

Market Analysis

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Inside Market Analysis

Michael Hill invests heavily in bridal trial	5	TFS Corporation sells oil at US\$4500/kg	14
Finbar Group expands	10, 11	Neglect Ratings of New Zealand Shares	19
Iluka Resources invests in new technology	11	Neglect Rating of Australian Shares	18, 19
Melbourne IT makes acquisition	12		
Penrice Soda debt forgiveness and equity swap	13		

Founder: James R Cornell (B.Com.)

Summary and Recommended Investment Strategy.

With technology impacting on knowledge work the need to buy and own shares is greater than at any time in the last 33 years. Remain fully invested.

Investment Outlook.

The first issue of *Market Analysis* was published on 24 March 1981 - so this newsletter is 33 years old this month.

Some things have changed significantly over that third of a century - but some things remain the same.

Market Analysis was always intended as a serious investment advisory newsletter, focusing upon the long term objective of building wealth in the stockmarket, not the short term goal of maximising subscription revenues.

That has often put us in conflict with the wishes of many subscribers - especially during stockmarket booms. In 1985 we didn't recommend a single new local share (preferring to buy some international funds - which did perform extremely well after the 1987 crash and into the early 1990's).

In 1986 and 1987 we didn't recommend "the most profitable companies" (most of which failed after 1987).

In the late 1990's we "didn't understand Internet economics".

Even today, a stockmarket newsletter could sell a lot more subscriptions - if only it would "Buy Xero" (but it - and investor's portfolios - wouldn't survive past the bubble).

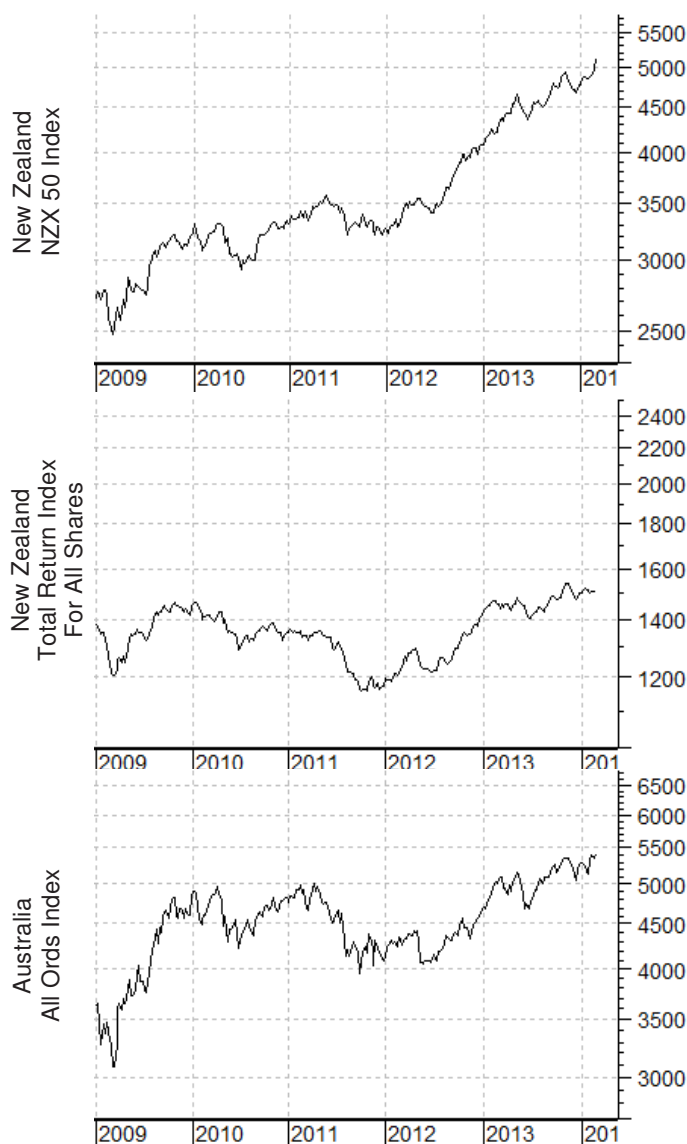
So, hopefully there is something in *Market Analysis* that you find of value. Our portfolio has increased 500-fold over the last third of a century and many subscribers have experienced similar long term returns. We shall always write what we think you need to hear, not necessarily what you want to hear.

When we started this business we were our own biggest customer, and now that our investments have grown significantly over the decades, our need for independent information and unbiased advice is greater than ever before.

(Continued on Page 17)

Stockmarket Forecasts

	<u>One-Month</u>	<u>One-Year</u>
Australia:	75% (Bullish)	74% (Bullish)
New Zealand:	70% (Bullish)	40% (Neutral)



Recommended Investments

CDL Investments recorded strong revenue and profit growth during 2013, with a slightly lower net operating surplus owing to the purchase of 5.5 hectares of land in Auckland for \$3.8 million.

Year to 31/12/2013

	Latest	Previous	Change
Revenues	\$38.3m	\$26.3m	+45.4%
Net Profit	\$13.4m	\$9.3m	+44.1%
Net Cash Surplus	\$10.4m	\$14.0m	-25.8%
Earnings per share	4.9c	3.5c	+40.0%
Dividends per share	2.0c	1.7c	+17.6%

The property market is described as “buoyant” and the company is focusing upon having “sufficient stock” of sections to sell.

Development properties with a book value of \$86.6 million have a market value of \$177.5 million. That would make net assets \$209.9 million (76 cents per share).

At 55 cents, CDL Investments shares trade on a Price/Earnings ratio of 11 (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	D	274.7	1.2	3.87	11	5.1	54	23.4	+210%
BUY	Cavalier Corporation	CAV	05/12/95	156*	B	68.3	1.1	0.56	17	3.5	165	282.0	+187%
HOLD	Colonial Motor Company	CMO	10/11/92	128*	B	32.7	0.4	0.29	13	7.8	550	392.3	+636%
HOLD	Lyttelton Port Company	LPC	12/12/00	150	B	102.2	0.8	2.91	19	Nil	315	77.7	+162%
HOLD+	Michael Hill Int'l Ltd	MHI	11/06/91	5*	C	382.8	1.0	0.91	13	5.0	131	48.4	+3488%
HOLD+	Nuplex Industries Ltd	NPX	11/02/97	523*	B	198.1	1.1	0.41	12	6.2	341	451.0	+51%
HOLD	Renaissance Corp	RNS	13/08/96	85*	E	43.6	4.0	0.16	NE	Nil	16	53.9	-18%
HOLD	Smiths City Group	SCY	09/10/06	64	D	52.7	1.2	0.14	15	6.0	58	22.0	+25%
HOLD	South Port New Zealand	SPN	13/02/96	120	A	26.2	0.6	3.06	14	9.1	345	202.3	+356%
HOLD+	Steel & Tube Holdings	STU	08/08/00	146	B	88.4	0.9	0.71	18	6.8	314	281.6	+308%
<u>Australian Shares (in Aust cents)</u>													
HOLD+	AJ Lucas Group	AJL	13/05/03	107*	D	211.5	0.9	0.66	NE	Nil	92	36.4	+20%
HOLD+	ALS Limited	ALQ	12/10/99	77*	B	374.8	0.4	1.75	11	6.6	730	244.5	+1166%
BUY	AtCor Medical Ltd	ACG	11/11/13	15	B	150.8	2.5	2.25	7	Nil	14	Nil	-10%
HOLD+	Atlas South Sea Pearl	ATP	14/05/96	73	C	281.7	3.4	2.61	NE	Nil	7	17.5	-67%
BUY	Ausenco Ltd	AAX	10/06/13	191*	C	168.4	1.3	0.22	NE	3.3	60	1.8	-68%
HOLD+	Brickworks Ltd	BKW	12/11/12	1115	A	147.8	0.3	3.53	21	2.8	1448	40.5	+33%
HOLD	Cardno Ltd	CDD	14/12/09	391*	B	143.7	0.5	0.77	12	5.7	637	115.3	+92%
HOLD	Cellnet Group Ltd	CLT	12/02/02	147*	B	55.7	1.8	0.17	12	Nil	23	55.9	-46%
BUY	Chandler Macleod Group	CMG	14/08/01	51*	B	450.9	1.4	0.12	10	7.9	41	28.9	+36%
HOLD	Circadian Technologies	CIR	10/02/04	188	D	48.6	2.0	7.81	NE	Nil	19	65.0	-56%
HOLD+	Clarius Group Ltd	CND	08/04/03	82*	E	89.6	2.1	0.08	NE	Nil	20	70.5	+10%
BUY	CPT Global Ltd	CGO	10/03/08	88	B	36.7	1.1	0.84	91	Nil	80	11.3	+4%
HOLD	CSG Limited	CSV	11/10/10	175	B	278.2	1.1	1.43	30	Nil	95	41.0	-22%
HOLD	Devine Ltd	DVN	13/11/06	334*	E	158.8	1.1	0.38	NE	Nil	66	79.6	-56%
BUY	Ellex Medical Lasers	ELX	14/03/06	49	C	84.9	1.7	0.70	NE	Nil	36	Nil	-28%
BUY	Fiducian Portfolio Ser	FPS	11/02/08	260	A	31.5	0.8	2.36	16	4.3	163	47.9	-19%
BUY	Finbar Group Ltd	FRI	12/04/10	106	A	218.0	0.8	2.53	12	5.7	167	34.5	+90%
HOLD+	Iuka Resources Ltd	ILU	12/10/04	471	B	417.8	0.5	4.85	0	0.9	990	191.0	+151%
BUY	Integrated Research	IRI	14/01/08	40	A	168.4	0.8	3.96	21	4.3	115	26.5	+254%
HOLD	M2 Telecommunications	MTU	09/10/06	33	B	178.3	0.4	1.60	25	3.3	611	67.5	+1956%
BUY	Melbourne IT	MLB	10/02/04	53	B	82.5	0.7	0.66	10	10.3	136	121.0	+385%
HOLD	Nomad Building Solutio	NOD	16/08/10	13*	C	277.5	4.0	0.19	3	Nil	5	Nil	-58%
HOLD	Novarise Renewable Res	NOE	14/03/11	25	C	415.1	2.3	0.74	7	Nil	17	Nil	-32%
HOLD	Penrice Soda Holdings	PSH	11/07/11	17	D	91.4	3.9	0.03	NE	Nil	5	Nil	-69%
HOLD+	Probiotec Ltd	PBP	11/02/08	116	B	52.9	1.2	0.42	27	Nil	53	9.3	-46%
HOLD+	Prophecy International	PRO	08/09/08	26	B	55.4	1.4	3.65	20	7.0	50	15.0	+150%
HOLD	Skilled Group Ltd	SKE	12/03/02	126	B	233.5	0.7	0.39	13	5.1	315	164.0	+280%
HOLD	Technology One Ltd	TNE	11/11/03	44	B	307.2	0.5	4.15	28	2.3	244	42.7	+552%
HOLD+	TFS Corporation Ltd	TFC	08/01/07	45	A	279.6	0.7	3.89	9	1.8	171	17.2	+318%
HOLD+	The Reject Shop Ltd	TRS	11/01/05	257	B	28.8	0.4	0.48	15	3.6	1024	345.5	+433%
HOLD	Village Roadshow	VRL	10/08/09	77	B	159.5	0.4	1.27	23	3.5	744	224.0	+1157%

The average Total Return (i.e. both Capital Gains/Losses plus Dividends received) of all current investments from initial recommendation is +298.7%. This is equal to an average annual rate of +31.2%, 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 +31.1%, compared with a market gain of +4.1% (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)

and offer a gross Dividend Yield of 5.1%. That is good value - and revenues, profits and dividends could continue to grow strongly.

CDL Investments



Cavalier Corporation has re-instated an interim dividend after continued profit recovery.

Six Months to 31/12/2013

	Latest	Previous	Change
Revenues	\$101.9m	\$101.0m	+0.9%
Net Profit	\$3.4m	\$1.4m	+139.5%
Net Cash Surplus	\$3.5m	\$8.9m	-60.9%
Earnings per share	5.0	2.1c	+139.5%
Dividends per share	3.0c	Nil	

New Zealand revenues rose 10% to \$45.4 million while Australian revenues were down 6% to \$52.9 million. Other exports were up 18% to \$3.6 million. The profitability of the Australian business is also being depressed by the higher NZ dollar exchange rate.

