

Market Analysis

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Inside Market Analysis

BUY Acrux Ltd	7, 8, 9	Stockbroker Survey	13, 14
Penrice Soda Holdings appoints Administrator	6	Australian Warrant / Option Analysis	14, 15
Circadian Technologies upgraded to BUY	5		
Steel & Tube and Fiducian Portfolio Services acquire businesses	3, 5		

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Summary and Recommended Investment Strategy.

The stockmarket continues to offer attractive investment opportunities - so buy shares and remain fully invested.

Investment Outlook.

Warren Buffett (and many others) advocate buying “good companies at reasonable valuations” (rather than “bad” companies which are cheap).

That, of course, begs the question: What is a reasonable valuation? The answer to that requires forecasting future growth rates - which is why Buffett prefers consumer companies (like Coca Cola and Heinz) where demand is fairly stable and predictable, companies with “monopolies” (like newspapers, TV and radio - which did well for Buffett last century but more recently have been hurt by technology change) and why he avoids Technology (i.e. Buffett says he “can't understand technology” which probably really means he “can't predict technology”).

It also begs the question: What is a good company? The answer may seem self-evident, but 30 years ago, Brierley, Chase and Equiticorp were widely considered to be “good companies”. A discussion of this question could fill a whole book . . . but we would suggest (1) the “quality” of a company is not defined by its share price performance over the last year and (2) “good” management are probably too busy growing the business to spend most of their time hosting endless *Investment Presentations* for brokers, analysts and the media!

Other successful investors, like Kenneth Fisher, prefer to buy good companies at low valuations. Fisher especially likes good quality, *emerging growth* companies at low valuations. Growth companies, of course, often trade at very high valuations!

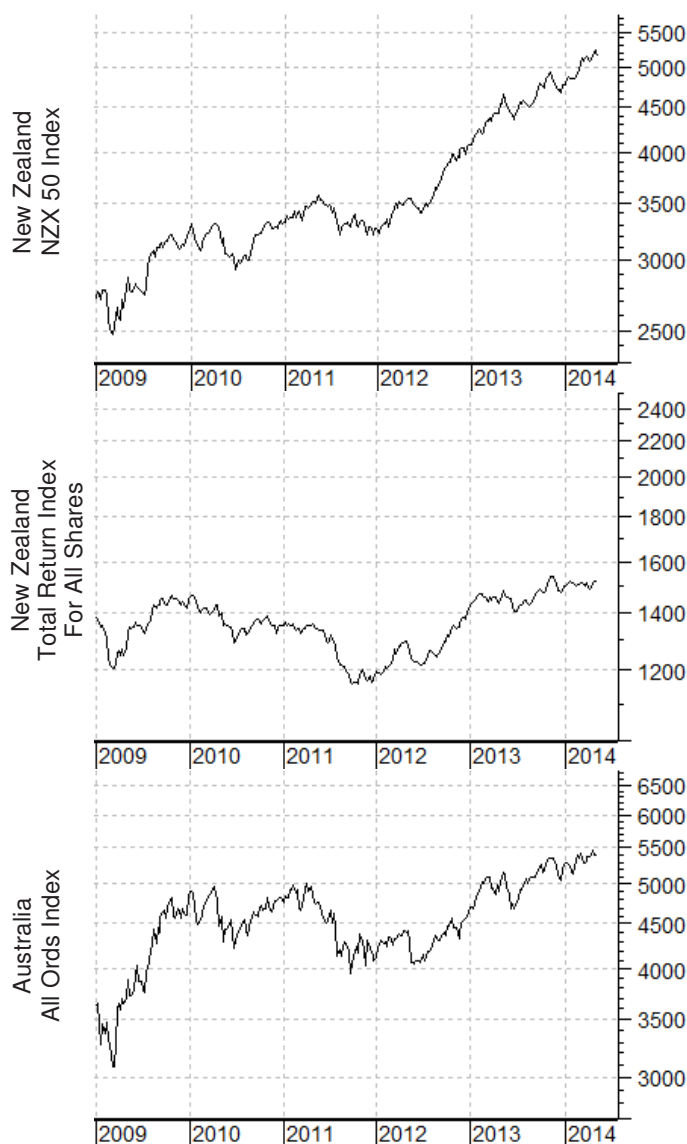
In his book “Super Stocks”, Fisher suggests waiting and buying these “super companies” when they are hit by a “glitch” - some setback “resulting in unfavourable earnings or even losses” where the share price “may drop so severely that it takes years to recover fully”.

Buying into a “super company”, during a glitch at these *low* valuations is what Fisher calls a “super stock”. A successful super stock investment could rise 5-fold, 10-fold or 20-fold (or more) in value.

Just one or two of these big winners will have a significant impact on your portfolio.

Stockmarket Forecasts

	One-Month	One-Year
Australia:	63% (Bullish)	79% (Bullish)
New Zealand:	63% (Bullish)	48% (Neutral)



Recommended Investments

Michael Hill International reports nine month sales revenue up 10.5% to A\$372.1 million, plus *Professional Care Plan* revenues 22.6% higher at A\$24.5 million (of which A\$13.2 million - up 99% - will be taken into earned revenues in the current period).

Canada revenues - aided by new stores - rose 30.6% to C\$52.5 million or up 39.6% in Australian currency terms at A\$54.2 million.

The company has also announced a new concept

store that will be branded *Emma & Roe*. These stores will focus upon bracelets and charms and require only about half the capital investment (and about half the profit) of the regular Michael Hill stores (which will continue to focus upon diamonds, bridal and jewellery). The company has trialled the concept in five Queensland shopping centres and these stores will be rebranded during 2014. The company will then assess their performance and decide upon expansion in 2015.

(Continued on Page 4)

Portfolio of Recommended Investments

CURRENT ADVICE	Company		Initial Recommendation	Performance	Issued	Vola-	Price/	Price/	Gross	Recent	Cash	Total	
	NZ Shares	Code	- Date -	Price	Forecast	Shares	tility	Sales	Earnings	Dividend	Share	Dividends	Return
						(mil.)	Ratio	Ratio	Ratio	Yield	Price	Rec'd	%
BUY	CDL Investments Ltd	CDI	12/01/99	25	E	274.7	1.3	3.66	10	5.4	51	25.4	+206%
HOLD+	Cavalier Corporation	CAV	05/12/95	156*	C	68.3	1.1	0.52	16	3.7	155	282.0	+180%
HOLD	Colonial Motor Company	CMO	10/11/92	128*	A	32.7	0.5	0.28	12	8.2	525	405.3	+627%
HOLD	Lyttelton Port Company	LPC	12/12/00	150	B	102.2	0.8	2.86	19	Nil	310	79.7	+160%
HOLD+	Michael Hill Int'l Ltd	MHI	11/06/91	5*	C	382.8	1.0	0.92	13	4.9	132	50.9	+3558%
HOLD	Nuplex Industries Ltd	NPX	11/02/97	523*	C	198.1	1.1	0.40	12	6.2	340	451.0	+51%
HOLD	Renaissance Corp	RNS	13/08/96	85*	D	43.6	4.2	0.14	NE	Nil	14	53.9	-21%
HOLD	Smiths City Group	SCY	09/10/06	64	C	52.7	1.2	0.13	14	6.5	54	22.0	+19%
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	C	88.4	0.9	0.69	17	7.0	306	281.6	+302%
	<u>Australian Shares</u> (in Aust cents)												
BUY	Acrux Limited	ACR	12/05/14	99	A	166.5	0.9	9.90	24	8.1	99	Nil	
HOLD+	AJ Lucas Group	AJL	13/05/03	107*	E	211.5	0.9	0.61	NE	Nil	85	36.4	+13%
HOLD+	ALS Limited	ALQ	12/10/99	77*	B	374.8	0.4	1.89	12	6.1	788	244.5	+1241%
BUY	AtCor Medical Ltd	ACG	11/11/13	15	C	150.8	2.6	2.00	7	Nil	12	Nil	-20%
HOLD+	Atlas South Sea Pearl	ATP	14/05/96	73	C	281.7	3.4	2.73	NE	Nil	7	17.5	-67%
BUY	Ausenco Ltd	AAX	10/06/13	191*	C	168.4	1.3	0.21	NE	3.5	57	1.8	-69%
HOLD+	Brickworks Ltd	BKW	12/11/12	1115	B	147.8	0.3	3.26	20	3.0	1338	54.5	+25%
HOLD	Cardno Ltd	CDD	14/12/09	391*	A	143.7	0.5	0.85	13	5.1	711	134.3	+116%
HOLD	Cellnet Group Ltd	CLT	12/02/02	147*	B	55.7	2.1	0.12	8	Nil	17	55.9	-51%
BUY	Chandler Macleod Group	CMG	14/08/01	51*	B	450.9	1.5	0.12	9	8.3	39	30.3	+35%
BUY	Circadian Technologies	CIR	10/02/04	188	D	48.6	2.1	7.17	NE	Nil	17	65.0	-56%
HOLD+	Clarius Group Ltd	CND	08/04/03	82*	C	89.6	1.7	0.11	NE	Nil	28	70.5	+20%
BUY	CPT Global Ltd	CGO	10/03/08	88	B	36.7	1.1	0.83	90	Nil	79	14.3	+6%
HOLD	CSG Limited	CSV	11/10/10	175	C	278.2	1.1	1.29	27	Nil	86	41.0	-28%
HOLD	Devine Ltd	DVN	13/11/06	334*	E	158.8	1.1	0.40	NE	Nil	70	79.6	-55%
BUY	Ellex Medical Lasers	ELX	14/03/06	49	D	84.9	1.7	0.64	NE	Nil	33	Nil	-34%
BUY	Fiducian Portfolio Ser	FPS	11/02/08	260	A	31.5	0.7	2.67	18	3.8	185	47.9	-11%
BUY	Finbar Group Ltd	FRI	12/04/10	106	B	218.0	0.8	2.55	12	5.7	168	34.5	+91%
HOLD+	Iuka Resources Ltd	ILU	12/10/04	471	B	417.8	0.6	4.24	0	1.0	865	191.0	+124%
BUY	Integrated Research	IRI	14/01/08	40	B	168.4	0.8	3.65	20	4.7	106	26.5	+231%
HOLD	M2 Telecommunications	MTU	09/10/06	33	B	178.3	0.4	1.52	23	3.4	580	79.0	+1897%
BUY	Melbourne IT	MLB	10/02/04	53	C	83.2	0.7	1.17	19	Nil	145	229.0	+606%
HOLD	Nomad Building Solutio	NOD	16/08/10	13*	C	277.5	4.2	0.17	3	Nil	5	Nil	-62%
HOLD	Novarise Renewable Res	NOE	14/03/11	25	B	415.1	2.1	0.85	8	Nil	20	Nil	-22%
HOLD+	Probiotec Ltd	PBP	11/02/08	116	B	52.9	1.3	0.36	23	Nil	46	9.3	-52%
HOLD+	Prophecy International	PRO	08/09/08	26	B	55.4	1.4	3.58	19	7.1	49	15.0	+146%
HOLD	Skilled Group Ltd	SKE	12/03/02	126	B	233.5	0.8	0.33	11	5.9	270	164.0	+244%
HOLD+	Technology One Ltd	TNE	11/11/03	44	A	307.2	0.5	4.36	29	2.2	256	42.7	+579%
HOLD+	TFS Corporation Ltd	TFC	08/01/07	45	A	279.6	0.6	4.05	9	1.7	178	17.2	+334%
HOLD+	The Reject Shop Ltd	TRS	11/01/05	257	B	28.8	0.4	0.47	15	3.7	1012	367.0	+437%
HOLD	Village Roadshow	VRL	10/08/09	77	B	159.5	0.4	1.24	23	3.6	729	224.0	+1138%

The average Total Return (i.e. both Capital Gains/Losses plus Dividends received) of all current investments from initial recommendation is +313.3%. This is equal to an average annual rate of +31.7%, 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 155 closed out) is +31.1%, compared with a market gain of +4.0% (by the SRC Total Return Index).

