Thirty Three Years of Independent Information and Unbiased Advice on the Australian and NZ Stockmarkets

# Market Analysis

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Iluka Resources to investigate developing very large Titanium mineral joint venture	Neglect Ratings of New Zealand Shares 10
TFS Corporation raises \$67 million	New Share Selection Indicator: Short Interest in Australian Shares 12, 13, 14
to help finance continued growth	Neglect Rating of Australian Shares
Founder: James R Cornell (B.Com.)	

# Summary and Recommended Investment Strategy.

Low interest rates, moderate economic growth and reasonable share valuations offer an extremely favourable environment for long term stockmarket investment.

### Investment Outlook.

The **US Federal Reserve** has indicated that as the economy recovers it may allow interest rates to rise slightly . . . at some unspecified time in the (perhaps distant?) future.

Meanwhile, the **European Central Bank** has reaffirmed its commitment to <u>keep interest rates</u> "close to zero for an extremely long period" - by which we believe they mean at least "several years".

Argentina, Venezuela, Pakistan and Russia may have interest rates of 24.1%, 14.5%, 10.2% and 9.5% (and inflation of 40.3%, 59.3%, 8.3% and 7.6%) but most *other* countries live in a global economy, where <u>capital flows freely across borders</u>. As long as Europe and Japan act to keep their interest rates low, then rates are unlikely to rise significantly higher in the US or UK (or Australia or NZ).

Global businesses can choose to borrow in USD, Euro, GBP, Yen, AUD or NZD. Global investors can lend in any of those currencies. As there are no controls on capital flows, this tends to arbitrage interest rates.

So we should continue to enjoy an extended period of low interest rates and, with moderate economic growth, this is an extremely favourable environment for stockmarket investment. Share prices remain reasonable, with dividend yields often significantly higher than on fixed interest investments.

#### Remain fully invested in the recommended shares.

This newsletter has also added another share selection indicator: "Short Interest" data for Australian shares. This should help with both (1) selecting shares attractive for investment as a high "short interest" indicates *out-of-favour* and *depressed shares*, and (2) timing purchases as a rapid increase in "short interest" (showing an extreme in *negative* sentiment) usually happens *after* a decline, when a share is near its low and about to rally.

Of course, no indicator works 100% of the time - but it is the rational and scientific analysis of the stockmarket that has helped *improve our chances of finding big winners* and boosted our long term returns.

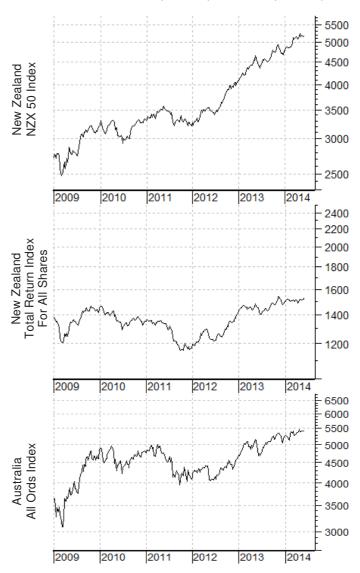
By adding new indicators or data (as they become available) we hope to become even "luckier" with our share investments in the years ahead!

#### **Stockmarket Forecasts**

Australia: One-Month One-Year

60% (Bullish) 75% (Bullish)

New Zealand: 59% (Neutral) 42% (Neutral)



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

Performanc	e l	Price/Sales	P/E Gross	Pei	rformance	P	rice/Sales	P/E	Gross	urther study and analysis.  Performance	Price/Sales	P/E	Gross
Forecast  AMP Limited A	Price 585	Ratio 1.32	Ratio Yield	F Kathmandu Ltd	orecast B	Price 347	Ratio 1.81	Ratio 16	Yield 4.8	Forecast Price Restaurant Brds B 329	<b>Ratio</b> 0.97	Ratio 16	Yield 7.0
Abano Health. A Acurity Health C Air New Zealand A Akd Int Airport A Allied Farmers C Barburst Res. E Bis Technology E Briscoe Group B Burger Fuel C CDL Investments E Cavalier Corp C Cavotec MSL Charlie's Group C Chorus Ltd B Claridge Cap'l D Col Motor Co Comvita B Claridge Cap'l D Contact Energy B Cynotech Hold. E DNZ Property B Delegat's Group B Diligent Board D Dorchester Pac Ebos Group Ltd C F & P Health. B Finzsoft Sol'ns A Fletcher Build. C Foley Fam Wines D Fonterra S/H Fd Freightways Ltd Genesis Res. D Genesis Res. D Genesis Energy B GeoOP Ltd Goodman Prop. G Guinness Peat GuocoLeisure B Hallenstein G. B Heartland Bank Hellaby Hold. B Heritage Gold * Horizon Energy C Infratil NZ	670 526 221 392 4.7 266 0.7 97 618 1.60 250 52 148 245 253 378 23 171 530 378 23 415 415 415 415 415 415 415 415 415 415	0.55 0.93 0.53 N/A1 0.47 7.31 N/A2 N/A2 1.08 0.63 0.28 1.05 0.48 1.05 0.48 0.75 0.48 0.75 0.75 0.75 0.75 0.75 0.75 0.75 0.75	4.5.24.4.5.4.6.8.5.9.6.5.9.5.9	Kermadec Prop. Kingfish Ltd Kirkcaldie & St Kiwi Property L&M Energy Lyttelton Port Mainfreight Grp Marlin Global Mercer Group Meridian Energy Methven Limited Metro. LifeCare Michael Hill Mid-Cap Index Mighty River Millennium & C. Moa Group Ltd Mowbray Collect NPT Limited NZ Experience NZ Exchange Ltd NZ Firance Hold NZ Farming Sys. NZ Oil & Gas * NZ Refining Co NZ Windfarms NZ Wool Service NZSX 10 Fund NZSX 50 Port. NZSX 10 Fund NZSX 50 Port. NZX Aust MidCap New Image Group Northland Port Nuplex Indust Opus Int'l Cons Ozzy (Tortis) PGG Wrightsons Pac Edge Bio. Pharmacybrands Pike River Coal Port Tauranga Postie Plus Grp Precinct Prop. Promisia Integ. Property F Ind. Pumpkin Patch Pyne Gould Corp	$\mathbb{C}_{ADCECAAEDCBCABCDDCBCDD}^{R}_{DEEBBCDACCCCECEBECCCDC}$	67 134 1225 1118 313 1425 17.3 31425 185 121 115 121 115 1226 115 130 121 117 118 118 121 118 121 121 121 121 121 121	6.58 N./A0.60 5.N/A1.0.79 N./A1.1A0.79 N./A0.79	11 6E21E9161616127299EE39E818E18E18E18E19122E2E1E17E4E144	4.8.5.5.4.5.5.5.3.4.1.8.6.3.5.5.3.8.8.5.5.8.4.6.0.5.7.3.9.2.5.5.5.4.5.6.5.3.7.8.8.8.5.5.8.4.6.0.5.7.3.9.2.5.5.1.5.6.5.3.8.8.5.5.4.6.0.5.7.3.9.2.5.5.1.5.6.5.3.8.8.5.5.8.4.6.5.3.7.8.4.5.4.5.5.8.6.5.5.3.7.8.4.5.4.6.5.3.7.8.4.5.5.6.5.5.5.6.5.5.5.6.5.5.5.6.5.5.5.6.5.5.5.6.5.5.5.6.5.5.6.5.5.6.5.5.6.5.5.6.5.5.6.5.5.6.5.5.6.5.5.6.5.5.6.5.5.5.6.5.5.5.6.5.5.6.5.5.6.5.5.6.5.5.6.5.5.6.5.5.6.5.5.6.5.5.6.5.5.6.5.5.6.5.5.6.5.5.6.5.5.6.5.5.6.5.5.6.5.5.6.5.5.5.6.5.5.5.6.5.5.5.6.5.5.5.6.5.5.5.6.5.5.5.6.5.5.5.5.6.5.5.5.6.5.5.5.5.6.5.5.5.5.5.5.5.6.5	Rubicon Limited   Ryman Health   B   847   SLI Systems Ltd   E   165   Sanford Limited   C   410   Satara Co-op   C   58   Scategs Corp   D   12   Seeka Kiwifruit   A   265   Sealegs Corp   D   12   Seeka Kiwifruit   A   265   Sky Network TV   B   660   Sky City Ltd   B   400   Swy City Ltd   D   30   Smiths City   D   50   Snakk Media Ltd   E   9.7   Snakk Media Ltd   D   10   South Port NZ   B   350   Speirs Group   B   10   Steel & Tube   C   Summerset Group   Synlait Milk   D   339   Steel & Tube   C   305   Summerset Group   B   105   Summerset Group   C   346   Synlait Milk   D   339   Team Talk Ltd   B   165   Telecom Corp   A   270   Tenon Ltd   C   151   Tourism Hold   B   112   Tower Limited   Trade-Me Ltd   Training Sol   C   0.5   Trilogy Intern   D   63   Trust Power Ltd   C   252   Velo Capital   D   7.0   Veritas Invest   C   200   Turners Auction   C   200   Vetor Ltd   C   252   Velo Capital   D   7.0   Veritas Invest   C   342   Veritat Limited   D   0.2   Vetol Ltd Limited   D   0.2   Vetol Ltd Limited   D   0.2   Vetol Ltd   C   252   Velo Capital   D   7.0   Veritas Invest   C   342   Velo Capital   D   7.0   Veritas Invest   D   0.2   Velo Capital   D   0	0.33 N/A 0.819 1.06 0.039 1.780 0.12 6.98 0.19 0.76 1.01 1.17 0.55 1.31 1.94 1.30 N/A 1.30 N/A 1.30 N/A 1.30 N/A 1.30 N/A 0.33 N/A 0.38 0.48	21 21 21 21 21 21 21 21 21 21	N1.N7.N7.N665.7.1至0至1至0至0.000000000000000000000000000
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### Recommended Investments

CDL Investments (as previously disclosed) lifted revenues 45% in 2013. The company sold 202 residential sections, up 64% on the previous year. In the three months to the end of March it has settled 54 sections (up 145% on the same period a year earlier), with unconditional sales agreements for a further 151 sections (up 15%). The total settled and sold sections so far this year is up 34% at 205.

The company sees an "active residential property market" and is "well positioned for 2014 growth".

Longer term, "new subdivisions in Auckland and Canterbury" will be available from 2015-2017.

Renaissance Corporation's reported revenues and profit for the six months to 31 March 2014 are meaningless as the company has sold all of its businesses.

The company has Cash of \$7.9 million and other assets (receivables and inventory) of \$0.6 million. Liabilities are \$1.3 million. That gives a net cash value of \$7.2 million (16.6 cents per share). (Cont'd on Page 4)

	Portfolio	of	Rec	OM	ıme	end	led	$I_{i}$	nve	estr	nei	nts	
CURRENT ADVICE	Company	v	Initial Recomn		Perform- mance Forecast	Issued Shares (mil.)	Vola- tility Ratio	Price/	Price/	Gross Dividend Yield	Recent Share Price	Cash Dividends Rec'd	Total Return %
	NZ Shares					, ,							
BUY	CDL Investments Ltd	CDI	12/01/99	25	Ε	274.7	1.3	3.73	11	5.3	52	25.4	+210%
HOLD+	Cavalier Corporation	CAV	05/12/95	156*	С	68.3	1.1	0.50	15	3.9	148	282.0	+176%
HOLD	Colonial Motor Company	CMO	10/11/92	128*	В	32.7	0.4	0.28	12	8.1	530	405.3	+631%
HOLD	Lyttelton Port Company	LPC	12/12/00	150	С	102.2	8.0	2.89	19	Nil	313	79.7	+162%
HOLD+	Michael Hill Int'l Ltd	MHI	11/06/91	5*	С	382.8	1.0	0.88	12	5.1	127	50.9+	3458%
HOLD	Nuplex Industries Ltd	NPX	11/02/97	523*	С	198.1	1.1	0.39	12	6.3	331	451.0	+50%
HOLD	Renaissance Corp	RNS	13/08/96	85*	D	43.6	4.1	0.15	NE	Nil	15	53.9	-20%
HOLD	Smiths City Group	SCY	09/10/06	64	D	52.7	1.2	0.12	13	7.0	50	22.0	+13%
HOLD	South Port New Zealand	SPN	13/02/96	120	В	26.2	0.6	3.11	14	9.0	350	202.3	+360%
HOLD+	Steel & Tube Holdings	STU	08/08/00	146	С	88.4	0.9	0.69	17	7.0	305	281.6	+302%
	Australian Shares (in Aust												
BUY	Acrux Limited	ACR	12/05/14	99	Α	166.5	1.1	7.50	18	10.7	75	Nil	-24%
HOLD+	AJ Lucas Group	AJL	13/05/03	107*	С	267.4	0.9	0.63	NE	Nil	88	36.4	+16%
HOLD+	ALS Limited	ALQ	12/10/99	77*	В	394.3	0.4	2.28	22	4.5	870	244.5+	1347%
BUY	AtCor Medical Ltd	ACG	11/11/13	15	С	150.8	2.8	1.75	6	Nil	11	Nil	-30%
HOLD+	Atlas South Sea Pearl	ATP	14/05/96	73	С	281.7	3.3	2.77	NE	Nil	7	17.5	-67%
BUY	Ausenco Ltd	AAX	10/06/13	191*	В	168.4	1.4	0.19	NE	4.0	50	1.8	-73%
HOLD+	Brickworks Ltd	BKW	12/11/12	1115	В	148.0	0.3	3.33	20	3.0	1366	54.5	+27%
HOLD	Cardno Ltd	CDD	14/12/09	391*	Α	162.6	0.5	0.76	12	5.7	633	134.3	+96%
HOLD	Cellnet Group Ltd	CLT	12/02/02	147*	С	55.7	1.9	0.15	10	Nil	20	55.9	-48%
BUY	Chandler Macleod Group	CMG	14/08/01	51*	В	548.0	1.6	0.10	8	9.6	34	30.3	+25%
BUY	Circadian Technologies	CIR	10/02/04	188	С	48.6	1.8	9.28	NE	Nil	22	65.0	-54%
HOLD+	Clarius Group Ltd	CND	08/04/03	82*	С	89.6	1.9	0.09	NE	Nil	24	70.5	+15%
BUY	CPT Global Ltd	CGO	10/03/08	88	С	36.7	1.1	0.75	82	Nil	72	14.3	-2%
HOLD	CSG Limited	CSV	11/10/10	175	В	279.0	1.1	1.34	28	Nil	89	41.0	-26%
HOLD	Devine Ltd	DVN	13/11/06	334*	D	158.8	1.0	0.49	NE	Nil	86	79.6	-50%
BUY	Ellex Medical Lasers	ELX	14/03/06	49	D	84.9	1.7	0.63	NE	Nil	32	Nil	-35%
BUY	Fiducian Portfolio Ser	FPS	11/02/08	260	Α	31.5	8.0	2.51	17	4.0	173	47.9	-15%
BUY	Finbar Group Ltd	FRI	12/04/10	106	Α	227.0	0.8	2.53	12	5.7	167	34.5	+90%
HOLD+	Iluka Resources Ltd	ILU	12/10/04	471	В	418.7	0.6	4.16	0	1.1	850		+121%
BUY	Integrated Research	IRI	14/01/08	40	В	168.4	0.8	3.58	19	4.8	104		+226%
BUY	M2 Telecommunications	MTU	09/10/06	33	В	180.4	0.4	1.55	24	3.4	591		1930%
BUY	Melbourne IT	MLB	10/02/04	53	В	92.9	0.6	1.44	24	Nil	180		+671%
HOLD	Nomad Building Solutio	NOD	16/08/10	13*	C	277.5	4.2	0.17	3	Nil	5	Nil	-63%
HOLD	Novarise Renewable Res	NOE	14/03/11	25	В	415.1	2.1	0.83	8	Nil	19	Nil	-24%
HOLD	Probiotec Ltd	PBP	11/02/08	116	В	52.9	1.3	0.35	23	Nil	45	9.3	-54%
HOLD+	Prophecy International		08/09/08	26	В	55.4	1.4	3.36	18	7.6	46		+135%
HOLD	Skilled Group Ltd	SKE	12/03/02	126	В	235.3	0.8	0.31	10	6.3	252		+230%
HOLD+	Technology One Ltd	TNE	11/11/03	44	A	307.8	0.5	4.68	31	2.0	275		+626%
	TFS Corporation Ltd	TFC		45	A	282.2	0.7	3.97	9	1.7	175		+326%
BUY	The Reject Shop Ltd	TRS	11/01/05	257	В	28.8	0.7	0.43	14	4.0	915		+399%
HOLD	Village Roadshow			77	A	159.5	0.4	1.27	23	3.5	747		1161%
	age Total Return (i.e. both Ca												

