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

Market Analysis

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Iluka Resources seeks industry rationalisation with hostile takeover offer for a smaller competitor 7

Summary and Recommended Investment Strategy.

Shares are the best long term investments. The stockmarket offers good value. Remain fully invested in the recommended shares.

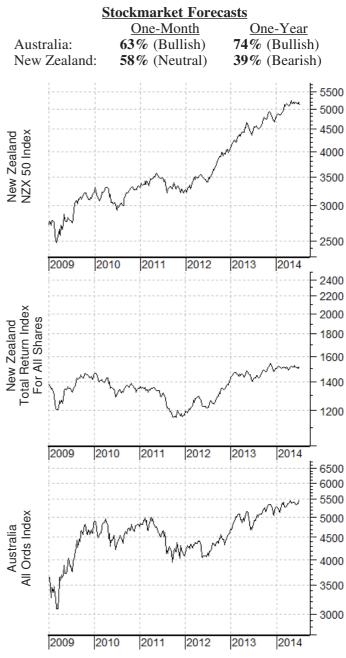
Investment Outlook.

The "life expectancy" of a company is very short. A few companies have been around 25 or 50 or 100 years, but they are a few rare survivors from a very much larger pool of companies. An often quoted (but unsourced and probably inaccurate) statistic states that "80% of new businesses fail within five years". US Census data indicates the failure rate is around 50-55%. That is better, but still very high!

About one-third of NZ <u>listed</u> companies failed in the years immediately after the 1987 crash (although mainly owing to inappropriately tight monetary conditions imposed by the government). 95% of <u>listed</u> Internet companies failed after the Internet boom.

Survival rates for companies can also be misleading: Firstly, a 20-year old company may have a history involving four or five failed businesses, each of which required recapitalisation with new money from shareholders. This is a series of failures, not a 20 year success story. Secondly, shady business people (i.e. "smart money entrepreneurs") could set up a new scam company tomorrow and buy a century old shell company (for a few dollars) and legitimately say "Our business traces its history back to 1914 ...". When that company fails in a few years and they set up a new scam company to defraud new investors, they can again purchase the old shell company from the liquidators and repeat the story. Apparently, no-one will even notice!

So why would anyone ever invest in short life expectancy companies? As we have said many times, <u>limited liability companies are the most adaptable</u> <u>economic entities</u>. Provide them with the right environment - access to capital and potential business opportunities - and their number will expand exponentially like bacteria. Like bacteria, most companies will soon die, but a very small number from this teeming mass will find (stumble across?) a new product or service, or new way to do business - creating significant value from exploiting the dynamic opportunities created by *(Continued on Page 15)*



