

Market Analysis

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Inside Market Analysis

| | | | |
|--|----------|---|----------|
| BUY AtCor Medical | 10,11,12 | NZX "Independent" Reports | 16 |
| Proposal to break Brickworks/WHSP cross-shareholdings lacks logic | 5,6 | Securities Research remains free of FMA censorship and truly independent | 17 |
| Village Roadshow plans small capital repayment | 9 | Warrant / Option Analysis: Wolf Petroleum | 18,19,20 |

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Summary and Recommended Investment Strategy.

Investors can't complain the stockmarket offers a lack of choice! Xero on a P/S ratio of 115 (and unprofitable) or AtCor Medical on a P/S of 2.5 and P/E of 8? We would call this a "no-brainer", except that 99% of investors (and 100% of fund managers) appear to have no brain and will get this one wrong! *Vive la différence* (between investors).

Investment Outlook.

Have investors forgotten the 1999 Technology boom? We haven't.

Internet companies with little revenues, no prospects of profit in the foreseeable future and an uncertain business model traded on huge valuations. These companies survived for a while as investors were willing to finance their losses with new capital, often issued at ever higher prices. That ended when the Internet Bubble burst and ultimately 90-95% of these companies failed. The few that did survive mostly suffered a 90-95% fall in share prices as valuations returned to reality.

If you have forgotten what the Internet boom was like, just take a look at a "cloud-based", "software as a service" (SaaS) company called **Xero**. At \$35.21 per share the company has a market capitalisation of \$4490 million. In the year to March 2013 it earned only \$39.0 million . . . in revenues. Its *loss* was \$14.4 million.

That is a Price/Sales ratio of 115. Suddenly those old Internet stocks are looking like good value! If Xero could *ultimately* become profitable, even at a very high net profit margin of 50% that P/S ratio of 115 would equate to a Price/Earnings ratio of 230.

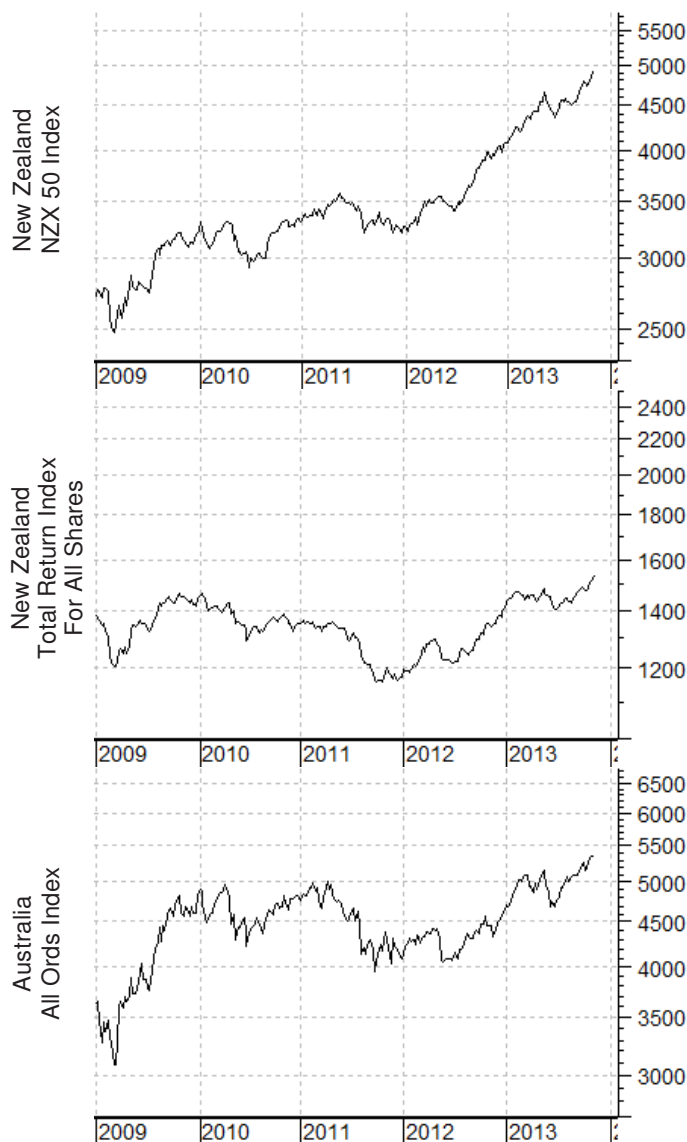
To be successful, Xero will need to capture a significant share of the US market. In the year to March 2013, 43% of total revenues were earned in New Zealand, 36% in Australia, only 14% in the United Kingdom and 7% - that is just \$2.7 million - in the United States. That indicates a large market share in NZ, but an insignificant market share in the US where ultimate success is at best, far from certain!

For the September quarter Xero recorded receipts of \$15.8 million, but with a net cash operating *deficit* of \$4.5 million. The company recently raised \$180 million cash from the issue of new equity, so could continue to bleed cash for many more years.

Many shares trade on P/S ratios of less than 1. High profit margin businesses - including software companies - may trade on P/S ratios of 2-6. (Continued on Page 15)

Stockmarket Forecasts

| | <u>One-Month</u> | <u>One-Year</u> |
|--------------|----------------------|----------------------|
| Australia: | 68% (Bullish) | 71% (Bullish) |
| New Zealand: | 80% (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 | Company Name | Performance Forecast | Price | Price/Sales Ratio | P/E Ratio | Gross Yield | Company Name | Performance Forecast | Price | Price/Sales Ratio | P/E Ratio | Gross Yield |
|----------------------|-------|-------------------|-----------|-------------|-----------------|----------------------|-------|-------------------|-----------|-------------|-----------------|----------------------|-------|-------------------|-----------|-------------|
| B | 525 | 1.19 | 12 | 7.5 | Jasons Media | E | 10 | 0.19 | NE | Nil | Renaissance | D | 16 | 0.12 | 28 | Nil |
| C | 99 | 7.75 | 22 | 5.7 | Just Water Int. | D | 12 | 0.39 | 6 | Nil | Restaurant Brds | D | 299 | 0.94 | 18 | 7.6 |
| A | 689 | 0.57 | 42 | 4.4 | Kathmandu Ltd | D | 377 | 1.97 | 17 | 4.4 | Rubicon Limited | D | 35 | 0.28 | NE | Nil |
| B | 164 | 0.39 | 10 | 7.0 | Kermadec Prop. | B | 67 | 6.58 | 11 | 4.5 | Ryman Health. | A | 790 | N/A | 29 | 0.7 |
| B | 360 | N/A | 27 | 4.8 | Kingfish Ltd | B | 129 | N/A | 6 | 7.1 | SLI Systems Ltd | D | 197 | N/A | NE | Nil |
| B | 4.8 | 0.11 | NE | Nil | Kirkcaldie & St | B | 200 | 0.53 | NE | Nil | Sanford Limited | D | 460 | 0.94 | 21 | 7.1 |
| A | 302 | 0.60 | 14 | 7.4 | Kiwi Property | D | 110 | 5.52 | 10 | 7.3 | Satara Co-op | C | 58 | 0.19 | NE | Nil |
| N/R | 0.9 | N/A | NE | Nil | L&M Energy | D | 7.3 | N/A | NE | Nil | Savoy Equities | D | 5.1 | N/A | NE | Nil |
| N/R | 94 | 7.25 | 16 | 6.4 | Lytelton Port | D | 241 | 2.23 | 15 | Nil | Scott Tech. Ltd | D | 220 | 1.51 | 16 | 5.1 |
| B | 70 | N/A | 5 | 10.2 | Mainfreight Grp | B | 1165 | 0.61 | 17 | 3.3 | Sealegs Corp | D | 20 | 1.47 | NE | Nil |
| D | 18 | N/A | NE | Nil | Marlin Global | B | 77 | N/A | 9 | 9.1 | Seeka KiwiFruit | D | 171 | 0.18 | NE | Nil |
| C | 1.5 | 8.82 | NE | Nil | Mercer Group | D | 23 | 1.42 | 72 | Nil | Skellerup Hold. | A | 171 | 1.74 | 17 | 6.7 |
| C | 243 | 1.18 | 19 | 5.9 | Meridian Energy | D | 107 | N/A | 19 | 7.1 | Sky Network TV | B | 644 | 2.83 | 18 | 5.3 |
| C | 155 | 7.12 | 78 | Nil | Methven Limited | A | 146 | 0.99 | 19 | 7.1 | Sky City Ltd | B | 387 | 2.36 | 18 | 7.4 |
| C | 55 | N/A | 37 | 3.6 | Metro. LifeCare | A | 445 | N/A | 16 | 0.4 | Smartpay NZ Ltd | B | 33 | 6.65 | NE | Nil |
| C | 183 | 0.62 | 19 | 3.1 | Michael Hill | B | 155 | 1.08 | 15 | 4.2 | Smiths City | D | 64 | 0.15 | 17 | 5.5 |
| C | 245 | 1.08 | 20 | 1.6 | Mid-Cap Index | B | 293 | N/A | NE | Nil | Snakk Media Ltd | D | 12 | 8.78 | NE | Nil |
| C | 43 | 4.00 | 51 | Nil | Mighty River | B | 220 | 1.79 | 28 | 7.8 | Sol. Dynamics | C | 30 | 0.38 | NE | Nil |
| C | 200 | 0.74 | 5 | 18.2 | Millennium & C. | B | 69 | 2.42 | 12 | 2.5 | South Port NZ | C | 335 | 2.98 | 14 | 9.4 |
| C | 1.5 | N/A | NE | Nil | Moa Group Ltd | C | 70 | 8.60 | 11 | Nil | Speirs Group | A | 5.0 | 0.04 | NE | Nil |
| C | 495 | 0.26 | 12 | 8.7 | Mowbray Collect | C | 50 | 2.07 | 53 | Nil | Steel & Tube | A | 320 | 0.72 | 18 | 6.7 |
| C | 365 | 1.03 | 14 | 5.1 | NPT Limited | D | 62 | 6.16 | 3 | 4.3 | Summerset Group | B | 337 | N/A | NE | Nil |
| C | 516 | 1.51 | 19 | 6.9 | NZ Exchange Ltd | D | 130 | 6.68 | 26 | 5.8 | Synlait Milk | C | 379 | 1.32 | 48 | Nil |
| C | 0.2 | 0.09 | NE | Nil | NZ Experience | C | 35 | 1.11 | 9 | 11.8 | TeamTalk Ltd | C | 234 | 1.43 | 18 | 12.2 |
| C | 158 | N/A | 19 | 5.4 | NZ Finance Hold | D | 1.2 | 0.15 | NE | Nil | Telecom Corp | C | 235 | 1.02 | 18 | 9.7 |
| C | 377 | 1.66 | 19 | 3.8 | NZ Farming Sys. | D | 65 | 1.53 | NE | Nil | Tenon Ltd | C | 142 | 0.20 | NE | Nil |
| D | 440 | N/A | NE | Nil | NZ Oil & Gas | N/R | 84 | 3.51 | 13 | 10.2 | Tourism Hold. | C | 80 | 0.39 | 23 | 7.1 |
| D | 23 | 2.50 | 30 | Nil | NZ Refining Co | C | 227 | 2.18 | 18 | 7.6 | Tower Limited | B | 176 | 0.98 | 11 | 6.3 |
| D | 956 | 0.34 | 22 | 4.4 | NZ Wool Service | C | 42 | 0.19 | NE | Nil | Trade-Me Ltd | B | 438 | N/A | 22 | 5.2 |
| D | 92 | 2.11 | NE | Nil | NZ Windfarms | C | 6.8 | 2.43 | 13 | Nil | Training Sol. | C | 0.1 | N/A | NE | Nil |
| C | 374 | 3.56 | 26 | 4.7 | NZSX 50 Port. | D | 170 | N/A | NE | Nil | Trust Power Ltd | C | 662 | 2.58 | 17 | 8.6 |
| C | 42 | 0.39 | 9 | Nil | NZSX 10 Fund | D | 116 | N/A | NE | Nil | Turners & Grow. | B | 174 | 0.23 | 16 | 3.4 |
| C | 963 | 0.78 | 20 | 4.2 | NZX Aust MidCap | D | 460 | N/A | NE | Nil | Turners Auction | B | 220 | 0.80 | 16 | 11.0 |
| C | 160 | 2.25 | 40 | Nil | New Image Group | A | 25 | 0.79 | NE | Nil | Vector Ltd | B | 259 | 2.02 | 13 | 8.3 |
| C | 682 | 0.23 | 21 | 4.7 | Northland Port | A | 292 | N/A | 18 | 4.9 | Velo Capital | C | 7.0 | N/A | NE | Nil |
| C | 445 | 1.69 | 17 | 6.0 | Nuplex Indust | A | 358 | 0.43 | 12 | 5.9 | Veritas Invest. | D | 130 | 1.61 | NE | Nil |
| C | 1.8 | N/A | NE | Nil | Opus Intl Cons | A | 197 | 0.72 | 12 | 6.2 | Vetliot Limited | D | 0.3 | 2.00 | NE | Nil |
| C | 285 | N/A | NE | Nil | Ozzy (Tortis) | D | 390 | N/A | NE | Nil | Vital Health PT | D | 131 | 7.62 | 13 | 6.1 |
| C | 103 | 8.24 | 16 | 6.1 | PGG Wrightsons | B | 41 | 0.27 | 21 | 7.7 | WN Drive Tech. | C | 22 | 0.42 | NE | Nil |
| C | 59 | 0.09 | 27 | 2.6 | Pac Edge Bio. | B | 126 | N/A | NE | Nil | Wakefield Hlth | C | 565 | 1.23 | 17 | 3.5 |
| C | 75 | 1.72 | 17 | Nil | Pharmacybrands | C | 120 | 1.43 | 11 | 4.2 | Warehouse Group | C | 380 | 0.53 | 8 | 7.7 |
| C | 485 | 1.31 | 15 | 9.6 | Pike River Coal | C | 88 | N/A | NE | Nil | Windflow Tech. | D | 20 | 1.08 | NE | Nil |
| C | 87 | 1.45 | 48 | 7.6 | Port Tauranga | C | 1352 | 7.42 | 16 | 4.9 | Wool Equities | E | 12 | 1.78 | NE | Nil |
| C | 297 | 0.51 | 15 | 6.3 | Postie Plus Grp | C | 132 | 0.05 | NE | Nil | World Index Fd | D | 100 | N/A | NE | Nil |
| N/R | 1.8 | N/A | NE | Nil | Property F Ind. | D | 132 | 8.76 | 28 | 6.2 | Wynyard Group | C | 120 | N/A | NE | Nil |
| C | 348 | 1.26 | 45 | 4.2 | Pumpkin Patch | D | 94 | 0.55 | 28 | Nil | Xero Ltd | C | 3521 | N/A | NE | Nil |
| C | 239 | 0.60 | NE | 5.3 | Pyne Gould Corp | B | 43 | 3.08 | 4 | Nil | Z Energy Ltd | D | 383 | N/A | NE | Nil |
| E | 1.5 | 0.20 | NE | Nil | Rakon Ltd | D | 21 | 0.23 | NE | Nil | Zintel Comm. | C | 44 | 0.54 | NE | Nil |
| A | 3488 | 2.70 | 11 | 0.6 | David Jones | A | 301 | 0.87 | 17 | 5.6 | OZ Minerals Ltd | B | 350 | 1.12 | 7 | 8.6 |
| A | 208 | N/A | 57 | 2.2 | Deutsche Div Tr | B | 131 | 6.10 | 14 | 7.1 | Oil Search Ltd | B | 845 | N/A | 67 | 0.5 |
| A | 490 | 0.32 | 15 | 4.1 | Dexus Property | B | 106 | 8.03 | 10 | 5.7 | Orica Ltd | A | 1954 | 1.07 | 11 | 4.7 |
| B | 1535 | 0.88 | 22 | 4.1 | Jerrivarrh | B | 463 | N/A | 29 | 5.6 | Origin Energy | B | 1435 | 1.21 | 16 | 3.5 |
| B | 971 | 2.32 | 14 | 4.9 | Domino's Pizza | A | 1620 | 3.95 | 41 | 1.8 | Panaust Ltd | B | 187 | 1.55 | 8 | 3.8 |
| B | 465 | 2.84 | 20 | 5.4 | Downer EDI Ltd | A | 510 | 0.26 | 11 | 4.1 | Perpetual Ltd | A | 4586 | 4.84 | 33 | 2.0 |
| A | 3271 | 2.46 | 16 | 4.4 | DuluxGroup Ltd | B | 515 | 1.78 | 21 | 3.0 | Platinum Asset | B | 601 | N/A | 27 | 3.7 |
| A | 612 | 4.02 | 17 | 5.8 | Echo Ent Group | B | 245 | 1.16 | 24 | 2.4 | Premier Invest | B | 801 | 1.22 | 7 | 4.7 |
| A | 1174 | 2.92 | 20 | 2.4 | Energy World | C | 43 | 5.07 | 41 | Nil | Primary Health | B | 501 | 1.73 | 17 | 3.5 |
| A | 3674 | 9.04 | 20 | 4.6 | Energy Develop. | B | 540 | 2.25 | 16 | 2.0 | Q.B.E. Insur. | B | 1495 | 0.94 | 24 | 3.3 |
| A | 229 | 3.69 | 17 | 7.2 | Envestra | B | 111 | 3.91 | 18 | 5.3 | Qantas Airways | D | 125 | 0.18 | NE | Nil |
| A | 380 | 2.06 | 16 | 4.3 | FKP Limited | B | 186 | 2.07 | NE | 0.5 | Qube Holdings | B | 211 | 1.81 | 24 | 2.1 |
| A | 420 | 6.83 | 26 | 1.9 | Fairfax Media | B | 59 | 0.68 | 9 | 3.4 | REA Group Ltd | A | 4862 | N/A | 49 | 1.0 |
| D | 251 | 1.05 | NE | Nil | Federation Cent | B | 249 | 6.51 | 17 | 5.7 | Ramsay Health | A | 3867 | 1.87 | 29 | 1.8 |
| D | 101 | N/A | NE | Nil | Flexicorp Ltd | B | 459 | 4.86 | 21 | 3.2 | Reece Australia | A | 3100 | 2.01 | 26 | 2.0 |
| B | 813 | 1.62 | 16 | 5.2 | Flight Centre | A | 5010 | 2.53 | 20 | 2.7 | Regis Resources | C | 327 | N/A | 39 | Nil |
| B | 1080 | 1.05 | 22 | 3.4 | Fortescue Metal | A | 546 | 1.91 | 9 | 1.8 | Rio Tinto Ltd | B | 6525 | 0.58 | 3 | 2.5 |
| D | 110 | N/A | NE | 0.0 | G8 Education | B | 314 | 4.29 | 40 | 2.2 | S/Tracks ASX200 | A | 5174 | N/A | 6 | 3.7 |
| D | 1933 | 1.88 | 18 | 2.0 | GPT Group | B | 371 | 6.61 | 11 | 5.1 | SAI Global Ltd | B | 411 | 1.85 | 20 | 3.6 |
| D | 234 | 4.89 | NE | Nil | GWA Group Ltd | A | 318 | 1.72 | 30 | 4.6 | SP Ausnet | B | 125 | 2.20 | 13 | 6.6 |
| B | 200 | 2.23 | 28 | 6.0 | Goodman Fielder | A | 73 | 0.67 | 14 | 4.1 | Sandfire Res. | B | 618 | 1.90 | 11 | Nil |
| B | 720 | N/A | 26 | 3.6 | Goodman Group | A | 506 | N/A | 54 | 3.8 | Santos Ltd | B | 1487 | 4.44 | 28 | 2.0 |
| B | 480 | 3.41 | 44 | 1.7 | Graincorp | A | 1219 | 0.77 | 13 | 2.9 | Seek Ltd | A | 1280 | 6.90 | 31 | 1.7 |
| B | 145 | 0.32 | NE | 2.1 | Growthpoint Pro | A | 258 | 6.65 | 12 | 7.1 | Senex Energy | C | 83 | 6.40 | 16 | Nil |
| B | 580 | 1.53 | 17 | 2.0 | Harvey Norman | B | 328 | 2.63 | 24 | 2.7 | Seven West Med. | B | 245 | 1.30 | 8 | 10.2 |
| C | 114 | 1.49 | NE | 2.6 | Henderson Group | B | 370 | 4.01 | 26 | 3.0 | Seven Group | B | 778 | 0.50 | 5 | 5.1 |
| B | 470 | 2.67 | 22 | 2.6 | Hutchison Tel. | C | 10 | N/A | NE | Nil | Sims Metal Mgmt | C | 985 | 0.28 | NE | Nil |
| C | 323 | 5.01 | 26 | Nil | IOOF Holdings | B | 907 | 3.07 | 26 | 4.6 | Skilled Group | B | 345 | 0.43 | 14 | 4.6 |
| B | 600 | N/A | 26 | 3.7 | IRESS Limited | A | 1014 | 6.44 | 34 | 3.7 | Slater & Gordon | A | 410 | 2.79 | 20 | 1.6 |
| B | 395 | 2.43 | 13 | 5.4 | liiNet | B | 641 | 1.10 | 17 | 3.0 | Sonic Health | B | 1618 | 1.84 | 19 | 3.8 |
| B | 790 | N/A | 24 | 3.7 | IluKa Resources | B | 1003 | 3.60 | 12 | 3.5 | Soul Pattinson | B | 1480 | 4.48 | 27 | 3.1 |
| B | 367 | 0.22 | 14 | 5.4 | Incitec Pivot | B | 263 | 1.22 | 8 | 4.7 | Spark Infrastru | B | 166 | 7.56 | 27 | 6.0 |
| B | 3795 | 3.07 | 17 | 3.3 | Indepnd. Group | B | 379 | 3.91 | 48 | 0.5 | Spooning Centre | C | 160 | N/A | NE | 7.0 |
| B | 157 | N/A</ | | | | | | | | | | | | | | |

Recommended Investments

Colonial Motor Company reports that the NZ light vehicle fleet of around three million vehicles is “getting older”. The average age is 13.8 years, with a “very pronounced bubble of cars aged 16 to 18 years”. That represents a “large replacement market”.