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

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

Recommended Investments

(Continued from Page 3)

Michael Hill International



Steel & Tube Holdings has acquired the NZ business of **Tata Steel International** for \$27.5 million cash. The business is involved in the importation and distribution of stainless steels, engineering steels and composite floor decks.

Indian based **Tata Steel** acquired these businesses in 2007 when it acquired UK based **Corus Group** (for US\$13 billion). Tata Steel is selling off non-core assets to reduce debt levels.

Steel & Tube Holdings



Australian Shares

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

AtCor Medical has completed its study of cardiac output “which may influence patient management and outcome especially in intensive care situations” and been granted a new US patent covering the measurement of cardiac output from the central aortic pressure waveform. A clinical study will provide more data for evaluation prior to commercialisation.

AtCor Medical has also confirmed that the new (undisclosed) medical product being jointly developed with **SunTech Medical** will be launched “within the next 90 days”.

Atlas Pearls & Perfumes held a second loose pearl auction in Kobe, Japan, with averages price 9% above reserve. A third auction will be held in June.

Atlas Pearls & Perfumes



Ausenco continues to expect “stable conditions” in the current half year and “an improvement” in the second half of the year. Full year revenues (to December 2014) are expected to be \$450-460 million, with earnings (before interest, tax and depreciation) of \$24-28 million. That *could* equal a still very depressed net profit of just \$5-7 million (3-4 cents per share) this year.

Only 15% of revenues are generated in Australia, with 20% from Africa and 65% from North and South America. 50% of revenues are from non-mining projects.

Ausenco



Brickworks’ EGM to discuss the **Perpetual/Carnegie** proposal has again been postponed, this time until 5 September. The **Australian Tax Office** has yet to make a ruling on the suggested transactions.

The company has launched a “carbon neutral brick” produced at its *Longford* facility in Tasmania using locally sourced waste biomass energy.

Brickworks



Circadian Technologies' OPT-302, an inhibitor of VEGF-C, has been shown to prevent the formation of wet AMD and to reduce the size of existing lesions, according to a recently published study by Dr Kameran Lashkari of **The Schepens Eye Research Institute/Massachusetts Eye & Ear at Harvard Medical School**.

The study found that OPT-302 was as effective as EYLEA, a VEGF-A inhibitor released by **Regeneron/Bayer** in November 2011. EYLEA recorded sales of US\$1400 million in 2012 and US\$1700 million in 2013, but at least 45% of patients have some resistance to the VEGF-A therapy. OPT-302 could therefore be an alternative treatment or, more likely, used together with EYLEA to block both VEGF-A and VEGF-C.

Phase I/II clinical trials on human patients with wet AMD will commence in early 2015 which could reach a “value inflection point” with the potential for a strategic partnership and/or licencing deal.

Circadian Technologies is focusing its research on this wet AMD treatment, but it is just one *potential* medical product that it is developing. Ultimately its VEGF-C blocking molecule will probably be most valuable as an anti-cancer treatment - blocking VEGF (i.e. vascular endothelial growth factor) signal proteins that build the new blood vessels necessary to feed the growth of cancer tumours. The commercially very successful cancer drug *Avastin* is a VEGF-A inhibitor and (as with EYLEA) is only partially successful *and* patients develop resistance after about 6-12 months, indicating the need to also block VEGF-C over which Circadian Technologies owns patents and Intellectual Property.

The EYLEA product indicates the “multi-billion dollar market opportunity” for OPT-302 to treat wet AMD - and EYLEA's *partial* success indicates the need for a wider range of VEGF blocking treatments. So OPT-302 *could* generate similar product revenues - or 8-9 figure annual royalties (i.e. tens or hundreds of millions of dollars) if licenced to a large drug company. Obviously there is still more work and clinical trials ahead . . . but at 17 cents the stockmarket is valuing Circadian Technologies at just \$8¼ million.

At December 2013 the company had cash (\$10.2 million) and listed shares (\$2.8 million) totalling \$13.0 million or 26.7 cents per share - although much of this will be spent further developing OPT-302.

An investment in Circadian Technologies involves high risks, but OPT-302 could generate significant value from a licencing deal and future royalties. We feel the market is significant undervaluing its (risk adjusted) potential value. Therefore we are upgrading the shares to a “Buy” and plan to add to our holding in this company.

At the current share price a large drug company is more likely to make a full takeover bid - perhaps at 50-100 cents (i.e. \$25-50 million) and gain full ownership of Circadian Technologies' VEGF-C (and other) technology and IP, rather than a licencing deal for a single product which might cost hundreds of millions in upfront and milestone payments plus many hundreds of million in on-going royalties.

This is what happened in 1998 when **JNA Telecommunications** developed an internet switching device and sought to form a strategic alliance with a large international telecommunications equipment company to accelerate sales growth. JNA Telecommunications' share price rose rapidly from 150 cents to 250 cents on completing its device and while holding discussions - when *two* companies indicated an interest in buying the whole company, rather than licencing the technology. **Lucent Technologies** offered 375 cents (\$111 million) in a successful takeover.



Clarius Group's Chinese business has won a *Best Talent Search Service Provider* award out of 120 HR companies.

CSG Ltd has announced plans for an on-market buy-back of up to 10% of its capital (i.e. up to 27.8 million shares, costing up to \$25 million).

The company had previously announced plans to repeat last year's \$25 million capital repayment (i.e. to pay 9.0 cents per share to all shareholders) and now “may take into account the on-market buy-back when determining the structure of the return”. In plain English that means the on-market buy-back *may* fully or partially replace the previously announced capital return.

Fiducian Portfolio Services is to acquire a financial planning business for \$1,310,000 in cash, payable over two years. This will bring in a further \$66 million of funds under management. With cost synergies, the company estimates that this acquisition “could add up to \$400,000 per annum to net profits within 2-3 years”.

(Continued on Page 6)

Recommended Investments

(Continued from Page 5)

Fiducian Portfolio Services

Finbar Group has received development approval to develop 347 apartments and four commercial lots of its site in Maylands. The project, to be called *Unison*, will consist of two 10-storey towers surrounded by three story buildings. It will be developed in two stages with a combined end value of \$188 million. Marketing of the first stage will begin in June, construction will start in early 2015 with the two stages being completed in the June 2016 and June 2017 financial years.

Iuka Resources has announced March 2014 quarterly

production of 221,200 tonnes, up 6.8% on the December 2013 quarter. Sales were depressed, with revenues down 44.2% to \$130.7 million compared the previous quarter (or down 6.6% on the March 2013 quarter).

March quarter sales are often low, owing to the Northern Hemisphere winter and Chinese New Year.

M2 Group has identified 150 position in administration, customer services, technology, provisioning and sales that could become redundant as a result of duplication as a result of integrating acquisitions made over the last two years. The company is consulting with its staff but this restructuring could result in significant cost reductions.

M2 Group

Penrice Soda Holdings Appoints Voluntary Administrator

Penrice Soda Holdings' proposed debt restructuring has failed after the potential new lender chose not to proceed. The directors have therefore appointed a Voluntary Administrator.

In theory, this *could* allow the restructured businesses to continue trading and seek refinancing to allow the company to recover.

In practice, this adds a new layer of high cost management - replacing three directors (costing a total of \$262,200 per year) with three new Administrators (costing \$275,000 per month - if each works full time at their charge out rate of \$570 per hour) *plus* additional costs for other support staff that the Administrators use from their business.

Administrators can also be replaced (and are financed by additional advances from the major creditors) so work to maximise the interests of the secured creditors, not the shareholders.

Given the level of debt in Penrice Soda Holdings, it is very unlikely that the secured creditors will be repaid in full, with probably nothing for unsecured creditors and no value for shareholders.

This investment is therefore effectively worthless.

Penrice Soda Holdings

Share Recommendation: Buy Acrux Ltd

Acrux Ltd (code ACR).

Acrux Ltd (named after the brightest star in the Southern Cross) is a medical technology company with a multi-patented through-the-skin drug delivery system. The company seeks to combine this delivery system with *existing* drugs (which already have approval for use in humans) to provide a better product for users.

Its main source of income is currently royalties and milestone payments from a testosterone product, licenced to **Ely Lilly**, which has a 14% market share in the United States. On 31 January 2014, the FDA released a not uncommon *Drug Safety Communication* for approved testosterone products which has led to a decline in sales and a sharp decline in Acrux's share price.

This recent drop in sales *may* defer the next US\$50 million milestone payment from 2014 to 2015. A further US\$120 million of milestone payments were expected from 2018 to 2021 but *could* be deferred if sales growth slows.

Company History

The company was formed in 1998 to commercialise technology developed by **Monash University** to deliver pharmaceuticals via the skin. Venture capital equity funding was raised in 1999, 2001 and 2002.

In 2004 the company listed on the Australian stockmarket after raising \$30 million from the issue of 30.0 million new shares at 100 cents.

In 2007 it placed 14.1 million shares at 160 cents and 466,000 shares at 160 cents through a Share Purchase Plan to raise a further \$23 million to complete Phase III clinical trials for its testosterone treatment.

Acrux's Technology

Acrux has a through the skin drug delivery technology, mainly for use with drugs with poor properties for oral administration, but the slow release also provides more stable drug levels, avoiding toxic peaks and ineffective troughs that can result from other delivery methods.

The technology has three parts: Firstly, *ACROSS* penetration enhancers which are small compounds that allow drugs to pass through the skin. Secondly, a Metered Dose Transdermal System (*MDTS*), a small device that sprays a measured drug dose on the skin and, thirdly, *Patchless Patch* technology which forms a reservoir of the drug within the skin.

Axiron

Axiron is Acrux's testosterone treatment that was licenced to **Ely Lilly** in March 2010. Acrux received US\$50 million upfront plus \$3 million for the sale of manufacturing assets and in December 2010 it received US\$87 million when the FDA approved product sales.