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

	Performan Forecasi	ce	Price/Sales Ratio	P/E Ratio	Gross Yield	-	Performanc Forecast	e	Price/Sales Ratio	P/E Ratio	•		formance orecast Price	Price/Sales Ratio	P/E Ratio	Gross Yield
AMP Limited Abano Health.	AB	573 655	1.30 0.54	13 40	6.9 4.6	Just Water Int. Kathmandu Ltd	Е	9.2 324	0.30	5 15	Nil 5.1	Renaissance Restaurant Brds	E 14 B 325	0.15	NE 16	Nil 7.1
Acurity Health Air New Zealand	C A	520 203	0.92 0.48	10 12	4.5 5.6	Kermadec Prop. Kingfish Ltd	C C A	67 132	6.58 N/A	11 6	4.5 8.7	Rubicon Limited Ryman Health.	D 40	0.32 N/A	NE 22	Nil 1.4
Akd Int Airport Allied Farmers	BC	382 5.1	N/A 0.12	28 NE	4.5 Nil	Kirkcaldie & St Kiwi Property	ADCECA	212 118	0.57 5.75	NĔ 12	Nil 5.4	SLI Systems Ltd Sanford Limited	B 850 E 140 C 406	N/A 0.82	NE 19	Nil 7.9
Allied Work. Aorere Res. *	B N/R	250 0.9	0.44 9.50	17 NE	4.2 Nil	L&M Energy Lyttelton Port	Ĕ	7.3 321	N/A 2.97	NE 19	Nil Nil	Satara Co-op Scott Tech. Ltd	D 58 B 166	0.19	NE 12	Nil 6.7
Argosy Property Barramundi Ltd		99 64	7.42 N/A	9	6.2 11.1	Mainfreight Grp Marlin Global	Ă A	1434 82	0.74 N/A	16 9	3.1 8.5	Sealegs Corp Seeka Kiwifruit	D 12	0.89 0.46	NE 17	Nil 5.8
Bathurst Res. Blis Technology	ССЕЕ	18 1.6	N/A N/A	NĔ NE	Nil Nil	Mercer Group Meridian Energy	E	17 123	1.02 N/A	52 NE	Nil Nil	Skellerup Hold. Sky City Ltd	A 310 C 171 B 372	1.74 2.27	17 17	6.7 7.7
Briscoe Group Burger Fuel	B C	262 252	1.17 N/A	17 NE	6.6 Nil	Methven Limited Metro. LifeCare	D C B C	107 449	0.74 N/A	15 16	12.2 0.4	Sky Network TV Smartpay NZ Ltd	A 646 D 29	2.84 2.14	18 28	5.3 Nil
CDL Investments Cavalier Corp	B C E C	52 126	3.69 0.43	11 13	5.4 4.5	Michael Hill Mid-Cap Index	C A	132 302	0.92 N/A	13 7	4.9 2.8	Smiths City Snakk Media Ltd	C 54 E 9.0 D 10	0.13 6.47	7 NE	6.5 Nil
Cavotec MSL Charlie's Group	B D	245 43	1.08 4.00	20 51	1.6 Nil	Mighty River Millennium & C.	Ă B B	227 68	1.84 1.99	29 9	7.6 2.5	Snosaj12 Ltd Sol. Dynamics	C 52	0.19 0.66	NE NE	Nil Nil
Chorus Ltd Claridge Cap'l	C D	170 1.5	0.63 N/A	4 NE	21.4 Nil	Moa Group Ltd Mowbray Collect	B D C D	43 50	2.84 1.54	NE NE	Nil Nil	South Port NZ Speirs Group	B 350 C 8.0 C 300 C 322	3.11 0.06	14 NE	9.0 Nil
Col Motor Co Comvita	B C	535 390	0.28 1.07	13 16	8.0 Nil	NPT Limited NZ Exchange Ltd	В	59 131	5.95 5.30	12 28	7.6 5.9	Steel & Tube Summerset Group	C 300 C 322	0.67 N/A	17 20	7.1 1.0
Contact Energy Cynotech Hold.	ВССЕВВО	535 0.2	1.57 0.09	20 NE	6.7 Nil	NZ Experience NZ Farming Sys.	B D	35 65	1.11 1.53	9 NE	11.8 Nil	Synlait Milk TeamTalk Ltd	D 345 B 160	1.20 0.98	44 13	Nil 17.9
DNZ Property Delegat's Group	B B	164 420	7.66 1.85	12 10	6.9 3.4	NZ Finance Hold NZ Oil & Gas *	D N/R	1.0 80	5.55 3.32	NE 13	Nil 10.8	Telecom Corp Tenon Ltd	A 272 C 152	1.18 0.21	21 NE	8.4 Nil
Diligent Board Dorchester Pac	D E C	410 23	4.37 3.63	47 34	Nil 2.2	NZ Refining Co NZ Wool Service	DE	172 42	2.16 0.19	NE NE	1.6 Nil	Tourism Hold. Tower Limited	B 120 C 182 C 353	0.59 1.33	35 NE	4.8 6.0
Ebos Group Ltd F & P Health.	в	1010 463	0.36	23 26	4.2 3.7	NZ Windfarms NZSX 50 Port.	EB	6.1 174	2.18 N/A	12 8	Nil 2.6	Trade-Me Ltd Training Sol.	D 0.6	8.52 N/A	18 NE	6.4 Nil
Finzsoft Sol'ns Fletcher Build. Foley Fam Wines	A C	72 885 150	0.64	8 19	Nil 4.5 Nil	NZSX 10 Fund NZX Aust MidCap		115 473 25	N/A N/A	6 NE NE	3.4 4.1	Trilogy Intern. Trust Power Ltd Turners Auction	D 48 B 720 B 268	1.00 2.78 0.82	28 20 15	Nil 7.1 8.3
Fonterra S/H Fd Freightways Ltd	D C A	580 505	2.11 0.20 1.91	38 18 19	5.5 5.3	New Image Group Northland Port Nuplex Indust		308 306	0.79 N/A 0.36	19 11	Nil 4.6 6.9	Turners & Grow. Vector Ltd	B 268 B 208 C 253	0.82 0.33 1.97	15 15 12	8.5 Nil 8.5
Genesis Res. Genesis Energy	D B	1.8 180	N/A N/A	NE 43	Nil 9.9	Opus Int'l Cons Ozzy (Tortis)	C C	183 370	0.58 N/A	12 NE	6.0 3.2	Velo Capital Veritas Invest.	D 7.0	N/A 1.42	NE NE	Nil Nil