New light vehicle sales have grown over the last four years with this year expected to be “higher than anything

in the last 20 years”. This growth in new vehicle sales replaces “second hand imports” which “have dropped from their peak of 160,000 units p.a. a decade ago”.

The company reports first quarter results “ahead of the same period last year”, with “indications that the market is going to continue to grow”.

(Continued on Page 4)

Portfolio of Recommended Investments

| CURRENT ADVICE | Company | Code | Initial Recommendation - Date - | Price | Performance Forecast | Issued Shares (mil.) | Vola- tility Ratio | Price/ Sales Ratio | Price/ Earnings Ratio | Gross Dividend Yield | Recent Share Price | Cash Dividends Rec'd | Total Return % |
|--|------------------------|------|------------------------------------|-------|-------------------------|----------------------------|--------------------------|--------------------------|-----------------------------|----------------------------|--------------------------|----------------------------|----------------------|
| <u>NZ Shares</u> | | | | | | | | | | | | | |
| BUY | CDL Investments Ltd | CDI | 12/01/99 | 25 | E | 258.2 | 1.3 | 12.61 | 37 | 3.6 | 55 | 23.4 | +214% |
| BUY | Cavalier Corporation | CAV | 05/12/95 | 156* | B | 68.3 | 1.0 | 0.62 | 19 | 3.1 | 183 | 282.0 | +198% |
| HOLD | Colonial Motor Company | CMO | 10/11/92 | 128* | B | 32.7 | 0.4 | 0.26 | 12 | 8.7 | 495 | 392.3 | +593% |
| HOLD | Lyttelton Port Company | LPC | 12/12/00 | 150 | D | 102.2 | 0.8 | 2.23 | 15 | Nil | 241 | 77.7 | +112% |
| BUY | Michael Hill Int'l Ltd | MHI | 11/06/91 | 5* | B | 382.8 | 0.8 | 1.08 | 15 | 4.2 | 155 | 48.4 | +3968% |
| BUY | Nuplex Industries Ltd | NPX | 11/02/97 | 523* | A | 198.1 | 1.0 | 0.43 | 12 | 5.9 | 358 | 451.0 | +55% |
| HOLD | Renaissance Corp | RNS | 13/08/96 | 85* | D | 45.7 | 3.7 | 0.12 | 28 | Nil | 16 | 53.9 | -18% |
| 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 | 2.98 | 14 | 9.4 | 335 | 196.3 | +343% |
| HOLD+ | Steel & Tube Holdings | STU | 08/08/00 | 146 | A | 88.4 | 0.8 | 0.72 | 18 | 6.7 | 320 | 281.6 | +312% |
| <u>Australian Shares (in Aust cents)</u> | | | | | | | | | | | | | |
| HOLD+ | AJ Lucas Group | AJL | 13/05/03 | 107* | D | 211.5 | 0.8 | 0.72 | NE | Nil | 101 | 36.4 | +28% |
| HOLD+ | ALS Limited | ALQ | 12/10/99 | 77* | B | 374.8 | 0.5 | 2.32 | 14 | 4.9 | 971 | 225.5 | +1454% |
| BUY | AtCor Medical Ltd | ACG | 11/11/13 | 15 | B | 150.8 | 2.2 | 2.50 | 8 | Nil | 15 | Nil | |
| HOLD+ | Atlas South Sea Pearl | ATP | 14/05/96 | 73 | C | 281.7 | 4.0 | 1.93 | NE | Nil | 5 | 17.5 | -69% |
| BUY | Ausenco Ltd | AAX | 10-06-13 | 215 | B | 123.5 | 0.9 | 0.30 | 5 | 13.2 | 152 | 2.0 | -28% |
| HOLD+ | Brickworks Ltd | BKW | 12/11/12 | 1115 | B | 147.8 | 0.3 | 3.39 | 21 | 2.9 | 1390 | 40.5 | +28% |
| HOLD | Cardno Ltd | CDD | 14/12/09 | 391* | A | 143.7 | 0.5 | 0.87 | 13 | 5.0 | 722 | 115.3 | +114% |
| HOLD | Cellnet Group Ltd | CLT | 12/02/02 | 147* | B | 55.7 | 1.9 | 0.14 | 10 | Nil | 19 | 55.9 | -49% |
| BUY | Chandler Macleod Group | CMG | 14/08/01 | 51* | B | 450.9 | 1.3 | 0.15 | 12 | 6.5 | 50 | 28.9 | +54% |
| HOLD | Circadian Technologies | CIR | 10/02/04 | 188 | D | 48.6 | 1.8 | 10.55 | NE | Nil | 25 | 65.0 | -52% |
| HOLD+ | Clarius Group Ltd | CND | 08/04/03 | 82* | C | 89.6 | 1.6 | 0.12 | 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 | CSV | 11/10/10 | 175 | C | 278.2 | 1.1 | 1.48 | 31 | Nil | 98 | 37.0 | -23% |
| HOLD | Devine Ltd | DVN | 13/11/06 | 334* | C | 158.7 | 0.9 | 0.55 | NE | Nil | 108 | 79.6 | -44% |
| BUY | Ellex Medical Lasers | ELX | 14/03/06 | 49 | C | 84.9 | 1.8 | 0.60 | NE | Nil | 30 | Nil | -39% |
| BUY | Fiducian Portfolio Ser | FPS | 11/02/08 | 260 | A | 31.5 | 0.8 | 1.74 | 12 | 5.8 | 120 | 43.8 | -37% |
| BUY | Finbar Group Ltd | FRI | 12/04/10 | 106 | B | 218.0 | 0.7 | 2.43 | 11 | 5.9 | 160 | 30.5 | +80% |
| HOLD+ | Iuka Resources Ltd | ILU | 12/10/04 | 471 | B | 417.1 | 0.6 | 3.60 | 12 | 3.5 | 1003 | 187.0 | +153% |
| BUY | Integrated Research | IRI | 14/01/08 | 40 | B | 168.4 | 0.8 | 3.24 | 17 | 5.3 | 94 | 24.0 | +195% |
| HOLD | M2 Telecommunications | MTU | 09/10/06 | 33 | B | 178.3 | 0.5 | 1.64 | 25 | 3.2 | 628 | 67.5 | +2008% |
| BUY | Melbourne IT | MLB | 10/02/04 | 53 | B | 82.5 | 0.7 | 0.78 | 12 | 8.7 | 161 | 121.0 | +431% |
| HOLD+ | Nomad Building Solutio | NOD | 16/08/10 | 13* | B | 277.5 | 3.5 | 0.24 | 4 | Nil | 7 | Nil | -48% |
| HOLD | Novarise Renewable Res | NOE | 14/03/11 | 25 | B | 415.1 | 2.0 | 1.01 | 5 | Nil | 20 | Nil | -20% |
| HOLD | Penrice Soda Holdings | PSH | 11/07/11 | 17 | D | 91.4 | 3.8 | 0.03 | NE | Nil | 6 | Nil | -68% |
| HOLD+ | Probiotec Ltd | PBP | 11/02/08 | 116 | B | 52.9 | 1.3 | 0.31 | 20 | Nil | 40 | 9.3 | -58% |
| HOLD+ | Prophecy International | PRO | 08/09/08 | 26 | A | 55.4 | 1.0 | 4.85 | 26 | 5.3 | 67 | 13.0 | +206% |
| HOLD | Skilled Group Ltd | SKE | 12/03/02 | 126 | B | 233.5 | 0.6 | 0.43 | 14 | 4.6 | 345 | 148.0 | +291% |
| HOLD | Technology One Ltd | TNE | 11/11/03 | 44 | B | 305.4 | 0.6 | 3.70 | 27 | 2.5 | 205 | 38.8 | +454% |
| BUY | TFS Corporation Ltd | TFC | 08/01/07 | 45 | A | 279.6 | 1.0 | 1.80 | 4 | 3.8 | 79 | 14.2 | +107% |
| HOLD | The Reject Shop Ltd | TRS | 11/01/05 | 257 | B | 28.8 | 0.4 | 0.82 | 26 | 2.1 | 1760 | 345.5 | +719% |
| HOLD | Village Roadshow | VRL | 10/08/09 | 77 | A | 159.5 | 0.4 | 1.25 | 23 | 3.5 | 736 | 186.0 | +1097% |

The average Total Return (i.e. both Capital Gains/Losses plus Dividends received) of all current investments from initial recommendation is +326.3%. This is equal to an average annual rate of +34.5%, based upon the length of time each position has been held.

The average annual rate of gain of ALL recommendations (both the 41 current and 154 closed out) is +32.5%, compared with a market gain of +4.2% (by the SRC Total Return Index).

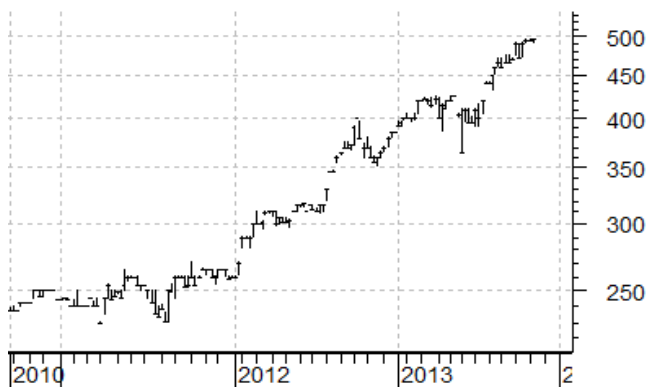
CURRENT ADVICE is either Buy, Hold+, Hold, Hold- or Sell. Hold+ indicates the most attractive shares not rated as Buy. Hold- indicates relatively less attractive issues.

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

Recommended Investments

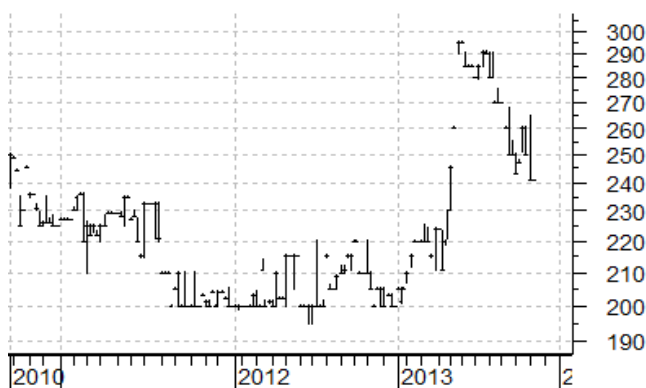
(Continued from Page 3)

Colonial Motor Company



Lyttelton Port Company reports higher revenues during the first quarter, but profits down about 20% owing to higher costs for maintenance and planning its rebuild. The full year result is expected to be 0-5% higher than 2013. The company expects to resume dividend payments for the current half year to December 2013.

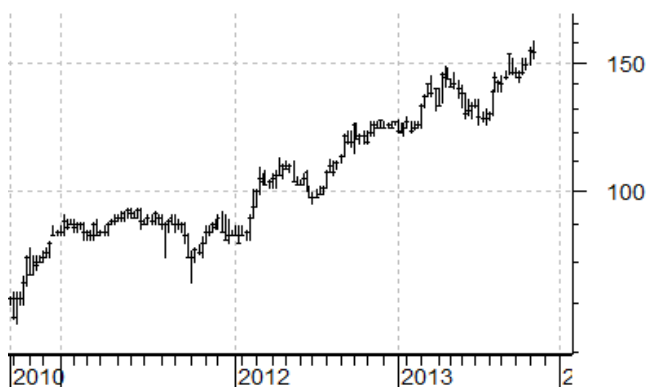
Lyttelton Port Company



Michael Hill International had 267 stores at 30 June 2013 and plans to open another 21 this year: 10 in Canada, 10 in Australia and one in NZ. It also plans to open 10 stores per year in Canada in the foreseeable future, increasing this sector of its business.

The company is also looking at “new business opportunities”.

Michael Hill International



Nuplex Industries states that it has “made significant progress over the last four years” but “earnings have remained relatively flat”. This is the result of “tough trading conditions”, reduced volumes and the strong NZ dollar (impacting upon the translation of foreign earnings reported in NZ dollars).

Net profits would improve significantly if Nuplex Industries achieves its recently announced target to lift the return on funds from 11% in the year to June 2013 to greater than 16% in the 2016-2018 financial years. That would result in a 50% increase in net profits and earnings per share.

Nuplex Industries



Renaissance Corporation has reached a conditional agreement to sell its *Yoobee School of Design* business to **Academic Colleges Group** for \$14 million (plus up to another \$1 million if earnings increase above \$2 million in the 2014 year). A shareholders meeting to approve the sale is expected in late November to early December, with settlement around March-April 2014.

After deducting liabilities to be acquired by the purchaser and prepayments to the *Yoobee Retail* business, this sale should yield around \$13 million (28 cents per share) in cash.

This would leave Renaissance Corporation with just its *Yoobee Retail* business - but the directors have determined that “a dedicated chain of *Apple*-only retail stores is no longer viable” and is looking at ways to reposition the business. In the last year, sales volumes rose 13% but dollar revenues fell 20%. *Apple* gross margins also declined from 11.6% to 7%.

At year end the company had interest bearing debt of about \$3 million and other net liabilities of \$1 million. That could leave about \$9 million (19½ cents per share) in cash after the sale of the education business. The directors would “ultimately like to return cash to shareholders”.

Renaissance Corporation



South Port NZ is predicting a 5-10% *decline* in net profits this year, after a “slower start in cargo” volumes and warehouse inventory levels “much lower” than the previous year. Capital expenditure will be lower, aiding debt reduction.

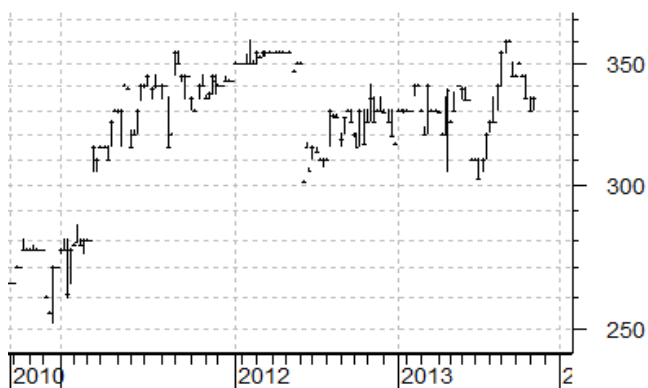
Longer term the company believes it is “strategically positioned” to benefit from the growth in Dairy and Forestry. **Open Country Dairy** is constructing a second milk powder dryer at Awarua that will increase annual production by 40,000 tonnes, equal to a shipping volume of 3,500 TEU's. South Port is currently negotiating to provide warehousing for the extra production that will also be exported through the port.

Dairy production in Southland is expected to grow for many years owing to (1) continued demand growth from Asia, (2) the availability of land for expansion of current dairy farms and new conversions and (3) “improved farming methods resulting in higher production”.

Forestry growth through the port will be driven by “a large volume of logs that will be available in the region which exceeds domestic demand” and need to be exported.

“The financial demise of **Solid Energy**” makes the development (and export) of Southland's lignite resource unlikely, but the **Shell NZ** led consortium has until February 2014 to commit to exploration in the Great South Basin or relinquish its licence.

South Port NZ



Australian Shares

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

AJ Lucas Group has restructured and extended its loan facility from **Kerogen Investments** that was to mature in February 2014. US\$30.0 million will be extended until 31 January 2017 and the balance of US\$17.6 million until 28 February 2017. AJ Lucas Group will pay a US\$2.0 million (4.2%) commitment fee plus interest at 15.0% per annum.

AJ Lucas Group



Brickworks Ltd and **Washington H Soul Pattinson & Company (SOL)** have been sent yet another proposal to unwind their cross-shareholding. This is unlikely to be successful and does not appear to make any real sense, creating more imbalances than it seeks to resolve.

Perpetual Investment Management and **HH Carnegie & Co** are effectively proposing that Washington H Soul Pattinson distribute its **TPG Telecom** shares to shareholders (including Brickworks) and then that it repurchases (and cancel) its own shares owned by Brickworks.

The logic of this is not explained, except that the example in the booklet prepared by Perpetual and Carnegie (1) appears to suggest SOL repurchase its shares at a large premium to current market value (and *after* distributing its valuable TPG Telecom shares) and (2) that SOL (and associated interests, including the major shareholder/directors) should not be allowed to vote at a shareholders meeting.

Those meetings were called for late November, but SOL has applied to the courts and been granted an extension until 28 February 2014 to prepare an independent expert's report. Brickworks' independent directors have written to Perpetual and Carnegie seeking to postpone the Brickworks meeting. Both companies are applying to the ASX for a determination over which shareholders may or may not be allowed to vote.

The repurchase and cancellation of the SOL shares held by Brickworks also leads to a major imbalance and uncertainty, creating more problems than it “solves”. Debt-free SOL would need to take on significant debt to pay Brickworks for the shares repurchased, while Brickworks would end up with a massive cash holding.

From SOL's point of view this makes no sense. Heavily indebted SOL would continue to own 44.3% of cash-rich Brickworks. Brickworks would have up to \$2250 million (up to \$15.22 per share) in cash - based upon the report's inflated repurchase valuation - which it would need to re-invest or distribute to its shareholders.

(Continued on Page 6)

Recommended Investments

(Continued from Page 5)

Perpetual and Carnegie have prepared a 157-page report to support its proposal - but it fails to explain the logic or adequately justify the repurchase valuation.

We believe that this proposal has no chance of being implemented. *If* the companies were *forced* to remove this cross-shareholding (which will not happen) then it makes more economic sense to either (1) merge the two companies (by either forming a new holding company or SOL offering its shares to the public shareholders in Brickworks) or (2) to simply swap and cancel the cross-shareholdings with a cash settlement of about \$350 million from SOL to Brickworks.

This proposal - with its inflated share purchase price - could have the impact of temporarily inflating the market value of both companies shares.

Brickworks Limited



Cardno Ltd reports that its Australian business “remains difficult” but earns over half of its revenues in the United States where “economic activity is improving and the residential sector is growing stronger”.

Cardno Limited



Chandler Macleod Group reports that last year's “tough trading conditions” continued into the first quarter of the new financial year, with customers also deferring hiring decisions ahead of the Federal Election, but with “some recovery” in demand since then. The company therefore expects the first half profit to be lower than the same period last year, but with a stronger second half, so that the full year result will be “in line with 2013”.

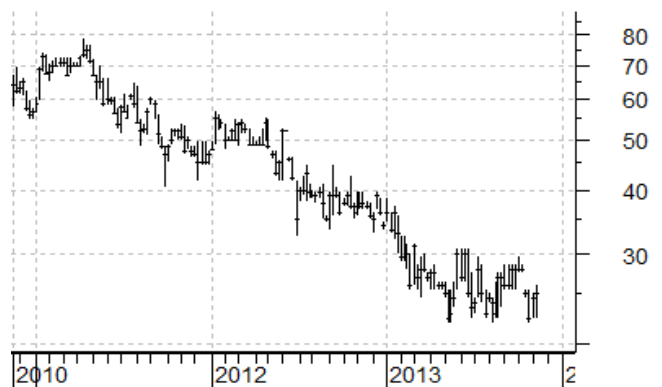
Chandler Macleod Group



Circadian Technologies has signed an agreement for **DSM Pharmaceutical Products** (a subsidiary of **Royal DSM**) to manufacture its OPT-302 molecule (previously called VGX-300) at new facilities in Brisbane. The molecule will be used in the treatment of wet Age-Related Macular Degeneration, with Phase I clinical trials to start by early 2015.

The Company has also completed patient enrolments for its Phase 1a clinical trials of VGX-100. 19 patients with advanced cancers have been tested with six different dose levels ranging from 1mg/kg to 30mg/kg. The primary objective is to determine the safety profile of VGX-100, but it was “well tolerated at all dose levels”, with no dose limiting toxicities and a maximum tolerated dose was not reached.

Circadian Technologies



Devine is predicting a pre-tax *loss* of \$15 million for the six month period to 31 December (which will be its new balance date), plus (pre-tax) asset impairment charges of \$70 million. These losses and asset write-downs should reduce net assets to about 160 cents per share.

The company is then “confident that it will return to profits in calendar 2014” with a pre-tax profit of \$7-10 million. That is about \$5-7 million (after tax), or 3-4½ cents per share. It is an inadequate 2-3% return on Shareholders Equity.

It is also seeking to sell some assets over the next 6-9 months to either reduce debts or re-invest in “more productive opportunities”.

Devine Limited

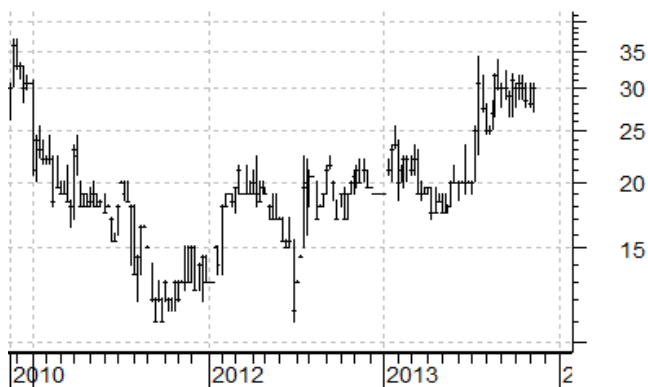


Ellex Medical Lasers has released data from its 50 patient 2009-2011 pilot study to investigate its *Retinal Rejuvenation Therapy* (2RT) in the treatment of Age-Related Macular Degeneration (AMD).