The company had previously forecast a full year result of \$8-10 million to June 2014, but now expects it to be around \$6-9 million (9-13 cents per share), compared with \$6.6 million in 2013. This is still a depressed level of profitability.

Cavalier Corporation



Colonial Motor Company reports strong revenue growth - with net profits, operating cashflows and the dividend all up sharply!

Six Months to 31/12/2013

	Latest	Previous	Change
Revenues	\$356.1m	\$298.0m	+19.5%
Net Profit	\$8.6m	\$5.7m	+50.0%
Net Cash Surplus	\$10.8m	<7.8m>	
Earnings per share	26.3c	17.5c	+50.0%
Dividends per share	13.0c	9.0c	+44.4%

Although we have held our investment in Colonial Motor Company for a while - about 21½ years - an attractive feature of this business is that it can be cyclical and earn high profits under favourable conditions. The company attributes its recent success to “excellent product and excellent management”.

Perhaps equally important (as the company noted six months earlier) is the 14 year average age of the NZ vehicle fleet, with a “very pronounced bubble of cars aged 16 to 18 years” which represents a “large replacement market”.

The average age of motor vehicles in Australia is 10 years. In the UK it is 7½ years, Europe 8 years and the US 11½ years. In Singapore (where new car sales volumes are restricted) the average vehicle age is 5½ years.

National car sales of 113,294 in 2013 (up 12.5% on 2012) would simply *maintain* the NZ vehicle fleet at a 14 year average age. In the long run, a 10 year fleet age (i.e. similar to other developed economies) would require around 150,000 new sales annually. Updating NZ's aging fleet *could* result in several years of significantly higher sales.

Current levels of NZ vehicle sales therefore appear *sustainable*, so Colonial Motor Company could continue to enjoy a favourable trading environment for many more years.

Colonial Motor Company



Lyttelton Port Company

Six Months Year to 31/12/2013

	Latest	Previous	Change
Revenues	\$57.6m	\$54.2m	+6.4%
Net Profit	\$6.5m	\$8.0m	-18.3%
Net Cash Surplus	\$1.2m	\$5.5m	-77.4%
Earnings per share	6.4c	7.8c	-17.9%
Dividends per share	2.0c	Nil	

In addition, Lyttelton Port Company reported a gain of \$330 million from the settlement of its insurance claims.

The directors are “pleased” to resume dividends and will pay a 2.0 cents interim dividend in March - although there is not much there to please *shareholders*.

In normal times, a port company can probably distribute around 60-100% of its profits. Lyttelton Port Company shareholders have seen all profits retained over the last 3½ years to finance rebuilding “pending the settlement of insurance claims”.

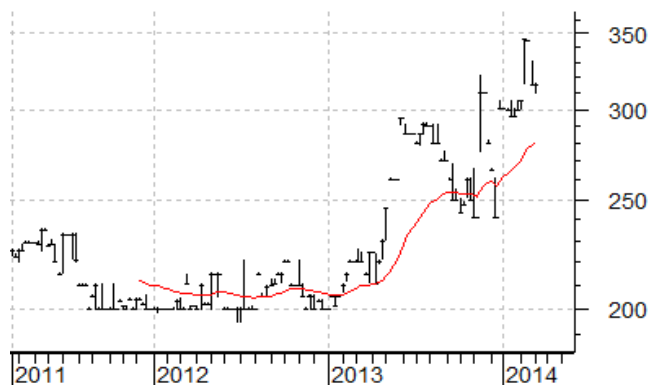
Now that the company has \$389 million of cash sitting in the bank, it is distributing just a very low 31% of the latest half year profits! That dividend will cost

March 10, 2014.

\$2.0 million - at least *half* of which the company will have earned in interest on its insurance hoard by the time the dividend is paid on 27 March!

It would have been more appropriate to declare a “special” dividend of 20-40 cents (costing just \$20.4-40.8 million) to distribute 50-100% of the trading profits that shareholders have retained in the company over the last 3½ years to support the rebuild.

Lyttelton Port Company



Michael Hill International

Six Months to 31/12/2013 (in Australian currency)

	Latest	Previous	Change
Revenues	\$270.8m	\$246.6m	+9.8%
Net Profit	\$16.2m	\$22.0m	-26.3%
Net Cash Surplus	<\$2.3m>	\$22.2m	-110.2%
Earnings per share	4.2c	5.8c	-26.3%
Dividends per share (NZ cents)	2.5c	2.5c	

There are two features of this report that warrant some attention - especially as the company has given few details and little explanation:

Firstly, the net profit is depressed by a tax provision ahead of an expected settlement with the **Australian Tax Office**. It is not clear whether this provision is simply a reversal of a non-cash, deferred tax asset that was reported as a large “profit” several years ago. If so, it is an abnormal item, simply reversing a small portion of the previous abnormal gain. Its impact should be removed from the reported (normal) net profit.

Alternatively, the tax provision *may* cover some small one-off penalty, interest or other settlement with the ATO. Again this would be a one-off item abnormal item and should be ignored. Even if it will be a cash payment, the group's tax restructuring has yielded significant, on-going cash tax savings.

The company will disclose further information when it completes its agreement with the ATO, but pre-tax profits were up 5.1% in the latest period and that figure (i.e. 5% growth, not a 26% decline) is probably the best indication of how the company is performing.

Secondly, the small net operating *deficit* and a \$28.0 million increase in interest bearing debt (to \$56 million) reflects a \$41.2 million increase in inventories to \$210.5 million. 10-15% of this probably represents jewellery stock for new stores and another 10-15% *may* be *additional* jewellery stock in other stores. The rest - a massive \$30 million, perhaps more - probably relates to “trailing a new bridal range of products” in the United States stores and some Canadian stores.

Unfortunately this new venture may be no more successful than *Michael Hill Shoes*. The company states that “it is too early to comment on the results of this strategy” but also talks about “excess inventory levels resulting from this strategy” and “surplus inventory [being] utilised at stores not involved in the trial”. Those are not positive comments. That suggests sales were below expectations and the possible need to discount and clear bridal stock - hopefully not at too great a loss!

Michael may like to think big - but *betting the farm* (i.e. \$30-35 million on stock plus, presumably other expenses like store fitouts, staff training, advertising) is not a “trial”.

Michael Hill International



Nuplex Industries reported *trading* profits slightly higher for the half year to December 2013.

Six Months to 31/12/2013

	Latest	Previous	Change
Revenues	\$815.2m	\$828.7m	-1.6%
Net Profit	\$26.0m	\$23.3m	+11.4%
Net Cash Surplus	\$26.9m	\$47.5m	-43.3%
Earnings per share	13.1c	11.9c	+10.1%
Dividends per share	10.0c	10.0c	

In addition, there were asset write downs of \$14.6 million.

Nuplex Industries



Renaissance Corporation has completed the sale of its *Yoobee School of Design* (as discussed previously) and also sold its *Yoobee Apple* computer retailing business to **Logical Systems**.

Under the sales terms, Logical Systems has purchased current stock at book value (i.e. about \$900,000) and will sell older stock on behalf of Renaissance Corporation. Logical Systems will pay a single dollar to acquire all other assets of the business - and will also employ existing operational staff (*Continued on Page 6*)

Recommended Investments

(Continued from Page 5)

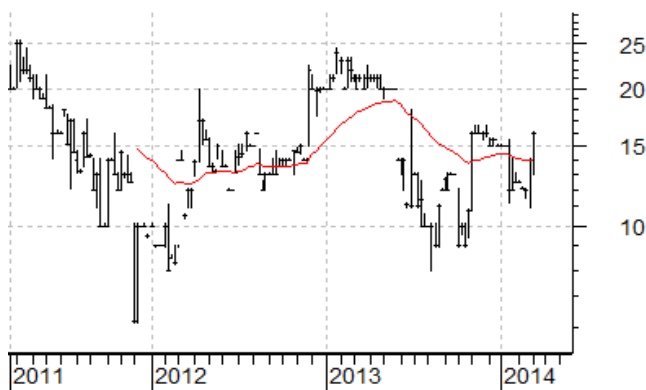
and take over the five store leases (which will need to be finalised with the landlords).

Renaissance Corporation will be responsible for collecting existing trade receivables of about \$100,000 and paying trade creditors of about \$1 million. The transfer of the business was completed on 6 March (although finalising the lease transfers will take a while).

With current stock and debtors approximately equal to creditors, Renaissance Corporation will realise a net amount of about \$250,000 from the older stock over the next few months. The transaction, however, avoids on-going losses from this business of \$100-150,000 per month and transfers future lease commitments and employment liabilities (i.e. for redundancy) to the new owner.

The sale of the retail business should bring Renaissance Corporation closer to liquidating and being able to distribute 21-23 cents per share cash to shareholders as a return of capital.

Renaissance Corporation

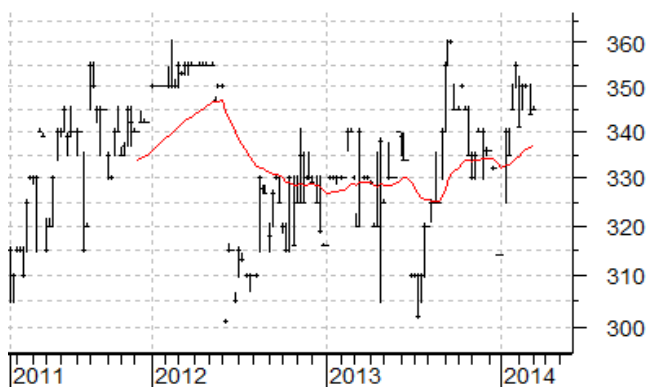


South Port NZ lifted cargo volumes 8.0% to 1,369,000 tonnes, mainly owing to “strong fertilizer and stock feed imports plus increasing log export volumes”.

Six Months to 31/12/2013

	Latest	Previous	Change
Revenues	\$14.6m	\$13.9m	+4.9%
Net Profit	\$2.7m	\$2.9m	-7.7%
Net Cash Surplus	\$2.1m	\$1.8m	+16.4%
Earnings per share	10.2c	11.1c	-7.7%
Dividends per share	6.0c	6.5c	-7.7%

South Port NZ



Steel & Tube Holdings reports slightly higher revenues and profits, and sees “evidence of the beginnings of an

economic upturn, although the steel market remains volatile and very competitive.

Six Months to 31/12/2013

	Latest	Previous	Change
Revenues	\$211.7m	\$199.6m	+6.1%
Net Profit	\$8.0m	\$7.3m	+10.2%
Net Cash Surplus	<\$2.5m>	\$19.1m	
Earnings per share	9.2c	8.3c	+10.2%
Dividends per share	7.0c	6.5c	+7.7%

Steel & Tube Holdings



Australian Shares

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

AJ Lucas reported lower revenues and a loss of \$27.8 million, similar to the loss of \$28.9 million a year earlier.

Six Months to 31/12/2013

	Latest	Previous	Change
Revenues	\$119.9m	\$176.2m	-32.0%
Net Profit	<\$27.8m>	<\$28.9m>	
Net Cash Surplus	<\$14.9m>	<\$15.9m>	
Earnings per share	Nil	Nil	
Dividends per share	Nil	Nil	

In addition, there was a \$39.5 million write-down in intangible assets and an \$11.4 million write-down in the value of plant and equipment - both mainly in the Drilling division. There was a low demand for drilling services from coal mining companies, resulting in revenues falling 43% in this division to \$49.4 million.

Engineering & Construction revenues fell 22% to \$70.4 million.

The company does, however, see “encouraging signs for the UK oil and gas investments”. Exploration through until June 2015 should be fully funded by **Centrica's** £60 million investment.

AJ Lucas



ALS Limited reports its December quarter produced a \$44 million net profit - in line with its expectations. The March quarter is always low, being the Northern Hemisphere off-season for mineral exploration and mining, but this year has been worse owing to abnormal weather conditions resulting in the loss of 16 days of laboratory operations. The company has also incurred further restructuring costs during the quarter.