Gentech Group GeoOP Ltd	D	253 72	N/A N/A	NE NE	Nil Nil	PGG Wrightsons Pac Edge Bio.	АССССЕСЕ	41 77	0.27 N/A	21 NE	7.7 Nil	Vetilot Limited Vital Health PT	E 115 C 0.3 C 140 E 12 C 310	N/A 8.17	NE 14	Nil 5.6
Goodman Prop. Guinness Peat	B C	108 67	8.21 0.43	10 17	6.0 Nil	Pharmacybrands Pike River Coal	C E	123 88	1.46 N/A	12 NE	4.1 Nil	WN Drive Tech. Warehouse Group	E 12 C 310	0.59 0.43	NE 6	Nil 9.4
GuocoLeisure Hallenstein G.	B C C	101 308	2.32 0.83	23 10	Nil 15.1	Port Tauranga Postie Plus Grp	A E	1520 7.3	8.35 0.03	18 NE	4.3 Nil	Windflow Tech. Wool Equities	D 7.1 D 2.2	0.38 0.33	NE NE	Nil Nil
Heartland Bank Hellaby Hold.	в	96 279	1.64 0.48	54 14	6.7 6.7	Precinct Prop. Promisia Integ.	A E C D	109 4.5	8.50 N/A	24 NE	5.2 Nil	World Index Fd Wynyard Group	E 100 E 200 E 2475	N/A 9.06	NE NE	Nil Nil
Heritage Gold * Horizon Energy	N/R C	1.8 339	N/A 0.81	NE 12	Nil 6.1	Property F Ind. Pumpkin Patch	CD	134 40	N/A 0.23	14 12	6.3 Nil	Xero Ltd Z Energy Ltd	B 384	N/A 0.46	NE 16	Nil 8.0
Infratil NZ Insured Group	C D	248 1.5	0.60 0.20	NE NE	5.3 Nil	Pyne Gould Corp Rakon Ltd	D D	36 25	2.58 0.32	3 NE	Nil Nil	Zintel Comm. Ave of 146 Cos	D 44 C 223	0.54 0.50	NE 20	Nil 3.5
A.P. Eagers AGL Energy Ltd	A A	560 1588	0.37 0.91	16 23	4.1 4.0	Echo Ent Group Energy Develop.	A B	315 502	1.50 2.09	31 15	1.9 2.2	Premier Invest Primary Health	A 885 B 470	1.35 1.63	8 16	4.3 3.7
ALS Limited AMP Ltd	A A	893 539	2.34 0.79	23 22	4.4 4.3	Envestra Fairfax Media	A A	136 90	4.82 1.03	23 14	4.3 2.2	Q.B.E. İnsur. Qantas Airways	C 1147 B 129	0.71 0.18	NE NE	2.8 Nil
ANZ Bank APA Group	A A	3335 704	2.70 4.62	15 20	4.9 5.0	Federation Cent Flexicorp Ltd	A B	246 323	6.43 3.42	17 15	5.7 4.5	Qube Holdings REA Group Ltd	A 230 A 4500	1.97 N/A	26 54	2.0 0.9
ARB Corporation ASX Limited	A A	1210 3586	3.01 8.82	21 20	2.3 4.7	Flight Centre Fortescue Metal	B	4532 434	2.29 1.52	18 7	3.0 2.3	Ramsay Health Recall Holdings	A 4539 C 509	2.19 N/A	34 NE	1.6 Nil
AVEO Group AWE Limited	BA	201 179	2.23	NE 47	0.5 Nil	G8 Education GPT Group	A A	446 388	4.88 N/A	43 12	2.7 5.3	Reece Australia Regis Resources	B 3100 B 188	2.01	26 6	2.0 Nil
Abacus Property Adelaide Bright Ainsworth Game	A A A	250 362 380	4.03 1.88 6.18	19 15 23	6.6 4.6 2.1	GWA Group Ltd Genworth Mort. Goodman Fielder	B C A	276 313 66	1.50 N/A 0.60	26 NE 13	5.3 Nil 4.6	Rio Tinto Ltd S/Tracks ASX200 SAI Global Ltd	B 6214 A 5109 A 507	2.00 N/A 2.21	10 6 25	3.4 3.8 3.0
Alumina Ltd Amalgamated Hld	С	139 940	N/A 1.87	NE 19	Nil 4.5	Goodman Group Graincorp	Â	512 841	N/A 0.43	54 14	3.8 4.8	SP Ausnet Sandfire Res.	A 136 B 630	2.40 1.93	14 11	6.0 Nil
Amcor Ltd Aneka Tambang	B D	1022 110	0.99 N/A	21 NE	3.6 Nil	Greencross Ltd Growthpoint Pro	A	946 248	3.31 6.43	NE 12	1.1 7.4	Santos Ltd Scentre Group	A 1400 C 334	3.78 N/A	26 NE	2.1 Nil
Ansell Ltd Aquila Res.	A B	1894 339	1.85 N/A	18 NE	2.0 Nil	Harvey Norman Henderson Group	B A	312 444	2.50 4.65	23 21	2.9 3.3	Seek Ltd Senex Energy	A 1646 B 71	8.87 5.44	40 13	1.3 Nil
Ardent Leisure Argo Investment	A B	263 776	2.94 N/A	37 29	4.6 3.4	Hutchison Tel. IOOF Holdings	E B	7.6 825	N/A 2.79	NE 24	Nil 5.1	Seven West Med. Seven Group	B 193 B 753	1.02 0.49	6 5	13.0 5.3
Aristocrat Leis Arrium Limited	A C C	540 78	3.68 0.17	28 NE	2.7 3.9	IRESS Limited	B A	844 735	5.33 1.26	55 19	4.5 2.6	Shopping Centre Sigma Pharm.	B 175 A 76	N/A 0.29	NE 12	6.4 5.3
Asaleo Care Ltd Asciano Limited	A	179 577	N/A 1.53 2.85	NE 17 24	Nil 2.0	Iluka Resources Incitec Pivot	B	830 295	4.06 1.41	NE 13	1.1 3.1	Sims Metal Mgmt Sirius Res. NL	C 1001 B 368	0.28 N/A	NE NE	Nil Nil
Aurizon Hold. Aust United In Australand Prop	A B A	503 824 447	2.85 N/A 2.45	25 19	2.4 3.6 4.8	Independ. Group Insurance Aust. Investa Office	A B	480 598 342	4.95 1.36 N/A	61 NE 13	0.4 6.0 5.2	Sirtex Medical Slater & Gordon Sonic Health	A 1876 A 521 A 1755	N/A 3.54 2.00	56 25 21	0.5 1.3 3.5