The study reports that drusen (i.e. the accumulation of waste deposits in the macula) was reduced in 44% of treated eyes. 7 of the 11 patients at greatest risk of disease progression improved sufficiently to be removed from the high-risk category.

The company is currently conducting multi-centre, double blind, randomised clinical trials across a larger and more diverse patient sample to validate these early findings.

Ellex Medical Lasers



Finbar Group has received development approval for two projects: A 50% joint venture will develop *Subi Strand*, which will contain 245 residential apartments in two 7-level buildings, with a public pedestrian mall with 19 ground floor commercial lots (and private sky bridge) between the two buildings. Marketing of this \$170 million project will commence in November, with construction to begin in mid-2014 and settlements in the year to June 2016.

The second project - also a 50% joint venture - will be a two stage development to build around 270 residential apartments. Stage One will be called *Arbor North*, consisting of 154 one and two-bedroom apartments with a value of around \$70 million. Marketing

will begin in February 2014, construction in mid-2014 and settlements in the June 2016 year. The company is seeking development approval for the second stage, *Arbor South*.

Finbar Group has also completed the *Pelago East* project of 174 apartments and 14 shop fronts. Settlements of \$49 million will start later this month. That will repay all of the *Pelago West* and *Pelago East* project debt, and leave \$84 million of apartments available for sale. Some of these have been leased.

Finbar Group's development schedule currently has \$274 million of projects for completion in the June 2014 financial year, \$418 million to June 2015, \$643 million to June 2016 and \$463 million to June 2017.

Finbar Group



Fiducian Portfolio Services reports September 2013 receipts of \$6.4 million, down 7% on the same period in 2013. The net operating surplus is up 139% at \$1,839,000. Cash on hand is \$9,886,000 (31.4 cents per share).

Fiducian Portfolio Services



Iuka Resources reports "more subdued market conditions" in the September quarter. Revenues were \$147.0 million, down 35% on the September 2013 quarter.

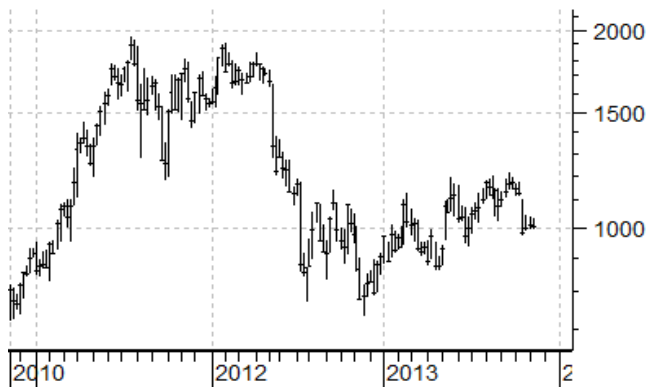
The company does not expect a recovery in demand until "late 2013 or into 2014", but is receiving "increased customer inquiry levels regarding future supply, especially for 2014".

(Continued on Page 8)

Recommended Investments

(Continued from Page 7)

Iluka Resources



M2 Telecommunication is planning news sales and marketing to increase its market share and grow its business. Its recently acquired **Dodo** marketing team expertise is being applied to grow its **iPrimus** business, with new marketing plans and additional sales teams in Manila, in the Philippines, to handle additional lead volumes. The company has also released new service plans for **Commander**, which is increasing its focus on the SOHO/Micro market. Test campaigns have performed “in line with expectations”, with new sales teams in Manila to focus on this segment of the market.

M2 Telecommunications



Nomad Buildings Solutions is placing its Queensland business, *Nomad Eastern States*, into “care and maintenance” owing to poor industry demand, lack of larger projects and intense competition resulting in unacceptable margins.

Its *McGrath Homes* business has “won additional work from major corporate clients”, with a healthy order book and a “solid prospective pipeline” of potential new work.

Nomand Building Solutions has \$11.8 million (4.2 cents per share) of cash in the bank.

Nomad Building Solutions



Probiotec has announced the sale of the *Lomotil*, *Lofenoxal* and *Vermox* brands to **Valeant International Bermuda**. A local Valeant company, **iNova Pharmaceuticals**, will distribute the products, which Probiotec will continue to manufacture under long term contracts. Probiotec will receive \$10.0 million for the sale of these brands (plus \$50-100,000 for stock on hand) which will mainly be used to repay interest bearing debts.

Probiotec has also formed a five-year strategic alliance with **iNova Pharmaceuticals** under which Probiotec will manufacture *Gold Cross*, *David Craig* and *Skin Basics* brand products with iNova using its expertise to provide all sales, marketing and distribution.

Probiotec has also entered a 20-year agreement with the **Commonwealth Scientific and Industrial Research Organisation (CSIRO)** to “collaborate in the field of weight management and related health issues”. This will result in a new health management plan called *Impromy* being launched in the second quarter of 2014. This will be marketed (and recommended) by the **Chemmart** pharmacy chain, with “negotiations continuing with a number of other significant pharmacy groups”.

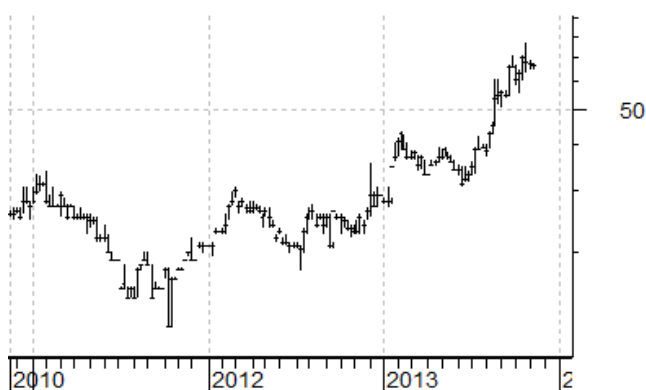
Probiotec



Prophecy International Holdings reports that the **Addis Ababa Water and Sewerage Authority Customer Information and Billing System** is now live, with full implementation completed on time and on budget. The system provides water and waste water bills for 400,000 consumers, using the local Ge'ez calendar (with 13 months per year), and interfaces and integrates with many associated systems.

The company has also just released its updated *Snare Server V6.2*.

Prophecy International Holdings



TFS Corporation has received \$49 million (GST inclusive) in settlement of a new 595 hectare plantation sale to a Middle Eastern sovereign wealth fund (as announced in our July newsletter). The fund has options to make two further purchases and TFS Corporation has granted it a further three purchase options at an increased price per hectare.

TFS Corporation



Village Roadshow has announced two capital repayments of 25.0 cents each. The first payment of 25.0 cents (distributing a total of \$39.9 million) will be paid at the end of December, consisting of a fully franked dividend of 13.0 cents plus a capital repayment of 12.0 cents.

As Village Roadshow is in the All Ordinaries Index, the franked dividend will be taxable for NZ resident investors, although the return of capital is probably non-taxable.

The directors have also “indicated a current intention, subject to circumstances at the time” to make a further 25.0 cents distribution after 1 July 2014.

Village Roadshow has *already* repaid 186 cents (i.e. 241%) of the initial 77 cents we initially invested in this company (i.e. significantly helping to finance other recent portfolio investments). In addition, the share price has risen 9½-fold to 736 cents. That is a 12-fold gain in 4¼ years. All we have had to do is sit back, “do nothing” and decide where to invest all that new cash that keeps arriving in our bank account! Why would anyone *ever* want to own a residential property investment?

Village Roadshow



Dividend\$

| Company | Cents per Share | Ex-Date | Pay-able | Tax Credit |
|--------------------------|-----------------|---------|----------|------------|
| Hallenstein Glasson | 17.50 | 29-11 | 06-12 | Full |
| Kathmandu | 9.00 | 12-11 | 22-11 | Full |
| Scott Technology | 5.50 | - | 03-12 | Full |
| Scott Tech. Special | 2.00 | - | 03-12 | 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 | |
| TFS Corporation | 3.00 | 08-10 | 08-11 | |
| Village Roadshow | 25.00 | | Dec | |

Share Recommendation: Buy AtCor Medical

BUY AtCor Medical (code ACG).

AtCor Medical has developed and markets a non-invasive *SphygmoCor* medical device - which is considered the “Global Gold Standard” for measuring central blood pressure (i.e. blood pressure at the heart or at the kidneys or at the brain) and arterial stiffness. The company became cashflow positive and profitable in the year to June 2013, and with a huge market potential for its technology is an attractive emerging growth company.

After two decades of product development and a decade of market development, the company has been successful selling to Researchers and Pharmaceutical companies (i.e. to monitor patients in drug trials) but it is now poised to expand into its larger potential markets: Clinical Specialists (i.e. cardiologists, nephrologists and endocrinologists) and, in future years, the technology should spread to the larger *Primary Healthcare* market (i.e. GPs, health centres).

The adoption of this technology is being driven by “economic savings to the healthcare delivery system” from “the superiority of utilising central [blood] pressure”. (The technology also has the side effect of producing better patient outcomes!)

AtCor Medical shares have risen 2-3 fold in value over the last four months - but still trade on a single digit P/E ratio. Revenues were \$9.1 million, but the company sees a potential market worth US\$500 million annually.

Emerging growth companies are certainly not without significant risk, but AtCor Medical also has enormous potential.

Company History

AtCor Medical was formed in 1994 to continue to develop and commercialise the technology developed by Professor Michael O’Rourke, a cardiovascular physician at **St Vincent’s Hospital** in Sydney and Professor of Medicine at the **University of NSW**. Prior to this technology, central blood pressure and arterial stiffness could only be measured by inserting a catheter into the heart.

In November 2005 the company offered 30,000,000 new shares (30.0% of the company) in an initial public offering at 50 cents per share to raise \$15.0 million. This money was raised to finance additional marketing, education and distribution of the *SphygmoCor* device to “the US clinical cardiovascular specialist market and ultimately to the wider physician base”. That is exactly where the company is today - although it has improved its device and there has been significant research to support the use of this technology over the last eight years.

Owing to the growth potential of the business, the shares quickly traded up to 90 cents after the IPO, but developing new markets takes time and by February 2008 the shares had fallen to a low of 5 cents. A further \$1.3 million was raised in a 1 for 6 cash issue at 7 cents in December 2010 and in June 2012 it placed 16,666,667 shares at 6 cents to raise \$1.0 million.

Market Development

The company has initially focused upon the medical research and clinical trial markets, with the device used to closely monitor patients in medical research and drug trials. Drug developers need to know any benefits or detriments of their drugs on central cardiac function and also need to meet strict FDA cardiac safety requirements.

AtCor Medical reports “100% client retention” from Pharmaceutical companies that have used its device to monitor patients.

In July 2011, AtCor Medical entered an exclusive worldwide clinical trials distribution and data management agreement with **SunTech Medical Inc** (which produces a blood pressure cuff for ambulance use and other monitoring products). SunTech Medical was taken over by UK listed **Halma plc** in June 2012.

In June 2013 AtCor Medical signed a US marketing alliance with **Xion Medical** (a urology disease management company) to market the *SphygmoCor* to urology specialists.

AtCor Medical sees four separate markets for its device: Research & Academia, where it is achieving 11% of its potential US\$22 million in annual sales. Pharmaceutical trials offer a potential market of US\$110 million annually, where the company has 5% of potential sales. The company believes that Clinical Specialists offer an annual market worth around US\$100 million, but is making only 1% of those sales currently. The greatest potential will come from the use of its device in the Primary Care market (i.e. GPs, Health centres) with annual sales potential of US\$270 million.

The use in Research and Pharma trials validates the usefulness of the device. Over 700 peer-reviewed published research studies support the *SphygmoCor* device as the “Global Gold Standard”. Several commercially relevant studies for clinical adoption will be published this financial year. One will include a “detailed economic report on potential savings to the healthcare delivery system”. Other benefits (which may be less important to the government or healthcare insurers financing treatment) include “improved clinical outcomes” and “improved patient quality of life”. These studies should demonstrate “the superiority of utilising

central pressure to manage high cost disease". This will help drive the adoption of the technology by Clinical Specialists.

AtCor Medical is now actively seeking to expand in the Clinical Specialist market. The new *SphygmoCor XCEL* is specifically designed to meet the "ease of use" requirement of this market. Peer reviewed research supports improved patient outcomes compared with current best practice and AtCor Medical has negotiated (and is continuing to negotiate) reimbursement with health insurers and health plan providers. The test is marketed for US\$40-100, giving Specialists less than a one year payback on the US\$15,000 cost of the device system, with AtCor Medical offering flexible purchase and lease options.

Product Development

Although AtCor Medical had a finished medical device ready for market at the time of their 2005 IPO, the company has further improved its ease of use and produced modified versions for other niche markets.

The third-generation *SphygmoCor XCEL* - which is designed to replicate the standard blood pressure testing arm cuff - was launched in Europe in April 2012 and the US in November 2012. This automated system "dramatically improves ease of use" and "speeds data collection". A leg cuff monitor can be used over clothing. The company reports "overwhelmingly positive response" from its use in Pharma Clinical trials where "enhanced ease of use increases throughput and reduces costs".

AtCor Medical and SunTech Medical are jointly working to develop a new (undisclosed) product for "blood pressure and cardiovascular assessment and management". This is scheduled to be launched in July 2014 and will be marketed by both companies.

In June 2012, AtCor Medical entered a new market with a multi-year OEM and technology supply agreement with **Young at Heart BV**. This company has high end consumer self-testing kiosks across Europe and will integrate AtCor Medical technology into this testing platform. This is expected to add at least US\$1.0 million annually to AtCor Medical's revenues from earlier this calendar year.

AtCor Medical has eight commercially relevant patents, including one granted in 2012 for "Optimisation for Pacemaker settings". A small clinical trial showed clear advantages using *SphygmoCor* compared to existing methods. A joint clinical study, with an undisclosed "major medical device company", into pacemaker optimisation began in September using AtCor Medical's *SphygmoCor* device and intellectual property. While the outcome is "not assured" the company believes that "success here could be a game changer!".

Recent Results

AtCor Medical has operated unprofitably until the year to June 2013, mainly owing to significant expenditure

on marketing and sales - plus a slow growth in revenues.

In the year to June 2013, revenues rose 40.6% to \$9.1 million, with a profit of \$2,734,023 (1.8 cents per share), up from a *loss* of \$1,985,519 in 2012.

There was a net operating surplus of \$1.8 million, up from a *deficit* of \$1.2 million a year earlier. An operating cash surplus is significant as it will help fund future growth and expansion, removing the need to raise money by issuing additional capital (which would dilute future earnings per share growth).

Over the three months to 30 September, AtCor Medical's cash receipts were \$2,292,000 with a cash operating surplus of \$184,000. Cash in the bank is \$3.2 million (2.1 cents per share) and there is no interest bearing debt.

An interesting feature of this business is the 85% gross profit margin on sales, so this could become a *very profitable* business. If equipment sales revenues grow there should be a significant impact on bottom line profits. In 2013, marketing and sales expenses equalled about 36% of revenues. Product development and regulatory expenses were 16% of revenues and administration 22%. All of these expenses should be relatively fixed, so if the company can expand product revenues then net profits should grow significantly faster.

AtCor Medical has \$23.2 million in past tax losses (i.e. worth about \$7 million or 4½ cents per share in future tax savings), so will not pay income tax in Australia for many years.

Investment Criteria

At 15 cents, AtCor Medical shares trade on a Price/Sales Ratio of 2.50 and a Price/Earnings ratio of 8. The high P/S ratio reflects the high potential profit margins in this business. If the company can earn net profit margins of 20-30%, then a P/S ratio of 2.50 will equate to a P/E ratio of 8½-12½.

The current Price/Earnings ratio of 8 is extremely low for an emerging growth company with the potential for a many-fold growth in revenues over the years ahead.

At this stage the company does not pay a dividend, as 2013 was the first year of profitability. Retained profits and positive operating cash flows should finance future growth in the immediate future, but ultimately this business could generate significant profits and cash surpluses which can be distributed as dividends.

This is a non-capital intensive business. AtCor Medical has just \$350,000 of fixed assets. So the company could expand rapidly and significantly without the need to raise additional capital and dilute earnings per share growth. Unlike a steel mill or milk processing business, AtCor Medical could increase its sales two-fold (or 50-fold) without the need for any significant capital investment in the business. Working capital (i.e. largely trade debtors) can be financed internally from its 85% gross profit margin.

The issued capital consists of 156,400,279 shares, giving this company a market capitalisation of just \$23.5 million. It also has 21,255,000 executive options, exercisable at prices from 7½-16½ cents. Although this is a very small company the shares are fairly actively traded with a daily turnover of around \$50,000 to \$300,000. Nevertheless, the shares can be a little volatile and investors seeking a larger holding may need to accumulate them over a period of time.

The shares are *neglected*, with only one broker following the company and publishing profit forecasts. We don't trust brokers' forecasts, but for the record they predict profits will fall 56% this year to 0.8 cents per share and then increase 100% to 1.6 cents in 2015. What is more reliable in predicting future share price performance is that shares that are *neglected* by brokers tend to be under-valued and have "undiscovered value" relative to widely followed (and fully valued) shares.

Directors and management have significant investments in this company. The Chairman, DO'Dwyer, owns 4,117,322 shares (2.6% of the company). The Managing Director and CEO, DR Ross, has 2,103,052 shares (1.3%) and 6,000,000 options. Co-Founder, Inventor and Non-executive director, MO'Rourke, owns 10,311,396 shares (6.6%).

Non-executive directors P Jenkins holds 1,209,394 shares and D Brookes has 908,257 shares.

Companies where directors and management have significant shareholdings tend to perform better than companies where they have little or no investment.

There has been two *insider* sales (and no purchases) over the last year. M O'Rourke made a small trade, selling 100,000 shares at 17 cents (i.e. a trade of just \$17,000) in September. DR Ross sold 1,500,000 shares on-market last week at 15½ cents (but had exercised 1,500,000 executive options earlier in the week at 13 cents, so effectively cashed in those options for a net gain of \$37,500).

AtCor Medical shares have been *very* strong since July, when the company announced it would achieve profitability. The shares rose from a low of 6.8 cents in June to a recent high of 21½ cents in October, before easing back to close last week at 15 cents. The Relative Strength Rating is +49.1%, ranked 2 (on a scale of 0-99). Relatively strong shares have obviously *already* risen strongly, but also tend to continue to outperform in the future over the medium to longer term.

Risks

Investing in the shares of emerging growth companies can involve significant risks. Warning! Owning shares in AtCor Medical may cause heart palpitations. Please seek independent medical advice.

If the company experienced some reversal in fortunes, then its share price could fall just as rapidly as it has risen over recent months. In that situation, it may need to raise additional capital at low prices, *diluting* future earnings

per share growth and the ultimate value of the shares.

This is a very small company and the shares could be very volatile at times. The shares will likely rise and fall sharply in value over the short to medium term. The shares are fairly actively traded at present, but may be less actively traded in the future, making it difficult to sell quickly.

As always, the maximum risk on any share investment is limited to 100% of the amount invested, while there is no limit on potential gains if the company is successful. As always - but especially with emerging growth company shares - it is important to diversify widely and have only a small amount of an investment portfolio in any one security.

Summary and Recommendation

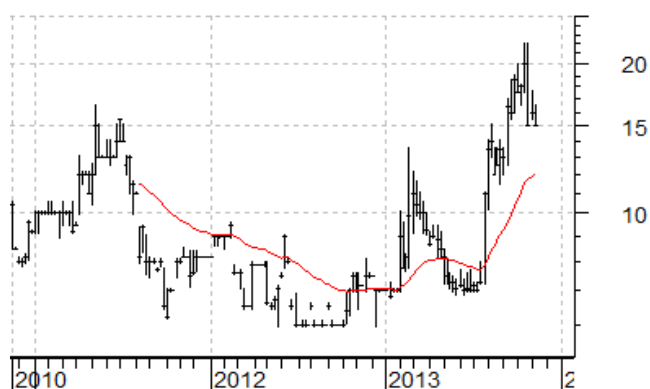
AtCor Medical has spent the last two decades developing its technology and product, and the last decade developing its markets . . . but perhaps, finally, this is the light at the end of the tunnel? The company has been cashflow *positive* for five quarters (and profitable in the year to June 2013), which should help finance future growth - without the need to issue dilutive new equity.

The company's device is considered the "Global Gold Standard" and it has developed a third-generation model that is easy to use. Most importantly, research is indicating this technology can lower medical costs for governments and health insurers. If that is the case then a huge market in Clinical Specialists and later in Primary Healthcare will develop for its device. That will offer massive growth over the next 5-20 years.

Would we buy emerging growth company shares on a P/E of 80? Probably not. But we can buy AtCor Medical shares on a single digit P/E of 8, with the potential for mid-double digit growth potential over many years. That is the sort of investment we can spend decades dreaming about finding.

AtCor Medical is a "must Buy" for investors seeking aggressive capital appreciation and prepared to accept higher risks. More conservative investors may still wish to participate in this growth potential but, as the shares are non-income producing and more risky, only a small investment would be appropriate.