+306.0%. This is equal to an average annual rate of +31.4%, 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 +31.0%, 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)

In addition, the company *could* receive up to a further \$1.0 million earn-out payment from the sale of **Yoobee School of Design**, but the updated earnings forecast is *below* the level at which this becomes payable. So "the prospect of a payout" from this earn-out clause "is much reduced" (i.e. unlikely).

A number of parties have considered using Renaissance Corporation to achieve a "back-door listing" but this has come to nothing and the directors are looking to "return cash to shareholders as quickly as we can".

Steel & Tube Holdings has been publicly censored by the NZ Markets Disciplinary Tribunal for (1) a breach of corporate governance dating back 4½ years when the company was 50.3% owned and controlled by OneSteel (later to be renamed Arrium) and (2) two other "minor breaches". Arrium Ltd sold its shareholding in October 2012 so Steel & Tube is now an independent company.

In July 2009, One Steel transferred Dave Taylor from its wholly owned **Australian Reinforcing Company** to become the Chief Executive Officer and a director of its 50.3% owned Steel & Tube Holdings subsidiary. Under NZX Listing Rules, Mr Taylor should have resigned at the next AGM in November 2009 and - even if every other shareholder were to oppose him been re-elected by the company's 50.3% controlling shareholder.

In reality, minority shareholders voting on a director appointed (and supported) by a *controlling* shareholder is a farce of corporate governance. A controlling shareholder can appoint *all* of the directors. The minority shareholders can vote, but those votes are totally worthless. The Tribunal considers not holding this election "a serious matter". Perhaps so, but the party responsible for this breach of corporate governance was probably the controlling shareholder - OneSteel/Arrium.

If it takes the Tribunal 4½ years to deal with a "serious" but very straightforward breach (i.e. there should have been a vote but there wasn't and no facts are in dispute) how long will it take to deal with a *complex* breach? Or one where there is any dispute or uncertainty over the facts?

The "victims" of a breach of corporate governance are, of course, the shareholders. When the Tribunal imposes a fine and cost on their *company* (i.e. not on the former controlling shareholder, or officers or directors) then those shareholders are victimised a second time by the legal system designed to "protect" them. [In this case it was an insignificant \$12,000 fine and costs - so the Tribunal gets a press clipping to include in their Annual Report - while Steel & Tube shareholders won't notice the expense.]

Steel & Tube Holdings also committed two other "minor breaches". Failing to disclose the resignation of an "officer" (i.e. the General Manager Distribution Northern) in June 2013 and failing to notify the NZX of changes of address in the company's registered office. Of course, the comings and goings of senior - but not key - employees is of little interest or significance. Any NZ company's registered office can be found by anyone

searching the *NZ Companies Register* public website, so why do NZX Listing Rules even require the disclosure of this totally useless, extremely boring and completely public information in a special announcement to the NZX and investors? This is certainly <u>not</u> a "market sensitive" announcement!

One day the Tribunal may prosecute someone who has caused actual harm to shareholders - like the NZX or a stockbroker! Then again, probably not.

#### **Australian Shares**

(*This section is in Australian currency, unless stated.*) **Acrux Ltd** has a very high "short interest" of 10.1% (see our article on Pages 12-13 which discusses Acrux as an example).

**AJ Lucas Group** has completed its strategic operation review which has also resulted in the appointment of a new Chief Executive Officer and new non-executive directors (to replace three existing directors who are retiring).

45% owned **Cuadrilla Resources Holdings** has submitted a planning application for its *Preston New Road* shale exploration site, covering the drilling, hydraulic fracture and gas flow testing from up to four exploration wells. It will shortly submit a planning application for exploration at *Roseacre Wood*.

Overall, AJ Lucas Group expects earnings (before interest and depreciation) to "approximately break-even" this year (i.e. that is a *loss* after interest and depreciation). The company has "successfully executed" recently awarded pipeline contracts" and "actively tendering for a number of other business opportunities", but the *Drilling Division* remains "reliant on the coal market" where "conditions remain challenging" although with "some indication of stabilising demand for drilling services".

#### **AJ Lucas Group**



<u>ALS Ltd</u> annual net profit was 35% lower as previously predicted by the company:

#### Year to 31/3/2014

	Latest	Previous	Change
Revenues	\$1503.4m	\$1455.6m	+3.3%
Net Profit	\$154.4m	\$237.9m	-35.3%
Net Cash Surplus	\$233.9m	\$247.3m	-5.4%
Earnings per share	39.2c	69.2c	-43.4%
Dividends per share	39.0c	48.0c	-18.9%

The issued capital increased 14.8% to 394,252,273 shares, mainly from a 1 for 11 cash issue (at 780 cents)

to help finance the acquisition of **Reservoir Group** in August 2013.

ALS Minerals division experienced "an extremely challenging business environment" with a 35% drop in sample volumes, resulting in a 30% drop in revenues to \$425.9 million and a 52% decline in profit contribution to \$102.1 million. The company expects samples for the first half of the new financial year to be lower "before recovering in the second half". Overall revenues and profits to March 2015 should be similar to the March 2014 year, followed by an improvement in the March 2016 year.

ALS Life Sciences lifted revenues 16% to \$527.3 million with profits up 5% to \$94.4 million. Although the market remains "very price-sensitive" this division is seeking to "deliver a strong result" this year (to March 2015). The division is focusing upon the food, pharmaceutical and consumer products industries, while seeking to further improve service performance (i.e. turnaround time and quality) and cost management.

ALS Energy revenues - helped by the Reservoir Group acquisition (and some other smaller acquisitions) - reported revenues 136% higher at \$247.9 million, with profits up 64% to \$53.5 million. This division sees "the potential to drive considerable growth" over the next year - which will also include a full twelve months trading for its recent large acquisitions - but those acquisitions also provide a more comprehensive range of services, enabling the business to "offer integrated service packages across the world".

ALS Industrial revenues rose 9% to \$182.9 million, but profits fell 14% to \$26.4 million.

While mineral testing remains an important part of its business, ALS Ltd is successfully diversifying. With Mineral division profits "flat" over the coming year, Life Sciences should become the major profit contributor, with Energy only slightly behind Minerals in third place. These divisions are less cyclical than Minerals, which should help provide ALS with more stable and reliable revenues, cash flows and net profits in the years ahead.

At 870 cents, ALS shares trade on a Price/Sales ratio of 2.08, a Price/Earnings ratio of 22 and a Dividend Yield of 4.5%. That is a reasonable valuation for a company with high profit margins, currently depressed profits and good future growth potential.

Short interest in ALS Ltd is high at 8.4%, indicating that high-risk speculators have a *negative sentiment* towards the shares - which, as a contrary opinion indicator is Bullish (i.e. favourable).



AtCor Medical has received its first Chinese order for eleven SphygmoCor XCEL systems from its Chinese distributor, Angy (China) Medical, following the product launch at the *China Medical Equipment Fair* in Shenzhen in April.

#### **AtCor Medical**

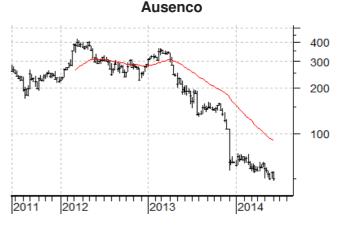


Atlas Pearls & Perfumes' Essential Oils of Tasmania subsidiary will receive a \$1,134,208 grant from Commercialisation Australia to help build a manufacturing facility to extract fragrance ingredients from crops and pearls. The process will use the company's "propriety innovative extraction technology" and "supercritical fluid extraction" (i.e. CO<sub>2</sub> gas compressed between 80-800 times atmospheric pressure where it becomes a "super-critical" liquid).

#### Atlas Pearls & Perfumes



Ausenco Ltd has a short interest of 2.6%. That is not particularly high compared with other companies, but this is a new high for Ausenco (up from 1.2% a month ago).



(Continued on Page 6)

#### **Recommended Investments**

(Continued from Page 5)

<u>Cardno</u>'s short interest is 4.3% - which is fairly neutral for a large company. Short interest rose to 7.1% at the end of June 2013 and peaked at 7.8% in July 2013, *after* the shares hit their 2013 low of 510 cents in June.



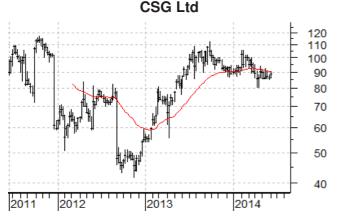
<u>Circadian Technologies</u>' Opthea Pty has met with the US Food and Drug Administration to determine the regulatory path for Phase I/IIa clinical trials for OPT-302 in the treatment of wet AMD.

**CSG Ltd** is seeking to expand its current 8% share of the \$2500 million market for "multiple function devices" (e.g. computer printers that can also scan, copy and send faxes) in Australia and NZ, but is also seeking to expand into the \$12,000 million business-to-business technology and services market (i.e. computers and software, telecommunications, stationery and software-as-aservice). It will also grow its *Finance Solutions* business, which provides lease financing for business equipment (i.e. mainly photocopiers, but expanding to cover products sold by third parties).

That all sounds a little ambitious, but marketing success in just one or two areas could generate potentially significant revenue and profit growth. The Finance business is also attractive, involving low risks (i.e. a large number of relatively small equipment financing loans to a wide range of business customers) but generating a high return of Shareholders Equity.

The company has a new "transaction website" and has begun marketing new products from **Samsung** and **Canon**, but these will have little impact on the current year to June 2014.

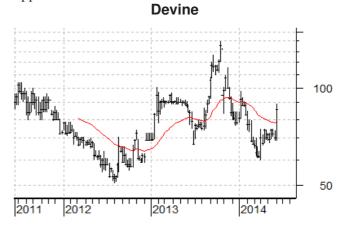
Short interest is 0.1% and has consistently been less than 1.0% over recent years. CSG Ltd is probably too small to attract significant short selling . . . but if it ever did, that would be a good time to buy!



**Devine** has increased its forecast pre-tax profit for the current financial year to December 2014 by 40-70% to \$12-14 million (about 5½-6½ cents per share, after tax).

The company has also negotiated two further asset sales: The remainder of its *Sandstone Lakes* project (north of Brisbane) has been sold to a private developer at its book value of \$14 million, with payment in two stages (i.e. June 2014 and May 2015). It has also sold some undeveloped land at its *Mountview* community at Redbank Plains, for \$4.1 million.

This brings major asset sales to \$110 million over the last six months, "enabling the company to investigate and negotiate a number of new development opportunities".



<u>Ellex Medical Lasers</u> has released 24-month follow up data on its pilot study of *Retinal Rejuvenation Therapy* (2RT) to treat early AMD.

The 24 month results are consistent with the 12 month examination, with a 35-40% reduction in the area of drusen. Those results supports the theory that the 2RT treatment can help reverse the progression of the disease.



**Finbar Group** has acquired a 5692m<sup>2</sup> site at 239 Great Eastern Highway, Belmont, 5km from the Perth CBD and 3km from the airport, for \$6.4 million but not payable until August 2015. The company plans to build a 10 storey building, with 150 apartments and two ground floor commercial lots.

Finbar Group anticipates it will begin marketing this project in late 2015, with completion and settlement of the \$60 million project in the June 2017 financial year.

Finbar Group has also completed the *Fifty Two Mill Point* project of eight luxury apartments. \$11.5 million of this \$17.3 million project was pre-sold and settlements

will commence in June, with the remaining apartments available for sale. Finbar Group contributed no equity to this joint venture with the land owner, but will receive 50% of the development profits.



<u>Iluka Resources</u> has signed a Joint Development Agreement with **Vale SA** for the *Tapira* complex in Brazil. This deposit consists of "one of the largest known undeveloped titanium mineral deposits" in the world (with potentially valuable rare earth oxides and magnetite), above a large Phosphate rich deposit that Vale has been mining for fertiliser since 1978.