Aust Foundation Automotive Hold	A B	612 368	N/A 0.41	26 25	3.6 5.4	Invocare Ltd JB Hi-Fi Ltd	A B A	1014 1902	2.83 0.57	23 16	3.4 3.8	Soul Pattinson Spark Infrastru	B 1519 A 191	4.60 8.15	23 20	3.0 2.9
BHP Billiton BT Invest Mgmt	Ā B	3758 664	3.04 6.31	17 32	3.4 2.7	James Hardie Kangaroo Island	A C	1380 300	4.80 N/A	NE	1.3 Nil	Spotless Group Steamships Trad	C 178 B 3700	N/A 2.76	NË 22	Nil 2.2
BWP Trust Bank of Q'land	A A	253 1210	N/A 1.57	12 21	5.6 4.8	Kardoon Gas Leighton Hold	C A	325 2065	N/A 0.31	NE 14	Nil 5.1	Sth Cross Media Stockland	B 115 A 394	1.26 5.25	8 87	7.8 6.1
Beach Energy Bendigo Bank	A	164 1232	2.98 1.51	14 16	1.7 5.0	Lend Lease Grp Liq Natural Gas	A B	1324 222	9.87 N/A	14 NE	3.2 Nil	Suncorp Group Super Retail Gr	A 1363 B 904	1.08 0.88	35 17	4.0 4.2
Bluescope Steel Boral Limited	B	564 535	0.43 0.78	NE 40	Nil 2.1	M2 Group Ltd Macquarie Group	BA	590 5926	1.54 2.34	24 15	3.4 4.4	Sydney Airport Syrah Resources	A 435 B 599	8.65 N/A	33 NE	3.5 Nil
Brambles Ltd Breville Group	A B B	916 810	2.21 2.17 3.49	20 21 21	2.9 3.2 2.8	Macquarie Atlas Magellan Fin Gp Mesoblast Ltd	A B	336 1121 432	N/A N/A	39 26	1.7 1.9 Nil	TPG Telecom Ltd TTG Fintech Ltd Tabcorp Holding	A 551 C 370 A 336	6.04 N/A 1.25	29 NE 17	1.4 Nil 5.7
Brickworks Ltd C.S.R. Ltd CFS Retail Prop	A A	1432 372 205	1.08 7.85	21 20	2.0 2.7 6.6	Metcash Ltd Milton Corp.	D B B	432 265 463	N/A 0.18 N/A	NE 11 25	10.6 3.5	Tatts Group Ltd Technology One	A 336 A 341 A 270	1.62 4.59	21 31	4.5 2.1
CSL Limited Caltex Austrlia	BA	6749 2237	6.07 0.24	25 11	1.7 1.5	Mineral Res. Mirvac Group	BB	1059 178	1.80	11 46	4.5 4.9	Telstra Toll Holdings	A 533 B 524	2.55 0.43	17 41	5.3 5.2
Cardno Ltd Carsales.com	A	641 1115	0.77 N/A	12 32	5.6 2.5	Monadelphous Gr Myer Holdings		1683 229	0.58 0.42	10 11	8.1 7.9	Transurban Grp TransPacific In	A 766 C 103	9.63 0.71	67 NE	4.0 Nil
Challenger Ltd Chart H Retail	A A	745 388	2.40 7.59	9 25	2.7 6.9	Nat'l Aust Bank Navitas Ltd	A A	3367 525	1.74 2.69	14 26	5.6 3.7	Treasury Wine UGL Limited	A 510 A 710	1.91 0.31	78 13	2.5 5.5
Charter Hall GR CocaCola Amatil	A B	416 940	N/A 1.41	23 14	4.9 6.0	New Hope Corp. Newcrest Mining	A A	265 1120	3.35 2.27	18 23	4.2 1.1	Veda Group Ltd Village Road.	C 199 A 751	3.80 1.28	NE 24	Nil 3.5
Cochlear Ltd Com'wealth Bank	A	6242 8123	4.72 2.91	27 17	4.0 4.5	Nib Holdings Nine Entertain.	A B	314 204	1.07 0.32	21 NE	3.2 Nil	Virgin Aust WAM Capital Ltd	C 42 B 195	0.27 N/A	NE 20	Nil 6.2
Computershare Country Road Cromwell Prop.	A A B	1256 1636 100	3.16 2.38 7.40	41 41 37	2.2 1.6 7.3	Nthn Star Res. Nufarm Limited OZ Minerals Ltd	A A B	162 460 437	4.76 0.53 2.06	29 15 NE	3.1 1.7 4.6	Wesfarmers Ltd Western Areas Westfield Ret.	A 4296 A 496 A 328	0.72 3.18 8.95	19 20 13	4.2 0.4 3.0
Cromwell Prop. Crown Resorts DUET Group	В В В	1560 240	7.40 5.92 2.17	24 NE	7.3 2.4 10.1	OZ Minerais Ltd Oil Search Ltd Orica Ltd	A A	437 947 2095	2.06 N/A 1.12	55 13	4.6 0.5 4.5	Westfield Corp. Westfield Group	A 328 C 743 A 1084	8.95 N/A 5.46	13 NE 14	3.0 Nil 4.7
David Jones Dexus Property	A A	393 114	1.14 8.64	22 10	4.3 5.3	Origin Energy Orora Limited	A C	1437 144	1.21 N/A	16 NE	3.5 Nil	Westpac Banking Whitehaven Coal	A 3395 B 145	2.72 2.38	15 NE	5.1 Nil
Djerriwarrh Domino's Pizza	B A	489 2148	N/A 5.24	30 54	5.3 1.4	Pact Group Hold Panaust Ltd	B A	358 225	0.58 1.85	14 37	Nil 2.7	Woodside Petrol Woolworths Ltd	A 4146 A 3597	5.15 0.77	17 20	5.0 3.7
Downer EDI Ltd DuluxGroup Ltd	B A	454 557	0.23 1.41	10 27	4.6 3.1	Perpetual Ltd Platinum Asset	A B	4850 652	5.12 N/A	35 29	1.9 3.4	Worley Group Zimplats Hold.	A 1844 B 750	0.52 1.45	14 11	5.0 Nil
					Co	opyright © Sect	urities	Rese	earch C	omp	any L	td Ave of 1936 Cos	C 157	0.23	11	2.0