Acrux also receives a royalty of 11% (increasing on higher sales levels) plus potential milestone payments of up to US\$195 million.

It recently received US\$25 million after sales exceeded \$100 million in 2013 (i.e. actual sales were \$179 million).

Until recently it expected to earn a further US\$50 million in 2014 when annual sales exceeded an undisclosed level (presumably \$200 million?).

Future milestone payments totalling US\$120 million were previously expected from 2018 to 2021.

Axiron is protected by eight patents expiring from 2017 to 2030, plus two pending applications.

Future milestones of up to US\$170 million (US\$1.02 per share, or about US\$0.70 cents after tax) represents significant value, but the company also earns recurring and growing royalties on sales. Royalties start at 11% (currently about \$20 million annually) but increase (to undisclosed levels) on higher sales levels. Acrux currently pays Monash a 3½% royalty on sales (i.e. currently about \$6 million) but only until February 2017.

There are a number of testosterone products in the United States - with a new one launched this year - but *Axiron* has achieved a 14% market share. Ely Lilly has also launched the product in Australia (March 2013), Canada (June 2013), Brazil (October 2013) and Germany (February 2014). These four countries cover 50% of the non-US market. The product will also be launched in Korea in June. Non-US sales are currently at an annual rate of \$5 million, but growing rapidly.

Axiron is a prescription medication for men with certain conditions associated with a deficiency or absence of testosterone. 50% of obese men and 30% of (non-obese) male diabetics have low testosterone levels.

The FDA investigation into testosterone products will take many months but the FDA has stated that patients should not stop taking prescribed testosterone products. As testosterone replacement therapies can be used for "lifestyle reasons" (i.e. improved energy levels and sex drive) its use may be more sensitive to safety concerns than other types of medications.

Axiron sales for the March 2014 quarter were US\$37.1 million - a 27% drop from the US\$53.9 million in the December quarter. Previous revenues were US\$37.1 million in the March 2013 quarter, US\$47.1 million in the June quarter and US\$40.6 million in the September quarter.

(Continued on Page 8)

BUY Acrux Ltd*(Continued from Page 7)***Other Products and Developments**

Acrux's *first* product was *Estadiol* spray (branded as *Evamist*) to treat women for the symptoms of menopause. This was licenced to **KV Pharmaceutical** but that company had a number of problems with other products, the FDA suspended its manufacturing activities and the company filed for Chapter 11 bankruptcy protection. KV Pharmaceutical is emerging from bankruptcy, but *Evamist* sales are only about \$10 million annually.

In June 2013 Hungarian based **Gedeon Richter** paid Acrux US\$1 million for the rights to market the product outside the United States and will pay a further US\$2.6 million on achieving European regulatory milestones. Product sales and royalties are expected from 2015.

Acrux is seeking to jointly develop an antifungal skin and nail treatment, using a compound developed by Australian based **Hexima**, delivered via its skin delivery technology.

It is also working with Hexima to develop a treatment for non-melanoma skin cancers.

Ely Lilly also has an exclusive worldwide licence to develop Acrux's drug delivery system for its animal health business, **Elanco Animal Health**. Its first product, *Recovyra*, (a spray applied prior to surgery, providing four days of post-operative pain relief for dogs) was released in the US and Europe in 2013 and is producing initial royalties. Acrux is to receive "up to US\$8.25 million" in milestone payments (of which US\$1.5 million has been received) plus royalties. An animal health product "typically reaches annual sales of at least US\$50 million", so this could become a significant source of future royalty income.

Elanco Animal Health is working on using the technology for other products.

Recent Results

In the year to June 2010, Acrux had no meaningful recurring revenues but received the initial US\$50 million (A\$54.9 million) from Ely Lilly, enabling it to record a net profit of \$46,554,000 (29.0 cents per share).

In the year to June 2011 the company earned recurring revenues of \$3.9 million and a milestone payment of US\$87 million (A\$89.6 million), resulting in a net profit of \$57,148,000 (34.3 cents per share). A special 60.0 cents (unfranked) dividend was paid in April 2011 to distribute \$100 million to shareholders.

For the year to June 2012, revenues were \$10.7 million (including a US\$1.5 million milestone payment for *Recovyra*) with a net profit of \$7,391,000 (4.4 cents per share), helped also by a \$2.5 million tax credit. An 8.0 cents dividend was paid.

Revenues rose 55.6% to \$16.7 million for the year to June 2013 (including US\$1 million from Gedeon Richter), with *pre-tax* profits up 104%. After an income

tax expense, net profit was *down* 6.3% to \$6,926,000 (4.2 cents per share). The company paid an 8.0 cents dividend.

For the half year to 31 December 2013, recurring revenues rose 3-fold to \$15.5 million with net profits up 3½-fold to \$6,460,000 (3.9 cents per share). In addition, the company received a US\$25.0 million milestone payment (A\$28.2 million), boosting total net profits to \$24.6 million (14.8 cents per share). A special 12.0 cents (unfranked) dividend was paid to distribute \$20 million to shareholders.

Investment Criteria

Acrux's main value lies in its royalty and milestone revenues from *Axiron*, plus other products it (or its partners) develop in the future using its through-the-skin drug delivery system.

Royalties and milestone payment are *very high margin* revenues, with its largest single expense being the royalty it pays to Monash until 2017. *Axiron* sales in the March 2014 quarter were US\$39.5 million (down from \$53.9 million in the December quarter), but even at that rate would generate royalties of US\$17 million annually and net profits of around \$7-8 million (4-5 cents per share).

At 99 cents, Acrux shares trade on a Price/Sales ratio of 9.90, a Price/Earnings ratio of 24 and a Dividend Yield of 8.1%. The high P/S ratio reflects the very high margin on royalties. Recurring revenues and profits should approximately double this year, reducing the P/E ratio to about 12-13 . . . before the contribution from large milestone payments.

Recurring royalties revenues and profits put the shares on an attractive P/E of 12-13 and a Yield of 8.1%. In addition, Acrux has a history of distributing the net cash (i.e. after income tax) from milestone payments to shareholders as special dividends. The next US\$50 million payment - in early 2015 or more probably in early 2016 - should finance a special dividend of around 25 cents.

Acrux has some interesting technology with potentially wide applications for drug delivery, plus revenues from royalties from existing licencing, but in recent years the shares have traded around \$3-4 - valuing the company at around \$500-650 million. The current "glitch" with the FDA safety communication has lowered the valuation to \$165 million - which is probably less than likely future after tax income from *Axiron* which could be around \$230-290 million or about 140-170 cents per share (i.e. milestones worth about A\$130 million after tax and a discounted net present value of royalties worth perhaps \$100-160 million). At current prices, Ely Lilly *could* decide it was cheaper to take over the whole company, rather than pay milestones and royalties on *Axiron* and animal health products - plus acquire full rights to the technology.

If that valuation is reasonable, then the market has

previously valued the technology (i.e. its use in other products) at about \$270-360 million. Today we are getting that technology for free and a \$65-125 million discount on the Axiron business!

Milestones from 2018-2021 (or slightly deferred?) could fund special dividends totalling another 60 cents.

AcruX is a "Pooled Development Fund" which offers tax advantages to Australian resident investors. The shares are exempt from any capital gains taxes (although investors can also not claim any losses) and unfranked dividends are exempt from income tax. Australian investors can choose whether to consider a franked dividend as exempt, or taxable and utilise the benefit of the franking credits. If, in the future, the company changes from a PDF to a regular company, then an Australian investor's cost price of the shares for capital gains purposes will be the *market value* at the date of the change (i.e. previous gains or losses are non-taxable). AcruX plans to remain a PDF and pay tax exempt unfranked dividends, while accumulating any franking credits for the future when it eventually becomes a regular company.

There are no tax advantages for NZ resident investors. AcruX is currently in the All Ordinaries Index so all actual dividends are taxable. AcruX could, as it has in the past, pay high special dividends to distribute cash from large milestone payments. Those payments would be taxable for the company and taxed a second time when distributed to NZ shareholders.

While dividends are fully taxable for New Zealand investors, an investment producing a high taxable income yield (i.e. 8% plus special dividends) is better than an investment producing little or no income! In addition, there is the potential for the shares to be significantly re-rated in value (i.e. a non-taxable capital gains for Australian and New Zealand investors) when the FDA investigation is completed and/or as new products add to annual recurring royalty income.

The issued capital is 166,496,711 shares, giving the company a market capitalisation of \$165 million. The shares are *very actively* traded in large volumes - with several million dollars worth of shares traded daily!

Insiders have made two on-market buys (and no sells) over the last year. Non-Executive Director R Barrow purchased 8000 shares at 250 cents each in November 2013 to raise his holding to 17,375 shares and in February Non-Executive Director T Oldham purchased 9750 shares at 204 cents to increase his holding to 15,750 shares.

The shares are *moderately followed*, with six brokers publishing profit forecasts. In light of recent events, all have downgraded their forecasts (to reflect the next milestone payment being deferred) and also lowered their recommendations. A month ago two brokers rated AcruX as a "Buy", two as "outperform" and two as "under-perform". Four brokers currently rate AcruX as

a "Hold" (which is broker-speak for "sell and buy something else, earning me two commission fees"), one rates them "under-perform" and the fourth as a "sell". That is very negative sentiment towards the company - but out of favour shares are usually under-valued and the best investments.

Legendary investor Sir John Templeton believed that the "moment of maximum pessimism" was the best time to buy. With revenues deferred, broker downgrades and the share price plunging sharply in recent weeks, could investor pessimism towards AcruX be any greater?

The Executive Chairman R Dobinson holds 1,372,593 shares and another Non-Executive Director B Parncutt has 718,137 shares. **Ellerston Capital**, a company associated with the Packer family, owns 16.6 million shares (9.99% of the company).

Having lost 75% of their value over the last year, AcruX shares are *extremely* weak, with a Relative Strength of -24.0% (ranked 91 on a scale of 0-99). Such very weak shares *could* either fall sharply lower or bounce sharply higher in the short term!!

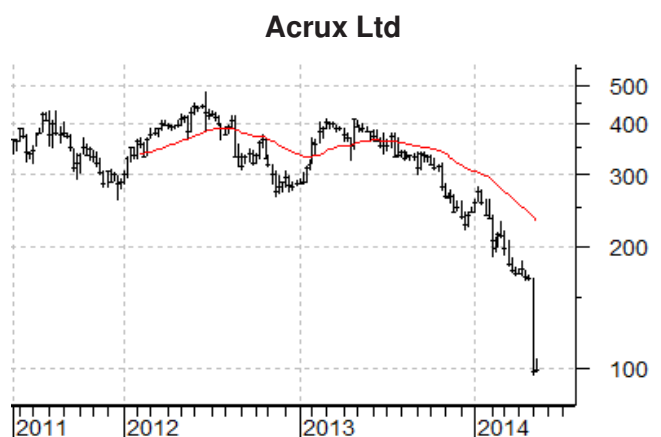
Summary and Recommendation

AcruX's share price appears to have fallen excessively on a relatively common FDA Drug Safety Communication. This may slow the *growth* in testosterone treatment sales - possibly *deferring* the achievement of its next sales milestone payment (of US\$50 million) and deferring (or perhaps failing to achieve) future milestones worth a further US\$120 million - but regular royalties should continue and net royalties will increase significantly in three years.