Iluka Resources will finance and conduct a scoping study, geological and technical evaluations, a market assessment and design a pilot processing plant over the next fifteen months. If satisfied with the these results it will finance the construction and operation of the pilot plant, pre-feasibility and definitive feasibility studies for a commercial plant. Completion of this work will earn Iluka Resources a 49% equity share in the joint venture with Vale, plus the right to manage the project (i.e. construct and operate the commercial scale mineral separation plant).

There are two titanium rich targets to be evaluated: Firstly, in situ material (above the Phosphate rich deposits), estimated at 1.0-1.5 billion tonnes, with 12-15% TiO<sub>2</sub>. Secondly, 70-100 million tonnes of the titanium rich deposits have been stockpiled by Vale since Phosphate mining began 36 years ago. This is also graded 12-15% TiO<sub>2</sub>. The *Tapira* deposit, covering 35km<sup>2</sup>, could support a very long life, large scale titanium mining operation.

Of course, at present Iluka Resources is operating its existing mining operations at only about 50% capacity. The company reported net debt of \$207 million at December 2013 but had reduced this to \$169 million at the end of April - reflecting net free cash flow of \$38 million over the last four months.

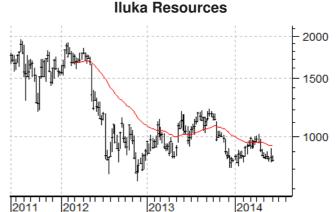
Zircon prices fell sharply in 2013, but Iluka Resources now reports that there has been "no material change" over the last four months from the US\$1080 per tonne realised in the December 2013 quarter.

Zircon, Rutile and Synthetic Rutile sales for 2014 are expected to "exceed production" (forecast at 550 thousand tonnes) and be "above 2013 sales levels" (of 584 thousand tonnes).

Iluka Resources has been a favourite target for speculators to sell short over the last couple of years - although they once again *failed* to get their timing right.

At the peak of \$19.46 in 2011 (i.e. the best time to go short?) there was virtually no short selling (i.e. short interest of only 0.7%). Short interest rose to around 5.6% by April 2012, but it was only *after* the shares dropped sharply in May 2012 that short interest jumped to 8.5% and only *after* their low of 736 in November 2012 that short interest increased and peaked at 15.6% in both December 2012 and January 2013 (i.e. short sellers sold at the very bottom of the decline).

Over the last year short interest has been steady between 8.4-10.1% and is 9.8% at present.



M2 Group had insignificant levels of short interest three years ago, but this has increased relatively steadily since late 2012. Short interest was 5.4% at the end of January 2014, 6.1% in February, 7.6% in March, 8.7% in April and 9.7% in May.

This increasing short selling over recent months indicates that the high-risk, habitual losers expect the share price to *fall* in the near future - suggesting that it is more likely to do the opposite and rally to new highs (supported by the forecast profit growth *and* significant future cost savings from its current proposed elimination of 150 duplicated staff positions).

There has also been net *insider* buying over the last year (i.e. one sell in November 2013, followed by one buy in February 2014 and another buy in April 2014).

This is another situation where investors can both *follow* the example of the knowledgeable *insiders* and bet against the high-risk habitually losing short sellers. We are upgrading M2 Group to a "Buy".



<u>Melbourne IT</u>'s current presentation suggests the recent acquisition of **Netregistry** was more of a "reverse takeover" of Melbourne IT by Netregistry.

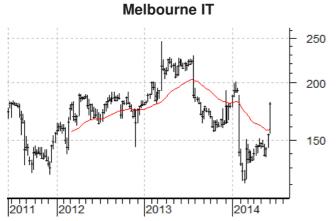
(Continued on Page 8)

#### **Recommended Investments**

(Continued from Page 7)

Apparently Netregistry "rejected higher cash offers" and the Founder took 82% of takeover consideration in Melbourne IT shares "to participate in the synergy upside". Netregistry has "integration expertise", having previously acquired six other smaller businesses . . . and Melbourne IT's business will "migrate onto the Netregistry platform" which has "world class infrastructure".

Melbourne IT also reports that the 10-12% annual "revenue decline" of recent years "has been reversed", with March 2014 quarter revenues up 1% on a year earlier.



<u>Novarise Renewable Resources International</u> plans to complete its 23 cents per share privatisation in the September 2014 quarter.

**Prophecy International Holdings** has integrated its *Snare Enterprise Agents* with *Solutionary*, a managed security services provider own by Japanese based **NTT Group**. Financial details have not been disclosed, but the company will probably earn a share of the recurring revenues from the provision of these services.

**Skilled Group** has short interest of 0.8%. This current figure does not appear to have any significance.



<u>Technology One</u> continues to steadily grow its revenues and profits:

#### Six Months to 31/3/2014

	Latest	Previous	Change
Revenues	\$87.6m	\$79.7m	+9.8%
Net Profit	\$9.9m	\$8.7m	+13.6%
Net Cash Surplus	\$1.9m	\$11.1m	-82.6%
Earnings per share	3.2c	2.8c	+12.7%
Dividends per share	1.95c	1.77c	+10.2%

The sharp drop in the net operating cash surplus reflects "a significant tax payment in the first half" and "significant licence sales in the last two months" which will be received in the second half. The net cash surplus should show normal growth for the full year.

Initial licence sales grew 24% to \$20.9 million, with annual licence fees up 13% to \$33.8 million. Consulting fees were 4% higher at \$23.2 million.

The profit growth reflects Research & Development expenses up only 6% at \$18.3 million. This is still a very high 21% of revenues and the company has a ten year target to reduce this to 15%. That would increase the pre-tax profit margin by 6% or \$5½ million - increasing net profits by 35-40%.

Technology One is continuing to seek to grow its business in the United Kingdom. The company recently won two new UK customers and is moving a senior executive to the UK. This division lost \$1.0 million last year - and is expected to lose \$0.8 million this year - but this is a large market, offering "significant growth opportunities". Even only moderate success could generate significant revenues which in an economy of scale business like software can have a very large impact on net profits!

Short interest is just 0.1%. Historically there has been very little short selling in Technology One. At least the speculators got that right - as the shares have steadily climbed to new highs!

**Technology One** 



**TFS Corporation** has placed 42.0 million shares (15% of its capital) to institutional investors at 160 cents per share to raise \$67 million in cash.

The company has received a second order for 370kg of pharmaceutical grade sandalwood oil (worth \$1.8 million), which it expects to ship in June and July. This oil will be produced from the recently completed first harvest of the company's own trees. Its first sale of 100kg of oil was shipped in late May.

The harvest of trees owned by MIS investors will be completed this month and auctioned in July.

Over the current year (to June 2014) the company expects to complete 1600 hectares of new plantings, 12% above its previous record of 1432 hectares in 2012.

The company expects the current year profit to be similar to the June 2013 year, but most institutional and MIS plantation sales occur in June, so the actual profit result is dependent upon the level of sales this month.

Short interest is 1.8%. Historically short interest has been less than 0.1% - probably as TFS Corporation was a small capitalisation company. With the *quadrupling* of the share price *and* the recent share placement the capitalisation has increased and a slightly higher level of short interest may be normal in the future.





**The Reject Shop** has a current short interest of 10.3%.

The Reject Shop's share price fell sharply in January this year - so surely the short sellers have done better in this company? Not so. Collectively they have lost *very* heavily.

When the share price peaked at 1899 cents and then fell sharply in late 2010, short interest was around 0.1% (i.e. there were few short sellers to profit from that decline).

The shares hit a low of 891 cents in September 2012 and another low of 901 cents in June 2013 (with short interest at 4.6%). Short interest *then* increased significantly to 10.2% in July 2013 and remained high until January 2014 as the share price rallied strongly to 1844 cents (i.e. a greater than 100% loss for any short seller throughout this period, or large losses to a *series* of short sellers).

During The Reject Shop's highs of late 2013 (i.e. a good time to short the shares), short interest was relatively low at only 5.8-7.3%. *Before* the shares plunged in January, short selling was a relatively low 6.2%. Only *after* the March low of 883 cents, did short interest jump to 9.5% in April and 10.3% in May.

This current negative sentiment by speculators (i.e. who expect the share price to fall in the future) would suggest the shares are *already* at or close to their lows and likely to rally strongly from here! "Buy".

The Reject Shop



Village Roadshow announced a 25.0 cents special dividend in November 2013 and at that time also indicated it would pay another 25.0 cents "after 1 July 2014, subject to circumstances at the time". The company will now pay only a special 15.0 cents franked dividend, but "intends to consider a further 10.0 cents" in the June 2015 or June 2016 financial years.

These are relatively small special dividends - just low single digit percentages of the share price - so perhaps the directors should stop (inaccurately) predicting their future ability to pay special dividends and just declare them as and when there is a few tens of millions of dollars of surplus cash sitting in the bank?

The lower than expected special dividend may partly reflect a slight profit down grade (see below) - but also the availability of franking credits. Paying *unfranked* dividends (which incur a tax liability with Australian shareholders) would <u>not</u> be good capital management (although any dividend is taxable in the hands of NZ shareholders).

Village Roadshow had predicted the June 2014 profit would "slightly exceed" the 2013 result, but the poor box office performance of *Transcendence* will reduce the Film Distribution division result, with group net profit now expected to be "in line with or slightly below" last year.

The company is calling the June 2014 and June 2015 years a period of "transition and investment" to "enable our future growth strategy".

That will apparently involve (1) "expansion into Asia" with "multiple exciting consulting, management and investment opportunities currently under discussion", (2) growing its cinema exhibition business in "population growth areas", such as the **Suntec City** development in Singapore which will open 11 screens later this year and further expansion in the United States, (3) strong growth in digital Film Distribution and (4) increased Film Production (i.e. from 3-4 films annually to 6-10 films).

The short interest in Village Roadshow is 1.1%. That is the highest level ever - with short interest usually less than 0.5% - but probably not high enough to have much significance. This is another company where, to date, speculators have shown little interest in shorting.