AtCor Medical



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.

| STRENGTH RATING | | | | | | | | | | | | | | STRENGTH RATING | | | | | | | | | | | | | |
|---|-------------|-----------|-----------|------|----------------|---------------|--------------|------------------|------------|-------------------|----------------|-------------------|--------------|---|-------------|-----------|-----------|------|-----------------|---------------|--------------|------------------|------------|-------------------|----------------|-------------------|--------------|
| Company | Share Price | Cur- rent | 4-Wk Chg. | Rank | Buyer's Choice | Rel. Strength | 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 | Insider Selling | Rel. Strength | Price to NTA | Return on Equity | Volatility | Price/Earn. Ratio | Dividend Yield | Price/Sales Ratio | Market Cap'n |
| UNDER-VALUED SHARES: Lowest Price/Sales, Yld > 0, Rel Strength > 0 | | | | | | | | | | | | | | OVER-VALUED SHARES: Highest Price/Sales Ratios, Relative Strength < 0 | | | | | | | | | | | | | |
| Guinness Peat | 59 | +4.5 | +0.8 | 24 | 8-4 | 3 | 0.1 | 5 | 1.5 | 2 | 2.6 | 0.09 | 176 | Blis Technology | 2 | -6.0 | +7.3 | 84 | 0-0 | - | 2.9 | - | 3.8 | NE | Nil | 8.82 | 10 |
| Smiths City | 64 | +2.3 | -1.4 | 37 | 0-1 | - | 0.7 | 4 | 1.2 | 17 | 5.5 | 0.15 | 34 | Snakk Media Ltd | 12 | -17.1 | +2.3 | 93 | 0-0 | - | 38.1 | - | 1.5 | NE | Nil | 8.78 | 32 |
| Turners & Grow. | 174 | +3.0 | +0.2 | 32 | 0-0 | - | 0.7 | 4 | 0.8 | 16 | 3.4 | 0.23 | 197 | Property F Ind. | 132 | -0.3 | -2.1 | 60 | 0-1 | 5 | 1.2 | 4 | 0.5 | 28 | 6.2 | 8.76 | 285 |
| Col Motor Co | 495 | +10.1 | +1.2 | 13 | 1-0 | - | 1.2 | 11 | 0.5 | 12 | 8.7 | 0.26 | 162 | Moa Group Ltd | 70 | -20.0 | -5.1 | 94 | 1-0 | 1 | 1.4 | 13 | 0.9 | 11 | Nil | 8.60 | 21 |
| PGG Wrightsons | 41 | +6.7 | +5.5 | 19 | 1-0 | 4 | 1.2 | 6 | 1.7 | 21 | 7.7 | 0.27 | 309 | Goodman Prop. | 103 | -1.5 | +0.2 | 70 | 2-2 | 7 | 1.0 | 7 | 0.5 | 16 | 6.1 | 8.24 | 1,238 |
| Ebos Group Ltd | 956 | +2.0 | -1.9 | 38 | 0-0 | - | 2.1 | 9 | 0.5 | 22 | 4.4 | 0.34 | 627 | Vital Health PT | 131 | -58.3 | +0.0 | 97 | 11-0 | 4 | 1.4 | 11 | 0.5 | 13 | 6.1 | 7.62 | 441 |
| Air New Zealand | 164 | +4.3 | +2.9 | 25 | 0-9 | 6 | 1.0 | 10 | 1.0 | 10 | 7.0 | 0.39 | 1,810 | Port Tauranga | 1352 | -0.1 | -1.5 | 59 | 1-3 | 7 | 2.3 | 14 | 0.3 | 16 | 4.9 | 7.42 | 1,813 |
| Tourism Hold. | 80 | +11.7 | +5.6 | 11 | 2-0 | 1 | 0.5 | 2 | 1.3 | 23 | 7.1 | 0.39 | 88 | Argosy Property | 94 | -2.3 | -0.8 | 77 | 1-0 | 5 | 1.2 | 7 | 0.6 | 16 | 6.4 | 7.25 | 734 |
| Nuplex Indust | 358 | +5.7 | +2.0 | 21 | 0-0 | 6 | 1.3 | 10 | 1.0 | 12 | 5.9 | 0.43 | 709 | Burger Fuel | 155 | -0.0 | -3.7 | 56 | 0-2 | - | 11.9 | 15 | 1.1 | 78 | Nil | 7.12 | 86 |
| Warehouse Group | 380 | +1.2 | -1.5 | 45 | 2-1 | 7 | 3.0 | 37 | 0.7 | 8 | 7.7 | 0.53 | 1,183 | NZ Exchange Ltd | 130 | -2.0 | -1.1 | 75 | 1-0 | 3 | 4.2 | 17 | 0.7 | 26 | 5.8 | 6.68 | 335 |
| Abano Health. | 689 | +8.1 | +1.9 | 14 | 0-0 | 2 | 1.6 | 4 | 0.7 | 42 | 4.4 | 0.62 | 118 | NPT Limited | 62 | -0.8 | -1.7 | 66 | 1-0 | 2 | 0.9 | 29 | 0.6 | 3 | 4.3 | 6.16 | 100 |
| Allied Work. | 302 | +3.4 | -2.2 | 27 | 0-1 | - | 3.6 | 25 | 1.0 | 14 | 7.4 | 0.60 | 78 | Kiwi Property | 110 | -1.8 | -0.7 | 73 | 0-0 | 7 | 1.0 | 10 | 0.5 | 10 | 7.3 | 5.52 | 1,096 |
| Infratil NZ | 249 | +3.3 | -0.4 | 28 | 0-3 | 4 | 1.4 | 0 | 0.7 | 428 | 5.3 | 0.60 | 1,450 | Charlie's Group | 43 | -58.3 | +0.0 | 98 | 0-0 | - | 7.7 | 15 | 1.3 | 51 | Nil | 4.00 | 126 |
| Mainfreight Grp | 1165 | +2.6 | +1.8 | 36 | 4-2 | 5 | 3.0 | 17 | 0.5 | 17 | 3.3 | 0.61 | 1,154 | NZ Oil & Gas | 84 | -1.6 | +0.3 | 71 | 0-0 | 6 | 1.0 | 7 | 1.0 | 13 | 10.2 | 3.51 | 348 |
| Cavalier Corp | 183 | +1.8 | +4.2 | 39 | 0-0 | 3 | 1.3 | 7 | 1.0 | 19 | 3.1 | 0.62 | 125 | Trust Power Ltd | 662 | -4.6 | -0.7 | 82 | 0-0 | 5 | 1.3 | 8 | 0.3 | 17 | 8.6 | 2.58 | 2,079 |
| Opus Int'l Cons | 197 | +3.2 | +3.6 | 30 | 1-0 | 4 | 2.6 | 22 | 0.8 | 12 | 6.2 | 0.72 | 286 | Dorchester Pac | 23 | -8.7 | +0.8 | 88 | 0-0 | - | 1.4 | 5 | 1.4 | 30 | Nil | 2.50 | 48 |
| Steel & Tube | 320 | +10.9 | +3.3 | 12 | 1-0 | 4 | 1.8 | 10 | 0.8 | 18 | 6.7 | 0.72 | 283 | NZ Windfarms | 7 | -11.7 | +0.9 | 91 | 0-0 | - | 0.3 | 2 | 2.0 | 13 | Nil | 2.43 | 20 |
| Fletcher Build. | 963 | +7.3 | +2.4 | 19 | 7-13 | - | 1.9 | 9 | 0.5 | 20 | 4.2 | 0.78 | 6,607 | Sky City Ltd | 387 | -3.5 | -1.3 | 82 | 5-3 | 10 | 2.7 | 16 | 0.5 | 18 | 7.4 | 2.36 | 2,233 |
| Turners Auction | 220 | +5.6 | +2.2 | 22 | 2-0 | - | 3.5 | 21 | 0.7 | 16 | 11.0 | 0.80 | 60 | Lyttelton Port | 241 | -1.0 | -4.4 | 68 | 0-0 | 1 | 1.3 | 9 | 0.5 | 15 | Nil | 2.23 | 246 |
| Restaurant Brds | 299 | +1.3 | +1.3 | 43 | 0-0 | 3 | 4.8 | 27 | 0.8 | 18 | 7.6 | 0.94 | 293 | NZ Refining Co | 227 | -1.1 | -0.3 | 69 | 3-0 | 4 | 1.1 | 6 | 0.5 | 18 | 7.6 | 2.18 | 636 |
| BEST PERFORMING SHARES: Strongest Shares, P/E < 20, P/S < 1.0 | | | | | | | | | | | | | | WORST PERFORMING SHARES: Weakest Shares, P/S Ratio > 0.25, Yield < Twice Average | | | | | | | | | | | | | |
| Steel & Tube | 320 | +10.9 | +3.3 | 12 | 1-0 | 4 | 1.8 | 10 | 0.7 | 18 | 6.7 | 0.72 | 283 | Charlie's Group | 43 | -58.3 | +0.0 | 98 | 0-0 | - | 7.7 | 15 | 1.2 | 51 | Nil | 4.00 | 126 |
| Col Motor Co | 495 | +10.1 | +1.2 | 13 | 1-0 | - | 1.2 | 11 | 0.4 | 12 | 8.7 | 0.26 | 162 | Vital Health PT | 131 | -58.3 | +0.0 | 97 | 11-0 | 4 | 1.4 | 11 | 0.5 | 13 | 6.1 | 7.62 | 441 |
| Nuplex Indust | 358 | +5.7 | +2.0 | 21 | 0-0 | 6 | 1.3 | 10 | 0.9 | 12 | 5.9 | 0.43 | 709 | Moa Group Ltd | 70 | -20.0 | -5.1 | 94 | 1-0 | 1 | 1.4 | 13 | 0.9 | 11 | Nil | 8.60 | 21 |
| Turners Auction | 220 | +5.6 | +2.2 | 22 | 2-0 | - | 3.5 | 21 | 0.6 | 16 | 11.0 | 0.80 | 60 | Snakk Media Ltd | 12 | -17.1 | +2.3 | 93 | 0-0 | - | 38.1 | - | 1.4 | NE | Nil | 8.78 | 32 |
| Methven Limited | 146 | +4.6 | +2.6 | 23 | 0-0 | 5 | 2.1 | 11 | 0.8 | 19 | 7.1 | 0.99 | 97 | Bathurst Res. | 18 | -12.5 | +2.8 | 92 | 1-0 | - | - | - | 1.2 | NE | Nil | N/A | 128 |
| Guinness Peat | 59 | +4.5 | +0.8 | 24 | 8-4 | 3 | 0.1 | 5 | 1.2 | 2 | 2.6 | 0.09 | 176 | Diligent Board | 440 | -12.0 | -4.5 | 91 | 0-1 | 2 | 99.3 | 32 | 0.5 | 308 | Nil | N/A | 360 |
| Air New Zealand | 164 | +4.3 | +2.9 | 25 | 0-9 | 6 | 1.0 | 10 | 0.8 | 10 | 7.0 | 0.39 | 1,810 | NZ Windfarms | 7 | -11.7 | +0.9 | 91 | 0-0 | - | 0.3 | 2 | 1.8 | 13 | Nil | 2.43 | 20 |
| Allied Work. | 302 | +3.4 | -2.2 | 27 | 0-1 | - | 3.6 | 25 | 0.8 | 14 | 7.4 | 0.60 | 78 | Kirkcaldie & St | 200 | -8.8 | +1.1 | 89 | 0-0 | - | 1.1 | - | 0.3 | NE | Nil | 5.43 | 20 |
| Finzsoft Sol'ns | 42 | +3.2 | -1.1 | 30 | 0-0 | - | 1.3 | 15 | 0.9 | 9 | Nil | 0.39 | 3 | Dorchester Pac | 23 | -8.7 | +0.8 | 88 | 0-0 | - | 1.4 | 5 | 1.4 | 30 | Nil | 2.50 | 48 |
| Opus Int'l Cons | 197 | +3.2 | +3.6 | 30 | 1-0 | 4 | 2.6 | 22 | 0.6 | 12 | 6.2 | 0.72 | 286 | Veritas Invest. | 130 | -8.3 | +0.8 | 87 | 3-0 | - | 19.4 | - | 0.4 | NE | Nil | 1.61 | 48 |
| Turners & Grow. | 174 | +3.0 | +0.2 | 32 | 0-0 | - | 0.7 | 4 | 0.7 | 16 | 3.4 | 0.23 | 197 | Blis Technology | 2 | -6.0 | +7.3 | 84 | 0-0 | - | 2.9 | - | 3.5 | NE | Nil | 8.82 | 10 |
| Mainfreight Grp | 1165 | +2.6 | +1.8 | 36 | 4-2 | 5 | 3.0 | 17 | 0.4 | 17 | 3.3 | 0.61 | 1,154 | Scott Tech. Ltd | 220 | -3.3 | +0.5 | 81 | 0-0 | - | 2.1 | 13 | 0.6 | 16 | 5.1 | 1.51 | 90 |
| Smiths City | 64 | +2.3 | -1.4 | 37 | 0-1 | - | 0.7 | 4 | 0.9 | 17 | 5.5 | 0.15 | 34 | Pumpkin Patch | 94 | -3.2 | +3.1 | 80 | 0-2 | 4 | 2.9 | 10 | 0.8 | 28 | Nil | 0.55 | 159 |
| Cavalier Corp | 183 | +1.8 | +4.2 | 39 | 0-0 | 3 | 1.3 | 7 | 0.8 | 19 | 3.1 | 0.62 | 125 | Mowbray Collect | 50 | -2.5 | +0.8 | 78 | 0-0 | - | 1.5 | 3 | 0.6 | 53 | Nil | 2.07 | 6 |
| Restaurant Brds | 299 | +1.3 | +1.3 | 43 | 0-0 | 3 | 4.8 | 27 | 0.7 | 18 | 7.6 | 0.94 | 293 | Tower Limited | 176 | -2.5 | +0.1 | 78 | 1-1 | 4 | 1.0 | 9 | 0.8 | 11 | 6.3 | 0.98 | 474 |
| Warehouse Group | 380 | +1.2 | -1.5 | 45 | 2-1 | 7 | 3.0 | 37 | 0.6 | 8 | 7.7 | 0.53 | 1,183 | Argosy Property | 94 | -2.3 | -0.8 | 77 | 1-0 | 5 | 1.2 | 7 | 0.6 | 16 | 6.4 | 7.25 | 734 |
| INCOME SHARES: Highest Yields, Capitalisation > NZ\$100 million | | | | | | | | | | | | | | INSIDER SELLING: Most Insider Selling, Relative Strength < 0 | | | | | | | | | | | | | |
| Chorus Ltd | 200 | -2.2 | -3.7 | 75 | 1-0 | 10 | 1.2 | 27 | 0.5 | 5 | 18.2 | 0.74 | 779 | Fonterra S/H Fd | 682 | -2.2 | -1.1 | 76 | 0-7 | - | 0.9 | 4 | 0.6 | 21 | 4.7 | 0.23 | 736 |
| NZ Oil & Gas | 84 | -1.6 | +0.3 | 71 | 0-0 | 6 | 1.0 | 7 | 1.1 | 13 | 10.2 | 3.51 | 348 | DNZ Property | 158 | -1.8 | -0.9 | 72 | 0-4 | 5 | 1.0 | 5 | 0.6 | 19 | 5.4 | N/A | 390 |
| Telecom Corp | 235 | -1.1 | +0.5 | 69 | 1-2 | 11 | 3.0 | 17 | 0.5 | 18 | 9.7 | 1.02 | 4,270 | Burger Fuel | 155 | -0.0 | -3.7 | 56 | 0-2 | - | 11.9 | 15 | 1.1 | 78 | Nil | 7.12 | 86 |
| Hallenstein G. | 485 | -3.2 | +1.9 | 80 | 0-1 | 5 | 4.3 | 28 | 0.5 | 15 | 9.6 | 1.31 | 289 | Pumpkin Patch | 94 | -3.2 | +3.1 | 80 | 0-2 | 4 | 2.9 | 10 | 0.8 | 28 | Nil | 0.55 | 159 |
| Col Motor Co | 495 | +10.1 | +1.2 | 13 | 1-0 | - | 1.2 | 11 | 0.3 | 12 | 8.7 | 0.26 | 162 | Port Tauranga | 1352 | -0.1 | -1.5 | 59 | 1-3 | 7 | 2.3 | 14 | 0.3 | 16 | 4.9 | 7.42 | 1,813 |
| Trust Power Ltd | 662 | -4.6 | -0.7 | 82 | 0-0 | 5 | 1.3 | 8 | 0.4 | 17 | 8.6 | 2.58 | 2,079 | Property F Ind. | 132 | -0.3 | -2.1 | 60 | 0-1 | 5 | 1.2 | 4 | 0.4 | 28 | 6.2 | 8.76 | 285 |
| Vector Ltd | 259 | -2.7 | -0.4 | 79 | 5-0 | 6 | 1.1 | 9 | 0.5 | 13 | 8.3 | 2.02 | 2,579 | TeamTalk Ltd | 234 | -5.2 | -2.7 | 84 | 0-1 | 1 | 1.7 | 9 | 0.4 | 18 | 12.2 | 1.43 | 66 |
| Mighty River | 220 | -6.0 | -0.1 | 85 | 5-2 | 8 | 1.0 | 4 | 0.8 | 28 | 7.8 | 1.79 | 3,080 | Diligent Board | 440 | -12.0 | -4.5 | 91 | 0-1 | 2 | 99.3 | 32 | 0.5 | 308 | Nil | N/A | 360 |
| Warehouse Group | 380 | +1.2 | -1.5 | 45 | 2-1 | 7 | 3.0 | 37 | 0.6 | 8 | 7.7 | 0.53 | 1,183 | NZ Experience | 35 | -0.9 | +0.3 | 67 | 0-1 | - | 1.9 | 21 | 0.8 | 9 | 11.8 | 1.11 | 13 |
| PGG Wrightsons | 41 | +6.7 | +5.5 | 19 | 1-0 | 4 | 1.2 | 6 | 1.2 | 21 | 7.7 | 0.27 | 309 | Hallenstein G. | 485 | -3.2 | +1.9 | 80 | 0-1 | 5 | 4.3 | 28 | 0.4 | 15 | 9.6 | 1.31 | 289 |
| INSIDER BUYING: Most Insider Buying, Relative Strength > 0 | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Briscoe Group | 243 | +0.2 | +0.3 | 49 | 7-0 | 3 | 3.7 | 20 | 0.5 | 19 | 5.9 | 1.18 | 516 | | | | | | | | | | | | | | |
| Guinness Peat | 59 | +4.5 | +0.8 | 24 | 8-4 | 3 | 0.1 | 5 | 1.0 | 2 | 2.6 | 0.09 | 176 | | | | | | | | | | | | | | |
| Metro. LifeCare | 445 | +5.7 | +5.6 | 21 | 3-0 | 3 | 1.3 | 8 | 0.5 | 16 | 0.4 | N/A | 922 | | | | | | | | | | | | | | |
| Tourism Hold. | 80 | +11.7 | +5.6 | 11 | 2-0 | 1 | 0.5 | 2 | 0.9 | 23 | 7.1 | 0.39 | 88 | | | | | | | | | | | | | | |
| Turners Auction | 220 | +5.6 | +2.2 | 22 | 2-0 | - | 3.5 | 21 | 0.5 | 16 | 11.0 | 0.80 | 60 | | | | | | | | | | | | | | |
| Mainfreight Grp | 1165 | +2.6 | +1.8 | 36 | 4-2 | 5 | 3.0 | 17 | 0.4 | 17 | 3.3 | 0.61 | 1,154 | | | | | | | | | | | | | | |
| Col Motor Co | 495 | +10.1 | +1.2 | 13 | 1-0 | - | 1.2 | 11 | 0.3 | 12 | 8.7 | 0.26 | 162 | | | | | | | | | | | | | | |
| Skellerup Hold. | 171 | +8.1 | +4.1 | 15 | 1-0 | 3 | 2.6 | 15 | 0.8 | 17 | 6.7 | 1.74 | 330 | | | | | | | | | | | | | | |
| PGG Wrightsons | 41 | +6.7 | +5.5 | 19 | 1-0 | 4 | 1.2 | 6 | 1.1 | 21 | 7.7 | 0.27 | 309 | | | | | | | | | | | | | | |
| Rubicon Limited | 35 | +8.7 | -1.2 | 14 | 1-0 | - | 0.7 | - | 0.8 | NE | Nil | 0.28 | 133 | | | | | | | | | | | | | | |