The company also has other products in the market or under development that could also generate significant future royalties and milestone payments from its through-the-skin drug delivery technology. These products and developments, however, should all be considered high risk.

The conclusion of the FDA's investigation - probably later this year could quantify any potential risks and a return to product sales growth - even at a lower or slower levels - could see AcruX re-rated back towards \$3-4 per share!

Buy for capital growth - and an 8% income yield!



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	Cur. rent	4-Wk Chg.	Rank 0-99	Insider Buy-Sell	Brokers Following	Price to NTA	Return on Equity	Volatility	Price/Earn. Ratio	Dividend Yield	Price/Sales Ratio	Market Cap'n
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UNDER-VALUED SHARES: Lowest Price/Sales, Yld > 0, Rel Strength > 0

Col Motor Co	525	+8.5	+1.4	10	1-0	-	1.3	11	0.5	12	8.2	0.28	172
PGG Wrightsons	43	+3.9	-2.2	24	1-0	2	1.3	6	1.7	22	7.3	0.29	325
Ebos Group Ltd	925	+0.6	-1.7	44	0-1	-	2.0	9	0.7	21	4.6	0.33	606
Seeka Kiwifruit	265	+18.4	+3.2	3	3-0	-	0.7	4	0.5	15	6.8	0.39	38
Nuplex Indust	340	+1.5	+0.2	39	0-0	6	1.2	10	1.1	12	6.2	0.40	674
Hellaby Hold.	295	+0.1	-2.3	47	0-0	4	1.4	9	1.2	15	6.3	0.50	275
Air New Zealand	213	+14.8	+3.1	4	1-11	7	1.3	10	0.9	13	5.4	0.51	2,351
Tourism Hold.	110	+19.9	-1.4	3	7-5	-	0.6	2	1.0	32	5.2	0.54	121
Abano Health.	700	+1.7	+1.7	37	0-0	2	1.6	4	0.7	43	4.3	0.58	120
Opus Int'l Cons	194	+0.2	-2.9	46	0-0	4	2.1	17	0.9	13	5.7	0.62	285
Steel & Tube	306	+2.1	-1.3	35	1-0	4	1.7	10	0.9	17	7.0	0.69	271
Mainfreight Grp	1350	+7.3	-1.3	13	1-5	5	3.4	17	0.6	20	2.9	0.71	1,337
Fletcher Build.	932	+4.6	+0.7	20	0-6	-	1.8	9	0.7	20	4.3	0.75	6,394
Turners Auction	270	+12.7	+0.3	5	1-0	-	4.0	26	0.9	15	8.2	0.83	74
Restaurant Brds	315	+3.2	+2.5	28	0-0	3	5.1	27	0.9	19	7.3	0.99	308

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

Seeka Kiwifruit	265	+18.4	+3.2	3	3-0	-	0.7	4	0.3	15	6.8	0.39	38
Air New Zealand	213	+14.8	+3.1	4	1-11	7	1.3	10	0.7	13	5.4	0.51	2,351
Turners Auction	270	+12.7	+0.3	5	1-0	-	4.0	26	0.8	15	8.2	0.83	74
Finzsoft Sol'ns	54	+10.6	+5.6	7	0-0	-	1.7	15	0.8	11	Nil	0.51	4
Guinness Peat	68	+9.0	-1.1	7	3-0	3	1.1	6	1.1	17	Nil	0.43	950
Col Motor Co	525	+8.5	+1.4	10	1-0	-	1.3	11	0.4	12	8.2	0.28	172
Mainfreight Grp	1350	+7.3	-1.3	13	1-5	5	3.4	17	0.5	20	2.9	0.71	1,337
Turners & Grow.	195	+6.1	+0.2	16	0-0	-	0.9	6	0.5	14	Nil	0.31	228
Fletcher Build.	932	+4.6	+0.7	20	0-6	-	1.8	9	0.6	20	4.3	0.75	6,394
Restaurant Brds	315	+3.2	+2.5	28	0-0	3	5.1	27	0.7	19	7.3	0.99	308
Steel & Tube	306	+2.1	-1.3	35	1-0	4	1.7	10	0.7	17	7.0	0.69	271
Nuplex Indust	340	+1.5	+0.2	39	0-0	6	1.2	10	0.9	12	6.2	0.40	674
Opus Int'l Cons	194	+0.2	-2.9	46	0-0	4	2.1	17	0.8	13	5.7	0.62	285
Hellaby Hold.	295	+0.1	-2.3	47	0-0	4	1.4	9	1.0	15	6.3	0.50	275

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

Chorus Ltd	168	-9.4	+5.8	87	0-0	10	1.0	27	0.8	4	21.7	0.62	654
Hallenstein G.	339	-13.7	+4.3	91	1-0	5	3.0	28	0.7	11	13.7	0.92	202
NZ Oil & Gas	78	-2.7	+0.7	70	0-0	6	0.9	7	1.0	12	11.1	3.23	321
Genesis Energy	183	+0.3	+0.3	45	0-0	-	-	0.8	43	9.7	N/A	1,825	
Telecom Corp	263	+5.5	+2.2	17	0-0	13	3.4	17	0.5	20	8.7	1.14	4,770
Warehouse Group	337	-5.9	-0.3	82	3-0	8	2.6	37	0.7	7	8.7	0.47	1,049
Vector Ltd	254	-3.0	+0.9	73	6-0	6	1.1	9	0.5	12	8.4	1.98	2,529
Col Motor Co	525	+8.5	+1.4	10	1-0	-	1.3	11	0.3	12	8.2	0.28	172
Trust Power Ltd	705	-2.2	+1.2	67	1-0	6	1.4	8	0.4	18	8.1	2.75	2,214
Sanford Limited	413	-2.3	-1.0	68	1-0	3	0.7	4	0.4	19	7.7	0.84	387

INSIDER BUYING: Most Insider Buying, Relative Strength > 0

Briscoe Group	249	+2.7	+0.5	31	5-0	3	3.7	20	0.5	19	5.7	1.21	528
Mighty River	227	+0.1	+3.9	50	6-2	8	1.0	4	0.8	29	7.6	1.84	3,171
Guinness Peat	68	+9.0	-1.1	7	3-0	3	1.1	6	0.9	17	Nil	0.43	950
Seeka Kiwifruit	265	+18.4	+3.2	3	3-0	-	0.7	4	0.2	15	6.8	0.39	38
Heartland Bank	87	+2.6	-0.3	33	2-0	3	0.9	2	0.7	49	7.4	1.49	338
Metro. LifeCare	422	+3.8	-2.0	25	2-0	5	1.2	8	0.7	15	0.5	9.49	875
Precinct Prop.	107	+1.7	+0.8	36	4-2	-	1.2	5	0.4	24	5.3	8.34	1,062
Sky City Ltd	415	+1.2	+2.0	41	5-3	13	2.9	16	0.4	19	6.9	2.54	2,394
Tourism Hold.	110	+19.9	-1.4	3	7-5	-	0.6	2	0.6	32	5.2	0.54	121
Tenon Ltd	149	+3.7	-0.5	26	1-0	-	0.6	-	0.6	NE	Nil	0.21	98

Company	Share Price	Cur. rent	4-Wk Chg.	Rank 0-99	Insider Buy-Sell	Brokers Following	Price to NTA	Return on Equity	Volatility	Price/Earn. Ratio	Dividend Yield	Price/Sales Ratio	Market Cap'n
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OVER-VALUED SHARES: Highest Price/Sales Ratios, Relative Strength < 0

Trade-Me Ltd	391	-5.0	+1.0	78	2-2	11	2.4	12	0.5	20	5.8	9.44	1,550
Blis Technology	2	-2.0	-6.8	66	0-1	-	2.9	-	3.8	NE	Nil	8.82	10
Goodman Prop.	101	-1.7	+1.3	64	1-1	7	1.0	7	0.5	16	6.2	8.04	1,208
Vital Health PT	136	-58.3	+0.0	98	9-0	4	1.5	11	0.5	13	5.8	7.94	459
Argosy Property	95	-1.1	+0.6	61	0-0	5	1.2	7	0.5	17	6.3	7.33	742
Moa Group Ltd	59	-15.1	-0.5	93	1-0	1	1.2	13	0.8	9	Nil	7.25	18
Snakk Media Ltd	9	-8.6	-2.4	87	0-0	-	27.8	-	2.2	NE	Nil	6.40	23
NZ Exchange Ltd	124	-0.4	-0.1	59	1-0	3	6.4	24	0.7	26	6.3	5.02	315
Diligent Board	441	-2.9	+0.5	71	0-0	4	14.0	28	0.7	51	Nil	4.70	369
Charlie's Group	43	-58.3	+0.0	97	0-0	-	7.7	15	1.0	51	Nil	4.00	126
CDL Investments	51	-2.3	-1.1	69	0-0	-	1.2	11	0.7	10	5.4	3.66	140
NZ Oil & Gas	78	-2.7	+0.7	70	0-0	6	0.9	7	0.9	12	11.1	3.23	321
Trust Power Ltd	705	-2.2	+1.2	67	1-0	6	1.4	8	0.4	18	8.1	2.75	2,214
Pyne Gould Corp	38	-1.2	-5.0	62	0-0	-	0.6	18	1.0	3	Nil	2.72	82
NZ Windfarms	7	-3.8	+3.7	74	0-0	-	0.3	2	1.7	13	Nil	2.50	20
NZ Refining Co	182	-11.2	-0.4	89	1-0	4	0.9	-	0.7	NE	1.5	2.28	510