#### Village Roadshow



Page 10 Market Analysis

# 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.

Č		•		•						•				
Company	Share	STREM Cur-	NGTH R	ATING Rank	Sell	kers	Price	Return on Equity	Vola-	- Price	Divi-	Price Sales	Market	Company
Company	Price	rent		0-99	Bay	읊	NTA	Equity	ity	Ratio	Yield	Ratio	Cap'n	Company
LINDER VALUED	CUAD	EC: Lo	woot D	rioo/9	Poloo	۷Iط	. 0	Dal C+	ronati	h . O				WORST REDEOE
UNDER-VALUED PGG Wrightsons	<b>эпан</b> 42	+2.1	vest ۲ 1.8-	110e/3	5aies, 1-0	2	> u, i	nei Sii 6	1.7	22	7.5	0.28	317	WORST PERFOR Vital Health PT
Col Motor Co	530	+8.0	-0.5	10	0-0	-	1.3	11	0.4	12	8.1	0.28	173	Charlie's Group
Seeka Kiwifruit		+18.3	-0.1	3	3-0	_	0.7	4	0.5	15	6.8	0.39	38	Pumpkin Patch
Nuplex Indust	331	+1.3	-0.2	36	0-0	6	1.2	10	1.1	12	6.3	0.39	656	WN Drive Tech.
Z Energy Ltd	389	+2.0	-0.2	32	0-0	6	2.6	16	0.8	16	7.9	0.46	1,556	GeoOP Ltd
Air New Zealand	221	+16.8	+2.0	4	1-11	7	1.3	10	0.9	13	5.2	0.53	2,440	Moa Group Ltd
Tourism Hold.	112	+14.9	-5.0	5	7-6	-	0.6	2	1.0	32	5.1	0.55	123	Trilogy Intern.
Abano Health.	670	+3.6	+1.9	22	0-0	2	1.5	4	0.7	41	4.5	0.55	115	NZ Refining Co
Infratil NZ	241	+0.6	+2.8	42	3-2	4	1.4	0	8.0	416	5.5	0.59	1,406	Snakk Media Ltd
Steel & Tube	305	+1.1	-1.1	40	1-0	4	1.7	10	0.9	17	7.0	0.69	270	Sealegs Corp
Mainfreight Grp	1425	+6.9	-0.4	12	0-5	6	3.2	20	0.6	16	3.1	0.73	1,411	Veritas Invest.
Fletcher Build.	919	+2.0	-2.5	31	0-6	6	1.8	9	0.7	19	4.4	0.74	6,305	Cavalier Corp
Turners Auction		+10.4	-2.3	6	1-0	-	4.0	26	0.9	15	8.3	0.83	74	Pac Edge Bio.
Restaurant Brds	329	+5.2	+2.0	18	0-0	3	5.0	31	0.9	16	7.0	0.97	322	SLI Systems Ltd
t DECT DEDECORM	NO CL	IADEC	Ctron		Chare	. D	/F . /	O D/C		0				Mercer Group
BEST PERFORMII Finzsoft Sol'ns		+19.1	. 301011 +8.6	igesi 2	0-0	:S, F/ -	1.3	20, F/S 22	0.8	6	Nil	0.48	4	Trade-Me Ltd
Seeka Kiwifruit		+19.1	-0.1	3	3-0	-	0.7	4	0.0	15	6.8	0.46	38	Blis Technology
Air New Zealand		+16.8		4	1-11	7	1.3	10	0.3	13	5.2	0.53	2,440	Just Water Int. Diligent Board
Turners Auction		+10.4	-2.3	6	1-0	-	4.0	26	0.7	15	8.3	0.83	74	Mowbray Collect
Col Motor Co	530	+8.0	-0.5	10	0-0		1.3	11	0.4	12	8.1	0.03	173	Wowbray Collect
Mainfreight Grp	1425	+6.9	-0.3	12	0-5	6	3.2	20	0.5	16	3.1	0.73	1,411	
Guinness Peat	68	+6.5	-2.5	14	2-0	3	1.1	6	1.1	17	Nil	0.73	950	
Restaurant Brds	329			18	0-0	3	5.0	31	0.7	16	7.0	0.43	322	
Turners & Grow.	200	+5.0	-1.0	18	0-0	-	0.9	6	0.5	14	Nil	0.32	234	
Fletcher Build.	919	+2.0	-2.5	31	0-6	6	1.8	9	0.6	19	4.4	0.74	6,305	
Z Energy Ltd	389	+2.0	-0.2	32	0-0	6	2.6	16	0.6	16	7.9	0.46	1,556	66 N T
Nuplex Indust	331	+1.3	-0.2	36	0-0	6	1.2	10	1.0	12	6.3	0.39	656	"Ne
Steel & Tube	305	+1.1	-1.1	40	1-0	4	1.7	10	0.7	17	7.0	0.69	270	1 1 0
INCOME SHARES	: High	est Yiel	lds, Ca	apitali	satior	1 > N	IZ\$10	00 milli	on					
Chorus Ltd	171	-5.0	+4.4	79	0-0	9	1.1	27	8.0	4	21.3	0.63	666	
Hallenstein G.	308	-10.4	+3.3	89	1-0	5	2.7	28	8.0	10	15.1	0.83	184	
NZ Oil & Gas	80	-2.7	+0.1	70	0-0	4	0.9	7	1.0		10.8	3.32	329	V
Genesis Energy	178		+0.2	44	0-0	-	-	-	0.8		10.0	N/A	1,780	"N
Kingfish Ltd	134	+1.3	+0.3	37	0-0	-	1.0	16	0.7	6	8.5	N/A	159	"Neglected" S
Warehouse Group	342	-4.5	+1.3	76	3-0	8	2.7	37	0.7	7	8.5	0.48	1,064	Shares $= 3-4$
Vector Ltd	252		+1.8	63	6-0	6	1.1	9	0.5	12	8.5	1.96	2,509	Brokers.
Telecom Corp	270	+6.6	+1.1	13	0-0		3.5	17	0.5	21	8.5	1.17	4,906	DIONEIS.
Col Motor Co	530	+8.0	-0.5	10	0-0	-	1.3	11	0.3	12	8.1	0.28	173	
Z Energy Ltd	389	+2.0	-0.2	32	0-0	6	2.6	16	0.6	16	7.9	0.46	1,556	
INSIDER BUYING							_		۰.	40	0.0	4.40	F40	Company
Briscoe Group	250	+1.6	-1.2	35	5-0	3	3.8	24	0.5	16	6.9	1.12	540	Alaca I Iacitla
Seeka Kiwifruit		+18.3	-0.1	3	3-0	-	0.7	4	0.2	15	6.8	0.39	38	Abano Health.
Metro. LifeCare	447	+4.6	+0.9	19	2-0	5	1.3	8	0.7	16	0.4	N/A	926	Acurity Health Air New Zealand
Heartland Bank	90 68	+1.3	-1.3 -2.5	37 14	2-0 2-0	3	0.9	2 6	0.7	51 17	7.1 Nil	1.54 0.43	350	Akd Int Airport
Guinness Peat Precinct Prop.	108	+0.5	+1.0	26	4-2	7	1.1	5	0.9	24	5.2	8.46	950 1,077	Argosy Property
Sky City Ltd	400	+1.9	+0.7	33	5-3		2.8	16	0.4	18	7.1	2.44	2,308	Briscoe Group
Tenon Ltd	151	+3.9	+0.7	21	1-0	1	0.7	10	0.6	NE	Nil	0.21	99	Cavalier Corp
Steel & Tube	305	+1.1	-1.1	40	1-0		1.7	10	0.7	17	7.0	0.69	270	Chorus Ltd '
Turners Auction		+10.4	-2.3	6	1-0	-	4.0	26	0.7	15	8.3	0.83	74	Comvita
OVER-VALUED S												0.00		Contact Energy
Trade-Me Ltd	349	. 6.1-	-1.0	81		12		12		18	6.5	8.43	1,383	DNZ Property Delegat's Group
Vital Health PT		-58.3	+0.0	98	9-0		1.5	11	0.5	13	5.9	7.88	456	Diligent Board
Snakk Media Ltd	10	-9.8	-1.2	88	0-0		30.3	_	2.1	NE	Nil	6.98	25	Ebos Group Ltd
Diligent Board	415	-4.6	-1.7	77	0-0		13.2	28	0.8	48	Nil	4.42	348	F & P Health.
Charlie's Group	43		+0.0	97	0-0	-	7.7	15	1.0	51	Nil	4.00	126	Fletcher Build.
CDL Investments	52	-3.1	-0.8	72	0-0	-	1.2	11	0.7	11	5.3	3.73	143	Fonterra S/H Fd
NZ Oil & Gas	80		+0.1	70	0-0	4	0.9	7			10.8	3.32	329	Freightways Ltd
Moa Group Ltd	45	-15.5	-0.4	93	1-0	1	1.5	-	0.9	NE	Nil	2.97	14	Goodman Prop.
Pyne Gould Corp	40	-1.7	-0.5	65	0-0	-	0.6	18	1.0	4	Nil	2.87	87	Guinness Peat
NZ Refining Co	171	-10.0		89	0-0	5	0.8	-	0.7	NE	1.6	2.15	479	Hallenstein G.
NZ Windfarms	6	-4.3	-0.5	75	0-0	-	0.3	2	1.8	11	Nil	2.14	17	Heartland Bank
Foley Fam Wines	151	-1.0	-3.5	61	0-0	-	1.1	3	0.6	38	Nil	2.12	66	Hellaby Hold.
Millennium & C.	71	-1.8	+1.2	65	0-0	-	0.5	6	0.7	9	2.3	2.08	248	Infratil NZ Kathmandu Ltd
INSIDER SELLING	: Mos	t Inside	r Sellir	ng, R	elative	e Stre	ength	1 < 0						Kiwi Property
Pac Edge Bio.	84		-15.1	83	0-6		38.8	-	1.7	NE	Nil	N/A	268	Mainfreight Grp
SLI Systems Ltd	165	-6.6	-9.5	82	0-2		6.1	-	0.8	NE	Nil	N/A	96	Meridian Energy
Ebos Group Ltd	965	-0.7	-1.3	60	0-1	5	2.1	9	0.5	22	4.4	0.35	633	Methven Limited
Pumpkin Patch	48	-20.7	-0.8	95	0-1	4	1.5	10	1.2	14	Nil	0.28	81	Metro. LifeCare
Smiths City	50	-7.8	-1.7	85	0-1	-	0.6	4	0.5	13	7.0	0.12	26	Michael Hill
Mercer Group	18	-6.3	-2.0	82	0-1	-	2.5	4	1.6	56	Nil	1.11	43	Mighty River
Blis Technology	2	-5.7	-3.7	80	0-1	-	2.9	-	3.2	NE	Nil	N/A	18	Moa Group Ltd NPT Limited
Michael Hill	127	-3.5	-0.5	72	1-2	3	2.4	19	0.5	12	5.1	0.88	486	INF I LITTILEU

Company	Share Price	STREM Cur- rent	4-Wk	RATING Rank 0-99	Insider Buy-Sell	Brokers	Price to NTA	Return on Equity	Vola- til- ity	Price Earn. Ratio	Divi- dend Yield	Price Sales Ratio	Market Cap'n
WORST PERFORI	WING S	SHARE	S: W	eakes	t Sha	res,	P/S F	Ratio >	0.25	, Yield	l < Tw	rice Av	erage
Vital Health PT	135	-58.3	+0.0	98	9-0	4	1.5	11	0.4	13	5.9	7.88	456
Charlie's Group	43	-58.3	+0.0	97	0-0	-	7.7	15	0.9	51	Nil	4.00	126
Pumpkin Patch	48	-20.7	-0.8	95	0-1	4	1.5	10	1.3	14	Nil	0.28	81
WN Drive Tech.	12	-18.4	-3.1	94	0-0	-	1.7	-	1.8	NE	Nil	0.58	16
GeoOP Ltd	145	-17.8	-4.7	93	0-0	-	-	-	0.9	NE	Nil	N/A	40
Moa Group Ltd	45	-15.5	-0.4	93	1-0	1	1.5	-	8.0	NE	Nil	2.97	14
Trilogy Intern.	63	-14.6	+6.7	92	0-0	-	1.7	5	0.7	37	Nil	1.31	39
NZ Refining Co	171	-10.0	+1.2	89	0-0	5	8.0	-	0.7	NE	1.6	2.15	479
Snakk Media Ltd	10	-9.8	-1.2	88	0-0	1	30.3	-	2.0	NE	Nil	6.98	25
Sealegs Corp	12	-9.6	-2.0	87	0-0	-	1.8	-	1.3	NE	Nil	0.90	15
Veritas Invest.	105	-7.8	-2.5	85	3-0	-	15.7	-	0.6	NE	Nil	1.30	39
Cavalier Corp	148	-7.5	-1.6	84	0-0	3	1.1	7	0.7	15	3.9	0.50	101
Pac Edge Bio.	84	-6.7	-15.1	83	0-6	-	38.8	-	1.7	NE	Nil	N/A	268
SLI Systems Ltd	165	-6.6	-9.5	82	0-2	3	6.1	-	8.0	NE	Nil	N/A	96
Mercer Group	18	-6.3	-2.0	82	0-1	-	2.5	4	1.6	56	Nil	1.11	43
Trade-Me Ltd	349	-6.1	-1.0	81	5-2	12	2.1	12	0.5	18	6.5	8.43	1,383
Blis Technology	2	-5.7	-3.7	80	0-1	-	2.9	-	3.4	NE	Nil	N/A	18
Just Water Int.	9	-4.7	+0.6	78	0-0	-	1.2	26	2.6	5	Nil	0.30	8
Diligent Board	415	-4.6	-1.7	77	0-0	3	13.2	28	0.7	48	Nil	4.42	348
Mowbray Collect	50	-4.5	+3.5	76	0-0	-	1.6	-	0.5	NE	Nil	1.54	6

# eglect" Ratings of NZ Shares

Shares = 0-2 Brokers, "Moderately Followed" Brokers, "Widely Followed" Shares = 5 or more

Brokers.	No. of	Market		No. of	Market
	Brokers	Capital-		Brokers	Capital-
	Following	isation		Following	isation
Company	Company	(NZ\$ Mill.)	Company	Company	(NZ\$ Mill.)
Abano Health.	2	115	NZ Exchange Ltd	3	340
Acurity Health	1	91	NZ Oil & Gas	4	329
Air New Zealand	7	2,440	NZ Refining Co	5	479
Akd Int Airport	11	5,177	Nuplex Indust	6	656
Argosy Property	5	767	Opus Int'l Cons	4	273
Briscoe Group	3	540	PGG Wrightsons	2	317
Cavalier Corp	3	101	Port Tauranga	7	1,931
Chorus Ltd	9	666	Precinct Prop.	7	1,077
Comvita	1	118	Property F Ind.	5	549
Contact Energy	8	3,945	Pumpkin Patch	4	81
DNZ Property	5	482	Restaurant Brds	3	322
Delegat's Group	4	420	Rubicon Limited	1	156
Diligent Board	3	348	Ryman Health.	7	4,235
Ebos Group Ltd	5	633	SLI Systems Ltd	3	96
F & P Health.	8	2,576	Sanford Limited	3	384
Fletcher Build.	6	6,305	Skellerup Hold.	3	337
Fonterra S/H Fd	6	642	Sky Network TV	10	2,568
Freightways Ltd	7	781	Sky City Ltd	13	2,308
Goodman Prop.	7	1,303	Snakk Media Ltd	1	25
Guinness Peat	3	950	Steel & Tube	4	270
Hallenstein G.	5	184	Summerset Group		742
Heartland Bank	3	350	Synlait Milk	3	496
Hellaby Hold.	4	265	TeamTalk Ltd	1	47
Infratil NZ	4	1,406	Telecom Corp	12	4,906
Kathmandu Ltd	9	695	Tenon Ltd	1	99
Kiwi Property	6	1,197	Tower Limited	4	371
Mainfreight Grp	6	1,411	Trade-Me Ltd	12	1,383
Meridian Energy	9	1,520	Trust Power Ltd	6	2,203
Methven Limited	3	77	Vector Ltd	6	2,509
Metro. LifeCare	5	926	Vital Health PT	4	456
Michael Hill	3	486	Warehouse Group		1,064
Mighty River	8	3,164	Wynyard Group	2	228
Moa Group Ltd	1	14	Xero Ltd	3	3,753
NPT Limited	2	98	Z Energy Ltd	6	1,556