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 | Under- valued | Best- performing | Income | 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 | Under- valued | Best- performing | Income | Price to NTA | Return on Equity | Volatility | Price/Earn. Ratio | Dividend Yield | Price/Sales Ratio | Market Cap'n |
| UNDER-VALUED SHARES: Lowest Price/Sales, Yld > 0, Rel Strength > 0 | | | | | | | | | | | | | | BEST PERFORMING SHARES: Strongest Shares, P/E < 20, P/S < 1.0 | | | | | | | | | | | | | | | |
| MBD Corporation | 5 | +2.1 | +4.8 | 35 | 0-0 | - | 1.4 | - | 3.3 | NE | 9.3 | 0.09 | | 3 | Kip McGrath EC | 20 | +82.3 | +22.3 | 1 | 0-0 | - | - | - | 1.1 | 14 | Nil | 0.56 | | 5 |
| Aust Pharm. Ind | 65 | +11.9 | +7.9 | 16 | 0-0 | 7 | 0.8 | 8 | 1.0 | 10 | 4.7 | 0.10 | 315 | Oriental Tech. | 9 | +64.3 | -45.7 | 1 | 0-0 | - | 0.5 | 4 | 1.6 | 13 | Nil | 0.15 | | 11 | |
| Raptis Group | 40 | +0.0 | +0.0 | 43 | 0-0 | - | - | - | 1.0 | NE | 12.5 | 0.11 | 28 | Reverse Corp | 5 | +47.2 | +19.5 | 3 | 1-0 | - | 1.3 | 10 | 2.3 | 13 | Nil | 0.65 | | 5 | |
| CFT Energy | 6 | +0.0 | +0.0 | 43 | 0-0 | - | - | - | 2.9 | 0 | 33.3 | 0.11 | 3 | WDS Limited | 70 | +40.9 | +12.2 | 3 | 2-0 | 4 | 1.0 | 8 | 0.8 | 12 | 6.8 | 0.29 | | 101 | |
| Structural Syst | 47 | +0.6 | +8.3 | 40 | 3-0 | - | 0.5 | 6 | 1.0 | 9 | 8.6 | 0.11 | 30 | Hi Tech Group | 9 | +38.7 | +12.8 | 4 | 0-0 | - | 0.8 | 5 | 1.5 | 17 | 5.6 | 0.38 | | 3 | |
| Careers Multi. | 20 | +19.1 | +11.6 | 10 | 0-1 | - | - | - | 1.6 | 16 | 5.1 | 0.12 | 12 | Richfield Int'l | 8 | +38.1 | +12.2 | 4 | 1-1 | - | 0.5 | 3 | 1.7 | 17 | Nil | 0.78 | | 5 | |
| Brierty Ltd | 35 | +10.9 | +4.8 | 17 | 1-0 | - | 0.7 | 19 | 1.4 | 4 | 8.6 | 0.13 | 39 | RCR Tomlinson | 362 | +34.1 | +6.8 | 5 | 0-0 | 8 | 2.7 | 21 | 0.4 | 13 | 2.3 | 0.55 | | 478 | |
| Ruralco Hold. | 320 | +2.2 | -0.7 | 35 | 0-0 | 4 | 2.1 | 16 | 0.4 | 13 | 5.6 | 0.15 | 176 | Otoc Limited | 12 | +32.6 | +7.5 | 5 | 2-0 | - | 1.0 | 25 | 1.8 | 4 | Nil | 0.19 | | 22 | |
| Pro Maintenance | 283 | +8.9 | +1.8 | 20 | 2-0 | 11 | 2.5 | 24 | 0.5 | 10 | 5.3 | 0.22 | 334 | Pental Pacific Ltd | 10 | +32.4 | -3.8 | 5 | 3-0 | - | - | - | 1.6 | 3 | Nil | 0.13 | | 11 | |
| Scott Corp Ltd | 56 | +14.7 | -0.6 | 13 | 0-0 | - | 1.2 | 12 | 1.1 | 10 | 5.4 | 0.22 | 41 | Lindsay Aust | 34 | +29.6 | +9.9 | 6 | 0-0 | - | 1.6 | 16 | 0.8 | 10 | 5.6 | 0.26 | | 75 | |
| Automotive Hold | 367 | +3.1 | -0.7 | 33 | 0-1 | 10 | 4.0 | 28 | 0.6 | 14 | 5.4 | 0.22 | 957 | Nido Petroleum | 4 | +27.7 | -0.5 | 6 | 1-0 | - | - | - | 3.1 | 14 | Nil | 0.80 | | 51 | |
| Vita Group Ltd | 73 | +12.4 | -0.6 | 15 | 1-0 | - | - | - | 0.9 | 17 | 2.5 | 0.24 | 104 | Masec Group | 2 | +26.1 | +16.5 | 7 | 0-0 | - | 0.0 | 0 | 3.9 | 11 | Nil | 0.80 | | 3 | |
| Merchant House | 21 | +10.5 | -4.9 | 17 | 0-0 | - | 0.7 | 11 | 1.5 | 7 | 7.1 | 0.24 | 20 | Pental Limited | 3 | +23.9 | -9.8 | 8 | 1-0 | - | 2.6 | 15 | 3.0 | 18 | Nil | 0.36 | | 39 | |
| NRW Holdings | 124 | +1.8 | +7.0 | 36 | 5-0 | 14 | 1.1 | 23 | 0.9 | 5 | 10.5 | 0.25 | 344 | Firstfolio Ltd | 2 | +23.6 | +6.1 | 8 | 0-0 | - | - | - | 3.7 | 12 | Nil | 0.20 | | 16 | |
| Lindsay Aust | 34 | +29.6 | +9.9 | 6 | 0-0 | - | 1.6 | 16 | 1.1 | 10 | 5.6 | 0.26 | 75 | Capilano Honey | 450 | +23.1 | +15.7 | 8 | 0-1 | - | 1.5 | 13 | 0.7 | 11 | 3.3 | 0.53 | | 38 | |
| Downer EDI Ltd | 510 | +9.5 | +5.3 | 19 | 5-0 | 16 | 1.8 | 16 | 0.5 | 11 | 4.1 | 0.26 | 2,210 | Greencap Ltd | 8 | +22.8 | +3.5 | 8 | 0-0 | - | 1.6 | 13 | 1.7 | 12 | Nil | 0.33 | | 177 | |
| Koon Holdings | 17 | +1.2 | +5.6 | 38 | 0-0 | - | 1.1 | 6 | 1.6 | 19 | 4.6 | 0.26 | 45 | JB Hi-Fi Ltd | 2188 | +20.1 | -0.3 | 9 | 0-1 | 15 | 14.9 | 80 | 0.4 | 19 | 3.3 | 0.65 | | 2,165 | |
| HGL Limited | 58 | +1.3 | -2.0 | 38 | 1-0 | - | 0.9 | - | 0.9 | NE | 10.4 | 0.27 | 32 | Landmark White | 47 | +19.2 | +7.3 | 10 | 0-3 | - | 7.8 | 44 | 0.7 | 18 | 7.0 | 0.65 | | 13 | |
| WDS Limited | 70 | +40.9 | +12.2 | 3 | 2-0 | 4 | 1.0 | 8 | 1.0 | 12 | 6.8 | 0.29 | 101 | Careers Multi. | 20 | +19.1 | +11.6 | 10 | 0-1 | - | - | - | 1.2 | 16 | 5.1 | 0.12 | | 12 | |
| Dicker Data Ltd | 102 | +10.2 | +0.8 | 18 | 0-0 | - | 6.4 | 45 | 1.1 | 14 | 6.1 | 0.29 | 130 | Oakton Limited | 176 | +18.1 | +8.7 | 11 | 1-0 | 7.3 | 43 | 0.6 | 17 | 5.4 | 0.97 | | 158 | | |
| Spec Fashion | 88 | +1.7 | -0.1 | 37 | 0-0 | 9 | 3.8 | 29 | 0.9 | 13 | 4.6 | 0.30 | 168 | Environ't Grp | 5 | +17.8 | +7.6 | 11 | 0-0 | - | - | - | 2.1 | 9 | Nil | 0.29 | | 4 | |
| A.P. Eagers | 490 | +3.8 | +1.2 | 31 | 6-0 | 2 | 2.3 | 15 | 0.3 | 15 | 4.1 | 0.32 | 836 | Traffic Tech. | 9 | +17.8 | +6.4 | 11 | 0-0 | - | - | - | 1.7 | 5 | 4.5 | 0.35 | | 16 | |
| Arrium Limited | 145 | +25.8 | +3.8 | 7 | 0-0 | 13 | 1.2 | 0 | 0.9 | 330 | 2.1 | 0.32 | 1,965 | Logicams Ltd | 168 | +17.3 | +2.5 | 11 | 0-0 | 3 | 4.7 | 43 | 0.6 | 11 | 5.4 | 0.92 | | 120 | |
| Calliden Group | 27 | +20.2 | -9.5 | 9 | 0-0 | - | 1.3 | 2 | 1.3 | 55 | 1.5 | 0.34 | 60 | APN News Media | 46 | +16.7 | +12.6 | 12 | 0-0 | 12 | - | - | 0.8 | 2 | 3.3 | 0.35 | | 301 | |
| APN News Media | 46 | +16.7 | +12.6 | 12 | 0-0 | 12 | - | - | 1.1 | 2 | 3.3 | 0.35 | 301 | Scott Corp Ltd | 56 | +14.7 | -0.6 | 13 | 0-0 | - | 1.2 | 12 | 0.9 | 10 | 5.4 | 0.22 | | 41 | |
| Seymour Whyte | 124 | +14.4 | -0.7 | 14 | 1-1 | 2 | 2.2 | 21 | 0.8 | 10 | 6.5 | 0.35 | 97 | Tamawood Ltd | 330 | +14.5 | +3.7 | 14 | 0-3 | - | 10.0 | 59 | 0.3 | 17 | 6.4 | 0.89 | | 84 | |
| Traffic Tech. | 9 | +17.8 | +6.4 | 11 | 0-0 | - | - | - | 2.4 | 5 | 4.5 | 0.35 | 16 | Seymour Whyte | 124 | +14.4 | -0.7 | 14 | 1-1 | 2 | 2.2 | 21 | 0.7 | 10 | 6.5 | 0.35 | | 97 | |
| TransMetro Corp | 91 | +3.6 | -0.4 | 32 | 0-0 | - | 0.6 | 10 | 0.7 | 5 | 5.5 | 0.36 | 12 | E & A Limited | 75 | +13.0 | +5.7 | 15 | 0-0 | - | 10.7 | 97 | 0.8 | 11 | 6.7 | 0.42 | | 85 | |
| Collins Foods | 163 | +1.4 | -2.7 | 38 | 0-0 | 5 | 3.1 | 33 | 0.9 | 9 | 5.8 | 0.37 | 152 | Skilled Group | 345 | +12.9 | +2.1 | 15 | 0-0 | 9 | 9.3 | 65 | 0.5 | 14 | 4.6 | 0.43 | | 806 | |
| Chalmers | 290 | +1.7 | +0.5 | 37 | 0-0 | - | 0.7 | 5 | 0.4 | 13 | 3.4 | 0.37 | 22 | Vita Group Ltd | 73 | +12.4 | -0.6 | 15 | 1-0 | - | - | - | 0.7 | 17 | 2.5 | 0.24 | | 104 | |
| ERM Power Ltd | 287 | +4.8 | +0.1 | 29 | 1-0 | 4 | 2.2 | 14 | 0.6 | 16 | 3.7 | 0.37 | 584 | Legend Corp. | 34 | +12.3 | +7.3 | 15 | 2-1 | 2 | 4.2 | 38 | 0.9 | 11 | 5.1 | 0.70 | | 74 | |
| Hi Tech Group | 9 | +38.7 | +12.8 | 4 | 0-0 | - | 0.8 | 5 | 2.2 | 17 | 5.6 | 0.38 | 3 | Schaffer Corp | 539 | +12.2 | +1.6 | 15 | 0-0 | - | 1.3 | 14 | 0.3 | 9 | 4.3 | 0.55 | | 76 | |
| Colorpak Ltd | 82 | +9.3 | -1.9 | 20 | 0-0 | 3 | 2.6 | 29 | 0.8 | 9 | 4.3 | 0.38 | 67 | Aust Pharm. Ind | 65 | +11.9 | +7.9 | 16 | 0-0 | 7 | 0.8 | 8 | 0.7 | 10 | 4.7 | 0.10 | | 315 | |
| Swick Min Serv | 35 | +5.6 | +3.2 | 27 | 0-0 | 3 | 0.8 | 14 | 1.4 | 5 | 2.9 | 0.40 | 59 | Supply Network | 170 | +11.7 | +1.0 | 16 | 0-0 | - | 3.1 | 25 | 0.4 | 13 | 4.7 | 0.86 | | 58 | |
| E & A Limited | 75 | +13.0 | +5.7 | 15 | 0-0 | - | 10.7 | 97 | 1.0 | 11 | 6.7 | 0.42 | 85 | Qanda Tech. Ltd | 0 | +11.6 | +19.8 | 16 | 0-0 | - | - | - | 11.0 | 4 | Nil | 0.76 | | 2 | |
| Skilled Group | 345 | +12.9 | +2.1 | 15 | 0-0 | 9 | 9.3 | 65 | 0.6 | 14 | 4.6 | 0.43 | 806 | Brierty Ltd | 35 | +10.9 | +4.8 | 17 | 1-0 | - | 0.7 | 19 | 1.1 | 4 | 8.6 | 0.13 | | 39 | |
| Toll Holdings | 567 | +4.6 | +0.8 | 30 | 2-0 | 14 | 3.9 | 9 | 0.6 | 44 | 4.8 | 0.47 | 4,066 | Merchant House | 21 | +10.5 | -4.9 | 17 | 0-0 | - | 0.7 | 11 | 1.1 | 7 | 7.1 | 0.24 | | 20 | |
| SteriHealth Ltd | 135 | +2.0 | -0.2 | 36 | 0-0 | - | 4.8 | 71 | 0.6 | 7 | 5.2 | 0.48 | 26 | Farm Pride Food | 14 | +10.4 | +19.5 | 18 | 0-0 | - | 0.4 | 3 | 1.3 | 13 | Nil | 0.08 | | 8 | |
| Myer Holdings | 258 | +1.4 | -1.4 | 38 | 0-0 | 15 | - | - | 0.7 | 12 | 7.0 | 0.48 | 1,506 | Dicker Data Ltd | 102 | +10.2 | +0.8 | 18 | 0-0 | - | 6.4 | 45 | 0.9 | 14 | 6.1 | 0.29 | | 130 | |
| Seven Group | 778 | +0.8 | +3.9 | 40 | 1-1 | 9 | 1.3 | 27 | 0.7 | 5 | 5.1 | 0.50 | 2,397 | CI Resources | 82 | +9.8 | +6.3 | 19 | 0-0 | - | 0.6 | 23 | 0.6 | 2 | Nil | 0.39 | | 60 | |
| Country Road | 354 | +1.2 | -0.4 | 38 | 0-0 | - | 2.3 | 26 | 0.3 | 9 | 7.5 | 0.52 | 367 | Downer EDI Ltd | 510 | +9.5 | +5.3 | 19 | 5-0 | 16 | 1.8 | 16 | 0.5 | 11 | 4.1 | 0.26 | | 2,210 | |
| CMI Limited | 170 | +4.1 | +4.6 | 30 | 2-1 | - | 1.3 | 21 | 1.0 | 6 | 3.5 | 0.52 | 58 | Decmil Group | 227 | +9.4 | +2.7 | 19 | 0-0 | 9 | 1.9 | 32 | 0.6 | 6 | 5.3 | 0.72 | | 382 | |
| UXC Limited | 101 | +1.6 | -3.8 | 37 | 1-1 | 5 | 12.6 | 92 | 0.9 | 14 | 5.2 | 0.52 | 312 | Colorpak Ltd | 82 | +9.3 | -1.9 | 20 | 0-0 | 3 | 2.6 | 29 | 0.6 | 9 | 4.3 | 0.38 | | 67 | |
| Capilano Honey | 450 | +23.1 | +15.7 | 8 | 0-1 | - | 1.5 | 13 | 0.8 | 11 | 3.3 | 0.53 | 38 | News Corp. | 1862 | +9.1 | -1.4 | 20 | 0-0 | - | - | - | 0.6 | 4 | Nil | 0.20 | | 1,970 | |
| RCR Tomlinson | 362 | +34.1 | +6.8 | 5 | 0-0 | 8 | 2.7 | 21 | 0.5 | 13 | 2.3 | 0.55 | 478 | Pro Maintenance | 283 | +8.9 | +1.8 | 20 | 2-0 | 11 | 2.5 | 24 | 0.4 | 10 | 5.3 | 0.22 | | 334 | |
| Schaffer Corp | 539 | +12.2 | +1.6 | 15 | 0-0 | - | 1.3 | 14 | 0.3 | 9 | 4.3 | 0.55 | 76 | Bradken Ltd | 596 | +8.8 | +5.1 | 21 | 0-2 | 16 | 2.7 | 18 | 0.5 | 15 | 6.4 | 0.77 | | 1,009 | |
| Nufarm Limited | 476 | +0.9 | +1.6 | 40 | 1-0 | 13 | 1.7 | 11 | 0.5 | 15 | 1.7 | 0.55 | 1,252 | Maca Limited | 244 | +8.0 | +5.8 | 22 | 3-2 | 6 | 2.1 | 25 | 0.6 | 8 | 4.1 | 0.88 | | 421 | |
| Jetset Travel | 42 | +1.4 | -0.5 | 38 | 0-0 | 5 | 14.0 | - | 1.1 | 11 | 3.6 | 0.55 | 184 | Commstrat Ltd | 3 | +7.6 | +20.1 | 23 | 0-0 | - | - | - | 3.4 | 2 | Nil | 0.08 | | 1 | |
| Rio Tinto Ltd | 6525 | +5.0 | +1.5 | 29 | 0-0 | 17 | 3.1 | 98 | 0.4 | 3 | 2.5 | 0.58 | 28,433 | Maxi TRANS | 122 | +6.2 | -5.8 | 25 | 2-0 | 2 | 3.1 | 36 | 0.6 | 9 | 7.0 | 0.62 | | 224 | |
| Sth Cross Elect | 100 | +1.5 | +1.1 | 37 | 1-1 | 4 | 1.9 | 21 | 0.8 | 9 | 2.7 | 0.58 | 162 | RHG Ltd | 50 | +6.0 | -3.0 | 26 | 0-0 | - | - | - | 0.8 | 5 | 24.2 | 0.89 | | 153 | |
| Shenhua Int'l | 42 | +1.5 | +6.1 | 37 | 0-0 | - | 0.7 | 10 | 1.1 | 7 | 6.0 | 0.60 | 52 | Swick Min Serv | 35 | +5.6 | +3.2 | 27 | 0-0 | 3 | 0.8 | 14 | 1.0 | 5 | 2.9 | 0.40 | | 59 | |
| Worley Group | 2155 | +0.5 | +0.4 | 41 | 4-0 | 14 | - | - | 0.4 | 17 | 4.3 | 0.60 | 5,318 | Payce Consol. | 415 | +5.3 | -1.8 | 28 | 0-0 | - | 0.9 | 14 | 0.4 | 6 | 2.4 | 0.81 | | 123 | |
| Gazal Corp | 292 | +1.2 | +2.3 | 3 | | | | | | | | | | | | | | | | | | | | | | | | | |

| Company | STRENGTH RATING | | | | Price to NTA | Return on Equity | Volatility | Price/Earn. Ratio | Dividend Yield | Price/Sales Ratio | Market Cap'n | | |
|--|-----------------|--------------|-----------|-----------|--------------|------------------|------------|-------------------|----------------|-------------------|--------------|-------|-------|
| | Share Price | Current Rent | 4-Wk Chg. | Rank 0-99 | | | | | | | | | |
| INCOME SHARES: Highest Yields, Capitalisation > A\$250 million | | | | | | | | | | | | | |
| Milton Corp. | 422 | +4.5 | +0.5 | 30 | 5-0 | -0.2 | 1 | 0.3 | 23 | 19.4 | N/A | 2,577 | |
| Sigma Pharm. | 58 | -10.7 | -1.5 | 68 | 0-0 | 13 | 1.2 | 3 | 0.6 | 36 | 16.4 | 0.23 | 674 |
| DUET Group | 217 | -2.3 | -0.4 | 52 | 0-0 | -1.7 | 0 | 0.3 | 381 | 11.2 | 1.96 | 2,579 | |
| NRW Holdings | 124 | +1.8 | +7.0 | 36 | 5-0 | 14 | 1.1 | 23 | 0.7 | 5 | 10.5 | 0.25 | 344 |
| Seven West Med. | 245 | +9.7 | +0.3 | 19 | 2-0 | 14 | - | - | 0.6 | 8 | 10.2 | 1.30 | 2,445 |
| G.U.D. Holdings | 546 | -8.3 | -0.0 | 65 | 0-1 | 11 | 5.7 | 46 | 0.3 | 12 | 9.5 | 0.65 | 390 |
| Ridley Corp. | 87 | -3.7 | +1.6 | 55 | 4-1 | 7 | 2.1 | 9 | 0.5 | 22 | 8.6 | 0.37 | 268 |
| OZ Minerals Ltd | 350 | -11.1 | -0.3 | 69 | 14-0 | 20 | 0.5 | 7 | 0.7 | 7 | 8.6 | 1.12 | 1,100 |
| Metcash Ltd | 331 | -7.1 | -0.4 | 62 | 2-0 | 15 | - | - | 0.4 | 14 | 8.5 | 0.22 | 2,915 |
| Resolute Mining | 61 | -17.1 | +0.4 | 79 | 0-1 | 6 | 0.6 | 13 | 0.9 | 5 | 8.3 | 0.63 | 388 |
| Deutsche Ind Tr | 196 | +0.0 | +0.0 | 44 | 0-0 | -1.2 | 10 | 0.3 | 12 | 8.1 | 6.49 | 663 | |
| Cabcharge Ltd | 379 | -6.6 | -0.8 | 61 | 2-0 | 9 | - | - | 0.3 | 8 | 7.9 | 2.32 | 456 |
| Monadelphous Gr | 1757 | -1.6 | +2.8 | 51 | 0-2 | 16 | 5.3 | 52 | 0.3 | 10 | 7.8 | 0.61 | 1,598 |
| Codan Ltd | 168 | -12.5 | +1.2 | 71 | 6-0 | 2 | 33.6 | - | 0.4 | 7 | 7.7 | 1.27 | 297 |
| Country Road | 354 | +1.2 | -0.4 | 38 | 0-0 | -2.3 | 26 | 0.2 | 9 | 7.5 | 0.52 | 367 | |
| Cromwell Prop. | 101 | +2.1 | -0.4 | 35 | 2-5 | 4 | 1.4 | 4 | 0.4 | 37 | 7.2 | 7.47 | 1,722 |
| Aust Leaders Fd | 167 | +8.6 | -0.4 | 21 | 0-6 | -1.1 | 10 | 0.4 | 12 | 7.2 | N/A | 273 | |
| Abacus Property | 229 | +1.2 | +0.7 | 38 | 0-0 | 4 | 1.0 | 6 | 0.4 | 17 | 7.2 | 3.69 | 1,037 |
| Pacific Brands | 70 | -0.5 | -2.9 | 48 | 3-0 | 13 | 4.1 | 48 | 0.8 | 9 | 7.1 | 0.50 | 639 |
| Deutsche Div Tr | 131 | +0.0 | +0.0 | 43 | 0-0 | -1.1 | 8 | 0.3 | 14 | 7.1 | 6.10 | 1,306 | |
| Growthpoint Pro | 258 | +4.6 | +3.1 | 29 | 3-0 | 3 | 1.3 | 11 | 0.3 | 12 | 7.1 | 6.65 | 1,142 |
| Spooning Centre | 160 | -2.0 | -0.0 | 52 | 2-0 | - | - | - | 0.8 | NE | 7.0 | N/A | 1,028 |
| BC Iron Ltd | 501 | +20.4 | +4.6 | 9 | 1-4 | 10 | - | - | 0.5 | 13 | 7.0 | 1.90 | 618 |
| Myer Holdings | 258 | +1.4 | -1.4 | 38 | 0-0 | 15 | - | - | 0.5 | 12 | 7.0 | 0.48 | 1,506 |
| Prime Media Grp | 107 | +2.6 | -1.1 | 34 | 0-0 | 10 | - | - | 0.5 | 12 | 6.8 | 1.52 | 392 |