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

Vital Health PT	136	-58.3	+0.0	98	9-0	4	1.5	11	0.4	13	5.8	7.94	459
Charlie's Group	43	-58.3	+0.0	97	0-0	-	7.7	15	0.9	51	Nil	4.00	126
Trilogy Intern.	72	-21.3	-0.9	95	0-0	-	2.0	-	0.6	NE	Nil	1.65	44
Pumpkin Patch	50	-19.9	-0.7	94	0-2	4	1.5	10	1.2	15	Nil	0.29	85
WN Drive Tech.	12	-15.2	-6.2	93	0-0	-	1.7	-	1.8	NE	Nil	0.59	16
Moa Group Ltd	59	-15.1	-0.5	93	1-0	1	1.2	13	0.8	9	Nil	7.25	18
Scott Tech. Ltd	175	-14.7	-0.3	92	0-0	-	1.7	13	0.6	13	6.3	1.20	72
GeoOP Ltd	162	-13.0	-7.2	91	0-0	-	-	-	0.9	NE	Nil	N/A	44
NZ Refining Co	182	-11.2	-0.4	89	1-0	4	0.9	-	0.7	NE	1.5	2.28	510
Snakk Media Ltd	9	-8.6	-2.4	87	0-0	-	27.8	-	2.1	NE	Nil	6.40	23
Sealegs Corp	14	-7.6	-1.8	85	0-0	-	1.8	2	1.3	79	Nil	1.00	16
Cavalier Corp	155	-5.9	-2.6	82	0-0	3	1.1	7	0.7	16	3.7	0.52	106
Tower Limited	170	-5.5	-0.2	80	1-1	4	0.9	0	0.8	841	6.5	1.25	352
Comvita	350	-5.4	+0.2	80	0-0	1	1.2	9	0.5	14	5.3	0.98	102
Veritas Invest.	115	-5.3	-1.0	79	4-0	-	17.2	-	0.6	NE	Nil	1.42	42
Just Water Int.	10	-5.3	+0.2	78	0-0	-	1.3	26	2.6	5	Nil	0.32	9
Trade-Me Ltd	391	-5.0	+1.0	78	2-2	11	2.4	12	0.5	20	5.8	9.44	1,550
Mercer Group	17	-4.3	-5.2	76	0-1	-	2.4	4	1.7	53	Nil	1.05	41
NZ Windfarms	7	-3.8	+3.7	74	0-0	-	0.3	2	1.6	13	Nil	2.50	20
Millennium & C.	62	-3.0	-0.4	72	0-0	-	0.5	6	0.7	8	2.7	1.82	217

INSIDER SELLING: Most Insider Selling, Relative Strength < 0

Michael Hill	132	-2.9	-0.8	72	1-4	2	2.4	19	0.5	13	4.9	0.92	505
DNZ Property	159	-1.1	+1.2	61	0-2	5	1.0	5	0.4	19	5.3	N/A	393
Property F Ind.	133	-0.4	+0.8	59	0-2	5	1.0	8	0.4	13	6.3	N/A	545
Pumpkin Patch	50	-19.9	-0.7	94	0-2	4	1.5	10	1.2	15	Nil	0.29	85
Mercer Group	17	-4.3	-5.2	76	0-1	-	2.4	4	1.6	53	Nil	1.05	41
Smiths City	54	-6.1	-1.7	83	0-1	-	0.6	4	0.5	14	6.5	0.13	28
Allied Work.	271	-4.2	+0.7	76	0-1	-	3.2	25	0.7	13	8.2	0.54	70
Blis Technology	2	-2.0	-6.8	66	0-1	-	2.9	-	3.3	NE	Nil	8.82	10

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.

Company	STRENGTH RATING													Company	STRENGTH RATING												
	Share Price	Current Price	4-Wk Chg.	Rank 0-99	Rel Strength	Buy/Sell	Follow	Price to NTA	Return on Equity	Volatility	Price/Earn. Ratio	Dividend Yield	Price/Sales Ratio		Market Cap'n	Share Price	Current Price	4-Wk Chg.	Rank 0-99	Rel Strength	Buy/Sell	Follow	Price to NTA	Return on Equity	Volatility	Price/Earn. Ratio	Dividend Yield
UNDER-VALUED SHARES: Lowest Price/Sales, Yld > 0, Rel Strength > 0														BEST PERFORMING SHARES: Strongest Shares, P/E < 20, P/S < 1.0													
Aust Pharm. Ind	54	+2.2	-2.7	30	1-0	8	0.7	6	1.1	11	6.0	0.08	264	Basper Limited	50	+7.5	-2.7	18	0-0	-	0.9	-	1.0	NE	10.0	0.98	50
Raptis Group	40	+0.0	+0.0	39	0-0	-	-	-	1.0	NE	12.5	0.11	28	Nib Holdings	298	+8.9	+1.0	16	1-1	10	5.1	26	0.5	19	3.4	1.01	1,308
CFT Energy	6	+0.0	+0.0	39	0-0	-	-	-	2.8	0	33.3	0.11	3	Pac. Star Netwk	29	+23.4	+3.9	6	0-0	-	2.6	13	1.3	21	5.5	1.02	15
Service Stream	21	+7.0	-5.4	19	0-0	-	1.6	-	1.6	NE	4.9	0.12	69	Tandou Ltd	47	+1.7	-1.3	31	0-0	2	0.8	7	1.0	11	2.2	1.02	92
TTA Holdings	5	+1.3	+1.3	33	0-0	-	0.5	13	3.1	4	8.0	0.12	7	Suncorp Group	1300	+0.4	+1.3	36	5-1	17	2.1	6	0.4	34	4.2	1.03	16,726
Structural Syst	53	+11.7	-0.9	13	1-0	-	0.6	5	0.9	10	7.6	0.12	34	C.S.R. Ltd	346	+20.8	+0.9	7	1-0	14	1.7	3	0.5	54	1.5	1.04	1,751
Brierty Ltd	40	+1.5	-1.5	32	1-0	1	0.8	19	1.2	4	7.5	0.15	44	David Jones	395	+13.9	+5.5	11	2-0	16	2.9	13	0.6	22	4.3	1.14	2,108
Billabong Int'l	44	+3.2	-14.4	27	1-0	6	14.7	-	1.7	NE	6.8	0.16	211	Fairfax Media	101	+31.5	+5.0	3	0-0	12	3.7	23	0.8	16	2.0	1.16	2,375
CML Group	28	+28.0	-15.8	4	1-5	-	-	-	1.6	23	3.6	0.17	17	Supply Network	235	+14.1	-4.6	11	1-0	-	4.0	23	0.5	18	3.4	1.19	80
Ruralco Hold.	360	+1.8	+1.5	31	0-0	4	2.6	7	0.4	35	5.6	0.17	244	Sunbridge Group	20	+7.7	-2.9	18	0-0	-	-	-	1.8	7	0.3	1.19	94
Caltex Australia	2247	+7.5	+2.3	18	1-1	9	2.5	22	0.4	11	1.5	0.25	6,067	liNet	697	+10.1	-2.0	15	2-2	14	-	-	0.3	18	2.7	1.19	1,124
Vita Group Ltd	77	+4.8	+5.3	23	2-1	2	-	-	0.8	18	2.4	0.25	109	CVC Limited	119	+4.8	-0.5	23	0-0	-	0.7	5	0.7	16	5.0	1.24	144
Lindsay Aust	34	+12.6	-2.6	12	0-3	1	1.5	14	1.2	10	5.7	0.26	74	Village Road.	729	+3.0	-1.8	28	0-2	6	5.6	25	0.4	23	3.6	1.24	1,163
Sigma Pharm.	72	+5.3	+4.3	22	0-0	12	1.4	12	0.8	12	5.6	0.27	810	Sealink Travel	178	+11.9	+0.8	13	0-1	-	3.2	19	0.8	17	2.1	1.28	117
Downer EDI Ltd	528	+4.5	+0.2	24	4-0	15	1.7	16	0.5	11	4.0	0.27	2,288	Origin Energy	1520	+3.9	+0.7	25	2-3	14	-	-	0.3	17	3.3	1.28	16,561
Kresta Holdings	20	+5.0	+2.3	23	4-1	-	1.5	1	1.6	115	1.3	0.29	29	Academies Aust.	105	+0.3	-0.6	37	1-0	-	6.6	42	0.7	16	4.8	1.34	51
HGL Limited	56	+1.3	+0.3	33	2-0	-	1.1	-	0.9	NE	7.2	0.30	31	Centuria Cap'l	81	+3.4	+1.8	27	7-0	-	1.3	15	0.8	9	1.6	1.35	63
Leighton Hold	2005	+10.1	+3.5	15	3-1	15	2.5	19	0.4	13	5.2	0.30	6,762														
Spec Fashion	91	+1.1	+1.5	33	0-0	7	2.9	22	0.8	13	4.4	0.31	174														
A.P. Eagers	526	+3.0	-1.1	27	7-0	3	2.2	15	0.3	15	4.4	0.35	929														
WDS Limited	103	+23.6	-0.2	6	0-1	3	1.6	9	0.8	18	4.6	0.42	148														
Collins Foods	190	+3.8	-3.8	26	0-0	5	-	-	0.7	11	5.0	0.43	177														
TransMetro Corp	110	+7.2	-2.6	19	0-0	-	0.7	10	0.7	7	4.5	0.43	15														
Automotive Hold	386	+2.6	+1.9	29	0-1	12	4.4	17	0.5	26	5.2	0.43	1,006														
Global Con Serv	53	+0.5	+5.1	35	0-0	1	0.6	11	1.2	6	3.8	0.45	89														
Dicker Data Ltd	162	+35.2	+9.9	3	3-0	1	10.8	48	1.0	22	3.9	0.46	207														
Embelton Ltd	650	+0.5	-0.4	35	0-0	-	-	-	0.3	16	4.5	0.50	14														
Seymour Whyte	183	+17.9	+4.1	8	0-1	2	3.2	21	0.6	15	4.4	0.52	142														
Seven Group	818	+4.0	+0.8	25	4-3	10	1.2	23	0.5	5	4.9	0.53	2,521														
Shenhua Int'l	39	+1.9	-2.8	31	0-0	-	0.7	11	1.2	6	6.4	0.56	49														
Pro-Pac Pack.	47	+0.4	-0.1	36	0-0	-	3.6	19	1.1	19	4.3	0.57	99														
JB Hi-Fi Ltd	1947	+0.0	+1.6	37	0-3	17	8.4	51	0.4	17	3.7	0.58	1,927														
SteriHealth Ltd	171	+10.1	+7.0	15	0-0	-	5.7	66	0.7	9	4.1	0.60	33														
Waterco Ltd	120	+4.2	-1.1	24	0-0	-	0.9	3	0.7	25	3.3	0.61	42														
Schaffer Corp	600	+7.4	-0.1	18	0-0	-	1.3	13	0.4	10	3.8	0.61	84														
Tasmania Mines	172	+17.3	+2.8	9	0-0	-	0.7	14	0.6	5	3.5	0.65	31														
Landmark White	47	+5.4	+1.6	21	0-6	-	7.8	44	1.1	18	7.0	0.65	13														
Calliden Group	38	+13.0	+6.1	12	1-0	-	1.7	12	1.1	14	5.8	0.66	86														
Capilano Honey	595	+26.2	+4.2	5	0-0	-	1.8	12	0.6	15	2.5	0.70	51														
Wesfarmers Ltd	4286	+1.0	+0.0	34	0-1	15	9.8	51	0.3	19	4.2	0.72	43,146														
Tamawood Ltd	279	+1.2	+0.5	33	1-1	-	10.3	72	0.4	14	7.5	0.75	71														
Bega Cheese Ltd	508	+16.4	-4.3	9	0-2	6	2.5	8	0.6	30	1.5	0.76	771														
Woolworths Ltd	3684	+4.3	+1.1	24	2-2	15	13.0	64	0.2	20	3.6	0.78	46,057														
Boral Limited	540	+11.9	+1.9	13	0-0	13	1.7	4	0.5	40	2.0	0.79	4,180														
Hills Limited	166	+3.9	-2.3	25	8-0	6	3.0	14	0.7	21	2.0	0.83	409														
Cardno Ltd	711	+3.3	+2.7	27	3-0	11	79.0	-	0.4	13	5.1	0.85	1,022														
GR Engineering	68	+9.8	+5.8	15	1-0	1	2.3	17	1.2	14	13.2	0.89	102														
W'bool Cheese	808	+5.4	-7.1	22	0-0	3	2.4	4	0.3	60	1.4	0.90	446														
Grange Resource	22	+6.2	-4.9	20	4-0	4	-	-	1.8	10	13.6	0.91	255														
AGL Energy Ltd	1594	+1.6	+0.8	32	0-1	14	2.1	9	0.3	23	4.0	0.91	8,834														
Korvest Ltd	647	+0.3	-2.4	36	3-0	2	1.7	11	0.4	15	7.1	0.91	56														
Evolution Min.	81	+10.5	+5.4	14	1-1	11	0.5	4	0.9	13	1.2	0.94	570														
Joyce Corp.	50	+2.6	+2.5	29	0-0	-	1.2	6	1.1	21	3.3	0.94	14														
														Basper Limited	50	+7.5	-2.7	18	0-0	-	0.9	-	1.0	NE	10.0	0.98	50
														Nib Holdings	298	+8.9	+1.0	16	1-1	10	5.1	26	0.5	19	3.4	1.01	1,308
														Pac. Star Netwk	29	+23.4	+3.9	6	0-0	-	2.6	13	1.3	21	5.5	1.02	15
														Tandou Ltd	47	+1.7	-1.3	31	0-0	2	0.8	7	1.0	11	2.2	1.02	92
														Suncorp Group	1300	+0.4	+1.3	36	5-1	17	2.1	6	0.4	34	4.2	1.03	16,726
														C.S.R. Ltd	346	+20.8	+0.9	7	1-0	14	1.7	3	0.5	54	1.5	1.04	1,751
														David Jones	395	+13.9	+5.5	11	2-0	16	2.9	13	0.6	22	4.3	1.14	2,108
														Fairfax Media	101	+31.5	+5.0	3	0-0	12	3.7	23	0.8	16	2.0	1.16	2,375
														Supply Network	235	+14.1	-4.6	11	1-0	-	4.0	23	0.5	18	3.4	1.19	80
														Sunbridge Group	20	+7.7	-2.9	18	0-0	-	-	-	1.8	7	0.3	1.19	94
														liNet	697	+10.1	-2.0	15	2-2	14	-	-	0.3	18	2.7	1.19	1,124
														CVC Limited	119	+4.8	-0.5	23	0-0	-	0.7	5	0.7	16	5.0	1.24	144
														Village Road.	729	+3.0	-1.8	28	0-2	6	5.6	25	0.4	23	3.6	1.24	1,163
														Sealink Travel	178	+11.9	+0.8	13	0-1	-	3.2	19	0.8	17	2.1	1.28	117
														Origin Energy	1520	+3.9	+0.7	25	2-3	14	-	-	0.3	17	3.3	1.28	16,561
														Academies Aust.	105	+0.3	-0.6	37	1-0	-	6.6	42	0.7	16	4.8	1.34	51
														Centuria Cap'l	81	+3.4	+1.8	27	7-0	-	1.3	15	0.8	9	1.6	1.35	63