The net profit for the year to March 2014 (after unusual items, but before amortisation of intangibles) is now forecast at \$160-170 million (i.e. down about 28-32%).

ALS Limited



AtCor Medical (as previously reported) suffered a 54% drop in first half revenues to \$2,674,161 which resulted in a net loss for the period - although the business generated a net operating cash surplus of \$464,241.

Six Months to 31/12/2013

	Latest	Previous	Change
Revenues	\$2.7m	\$5.4m	-50.7%
Net Profit	<\$1.0m>	\$2.3m	-142.3%
Net Cash Surplus	\$0.5m	\$1.1m	-57.8%
Earnings per share	Nil	Nil	
Dividends per share	Nil	Nil	

Cash on hand is \$4.1 million (2.6 cents per share), up from \$2.9 million a year earlier.

The AtCor Medical/SunTech Medical joint venture is "on track" to launch an undisclosed new product in June 2014 and field trials with a large (undisclosed) medical equipment company to optimise cardiac pacemaker settings using the SphygmoCor are in progress.

AtCor Medical



Atlas Pearls & Perfumes changed its balance date from December, so a comparison with a previous period

is not really meaningful.

Six Months to 31/12/2013

	Latest	Previous	Change
Revenues	\$9.2m		
Net Profit	\$0.2m		
Net Cash Surplus	\$1.8m		
Earnings per share	0.07c		
Dividends per share	Nil		

The company reports "spat production for the 2013/14 season has exceeded targets" and will open a Research & Development hatchery in North Bali in May. This third hatchery will be dedicated to improving breeding stock.

Atlas Peals & Perfumes



Ausenco Ltd revenues fell over the last year, resulting in a loss of \$22.7 million (plus a further \$12.5 million write-down in Goodwill) - although the business did generate a small cash surplus. No final dividend will be paid, leaving just an interim dividend of 2.0 cents:

Year to 31/12/2013

	Latest	Previous	Change
Revenues	\$453.9m	\$619.5m	-26.7%
Net Profit	<\$22.7m>	\$41.4m	
Net Cash Surplus	\$9.0m	\$41.2m	-78.0%
Earnings per share	<13.5c>	29.8c	
Dividends per share	2.0c	20.1c	-90.0%

"Right sizing" the business has lowered staff numbers 26% to 2550 employees and reduced costs by \$15 million for the last year. This is expected to "deliver \$35 million in ongoing annual savings". Work on hand is currently \$235 million, down 48% on a year earlier, but the company is forecasting the current year's revenues at \$450-460 million.

The company has recently won a *Front End Engineering and Design* contract for the Phase 2 expansion of **Tonkolil Iron Ore's** project in Sierra Leone.

When a company makes a loss, the Price/Sales ratio is often the best way to value it. Even with revenues down over the last year, at 60 cents, Ausenco shares trade on a very low Price/Sales ratio of 0.22.

Over the last seven years, Ausenco has twice made a loss, earned net profit margins of 4½-6½% three times and net profit margins of 9-11% twice. Assuming that Ausenco can earn a long term net profit margin around 5%, then a Price/Sales ratio of 0.22 is equivalent to a Price/Earnings ratio of 4½.

(Continued on Page 8)

Recommended Investments

(Continued from Page 7)

When the company has been profitable it has distributed 60% of net profits as a dividend. So a P/S of 0.22 and a net profit margin of 5% and a 60% dividend payout is equivalent to a Dividend Yield of 13½%.

Any recovery in revenues in the years ahead would also result in a similar increase in potential profits and dividends.

So Ausenco Ltd shares trade on a low valuation - reflecting the cyclical downturn in the Resource sector - but this is an attractive recovery investment. Ausenco provides services to the resource sector, so avoids the unattractive features involved in direct investment in resource companies (i.e. which are capital intensive, depleting businesses, subject to significant risk from volatile commodity prices).

Ausenco



Brickworks has again postponed its shareholders meeting (called by Perpetual/Carnegie) to 5 May. At this stage the Australian Tax Office has not made a ruling on the suggested transactions and the Australian Stock Exchange has not made a decision on which shareholders will be eligible to vote.

The group's **Austral Bricks** subsidiary has entered into a long term gas supply option agreement with **Strike Energy**. Under this agreement, Austral Bricks has paid an undisclosed option fee to Strike Energy, who will use this money to help fund the development of its *Southern Cooper Basin Gas Project*. The option will then allow Austral Bricks to purchase 1.25PJ of gas per annum at a (favourable) fixed price for ten years from 2017 from this project.

Brickworks



Cardno Limited has produced steady growth despite "difficult conditions":

Six Months to 31/12/2013

	Latest	Previous	Change
Revenues	\$633.0m	\$599.9m	+5.5%
Net Profit	\$43.1m	\$40.1m	+7.4%
Net Cash Surplus	\$33.8m	\$40.0m	-15.5%
Earnings per share	29.5c	28.4c	+3.9%
Dividends per share	19.0c	18.0c	+5.6%

Only 37% of revenues are earned in Australia and New Zealand, with 52% in the Americas and 11% from the rest of the world.

Cardno



Cellnet Group's revenues rose strongly, while profits were slightly lower - but a \$6.6 million increase in Inventories to \$15.6 million resulted in a net operating cash deficit and increased interest bearing debt of \$5.7 million (from just \$474,000) to \$6.2 million.

Six Months to 31/12/2013

	Latest	Previous	Change
Revenues	\$43.7m	\$35.3m	+23.8%
Net Profit	\$0.450m	\$0.549m	-18.0%
Net Cash Surplus	<\$4.9m>	<-\$1.6m>	
Earnings per share	0.8c	1.0c	-20.0%
Dividends per share	Nil	Nil	

Cellnet Group



Chandler Macleod Group's revenues were lower but net profits rose owing to the cost reduction program:

Six Months to 31/12/2013

	Latest	Previous	Change
Revenues	\$732.5m	\$802.0m	-8.7%
Net Profit	\$6.1m	\$5.4m	+13.1%
Net Cash Surplus	\$2.5m	\$10.3m	-75.4%
Earnings per share	1.2c	1.2c	
Dividends per share	1.4c	1.4c	

Earnings per share were steady owing to new shares issued in a placement in December (to raise \$24.7 million). Higher work in December (and some delays in customer payments) help lift Receivables \$27.9 million to \$144.9 million, resulted in the lower net operating cash surplus for the period.

This improvement in the December quarter and new client wins “points to a much stronger second half”, with the company forecasting the six months to 30 June 2014 “to be appreciably higher than the first half”.

Chandler Macleod Group



Clarius Group reported another small *loss* and another small net operating cash surplus:

Six Months to 31/12/2013

	Latest	Previous	Change
Revenues	\$91.3m	\$123.0m	-25.8%
Net Profit	<\$1.5m>	<\$0.7m>	
Net Cash Surplus	\$1.2m	\$3.3m	-63.6%
Earnings per share	<1.7c>	<0.5c>	
Dividends per share	Nil	Nil	

Australian revenues fell 29% to \$83.7 million, but New Zealand revenues were up 30% to \$3.5 million and China revenues jumped 140% to \$4.1 million.

China is a relatively new business - becoming profitable in the reporting period - but generates potentially high margin revenues from permanent recruitment.

Clarius Group



CSG Limited lifted revenues and pre-tax profits slightly, but a higher tax provision lowered the reported net profit.

Six Months to 31/12/2013

	Latest	Previous	Change
Revenues	\$95.3m	\$91.2m	+4.5%
Net Profit	\$5.3m	\$5.5m	-3.2%
Net Cash Surplus	<\$1.9m>	<\$5.3m>	
Earnings per share	1.9c	2.0c	-5.0%
Dividends per share	Nil	Nil	

Finance Solutions (which expanded into Australia in March 2013) lifted receivables 36.6% to \$138.8 million, although pre-tax profits were only 26% higher at \$4.4 million. This is a 43% return on equity (although down from 54% a year earlier for the New Zealand operation). Finance receivables are expected to reach \$150 million by June 2014.

CSG Ltd is forecasting revenues of \$200 million for the full year to June 2014 and will pay a final dividend in September.

CSG Limited



CPT Global has continued to trade profitably, compared with a *loss* of \$1.0 million in the same period last year. In the second half year to June 2013 it recovered to a profit of \$1.3 million.

Six Months to 31/12/2013

	Latest	Previous	Change
Revenues	\$19.8m	\$16.7m	+18.2%
Net Profit	\$1.5m	<\$1.1m>	
Net Cash Surplus	\$2.0m	<\$0.1m>	
Earnings per share	4.3c	<2.8c>	
Dividends per share	3.0c	Nil	

Continued profits - and a strong operating cash surplus - has allowed the company to reinstate dividends.

International revenues rose 45% to \$10.7 million (54% of group revenues), with contract profit margins improving from 20% to 47%. Australian margins slipped slightly from 29% to 27%. The outlook in North America “remains strong” and a global service agreement with a major financial institution “should lead to projects in North and South America, Asia and Europe”. Some European projects will end soon, but the pipeline of new projects “has strengthened”.

CPT Global is “cautiously optimistic” about the second half of the current financial year. This business has strong economies of scale, so if the company can continue to grow revenues, then net profits should grow at a *faster* rate!

(Continued on Page 10)

Recommended Investments*(Continued from Page 9)***CPT Global**

Devine reported a *trading loss* of \$15.0 million (compared with a profit of \$9.4 million a year ago) *plus* wrote down asset values by \$70.0 million.

Six Months to 31/12/2013

	Latest	Previous	Change
Revenues	\$139.4m	\$311.1m	-55.2%
Net Profit	<\$15.0m>	\$9.4m	
Net Cash Surplus	<\$3.6m>	\$26.5m	-113.5%
Earnings per share	<1.9c>	5.9c	-132.2%
Dividends per share	Nil	Nil	

The second half of the current financial year is forecast to yield a \$22-25 million pre-tax profit, lifting the full year result (before tax) to \$7-10 million.

Net assets are \$244.7 million (154 cents per share). Interest bearing debts are high at \$123.5 million, but will be reduced by major asset sales announced in December plus other planned sales.

Devine

Ellex Medical Lasers (as reported last month) lifted revenues 17.5%, with profits up 2¾-fold to \$391,000.

Six Months to 31/12/2013

	Latest	Previous	Change
Revenues	\$25.9m	\$22.0m	+17.5%
Net Profit	\$0.391m	\$0.144m	+171.5%
Net Cash Surplus	\$1.3m	\$1.8m	-23.4%
Earnings per share	0.36c	0.13c	
Dividends per share	Nil	Nil	

United States revenues rose 117% to \$9.6 million (37% of group revenues). Japan revenues fell 21% to \$4.7 million and Europe fell 16% to \$4.2 million. Australia was up 3% to \$4.7 million, Asia up 14% to \$2.0 million

and South America 244% to \$0.7 million.

Direct sales rose 22% to \$19.5 million, with sales through distributors up 7% to \$6.4 million.

Ellex Medical Lasers' has received a *CE Mark* for its *Retinal Rejuvenation Therapy* laser treatment for Age-Related Macular Degeneration. This allows the company to make product sales in Europe, plus Australia, New Zealand, several South East Asian, Middle Eastern and South American countries.

Ellex Medical Lasers

Fiducian Portfolio Services has reported modest growth in revenues and net profits, but strong growth in cash flows:

Six Months to 31/12/2013

	Latest	Previous	Change
Revenues	\$11.0m	\$10.9m	+0.8%
Net Profit	\$1.9m	\$1.7m	+9.8%
Net Cash Surplus	\$3.1m	\$1.3m	+146.5%
Earnings per share	6.0c	5.3c	+13.2%
Dividends per share	4.1c	3.4c	+20.6%

The company remains debt-free, with \$10.7 million (34.7 cents per share) in cash.