INSIDER BUYING: Most Insider Buying, Relative Strength > 0

| | | | | | | | | | | | | | |
|-----------------|------|-------|-------|----|------|----|------|----|-----|-----|------|------|--------|
| Minemakers Ltd | 17 | +7.4 | +7.3 | 23 | 14-0 | 1 | - | - | 1.3 | NE | Nil | N/A | 41 |
| Hills Holdings | 181 | +39.5 | +4.3 | 4 | 12-0 | 6 | - | - | 0.5 | 23 | 1.8 | 0.90 | 446 |
| 360 Capital Ind | 208 | +3.8 | -0.6 | 31 | 10-0 | - | - | - | 0.7 | 57 | 2.2 | N/A | 776 |
| Sundance Energy | 114 | +8.9 | -0.3 | 20 | 9-0 | 4 | - | - | 0.8 | 44 | Nil | N/A | 315 |
| Runge Pincock M | 62 | +5.9 | +4.0 | 26 | 8-0 | - | 4.4 | - | 0.5 | NE | Nil | 1.10 | 88 |
| EVZ Ltd | 6 | +2.8 | +0.2 | 33 | 7-0 | - | 2.9 | 22 | 1.5 | 13 | Nil | 0.21 | 12 |
| Villa World Ltd | 170 | +34.0 | +0.1 | 5 | 7-0 | - | 0.9 | - | 0.3 | NE | Nil | 0.74 | 125 |
| Real Estate | 29 | +27.0 | +3.2 | 7 | 7-0 | - | - | - | 0.6 | 23 | 2.8 | 1.24 | 34 |
| Bluescope Steel | 493 | +4.4 | -4.4 | 30 | 7-0 | - | 82.2 | - | 0.6 | NE | Nil | 0.38 | 2,752 |
| Soul Pattinson | 1480 | +1.8 | +2.5 | 37 | 7-0 | 1 | 1.2 | 6 | 0.2 | 22 | 3.1 | 4.48 | 3,543 |
| A.P. Eagers | 490 | +3.8 | +1.2 | 31 | 6-0 | 2 | 2.3 | 15 | 0.2 | 15 | 4.1 | 0.32 | 836 |
| Technique Ltd | 8 | +47.4 | +9.9 | 3 | 6-0 | - | 3.8 | 22 | 1.2 | 18 | Nil | 2.49 | 17 |
| Cokal Limited | 18 | +4.3 | -1.2 | 30 | 6-0 | 2 | - | - | 1.0 | NE | Nil | N/A | 74 |
| Adelaide Bright | 380 | +5.5 | +2.3 | 27 | 7-1 | 16 | 2.9 | 19 | 0.4 | 16 | 4.3 | 2.06 | 2,422 |
| Emerg. Leaders | 94 | +5.4 | +0.7 | 28 | 7-1 | - | 1.1 | 3 | 0.5 | 31 | 7.2 | N/A | 47 |
| Ambition Group | 19 | +6.6 | +3.8 | 24 | 5-0 | - | 1.1 | 1 | 0.8 | 190 | Nil | 0.15 | 13 |
| Downer EDI Ltd | 510 | +9.5 | +5.3 | 19 | 5-0 | 16 | 1.8 | 16 | 0.4 | 11 | 4.1 | 0.26 | 2,210 |
| Macarthurcook P | 7 | +5.3 | -2.0 | 28 | 5-0 | - | 0.6 | - | 1.4 | NE | Nil | 9.47 | 36 |
| Centuria Cap'l | 82 | +3.5 | -2.5 | 32 | 5-0 | - | 1.5 | 17 | 0.5 | 9 | 1.5 | 1.36 | 64 |
| Impedimed Ltd | 17 | +36.3 | -3.6 | 4 | 5-0 | - | 3.3 | - | 1.1 | NE | Nil | N/A | 30 |
| Cellmid Ltd | 4 | +8.7 | +1.4 | 21 | 5-0 | - | - | - | 1.9 | NE | Nil | N/A | 25 |
| NRW Holdings | 124 | +1.8 | +7.0 | 36 | 5-0 | 14 | 1.1 | 23 | 0.6 | 5 | 10.5 | 0.25 | 344 |
| Ingenia Com Grp | 51 | +26.7 | +4.2 | 7 | 5-0 | - | 1.5 | 2 | 0.7 | 96 | 2.0 | 9.39 | 345 |
| Fitzroy River | 43 | +9.9 | +4.0 | 18 | 5-0 | - | - | - | 0.6 | NE | Nil | N/A | 39 |
| Nearmap Ltd | 52 | +55.6 | +3.0 | 2 | 5-0 | - | 26.0 | - | 0.5 | NE | Nil | N/A | 168 |
| Milton Corp. | 422 | +4.5 | +0.5 | 30 | 5-0 | - | 0.2 | 1 | 0.3 | 23 | 19.4 | N/A | 2,577 |
| Peet Ltd | 141 | +10.3 | +3.2 | 18 | 5-0 | 6 | 1.3 | 0 | 0.6 | NE | Nil | 2.95 | 605 |
| Fiducian P Serv | 120 | +2.2 | +2.8 | 35 | 6-1 | - | 3.4 | 30 | 0.4 | 12 | 5.8 | 1.74 | 38 |
| Senex Energy | 83 | +8.1 | +0.6 | 22 | 4-0 | 9 | 2.2 | 14 | 0.5 | 16 | Nil | 6.40 | 947 |
| Worley Group | 2155 | +0.5 | +0.4 | 41 | 4-0 | 14 | - | - | 0.4 | 17 | 4.3 | 0.60 | 5,318 |
| Harvey Norman | 328 | +15.3 | +1.8 | 13 | 4-0 | 13 | 1.4 | 6 | 0.5 | 24 | 2.7 | 2.63 | 3,484 |
| Crossland Strat | 3 | +1.3 | +5.5 | 38 | 4-0 | - | - | - | 2.4 | NE | Nil | N/A | 5 |
| Sth Amer Iron | 3 | +4.8 | +9.7 | 29 | 4-0 | - | - | - | 1.9 | NE | Nil | N/A | 10 |
| Sino Gas & En. | 25 | +37.7 | +10.7 | 4 | 4-0 | 2 | - | - | 0.8 | NE | Nil | N/A | 280 |
| PLD Corporation | 1 | +11.7 | +16.8 | 16 | 4-0 | - | - | - | 4.3 | NE | Nil | N/A | 2 |
| Xanadu Mines | 7 | +0.5 | +1.5 | 40 | 4-0 | - | - | - | 1.7 | NE | Nil | N/A | 14 |
| PPK Group Ltd | 75 | +16.7 | +11.9 | 12 | 4-0 | - | 1.3 | 8 | 0.4 | 16 | 4.7 | 3.71 | 38 |
| Mirvac Group | 177 | +4.0 | +0.8 | 31 | 4-0 | - | 1.1 | 2 | 0.4 | 46 | 4.9 | 4.39 | 6,460 |
| Folkestone Ltd | 18 | +9.4 | -5.6 | 19 | 4-0 | - | 1.9 | 4 | 0.8 | 55 | Nil | 6.43 | 65 |
| YTC Resources | 26 | +7.6 | +7.0 | 22 | 4-0 | 2 | - | - | 1.1 | 123 | Nil | N/A | 68 |
| Dart Energy Ltd | 13 | +13.2 | -4.4 | 15 | 4-0 | 1 | - | - | 1.6 | NE | Nil | N/A | 110 |
| Finbar Group | 160 | +6.3 | +2.6 | 25 | 4-0 | - | 1.7 | 15 | 0.4 | 11 | 5.9 | 2.43 | 349 |
| XRF Scientific | 31 | +1.1 | -0.7 | 39 | 4-0 | - | 2.3 | 22 | 0.8 | 11 | 5.6 | 1.77 | 40 |
| Ardent Leisure | 200 | +9.8 | +0.9 | 18 | 4-0 | 8 | 2.7 | 10 | 0.5 | 28 | 6.0 | 2.23 | 1,000 |
| TFS Corporation | 79 | +32.4 | +11.3 | 5 | 4-0 | 1 | 1.0 | 25 | 0.5 | 4 | 3.8 | 1.80 | 221 |
| BKI Invest Coy | 157 | +3.3 | -1.6 | 32 | 4-0 | - | 1.0 | 5 | 0.4 | 21 | 4.2 | N/A | 745 |
| Konekt Limited | 5 | +5.0 | +6.8 | 29 | 4-0 | - | 1.7 | - | 1.5 | NE | Nil | 0.12 | 4 |
| Insurance Aust. | 613 | +4.5 | -0.2 | 30 | 5-1 | 17 | 4.4 | 0 | 0.3 | NE | 5.9 | 1.40 | 12,744 |
| Primary Health | 501 | +2.2 | -1.6 | 35 | 9-5 | 15 | - | - | 0.4 | 17 | 3.5 | 1.73 | 2,525 |
| GBM Resources | 4 | +23.5 | -9.4 | 8 | 3-0 | - | - | - | 1.9 | NE | Nil | N/A | 10 |
| Lonestar Res. | 27 | +30.6 | +10.0 | 6 | 3-0 | - | 1.1 | - | 0.8 | NE | Nil | N/A | 188 |
| Indus Coal Ltd | 13 | +1.8 | -3.6 | 36 | 3-0 | - | - | - | 1.4 | NE | Nil | N/A | 11 |
| Perpetual Ltd | 4586 | +4.6 | +2.9 | 29 | 3-0 | 12 | 11.2 | 33 | 0.3 | 33 | 2.0 | 4.84 | 1,925 |

| Company | STRENGTH RATING | | | | Price to NTA | Return on Equity | Volatility | Price/Earn. Ratio | Dividend Yield | Price/Sales Ratio | Market Cap'n | | |
|-----------------|-----------------|--------------|-----------|-----------|--------------|------------------|------------|-------------------|----------------|-------------------|--------------|------|-------|
| | Share Price | Current Rent | 4-Wk Chg. | Rank 0-99 | | | | | | | | | |
| Pulse Health | 12 | +24.3 | +12.7 | 7 | 3-0 | - | - | - | 1.0 | 18 | Nil | 1.09 | 52 |
| Aust Foundation | 600 | +4.8 | -0.0 | 29 | 3-0 | - | 1.2 | 5 | 0.3 | 26 | 3.7 | N/A | 6,224 |
| Stockland | 404 | +4.6 | +1.7 | 30 | 3-0 | 14 | 1.2 | 1 | 0.3 | 89 | 5.9 | 5.39 | 9,310 |
| Iron Mountain | 4 | +4.0 | +8.2 | 31 | 3-0 | - | - | - | 2.0 | NE | Nil | N/A | 4 |
| Bannon Limited | 15 | +18.0 | +1.1 | 11 | 3-0 | - | - | - | 1.3 | NE | Nil | N/A | 4 |
| Sheffield Res. | 52 | +3.6 | +12.1 | 32 | 3-0 | - | - | - | 0.9 | 508 | Nil | N/A | 62 |
| SDI Limited | 56 | +13.4 | -16.9 | 15 | 3-0 | - | 2.3 | 16 | 0.6 | 14 | 0.9 | 1.17 | 66 |
| 360 Capital Grp | 73 | +20.4 | +8.0 | 9 | 3-0 | - | 1.3 | - | 0.4 | NE | 10.3 | 6.14 | 62 |
| Countplus Ltd | 179 | +0.8 | -0.4 | 40 | 3-0 | - | 44.8 | - | 0.5 | 18 | 6.7 | 1.72 | 197 |
| Growthpoint Pro | 258 | +4.6 | +3.1 | 29 | 3-0 | 3 | 1.3 | 11 | 0.3 | 12 | 7.1 | 6.65 | 1,142 |
| Datadot Tech. | 2 | +2.5 | -1.5 | 34 | 3-0 | - | 2.0 | - | 2.5 | NE | Nil | 1.37 | 10 |
| Adslot Ltd | 12 | +71.0 | +33.7 | 1 | 3-0 | - | 11.5 | - | 1.2 | NE | Nil | N/A | 80 |
| Bullabulling G. | 5 | +5.2 | +5.7 | 28 | 3-0 | - | - | - | 2.0 | NE | Nil | 8.18 | 14 |
| Aust Ren. Fuels | 70 | +4.0 | -14.5 | 31 | 3-0 | - | 69.5 | - | 0.7 | 13 | Nil | 0.50 | 29 |
| Saferoads Hold. | 17 | +63.3 | +35.5 | 1 | 3-0 | - | 0.7 | - | 0.9 | NE | Nil | 0.18 | 4 |
| Structural Syst | 47 | +0.6 | +8.3 | 40 | 3-0 | - | 0.5 | 6 | 0.6 | 9 | 8.6 | 0.11 | 30 |
| Zenith Minerals | 14 | +14.9 | +16.8 | 13 | 3-0 | - | - | - | | | | | |

Investigation into NZX's "Meridian Energy Independent Research Reports"

"Thank you for providing these additional comments which have been noted. We will not be responding further." - F.M.A.

As outlined in our October 2013 newsletter (Issue 496), we had concerns over (1) stockbrokers Initial Public Offering (IPO) reports being called "independent research" (which appears to breach the *Code of Professional Conduct*) and (2) NZX Ltd publishing five "Buy" reports to support an IPO in which it has a significant financial interest.

We shared these concerns with the **Financial Market Authority (FMA)**. As our earlier report anticipated, the response reveals much about "how impartially the FMA applies the law and how seriously they take their regulatory responsibilities and commitments to *protect the interests of retail investors*" or whether they are "involved in a conspiracy and cover-up to protect vested interests of the Government, Stock Exchange, brokers and other interests in the Finance industry".

We wrote to the FMA expressing our concern that as brokers are paid by the vendor, "advice on an IPO can not be *independent*" and "looks to be a breach of Code Standard 3".

The FMA responded "*The information provided with this IPO is of a type that is provided with every IPO. It is not AFAs [Authorised Financial Advisers] that are providing this information and therefore the Code of Professional Standards does not apply.*"

This statement would appear to suggest that the broker is simply reprinting information from the prospectus and that this is not its own research. The FMA's answer poses more questions than it answers:

1. If a broker is simply *reprinting* (and the Code of Professional Conduct does not apply), why is it that a non-broker reprinting that same information is "providing financial advice" and the FMA requires them to register as a Financial Services Provider? Isn't this a double standard? One for the "untouchable", "can do no wrong" NZX and brokers, and another for everyone else?
2. If the broker is simply reprinting information from the prospectus, how can this report be called either "research" or "independent"? Is this not "misleading and deceptive conduct"? Retail investors may believe they are actually receiving an independent assessment of the merits of the IPO, rather than just an IPO advertisement.

We also expressed our concerns that "NZX Ltd calling its pages and/or the research *independent* appears to be *misleading and deceptive conduct*. They have a significant financial interest in the success of this float and are pushing they interests far ahead of retail investors." Also "The NZX has selected five BUY reports - and no DON'TBUY reports - strongly suggesting a misleading and deceptive selection bias in their choice of *independent* research to include".

The FMA's response to this was also revealing. They sent a link to a NZ Herald report, obviously an NZX press release, announcing the NZX research page as a result of "feedback the NZX received after the Mighty River Power float". The FMA has "no concerns regarding this service" which is a "new initiative". They also stated that "the reports are from reputable NZ companies" and "we have no reason to believe there has been any bias in selecting reports".

We don't know where the NZX receives its feedback, but we do know from experience that they do not listen to investors, so it probably came from brokers requesting more *marketing* support for the next power float. The FMA (and everyone else) should not believe *everything* they read in the newspaper or on the internet.

The FMA's lack of concern about a new service does concern us. We believe the FMA also had "no concerns" about Ross Asset Management before investors reported difficulty getting money out, and the FMA then de-registered the company. The FMA (and investors) need to be little sceptical and suspicious.

Of the five "reputable NZ companies", one is not an AFA. It would be perfectly acceptable to publish their report on Meridian Energy in a *newspaper*, as journalism is "exempt", but NZX Ltd should have known better than to include this report on their website. The FMA will be talking to the innocent company involved, not the NZX, about this breach.

We asked the FMA if the NZX intended to provide this research service "for all IPOs in future, or just the ones where they have a major financial interest in the outcome?".

So what was the FMA's response to our further comments and questions? Just a simple "*Thank you for providing these additional comments which have been noted.*", so we prompted "Noted and you will get back to us? Or noted and you have no explanation?", to which the FMA stated "*We will not be responding further.*". Subsequent emails have gone unanswered.

Summary and Recommendation

Need we say anything more? We rest our case.

Now you decide who you can trust. You decide who is working to "protect the interests of retail investors". Or working to protect the interests of the NZX and brokers.

Stockmarket investment may not be a "level playing field" (although it is the best place to build investment wealth, if you know the rules). The first rule is to know which other players out there are on your side and which are playing for the opposition teams.

[Editor's Hint: Stockmarket investment is not a "team sport". You are on your own. Trust no one.]

The FMA's unsuccessful attempt to Regulate, Censor or Close our Business

We Win! Securities Research Company to remain Truly Independent!

History

20-30 years ago when a stockbroker, company or financial product provider didn't like what we had written, we used to receive a simple phone call or letter threatening million dollar legal action if we didn't immediately comply with their demands. We never did.

So the companies offering dubious financial products and services have finally adapted. As this newsletter has often noted, *companies* are the most successful entities as they constantly *adapt* to the changing technological, political, legal, economic and social environments. In a more regulated legal environment that protects the interests of Financial Services Providers, a stockbroker recently attempted to use the **Financial Markets Authority** to silence our voice and close our business.

But Securities Research Company has adapted too. Seven years ago we migrated our business (and investment wealth) to a legal environment that further protects us from nuisance legal threats and free of a "Big Brother" regulatory environment that claims to "Protect the interests of retail investors", but appears more interested in protecting the interests of NZX Ltd, stockbrokers and fund managers.

Current Action

As we notified readers in July, on 10 June 2013 we received a 7-page letter from NZ's rogue securities regulator, the Financial Markets Authority, which can be summarised in three sentences: "*FMA is concerned that you may be providing a financial adviser service in contravention of the FA Act and FSP Act. **You must stop providing these services immediately.** A company is liable on summary conviction to a fine not exceeding \$300,000*".

The FMA had received a complaint. No, not from a "retail investor". A stockbroker underwriting the Mighty River Power float complained about our "Don't Buy Mighty River Power" email!

We exchanged emails with the FMA, providing requested information about our business and explaining our legal arguments why we believed our business does not need to register with the FMA in New Zealand.

The first step in registration, for example, is a statutory declaration that "I live and work in NZ". We don't. In 2006 we moved offshore and run the business through a British Virgin Island registered company.

It is not our place to interfere in the internal politics of a "foreign" country, but perhaps NZ residents should be concerned when their securities regulator *repeatedly* asks a company to make a false statutory declaration when registering as a Financial Services Provider?

Discussions with the FMA made little progress, with the FMA repeating its original position and failing to consider, discuss or even acknowledge our legal argument

for non-registration. So in our third communication on 7 August we sought to end this pointless discussion with a non-legal approach. Your Editor wrote: "I do not believe that any government - whether in New Zealand or North Korea - has the right to control foreign residents and foreign companies operating outside their territorial borders, regardless of what politicians may choose to write into their domestic laws. Legal opinions and my position are, of course, irrelevant as, in practice, governments can impose control anywhere - and only where - they can enforce their rules. I do not believe I am required to register in New Zealand and therefore do not intend to do so".

That silenced the FMA . . . for 5-6 weeks when they sought to "outlaw" our business by publishing a "warning" about Securities Research Company on the FMA website. This page is mainly just a list of foreign companies "not registered as a financial service provider in NZ". The companies committing fraud against NZ investors are more likely to be found on the *other* list - the *Financial Services Providers Register* (e.g. that is where Ross Asset Management was listed until investors reported difficulty withdrawing money and the FMA quickly de-registered them - once again "closing the stable door after the horse had bolted").

Of course, anyone is free to publish "warning" pages on the internet. Securities Research Company may soon have one for rogue securities regulators.

Readers may be interested to learn that the FMA's self published *Investigations and Enforcement Report 2013* writes about "*offshore entities that do not have a place of business in New Zealand*" where the FMA "*currently has no direct jurisdiction*". In their dealings with us the FMA states it has jurisdiction. In their own report excusing their inability to act against offshore entities they say they lack jurisdiction. So which is it?

We Win!!

Finally - 130 days after their first letter - the FMA sent an email restating, yet again, their position that "Securities Research is required to be registered and authorised as a financial adviser". If they *really* believe that legal position, does the FMA not have a statutory obligation to enforce the law? Will armed FMA *special forces* agents be mounting an attack on our "walled compound" in North Borneo? No, the FMA has decided "that we will take no action".

Three decades ago our advertisements stated that "Securities Research is a fiercely independent stock market research organisation". We meant that then and we mean it now. We seek to offer a truly independent stockmarket advisory service - owned, researched and written by an *investor* for investors!