Company	Share Price	STRENGTH RATING			Insider Buy-Sell	Brokers Following	Price to NTA	Return on Equity	Volatility	Price Ratio	Dividend Yield	Price Sales Ratio	Market Cap'n	Company	Share Price	STRENGTH RATING			Insider Buy-Sell	Brokers Following	Price to NTA	Return on Equity	Volatility	Price Ratio	Dividend Yield	Price Sales Ratio	Market Cap'n
		Current	4-Wk Chg.	Rank												Current	4-Wk Chg.	Rank									
Cardno Ltd	711	+3.3	+2.7	27	3-0	11	79.0	-	0.3	13	5.1	0.85	1,022	Centuria Cap'l	81	+3.4	+1.8	27	7-0	-	1.3	15	0.4	9	1.6	1.35	63
A.P. Eagers	526	+3.0	-1.1	27	7-0	3	2.2	15	0.3	15	4.4	0.35	929	Red Metal Ltd	18	+15.3	+2.6	10	7-0	-	-	-	1.0	NE	Nil	N/A	25
CI Resources	80	+2.5	-3.3	29	0-0	-	0.8	33	0.8	2	Nil	0.38	58	Fortescue Metal	481	+1.9	-3.0	31	7-0	21	2.0	25	0.6	8	2.1	1.69	14,977
Watpac Ltd	82	+2.4	-7.2	29	4-1	1	0.7	4	0.8	19	Nil	0.10	151	Prairie Downs	49	+15.4	+13.9	10	6-0	-	-	-	0.7	NE	Nil	N/A	57
Aust Pharm. Ind	54	+2.2	-2.7	30	1-0	8	0.7	6	0.8	11	6.0	0.08	264	Impedimed Ltd	20	+4.4	-6.8	24	6-0	2	6.5	-	1.1	NE	Nil	N/A	35
Shenhua Int'l	39	+1.9	-2.8	31	0-0	-	0.7	11	0.9	6	6.4	0.56	49	Euroz Limited	128	+5.0	-0.3	23	6-0	-	1.6	5	0.5	29	5.1	4.77	183
Brierty Ltd	40	+1.5	-1.5	32	1-0	1	0.8	19	0.9	4	7.5	0.15	44	Plymouth Min.	12	+36.7	-11.2	2	6-0	-	-	-	1.2	NE	Nil	N/A	4
Oldfields Hold	11	+1.3	+2.1	33	1-0	-	1.6	78	1.4	2	Nil	0.34	9	Paringa Res Ltd	33	+24.7	+1.3	5	6-0	-	-	-	0.9	NE	Nil	N/A	20
TTA Holdings	5	+1.3	+1.3	33	0-0	-	0.5	13	2.2	4	8.0	0.12	7	Technice Ltd	7	+5.5	-8.3	21	5-0	-	3.3	22	1.4	15	Nil	2.13	15
Tamawood Ltd	279	+1.2	+0.5	33	1-1	-	10.3	72	0.3	14	7.5	0.75	71	PPK Group Ltd	75	+8.2	-9.5	17	5-0	-	1.3	8	0.5	16	4.7	3.71	38
Spec Fashion	91	+1.1	+1.5	33	0-0	7	2.9	22	0.6	13	4.4	0.31	174	Ale Property	290	+3.4	-0.6	26	5-0	3	1.5	4	0.2	38	5.5	N/A	563
Wesfarmers Ltd	4286	+1.0	+0.0	34	0-1	15	9.8	51	0.3	19	4.2	0.72	43,146	360 Capital Ind	219	+2.5	+1.2	29	5-0	3	-	-	0.6	60	2.1	N/A	817
Pact Group Hold	336	+0.7	-0.9	34	0-0	-	-	-	0.5	13	Nil	0.54	605	Centrepoint All	35	+3.1	+0.9	27	5-0	-	5.0	-	0.5	NE	Nil	0.27	44
Redbank Energy	800	+0.7	-0.2	35	0-0	-	0.3	-	0.2	0	Nil	0.07	6	Matrix Comp.	139	+24.4	-0.1	5	5-0	3	1.1	-	0.5	NE	Nil	0.90	131
Maxsec Group	2	+0.6	-9.4	35	0-0	-	2.1	15	4.2	14	Nil	0.99	4	Growthpoint Pro	248	+0.8	-0.3	34	5-0	3	1.2	10	0.3	12	7.4	6.39	1,097
Global Con Serv	53	+0.5	+5.1	35	0-0	1	0.6	11	0.9	6	3.8	0.45	89	Aristocrat Leis	506	+8.1	+1.0	18	5-0	14	12.3	47	0.4	26	2.9	3.45	2,790
Electro Optic	30	+0.5	-6.3	35	0-0	-	3.8	34	1.0	11	Nil	0.57	17	Adelaide Bright	382	+5.4	-0.9	21	6-1	17	2.8	17	0.4	16	4.3	1.99	2,439
Embelton Ltd	650	+0.5	-0.4	35	0-0	-	-	-	0.3	16	4.5	0.50	14	Macquarie Group	6012	+7.4	-0.5	18	6-1	16	1.9	8	0.3	24	3.3	2.04	20,411
News Corp.	1829	+0.5	-1.1	36	0-0	-	1.2	34	0.4	3	Nil	0.20	1,936	Timpetra Res.	9	+23.2	-0.8	6	7-2	-	-	-	1.4	NE	Nil	N/A	6
Pro-Pac Pack.	47	+0.4	-0.1	36	0-0	-	3.6	19	0.8	19	4.3	0.57	99	Collection Hse	188	+3.5	-1.2	26	8-3	6	-	-	0.3	14	3.8	5.55	217
Korvest Ltd	647	+0.3	-2.4	36	3-0	2	1.7	11	0.3	15	7.1	0.91	56	Milton Corp.	434	+2.6	-0.9	29	4-0	-	1.0	4	0.3	24	3.8	N/A	2,651
JB Hi-Fi Ltd	1947	+0.0	+1.6	37	0-3	17	8.4	51	0.3	17	3.7	0.58	1,927	Genesis Mineral	2	+8.2	+16.2	17	4-0	-	-	-	3.0	NE	Nil	N/A	3
CFT Energy	6	+0.0	+0.0	39	0-0	-	-	-	2.0	0	33.3	0.11	3	GPT Group	396	+2.8	+1.6	28	4-0	13	1.0	9	0.3	12	5.2	N/A	6,712
Air Change Int.	10	+0.0	+0.0	39	0-0	-	0.5	31	1.6	1	Nil	0.09	2	Echo Ent Group	289	+0.4	+4.7	36	4-0	15	2.3	8	0.4	29	2.1	1.37	2,386
Bounty Mining	3	+0.0	+0.0	40	0-0	-	-	-	3.1	13	Nil	0.61	12	Strike Energy	11	+14.4	+1.3	10	4-0	-	-	-	1.2	NE	Nil	N/A	68
														Uranex Ltd	15	+10.0	-4.0	15	4-0	-	-	-	1.1	NE	Nil	N/A	31
														New Standard En	14	+1.4	-4.2	33	4-0	1	-	-	0.9	NE	Nil	N/A	43
														Pental Limited	3	+4.1	-8.8	25	4-0	-	1.3	7	2.2	18	Nil	0.36	39
														BKI Invest Coy	164	+2.6	-0.2	29	4-0	-	1.0	5	0.4	22	4.1	N/A	780
														Alara Resources	10	+10.2	+3.2	14	4-0	-	-	-	1.2	NE	Nil	N/A	23
														Finbar Group	168	+7.0	-1.5	19	4-0	1	1.8	15	0.4	12	5.7	2.55	366
														Transurban Grp	717	+2.9	+0.9	28	4-0	10	3.6	6	0.2	63	4.3	9.01	13,094
														Aust Oil Coy	11	+21.0	-11.5	7	4-0	-	-	-	1.1	NE	Nil	N/A	9
														Chalice Gold	15	+0.9	+2.9	34	4-0	-	-	-	1.2	NE	Nil	N/A	38
														Renaissance Min	7	+6.2	+1.0	20	4-0	-	-	-	1.8	NE	Nil	N/A	14
														Downer EDI Ltd	528	+4.5	+0.2	24	4-0	15	1.7	16	0.3	11	4.0	0.27	2,288
														Hunter H Global	101	+4.7	-1.7	23	4-0	-	0.8	17	0.4	5	1.7	N/A	193
														Mineral Commod.	14	+5.4	-9.0	22	4-0	-	-	-	0.9	NE	Nil	N/A	57
														Recall Holdings	481	+1.8	+1.3	31	4-0	-	-	-	0.4	NE	Nil	N/A	N/A
														Grange Resource	22	+6.2	-4.9	20	4-0	4	-	-	1.1	10	13.6	0.91	255
														Bank of Q'land	1212	+7.4	+1.0	18	5-1	17	1.7	8	0.3	21	4.8	1.58	4,323
														Austex Oil Ltd	18	+8.7	-4.2	17	5-1	2	-	-	0.9	NE	Nil	4.60	78
														Suncorp Group	1300	+0.4	+1.3	36	5-1	17	2.1	6	0.3	34	4.2	1.03	16,726
														P-REIT	23	+9.4	-1.3	15	6-2	-	0.7	7	0.9	10	Nil	3.91	48
														Res & Invest NL	8	+9.6	-4.1	15	3-0	-	-	-	1.4	NE	Nil	N/A	22
														Treasury Group	993	+10.5	+2.0	14	3-0	3	3.6	16	0.3	22	4.0	N/A	229
														Ardent Leisure	251	+17.6	+3.5	9	3-0	8	3.3	9	0.4	35	4.8	2.80	1,259
														Pro Medicus Ltd	84	+13.8	-7.0	11	3-0	-	6.5	39	0.6	16	2.4	7.41	84
														KeyBridge Cap'l	19	+11.2	-1.6	13	3-0	-	0.8	-	0.8	NE	Nil	6.88	34
														Lion One Metals	30	+2.1	+2.8	30	3-0	-	-	-	0.9	NE	Nil	N/A	3
														Dicker Data Ltd	162	+35.2	+9.9	3	3-0	1	10.8	48	0.7	22	3.9	0.46	207
														Aims Property	8	+7.9	+2.1	18	3-0	-	0.6	-	1.3	NE	Nil	N/A	42
														Ark Mines Ltd	10	+1.5	-0.5	32	3-0	-	-	-	1.3	NE	Nil	N/A	3
														Shopping Centre	175	+4.4	+3.1	24	3-0	8	1.1	-	0.7	NE	6.4	N/A	1,124
														Central Petrol.	43	+7.8	+5.7	18	3-0	-	-	-	0.9	NE	Nil	N/A	122
														Cardno Ltd	711	+3.3	+2.7	27	3-0	11	79.0	-	0.3	13	5.1	0.85	1,022
														Galileo Japan	156	+11.0	-2.4	14	3-0	-	0.7	-	0.5	NE	Nil	0.21	13
														Entek Energy	3	+0.1	+1.1	37	3-0	-	-	-	2.1	NE	Nil	7.17	17
														Phileo Aust.	305	+8.9	-9.6	16	3-0	-	1.2	8	0.3	15	0.7	7.46	88
														Triasmin Ltd	5	+5.4	-5.5	22	3-0	-	-	-	1.7	NE	Nil	N/A	12
														Konekt Limited	10	+62.9	+17.8	1	3-0	-	1.7	-	1.3	NE	Nil	0.25	8
														LBT Innovations	13	+21.1	+5.4	7	3-0	-	6.5	26	0.9	25	Nil	2.93	13