Fiducian Portfolio Services

Finbar Group's business can be volatile owing to the timing of settlements, but is showing strong long term growth:

Six Months to 31/12/2013

	Latest	Previous	Change
Revenues	\$134.2m	\$62.2m	+115.8%
Net Profit	\$18.9m	\$14.0m	+34.4%
Earnings per share	8.6c	6.5c	+32.3%
Dividends per share	4.0c	3.5c	+14.3%

Finbar Group has negotiated an exclusive arrangement for the services of its long term building and primary

contractor, **Hanssen Pty**. Under this agreement Hanssen can only supply building services to Finbar Group for the next ten years, while Finbar Group *may* seek competitive quotes and appoint other contractors. To secure this contract, Finbar Group will place 5,000,000 shares to Hanssen Pty, with the market value of these shares classed as a loan (at bank interest rates), repayable over five years.

Finbar Group has reached practical completion of its *Ecco* project. All 90 apartments have been sold and settlements totalling \$46.3 million will begin in April. That leaves eight commercial lots, worth \$6.5 million, remaining to be sold.

Finbar Group has announced three new large projects:

Firstly, a 50% joint venture with the land owner will develop a 4,000m² site on the corners of Brighton Road, Rowe Avenue and Great Eastern Highway in Rivervale. The company is planning 130 apartments, plus ground floor commercial space, with an end value of around \$75 million. Marketing is expected within twelve months, with construction to begin following completion of the *Arbor* project, with settlements in the June 2017 and June 2018 financial years.

Secondly, the company has finally secured development approval for the last stage of the redevelopment of the former **Australian Broadcasting Corporation** site at 189 Adelaide Terrace in East Perth. The *Concerto Tower* project will include 209 apartments in 38 levels - the tallest residential building in Perth and Finbar Group's largest ever project with an end value of \$220 million. The former ABC heritage buildings will remain, with the five level administration building converted into 17 studio and one bedroom apartments, while the three-level sound and music studios will be renovated for commercial use. Marketing is expected from July this year, with construction to begin in early 2015 and settlements expected in the 2017 financial year.

Finally a 50% joint venture with the land owner seeks to redevelop a 2266m² site at 96 Mill Point Road, South Perth. The proposal is to demolish the existing building and replace it with a high rise building including office, retail, serviced apartments and permanent residential apartments, with a final value of around \$100 million. Marketing could begin later in 2014, with construction starting in early 2015 and completion and settlements in the June 2018 financial year.

Finbar Group



Iluka Resources has operated at slightly better than a break-even level during 2013.

Year to 31/12/2013

	Latest	Previous	Change
Revenues	\$853.2m	\$1150.2m	-25.8%
Net Profit	\$18.5m	\$363.2m	-94.9%
Net Cash Surplus	\$29.8m	\$250.6m	-88.1%
Earnings per share	4.4c	87.1c	-94.9%
Dividends per share	9.0c	35.0c	-74.3%

As reported last month, sales volumes increased 19.5% but sales prices fell 41.1%, resulting in a 29.6% decline in product revenues.

The \$29.8 million cash operating surplus was *after* paying \$140.1 million in taxes relating to the 2012 net profit. With little tax payable on the 2013 small profit - plus the full impact of downsizing mining operations - Iluka Resources should generate much stronger operating cashflows over 2014.

Iluka Resources has invested £12.2 million (A\$22.5 million) to acquire an 18.3% shareholding in UK based **Metalysis**, a company that has demonstrated the production of Titanium metal from the electrolysis of Rutile (i.e. Titanium Dioxide). The company is currently focusing upon Titanium powder for use in 3D printing. This is a potentially “disruptive technology” that would significantly reduce the cost of producing Titanium metal.

Currently Titanium production uses about 5-7% of Mineral Sands, but involves “complex and expensive production methods” and is “historically a low-margin industry”.

Iluka Resources also has the right to increase its shareholding to 20.0-24.9% in the event of an Initial Public Offering and a pro-rata right of refusal to acquire shares from other shareholders or the issue of new shares. Iluka Resources has also a non-exclusive worldwide licence to use the Metalysis technology to produce Titanium metal, in return for a revenue royalty.

Iluka Resources



Integrated Research has returned to strong growth after a flat result in 2013:

Six Months to 31/12/2013

	Latest	Previous	Change
Revenues	\$26.2m	\$21.5m	+22.0%
Net Profit	\$4.5m	\$2.8m	+64.3%
Net Cash Surplus	\$10.1m	\$6.6m	+53.0%
Earnings per share	2.7c	1.6c	+63.4%
Dividends per share	2.5c	2.0c	+25.0%

Initial licence fee revenues rose 28% to \$13.8 million, maintenance fees were (Continued on Page 12)

Recommended Investments

(Continued from Page 11)

up 15% at \$9.9 million and consulting revenues grew 18% to \$2.5 million.

Unified Communications revenues were 26% higher at \$12.1 million, Infrastructure revenues 11% higher at \$9.5 million and Payments revenues jumped 74% to \$2.2 million.

73% of revenues are earned in the United States (in US dollars), with just 5% generated in Australia, so the lower Australian dollar boosts profit margins and reported net profits. In constant currency terms, revenues were ahead 9% and profits up 23%. The lower Australian dollar exchange rate boosted revenue growth to 22% and profits by 64%.

Integrated Research



M2 Group, which recently changed its name from M2 Telecommunications, lifted revenues 66% - helped by earlier acquisitions - over the last six months. Net profits, earnings per share and dividends grew steadily.

Six Months to 31/12/2013

	Latest	Previous	Change
Revenues	\$506.0m	\$305.2m	+65.8%
Net Profit	\$30.9m	\$24.7m	+25.5%
Net Cash Surplus	\$22.6m	\$36.0m	-37.2%
Earnings per share	17.2c	15.6c	+10.3%
Dividends per share	11.5c	10.0c	+15.0%

The full year guidance is for revenues of \$970-1030 million and net profits of \$85-95 million (34-39 cents per share).

M2 Group



Melbourne IT has changed significantly over the last year by selling a major division and distributing some cash to shareholders plus, since balance date, announcing a new acquisition.

Year to 31/12/2013

	Latest	Previous	Change
Revenues	\$103.4m	\$108.5m	-4.7%
Net Profit	\$6.2m	\$8.7m	-28.9%
Net Cash Surplus	\$7.3m	\$21.1m	-65.4%
Earnings per share	7.5c	10.6c	-29.2%
Dividends per share	Nil	14.0c	-100.0%

Revenues and profits from *continuing* operations were down slightly, but the company also realised an after tax gain of \$62.7 million from the sale of businesses. No regular dividend was paid, but the company did pay a 25.0 cents "special" dividend and since balance date has made a capital repayment of 54.0 cents per share (\$45.2 million in total).

At 31 December the company was debt-free with cash of \$80.5 million. The capital repayment will have reduced that to \$35.3 million (42.5 cents per share).

In February, Melbourne IT announced an agreement to acquire **Netregistry Group** for \$50.4 million (i.e. payable as 4.3-9.3 million Melbourne IT shares, worth \$5.6-11.9 million and \$38-45 million in cash). This business currently generates annual revenues of around \$30 million and earnings (before interest, depreciation and tax) of \$6 million.

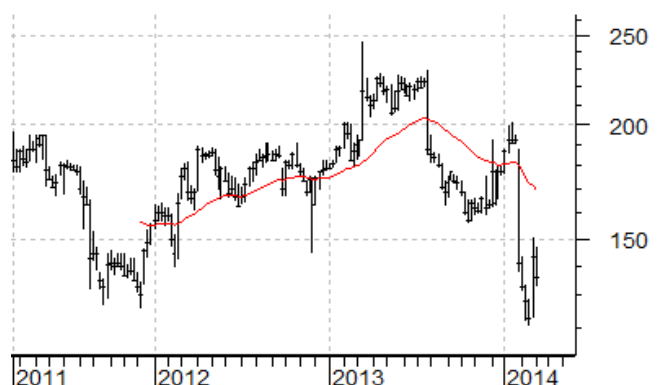
That is a fairly high valuation for Netregistry, although there will be significant cost savings - which the company estimates at \$5 million annually from 2015 - merging this business with Melbourne IT. The two companies offer very similar products and services (i.e. domain name registration, web hosting) allowing virtually every aspect of the businesses to be merged into a single operation with the elimination of current duplicated costs and overheads.

Melbourne IT is continuing to look at other possible acquisitions.

The company has obtained a favourable ruling from the **Australian Tax Office**, confirming that the recent 54.0 cents payment was a "capital" repayment.

This would suggest that New Zealand resident shareholders should also treat this as a non-taxable return of capital - although an Australian ruling has no legal status in NZ. The NZ Commissioner of Inland Revenue *could* exercise her discretion to rule this a taxable dividend to NZ resident shareholders. Of course, NZ citizens also have the discretion to change their country of residence. Since 2006 your Editor has been a tax resident in a country with no tax on foreign income (i.e. no income tax, no "fair dividend tax" and no capital gains taxes on Australian or New Zealand investments).

Melbourne IT



Nomad Building Solutions' result reflects losses on businesses being closed.

Six Months to 31/12/2013

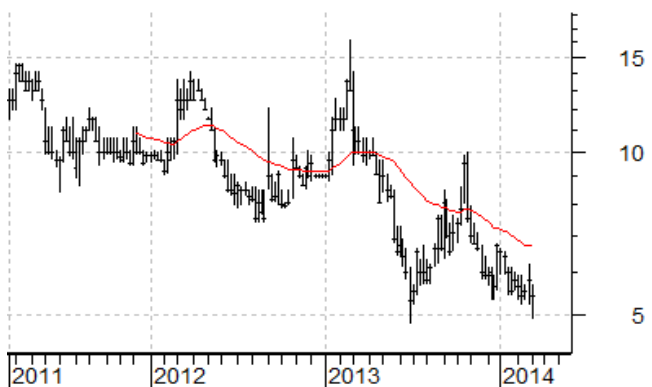
	Latest	Previous	Change
Revenues	\$25.7m	\$35.1m	+29.6%
Net Profit	<\$1.2m>	<\$2.4m>	
Net Cash Surplus	<\$5.3m>	\$1.8m	
Earnings per share	<0.4c>	<0.8c>	
Dividends per share	Nil	Nil	

McGrath Homes is now the main operation, which generated revenues of \$24.9 million and earnings of \$2.1 million for the period, which included completing a housing project for **Rio Tinto**. Private residential revenues are expected at around \$25 million annually - but the company is bidding for a \$35 million Karratha housing project, \$60 million of housing for major resource companies and around \$93 million of construction for three Lifestyle Villages.

At 31 December 2013, Nomad Building Solutions had cash at the bank of \$6.4 million (2.3 cents per share), although \$3.2 million is in trust as a security deposit for its bank guarantee facility. In February its total cash was up to \$8.3 million (3.0 cents per share) and the company has \$2.9 million of assets for sale.

The company has tax losses of \$27 million and franking credits of \$17 million - which would be very valuable if the company returns to profitability and pays dividends - or if it can utilise them through the acquisition of a profitable business.

Nomad Building Solutions



Penrice Soda Holdings

Six Months to 31/12/2013

	Latest	Previous	Change
Revenues	\$39.9m	\$65.9m	-39.5%
Net Profit	<\$12.3m>	<\$0.4m>	
Net Cash Surplus	<\$4.0m>	<\$0.4m>	
Earnings per share	<13.4c>	<7.6c>	
Dividends per share	Nil	Nil	

The company has borrowed a further \$2 million from **TMPA Investment Trust** for five years, with interest at 10% compounding monthly.

Penrice Soda Holdings has negotiated a “debt restructuring and refinancing transaction” although full details have not yet been announced. One of its two current senior lenders will sell its debt to a new senior lender (who will provide additional working capital to Penrice Soda). The senior debt will then be restructured

“involving the forgiveness or conversion to equity of most of the senior debt”. The proposed terms for this have not been disclosed, but any “conversion to equity” would require shareholder approval. This restructuring is expected at the end of March.

Penrice Soda has bank loans totalling \$106.9 million but notes that the proposed debt restructuring “indicates the fair value of the senior interest bearing liabilities may materially differ from this value” (i.e. the debt will have a materially lower value in the restructuring).

Penrice Soda Holdings



Probiotec has reported a trading profit of \$428,000 plus a \$3.2 million gain on the sale of a business and restructuring costs of \$2.0 million.