# 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	Share Price	STREM Cur- rent	NGTH R 4-Wk Chg.	ATING Rank 0-99	Insider Buy-Sell	Brokers Following	Short	Price to	ROE	Volatility	P/E Ratio	Div Yield	P/S Ratio	Market Cap'n	Company	Share Price	STREN Cur- rent	VGTH R. 4-Wk Chg.	ATING Rank 0-99	Insider Buy-Sell	Brokers Following	Short Interest	Price to NTA	ROE	Volatility	P/E Ratio	Div Yield	P/S Ratio	Market Cap'n
OVER-VALUED S	HARES	3: High	est Pr	ice/Sa	ales R	atios	, Rela	ative	Strer	ngth	< 0				Reva Medical	16	-35.7	-4.9	97	3-0	2	-	0.2	-	0.8 1	ΝE	Nil	N/A	54
Axiom Property	4	-1.3	+3.5	44	0-0	-	-	1.3	18	1.5	7	Nil	N/A	18	McAleese Ltd	50	-35.3	+0.6	96	4-0	-	0.1	0.7	-	0.7 1	٧E	Nil	N/A	142
Metminco Ltd	2	-21.4	-2.9	86	2-1	-	0.0	-	-	2.4	NE	Nil	9.79	37	QRXPharma Ltd	9	-34.1	-18.9	96	0-0	4	0.0	0.9	-	1.0 1	٧E	Nil	3.35	15
Phoslock Water		-13.4	+4.9	73	2-0	-	-	-		1.4		Nil	9.67	13	Enerji Ltd	1			95	0-0	-	-	0.0		4.4 1			N/A	16
Smart Trans		-15.8	-0.2		0-0	-	-	-		2.7		Nil	9.64	26	Etherstack plc	20	-33.0	-0.9	95	1-0	-	-	-		0.9 1			2.15	13
Austin Explor.	1	-4.3	+0.0		0-0	-	-	- 0.4		3.1		Nil		18	Kazakhstan Pot.	28			95	0-0	-	-	-		1 8.0			N/A	37 5
Silex Systems Viralytics Ltd	131 29	-14.3 -4.0	-5.4 -1.2	75 52	3-0 2-0	2	1.7	2.4 9.7		0.4		Nil	9.40 9.34	222 30	Kidman Res Ltd I-Sonea Limited	6 18	-32.1 -32.0	-5.2 -0.3	95 95	2-0 0-0	-	-	5.8		1.6 N 0.8 N			N/A N/A	38
Circadian Tech	22	-7.3	+5.2		0-0			0.8		0.7		Nil	9.28	11	MOD Resources	1	-31.8	-3.8	95	1-1	-		J.0 -		3.0 1			N/A	5
New Guinea En.		-21.5	-1.0	86	0-0	_		-		3.1		Nil	8.99	10	Prana Biotech.	20	-31.7		95	0-0	_	0.2	3.9		0.7 1			N/A	95
Monax Mining	3	-7.6			0-0	-	-	-		2.1		Nil	8.94	5	Coalspur Mines	5			95	1-0	6	0.8	-	-	1.5 1			N/A	35
Target Energy	5	-4.5	+1.1	53	1-0	-	-	-	-	1.6	NE	Nil	8.90	20	Ceramic Fuel C.	1	-31.1	-3.8	94	1-0	2	0.0	1.4	-	2.5 1	ΝE	Nil	5.19	34
White Energy Co	18	-5.3	+2.0	55	4-0	-	0.0	-	-	1.1	NE	Nil	8.85	57	Gindalbie Met.	7	-30.8	-2.9	94	0-0	10	2.6	-	-	1.3 1	ΝE	Nil	N/A	103
Nextdc Limited	183	-9.1	-1.7	64	2-1	7	6.7	1.5	-	0.5	NE	Nil	8.79	353	Waterberg Coal	6	-30.8	-4.9	94	0-0	-	-	-	-	1.2 1	ΝE	Nil	N/A	11
ASX Limited	3559	-0.6	-0.9	41	0-0	17	2.9					4.8	8.76	,	Cobar Cons Res.			+0.8	94	0-0	1	0.0	0.6		1.4 1			N/A	19
Genetic Tech.		-18.4	-5.5		0-0	1	0.3		-			Nil		25	MEO Australia	2		-4.8	94	1-0	-	-	-		2.2 1			N/A	14
Eden Energy Ltd	2	-4.5	+2.2		0-0	-	-	-		2.5		Nil		10	Intra Energy	4		-4.6	94	4-0	-	-	-		1.8 1		Nil		10
China Int Media	20	+0.0	+0.0		0-0 2-0	-	-	2.9		0.9				11 75	Lynas Corp Ltd	15 2	-29.9	-6.4	94 93	1-1 0-0	8	7.1	-		1.2 1			N/A	284 11
Medical Aust. Suda Ltd	17 5	-0.0	-17.4 -9.3		1-0		-	4.1		1.0 1.7		Nil Nil	8.18 7.88	75 32	Scigen Ltd Environ. Clean		-29.5 -29.3	-0.7 +3.4	93	0-0	-	-			2.2 5.8 N		Nil Nil	0.47	5
Robust Resource		-12.8	-3.1	71	1-0					1.0		Nil		35	Ad Braking Tech	1		-4.0	93	2-0					3.7 1		Nil		8
Ventnor Res.	4	-44.0	+1.4	99	0-0	_		_		2.0		Nil	7.52	7	Range Resources		-28.4	+3.5	93	0-0	1	_	_		2.1 1		Nil		70
Acrux Ltd		-30.2	-6.1	94	2-0	6	10.1	3.4					7.50	125	Marengo Mining		-28.0		92	0-0	-	-	-		2.6 1			N/A	16
Cromwell Prop.	99	-0.1	-0.3	39	2-6	5	1.1	1.4	4	0.4	37	7.3	7.36	1,710	Pharmaxis Ltd	6	-27.7	-3.3	92	1-0	4	0.1	0.5	-	1.6 1	ΝE	Nil	6.00	19
Lemur Resources	3	-2.1	-6.1	46	0-0	-	-	-	-	2.1	NE	Nil	7.14	5	Reed Resources	2	-27.6	-3.4	92	0-0	-	0.0	-	-	2.0 1	ΝE	Nil	0.35	12
China Magnesium	4	-8.0	-0.4	61	0-0	-	-	0.5	-	2.3	NE	Nil	7.02	6	Kogi Iron Ltd	4	-27.5	-8.1	92	0-0	-	-	-	-	1.6 1	ΝE	Nil	N/A	11
Noble Mineral		-19.8	+3.7	83	0-0	-	0.4	-		3.5			6.77	6	Rhinomed Ltd		-27.3	-6.4	92	6-0	-	-	-		2.9 1			N/A	6
Entek Energy	3	-2.5	-2.6		4-0	-	-	-		2.0		Nil	6.74	16	Tungsten Mining		-27.2	-1.4	92	1-0	-	-	-		1.7 1			N/A	7
Aspen Group Ltd	130	-8.6	+3.0	63	3-0	-				0.3			6.61	155	Sabre Resources		-27.1	-1.3	92	0-0	-	-	-		1.9 1			N/A	6
Centrex Metals Carbon Energy		-10.2 -18.2	-1.5 -1.8		2-0 0-0	-	-	-		1.2 2.7		Nil	6.36 6.32	33 12	Classic Mineral Pancontinental	3	-27.1 -26.7	-3.6 -3.1	92 91	0-0 2-0	-	-	-		1.6 N 2.2 N			N/A N/A	8 30
DGR Global Ltd	3	-4.2			0-0	-				2.7			6.26	10	Un. Biosensors		-26.6	-5.3	91	3-0	1	-	1.1		0.9 1			2.15	32
Samson Oil/Gas		-12.2	-5.2		0-1	_	0.6	_		2.5		Nil		48	Aust New Agri.	10	-26.5	+1.5	91	0-0		_	0.6	3				N/A	21
Computronics	2	-0.2		39	0-0	-	-	-			77	Nil	6.25	9	Coal of Africa		-26.4	-0.7	91	4-0	1	0.0	-		1.2 1			N/A	69
Ainsworth Game	377	-3.5	-2.6	50	2-4	6	0.5	6.0	26	0.3	23	2.1	6.13	1,215	Nexus Energy	2	-26.3	-10.9	91	2-0	4	8.6	-	-	2.4	1	Nil	0.43	23
Optiscan Image	4	-16.9	-6.2	79	2-0	-	-	-	-	1.7	NE	Nil	6.09	6	Coral Sea Pet.	8	-26.2	-0.7	91	0-0	-	-	-	-	1.2 1	٧E	Nil	N/A	10
Pharmaxis Ltd	6	-27.7	-3.3	92	1-0	4	0.1	0.5	-	1.7	NE	Nil	6.00	19	Bandanna Energy	8	-25.9	-3.4	91	1-0	6	4.6	-	-	1.2 1	٧E	Nil	N/A	44
Globe Metals		-23.6	-0.2		0-0	-	•	-		2.1		Nil		11	Silver Lake Res	34	-25.6	-3.8	90	1-0	13	5.3	0.5	-	0.6	ΝE	Nil	N/A	171
Oceania Capital	130	-5.0	-0.7		11-0	-		0.5		0.4			5.83	46	INCIDED OF LINE	S. M	. I.a. data	0 - 11:	D.	. 1 . 45	04		_						
Senex Energy	73 0	-2.0	-1.9 +3.1	45 76	3-0 0-0	11	8.0	0.4		0.6 5.5	14 NE	Nil		830 30	INSIDER SELLING	iviosi :د 195			-			-		27	0 5	10	20	1 07	00
Enhanced System Adv Share Reg.	65	-14.7 -1.3	-0.8		0-0	-			26			Nil 59	5.41 5.40	28	Titan Energy Beyond Int'l	146	-6.0 -4.4	-1.5 -0.9	57 53	0-9 1-8	4	-	2.7		0.2		2.8 4.8		99 90
Brain Resource	22	-8.0			0-0	_	-	-		0.9			5.34	21	Nthn Minerals				70	0-5	-	_	-		0.8 1				54
Crusader Res.	32		+1.2		3-0	2	-	-					5.32	40	Gage Road Brew.		-10.3			0-4	1	-	4.1		0.8				65
IRESS Limited	834	-4.6	-1.8	53	0-2		1.7	-		0.2				1,323	Credit Corp	909	-2.0	-0.2	46	1-5	5	0.8	2.8						419
Ceramic Fuel C.	1	-31.1	-3.8	94	1-0	2	0.0	1.4	-	2.7	NE	Nil	5.19	34	Cromwell Prop.	99	-0.1	-0.3	39	2-6	5	1.1	1.4	4	0.4	37	7.3	7.36	1,710
Bounty Oil Gas	1	-6.5	+0.2	58	0-0	-	-	-	-	3.0	NE	Nil	5.18	11	Hughes Drilling	20	-11.9	-1.0	70	0-3	1	-	0.7	20	0.7	4	Nil	0.73	36
NewSat Ltd	38	-3.8			2-0		1.3 3						5.15	230	JB Hi-Fi Ltd	1796	-0.2		39										1,803
Sundance Energy	106		+0.9		6-0		2.3						5.14	581	ITL Limited		-11.9			0-3		-			0.6				18
Cochlear Ltd	5962		+1.3				16.9							3,402	Whitehaven Coal		-11.1			3-6		6.8							1,472
Sovereign Gold	4	-36.5	-0.8	97	0-0	-	-	-	-	1.8	INE	INII	4.49	6	GBM Gold Ltd IRESS Limited	834	-12.3	-1.8		0-2 0-2	8	- 1.7	-		2.7 1				7 1,323
WORST PERFOR	MING	SHARE	S . W.	akac	Shar	oc F	D/S R	atio <	. 0 25	. Vi	ald ~	Twi	ce Ave	arana	Western Desert		-24.7			0-2		1.5			0.7 1				149
Neon Energy Ltd		-52.3			1-1	,	0.0			,			0.84	8	Aust Minerals	8		-2.9	59	0-2			_		1.2 1				9
Ventnor Res.		-44.0			0-0	-		-		1.9			7.52	7	Atcor Medical		-11.1			0-2		-	3.5 (				Nil		16
Discovery Metal		-43.1				1	0.3	0.4					N/A	16	CocaCola Amatil		-11.1					2.2							7,185
Red 5 Ltd	7	-42.0	+0.9	99	0-0	-	-	-	-	1.2	NE	Nil	0.31	9	Mint Wireless	23	-0.9	-9.7	42	0-2		0.3			1.2 1				92
Red Fork Energy	8	-41.9	-1.3	98	0-0	2	0.5	-	-	1.1	NE	Nil	1.60	41	Kingsgate Cons.	78	-20.0	-4.4	84	0-2	7	3.8	0.3	22	0.5	1	6.4	0.38	174
3D Oil Limited		-41.5			1-0	-	-	-		1.0			N/A	18	Bionomics Ltd		-17.6			1-3	3	0.0			0.6				173
Buccaneer En.		-40.5			0-0	2	-	-		3.5			0.56	46	MGM Wireless	115	-3.1	-0.1	49	1-3	-	-			0.4				10
Millennium Min.		-38.2			0-0	2	-	-					3.91	404	Laramide Res.	40	-2.3		46	1-3		-	-		1 8.0				31
Nucoal Res.		-38.1			0-0			-		2.3			N/A	12	Ainsworth Game	377			50	2-4	6								1,215
Bathurst Res. Sovereign Gold		-37.2 -36.5			0-0 0-0	-	1.2	-		1.7 1.7			N/A 4.49	47 6	Breaker Res NL Tatts Group Ltd	301	-20.7	+3.9	85 43	0-1 0-1	1/	- 1.0	-		1.1 N				7 4,318
Tamaska Oil Gas		-36.3			0-0	-	-	_					4.49 N/A	6	Pura Vida En.		-1.1					0.0			0.3				4,318 50
ramaska Oli Gas	'	00.0	10.0	JI	0-0	-			·	5.0	. 4.	1.411	11/71	U	. ara vida EII.	70	۵۱.4	۵.۱	00	U-1	'	0.0		-	U.1 I	•-	1 411	1 N/ /\	50

Page 12 Market Analysis

# New Share Selection Indicator: Short Interest in Australian Shares

We have added a new indicator to our Online Share Selection database (which is a separate subscription option) and to the reports published in *Market Analysis* which measures the "Short Interest" in Australian shares.

This raw data measures the number of shares that have been borrowed and "sold short" by speculators, which we then convert to a percentage of a company's issued capital. This give us a "short interest ratio" showing the percentage of the company's capital that has been borrowed and sold short.

#### What Is "Short Selling"?

Short selling is where a speculator borrows shares he does not own and sells them . . . hoping to be able to earn a profit by repurchasing them on-market in the future at a lower price.

Short selling is <u>not</u> offered by most retail brokers, but is available (with additional fees) from some brokers.

To make a short sale, the broker must be able to borrow the shares from an existing shareholder. That is <u>not</u> possible with shares held in an individual shareholder's name under CHESS. To be able to borrow shares, the broker needs to hold investors shares in a nominee account. This is quite common for brokers offering "margin loans", with the broker holding the shares in a nominee account as security for the loan. In this situation the broker can also lend those shares to short sellers.

Most brokers require a minimum short sales value of \$50,000 plus additional "share borrowing" fees.

#### The Risks and Rewards of "Short Selling"

Let us start by saying that we can NOT see *any situation* for *any investor* where short selling is likely to be a good idea! Don't do it!

Short sellers face exactly the *opposite* risk/reward as regular "long" investors who own shares. When we buy shares, we have an extremely favourable risk/reward. Our risk is limited to 100% (i.e. can never be more than the amount we invest) but our potential gains are unlimited. A short seller faces exactly the opposite with a limited gain but unlimited losses.

A short seller is also required to pay dividends to the shareholder from who he borrowed the shares.

Finally, the long term average return from owning shares is about 10% per annum from dividends and capital appreciation and as short selling is the *opposite* of this, then the long term return from short selling must be *minus* 10%.

Any idiot smart enough to buy and hold a *diversified* portfolio of shares selected at random can expect to earn about 10% per annum return over the longer term.

Short sellers start with an expected return of *minus* 10% (before fees). So a highly skilled short seller who can outperform this average expected return by 10% per annum would simply break-even! An *exceptionally* 

skilled short seller, able to beat the market return by 20% per annum, would earn an expected net return of only 10% per annum - the return that *any* "long" investor can expect to make from passively holding a diversified portfolio.

"Short selling" is what economists call a "negative sum game". Overall short sellers can expect to *lose* 10% of their capital (before fees) each year. This makes short sellers high-risk, habitual losers.