INCOME SHARES: Highest Yields, Capitalisation > A\$250 million

Grange Resource	22	+6.2	-4.9	20	4-0	4	-	-	1.2	10	13.6	0.91	255
Seven West Med.	184	-7.3	-1.4	63	0-0	15	-	-	0.6	6	13.6	0.97	1,831
NRW Holdings	113	-6.4	-0.9	61	3-0	12	0.9	22	0.6	4	11.5	0.23	315
DUET Group	221	+0.4	+1.2	36	1-0	12	1.6	0	0.4	388	11.0	2.00	2,627
Metcash Ltd	278	-7.5	-0.5	63	1-0	14	-	-	0.4</				

Stockbroker Survey

Halifax New Zealand (www.halifaxonline.co.nz) has recently started offering its services in New Zealand. These include Australian shares (brokerage fee 0.189% with a minimum of A\$18.95) and NZ shares (at 0.35% with a minimum of NZ\$35.00).

The company has operated in Australia for many years . . . although does not directly offer stockbroking and other trading services but re-sells services from other brokers (adding a margin). It also “partners” with other companies who may have investor clients, offering to share a percentage of the revenues with those companies.

Securities Research was approached a year or so back . . . but we do not accept commissions from product or service providers. Investors will also get the best rates dealing directly with the actual stockbrokers, rather than indirectly through a marketing company that adds a margin to every trade.

Halifax provides its sharebroking services through Danish based **Saxo Bank** (www.saxobank.com) and US based **Interactive Brokers** (www.interactivebrokers.com). Both of these companies have operating subsidiaries globally to provide international services (and meet local compliance regulations).

Saxo Bank provides Australian share trades for 0.10% with a minimum of A\$15.00.

Interactive Brokers charges Australian trades at 0.08% with a minimum of just A\$6.00 (although any change to an order, like changing the limit price on a partially completed trade, will incur a second minimum A\$6 fee).

There is, of course, more to charges than just the brokerage fee. NZ brokers like ANZ Securities (formerly Direct Broking) and ASB Securities could charge you 1.5-1.7% on a foreign exchange fee (e.g. settling an Australian purchase in New Zealand dollars). Saxo Bank charges 0.5% while Interactive Brokers can give you access to truly wholesale forex rates costing just 0.01% (i.e. about \$3, plus a trade fee of about \$2, on a \$30,000 trade).

Saxo Bank charges 0.045% as a Custody Fee (i.e. \$45 per year on \$100,000 of investments) while Interactive Brokers has no account charges.

Saxo Bank has a US\$100 (or equivalent) inactivity fee if there is no trading over a six month period. Interactive Brokers has a minimum US\$10 per month fee, although that was abolished recently for accounts with over US\$100,000 (or equivalent) in equity.

Saxo Bank pays interest (on amounts over \$15,000) at market interest rates *less* 3% (i.e. currently nil for Australian dollars) and charges *margin* interest at market rates *plus* 8% (i.e. currently 10.5%). Interactive Brokers pays interest (on amounts over \$10,000) at market rates *less* 0.5% (i.e. 2% at present) and charges margin interest at market rates *plus* 1.5% (i.e. currently 4.0% for Australian dollars).

Of course, we do not encourage the use of margin (i.e. borrowings) to finance share purchases.

Both Saxo Bank and Interactive Brokers hold Australian shares for customers in a nominee company, rather than the usual CHESS system where shares are registered in the investors name.

This is not a problem and, in fact, has many advantages. Dividends are collected by the broker and credited to your account. You won't get a Dividend Advice from the company, but you can download a tax summary. For a cash issue or Share Purchase Plan you simply instruct the broker to buy the shares, and they take the cash from your account. For cash issues and SPPs this is all without charge - although when your Editor exercised the Atlas Pearls & Perfumes *options* in January there was a rather high A\$110 option exercise fee from Interactive Brokers.

To appoint a proxy to vote your shares, just instruct the broker. There is no charge.

The Interactive Brokers system can be a little confusing and involves a steep learning curve. It has features that you may not want (and not want to click accidentally) like the option to “Close All Positions”!

If you want to invest in foreign shares then local brokers like ANZ and ASB are just far too expensive. Saxo Bank and Interactive Brokers cover most markets (except NZ) but do not always have complete coverage. For example, only about two-thirds of the UK listed investment trusts we recommend in “International Investor” are available (and neither broker offers UK unlisted funds).

Local Brokers

ANZ Securities (formerly Direct Broking) has a rather strange fee for Australian trades. Transactions up to A\$30,000 cost A\$29.90 but amounts over A\$30,000 are charged at a *higher* 0.3% rate. So a single A\$60,000 trade would cost A\$120, while split into two A\$30,000 trades costs a total of A\$59.80.

So ANZ Securities is very competitive on transaction sizes around A\$30,000 where the brokerage rate drops towards 0.1%.

For NZ shares the fee is 0.2% with a minimum of \$29.95.

The website states that forex fees can be “up to 1.5%”, although recent experience indicates actual fees to around 1.0%. So a A\$30,000 purchase, settled in NZ dollars could include up to A\$450 of forex margins, but probably around \$300 - which is still very high! Fortunately this is a “one-off” fee as future sales can be settled in Australian dollars and re-invested in other Australian shares, avoiding forex fees.

Interest of 1.5% is currently paid on Australian cash.

Australian share orders placed through ANZ Securities appear to take a rather long 2-3 minutes to reach market. All other brokers send orders *straight* to market - often in small fractions of a second - as “required” by stock exchange rules.

ASB Securities charges 0.3% for both Australian and NZ trades, with minimums of A\$30 and NZ\$30,

(Continued on Page 14)

(Continued from Page 13)

respectively. ASB is expensive on transactions above \$10,000 where you exceed the minimum \$30 charge but continue to pay a relatively high 0.3% brokerage rate.

Forex fees are not stated, but *actual* rates charged appear to be around 1.7%. So a A\$30,000 trade (settled in NZ dollars) will include forex margins of over A\$500.

The interest rate on Australian cash is just 0.25%.

Summary and Recommendation

For most NZ investors we still believe that a local broker (i.e. ANZ Securities or ASB Securities) is the way to invest in Australian shares.

Smaller investors will pay minimum fees of A\$30, but it isn't worth the complexity of an Interactive Brokers account to try to save a few dollars per trade - which will likely disappear in the monthly minimum fee of US\$10 (on accounts with under \$100,000 in equity). For larger investors - who can split large transactions into a series of trades of around \$30,000 - ANZ Securities is very competitive with an effective rate as low as 0.1%.

Forex margins are daylight robbery . . . protected by

regulations designed to safeguard ~~the bank's lucrative forex business~~ investors from unlicensed forex dealers. Fortunately investors can avoid repeat fees by settling subsequent trades in Australian dollars.

Many subscribers of this newsletter have long standing accounts with Australian brokers like E*Trade or CommSec - but Australian regulations now prevent (or discourage) these brokers from opening new accounts with NZ investors. Or perhaps the real reason is that E*Trade provides the Australian service for ANZ Securities while CommSec provides it for ASB Securities - with higher charges added in for NZ investors!