Six Months to 31/12/2013

	Latest	Previous	Change
Revenues	\$32.2m	\$34.1m	-5.4%
Net Profit	\$0.428m	\$0.305m	+40.3%
Net Cash Surplus	\$2.9m	\$1.9m	+56.3%
Earnings per share	0.8c	0.6c	+40.3%
Dividends per share	Nil	Nil	

Probiotec



Prophecy International Holdings produced a steady result, but earnings per share were down slightly owing to a share placement earlier in the year to raise cash for a potential acquisition.

Six Months Year to 31/12/2013

	Latest	Previous	Change
Revenues	\$4.1m	\$4.2m	-2.8%
Net Profit	\$1.060m	\$1.131m	-3.4%
Net Cash Surplus	\$0.8m	\$1.7m	-54.1%
Earnings per share	1.9c	2.2c	-13.6%
Dividends per share	2.0c	2.0c	

(Continued on Page 14)

Recommended Investments

(Continued from Page 13)

The company has assessed “a large number of potential acquisition targets” and is confident of “finding the next great [software] product” to take to world markets.

Prophecy International Holdings



TFS Corporation's half year result shows no major surprises, but the company has progressed towards its integrated “soil to oil” business model.

Six Months to 31/12/2013

	Latest	Previous	Change
Revenues	\$55.0m	\$45.4m	+21.1%
Net Profit	\$3.2m	\$4.8m	-32.8%
Net Cash Surplus	\$4.2m	\$3.2m	+32.6%
Earnings per share	1.1c	1.7c	-33.4%
Dividends per share	Nil	Nil	

The company has received settlement for a 236 hectare plantation development for a US institutional investor, as first announced in June 2013, continuing its initial business of providing managed Indian Sandalwood forestry management for outside investors.

Santalis Pharmaceuticals (50% owned by TFS Corporation) - a development company to find new uses for Indian Sandalwood oil - has entered into an exclusive marketing licence to allow an undisclosed “global pharmaceutical company” to market certain current and future dermatology products worldwide. Santalis will receive up-front fees, milestone fees on product development and royalties on sales. The company has also placed its first order for 100kg of Indian Sandalwood at a price of US\$4500 per kilogram.

That sales price offers TFS Corporation good profit margins processing and marketing Sandalwood Oil from timber purchased at auction from its outside grower investors (and from plantations owed directly).

The company has also moved to capture all of the potential profit margins from this business by significantly increasing its plantation ownership. At the end of December 2013, it directly owned 1714 hectares of plantations, up 167% from the 641 hectares owned a year earlier, with indirect interests (i.e. deferred fees payable by growers) giving it an interest in the equivalent of a further 626 hectares. Total plantations were 16% larger at 7572 hectares.

TFS Corporation



The Reject Shop's results came in as discussed last month:

Six Months to 31/12/2013

	Latest	Previous	Change
Revenues	\$385.m	\$330.7m	+16.6%
Net Profit	\$16.9m	\$20.1m	-15.9%
Net Cash Surplus	\$39.0m	\$34.5m	+13.1%
Earnings per share	58.5c	76.9c	-23.9%
Dividends per share	21.5c	24.0c	-10.4%

Despite the lower profit there was a strong net operating cash surplus of \$39.0 million - which helped finance the \$20.5 million investment in fixed assets (i.e. mainly plant and equipment for its new stores). With less rapid growth, those higher net cashflows will be available for the payment of higher dividends.

At the end of December 2013, The Reject Shop had virtually no interest bearing debt (i.e. just \$481,000) and cash in the bank of \$15.3 million.

The WA Distribution Centre is scheduled to open in July 2014. The group has over 320 stores, but sees “plenty of opportunities to expand further” including the development of smaller footprint stores.

Village Roadshow's half year result is depressed by \$10 million of costs associated with opening the *Wet'n'Wild Sydney* and the Gold Coast marketing campaign:

Six Months to 31/12/2013

	Latest	Previous	Change
Revenues	\$490.2m	\$489.3m	+0.2%
Net Profit	\$18.1m	\$33.5m	-46.0%
Net Cash Surplus	\$45.2m	\$62.1m	-27.2%
Earnings per share	11.3c	21.9c	-48.4%
Dividends per share	13.0c	13.0c	

For the full year to June 2014 the company is predicting a result “slightly above” the \$50.9 million (32 cents per share) reported in 2013.

Village Roadshow



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

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

Company	Share Price	STRENGTH RATING			Insider Buy/Sell	Price to NTA	Return on Equity	Volatility	Price/Earn. Ratio	Dividend Yield	Price/Sales Ratio	Market Cap'n	Company	Share Price	STRENGTH RATING			Insider Buy/Sell	Price to NTA	Return on Equity	Volatility	Price/Earn. Ratio	Dividend Yield	Price/Sales Ratio	Market Cap'n		
		Cur-ent	4-Wk Chg.	Rank											Cur-ent	4-Wk Chg.	Rank										
UNDER-VALUED SHARES: Lowest Price/Sales, Yld > 0, Rel Strength > 0													OVER-VALUED SHARES: Highest Price/Sales Ratios, Relative Strength < 0														
Col Motor Co	550	+3.5	+1.9	25	1-0	-1.4	11	0.5	13	7.8	0.29	180	Trade-Me Ltd	398	-6.4	-0.1	83	2-1	10	2.4	12	0.5	20	5.7	9.61	1,577	
PGG Wrightsons	46	+7.4	-0.3	18	1-0	4	1.4	6	1.7	23	6.9	0.30	343	Snakk Media Ltd	11	-0.8	-6.9	56	0-0	-34.4	-	2.1	NE	Nil	7.91	29	
Seeka Kiwifruit	237	+11.6	+4.1	10	3-0	-0.6	4	0.5	13	7.6	0.35	34	Goodman Prop.	97	-3.6	-0.2	76	0-1	7	1.0	7	0.5	15	6.4	7.76	1,166	
Ebos Group Ltd	1019	+0.8	+2.0	36	0-0	-2.2	9	0.7	24	4.1	0.37	668	Moa Group Ltd	63	-16.3	+1.8	93	1-0	1	1.3	13	0.8	10	Nil	7.74	19	
Nuplex Indust	341	+1.6	-0.6	32	0-0	6	1.2	10	1.1	12	6.2	0.41	676	Vital Health PT	129	-58.3	+0.0	97	10-0	4	1.4	11	0.5	13	6.1	7.53	436
Air New Zealand	190	+7.9	+0.4	16	0-7	6	1.2	10	0.9	12	6.0	0.45	2,097	Argosy Property	94	-2.0	+0.1	67	0-0	5	1.2	7	0.5	16	6.4	7.21	730
Hellaby Hold.	315	+5.5	+0.6	23	0-0	3	1.5	9	1.2	16	5.9	0.54	293	NPT Limited	61	-1.7	+0.5	64	0-0	2	0.9	29	0.5	3	4.3	6.06	99
Cavalier Corp	165	+0.4	-0.3	39	0-0	3	1.2	7	1.1	17	3.5	0.56	113	Kiwi Property	113	-0.8	+0.5	58	1-0	7	1.0	10	0.6	10	7.1	5.67	1,126
Tourism Hold.	116	+21.5	+1.0	5	3-1	1	0.7	2	1.0	34	4.9	0.57	128	NZ Exchange Ltd	129	-1.5	+1.0	62	1-0	3	6.6	24	0.7	27	6.0	5.22	328
Opus Int'l Cons	210	+6.2	-1.3	21	1-0	4	2.3	17	0.9	14	5.2	0.67	308	Diligent Board	473	-8.5	+6.6	86	0-1	4	15.0	28	0.7	54	Nil	5.04	396
Mainfreight Grp	1320	+7.7	+1.2	16	4-5	5	3.4	17	0.6	19	2.9	0.69	1,307	Charlie's Group	43	-58.3	+0.0	98	0-0	-	7.7	15	1.0	51	Nil	4.00	126
Steel & Tube	314	+5.4	-0.3	23	1-0	4	1.8	10	0.9	18	6.8	0.71	278	NZ Oil & Gas	82	-2.5	-0.1	69	0-0	6	0.9	7	0.9	13	10.5	3.40	338
Fletcher Build.	990	+0.8	+1.2	34	3-8	-1.9	9	0.7	21	4.1	0.80	6,792	Dorchester Pac	24	-0.8	+3.0	58	0-0	-	1.5	5	1.4	31	Nil	2.61	50	
Turners Auction	265	+12.6	-1.7	8	2-0	-3.9	26	0.9	15	8.4	0.81	73	Trust Power Ltd	650	-4.3	+0.8	78	1-0	6	1.3	8	0.4	17	8.8	2.53	2,041	
Sanford Limited	443	+0.5	-0.3	38	0-0	3	0.7	4	0.5	20	7.2	0.90	415	Sky City Ltd	393	-2.6	+1.0	70	5-3	12	2.8	16	0.4	18	7.3	2.40	2,267
Methven Limited	140	+1.5	-2.3	32	0-0	5	2.1	11	1.1	18	7.4	0.95	93	NZ Windfarms	7	-2.7	+1.4	71	0-0	-	0.3	2	1.8	12	Nil	2.32	19
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														
Turners Auction	265	+12.6	-1.7	8	2-0	-3.9	26	0.8	15	8.4	0.81	73	Vital Health PT	129	-58.3	+0.0	97	10-0	4	1.4	11	0.4	13	6.1	7.53	436	
Seeka Kiwifruit	237	+11.6	+4.1	10	3-0	-0.6	4	0.4	13	7.6	0.35	34	Charlie's Group	43	-58.3	+0.0	98	0-0	-	7.7	15	0.9	51	Nil	4.00	126	
Guinness Peat	69	+8.4	+2.1	14	7-1	3	1.1	6	1.1	17	Nil	0.44	971	Moa Group Ltd	63	-16.3	+1.8	93	1-0	1	1.3	13	0.8	10	Nil	7.74	19
Air New Zealand	190	+7.9	+0.4	16	0-7	6	1.2	10	0.8	12	6.0	0.45	2,097	Pumpkin Patch	67	-15.8	-2.1	92	0-2	4	2.1	10	1.2	20	Nil	0.39	113
Mainfreight Grp	1320	+7.7	+1.2	16	4-5	5	3.4	17	0.5	19	2.9	0.69	1,307	Trilogy Intern.	49	-10.2	-10.0	89	0-0	-	1.4	-	0.7	NE	Nil	1.12	30
Turners & Grow.	200	+6.3	+1.5	21	0-0	-	0.9	6	0.5	14	Nil	0.32	234	Just Water Int.	10	-8.8	-1.8	87	1-0	-	1.3	26	2.6	5	Nil	0.32	9
Opus Int'l Cons	210	+6.2	-1.3	21	1-0	4	2.3	17	0.8	14	5.2	0.67	308	Diligent Board	473	-8.5	+6.6	86	0-1	4	15.0	28	0.7	54	Nil	5.04	396
Hellaby Hold.	315	+5.5	+0.6	23	0-0	3	1.5	9	1.0	16	5.9	0.54	293	NZ Refining Co	175	-8.2	-2.5	86	3-0	4	0.8	-	0.7	NE	1.6	2.20	490
Steel & Tube	314	+5.4	-0.3	23	1-0	4	1.8	10	0.7	18	6.8	0.71	278	Trade-Me Ltd	398	-6.4	-0.1	83	2-1	10	2.4	12	0.5	20	5.7	9.61	1,577
Col Motor Co	550	+3.5	+1.9	25	1-0	-1.4	11	0.4	13	7.8	0.29	180	Bathurst Res.	18	-4.7	+1.3	81	1-0	-	-	-	1.3	NE	Nil	N/A	128	
Nuplex Indust	341	+1.6	-0.6	32	0-0	6	1.2	10	1.0	12	6.2	0.41	676	GeoOP Ltd	207	-4.5	+0.9	80	0-0	-	-	-	0.9	NE	Nil	N/A	56
Methven Limited	140	+1.5	-2.3	32	0-0	5	2.1	11	0.9	18	7.4	0.95	93	Convita	340	-4.4	-0.2	80	0-0	1	1.2	9	0.5	13	5.5	0.96	99
Cavalier Corp	165	+0.4	-0.3	39	0-0	3	1.2	7	0.9	17	3.5	0.56	113	Sealegs Corp	17	-4.3	-3.6	79	0-0	-	2.2	2	1.2	102	Nil	1.28	21
INCOME SHARES: Highest Yields, Capitalisation > NZ\$100 million													INSIDER SELLING: Most Insider Selling, Relative Strength < 0														
Chorus Ltd	155	-23.3	+2.5	95	1-0	10	1.0	27	0.8	4	23.5	0.57	603	Michael Hill	131	-1.1	-2.3	59	0-5	2	2.4	19	0.5	13	5.0	0.91	502
Hallenstein G.	318	-18.1	-2.7	94	1-0	5	2.8	28	0.8	10	14.6	0.86	190	DNZ Property	153	-2.9	+0.7	73	0-3	5	1.0	5	0.5	18	5.6	N/A	377
NZ Oil & Gas	82	-2.5	-0.1	69	0-0	6	0.9	7	1.0	13	10.5	3.40	338	Pumpkin Patch	67	-15.8	-2.1	92	0-2	4	2.1	10	1.2	20	Nil	0.39	113
Telecom Corp	246	+1.8	+1.5	30	0-1	11	3.2	17	0.6	19	9.3	1.07	4,470	Property F Ind.	127	-1.7	+0.2	65	0-2	9	1.0	8	0.4	13	6.6	N/A	523
Trust Power Ltd	650	-4.3	+0.8	78	1-0	6	1.3	8	0.4	17	8.8	2.53	2,041	Diligent Board	473	-8.5	+6.6	86	0-1	4	15.0	28	0.7	54	Nil	5.04	396
Vector Ltd	246	-3.8	-1.0	77	7-0	6	1.1	9	0.5	12	8.7	1.91	2,450	Goodman Prop.	97	-3.6	-0.2	76	0-1	7	1.0	7	0.5	15	6.4	7.76	1,166
Warehouse Group	344	-2.3	-1.8	69	2-0	8	2.7	37	0.7	7	8.5	0.48	1,071	Smiths City	58	-2.7	-1.3	72	0-1	-	0.7	4	0.5	15	6.0	0.14	31
Mighty River	207	-6.0	+0.9	82	6-2	8	1.0	4	0.8	26	8.3	1.68	2,891	TeamTalk Ltd	200	-9.0	+0.4	88	0-1	1	1.4	9	0.5	16	14.3	1.22	56
Col Motor Co	550	+3.5	+1.9	25	1-0	-1.4	11	0.3	13	7.8	0.29	180	Allied Work.	260	-3.6	-1.7	75	0-1	-	3.1	25	0.7	12	8.6	0.51	67	
Restaurant Brds	295	-0.1	+0.1	52	0-0	3	4.8	27	0.7	18	7.7	0.92	289	Fonterra S/H Fd	596	-8.1	+0.5	85	5-6	-	0.8	4	0.7	19	5.4	0.20	643
INSIDER BUYING: Most Insider Buying, Relative Strength > 0																											
Briscoe Group	260	+0.9	+1.8	34	7-0	3	3.9	20	0.5	20	5.5	1.26	552														
Guinness Peat	69	+8.4	+2.1	14	7-1	3	1.1	6	0.9	17	Nil	0.44	971														
Seeka Kiwifruit	237	+11.6	+4.1	10	3-0	-0.6	4	0.3	13	7.6	0.35	34															
Metro. LifeCare	415	+8.0	-4.9	15	3-0	4	1.2	8	0.7	15	0.5	9.33	860														
Turners Auction	265	+12.6	-1.7	8	2-0	-3.9	26	0.7	15	8.4	0.81	73															
Tourism Hold.	116	+21.5	+1.0	5	3-1	1	0.7	2	0.6	34	4.9	0.57	128														
Precinct Prop.	102	+0.8	+0.7	36	4-2	-1.2	5	0.4	23	5.5	7.99	1,017															
PGG Wrightsons	46	+7.4	-0.3	18	1-0	4	1.4	6	1.1	23	6.9	0.30	343														
Rubicon Limited	43	+13.6	+2.9	8	1-0	-0.8	-	1.2	NE	Nil	0.35	163															
Freightways Ltd	493	+4.5	+0.5	24	1-0	7	4.1	22	0.5	19	5.4	1.87	759														