Australian Warrant / Option Analysis

| Company | Share Price | Exercise Price | Yr/Mth to Expiry | Option Price | Black-Scholes Valuation | Option Over/Under-Valued | Share Volatility | Option Leverage | Options to Buy 1 Share | Break-Even Rate | Company | Share Price | Exercise Price | Yr/Mth to Expiry | Option Price | Black-Scholes Valuation | Option Over/Under-Valued | Share Volatility | Option Leverage | Options to Buy 1 Share | Break-Even Rate |
|----------------------|-------------|----------------|------------------|--------------|-------------------------|--------------------------|------------------|-----------------|------------------------|-----------------|----------------------|-------------|----------------|------------------|--------------|-------------------------|--------------------------|------------------|-----------------|------------------------|-----------------|
| Actinogen | 2.0 | 20 | 1-10 | 0.1 | 0.7 | -85 | 1.58 | 1.47 | 1.0 | +252 | Cradle Resources | 22 | 20 | 1-2 | 7.9 | 8.8 | -10 | 0.88 | 1.81 | 1.0 | +23 |
| Adeffective Ltd | 2.2 | 1.5 | 0-7 | 1.1 | 1.2 | -6 | 1.43 | 1.54 | 1.0 | +33 | Crossland Uranium | 3.1 | 15 | 1-0 | 0.6 | 0.1 | +437 | 0.93 | 3.13 | 1.0 | +403 |
| Agenix Ltd | 2.2 | 5.0 | 1-7 | 0.3 | 0.8 | -65 | 1.23 | 1.57 | 1.0 | +74 | Donaco International | 76 | 30 | 1-2 | 55.5 | 46.9 | +18 | 0.35 | 1.61 | 1.0 | +11 |
| Alcyone Resources | 0.2 | 6.0 | 1-6 | 0.1 | 0.0 | +999 | 0.86 | 4.17 | 1.0 | +942 | Dourado Resources | 1.7 | 20 | 1-0 | 0.4 | 0.0 | +999 | 0.76 | 5.56 | 1.0 | +999 |
| Alcyone Resources | 0.2 | 1.0 | 1-8 | 0.1 | 0.0 | +537 | 0.86 | 2.51 | 1.0 | +178 | Dragon Energy | 5.5 | 35 | 0-12 | 0.6 | 0.5 | +24 | 1.27 | 2.32 | 1.0 | +573 |
| Aleator Energy | 0.6 | 2.0 | 1-2 | 0.2 | 0.1 | +255 | 0.91 | 2.59 | 1.0 | +205 | Drake Resources | 2.0 | 7.0 | 0-8 | 0.3 | 0.2 | +21 | 1.36 | 2.32 | 1.0 | +597 |
| Algae.Tec Ltd | 15 | 75 | 0-2 | 6.0 | 0.0 | +999 | 0.58 | 9.99 | 1.0 | +999 | Drill Torque | 4.8 | 30 | 2-8 | 0.1 | 3.2 | -97 | 1.76 | 1.17 | 1.0 | +99 |
| Allegiance Coal | 2.8 | 25 | 0-4 | 0.1 | 0.0 | +999 | 1.17 | 6.15 | 1.0 | +999 | Eagle Nickel | 0.4 | 20 | 2-1 | 0.1 | 0.0 | +999 | 1.11 | 2.42 | 1.0 | +555 |
| Anatolia Energy | 6.5 | 18 | 3-7 | 0.2 | 3.5 | -94 | 1.09 | 1.32 | 1.0 | +34 | Eco Quest Ltd | 2.5 | 1.0 | 1-1 | 1.0 | 1.7 | -41 | 1.06 | 1.36 | 1.0 | -19 |
| Antipa Minerals | 3.7 | 8.0 | 1-1 | 0.6 | 1.1 | -44 | 1.23 | 1.81 | 1.0 | +118 | Eden Energy | 1.8 | 20 | 0-7 | 0.1 | 0.0 | +292 | 1.41 | 3.20 | 1.0 | +999 |
| Aphrodite Gold | 2.2 | 20 | 0-1 | 0.1 | 0.0 | +999 | 0.75 | 9.99 | 1.0 | +999 | Elementos Ltd | 2.2 | 6.0 | 0-4 | 0.1 | 0.1 | -28 | 1.33 | 3.13 | 1.0 | +999 |
| Argentina Mining | 2.0 | 20 | 1-3 | 0.1 | 0.1 | +4 | 1.12 | 2.52 | 1.0 | +511 | Elk Petroleum | 17 | 35 | 0-0 | 0.3 | 0.1 | +115 | 0.60 | 3.13 | 1.0 | +999 |
| Armour Energy | 26 | 50 | 0-9 | 5.0 | 1.6 | +222 | 0.71 | 3.69 | 1.0 | +179 | Enegex NL | 2.1 | 10 | 1-7 | 0.4 | 0.1 | +237 | 0.80 | 2.79 | 1.0 | +175 |
| Artemis Resources | 0.4 | 2.0 | 2-9 | 0.1 | 0.2 | -45 | 1.27 | 1.38 | 1.0 | +83 | Enjeri Ltd | 0.2 | 20 | 3-1 | 0.1 | 0.1 | +140 | 1.80 | 1.28 | 1.0 | +346 |
| Artemis Resources | 0.4 | 1.2 | 0-4 | 0.1 | 0.0 | +579 | 1.27 | 3.60 | 1.0 | +999 | Enjeri Ltd | 0.2 | 3.0 | 1-7 | 0.1 | 0.1 | +51 | 1.80 | 1.46 | 1.0 | +465 |
| Arunta Resources | 0.5 | 2.0 | 1-1 | 0.1 | 0.0 | +144 | 1.00 | 2.59 | 1.0 | +286 | Env. Clean Tech. | 0.8 | 2.0 | 0-2 | 0.3 | 0.0 | +999 | 0.68 | 9.99 | 1.0 | +999 |
| Astro Resources | 0.1 | 0.5 | 0-7 | 0.1 | 0.0 | +999 | 0.00 | 9.99 | 1.0 | +999 | Erin Resources | 1.1 | 2.0 | 1-7 | 0.4 | 0.9 | -53 | 2.17 | 1.13 | 1.0 | +64 |
| Atlas Pearls | 4.8 | 5.0 | 0-2 | 1.0 | 0.2 | +337 | 0.39 | 9.24 | 1.0 | +281 | Euroz Ltd | 117 | 75 | 0-3 | 41.5 | 42.5 | -2 | 0.26 | 2.75 | 1.0 | -2 |
| Atlas SSP | 4.8 | 5.0 | 0-2 | 1.0 | 0.2 | +337 | 0.39 | 9.24 | 1.0 | +281 | Exalt Resources | 1.8 | 20 | 2-1 | 1.9 | 0.5 | +301 | 1.37 | 1.59 | 1.0 | +232 |
| Attila Resources | 59 | 20 | 0-7 | 45.0 | 39.3 | +14 | 0.59 | 1.49 | 1.0 | +18 | Exalt Resources | 1.8 | 20 | 2-1 | 1.9 | 0.5 | +301 | 1.37 | 1.59 | 1.0 | +232 |
| Audalia Resources | 5.0 | 20 | 0-5 | 2.0 | 0.0 | +999 | 0.94 | 5.31 | 1.0 | +999 | Fairstar Resources | 1.8 | 10 | 0-9 | 0.6 | 0.2 | +293 | 1.37 | 2.39 | 1.0 | +963 |
| Aura Energy | 5.1 | 20 | 1-0 | 0.3 | 0.1 | +138 | 0.78 | 3.68 | 1.0 | +298 | Ferrum Crescent | 2.5 | 40 | 0-1 | 0.1 | 0.0 | +999 | 1.33 | 9.99 | 1.0 | +999 |
| Aust China Holdings | 0.1 | 2.0 | 0-1 | 0.1 | 0.0 | +999 | 2.80 | 5.78 | 1.0 | +999 | Firestone Energy | 0.9 | 4.0 | 0-6 | 0.1 | 0.0 | +999 | 0.70 | 7.68 | 1.0 | +999 |
| Aust Leaders Fund | 167 | 137 | 0-10 | 32.5 | 33.5 | -3 | 0.18 | 4.54 | 1.0 | +2 | Forte Consolidated | 4.5 | 20 | 0-5 | 1.4 | 0.0 | +999 | 0.67 | 9.78 | 1.0 | +999 |
| Aust Minerals & Min | 9.6 | 20 | 0-4 | 0.5 | 0.2 | +208 | 0.81 | 5.50 | 1.0 | +873 | GBM Resources | 4.4 | 3.5 | 2-7 | 1.0 | 2.7 | -62 | 0.92 | 1.36 | 1.0 | +1 |
| BBX Minerals | 1.5 | 25 | 0-7 | 1.1 | 0.0 | +999 | 1.30 | 3.96 | 1.0 | +999 | Galaxy Resources | 5.7 | 8.0 | 1-1 | 1.1 | 1.0 | +7 | 0.70 | 2.62 | 1.0 | +54 |
| Bannon Ltd | 15 | 25 | 1-8 | 2.0 | 4.2 | -52 | 0.87 | 1.90 | 1.0 | +45 | General Mining | 2.4 | 10 | 0-9 | 0.5 | 0.0 | +999 | 0.85 | 4.02 | 1.0 | +600 |
| Baru Resources | 3.0 | 20 | 3-1 | 0.4 | 0.3 | +23 | 0.75 | 2.18 | 1.0 | +87 | General Mining | 2.4 | 13 | 1-9 | 0.5 | 0.2 | +164 | 0.85 | 2.49 | 1.0 | +161 |
| Bass Metals | 0.6 | 20 | 0-10 | 0.1 | 0.0 | +999 | 1.41 | 3.10 | 1.0 | +999 | Gladiator Resources | 1.1 | 10 | 1-7 | 0.1 | 0.2 | -43 | 1.28 | 1.87 | 1.0 | +306 |
| Beacon Minerals | 0.3 | 0.5 | 1-10 | 0.1 | 0.2 | -47 | 1.54 | 1.26 | 1.0 | +46 | Gleneagle Gold | 0.2 | 1.0 | 1-7 | 0.1 | 0.1 | +4 | 1.74 | 1.35 | 1.0 | +193 |
| Benitec Ltd | 59 | 4.0 | 0-1 | 5.5 | 54.5 | -90 | 1.21 | 1.07 | 1.0 | -100 | Global Geoscience | 3.0 | 5.0 | 0-7 | 0.6 | 0.3 | +122 | 0.80 | 3.40 | 1.0 | +192 |
| Benitec Ltd | 59 | 10 | 0-4 | 0.2 | 48.6 | -100 | 1.21 | 1.20 | 1.0 | -99 | Global Metal Exp | 0.5 | 2.0 | 1-11 | 0.2 | 0.4 | -50 | 2.33 | 1.10 | 1.0 | +117 |
| Biodiem Ltd | 4.0 | 8.0 | 1-1 | 0.1 | 1.3 | -92 | 1.29 | 1.71 | 1.0 | +92 | Golden Gate Pet | 0.1 | 5.0 | 1-1 | 0.1 | 0.0 | +390 | 2.26 | 1.56 | 1.0 | +999 |
| Bioprospect | 0.2 | 3.0 | 0-1 | 0.1 | 0.0 | +999 | 1.67 | 9.99 | 1.0 | +999 | Golden Gate Pet | 0.1 | 2.0 | 1-1 | 0.1 | 0.0 | +209 | 2.26 | 1.45 | 1.0 | +999 |
| Black Mountain Res. | 9.5 | 20 | 1-5 | 3.0 | 1.3 | +130 | 0.73 | 2.56 | 1.0 | +85 | Goldsearch | 0.6 | 2.5 | 0-7 | 0.1 | 0.0 | +710 | 1.02 | 3.76 | 1.0 | +999 |
| Black Star Petroleum | 17 | 20 | 4-1 | 5.0 | 5.7 | -13 | 0.48 | 1.88 | 1.0 | +11 | Green Rock Energy | 0.1 | 1.2 | 1-2 | 0.1 | 0.1 | +64 | 2.71 | 1.20 | 1.0 | +801 |
| Boadicea Resources | 28 | 20 | 0-4 | 2.1 | 9.8 | -79 | 0.86 | 2.35 | 1.0 | -51 | Greenland Minerals | 29 | 60 | 0-10 | 6.6 | 1.1 | +496 | 0.62 | 4.20 | 1.0 | +173 |
| Botswana Metals | 0.3 | 1.5 | 3-1 | 0.1 | 0.2 | -51 | 1.59 | 1.18 | 1.0 | +72 | Hastings Rare Metals | 7.0 | 15 | 0-4 | 0.2 | 0.1 | +286 | 0.71 | 6.79 | 1.0 | +924 |
| Boulder Steel | 1.6 | 10 | 1-7 | 0.3 | 0.0 | +999 | 0.65 | 4.02 | 1.0 | +224 | Havilah Resources | 27 | 75 | 0-4 | 0.3 | 0.0 | +519 | 0.75 | 7.75 | 1.0 | +999 |
| Brazilian Metals | 0.4 | 20 | 0-4 | 0.1 | 0.0 | +999 | 1.33 | 1.00 | 1.0 | +999 | Hawkey Oil & Gas | 2.6 | 20 | 0-4 | 0.1 | 0.0 | +999 | 0.78 | 9.99 | 1.0 | +999 |
| Breaker Resources | 20 | 25 | 1-1 | 5.0 | 4.4 | +15 | 0.70 | 2.47 | 1.0 | +45 | Healthlinx Ltd | 0.1 | 10 | 0-1 | 0.1 | 0.0 | +999 | 2.37 | 9.99 | 1.0 | +999 |
| Broken Hill Prospect | 6.1 | 20 | 0-3 | 0.5 | 0.0 | +999 | 0.61 | 9.99 | 1.0 | +999 | Helix Resources | 3.9 | 1.5 | 0-10 | 2.0 | 2.6 | -22 | 0.94 | 1.44 | 1.0 | -12 |
| Buxton Resources | 16 | 30 | 2-2 | 5.0 | 8.0 | -38 | 1.18 | 1.41 | 1.0 | +44 | Hill End Gold | 0.7 | 10 | 0-6 | 0.2 | 0.0 | +999 | 0.93 | 8.58 | 1.0 | +999 |
| Canyon Resources | 7.0 | 16 | 2-3 | 1.5 | 2.2 | -32 | 0.91 | 1.73 | 1.0 | +50 | Hot Chili Ltd | 50 | 75 | 1-0 | 5.8 | 2.6 | +123 | 0.43 | 4.79 | 1.0 | +62 |
| Capital Mining | 0.8 | 2.0 | 3-1 | 0.2 | 0.5 | -63 | 1.40 | 1.20 | 1.0 | +39 | IM Medical | 0.1 | 1.0 | 2-10 | 0.1 | 0.1 | +14 | 2.38 | 1.06 | 1.0 | +133 |
| Caravel Minerals | 1.4 | 7.0 | 1-7 | 0.2 | 0.2 | +19 | 1.01 | 2.20 | 1.0 | +189 | IMX Resources | 5.5 | 60 | 1-10 | 0.5 | 0.1 | +465 | 0.80 | 3.15 | 1.0 | +281 |
| Caravel Minerals | 1.4 | 3.5 | 2-6 | 0.3 | 0.5 | -45 | 1.01 | 1.55 | 1.0 | +49 | Immuron Ltd | 0.9 | 4.0 | 1-5 | 0.1 | 0.4 | -77 | 1.82 | 1.35 | 1.0 | +192 |
| Carbon Conscious | 1.9 | 8.0 | 1-4 | 0.3 | 0.1 | +119 | 0.88 | 2.67 | 1.0 | +202 | Invictus Gold | 5.1 | 25 | 2-0 | 1.1 | 1.8 | -37 | 1.29 | 1.53 | 1.0 | +126 |
| Carbon Energy | 2.4 | 6.0 | 2-8 | 0.7 | 0.6 | +10 | 0.78 | 1.85 | 1.0 | +47 | Isonea Ltd | 64 | 14 | 0-7 | 48.0 | 50.5 | -5 | 1.09 | 1.25 | 1.0 | -5 |
| Carbon Polymers | 2.0 | 30 | 0-4 | 1.0 | 0.0 | +999 | 0.72 | 9.99 | 1.0 | +999 | Jacka Resources | 7.5 | 35 | 1-2 | 0.5 | 0.3 | +96 | 0.83 | 3.21 | 1.0 | +279 |
| Cardia Bioplastics | 0.3 | 1.5 | 1-7 | 0.1 | 0.1 | -18 | 1.59 | 1.44 | 1.0 | +188 | Jatenergy Ltd | 1.8 | 25 | 0-3 | 0.1 | 0.0 | +999 | 0.79 | 9.99 | 1.0 | +999 |
| Cardinal Resources | 4.5 | 20 | 0-7 | 0.4 | 0.0 | +999 | 0.75 | 6.13 | 1.0 | +999 | Kaboko Mining | 0.4 | 1.2 | 2-9 | 0.1 | 0.2 | -55 | 1.31 | 1.30 | 1.0 | +54 |
| Cellmid Ltd | 3.8 | 3.4 | 2-11 | 1.5 | 2.4 | -38 | 1.00 | 1.30 | 1.0 | +9 | Kidman Resources | 21 | 20 | 0-0 | 1.2 | 0.2 | +434 | 1.47 | 1.30 | 1.0 | +999 |
| Central Petroleum | 42 | 16 | 0-4 | 1.0 | 25.6 | -96 | 0.62 | 1.61 | 1.0 | -93 | King River Copper | 14 | 20 | 1-7 | 5.0 | 6.9 | -28 | 1.24 | 1.45 | 1.0 | +44 |
| Central Petroleum | 42 | 16 | 0-4 | 1.9 | 25.6 | -93 | 0.62 | 1.61 | 1.0 | -92 | Korab Resources | 3.0 | 25 | 0-9 | 0.3 | 0.0 | +999 | 0.72 | 6.83 | 1.0 | +999 |
| Citation Resources | 1.4 | 4.0 | 2-1 | 0.4 | 0.7 | -42 | 1.36 | 1.38 | 1.0 | +75 | Krakatoa Resources | 8.5 | 20 | 1-7 | 1.0 | 2.6 | -61 | 1.07 | 1.75 | 1.0 | +77 |
| Classic Minerals | 6.0 | 20 | 1-7 | 1.6 | 0.8 | +90 | 0.89 | 2.25 | 1.0 | +125 | Laconia Resources | 0.9 | 6.0 | 4-10 | 0.2 | 0.7 | -71 | 1.48 | 1.11 | 1.0 | +49 |
| Cleveland Mining | 12 | 65 | 2-7 | 2.0 | 2.4 | -18 | 0.96 | 1.80 | 1.0 | +97 | Latin Resources | 6.0 | 20 | 0-11 | 0.5 | 0.2 | +201 | 0.77 | 3.77 | 1.0 | +297 |
| Con Tin Mines | 9.0 | 20 | 0-1 | 0.4 | 0.0 | +999 | 0.74 | 9.99 | 1.0 | +999 | Lindian Resources | 1.0 | 8.0 | 1-1 | 0.1 | 0.3 | -68 | 1.90 | 1.53 | 1.0 | +590 |
| Condor Blanco Mines | 1.0 | 20 | 0-4 | 0.1 | 0.0 | +999 | 1.30 | 6.52 | 1.0 | +999 | Lion Energy | 2.2 | 3.0 | 0-1 | 0.1 | 0.1 | +10 | 1.20 | 5.76 | 1.0 | +999 |
| Consegna Group | 6.5 | 6.0 | 3-5 | 3.5 | 6.5 | -46 | 3.17 | 1.00 | 1.0 | +12 | Lion Selection Group | 55 | 80 | 1-0 | 3.5 | 1.7 | +110 | 0.33 | 6.30 | 1.0 | +50 |
| Contango Microcap | 113 | 120 | 0-3 | 2.8 | 2.1 | +36 | 0.19 | 9.99 | 1.0 | +39 | Liontown Resources | 1.1 | 5.0 | 1-10 | 1.0 | 0.1 | +856 | 0.83 | 2.42 | 1.0 | +153 |
| Continental Coal | 2.7 | 50 | 1-7 | 0.3 | 0.0 | +999 | 0.63 | 5.79 | 1.0 | +534 | Lithex Resources | 3.0 | 8.0 | 2-1 | 0.4 | 1.0 | -60 | 1.04 | 1.64 | 1.0 | +64 |
| Copper Range | 1.5 | 3.5 | 0-1 | 0.2 | 0.0 | +999 | 0.43 | 9.99 | 1.0 | +999 | Lonrho Mining | 0.7 | 2.0 | 0-0 | 0.1 | 1.0 | -90 | 1.11 | 1.64 | 1.0 | +999 |
| Core Exploration | 3.7 | 10 | 0-11 | 0.6 | 0.7 | -10 | 1.18 | 2.13 | 1.0 | +215 | MRG Metals | 21 | 25 | 2-10 | 5.0 | 5.6 | -11 | 0.47 | 2.24 | 1.0 | +14 |
| Cott Oil & Gas | 12 | 20 | 2-1 | 4.0 | 1.4 | +189 | 0.46 | 3.09 | 1.0 | +39 | Magellan Financial | 1098 | 300 | 2-7 | 823.0 | 820.5 | -10 | 0.43 | 1.32 | 1.0 | +1 |
| Cove Resources | 0.4 | 25 | 0-2 | | | | | | | | | | | | | | | | | | |