Readers of this newsletter will already know whose interests our Government regulators are working hard to protect!

International brokers like Saxo Bank and Interactive Brokers provide very competitive services - but these are aimed at more sophisticated investors and are less suitable for inexperienced "retail investors". Many readers of this newsletter, however, have long term experience at investing - and often substantial portfolios - so an Interactive Broking account may be of interest to some of these investors.

Australian Warrant / Option Analysis

Company	Share Price	Yr/Mth Exercise Price	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	Yr/Mth Exercise Price	to Expiry	Option Price	Black-Scholes Valuation	Option Over/Under-Valued	Share Volatility	Option Leverage	Options to Buy 1 Share	Break-Even Rate
Actinogen	2.7	20	1-4	0.1	0.5	-79	1.37	1.85	1.0	+351	Citation Resources	1.4	4.0	1-7	0.4	0.3	+21	1.04	1.89	1.0	+110
Agenix Ltd	1.4	5.0	1-1	0.1	0.1	+69	0.80	3.27	1.0	+230	Classic Minerals	4.0	20	1-1	1.0	0.8	+27	1.42	1.87	1.0	+362
Alcyone Resources	0.1	6.0	0-12	0.1	0.0	+999	1.82	2.16	1.0	+999	Cleveland Mining	9.8	65	2-1	1.4	1.0	+34	0.91	2.19	1.0	+149
Alcyone Resources	0.1	1.0	1-2	0.1	0.0	+263	1.82	1.57	1.0	+681	Continental Coal	2.0	50	1-1	0.2	0.0	+999	0.37	9.99	1.0	+999
Aleator Energy	0.1	2.0	0-8	0.1	0.0	+999	1.56	2.87	1.0	+999	Core Exploration	6.5	10	0-5	1.3	0.9	+41	1.09	2.84	1.0	+277
Anatolia Energy	8.0	18	3-1	1.0	3.4	-71	0.94	1.50	1.0	+33	Cott Oil & Gas	12	20	1-7	4.0	2.1	+90	0.65	2.49	1.0	+55
Antipa Minerals	2.8	8.0	0-7	0.1	0.1	+18	0.89	3.90	1.0	+518	Cradle Resources	22	20	0-8	4.6	6.7	-32	0.84	2.27	1.0	+19
Antisense Thera.	14	27	2-8	5.9	4.1	+42	0.77	1.79	1.0	+40	Crest Minerals	2.0	6.0	0-6	0.2	0.5	-57	1.88	1.88	1.0	+861
Argent Minerals	2.2	18	1-10	0.9	0.3	+241	1.07	2.06	1.0	+219	Crossland Uranium	1.1	15	0-6	0.1	0.0	+999	1.08	5.78	1.0	+999
Argentina Mining	1.5	20	0-9	0.1	0.0	+999	1.15	3.62	1.0	+999	Cudoco Limited	184	250	1-7	60.0	42.5	+41	0.65	2.31	1.0	+39
Armour Energy	15	50	0-3	0.8	0.0	+999	0.62	9.99	1.0	+999	Cynata Therapeutics	36	20	0-7	20.0	17.7	+13	0.89	1.78	1.0	+23
Artemis Resources	0.3	2.0	2-3	0.1	0.1	+22	1.19	1.63	1.0	+137	Diatreme Resources	1.0	2.0	1-9	0.3	0.4	-15	1.03	1.67	1.0	+60
Arunta Resources	0.2	2.0	0-7	0.1	0.0	+999	1.48	2.97	1.0	+999	Discovery Africa	3.0	20	2-7	0.9	0.6	+51	0.99	1.81	1.0	+113
Astro Resources	0.1	0.5	0-1	0.1	0.0	+999	0.00	9.99	1.0	+999	Donaco International	109	30	0-8	78.5	79.5	-1	0.52	1.37	1.0	-1
Attila Resources	40	20	0-1	15.0	20.0	-25	0.51	2.00	1.0	-80	Dourado Resources	1.7	20	0-6	0.4	0.0	+999	0.00	9.99	1.0	+999
Aura Energy	3.1	20	0-6	0.3	0.0	+999	0.76	8.02	1.0	+999	Dragon Energy	7.5	35	0-6	0.6	0.3	+112	1.34	3.11	1.0	+999
Ausgold Ltd	3.0	5.0	0-12	1.8	1.4	+31	1.60	1.49	1.0	+135	Drake Resources	2.3	7.0	0-2	0.2	0.0	+999	1.31	5.64	1.0	+999
Ausquest Ltd	1.9	4.0	2-6	0.6	1.2	-52	1.45	1.22	1.0	+42	Eagle Nickel	0.3	20	1-7	0.4	0.0	+999	1.20	2.74	1.0	+999
Aust Leaders Fund	169	137	0-4	32.0	33.2	-4	0.10	5.09	1.0	+0	Eden Energy	1.2	20	0-1	0.1	0.0	+999	0.72	9.99	1.0	+999
BBX Minerals	1.5	25	0-1	1.0	0.0	+999	1.32	9.99	1.0	+999	Enehex NL	1.0	10	1-1	0.1	0.0	+495	1.02	3.17	1.0	+745
Bass Metals	0.2	20	0-4	0.1	0.0	+999	1.09	9.99	1.0	+999	Enerji Ltd	0.6	20	2-7	0.1	0.3	-66	1.83	1.26	1.0	+289
Beacon Minerals	0.5	0.5	1-4	0.1	0.3	-61	1.18	1.49	1.0	+15	Enerji Ltd	0.6	3.0	1-1	0.1	0.2	-55	1.83	1.49	1.0	+355
Black Mountain Res.	3.1	20	0-11	0.2	0.0	+538	0.87	3.88	1.0	+641	Erin Resources	1.3	2.0	1-1	0.6	0.6	+8	1.37	1.56	1.0	+90
Black Star Petroleum	10	20	3-7	2.0	1.9	+4	0.50	2.27	1.0	+25	Exalt Resources	3.0	20	1-7	0.1	0.6	-84	1.30	1.77	1.0	+232
Botswana Metals	0.8	1.5	2-7	0.3	0.6	-53	1.75	1.12	1.0	+37	Exalt Resources	3.0	20	1-7	0.1	0.6	-84	1.30	1.77	1.0	+232
Boulder Steel	1.6	10	1-1	0.3	0.0	+999	0.31	9.99	1.0	+458	Fairstar Resources	0.6	10	0-3	0.1	0.0	+999	1.45	6.73	1.0	+999
Breaker Resources	11	25	0-7	0.2	0.6	-66	0.88	3.58	1.0	+314	Firestone Energy	0.7	4.0	0-0	0.1	0.0	+999	0.73	6.73	1.0	+999
Brockman Mining	5.3	20	0-4	0.1	0.0	+999	0.58	9.99	1.0	+999	GBM Resources	2.2	3.5	2-1	0.7	0.4	+70	0.56	2.45	1.0	+36
Buxton Resources	21	30	1-8	1.5	10.9	-86	1.27	1.41	1.0	+28	Galaxy Resources	6.9	8.0	0-7	0.8	1.3	-37	0.78	2.86	1.0	+52
Cadence Capital	144	143	1-3	4.9	14.3	-66	0.18	6.20	1.0	+2	General Mining	1.4	10	0-3	0.5	0.0	+999	1.05	8.48	1.0	+999
Canyon Resources	4.8	16	1-9	1.5	0.5	+207	0.76	2.53	1.0	+109	General Mining	1.4	13	1-3	0.5	0.1	+782	1.05	2.67	1.0	+488
Capital Mining	0.9	2.0	2-7	0.1	0.5	-80	1.25	1.32	1.0	+39	Gladiator Resources	0.4	10	1-1	0.1	0.0	+999	1.21	3.04	1.0	+999
Caravel Minerals	1.5	3.5	2-0	0.4	0.5	-25	1.04	1.63	1.0	+61	Gleneagle Gold	0.2	1.0	1-1	0.1	0.1	+18	1.97	1.42	1.0	+382
Caravel Minerals	1.5	7.0	1-1	0.2	0.1	+86	1.04	2.61	1.0	+351	Global Geoscience	2.8	5.0	0-1	0.5	0.0	+999	1.02	9.50	1.0	+999
Carbon Conscious	3.0	8.0	0-10	0.3	0.2	+54	0.86	3.15	1.0	+239	Global Metal Exp	0.5	2.0	1-5	0.2	0.3	-20	1.80	1.34	1.0	+185
Carbon Energy	1.4	6.0	2-2	0.2	0.1	+131	0.66	2.80	1.0	+99	Golden Gate Petroleum	0.1	5.0	0-7	0.1	0.0	+999	1.89	2.81	1.0	+999
Cardia Bioplastics	0.3	1.5	1-1	0.1	0.1	+68	1.42	1.86	1.0	+369	Golden Gate Petroleum	0.1	2.0	0-7	0.1	0.0	+999	1.89	2.42	1.0	+999
Cardinal Resources	3.6	20	0-1	0.3	0.0	+999	1.14	1.00	1.0	+999	Goldsearch	0.3	2.5	0-1	0.1	0.0	+999	1.49	5.94	1.0	+999
Camaron Petrol.	8.8	10	1-7	3.3	1.9	+69	0.51	2.60	1.0	+30	Green Rock Energy	0.1	1.2	0-8	0.1	0.0	+726	1.98	1.95	1.0	+999
Cellmid Ltd	2.5	3.4	2-5	1.1	0.6	+72	0.56	2.19	1.0	+28	Greenland Minerals	16	60	0-4	5.0	0.0	+999	0.82	7.57	1.0	+999

Dividend \$

Company	Cents per Share	Ex-Date	Pay-able	Tax Credit
Kathmandu	3.00	06-06	17-06	Nil
Millennium & C	1.20	09-05	16-05	Full
Precinct Properties	1.35	21-05	05-06	Full
Trust Power	20.00	30-05	13-06	Full
Turners & Growers	5.00	22-05	29-05	Full
Vital Healthcare Prop.	1.93739	12-06	26-06	Full
<u>Australian Shares</u>				

Total Return Index for All Listed Shares

	Apr 7	1491.59		
	Apr 8	1477.73		
	Apr 9	1485.31		
	Apr 10	1491.26		
	Apr 11	1485.19		
Apr 14	1476.52	Apr 21	Holiday	
Apr 15	1482.27	Apr 22	1496.79	
Apr 16	1489.97	Apr 23	1508.54	
Apr 17	1491.35	Apr 24	1510.02	
Apr 18	Holiday	Apr 25	Holiday	
Apr 28	1500.34	May 5	1523.00	
Apr 29	1514.52	May 6	1521.05	
Apr 30	1526.62	May 7	1521.90	
May 1	1526.53	May 8	1519.87	
May 2	1524.95	May 9	1514.76	

Next Issue:

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

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