July 14, 2014. Recommended Investments

Cavalier Corporation has downgraded its June 2014 profit forecast. The company now expects to report a net profit of \$5-6 million (7-9 cents per share). This is down from the \$6-9 million predicted in February and the \$8-10 million expected at the start of the year.

(Continued on Page 4)



Portfolio of Recommended Investments

CURRENT Perform- Issued Vola- Price/ Gross Recent Cash Total													
CURRENT ADVICE	Company		Initial Recomn		mance	Shares	tility	Sales	Earnings	Dividend	Share	Dividends	Return
	NZ Shares	Code	- Date -	Price	Forecast	(mil.)	Ratio	Ratio	Ratio	Yield	Price	Rec'd	%
BUY	CDL Investments Ltd	CDI	12/01/99	25	Е	274.7	1.3	3.69	11	5.4	52	25 /	+208%
HOLD	Cavalier Corporation	CAV	05/12/95	156*	Ċ	68.3	1.2	0.43	13	4.5	126		+162%
HOLD	Colonial Motor Company	CMO	10/11/92	128*	В	32.7	0.4	0.28	13	8.0	535		+635%
HOLD	Lyttelton Port Company	LPC	12/12/00	150	C	102.2	0.4	2.97	19	Nil	321		+055%
HOLD+	Michael Hill Int'l Ltd	MHI	11/06/91	5*	C	382.8	0.8	0.92	13	4.9	132		-3558%
HOLD		NPX	11/00/91	523*	C	198.1	1.1	0.92	11	4.9 6.9	306	451.0	+45%
HOLD	Nuplex Industries Ltd				E				NE	Nil	14		+45% -20%
HOLD	Renaissance Corp	RNS SCY	13/08/96 09/10/06	85* 64	с С	43.6 52.7	4.1 1.2	0.15 0.13	™⊏ 7	6.5	14 54	53.9 22.0	-20% +19%
-	Smiths City Group			-							-		
HOLD	South Port New Zealand	SPN	13/02/96	120	B	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	0.67	17	7.1	300	281.6	+298%
	Australian Shares (in Aust			00	•	100 5	~ ~	10.05	00	7.4	100	N 111	100/
BUY	Acrux Limited	ACR	12/05/14	99	A	166.5	0.9	10.85	26	7.4	109	Nil	+10%
HOLD+	AJ Lucas Group	AJL	13/05/03	107*	С	267.4	0.8	0.66	NE	Nil	92	36.4	+20%
HOLD+	ALS Limited	ALQ	12/10/99	77*	A	394.3	0.4	2.34	23	4.4	893		-1403%
BUY	AtCor Medical Ltd	ACG	11/11/13	15	D	150.8	3.1	1.41	5	Nil	9	Nil	-43%
HOLD+	Atlas South Sea Pearl	ATP	14/05/96	73	С	281.7	2.8	3.69	NE	Nil	9	17.5	-63%
BUY	Ausenco Ltd	AAX	10/06/13	191*	В	168.4	1.4	0.20	NE	3.6	55	1.8	-70%
HOLD+	Brickworks Ltd	BKW	12/11/12	1115	В	148.0	0.3	3.49	21	2.8	1432	54.5	+33%
HOLD	Cardno Ltd	CDD	14/12/09	391*	A	162.6	0.5	0.77	12	5.6	641	134.3	+98%
HOLD	Cellnet Group Ltd	CLT	12/02/02	147*	С	55.7	2.0	0.13	9	Nil	18	55.9	-50%
BUY	Chandler Macleod Group	CMG	14/08/01	51*	В	548.0	1.6	0.10	8	9.8	33	30.3	+23%
BUY	Circadian Technologies	CIR	10/02/04	188	С	48.6	1.9	8.23	NE	Nil	20	65.0	-55%
HOLD+	Clarius Group Ltd	CND	08/04/03	82*	С	89.6	1.8	0.10	NE	Nil	26	70.5	+17%
BUY	CPT Global Ltd	CGO	10/03/08	88	С	36.7	1.2	0.71	77	Nil	68	14.3	-7%
HOLD	CSG Limited	CSV	11/10/10	175	В	278.8	1.1	1.48	31	Nil	99	41.0	-20%
HOLD	Devine Ltd	DVN	13/11/06	334*	С	158.8	0.9	0.58	NE	Nil	102	79.6	-46%
BUY	Ellex Medical Lasers	ELX	14/03/06	49	С	84.9	1.7	0.66	NE	Nil	34	Nil	-32%
BUY	Fiducian Portfolio Ser	FPS	11/02/08	260	Α	31.5	0.8	2.28	15	4.5	157	47.9	-21%
BUY	Finbar Group Ltd	FRI	12/04/10	106	В	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	4.06	0	1.1	830	191.0	+117%
BUY	Integrated Research	IRI	14/01/08	40	В	169.0	0.8	3.64	20	4.7	106	26.5	+230%
BUY	M2 Telecommunications	MTU	09/10/06	33	В	180.5	0.4	1.54	24	3.4	590	79.0+	-1927%
BUY	Melbourne IT	MLB	10/02/04	53	В	92.9	0.7	1.33	22	Nil	166	229.0	+645%
HOLD	Nomad Building Solutio	NOD	16/08/10	13*	D	277.5	4.3	0.16	3	Nil	5	Nil	-65%
HOLD	Novarise Renewable Res	NOE	14/03/11	25	С	415.1	2.1	0.83	8	Nil	19	Nil	-24%
HOLD	Probiotec Ltd	PBP	11/02/08	116	С	52.9	1.2	0.38	24	Nil	48	9.3	-51%
HOLD+	Prophecy International	PRO	08/09/08	26	В	55.4	1.4	3.58	19	7.1	49	15.0	+146%
HOLD+	Skilled Group Ltd	SKE	12/03/02	126	В	235.3	0.8	0.28	9	7.0	228		+211%
HOLD+	Technology One Ltd	TNE	11/11/03	44	А	307.8	0.5	4.59	31	2.1	270	44.6	+615%
HOLD+	TFS Corporation Ltd	TFC	08/01/07	45	А	324.2	0.6	4.31	10	1.6	190		+359%
BUY	The Reject Shop Ltd	TRS	11/01/05	257	В	28.8	0.4	0.44	14	3.9	950		+412%
HOLD	Village Roadshow		10/08/09	77	А	159.5	0.4	1.28	24	3.5	751		-1186%
	age Total Return (i.e. both Ca												
+311.4%	. This is equal to an average a	Innual ra	te of +31.7%	, based	upon the	length o	of time e	each po	sition ha	ls been h	neld.		
The aver	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												
	with CDC Total Daturn Index												