An additional risk is that the person from whom the short seller's broker borrowed the shares may want them back (i.e. to sell or to transfer to another broker or another account), *requiring* the short seller to make an immediate, unplanned, untimed purchase on-market.

The only situation where short-selling *may* be a valid strategy is merger arbitrage. If company A is offering one of its shares for each share in company B, then an arbitrage trade could involve "selling short" A shares at 100 cents if company "B" shares can be bought for 98 cents. In this situation, the short position in company A would be closed when the B shares are taken over and the company issues new A shares - with a profit to the arbitrage trader of 2 cents per share.

#### **Short Selling Data**

Investors are required to disclose a "short sale" at the time it is executed. The **Australian Securities & Investment Commission** collects this information and publishes "Short Position Reports" on its website www.asic.gov.au.

(Short selling is available in New Zealand. NZX Ltd's New Zealand Clearing subsidiary is actively involved in arranging "securities lending" - and people only borrow securities for short selling - but data is either not collected or not disclosed.)

#### "Short Interest" Ratio

We are publishing short interest data as a "short interest ratio" which is the total short position expressed as a percentage of the issued capital. For example, speculators have borrowed and sold short 16,982,732 shares in Acrux Ltd. That company has an issued capital of 166,521,711 shares, so the "short interest" is 10.1% (i.e. 10.1% of the capital has been borrowed and sold short).

# **Investment Implications** of "Short Interest" data

Just as *Insiders* tend to be the most knowledgeable investors who buy and sell at the right time, *Short Sellers* tend to be high risk habital losers who often buy and sell (or rather "sell and buy back") at the wrong times.

In Norman Fosback's 1976 book "Stock Market Logic" he writes "Short selling is a highly speculative endeavour, and most participants engage in it only when they are extremely confident that prices will decline. Not surprisingly, emotion enters into their decision making process. Indeed, most short selling

usually occurs after prices have already declined substantially, providing the speculator with what amounts to an emotional crutch. Only after a significant price drop is he normally able to muster enough courage to start selling short."

"This theory is borne out by reality. <u>Most short selling activity occurs</u> not prior to price declines, but <u>after price declines and prior to large market rallies</u>. It is precisely because <u>a short sale reflects an extreme in speculative sentiment</u> that short selling data is often highly useful in forecasting future stock price trends."

For example, there were virtually no short sellers (i.e. the short interest was just 0.2-0.8%) in Acrux *before* the shares rose to a peak of 477 cents at mid-2012. The shares hit a 2012 low of 264 cents in mid-November, which was *followed* by an increase in short interest (7.1% in December 2012, 7.3% in January 2013 and 7.5% in February) as the shares rallied. After hitting a 2013 high of 412 cents in April, short interest fell to a 2013 low of 4.6% in May. The shares had fallen to a low of 186 cents (down 61% from their peak) in February 2014 before short interest again jumped sharply to 9.1%. The shares have fallen further, hitting a recent low of 76 cents and short interest remains high at 10.1%.

Obviously Acrux short sellers in February 2014 have made money (as a result of an unpredictable FDA announcement), but no indicator can time when to buy or sell with perfect accuracy. What this example does show is that when Acrux was at its highest prices there was little or no significant short selling, but when it was at its lowest prices there was extremely high short selling. High short interest indicates that a share is already out-of-favour, that speculators have a negative view of the company and have already borrowed and sold shares and that the shares have already declined significantly in value. These situations usually indicate good value.

So "short interest" is a contrary opinion indicator. "Short interest" is also guaranteed future buying

demand as these speculators must buy back the shares on-market to close out their short position.

For example, the one thing that is <u>absolutely certain</u> is that at some stage in the near future, short speculators will need to go on-market to repurchase a total of just under 17.0 million Acrux shares (10.1% of the company's capital) to close out their short positions.

#### **Share Selection using "Short Interest"**

We would never buy or sell a share simply because it had (or didn't have) a particular level of short interest, but it could reveal some additional valuable information about market sentiment towards many shares. (Unfortunately, short selling is not available on many small listed companies, as there is a limited supply of shares available to borrow and small company shares can be inactively traded and volatile - so particularly dangerous for short sellers).

Shares that are attractive on other criteria should be more attractive with a high short interest. At the very least this is guaranteed future buying demand that must help to increase the share price in the months immediately ahead.

As short selling usually occurs *after* a significant price decline, we anticipate it may be valuable to compare the Short Interest (i.e. the sentiment of high-risk habital losers) with Insider Trades (i.e. the sentiment of the most knowledgeable investors).

For example, there have been 11 *insider* buyers (and no sellers) in **Boart Longyear** over the last year and short interest is high at 9.6%. There were two *insider* buyers in **Cochlear** and a short interest of 16.9%. Two *insiders* have bought **Acrux** shares, but short interest is 10.1%.

In all three of these companies the knowledgeable *insiders* are Bullish while the high-risk habitual losers, the short sellers, are Bearish about the future share prices. It would usually pay to follow the example of insiders and bet against the short sellers . . . and here an investor could do both by buying Boart Longyear, Cochlear and Acrux shares.

### Short Interest in Australian Shares

Company	Short Interest Ratio	Market Capital- isation (\$ Mill.)									
Company	rialio	(ψ ΙνΙΙΙΙ.)	Company	riano	(Φ Ινιιιι.)	Company	riano	(ψ ινιιιι.)	Company	riatio	(ψ ινιιιι.)
360 Capital Ind	0.0%	208	Ale Property	0.2%	583	Aurizon Hold.	2.6%	10,601	Bathurst Res.	1.2%	47
A.P. Eagers	0.0%	955	Alkane Explor.	0.3%	106	Aurora Oil Gas	0.2%	1,876	Beach Energy	1.5%	2,183
ABM Resources	0.1%	72	Alliance Aviat.	0.0%	115	Ausdrill Ltd	8.3%	275	Beadell Res.	4.2%	506
AED Oil Ltd	0.0%	35	Altium Limited	0.1%	250	Ausenco Ltd	2.6%	84	Bega Cheese Ltd	0.4%	786
AGL Energy Ltd	1.3%	8,569	Altona Mining	0.0%	90	Aust Pharm. Ind	2.3%	264	Bendigo Bank	2.7%	5,168
AJ Lucas	0.0%	234	Alumina Ltd	2.8%	4,013	Austal Limited	0.1%	416	Bentham IMF Ltd	2.8%	319
ALS Limited	8.4%	3,430	Amalgamated Hld	0.0%	1,405	Aust Agricult.	0.6%	649	Berkeley Res.	0.0%	49
AMP Ltd	1.3%	15,794	Amcor Ltd	0.4%	12,839	Austbrokers	0.0%	601	Bigair Group	0.0%	156
ANZ Bank	0.4%	92,394	Amcom Telecom.	0.5%	508	Austin Eng.	1.3%	142	Billabong Int'l	1.2%	510
APA Group	2.7%	5,867	Ansell Ltd	3.2%	2,976	Aust Infra.	0.0%	2	Bionomics Ltd	0.0%	173
APN News Media	0.5%	823	Antares Energy	0.3%	126	Australand Prop	0.1%	2,658	Blackthorn Res.	0.2%	26
ARB Corporation	2.5%	889	Aquarius Plat.	2.4%	232	Aust Education	0.0%	352	Blackmores Ltd	0.0%	469
ASG Group Ltd	0.3%	80	Aquila Res.	1.1%	1,421	Automotive Hold	0.1%	1,106	Bluescope Steel	0.9%	3,264
ASX Limited	2.9%	6,890	Arafura Res.	0.0%	25	Azonto Petrol.	0.0%	21	Boart Longyear	9.6%	104
AVEO Group	2.3%	1,015	Ardent Leisure	0.6%	1,118	Azumah Res.	0.0%	13	Boral Limited	2.7%	4,117
AWE Limited	0.1%	977	Arena REIT	0.0%	258	BC Iron Ltd	2.2%	445	Bradken Ltd	8.1%	605
Abacus Property	0.1%	1,279	Aristocrat Leis	1.6%	2,878	BHP Billiton		116,392	Brambles Ltd	0.1%	14,863
Acrux Ltd	10.1%	125	Arrium Limited	1.8%	1,209	BT Invest Mgmt	0.0%	1,951	Breville Group	1.6%	1,051
Adelaide Bright	1.6%	2,139	Asciano Limited	0.9%	5,355	BWP Trust	1.3%	1,618	Brickworks Ltd	0.0%	2,022
Aditya Birla	0.0%	64	Aspen Group Ltd	0.0%	155	Bandanna Energy	4.6%	44	Brockman Mining	0.0%	335
Admedus Limited	0.2%	161	Astro Japan Pro	0.1%	255	Bank of Q'land	0.9%	4,149	Buru Energy Ltd	5.1%	334
Ainsworth Game	0.5%	1,215	Atlas Iron Ltd	10.2%	609	Bannerman Res.	0.1%	26	C.S.R. Ltd	2.9%	1,675
Alacer Gold	0.9%	213	Atrum Coal NL	0.4%	128	Base Resources	1.0%	194	CFS Retail Prop	2.3%	6,368