INCOME SHARES: Highest Yields, Capitalisation > A\$250 million														INSIDER BUYING: Most Insider Buying, Relative Strength > 0													
Company	Share Price	Cur- rent	4-Wk Chg.	Rank 0-99	Insider Buy-Sell	Prox Following	Price to NTA	Return on Equity	Vola- tility	Price Earm. Ratio	Divi- dend Yield	Price Sales Ratio	Market Cap'n	Company	Share Price	Cur- rent	4-Wk Chg.	Rank 0-99	Insider Buy-Sell	Prox Following	Price to NTA	Return on Equity	Vola- tility	Price Earm. Ratio	Divi- dend Yield	Price Sales Ratio	Market Cap'n
Sigma Pharm.	67	+0.1	+3.0	39	0-0	13	1.4	3	0.5	42	14.2	0.26	779	Ingenia Com Grp	50	+8.0	-5.6	18	5-0	1	1.5	2	0.7	94	2.0	9.21	338
Seven West Med.	214	-1.8	-0.4	50	0-0	15	-	-	0.6	7	11.7	1.13	2,135	Growthpoint Pro	245	+2.4	-2.7	31	5-0	3	1.2	11	0.3	12	7.5	6.32	1,084
DUET Group	210	-2.3	+0.8	52	1-0	12	1.6	0	0.4	368	11.5	1.90	2,496	Aristocrat Leis	530	+3.8	+1.4	27	5-0	14	15.1	56	0.4	27	2.7	3.61	2,923
NRW Holdings	117	-2.3	+2.1	52	3-0	14	1.0	23	0.6	4	11.1	0.24	326	PPK Group Ltd	78	+25.2	-7.2	5	5-0	-	1.4	8	0.5	17	4.5	3.85	40
Grange Resource	30	+13.4	+0.2	12	3-0	3	0.5	4	1.1	14	10.0	1.24	347	Plymouth Min.	15	+34.7	+6.8	4	5-0	-	-	-	1.1	NE	Nil	N/A	5
Pacific Brands	52	-9.3	-0.1	69	5-0	13	3.0	48	0.7	6	9.7	0.37	470	Cokal Limited	18	+2.6	-1.2	30	5-0	3	-	-	1.0	NE	Nil	N/A	72
Wotif.com Hold.	240	-25.0	-4.3	91	1-1	20	-	-	0.3	10	9.6	3.47	508	Ale Property	287	+3.6	+0.5	28	5-0	2	1.5	4	0.2	37	5.6	9.98	557
G.U.D. Holdings	558	-3.8	+1.5	55	1-0	11	5.8	46	0.3	13	9.3	0.67	398	Matrix Comp.	117	+14.1	+15.3	11	5-0	3	1.0	-	0.5	NE	Nil	0.76	111
Ridley Corp.	83	-1.9	-0.6	51	8-1	7	2.0	9	0.5	21	9.0	0.36	255	Fitzroy River	38	+5.0	-0.4	24	5-0	-	-	-	0.6	NE	Nil	N/A	34
Metcash Ltd	323	-5.2	+1.1	59	1-0	15	-	-	0.4	14	8.7	0.22	2,845	BKI Invest Coy	161	+2.8	+0.2	30	5-0	-	1.1	5	0.4	21	4.1	N/A	766
Bradken Ltd	452	-7.1	-4.7	64	0-1	16	2.0	18	0.5	11	8.4	0.58	765	Uranex Ltd	10	+48.7	-54.0	2	5-0	-	-	-	1.3	NE	Nil	N/A	21
Prime Media Grp	90	-3.2	-2.3	54	0-0	10	-	-	0.6	10	8.1	1.28	330	Collection Hse	184	+5.5	+2.1	23	8-3	6	2.1	16	0.3	14	3.9	5.43	212
Monadelphous Gr	1750	-4.4	+1.5	57	1-1	16	5.3	52	0.3	10	7.8	0.61	1,591	Reward Minerals	52	+48.0	+7.9	2	4-0	-	-	-	0.6	NE	Nil	N/A	38
Growthpoint Pro	245	+2.4	-2.7	31	5-0	3	1.2	11	0.4	12	7.5	6.32	1,084	Sino Gas & En.	21	+7.1	-3.5	19	4-0	2	-	-	0.9	NE	Nil	N/A	235
Resolute Mining	67	-11.0	+7.6	72	0-0	6	0.7	13	0.7	5	7.5	0.69	429	Equity Trustees	2400	+14.0	+1.8	11	4-0	1	12.7	51	0.2	25	3.8	4.57	217
Chart H Retail	362	-3.8	-0.4	55	0-0	11	1.1	5	0.4	23	7.4	7.08	1,222	Paringa Res Ltd	27	+15.6	-8.6	10	4-0	-	-	-	0.9	NE	Nil	N/A	16
Cromwell Prop.	102	+0.1	+0.2	38	2-5	4	1.5	4	0.5	38	7.1	7.58	1,748	Aust Oil Coy	15	+44.3	+4.1	2	4-0	-	-	-	1.0	NE	Nil	N/A	12
BC Iron Ltd	501	+10.9	-3.3	14	1-1	11	-	-	0.4	13	7.0	1.90	618	Orica Ltd	2416	+6.7	-0.7	20	4-0	16	7.2	49	0.2	15	3.9	1.29	8,896
Aust Leaders Fd	173	+2.1	-0.0	32	0-5	-	1.2	10	0.4	12	7.0	N/A	283	Service Stream	25	+8.7	+4.1	17	4-0	1	2.1	-	0.8	NE	4.0	0.13	71
Abacus Property	238	+1.4	+0.8	34	0-0	5	1.0	6	0.4	18	6.9	3.84	1,078	Grange Resource	30	+13.4	+0.2	12	4-0	3	0.5	4	1.0	14	10.0	1.24	347
Cabcharge Ltd	433	-1.2	+2.7	48	0-0	9	-	-	0.4	9	6.9	2.65	521	Konekt Limited	9	+17.3	+17.9	9	4-0	-	3.1	-	1.3	NE	Nil	0.23	7
CFS Retail Prop	197	-2.0	+0.1	51	0-0	13	1.0	5	0.5	19	6.9	7.55	5,572	Downer EDI Ltd	517	+4.8	-0.6	24	4-0	16	1.8	16	0.4	11	4.1	0.27	2,241
Chal Div Prop	260	-0.3	+0.3	45	3-0	4	0.9	7	0.3	14	6.8	5.90	557	Vortex Pipes	0	+3.2	-0.9	28	4-0	-	-	-	14.6	NE	Nil	N/A	3
Aust Education	160	+1.3	+0.4	35	0-0	3	1.2	17	0.4	7	6.7	4.55	307	Saferoads Hold.	14	+6.7	-5.3	20	4-0	-	0.6	-	1.0	NE	Nil	0.15	4
Shopping Centre	168	-1.0	+1.1	48	3-0	7	-	-	0.8	NE	6.7	N/A	1,079	Vital Metals	4	+12.5	-15.4	13	4-0	-	-	-	1.8	NE	Nil	N/A	9

Investment Outlook

(Continued from Page 1)

The new challenge will be sharing this with other investors in an era of increasing regulation. Politicians may love to govern a dependent, docile population of “debt slaves”, but this newsletter seeks to be a disruptive technology for social, political and economic emancipation!

Current trends - like the automation of knowledge work - will transfer wealth from skilled, educated workers to the owners of capital, resulting in further income inequality within society over the next 20-30 years (potentially leading to social unrest), before reversing in later decades.

As individuals, we can either choose to surf this wave of change - or get crushed in its wake!

As capital is international and can easily flow over borders, governments will not be able to redistribute wealth through higher taxes on capital. It is no longer

enough to be a healthy, educated, “debt slave” as unemployment will increase and wage rates will fall, even in skilled, knowledge-based occupations.

