZ resident investors will pay a maximum of 160 cents.

At 160 cents this float will raise \$2009 million (before expenses) all of which will go to the government. Nothing will go to the company.

All new shareholders will pay 100 cents now and the balance (up to a maximum of 60 cents for shares acquired by individuals in this float) before 15 May 2015.

The company earned a net profit of \$303.1 million (11.8 cents per share) in the year to June 2011, only \$74.6 million (2.9 cents per share) in 2012 and \$295.1 million (11.5 cents per share) in the year to June 2013. The FMA would consider it inappropriate for me to comment on the volatility (or otherwise) of the company's annual profitability.

The company forecasts a net profit of \$187.9 million (7.3 cents per share) for the current year to June 2014 and will distribute 144% of these profits, paying a dividend 10.5 cents per share (plus some imputation tax credits) to shareholders.

That, according to the Prospectus (see Page 9, the very small print in Note 19) is a gross yield of 13.4%. That is calculated (presumably by some Investment Banker who has never owned a share in his life) assuming full imputation tax credits - in direct contradiction of the clear statement (Page 9, normal sized print) that “In the future, Meridian expects dividends to be partially imputed in the range of 40% to 79% of the corporate tax rate”.

One could argue that calculating yields based upon 100% imputation credits when the company clearly expects to attach only 40-79% imputation credits was “misleading and deceptive”.

One might also argue that calculating yields on just the initial instalment and not the full price of the shares might be somewhat “misleading and deceptive”. Presumably the FMA thinks not.

For the year to June 2015, the company plans to raise its annual dividend rate 9.5% to 11.5 cents (plus some imputation tax credits). This will distribute 140% of its forecast profits.

Just as we all had to make our own decision about whether to believe in Santa and the Easter Bunny, potential investors must make their own decision about how sustainable it is for a company to distribute 140% of its profits as a dividend each year.

Based upon the capped price of 160 cents, Meridian Energy shares are being priced at a Price/Earnings ratio of 22. At that valuation, investors should be able to expect good future growth.

So let's discuss growth. The most interesting thing here is that the word “growth” appears in the 228 page Prospectus only 23 times. Unfortunately, its likely to be equally rare in the bottom line of future income statements as the company says “Meridian is unlikely to build any new generation capacity in NZ in the next 3-5 years due to the current levels of capacity available in the market and the lack of electricity demand growth across the country”. It goes on to say “Meridian has no current plans to build any further new generation capacity in Australia” (Page 64).

By way of comparison, the word “tax” (or “taxation” or “taxable”) is used over 300 times.

Summary and Recommendation

Perhaps your broker only wants to sell you Meridian Energy shares because he thinks its a good investment for *you* (and would love to buy some himself, but conveniently doesn't have the cash just now). Perhaps there really is a Santa - but don't expect me to invest in his IPO!

Can Meridian Energy continue to pay dividends equal to 140% of its earnings? Ask someone with a knowledge of Accounting and they might suggest that would eventually require the company to (1) take on significant additional interest bearing debts and/or (2) to slowly deplete its business.

Paying unsustainably high dividends to inflate the Dividend Yield in an attempt to make shares look attractive to inexperienced investors is something that more experienced investors might consider to be “misleading and deceptive conduct”. When your Government is doing this and your securities regulator is authorising it, then we clearly have “the fox in charge of the hen house”.

An investment maxim is “Don't put all your eggs in one basket”, but perhaps it is even more important who is managing your hen house. This “outlaw” investment advisor (and investor) will not be investing any of his money with these foxes.

The NZ Stock Exchange publishes “Meridian Energy Independent Research Reports”

NZX Limited (which runs the NZ stock exchange) is publishing what it calls “Meridian Energy Independent Research Reports” on its website (www.nzx.com/meridian-research) . . . but this appears to breach the Financial Advisers “Code of Professional Conduct” in New Zealand which strictly regulates when the term “independent” may be used, and other NZ securities regulations.

Unfortunately, while the NZ market is heavily regulated (e.g. Ross Asset Management was registered and authorised to provide investment management services) there is little or no investigation or enforcement. You can find out more about this for yourself later, but let's get back to the NZ Stock Exchange “independent” research.

In the Code of Professional Conduct “Code Standard 3” deals with when advice may (and may not) be called “independent”. It even gives the following example where “neither the Authorised Financial Adviser nor the financial advisory services may be described as independent”:

“(c) the AFA or a related person of the AFA will or may directly or indirectly receive a benefit from a person other than the client for providing the services or from the client's acquisition of a financial product”.

That would appear to clearly exclude stockbroker advice on an IPO - as they are paid a percentage commission by the vendor of the shares based upon the volume of “product” they can sell to the investor.

You may also consider advice from Investment Banks (touting for future IPO business and a share of the \$40 million fees involved) to not be “independent” under the normal meaning of that word, but the code ignores benefits that are “remote or insignificant”. A share of \$40 million in future fees isn't “insignificant” but is probably “remote”. So under the Code of Conduct, the Investment Bank advice can *probably* be called “independent” (even though no normal person would consider it so).