Page 14										Market .	Analysis
	Short	Market Capital-									
Company	Interest Ratio	isation (\$ Mill.)									
CSG Ltd CSL Limited	0.1% 0.2%	248 33,759	Genworth Mort.	0.9% 0.0%	2,002 20	Nearmap Ltd Neon Energy Ltd	0.0%	182 8	Select harvest Senex Energy	0.1% 0.8%	297 830
Cabcharge Ltd	7.7%	491	Geodynamics Ltd Gindalbie Met.	2.6%	103	New Hope Corp.	0.1%	2,327	Servcorp Ltd	0.0%	487
Calibre Group Caltex Austrlia	0.0% 0.4%	132 6,048	Goodman Group Goodman Fielder	0.4% 1.0%	8,898 1,320	NewSat Ltd Newcrest Mining	1.3% 1.5%	230 7,489	Service Stream Seven West Med.	0.0% 0.3%	64 1,744
Capital Health	0.1%	192	Graincorp	2.9%	1,913	News Corp.	10.8%	382	Seven Group	0.1%	2,375
Cardno Ltd Carindale Prop	4.3% 0.0%	1,029 408	Grange Resource Greencross Ltd	0.5% 0.0%	197 842	Nextdc Limited Nexus Energy	6.7% 8.6%	353 23	Seymour Whyte Shopping Centre	0.0% 6.4%	189 1,135
Carnarvon Pet.	0.0%	86	Greenland Min.	0.6%	69	Nib Holdings	0.6%	1,414	Sigma Pharm.	1.3%	793
Carsales.com Cash Converters	2.9% 2.6%	2,545 461	Growthpoint Pro Gryphon Mineral	0.0% 1.0%	1,230 58	Nick Scali Ltd Nido Petroleum	0.0% 0.0%	202 70	Silex Systems Silver Lake Res	1.7% 5.3%	222 171
Cassini Res Ltd	1.5%	9	Guildford Coal	0.1%	48	Nine Entertain.	0.9%	1,984	Silver Chef Ltd	0.4%	141
Cedar Woods Prp Central Petrol.	0.0% 0.2%	554 133	HFA Holdings Harvey Norman	0.0% 5.8%	114 3,176	Noble Mineral Northern Iron	0.4% 0.0%	6 63	Sims Metal Mgmt Sino Gas & En.	6.4% 0.2%	1,996 230
Ceramic Fuel C.	0.0%	34 587	Henderson Group	0.4%	2,922	Novogen Ltd	0.0%	25 654	Sirius Res. NL	4.8%	812 963
Chal Div Prop Challenger Ltd	0.0% 0.2%	3,817	Highland Pac. Hills Limited	0.0% 0.0%	47 381	Nthn Star Res. Nucoal Res.	0.2% 0.0%	12	Sirtex Medical Skilled Group	0.1% 0.8%	593
Chandler McLeod Charter Hall GR	0.0% 0.2%	184 1,517	Hillgrove Res. Horizon Oil Ltd	0.1% 6.9%	90 495	Nufarm Limited OM Holdings	6.2% 0.2%	1,162 220	Slater & Gordon Sonic Health	3.0% 0.8%	1,024 6,934
Chart H Retail	3.3%	1,465	Hotel Property	0.5%	280	OZ Minerals Ltd	4.0%	1,302	Soul Pattinson	0.0%	3,495
Citigold Corp Coalspur Mines	0.0% 0.8%	42 35	I-Property Grp IOOF Holdings	0.6% 1.0%	503 1,964	Oakton Limited Oceania Capital	0.0% 0.0%	114 46	Spark Infrastru Spec Fashion	2.5% 0.0%	2,388 176
Coal of Africa	0.0%	69	IRESS Limited	1.7%	1,323	Oil Search Ltd	0.6%	14,638	St Barbara Ltd	5.6%	71
Cobar Cons Res. CocaCola Amatil	0.0% 2.2%	19 7,185	Icar Asia Ltd Icon Energy	0.0% 0.0%	162 80	Orica Ltd Origin Energy	2.5% 0.7%	7,137 16,036	Starpharma Hold Steadfast Group	5.7% 0.4%	171 737
Cochlear Ltd	16.9%	3,402	liNet	2.1%	1,208	Orocobre Ltd	1.7%	280	Sth Cross Media	1.9%	741
Cockatoo Coal Codan Ltd	0.0% 0.4%	132 127	Iluka Resources Imdex Limited	9.8% 2.0%	3,559 141	Orora Limited Oroton Group	0.1% 0.5%	1,671 156	Sth Boulder Min Sth Cross Elect	0.0% 0.0%	23 87
Coffey Int'l	0.0%	54	Incitec Pivot	1.5%	4,491	Ozforex Group	2.1%	648	Stockland	0.9%	9,308
Cokal Limited Collection Hse	0.0% 1.7%	66 235	Independ. Group Indochine Min.	0.2% 0.0%	992 40	PMP Limited Pacific Brands	0.5% 2.1%	136 514	Straits Resourc Strike Energy	0.0% 0.0%	5 97
Collins Foods Com'wealth Bank	0.0% 0.6%	186 132,575	Indophil Res. Industria REIT	0.2% 0.1%	199 256	Pact Group Hold Paladin Energy	1.0% 9.9%	1,000 352	Suncorp Group Sundance Res.	1.0% 9.1%	17,112 268
Computershare	2.3%	7,019	Infigen Energy	0.1%	153	PanTerra Gold	0.0%	31	Sundance Energy		581
Compass Res Corp Travel M.	0.0% 0.1%	211 535	Ingenia Com Grp Insurance Aust.	0.2% 0.8%	311 13,745	Panaust Ltd Panoramic Res.	0.3% 0.3%	1,379 234	Sunland Group Super Retail Gr	0.1% 0.9%	283 1,678
Cover-More Grp	0.1%	718	Intrepid Mines	2.8%	153	Paperlin X Ltd	0.0%	26	Sydney Airport	0.8%	9,641
Credit Corp Cromwell Prop.	0.8% 1.1%	419 1,710	Investa Office Invocare Ltd	0.1% 3.9%	2,057 1,122	Papillon Res. Patties Foods	3.8% 0.0%	546 162	Syrah Resources TFS Corporation	4.4% 1.8%	580 492
Crown Resorts	0.6%	11,479	Iron Ore Hold.	0.0%	142	Peet Ltd	0.0%	598	TPG Telecom Ltd	0.9%	4,636
Crowe Horwath CuDeco Ltd	0.3% 3.9%	121 393	Iselect Limited JB Hi-Fi Ltd	2.8% 10.5%	303 1,803	Perpetual Ltd Perseus Mining	2.7% 3.9%	2,197 161	Tabcorp Holding Tanami Gold NL	2.0% 0.0%	2,647 18
DUET Group	1.1%	3,215	James Hardie	1.1%	6,444	Pharmaxis Ltd	0.1%	19	Tap Oil	0.0%	109
DWS Limited Dart Energy Ltd	0.0% 0.2%	161 205	Japara Health. KBL Mining Ltd	2.9% 0.0%	690 17	Platinum Asset Platinum Cap'l	0.1% 0.0%	3,668 388	Tassal Group Tatts Group Ltd	0.0% 1.0%	595 4,318
Data 3 Ltd David Jones	0.1% 0.6%	106 2,068	Kagara Ltd Kardoon Gas	0.6% 5.8%	96 842	Platinum Aust Prana Biotech.	0.2% 0.2%	34 95	Technology One Telstra	0.1% 0.2%	846 65,077
Decmil Group	0.8%	300	Kingrose Mining	0.1%	147	Premier Invest	0.1%	1,347	Templeton Globa	0.0%	261
Deep Yellow Ltd Dexus Property	0.0% 0.2%	32 6,248	Kingsgate Cons. Leighton Hold	3.8% 2.8%	174 6,919	Prima Biomed Prime Media Grp	0.0% 0.5%	55 374	Ten Network Teranga Gold	6.2% 0.2%	750 62
Dick Smith Hold	6.3%	465	Lend Lease Grp	1.5%	7,796	Primary Health .	3.1%	2,235	The Reject Shop	10.3%	264
Discovery Metal Domino's Pizza	0.3% 2.4%	16 1,737	Liq Natural Gas Lonestar Res.	0.2% 0.1%	527 256	Pro Maintenance Pura Vida En.	0.1% 0.0%	332 50	Tiger Resources Titan Energy	0.1% 0.0%	319 99
Donaco Inter'l	0.4%	449	Lycopodium Ltd	0.0%	90	Q.B.E. Insur.	2.0%	13,705	Toll Holdings	4.0%	3,815
Downer EDI Ltd Drillsearch	3.3% 4.1%	2,295 662	Lynas Corp Ltd M2 Group Ltd	7.1% 9.7%	284 1,066	QRXPharma Ltd Qantas Airways	0.0% 2.9%	15 3,020	Tox Free Sol. Transurban Grp	2.2% 0.5%	453 13,647
DuluxGroup Ltd ERM Power Ltd	0.6% 0.1%	2,100 440	MacMahon Hold Maca Limited	0.0% 0.1%	132 387	Qube Holdings RCG Corporation	2.2% 0.0%	2,407 158	TransPacific In Transfield Serv	0.9% 8.7%	1,729 612
Echo Ent Group	4.4%	2,254	Macquarie Group	0.4%	19,297	RCR Tomlinson	0.3%	388	Treasury Wine	6.9%	3,195
Elders Limited Elemental Min.	4.2% 0.1%	64 76	Macquarie Atlas Magellan Fin Gp	1.0% 1.6%	1,588 1,884	REA Group Ltd RXP Services	0.8% 0.0%	5,655 73	Treasury Group Troy Resources	0.1% 1.8%	231 195
Emeco Holdings	2.1%	132	Matrix Comp.	3.1%	125	Ramelius Res.	0.0%	35	UGL Limited	11.2%	1,186
Endeavour Min. Energy Resource	0.1% 1.8%	43 665	Maverick Drill. Maxi TRANS	1.5% 0.3%	107 167	Ramsay Health Recall Holdings	0.6% 0.9%	9,235 1,486	US Masters Res. UXC Limited	0.0% 1.0%	483 239
Energy World Envestra	3.8% 0.0%	486 2,453	Mayne Pharma Gr McAleese Ltd		540 142	Reckon Limited Red Fork Energy	1.1% 0.5%	273 41	Unilife Corp. Veda Group Ltd	0.0% 1.3%	138 1,768
Equatorial Res.	0.0%	48	McMillan Shake.	0.6%	709	Redbank Energy	0.0%	6	Village Road.	1.1%	1,191
Ethane Pipeline Evolution Min.	0.0% 4.4%	79 564	McPherson's Ltd Medusa Mining	0.2% 3.1%	109 347	Reece Australia Reed Resources	0.0% 0.0%	2,988 12	Virgin Aust Virtus Health	1.3% 4.2%	1,424 695
FAR Ltd	1.0%	107	Melbourne IT	0.0%	167	Regis Resources	4.5%	745	Vision Eye Inst	0.1%	99
Fairfax Media Fantastic Hold.	3.1% 0.0%	2,293 155	Mermaid Marine Mesoblast Ltd	1.7% 6.2%	807 1,450	Resource Gener. Resolute Mining	0.0% 1.9%	64 385	Vocation Ltd Vocus Comm.	5.7% 0.5%	590 408
Federation Cent	0.3%	3,612	Metals X Ltd	0.1%	414	Retail Food Grp	3.4%	619	W'bool Cheese	0.0%	454
Finbar Group Fleetwood Corp	0.0% 3.7%	379 136	Metcash Ltd Metminco Ltd	11.4% 0.0%	2,603 37	Rex Minerals Ridley Corp.	0.3% 0.7%	64 259	WDS Limited Watpac Ltd	0.0% 0.0%	140 157
Flexicorp Ltd Flight Centre	0.5% 6.6%	1,058 4,716	Mincor Resource Mineral Deposit	0.0% 1.2%	182 163	Rio Tinto Ltd Roc Oil Company	1.0% 0.0%	25,884 392	Webjet NL Wesfarmers Ltd	2.3% 0.5%	199 48,498
Flinders Mines	0.1%	4,716	Mineral Res.	5.0%	1,916	Royal Wolf Hold	0.0%	321	Western Desert	1.5%	149
Focus Minerals Forge Group Ltd	0.0% 2.8%	110 79	Mint Wireless Mirabela Nickel	0.3% 2.1%	92 14	Rubik Financial S/Tracks ASX200	0.0% 0.1%	148 2,336	Westfield Ret. Western Areas	0.5% 8.3%	9,414 1,066
Fortescue Metal	4.8%	14,074	Mirvac Group	0.1%	6,849	SAI Global Ltd	5.4%	1,077	Westpac Banking	0.8%	107,418
Freelancer Ltd Freedom Foods	0.0% 0.0%	415 428	Molopo Energy Monadelphous Gr	0.1% 12.7%	43 1,577	SG Fleet Group SMS Mgmt & Tech	0.0% 3.5%	443 229	Westfield Group White Energy Co	0.4% 0.0%	22,277 57
G.U.D. Holdings	3.8%	411	Mortgage Choice	0.0%	344	SP Ausnet	1.6%	4,572	Whitehaven Coal	6.8%	1,472
G8 Education GBST Holdings	3.1% 0.0%	1,529 211	Mt Gibson Iron Murchison Metal	1.2% 0.0%	807 21	STW Comm Group Salmat Ltd	0.3% 0.0%	547 284	Windimurra Van. Woodside Petrol	0.1% 0.9%	3 34,390
GDI Property	0.0%	531	Myer Holdings	10.0%	1,201	Samson Oil/Gas	0.6%	48	Woolworths Ltd	0.6%	46,576
GI Dynamics GPT Group	0.1% 0.4%	274 6,658	NRW Holdings Nanosonics Ltd	5.4% 0.2%	287 206	Sandfire Res. Santos Ltd	0.6% 0.6%	929 14,220	Worley Group Wotif.com Hold.	1.9% 3.9%	3,937 527
GWA Group Ltd Galaxy Res.	4.4% 0.0%	797 64	Nat'l Aust Bank National Stor.	0.4% 0.1%	78,922 323	Saracen Mineral Sedgman Ltd	0.1% 0.1%	285 110	Yancoal Aust. Yowie Group Ltd	0.0% 0.1%	244 47
Genetic Tech.	0.0%	25	Navitas Ltd	0.1%	2,780	Seek Ltd	2.8%	5,729	TOWNS GROUP ELL	J. 1 /0	71
			Note: 0.0% indi	natos a Sh	ort Interect	areater than zero hut	loce that	0.059/			