The only way to be financially successful in the decades ahead is to become an “owner of capital”. That does not mean owning residential property or any kind of property. It means ownership of businesses that will benefit from automating and replacing knowledge workers. Most companies will be able to use this technology, so investing in an equity portfolio of shares is a good place to start.

Our children and grandchildren may benefit from a university education - some of them will probably still be able to get good jobs - but what they all really need is a share portfolio. The need to buy and own shares is greater now than at any time in the last 33 years!

The Editor of this newsletter started his share portfolio 43 years ago when his total net worth was just \$500. No-one ever has *too little* to get started.

“Neglect” Ratings of Australian Shares

“Neglected” Shares = 0-2 Brokers, “Moderately Followed” Shares = 3-9 Brokers, “Widely Followed” Shares = 10 or more Brokers.

Company	No. of Brokers Following Company	Market Capitalisation (\$ Mill.)	Company	No. of Brokers Following Company	Market Capitalisation (\$ Mill.)	Company	No. of Brokers Following Company	Market Capitalisation (\$ Mill.)	Company	No. of Brokers Following Company	Market Capitalisation (\$ Mill.)
1300 Smiles Ltd	2	139	Beadell Res.	12	571	DUET Group	12	2,496	Haranga Res Ltd	1	16
21st Century F.	9	86,216	Bega Cheese Ltd	6	808	DWS Limited	6	179	Harvey Norman	14	3,516
360 Capital Ind	3	783	Bendigo Bank	17	4,660	Data 3 Ltd	2	117	Hazelwood Res.	1	31
360 Capital Grp	2	62	Bentham IMF Ltd	3	225	David Jones	16	1,820	Helloworld Ltd	3	167
A.P. Eagers	3	904	Berkeley Res.	2	65	Decmil Group	7	368	Henderson Group	16	5,303
ABM Resources	2	89	Bigair Group	2	137	Devine	1	105	Hillgrove Res.	5	92
AGL Energy Ltd	14	8,502	Billabong Int'l	6	278	Dexus Property	11	5,078	Hills Limited	6	443
ALS Limited	18	2,736	Bionomics Ltd	3	308	Dicker Data Ltd	1	153	Horizon Oil Ltd	7	358
AMA Group Ltd	3	81	Blackmores Ltd	6	427	Discovery Metal	1	18	Hot Chili Ltd	3	134
AMP Ltd	16	14,652	Blackthorn Res.	1	26	Domino's Pizza	13	1,843	Hughes Drilling	1	45
ANZ Bank	17	89,388	Bluescope Steel	12	3,545	Donaco Inter'l	4	511	Hutchison Tel.	2	1,249
APA Group	14	5,499	Boart Longyear	13	133	Doray Minerals	6	145	I-Property Grp	3	630
APN News Media	9	587	Boom Logistics	3	80	Downer EDI Ltd	15	2,241	IMX Resources	2	17
ARB Corporation	8	876	Boral Limited	13	4,505	Drillsearch	10	704	IOOF Holdings	16	2,191
ASG Group Ltd	2	84	Bradken Ltd	15	765	DuluxGroup Ltd	11	2,010	IPB Petroleum	2	28
ASX Limited	17	7,120	Brambles Ltd	14	15,060	Dyesol Ltd	1	53	IRESS Limited	8	1,456
AV Jennings	1	225	Breville Group	10	1,275	E-Bet Limited	2	46	Icar Asia Ltd	2	253
AWE Limited	10	807	Brickworks Ltd	5	2,140	ERM Power Ltd	6	510	liNet	14	1,246
Abacus Property	5	1,078	Brierty Ltd	1	43	Echo Ent Group	15	2,196	Iluka Resources	14	4,136
Acrux Ltd	6	330	Brockman Mining	1	450	Elders Limited	3	57	Imdex Limited	9	126
Adelaide Bright	17	2,773	Buccaneer En.	2	46	Elemental Min.	1	79	Impedimed Ltd	2	41
Admedus Limited	2	199	Buru Energy Ltd	3	415	Ellex Medical	1	30	Incitec Pivot	14	5,147
Ainsworth Game	6	1,417	C'wth Prop Off.	10	2,957	Emeco Holdings	9	154	Independ. Group	14	1,008
Alacer Gold	11	914	C.S.R. Ltd	14	1,685	Emerchants Ltd	2	77	Indophil Res.	2	223
Alchemia Ltd	2	188	CFS Retail Prop	12	5,572	Empire Energy	1	30	Infigen Energy	1	160
Ale Property	3	557	CSG Ltd	3	264	Endeavour Min.	4	111	Infomedica Ltd	3	234
Alkane Explor.	3	132	CSL Limited	14	35,041	Energy Develop.	5	897	Ingenia Com Grp	2	338
Alliance Aviat.	3	123	Cabcharge Ltd	8	521	Energy Resource	6	823	Insurance Aust.	17	11,310
Altium Limited	2	270	Calibre Group	3	149	Energy Action	3	76	Int Research	2	194
Altona Mining	2	87	Caltex Australia	9	5,775	Envestra	12	2,165	Investa Office	11	1,959
Altura Mining	2	102	Cape Lambert R.	3	71	Equity Trustees	2	217	Invocare Ltd	11	1,234
Alumina Ltd	16	3,480	Capital Health	1	235	Ethane Pipeline	1	74	Iron Ore Hold.	1	164
Amalgamated Hld	2	1,365	Capral Limited	2	71	Evolution Min.	11	690	Ironbark Zinc	1	23
Amcom Telecom.	8	514	Cardno Ltd	11	916	Excelsior Gold	1	38	Iselect Limited	2	323
Ancor Ltd	12	12,441	Carindale Prop	3	403	FAR Ltd	1	140	JB Hi-Fi Ltd	17	1,948
Ampella Mining	4	46	Carnarvon Pet.	1	80	FSA Group Ltd	1	149	Jameson Res.	2	35
Aneka Tambang	8	2,098	Carsales.com	18	2,808	Fairfax Media	12	2,328	James Hardie	12	6,753
Ansell Ltd	14	2,436	Cash Converters	2	411	Fantastic Hold.	8	202	Jumbo Interact.	4	72
Aquarius Plat.	8	348	Cedar Woods Prp	3	558	Federation Cent	12	3,441	Jupiter Energy	3	61
Aquila Res.	4	1,116	Celsius Coal	1	20	Finbar Group	1	364	K&S Corporation	4	163
Ardent Leisure	8	1,228	Centaurus Metal	2	33	Finders Res.	4	54	K2 Asset Mgmt	2	170
Arena REIT	1	237	Ceramic Fuel C.	2	48	Fleetwood Corp	9	155	Kardoon Gas	8	788
Aristocrat Leis	14	2,923	Chal Div Prop	2	557	Flexicorp Ltd	10	1,153	Kasbah Resource	3	51
Arrium Limited	14	2,040	Challenger Ltd	17	3,465	Flight Centre	18	5,501	Kina Petroleum	2	71
Asciano Limited	16	5,404	Chandler McLeod	3	183	Flinders Mines	2	49	Kingsgate Cons.	7	194
Astro Japan Pro	3	265	Chart H Retail	12	1,222	Folkestone Ltd	2	86	Kingrose Mining	1	104
Atcor Medical	1	20	Charter Hall GR	9	1,230	Fortescue Metal	21	16,908	Korvest Ltd	2	53
Atlas Iron Ltd	18	942	Clearview With	1	358	Freedom Foods	2	352	Kula Gold Ltd	2	12
Atrum Coal NL	2	206	Coalspur Mines	6	158	Funtastic Ltd	2	81	Lachlan Star	2	28
Attila Res Ltd	2	24	Coal of Africa	1	96	G.U.D. Holdings	10	398	Legend Corp.	2	70
Aurizon Hold.	18	11,114	Cobar Cons Res.	1	19	G8 Education	8	1,261	Leighton Hold	15	6,988
Aurora Oil Gas	13	1,870	CocaCola Amatil	14	8,629	GBST Holdings	2	228	Lend Lease Grp	15	6,624
Ausdrill Ltd	12	29	Cochlear Ltd	15	3,258	GI Dynamics	2	277	Lifestyle Com.	2	115
Ausenco Ltd	6	101	Cockatoo Coal	4	39	GPT Group	13	6,305	Lindsay Aust	1	70
Austex Oil Ltd	2	74	Codan Ltd	3	124	GR Engineering	1	100	Logicams Ltd	4	72
Aust Education	3	307	Coffey Int'l	2	64	GWA Group Ltd	10	923	Lonestar Res.	5	199
Austal Limited	2	277	Cogstate Ltd	2	30	Gage Road Brew.	1	99	Lynas Corp Ltd	8	598
Aust Vintage	2	74	Cokal Limited	3	72	Gale Pacific	1	80	M2 Group Ltd	11	1,090
Aust Pharm. Ind	8	283	Collection Hse	6	212	Generation HC	2	124	MacMahon Hold	6	158
Aust Ren. Fuels	1	18	Collins Foods	5	179	Genetic Tech.	1	30	Maca Limited	6	452
Austbrokers	6	645	Colorpak Ltd	3	57	Geodynamics Ltd	1	31	Macquarie Atlas	5	1,603
Austin Eng.	6	173	Com'wealth Bank	16	122,045	Gindalbie Met.	10	137	Macquarie Group	16	19,298
Australand Prop	11	2,290	Comet Ridge Ltd	1	61	Global Con Serv	1	89	Macquarie C Tel	2	168
Automotive Hold	12	993	Computershare	17	6,898	Goodman Group	12	8,223	Magellan Fin Gp	7	2,124
Azonto Petrol.	1	18	Cooper Energy	5	189	Goodman Fielder	11	1,242	Mastermyne Grp	3	44
BC Iron Ltd	9	618	Corp Travel M.	7	538	Graincorp	12	1,918	Matrix Comp.	3	111
BHP Billiton	19	201,425	Countplus Ltd	1	195	Grange Resource	4	347	Maverick Drill.	1	158
BT Invest Mgmt	10	1,609	Coventry Group	1	99	Greencross Ltd	4	294	Maxi TRANS	3	232
BWP Trust	8	1,285	Credit Corp	5	415	Growthpoint Pro	3	1,084	Mayne Pharma Gr	4	552
Bandanna Energy	6	66	Cromwell Prop.	5	1,748	Grlyphon Mineral	10	72	McMillan Shake.	7	800
Bank of Q'land	17	4,023	Crown Resorts	15	12,783	Guildford Coal	1	60	McPherson's Ltd	4	121
Base Resources	6	258	Crowe Horwath	5	71	HFA Holdings	1	133	Medusa Mining	8	444
Beach Energy	14	2,182	Crusader Res.	2	37	Hansen Tech.	2	195	Melbourne IT	3	112