| Company | Share Price | Exercise Price | Yr/Mth to Expiry | Option Price | Black-Scholes Valuation | Option Over/Under-Valued | Share Volatility | Option Leverage | Options to Buy 1 Share | Break-Even Rate | Company | Share Price | Exercise Price | Yr/Mth to Expiry | Option Price | Black-Scholes Valuation | Option Over/Under-Valued | Share Volatility | Option Leverage | Options to Buy 1 Share | Break-Even Rate |
|-----------------------|-------------|----------------|------------------|--------------|-------------------------|--------------------------|------------------|-----------------|------------------------|-----------------|----------------------|-------------|----------------|------------------|--------------|-------------------------|--------------------------|------------------|-----------------|------------------------|-----------------|
| Magontec Ltd | 2.6 | 2.0 | 0-1 | 0.5 | 0.6 | -21 | 0.74 | 3.76 | 1.0 | -38 | Select Exploration | 1.0 | 35 | 1-10 | 0.2 | 0.1 | +199 | 1.31 | 2.04 | 1.0 | +598 |
| Malachite Resources | 0.8 | 1.5 | 1-4 | 0.1 | 0.2 | -47 | 0.91 | 2.05 | 1.0 | +68 | Sentosa Mining | 4.2 | 25 | 0-1 | 0.1 | 0.0 | +999 | 1.48 | 9.99 | 1.0 | +999 |
| Mantle Mining | 3.5 | 4.5 | 1-7 | 1.2 | 1.3 | -7 | 0.90 | 1.76 | 1.0 | +36 | Sierra Mining | 29 | 10 | 1-1 | 18.5 | 20.0 | -8 | 0.86 | 1.38 | 1.0 | -2 |
| Mantle Mining | 3.5 | 7.5 | 0-0 | 0.1 | 1.3 | -92 | 0.90 | 1.76 | 1.0 | +999 | Silver City Minerals | 7.6 | 25 | 1-1 | 0.3 | 0.6 | -53 | 0.93 | 2.70 | 1.0 | +214 |
| Matilda Zircon | 1.6 | 2.5 | 0-1 | 0.1 | 0.0 | +999 | 0.66 | 9.99 | 1.0 | +999 | Sinovus Mining | 0.1 | 5.0 | 0-0 | 1.0 | 0.6 | +56 | 2.19 | 2.70 | 1.0 | +999 |
| Mayan Iron Corp | 2.7 | 20 | 0-0 | 0.1 | 0.0 | +999 | 0.94 | 9.99 | 1.0 | +999 | Spitfire Resources | 1.0 | 12 | 2-4 | 0.2 | 0.1 | +144 | 0.96 | 2.17 | 1.0 | +192 |
| Minera Gold | 0.7 | 18 | 0-5 | 0.1 | 0.0 | +999 | 0.94 | 1.00 | 1.0 | +999 | Spitfire Resources | 1.0 | 7.0 | 0-0 | 0.1 | 0.1 | +22 | 0.96 | 2.17 | 1.0 | +999 |
| Mining Corporation | 2.8 | 5.0 | 1-7 | 0.8 | 0.9 | -12 | 0.99 | 1.77 | 1.0 | +58 | Sprint Energy | 0.8 | 30 | 0-1 | 0.1 | 0.0 | +999 | 0.70 | 9.99 | 1.0 | +999 |
| Mining Group | 2.8 | 20 | 0-7 | 0.2 | 0.0 | +999 | 0.99 | 4.74 | 1.0 | +999 | St George Mining | 12 | 20 | 1-0 | 2.4 | 2.9 | -18 | 1.01 | 2.08 | 1.0 | +87 |
| Mining Projects | 0.4 | 1.5 | 1-0 | 0.1 | 0.1 | +72 | 1.20 | 2.17 | 1.0 | +300 | Sth Amer Ferro | 6.0 | 20 | 1-1 | 1.3 | 0.5 | +151 | 0.93 | 2.67 | 1.0 | +222 |
| Mining Projects Group | 0.4 | 10 | 0-7 | 0.1 | 0.0 | +999 | 1.20 | 4.84 | 1.0 | +999 | Style Ltd | 2.0 | 50 | 0-8 | 0.2 | 0.5 | -61 | 2.78 | 1.52 | 1.0 | +999 |
| Moko.Mobi Ltd | 21 | 5.0 | 1-7 | 15.5 | 17.2 | -10 | 1.19 | 1.17 | 1.0 | -2 | Syndicated Metals | 3.2 | 20 | 1-0 | 0.1 | 0.7 | -85 | 1.59 | 1.79 | 1.0 | +516 |
| Mongolian Resources | 14 | 40 | 1-1 | 0.5 | 0.0 | +999 | 0.32 | 9.99 | 1.0 | +167 | TNG Limited | 4.5 | 8.0 | 1-8 | 2.0 | 0.8 | +163 | 0.66 | 2.47 | 1.0 | +61 |
| Mt Magnet South | 1.0 | 7.0 | 0-9 | 1.0 | 0.1 | +999 | 1.40 | 2.46 | 1.0 | +999 | Tag Pacific | 19 | 20 | 3-10 | 5.0 | 6.3 | -20 | 0.44 | 1.99 | 1.0 | +8 |
| Mutiny Gold | 3.7 | 5.0 | 1-9 | 1.2 | 1.4 | -13 | 0.90 | 1.72 | 1.0 | +35 | Tamaska Oil & Gas | 0.1 | 0.5 | 1-9 | 0.1 | 0.0 | +639 | 0.99 | 2.12 | 1.0 | +185 |
| NKWE Platinum | 9.5 | 10 | 2-4 | 4.2 | 4.6 | -9 | 0.85 | 1.53 | 1.0 | +19 | Titan Energy | 0.5 | 3.0 | 1-11 | 1.0 | 0.1 | +999 | 1.00 | 2.05 | 1.0 | +196 |
| Naos Emerging | 113 | 100 | 1-2 | 17.5 | 17.4 | +1 | 0.15 | 5.54 | 1.0 | +3 | Trafford Resources | 11 | 20 | 1-6 | 2.5 | 2.5 | -1 | 0.83 | 2.11 | 1.0 | +61 |
| Naracoota Resources | 1.8 | 9.0 | 1-10 | 0.4 | 0.1 | +343 | 0.74 | 2.86 | 1.0 | +146 | Trafford Resources | 11 | 30 | 0-10 | 2.1 | 0.6 | +231 | 0.83 | 3.25 | 1.0 | +244 |
| Navigator Resources | 0.1 | 4.0 | 0-8 | 0.1 | 0.0 | +999 | 0.00 | 9.99 | 1.0 | +999 | Triton Gold Ltd | 5.8 | 25 | 0-1 | 0.1 | 0.0 | +999 | 0.87 | 9.99 | 1.0 | +999 |
| Nemex Resources | 1.4 | 5.0 | 1-1 | 0.1 | 0.5 | -80 | 1.63 | 1.56 | 1.0 | +230 | Tuc Resources | 3.7 | 20 | 0-9 | 0.3 | 0.1 | +197 | 1.10 | 3.26 | 1.0 | +999 |
| Nemex Resources | 1.4 | 20 | 0-4 | 0.1 | 0.0 | +999 | 1.63 | 4.13 | 1.0 | +999 | Tychean Resources | 0.3 | 0.6 | 0-10 | 0.1 | 0.1 | -32 | 1.95 | 1.41 | 1.0 | +182 |
| New Horizon Minerals | 2.0 | 20 | 1-1 | 0.1 | 0.0 | +354 | 0.96 | 3.44 | 1.0 | +741 | Tyrian Diagnostics | 0.1 | 1.2 | 0-1 | 0.1 | 0.0 | +999 | 1.98 | 9.99 | 1.0 | +999 |
| Noble Minerals | 0.9 | 48 | 1-5 | 1.5 | 0.0 | +999 | 0.71 | 9.99 | 1.0 | +999 | Uranex Ltd | 7.4 | 10 | 3-6 | 2.2 | 4.8 | -54 | 1.07 | 1.25 | 1.0 | +15 |
| Northern Manganese | 3.9 | 5.0 | 0-5 | 0.5 | 0.9 | -47 | 1.27 | 2.28 | 1.0 | +128 | VDM Group | 0.9 | 5.0 | 0-0 | 0.1 | 4.8 | -98 | 1.14 | 1.25 | 1.0 | +999 |
| Nthn Mining | 1.7 | 6.0 | 0-1 | 0.1 | 0.0 | +999 | 1.77 | 6.56 | 1.0 | +999 | Vector Resources | 2.5 | 25 | 1-2 | 0.1 | 0.0 | +112 | 1.00 | 3.10 | 1.0 | +622 |
| OBJ Ltd | 1.9 | 1.0 | 1-1 | 1.1 | 1.0 | +7 | 0.73 | 1.66 | 1.0 | +10 | Victory Mines | 0.9 | 20 | 1-4 | 0.1 | 0.1 | +89 | 1.36 | 2.18 | 1.0 | +884 |
| Odyssey Energy | 1.7 | 5.0 | 1-1 | 0.9 | 0.4 | +133 | 1.24 | 1.91 | 1.0 | +215 | Vmoto Ltd | 2.5 | 4.0 | 1-1 | 0.6 | 0.4 | +59 | 0.71 | 2.72 | 1.0 | +76 |
| Oil Basins | 1.6 | 4.0 | 0-7 | 0.2 | 0.0 | +315 | 0.81 | 4.15 | 1.0 | +423 | Volta Mining | 2.6 | 20 | 0-7 | 0.4 | 0.0 | +999 | 0.90 | 5.65 | 1.0 | +999 |
| Oilex Ltd | 4.5 | 15 | 1-9 | 0.6 | 0.3 | +96 | 0.67 | 2.90 | 1.0 | +103 | Voyager Resources | 0.5 | 3.0 | 1-1 | 0.1 | 0.1 | +81 | 1.25 | 2.19 | 1.0 | +439 |
| Orecorp Ltd | 7.0 | 27 | 1-5 | 1.1 | 0.0 | +999 | 0.50 | 5.25 | 1.0 | +162 | Voyager Resources | 0.5 | 6.0 | 1-7 | 0.1 | 0.1 | +80 | 1.25 | 2.00 | 1.0 | +385 |
| Orinoco Gold | 14 | 25 | 1-6 | 4.0 | 6.3 | -37 | 1.29 | 1.49 | 1.0 | +62 | WAM Active | 123 | 108 | 0-0 | 16.0 | 15.1 | +6 | 0.10 | 8.15 | 1.0 | +28 |
| Orion Gold NL | 9.5 | 20 | 1-9 | 1.8 | 9.2 | -81 | 3.55 | 1.01 | 1.0 | +61 | WHL Energy | 1.1 | 4.0 | 1-0 | 0.2 | 0.0 | +795 | 0.72 | 3.97 | 1.0 | +282 |
| Oroya Mining | 0.1 | 0.3 | 1-7 | 0.1 | 0.1 | +51 | 2.00 | 1.20 | 1.0 | +140 | Wasabi Energy | 0.6 | 0.8 | 0-4 | 0.1 | 0.1 | +52 | 0.90 | 3.56 | 1.0 | +237 |
| Otis Mining | 0.1 | 5.0 | 2-1 | 0.1 | 0.0 | +112 | 2.10 | 1.27 | 1.0 | +560 | Watermark Fund | 105 | 100 | 1-1 | 8.0 | 7.9 | +1 | 0.05 | 9.99 | 1.0 | +3 |
| Padbury Mining | 0.3 | 2.0 | 0-7 | 0.1 | 0.0 | +123 | 1.93 | 1.97 | 1.0 | +999 | West Wits Mining | 2.4 | 8.0 | 0-8 | 0.7 | 0.0 | +999 | 0.84 | 4.14 | 1.0 | +590 |
| Panterra Gold | 5.1 | 18 | 1-1 | 1.2 | 0.3 | +309 | 0.84 | 3.02 | 1.0 | +232 | White Cliff Minerals | 0.8 | 6.0 | 0-10 | 0.1 | 0.0 | +271 | 1.19 | 2.88 | 1.0 | +999 |
| Paynes Find Gold | 0.3 | 3.0 | 1-7 | 0.1 | 0.1 | -19 | 1.83 | 1.39 | 1.0 | +337 | Wild Acre Metals | 7.0 | 20 | 0-2 | 0.9 | 0.1 | +999 | 1.28 | 5.65 | 1.0 | +999 |
| Peak Resources | 9.2 | 25 | 0-8 | 1.0 | 0.0 | +999 | 0.56 | 6.69 | 1.0 | +375 | Wolf Petroleum | 7.5 | 5.0 | 4-8 | 3.3 | 7.3 | -55 | 1.95 | 1.01 | 1.0 | +2 |
| Pelican Resources | 0.8 | 4.0 | 0-7 | 0.1 | 0.0 | +501 | 1.11 | 3.55 | 1.0 | +999 | Wolf Petroleum | 7.5 | 20 | 2-1 | 2.0 | 5.7 | -65 | 1.95 | 1.14 | 1.0 | +68 |
| Peninsula Energy | 2.2 | 3.0 | 2-1 | 0.8 | 0.4 | +98 | 0.48 | 2.66 | 1.0 | +30 | Yowie Group | 22 | 20 | 2-1 | 5.4 | 9.0 | -40 | 0.66 | 1.79 | 1.0 | +7 |
| Pental Ltd | 2.6 | 2.0 | 0-9 | 0.8 | 1.1 | -30 | 1.00 | 1.78 | 1.0 | +10 | Zeta Petroleum | 1.0 | 30 | 1-8 | 1.0 | 0.1 | +999 | 1.39 | 2.00 | 1.0 | +727 |
| Petratherm Ltd | 1.1 | 3.0 | 0-11 | 0.1 | 0.3 | -63 | 1.36 | 1.87 | 1.0 | +210 | Zeta Resources | 52 | 100 | 2-6 | 2.0 | 0.1 | +999 | 0.18 | 9.99 | 1.0 | +31 |
| PharmAust Ltd | 1.2 | 2.0 | 1-9 | 0.5 | 0.7 | -32 | 1.52 | 1.28 | 1.0 | +52 | | | | | | | | | | | |
| Pharmnet Group | 0.1 | 0.5 | 2-1 | 0.1 | 0.1 | +19 | 2.43 | 1.08 | 1.0 | +136 | | | | | | | | | | | |
| Phoenix Gold | 18 | 25 | 1-0 | 4.0 | 3.0 | +33 | 0.72 | 2.67 | 1.0 | +66 | | | | | | | | | | | |
| Phylogica Ltd | 2.1 | 9.0 | 2-7 | 0.6 | 0.5 | +10 | 0.96 | 1.73 | 1.0 | +80 | | | | | | | | | | | |
| Platypus Minerals | 0.2 | 1.0 | 0-5 | 0.1 | 0.0 | +115 | 2.44 | 1.76 | 1.0 | +999 | | | | | | | | | | | |
| Prima Biomed | 3.8 | 20 | 3-7 | 1.4 | 1.1 | +29 | 0.90 | 1.64 | 1.0 | +63 | | | | | | | | | | | |
| Primary Gold | 13 | 20 | 1-4 | 1.0 | 4.8 | -79 | 1.09 | 1.70 | 1.0 | +43 | | | | | | | | | | | |
| Proto Resources | 0.1 | 5.0 | 0-9 | 0.1 | 0.0 | +999 | 1.55 | 3.12 | 1.0 | +999 | | | | | | | | | | | |
| Proto Resources | 0.1 | 25 | 0-1 | 0.1 | 0.0 | +999 | 1.55 | 9.99 | 1.0 | +999 | | | | | | | | | | | |
| Quest Petroleum | 0.2 | 1.5 | 2-7 | 0.1 | 0.1 | +14 | 1.40 | 1.37 | 1.0 | +124 | | | | | | | | | | | |
| RMG Ltd | 0.1 | 2.0 | 0-5 | 0.1 | 0.0 | +999 | 2.10 | 2.63 | 1.0 | +999 | | | | | | | | | | | |
| Rampart Energy | 6.5 | 0.7 | 2-2 | 1.8 | 6.3 | -71 | 2.18 | 1.02 | 1.0 | -36 | | | | | | | | | | | |
| Range Resources | 3.1 | 5.0 | 2-2 | 0.9 | 0.5 | +68 | 0.53 | 2.56 | 1.0 | +35 | | | | | | | | | | | |
| Raya Group | 1.1 | 1.5 | 2-8 | 0.1 | 1.0 | -90 | 2.22 | 1.04 | 1.0 | +15 | | | | | | | | | | | |
| Raya Group | 1.1 | 1.5 | 2-8 | 0.5 | 1.0 | -51 | 2.22 | 1.04 | 1.0 | +25 | | | | | | | | | | | |
| Raya Group | 1.1 | 1.0 | 1-1 | 0.1 | 0.5 | -79 | 2.22 | 1.37 | 1.0 | +674 | | | | | | | | | | | |
| Red Gum Resources | 2.0 | 10 | 2-3 | 0.2 | 0.5 | -61 | 1.07 | 1.71 | 1.0 | +106 | | | | | | | | | | | |
| Red Mountain Mining | 0.7 | 3.0 | 2-7 | 0.1 | 0.6 | -83 | 2.19 | 1.07 | 1.0 | +78 | | | | | | | | | | | |
| Red Mountain Mining | 0.7 | 1.5 | 0-7 | 0.1 | 0.3 | -68 | 2.19 | 1.48 | 1.0 | +312 | | | | | | | | | | | |
| Redstone Resources | 4.5 | 20 | 2-3 | 1.0 | 0.6 | +80 | 0.80 | 2.23 | 1.0 | +98 | | | | | | | | | | | |
| Regalpoint Resources | 1.0 | 20 | 0-4 | 0.1 | 0.0 | +999 | 1.04 | 7.26 | 1.0 | +999 | | | | | | | | | | | |
| Reward Minerals | 27 | 25 | 2-7 | 9.0 | 13.0 | -31 | 0.76 | 1.55 | 1.0 | +10 | | | | | | | | | | | |
| Rumble Resources | 4.3 | 25 | 0-8 | 0.3 | 0.1 | +111 | 1.21 | 3.05 | 1.0 | +999 | | | | | | | | | | | |
| Rumble Resources | 4.3 | 35 | 1-11 | 0.8 | 0.8 | -5 | 1.21 | 1.78 | 1.0 | +202 | | | | | | | | | | | |
| Rumble Resources | 4.3 | 8.0 | 1-7 | 1.2 | 1.8 | -34 | 1.21 | 1.54 | 1.0 | +62 | | | | | | | | | | | |
| Rutila Resources | 24 | 20 | 0-8 | 5.5 | 7.4 | -26 | 0.71 | 2.38 | 1.0 | +10 | | | | | | | | | | | |
| SML Corporation | 3.0 | 20 | 1-12 | 0.1 | 0.0 | +999 | 0.39 | 7.87 | 1.0 | +161 | | | | | | | | | | | |
| Samson Oil & Gas | 2.4 | 3.8 | 3-4 | 1.0 | 1.5 | -34 | 1.12 | 1.26 | 1.0 | +23 | | | | | | | | | | | |

Wolf Petroleum (codes WOF and WOFOA)

Wolf Petroleum is a highly speculative company, exploring for oil and gas in Mongolia, where it has three very large exploration licences covering 18.0 million acres (74,400 km²) in “proven and productive” regions.

Mongolia is considered “under-explored” with the potential for “multi-billion barrel oil” discoveries. It has a stable energy investment environment, favourable production sharing terms and a huge energy demand from neighbouring China.

Wolf Petroleum's issued capital consists of 261.8 million ordinary shares, 27.0 million listed options (WOFO) to buy shares at 20 cents on 31 December 2015 and 174.6 million listed options (WOFOA) to buy shares at 5 cents on 31 July 2018. That is a total market capitalisation of just \$26 million.

Shareholders were offered 2 WOFOA options for every 3 shares held (at 1½ cents per option) in a cash issue in August 2013 to raise \$2.6 million. Cash on hand is only about \$3.3 million following this capital raising.

Seismic data on the *Toson Tolgoi* and *Tal Bulag* basins in the *SB Block* is being interpreted. (Cont'd on Page 19)

Warrant / Option Analysis

(Continued from Page 18)

7500 samples were collected from the bottom of seismic shot holes and the first batch of 242 have been analysed, with oil seeps found in 53 of these samples. Wolf Petroleum plans to begin exploration drilling in 2014, and “intends to initiate a strategic partnership process” and farm-outs to finance this exploration.

In the *BU Block*, close to **PetroChina's** multi billion barrel oil field, the company has identified six sub-basins and 22 lead exploration targets.

The *Jinst Block* is close to a major oil field to the south, in China. 12 sub-basins have been identified and 2D seismic data will be collected in 2014.

Insiders have made four on-market purchases over the last year.

Summary and Recommendation

This is a highly speculative company as Wolf Petroleum has limited cash and will need to attract partners to finance exploration, but the company currently fully owns around 40% of the oil exploration acreage in Mongolia. The 2018 options (code WOFOA) offer a long 4¾ year interest in the future development of this company. A very small investment in the options would offer a low cost exposure to oil exploration in Mongolia.

Wolf Petroleum



Euroz (codes EZL and EZLO)

We reviewed Euroz Ltd in our May newsletter when the shares traded at 110 cents and the options around 37 cents. The shares dipped to a low of 96 cents in August and the options traded as low as 23 cents in July, but the shares are currently up 6.4% at 117 cents and the options up 12.2% at 41½ cents.

The options give the right to buy an ordinary share at 75 cents on 1 March 2014. That is just 3½ months away. The options sell around their *intrinsic value* (i.e. the current share price of 117 cents, less the 75 cents to exercise the options) of 42 cents. They continue to offer a high 2.75 times leverage.

Euroz shares are volatile, reflecting the cyclical nature of its stockbroking, funds management and share investments. An improvement in investment sentiment could significantly lift the value of the shares and options. With only 3½ months to the final exercise date, we may choose to exercise these options on 1 March 2014 and continue our investment in the shares. “Hold”.

Euroz



Next Issue:

The next issue of *Market Analysis* will be emailed in four weeks time on **Monday December 9, 2013**.

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

Total Return Index for All Listed Shares

| | | | |
|--------|---------|--------|---------|
| Oct 14 | 1473.09 | Oct 21 | 1488.51 |
| Oct 15 | 1470.75 | Oct 22 | 1495.14 |
| Oct 16 | 1473.55 | Oct 23 | 1501.36 |
| Oct 17 | 1479.16 | Oct 24 | 1495.19 |
| Oct 18 | 1479.61 | Oct 25 | 1502.23 |
| Oct 28 | Holiday | Nov 4 | 1525.90 |
| Oct 29 | 1511.99 | Nov 5 | 1527.54 |
| Oct 30 | 1518.07 | Nov 6 | 1542.13 |
| Oct 31 | 1524.53 | Nov 7 | 1539.05 |
| Nov 1 | 1521.72 | Nov 8 | 1537.63 |

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