If we may digress again for a moment, you will probably be very surprised to learn that Code Standard 3 allows an AFA to receive “fees as a contractor that are not determined by volume or other targets” and still call their advice “independent”. So a company seeking to manipulate its share price can pay a broker or adviser a fixed sum of (say) \$100,000 to write a “must buy” recommendation and that report can be called “independent” under the code.

Clearly the “Code of Conduct” was not written by *investors* or anyone seeking to put “investors interests

first” (which is another story from the same book of Fairy Tales, entitled “Code Standard 1”).

The NZX is not an AFA, so the Code of Conduct does not apply. Nevertheless, it is probably “misleading and deceptive” for them to associate the word “independent” with their biased selection of five “Buy” reports (and no “Don't Buy” reports) for Meridian Energy.

Does NZX have a financial interest in the success of this float? You bet! As a very large company it will generate significant initial and recurring listing fees. A successful float would also lead to further Government share floats - and even more ongoing listing fees - while an unsuccessful float could see this policy cancelled.

So, who is in charge of enforcing NZ's securities regulations? That job used to fall on the **Securities Commission**, but after the Finance company debacle, the government “rebranded” this (with a new set of equally ineffective laws) to the **Financial Markets Authority** - allowing the current NZ government securities regulator incarnation to distance itself from the previous NZ government securities regulator's past problems and refer to them as “legacy issues”.

[Editor's Note: This is a misleading and deceptive trick learned from the Funds Management industry: A poorly performing fund will be closed and replaced with a new, but virtually identical clone fund - thereby eliminating the poor historical track record.]

The FMA welcomes information or complaints from the public. They do not have any meaningful in-house investigative function - and there is a limit to how much can be found from just internet searches - so they rely on information from the public.

The FMA website invites investors to “Talk to us!”. It states: “If you have concerns you can complain to the Financial Markets Authority. For example, you may feel the adviser [broker] has not put your interests first. A complaint to the FMA may lead to disciplinary action for a breach of the Code of Conduct.”

As we have outlined above, there appears to be some evidence that an AFA may be in breach of “Code Standard 3” and/or that NZX website may be “misleading and deceptive”. This is a job for the FMA!

If you go to their website (www.fma.govt.nz) and report your concerns over these matters then you can judge for yourself how impartially the FMA applies the law and how seriously they take their regulatory responsibilities and commitment to “protect the interests of retail investors”. Or is the FMA involved in a conspiracy and cover-up to protect the vested interests of the Government, Stock Exchange, brokers and other powerful interests in the Finance industry?

The truth is out there. Let's investigate together.

Dividend \$

Company	Cents per Share	Ex-Date	Pay-able	Tax Credit
Auckland Int'l Airport	6.25	03-10	17-10	Full
Cavalier Corporation	4.00	04-10	18-10	Full
Colonial Motor Company	21.00	11-10	21-10	Full
Ebos Group	15.00	08-10	22-10	2.91667
Fletcher Buildings	17.00	27-09	16-10	Full
Fonterra SF	16.00	10-10	18-10	Full
Hallenstein Glasson	17.50	29-11	06-12	Full
Hellaby Holdings	8.00	11-10	18-10	Full
Kathmandu	9.00	12-11	22-11	Full
Metro. LifeCare	2.00	03-10	17-10	Nil
Scott Technology	5.50	-	03-12	Full
Scott Tech. Special	2.00	-	03-12	Full
Skellerup Holdings	5.00	04-10	17-10	Full
South Port NZ	15.50	20-09	08-11	Full
TeamTalk	10.00	11-10	18-10	Full
Tourism Holdings	2.00	17-10	24-10	Full
Warehouse Group	5.50	29-11	12-12	Full
<u>Australian Shares</u>				
Brickworks	27.00	31-10	27-11	
CSG Ltd (capital)	4.00		Dec	
M2 Telecommunications	10.00	30-09	25-10	
Skilled Group	9.00	20-09	16-10	
TFS Corporation	3.00	08-10	08-11	
The Reject Shop	13.00	23-09	14-10	

Total Return Index for All Listed Shares

Sep 9	1466.47		
Sep 10	1467.21		
Sep 11	1468.76		
Sep 12	1470.62		
Sep 13	1471.04		
Sep 16	1477.91	Sep 23	1482.14
Sep 17	1479.90	Sep 24	1481.27
Sep 18	1481.43	Sep 25	1479.39
Sep 19	1488.82	Sep 26	1480.82
Sep 20	1485.92	Sep 27	1482.57
Sep 30	1475.25	Oct 7	1472.17
Oct 1	1475.92	Oct 8	1472.37
Oct 2	1480.72	Oct 9	1468.07
Oct 3	1480.09	Oct 10	1471.16
Oct 4	1475.97	Oct 11	1472.98

Next Issue:

The next issue of *Market Analysis* will be emailed in four weeks time on Monday November 11, 2013.

The print version will be delivered later that week, depending upon printing and postal delivery times.

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