Company	No. of Brokers Following Company	Market Capitalisation (\$ Mill.)	Company	No. of Brokers Following Company	Market Capitalisation (\$ Mill.)	Company	No. of Brokers Following Company	Market Capitalisation (\$ Mill.)	Company	No. of Brokers Following Company	Market Capitalisation (\$ Mill.)
Mermaid Marine	11	543	RXP Services	3	64	Technology One	9	750	Viralitics Ltd	1	32
Mesoblast Ltd	8	1,801	Ramelius Res.	1	59	Telstra	18	63,086	Virgin Aust	12	1,254
Metals X Ltd	2	380	Ramsay Health	14	9,845	Ten Network	13	918	Virtus Health	7	643
Metcash Ltd	14	2,845	Range Resources	1	49	Teranga Gold	3	347	Vision Eye Inst	1	97
Metgasco Ltd	1	43	Reckon Limited	8	260	The Reject Shop	9	295	Vita Group Ltd	2	85
Millennium Min.	2	565	Red Fork Energy	2	68	Thinksmart Ltd	1	65	Vita Life Sci.	1	99
Mincor Resource	3	120	Redflow Limited	1	22	Thorn Group Ltd	7	307	Vmoto Ltd	1	49
Mineral Deposit	5	206	Redflex Holding	1	122	Tigers Realm	3	67	Vocus Comm.	5	337
Mineral Res.	6	2,358	Reece Australia	2	3,167	Tiger Resources	5	290	W'bool Cheese	3	483
Minemakers Ltd	1	31	Reef Casino Trt	1	199	Tissue Therapy	2	88	WDS Limited	3	164
Mint Wireless	1	111	Regeneus Ltd	1	47	Titan Energy	4	114	Watpac Ltd	1	175
Mirabela Nickel	7	14	Regis Resources	19	1,151	Tlou Energy Ltd	2	41	Webjet NL	12	230
Mirvac Group	12	6,387	Regional Exp.	2	86	Toll Holdings	15	3,873	Wellcom Group	3	113
Molopo Energy	1	43	Resource Gener.	4	50	Toro Energy Ltd	2	81	Wesfarmers Ltd	15	43,700
Monadelphous Gr	16	1,591	Resource Equip.	3	30	Tox Free Sol.	11	441	Westpac Banking	17	105,397
Money3 Corp Ltd	2	83	Resolute Mining	5	429	TransPacific In	9	1,847	Westfield Ret.	13	9,261
Mortgage Choice	5	374	Retail Food Grp	5	599	Transurban Grp	10	10,667	Western Desert	3	213
Mt Gibson Iron	14	932	Reva Medical	2	134	Transfield Serv	13	441	Western Areas	13	713
My Net Fone Ltd	3	134	Rex Minerals	3	79	Treasury Group	3	225	Westside Corp.	1	93
Myer Holdings	16	1,628	Ridley Corp.	7	255	Treasury Wine	13	2,459	Westfield Group	13	23,048
Mystate Ltd	2	393	Rio Tinto Ltd	17	120,042	Trinity Group	1	52	Whitehaven Coal	18	1,908
NRW Holdings	12	326	Roc Oil Company	8	312	Troy Resources	2	215	Wide Bay Aust.	2	207
Nanosonics Ltd	3	202	Royal Wolf Hold	6	336	UGL Limited	15	1,086	Woodside Petrol	14	31,852
Nat'l Aust Bank	17	79,731	Ruralco Hold.	4	212	UXC Limited	7	281	Woolworths Ltd	15	45,457
Navitas Ltd	11	2,849	SAI Global Ltd	14	860	Un. Biosensors	1	64	World Titanium	2	24
Nearmap Ltd	3	176	SFG Australian	4	514	Unity Mining	2	23	Worley Group	15	4,178
Neon Energy Ltd	3	13	SMS Mgmt & Tech	13	269	Universal Coal	2	43	Wotif.com Hold.	17	508
Neuren Pharm.	2	151	SP Ausnet	13	3,794	Venture Min.	1	52	XRF Scientific	1	32
New Standard En	1	52	STW Comm Group	7	605	Villa World Ltd	1	154	YTC Resources	1	66
New Hope Corp.	7	2,807	Salmat Ltd	6	316	Village Road.	6	1,187	Yancoal Aust.	4	636
NewSat Ltd	2	262	Sandfire Res.	14	970						
Newcrest Mining	15	9,198	Santos Ltd	15	13,920						
Nextdc Limited	7	380	Saracen Mineral	5	246						
Nexus Energy	4	78	Sedgman Ltd	7	115						
Nib Holdings	10	1,177	Seek Ltd	17	6,163						
Nick Scali Ltd	2	243	Select harvest	7	408						
Nido Petroleum	2	51	Senex Energy	11	924						
Northern Iron	1	97	Seven West Med.	15	2,135						
Nthn Star Res.	8	528	Seven Group	10	2,881						
Nucoal Res.	2	17	Seymour Whyte	2	124						
Nufarm Limited	12	1,081	Shine Corporate	4	299						
OZ Minerals Ltd	18	1,190	Shopping Centre	8	1,079						
Oakton Limited	12	137	Sigma Pharm.	12	779						
Oil Search Ltd	16	11,942	Silex Systems	2	375						
OnTheHouse Hold	4	48	Silver Chef Ltd	6	164						
Orica Ltd	15	8,896	Silver Lake Res	13	197						
Origin Energy	14	16,180	Sims Metal Mgmt	13	2,006						
Orocobre Ltd	4	432	Sino Gas & En.	2	235						
Oroton Group	7	155	Sirius Res. NL	9	636						
Osprey Medical	2	78	Sirtex Medical	8	905						
Ottoman Energy	2	103	Skilled Group	9	736						
Pacific Energy	2	167	Slater & Gordon	7	970						
Pacific Brands	12	470	Smart Parking	1	44						
Paladin Energy	13	506	Somnosed Ltd	1	70						
Panaust Ltd	19	1,086	Sonic Health	15	7,026						
Panoramic Res.	7	107	Soul Pattinson	1	3,620						
Paperlin X Ltd	2	26	Spark Infrastru	10	2,229						
Papillon Res.	11	486	Spec Fashion	7	185						
Patties Foods	5	184	St Barbara Ltd	8	171						
Peet Ltd	5	601	Starpharma Hold	4	199						
Perpetual Ltd	15	2,151	Steadfast Group	4	826						
Perseus Mining	17	199	Sth Cross Media	12	994						
Pharmaxis Ltd	4	34	Sth Cross Elect	2	128						
Phoenix Gold	3	37	Stockland	13	9,033						
Phosphagenics	2	102	Suncorp Group	17	15,992						
Poseidon Nickel	2	34	Sundance Res.	1	295						
Praemium Ltd	1	52	Sundance Energy	6	275						
Premier Invest	12	1,327	Sunland Group	2	327						
Prime Media Grp	7	330	Super Retail Gr	17	2,265						
Primary Health	15	2,454	Swick Min Serv	3	43						
Pro Maintenance	10	344	Sydney Airport	13	7,854						
Pura Vida En.	1	57	Syrah Resources	3	488						
Q.B.E. Insur.	17	15,223	TFS Corporation	2	478						
QRXPharma Ltd	4	123	TPG Telecom Ltd	13	4,461						
Qantas Airways	14	2,556	Tabcorp Holding	14	2,711						
Qube Holdings	12	2,007	Tandou Ltd	2	70						
RCG Corporation	2	179	Tap Oil	3	109						
RCR Tomlinson	8	432	Tassal Group	6	553						
REA Group Ltd	11	6,725	Tatts Group Ltd	14	4,180						

“Neglect” Ratings of NZ Shares

“Neglected” Shares = 0-2 Brokers, “Moderately Followed” Shares = 3-4 Brokers, “Widely Followed” Shares = 5 or more Brokers.

Company	No. of Brokers Following Company	Market Capitalisation (NZ\$ Mill.)	Company	No. of Brokers Following Company	Market Capitalisation (NZ\$ Mill.)
Abano Health.	2	108	Orion Group Ltd	2	99
Air New Zealand	7	2,097	NPT Limited	2	99
Akd Int Airport	11	5,104	NZ Exchange Ltd	3	328
Argosy Property	5	730	NZ Oil & Gas	6	338
Briscoe Group	3	552	NZ Refining Co	4	490
Cavalier Corp	3	113	Nuplex Indust	6	676
Chorus Ltd	10	603	Opus Int'l Cons	4	308
Comvita	1	99	PGG Wrightsons	2	343
Contact Energy	8	3,886	Port Tauranga	7	1,924
DNZ Property	5	377	Property F Ind.	5	523
Delegat's Group	3	404	Pumpkin Patch	4	113
Diligent Board	4	396	Restaurant Brds	3	289
F & P Health.	8	2,196	Ryman Health.	7	4,155
Freightways Ltd	7	759	Sanford Limited	3	415
Goodman Prop.	7	1,166	Skellerup Hold.	3	357
Guinness Peat	3	971	Sky City Ltd	13	2,267
Hallenstein G.	5	190	Sky Network TV	10	2,463
Heartland Bank	3	350	Steel & Tube	4	278
Hellaby Hold.	4	293	Summerset Group	5	742
Infratil NZ	4	1,301	TeamTalk Ltd	1	56
Kathmandu Ltd	6	719	Telecom Corp	13	4,470
Kiwi Property	7	1,126	Tower Limited	4	327
Mainfreight Grp	5	1,307	Trade-Me Ltd	11	1,577
Meridian Energy	8	1,375	Trust Power Ltd	6	2,041
Methven Limited	3	93	Vector Ltd	6	2,450
Metro. LifeCare	5	860	Vital Health PT	4	436
Michael Hill	2	502	Warehouse Group	8	1,071
Mighty River	8	2,891	Xero Ltd	2	5,250

Dividend \$

Company	Cents per Share	Ex-Date	Pay-able	Tax Credit
Air New Zealand	4.50	14-03	21-03	full
Barramundi	1.53	12-03	14-03	-
CDL Investments	2.00	02-05	16-05	Full
Colonial Motor Company	13.00	04-04	14-04	Full
Contact Energy	11.00	07-03	27-03	Full
Ebos Group	20.50	14-03	04-04	3.9861
Fletcher Building	18.00	28-03	16-04	Nil
Freightways	10.00	21-03	07-04	Full
Heartland NZ	2.50	12-03	04-04	Full
Hellaby Holdings	5.50	04-04	11-04	Full
Lytelton Port Company	2.00	20-03	27-03	Full
Marlin Global	1.89	12-03	14-03	-
Michael Hill International	2.50	24-03	01-04	Nil
Nuplex Industries	10.00	17-03	03-04	Nil
Meridian Energy	4.19	31-03	15-04	Full
MetLifeCare	1.25	03-04	17-04	Nil
Mighty River Power	5.20	12-03	31-03	Full
Millennium & C	1.20	09-05	16-05	Full
Northland Port Corp	5.00	14-03	21-03	Full
NZ Oil & Gas	3.00	21-03	04-04	Nil
NZX Ltd	1.60	07-03	12-03	Full
Opus Int'l Cons	3.90	18-03	04-04	Full
Port of Tauranga	21.00	07-03	21-03	Full
Precinct Properties	1.35	06-03	20-03	0.2157
Property For Industry	2.01	03-03	12-03	0.2585
Seeka Kiwifruit	7.00	-	-	Full
Skellerup Holdings	3.50	14-03	27-03	Full
Sky City	10.00	21-03	04-04	Nil
Sky Network TV	14.00	10-03	17-03	Full
South Port NZ	6.00	03-03	11-03	Full
Steel & Tube Holdings	7.00	14-03	31-03	Full
Summerset Group	3.25	11-03	24-03	Nil
TeamTalk	10.00	04-04	11-04	Full
Telecom NZ	6.00	21-03	11-04	2.3333
Tourism Holdings	5.00	10-04	17-04	Full
Trade Me Group	7.60	14-03	25-03	Full
Turners Auctions	9.00	02-04	09-04	Full
Vector Ltd	7.50	25-03	15-04	Full
Veritas Investments	3.94	14-03	26-03	Full
Vital Healthcare Property	1.975	04-03	18-03	0.2481
Warehouse Group	13.00	12-03	19-03	Full

Australian Shares

Cardno	19.00	17-03	07-04
Chandler Macleod	1.40	24-03	15-04
CPT Global	3.00	25-03	16-04
Fiducian Portfolio	4.10	05-03	26-03
Finbar Group	4.00	28-02	17-04
Iluka Resources	4.00	28-02	03-04
Integrated Research	2.50	04-03	21-03
M2 Group	11.50	13-03	16-04
Prophecy International	2.00	06-03	03-04
The Reject Shop	21.50	20-03	14-04
Village Roadshow	13.00	05-03	31-03

Total Return Index for All Listed Shares

Feb 10	1497.11	Feb 17	1501.65
Feb 11	1493.21	Feb 18	1500.24
Feb 12	1494.98	Feb 19	1500.48
Feb 13	1497.66	Feb 20	1497.77
Feb 14	1499.23	Feb 21	1502.20
Feb 24	1498.57	Mar 3	1499.96
Feb 25	1500.95	Mar 4	1500.87
Feb 26	1504.14	Mar 5	1509.13
Feb 27	1501.62	Mar 6	1504.61
Feb 28	1505.29	Mar 7	1511.88

Next Issue:

The next issue of *Market Analysis* will be emailed in four weeks time on Monday April 7, 2014.

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

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