# "Neglect" Ratings of Australian Shares

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

rrogiosiou o	No. of Brokers	Market Capital-	io, inicaciatory	No. of Brokers	Market Capital-	o - o o Brokero	No. of Brokers	Market Capital-	.a	No. of Brokers	Market Capital-
Company	Following Company		Company	Following Company		Company	Following Company	isation (\$ Mill.)		Following Company	isation (\$ Mill.)
1300 Smiles Ltd	2	142	Boral Limited	13	4,117	Endeavour Min.	4	43	James Hardie	12	6,444
360 Capital Grp 360 Capital Ind	2 3	66 208	Bradken Ltd Brambles Ltd	15 14	605 14,863	Energy Resource Energy Action	6 3	665 85	Jumbo Interact. Jupiter Energy	4 3	59 58
A.P. Eagers	3	955	Breville Group	10	1,051	Energy Develop.	5	865	K&S Corporation	4	118
ABM Resources	2	72	Brickworks Ltd	5	2,022	Envestra	12	2,453	K2 Asset Mgmt	2	166
AGL Energy Ltd ALS Limited	14 18	8,569 3,430	Brierty Ltd Brockman Mining	1 1	43 335	Equity Trustees Ethane Pipeline	2 1	322 79	Kardoon Gas Kasbah Resource	8 3	842 32
AMA Group Ltd	3	76	Buccaneer En.	2	46	Evolution Min.	11	564	Kina Petroleum	2	82
AMP Ltd	16	15,794	Buru Energy Ltd	3	334	Excelsior Gold	1	29	Kingrose Mining	1_	147
ANZ Bank APA Group	17 14	92,394 5,867	C.S.R. Ltd CFS Retail Prop	14 12	1,675 6,368	FAR Ltd FSA Group Ltd	1 1	107 143	Kingsgate Cons. Korvest Ltd	7 2	174 53
APN News Media		823	CSG Ltd	3	248	Fairfax Media	12	2,293	Kula Gold Ltd	2	14
ARB Corporation	8	889	CSL Limited	14	33,759	Fantastic Hold.	8	155	Lachlan Star	2	8
ASG Group Ltd ASX Limited	2 17	80 6,890	Cabcharge Ltd Calibre Group	8 3	491 132	Federation Cent Finbar Group	12 1	3,612 379	Aurelia Metals Legend Corp.	1 2	59 69
AV Jennings	1	231	Caltex Austrlia	9	6,048	Finders Res.	4	87	Leighton Hold	15	6,919
AWE Limited	10	977	Cape Lambert R.	3	56	Fleetwood Corp	9	136	Lend Lease Grp	15	7,796
Abacus Property Acrux Ltd	5 6	1,279 125	Capital Health Capral Limited	1 2	192 62	Flexicorp Ltd Flight Centre	10 18	1,058 4,716	Lifestyle Com. Lindsay Aust	2 1	144 73
Adelaide Bright	17	2,139	Cardno Ltd	11	1,029	Flinders Mines	2	43	Logicamms Ltd	4	61
Admedus Limited	2	161	Carindale Prop	3	408	Folkestone Ltd	2	103	Lonestar Res.	5	256
Ainsworth Game Alacer Gold	6 11	1,215 213	Carnarvon Pet. Carsales.com	1 18	86 2,545	Fortescue Metal Freedom Foods	21 2	14,074 428	Lynas Corp Ltd M2 Group Ltd	8 11	284 1,066
Alchemia Ltd	2	159	Cash Converters	2	461	Funtastic Ltd	2	43	MacMahon Hold	6	132
Ale Property	3	583	Cedar Woods Prp	-	554	G.U.D. Holdings	10	411	Maca Limited	6	387
Alkane Explor. Alliance Aviat.	3 3	106 115	Celsius Coal Centaurus Metal	1 2	4 19	G8 Education GBST Holdings	8 2	1,529 211	Macquarie C Tel Macquarie Group	2 16	152 19,297
Altium Limited	2	250	Ceramic Fuel C.	2	34	GI Dynamics	2	274	Macquarie Atlas	5	1,588
Altona Mining	2	90	Chal Div Prop	2	587	GPT Group	13	6,658	Magellan Fin Gp	7	1,884
Altura Mining Alumina Ltd	2 16	66 4,013	Challenger Ltd Chandler McLeod	17 3	3,817 184	GR Engineering GWA Group Ltd	1 10	86 797	Mastermyne Grp Matrix Comp.	3 3	33 125
Amalgamated Hld	2	1,405	Charter Hall GR	9	1,517	Gage Road Brew.	. 1	65	Maverick Drill.	1	107
Amcor Ltd	12	12,839	Chart H Retail	12	1,465	Gale Pacific	1 2	71	Maxi TRANS Mayne Pharma Gr	3	167
Amcom Telecom. Aneka Tambang	8 8	508 10,475	Clearview WIth Coalspur Mines	1 6	400 35	Generation HC Genetic Tech.	1	167 25	McMillan Shake.	· 4 7	540 709
Ansell Ltd	14	2,976	Coal of Africa	1	69	Geodynamics Ltd	1	20	McPherson's Ltd	4	109
Aquarius Plat.	8 4	232	Cobar Cons Res.	1	19 7 105	Gindalbie Met.	10 1	103 77	Medusa Mining	8 3	347
Aquila Res. Ardent Leisure	8	1,421 1,118	CocaCola Amatil Cochlear Ltd	14 15	7,185 3,402	Global Con Serv Goodman Group	12	8,898	Melbourne IT Mermaid Marine	3 11	167 807
Arena REIT	1	258	Cockatoo Coal	4	132	Goodman Fielder	11	1,320	Mesoblast Ltd	8	1,450
Aristocrat Leis Arrium Limited	14 14	2,878 1,209	Codan Ltd Coffey Int'l	3 2	127 54	Graincorp Grange Resource	12 4	1,913 197	Metals X Ltd Metcash Ltd	2 14	414 2,603
Asciano Limited	16	5,355	Coney Int I	2	21	Greencross Ltd	4	842	Metgasco Ltd	14	2,003
Astro Japan Pro	3	255	Cokal Limited	3	66	Growthpoint Pro	3	1,230	Millennium Min.	2	404
Atcor Medical Atlas Iron Ltd	1 18	16 609	Collection Hse Collins Foods	6 5	235 186	Gryphon Mineral Guildford Coal	10 1	58 48	Mincor Resource Mineral Deposit	3 5	182 163
Atrum Coal NL	2	128	Colorpak Ltd	3	50	HFA Holdings	1	114	Mineral Res.	6	1,916
Attila Res Ltd	2	18	Com'wealth Bank		132,575	Hansen Tech.	2	214	Minemakers Ltd	1	20
Aurizon Hold. Aurora Oil Gas	18 13	10,601 1,876	Comet Ridge Ltd Computershare	1 17	63 7,019	Haranga Res Ltd Harvey Norman	1 14	12 3,176	Mint Wireless Mirabela Nickel	1 7	92 14
Ausdrill Ltd	12	275	Cooper Energy	5	176	Hazelwood Res.	1	34	Mirvac Group	12	6,849
Ausenco Ltd	6	84	Corp Travel M.	7	535	Helloworld Ltd	3	138	Molopo Energy	1	43
Austex Oil Ltd Aust Vintage	2 2	74 72	Countplus Ltd Coventry Group	1 1	193 102	Henderson Group Hills Limited	16 6	2,922 381	Monadelphous Gr Money3 Corp Ltd	16 2	1,577 88
Aust Pharm. Ind	8	264	Credit Corp	5	419	Hillgrove Res.	5	90	Mortgage Choice	5	344
Aust Ren. Fuels	1	9	Cromwell Prop.	5	1,710	Horizon Oil Ltd	7	495	Mt Gibson Iron	14	807
Austal Limited Austbrokers	2 6	416 601	Crown Resorts Crowe Horwath	15 5	11,479 121	Hot Chili Ltd Hughes Drilling	3 1	64 36	My Net Fone Ltd Myer Holdings	3 16	149 1,201
Austin Eng.	6	142	Crusader Res.	2	40	Hutchison Tel.	2	977	Mystate Ltd	2	406
Australand Prop	11	2,658	DUET Group DWS Limited	12	3,215	I-Property Grp IMX Resources	3 2	503	NRW Holdings Nanosonics Ltd	12	287
Aust Education Automotive Hold	3 12	352 1,106	Data 3 Ltd	6 2	161 106	IOOF Holdings	16	18 1,964	Nat'l Aust Bank	3 17	206 78,922
Azonto Petrol.	1	21	David Jones	16	2,068	IPB Petroleum	2	26	Navitas Ltd	11	2,780
BC Iron Ltd BHP Billiton	9 19	445 116,392	Decmil Group Devine	7 1	300 137	IRESS Limited Icar Asia Ltd	8 2	1,323 162	Nearmap Ltd	3 3	182
BT Invest Mgmt	10	1,951	Devine Dexus Property	11	6,248	liNet	14	1,208	Neon Energy Ltd Neuren Pharm.	2	8 124
BWP Trust	8	1,618	Dicker Data Ltd	1	204	Iluka Resources	14	3,559	New Standard En	1	40
Bandanna Energy	' 6 17	44	Discovery Metal	1	16	Imdex Limited	9 2	141 33	New Hope Corp.	7	2,327
Bank of Q'land Base Resources	6	4,149 194	Domino's Pizza Donaco Inter'l	13 4	1,737 449	Impedimed Ltd Incitec Pivot	14	4,491	NewSat Ltd Newcrest Mining	2 15	230 7,489
Beach Energy	14	2,183	Doray Minerals	6	109	Independ. Group	14	992	Nextdc Limited	7	353
Beadell Res.	12	506	Downer EDI Ltd	15	2,295	Indophil Res.	2	199	Nexus Energy	4	23
Bega Cheese Ltd Bendigo Bank	6 17	786 5,168	Drillsearch DuluxGroup Ltd	10 11	662 2,100	Infigen Energy Infomedia Ltd	1 3	153 225	Nib Holdings Nick Scali Ltd	10 2	1,414 202
Bentham IMF Ltd	3	319	Dyesol Ltd	1	53	Ingenia Com Grp	2	311	Nido Petroleum	2	70
Berkeley Res.	2	49 156	E-Bet Limited	2	55 440	Insurance Aust.	17	13,745	Northern Iron	1 8	63 654
Bigair Group Billabong Int'l	2 6	156 510	ERM Power Ltd Echo Ent Group	6 15	440 2,254	Int Research Investa Office	2 11	175 2,057	Nthn Star Res. Nucoal Res.	8 2	654 12
Bionomics Ltd	3	173	Elders Limited .	3	64	Invocare Ltd	11	1,122	Nufarm Limited	12	1,162
Blackthorn Res. Blackmores Ltd	1 6	26 469	Elemental Min. Ellex Medical	1 1	76 27	Iron Ore Hold. Ironbark Zinc	1 1	142 17	OZ Minerals Ltd Oakton Limited	18 12	1,302 114
Bluescope Steel	12	3,264	Emeco Holdings	9	132	Iselect Limited	2	303	Oil Search Ltd	16	14,638
Boart Longyear	13	104	Emerchants Ltd	2	68	JB Hi-Fi Ltd	17	1,803	OnTheHouse Hold	4	43
Boom Logistics	3	66	Empire Energy	1	27	Jameson Res.	2	26	Orica Ltd	15	7,137

Page 16										Market A	Analysis
	No. of	Market		No. of	Market		No. of	Market		No. of	Market
	Brokers	Capital-		Brokers	Capital-		Brokers	Capital-		Brokers	Capital-
	Following			Following	isation		Following	isation		Following	isation
0			0	0		0	0		0	0	
Company	Company	(\$ Mill.)	Company	Company	(\$ Mill.)	Company	Company	(\$ Mill.)	Company	Company	(\$ Mill.)
Origin Energy	1.4	16,036	Range Resources	4	70	Seymour Whyte	2	189	Tissue Therapy	2	69
Orocobre Ltd	14 4	280	Reckon Limited	1 8	273	Shine Corporate	4	333	Titan Energy	4	99
Oroton Group	7	156	Red Fork Energy	2	41	Shopping Centre	8	1,135	Tlou Energy Ltd	2	39
Osprey Medical	2	60	Redflow Limited	1	37	Sigma Pharm.	12	793	Toll Holdings	15	3,815
Ottoman Energy	2	107	Redflex Holding	1	96	Silex Systems	2	222	Toro Energy Ltd	2	65
Pacific Energy	2	174	Reece Australia	2	2,988	Silver Lake Res	13	171	Tox Free Sol.	11	453
Pacific Brands	12	514	Reef Casino Trt	1	206	Silver Chef Ltd	6	141	Transurban Grp	10	13,647
Paladin Energy	13	352	Regeneus Ltd	1	35	Sims Metal Mamt		1,996	TransPacific In	9	1,729
Panaust Ltd	19	1,379	Regional Exp.	2	79	Sino Gas & En.	2	230	Transfield Serv	13	612
Panoramic Res.	7	234	Regis Resources	19	745	Sirius Res. NL	9	812	Treasury Wine	13	3,195
Paperlin X Ltd	2	26	Resource Equip.	3	27	Sirtex Medical	8	963	Treasury Group	3	231
Papillon Res.	11	546	Resource Gener.	4	64	Skilled Group	9	593	Trinity Group	1	49
Patties Foods	5	162	Resolute Mining	5	385	Slater & Gordon	7	1,024	Troy Resources	2	195
Peet Ltd	5	598	Retail Food Grp	5	619	Smart Parking	1	48	UGL Limited	15	1,186
Perpetual Ltd	15	2,197	Reva Medical	2	54	Somnomed Ltd	i	64	UXC Limited	7	239
Perseus Mining	17	161	Rex Minerals	3	64	Sonic Health	15	6,934	Un. Biosensors	1	32
Pharmaxis Ltd	4	19	Ridley Corp.	7	259	Soul Pattinson	1	3,495	Unity Mining	2	8
Phoenix Gold	3	40	Rio Tinto Ltd		25,884	Spark Infrastru	10	2,388	Universal Coal	2	31
Phosphagenics	2	88	Roc Oil Company	8	392	Spec Fashion	7	176	Venture Min.	1	32
Poseidon Nickel	2	34	Royal Wolf Hold	6	321	St Barbara Ltd	8	71	Villa World Ltd	1	142
Praemium Ltd	1	60	Ruralco Hold.	4	244	Starpharma Hold	4	171	Village Road.	6	1,191
Premier Invest	12	1.347	SAI Global Ltd	14	1.077	Starphanna Hold Steadfast Group	4	737	Viralytics Ltd	1	30
Prime Media Grp		374	SFG Australian	4	632	Sth Cross Media	12	737 741	Virgin Aust	12	1,424
Primary Health	15	2,235	SMS Mgmt & Tech		229	Sth Cross Elect	2	87	Virgin Aust Virtus Health	7	695
Pro Maintenance	_	332	SP Ausnet	13	4,572	Stockland	13	9,308	Vision Eye Inst	1	99
Pura Vida En.	10	50	STW Comm Grou		547	Suncorp Group		17,112	Vision Lye inst Vita Group Ltd	2	105
Q.B.E. Insur.	17	13.705	Salmat Ltd	ρ <i>7</i> 6	284	Sundance Res.	17	268	Vita Life Sci.	1	87
QRXPharma Ltd	4	15,705	Sandfire Res.	14	929			581	Vita Life Sci.	1	59
Qantas Airways		3,020			14,220	Sundance Energy Sunland Group	2	283	Vinolo Lla Vocus Comm.	5	408
Qube Holdings	14 12	2,407	Santos Ltd Saracen Mineral	5	285	Super Retail Gr	17	1,678	W'bool Cheese	3	406 454
				5 7						3	454 140
RCG Corporation		158	Sedgman Ltd		110	Swick Min Serv	3	44	WDS Limited	_	
RCR Tomlinson	8	388	Seek Ltd	17	5,729	Sydney Airport	13	9,641	Watpac Ltd	1	157
REA Group Ltd	11	5,655	Select harvest	7	297	Syrah Resources	3	580	Webjet NL	12	199
RXP Services	3	73	Senex Energy	11	830	TFS Corporation	2	492	Wellcom Group	3	113
Ramelius Res.	1	35	Seven West Med.	15	1,744	TPG Telecom Ltd		4,636	Wesfarmers Ltd	15	48,498
Ramsay Health	14	9,235	Seven Group	10	2,375	Tabcorp Holding	14	2,647	Western Desert	3	149
						Tandou Ltd	2	90	Westfield Ret.	13	9,414
_			•	1 1		Tap Oil	3	109	Western Areas	13	1,066

Tassal Group

Ten Network

Teranga Gold

The Reject Shop

Thorn Group Ltd

Tiger Resources

Thinksmart Ltd

Tigers Realm

Telstra

Tatts Group Ltd

Technology One

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846

750

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4,318

65,077

Westside Corp.

Westpac Banking

Westfield Group

Wide Bay Aust.

Woodside Petrol

Woolworths Ltd

Worley Group

World Titanium

Wotif.com Hold.

XRF Scientific

Yancoal Aust.

Whitehaven Coal

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	Cents per	Ex-	Pay- Tax
Company	Share	Date	able Credit
Acurity Healthcare	11.00	20-06	27-06 Full
Argosy Property	1.50	-	- 0.14
AWF Group	7.60	20-06	
Barramundi	1.41	13-06	27-06 0.5483
Comvita	8.00	20-06	27-06 Full
DNZ Property	2.25	06-06	20-06 0.6224
Dorchester Pac.	0.50	16-07	23-07 Nil
F&P Healthcare	7.00 1.5625	20-06 05-06	
Goodman Property Horizon Energy	9.00	13-06	
Kathmandu	3.00	06-06	17-06 Nil
Kingfish	2.66	11-06	27-06 0.2599
Kiwi Income Properties		05-06	19-06 Nil
Mainfreight	19.00	11-07	18-07 Full
Marlin GĬobal	1.89	13-06	27-06 0.0784
Methven Ltd	4.50	20-06	
NPT Property	0.80	20-06	04-07 Full
NZX Aust Mid-Cap	3.58	-	-
Restaurant Brands	10.00	13-06	27-06 Full
Ryman Healthcare	6.20	06-06	20-06 Nil
Sanford	9.00	13-06	16-06 Full 30-06 Nil
Tower Trust Power	6.50 20.00	13-06 30-05	13-06 4.6667
Vital Healthcare Prop.	1.93739		
Z Energy	14.30	23-05	04-06 Full
Aus	stralian Share		0.00 1011
ALS Ltd	20.00	11-06	02-07
Technology One	1.95	04-06	16-06

Village Roadshow special 15.00

Total Return Index for All Listed Shares									
May 12	1515.30	May 19	1511.06						
May 13	1513.50	May 20	1508.33						
May 14	1517.28	May 21	1506.68						
May 15	1512.35	May 22	1508.33						
May 16	1511.17	May 23	1512.96						
May 26	1510.06	Jun 2	Holiday						
May 27	1507.84	Jun 3	1524.12						
May 28	1513.59	Jun 4	1515.60						
May 29	1518.30	Jun 5	1514.43						
May 30	1525.43	Jun 6	1511.98						

17

13

18

14 15

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2

107,418

22 277

46.576

3,937

15

527

30 244

1,472

198

#### Next Issue:

The next issue of Market Analysis will be emailed in five weeks time on Monday July 14, 2014.

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

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24-06 17-07