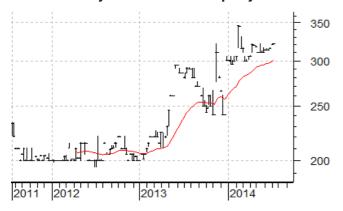
+4.0% (by the SRC Total Return Index). CURRENT ADVICE is either Buy, Hold+, Hold, Hold- or Sell. Hold+ indicates the most attractive shares not rated as Buy. Hold- indicates relatively

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

Recommended Investments

(Continued from Page 3) **Lyttelton Port Company** believes its redevelopment could cost \$1000 million and take 30 years to complete. This includes moving the port towards the east to expand the container port to handle much larger ships, a new Diamond Harbour ferry terminal linking with other public transport and possibly a new marina and other commercial developments.

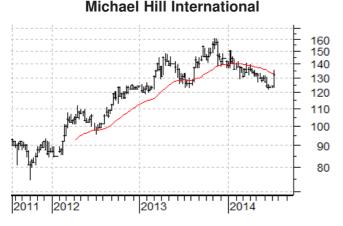
Lyttelton Port Company



Michael Hill International store revenues for the June 2014 year rose about 9.7% to A\$482.8 million. *Professional Care Plan* receipts grew 19.6% to A\$31.7 million, of which A\$20.0 million (up 51.3%) will be earned revenues for the period.

Revenues grew rapidly in New Zealand, Canada and the United States, but slower in Australia which still generates over 62% of group revenues.

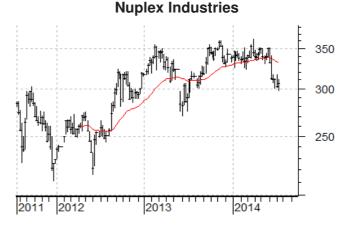
Total Canadian revenues grew 36.9%, contributing 14.6% of group revenues (up from 11.7% a year earlier).



Nuplex Industries lowered its June 2014 forecast of earnings (before interest, depreciation and tax) to \$121-125 million (down from its earlier estimate of \$130-145 million) owing to "weaker than expected performance in May" (and probably in June) from the Australian and New Zealand operations. The local *Resins* earnings are expected to be 35-40% lower at \$3.5-3.8 million while the *Specialities* earnings will be 45-50% lower at \$12.8-14.0 million. This is offset by 15-20% growth in Europe and 10-15% growth in Asia, with a steady performance from the smaller American business.

Net profit is expected to be similar to the June 2013 year.

Subsequently the company sold its 49% interest in **Quaker Chemical (Australasia) Pty** to **Quaker International** for A\$8 million. That will generate a small profit, lifting the 2014 result to slightly higher than the 2013 net profit.

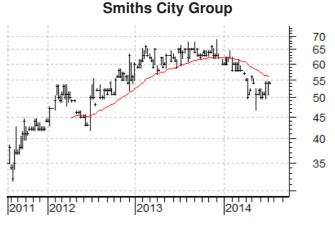


<u>Smiths City Group</u>'s profits recovered strongly from the 2013 result (excluding an insurance receipt last year).

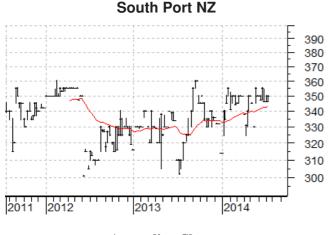
ear to 30/4/2014	1	
Latest	Previous	Change
\$220.6m	\$222.5m	-0.9%
\$4.1m	\$2.0m	+105.0%
\$3.1m	\$0.7m	+342.9%
7.8c	2.8c	+178.6
3.5c	3.5c	Nil
	Latest \$220.6m \$4.1m \$3.1m 7.8c	\$220.6m \$222.5m \$4.1m \$2.0m \$3.1m \$0.7m 7.8c 2.8c

The company earned higher returns from its Finance and Property divisions, while Retail earned higher returns from furnishings, offset by disappointing results from appliances.

Stage II of its Colombo Street property redevelopment during the first half of the new financial year will offer the opportunity to increase retail market share in the Christchurch market.



South Port NZ has upgraded its forecast for the June 2014 year following "stronger final quarter cargo flows". Net profit is now expected to be "similar" to the \$6.5 million earned in 2013, up from its earlier estimate of only \$5.8-6.0 million.



Australian Shares

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

Acrux Ltd will announce June quarterly sales of Axiron at the end of July. That news *could* have a significant short term impact on the share price. The share price will also likely remain volatile owing to the (increased) 13.7% short interest. As discussed last month, "most short selling occurs *after* price declines and *prior* to large market rallies".

<u>Any good news could trigger a buying panic as short</u> sellers rush to cover these very large short positions.



AtCor Medical Holdings is continuing to experience delays in completing sales in the pharmaceutical market and expects annual group revenues to June 2014 to be down about 45% to around \$5.0 million. This will result in a *loss* of about \$2.2-2.6 million (down from a Net profit of \$2.7 million in 2013) and a net operating cash *deficit* which we estimate at around \$1-1½ million.

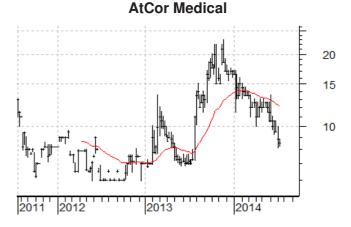
Cash on hand should be around \$2.2 million.

AtCor Medical has not lost any pharmaceutical trial contracts, but extensions to existing trials have slowed the commencement of new studies.

Sales to Clinical Specialists are growing, but research sales are down on 2013 which was boosted by a large one-off order.

The company has also completed its joint product development with **SunTech Medical Inc** to produce a new ambulatory blood pressure monitor (ABPM) system named *Oscar 2*. This combines SunTech's ABPM device with AtCor's *SphygmoCor* technology to "create a comfortable patient-focused device" that can "be worn by patients over a 24-hour period". Regulatory approval should allow product sales "later in 2014".

While AtCor Medical has faced difficult market conditions this year - and lower revenues and a loss of profitability - the company remains in a sound financial position with good potential for future growth.



Atlas Pearls and Perfumes has completed its "most successful pearl auction to date", selling \$2.5 million worth of pearls in June. Prices were 14% above reserve (and 40% higher than the company's first auction in May 2012).

The company is aiming to *double* revenues to \$25 million over the two years to June 2016, with \$15 million from wholesale pearl sales and \$10 million from value added products.

The Australian Research Council has awarded a \$540,000 grant to support the pearl research program conducted by Atlas and James Cook University, to continue further genetic research over the next three years.



Brickworks has experienced a 20% increase in brick demand in the current financial year (to 31 July 2014) as well as "a more broad based recovery in building materials demand", which will "deliver improved earnings".

The company also reports "<u>higher than anticipated</u> revaluation profits on Property Trust developments" which will produce a "significantly improved contribution" from the Property division this year. (Continued on Page 6)

Recommended Investments (Continued fromPage 5) Brickworks



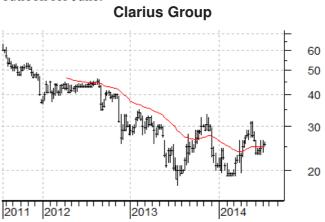
Cardno is currently ranked 35th (by revenues) among the world's largest global engineering firms. Its new 2015-2020 plan (under development) will seek to grow the company to become a top 20 company. That would require lifting revenues about 50% (relative to competitors in the field). Cardno will continue to grow through acquisition but is also to "strengthen" its focus upon organic growth - which is the only way to grow shareholder wealth.



Circadian Technologies has been awarded a *Biopharmaceutical Development Fund Grant* (of an undisclosed amount) by **Biopharmaceutical Australia Pty** (a company wholly owned by the **Queensland Government**) for the manufacture of its eye therapy OPT-302.

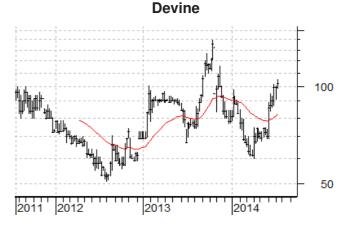


<u>Clarius Group</u> reports a three month extension of its banking facility - and negotiations for a 12-month extension - but more importantly reports "<u>a very</u> <u>profitable May in all divisions</u>" and an "encouraging" outlook for June.



Devine has won a \$150 million construction contract to build the *Westmark Milton* development for **Walker Corporation**. The project involves two towers of 20 storeys with 277 one and two bedroom apartments.

Devine's major shareholder, **Leighton**, is seeking to sell its stake in the company.



Ellex Medical Lasers "secured strategically important" first sales contracts for its new *2RT* retinal therapy in Germany and Austria during June. These lasers have been installed, commissioned and the first patients treated.





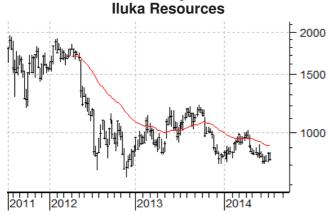
Finbar Group forecasts its profit to 30 June 2014 will be about 15% higher at \$36 million, with earnings per share up about 10% to 16 cents. The company will pay a final 6.0 cents dividend, lifting the annual dividend rate 5.3% to 10.0 cents.

Cash on hand at the end of June was \$61 million - up 74% on a year earlier.



Iluka Resources has made a hostile takeover offer to acquire **Kenmare Resources plc**. The company has offered 0.036 Iluka Resources shares for each share of Kenmare Resources - which has been rejected by the Kenmare Resources board.

Kenmare Resources - which is about one-sixth the size of Iluka Resources - has a head office in Dublin and is listed on the London Stock Exchange but its principal operation is the *Moma Titanium Minerals Mine* on the north east coast of Mozambique.

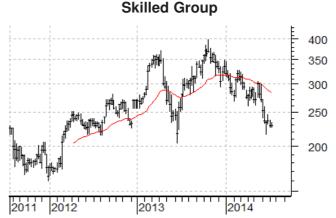


<u>M2 Group</u> has confirmed that its June 2014 profit will be approximately mid-point of its guidance of \$150-170 million for earnings (before interest, depreciation and tax) and \$60-70 million for net profit.



Skilled Group has commenced the contract to provide manning services for the *Ichthys Gas Export Pipeline* project. This will require up to 1000 qualified construction and marine crews, with a total contract value of \$200 million and will be completed by June 2015. This project will also require Skilled Group to take on an extra \$90 million of short term debt.

The June 2014 year experienced a "strong performance in the second half in Engineering and Marine Services".



TFS Corporation has upgraded its full year profit forecast to "in excess of \$70 million". That is up more than 25%, although earnings per share will be about 10% higher owing to the increased issued capital following the recent share placement.

Part of that increased profit will come from the \$35.0 million re-purchase of 364 hectares of plantations developed in 2010 and 2011. The company values its plantations at "net market value" which is actually the "net present value of expected future cash flows" which is "likely to exceed the purchase price". The investor selling these plantations has agreed (subject to limited conditions) to purchase 548 hectares of new plantations in the current financial year.

Plantation sales for the year to 30 June 2014 were up 1% by volume to around 1700 hectares, but with a higher percentage to managed investment schemes and high net worth individuals (at higher prices than to institutional investors) so revenues rose 9%.

The UK institution that expressed an interest in March has contracted to purchase 331 hectares of new plantations in the current financial year, with settlement in the September 2014 quarter. It also has options to acquire further plantations in future years.

TFS Corporation



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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		<u>NGTH R</u> 4-Wk Chg.	Rank	Insider Buy-Sell	Following	Price to NTA	Return on Equity	Vola- til- ity	Price Earn. Ratio	Divi- dend Yield	Price Sales Ratio	Market Cap'n	Comį	pany	Share Price		<u>VGTH R</u> 4-Wk Chg.	Rank	Buy-Sell	Following	Price F to NTA E	Return on Equity	Vola- til- ity	Price Earn. Ratio	Divi- dend Yield	Price Sales Ratio	Market Cap'n
UNDER-VALUED	SHAR	ES: Lo	west P	rice/S	Sales.	Yld	> 0. R	lel Str	enath	1 > 0				OVE	ER-VALUED S	HARE	S : Hiah	est Pr	ice/Sa	ales R	atios.	Rela	itive S	Strend	ath < 1	0		
PGG Wrightsons	41				1-0		1.2	6	1.7	21	7.7	0.27	309		de-Me Ltd	353	-7.0	-1.2			12			0.5	18		8.52	1,399
Col Motor Co	535		-2.2		0-0		1.3		0.4		8.0	0.28	175		I Health PT	140	-58.3	+0.0		8-0	4		11		14		8.17	473
Ebos Group Ltd	1010	+0.2	+0.9	49	0-1	5	2.2	9	0.7	23	4.2	0.36	662	Sna	kk Media Ltd	9	-10.1	-0.4	88	0-0	1 2	8.1	-	2.2	NE	Nil	6.47	24
Z Energy Ltd	384	+1.5	-0.5	39	0-0	6	2.6	16	0.8	16	8.0	0.46	1,536	NPT	Γ Limited	59	-0.6	-0.5	62	1-0	2	0.8	7	0.5	12	7.6	5.95	95
Seeka Kiwifruit	310	+19.2	+0.5	3	1-0	-	0.8	4	0.4	17	5.8	0.46	45	Dilig	gent Board	410	-4.4	+0.4	76	0-0	3 13	3.0	28	0.8	47	Nil	4.37	343
Air New Zealand	203	+14.4	-2.7	3	1-10	7	1.2	10	0.9	12	5.6	0.48	2,235	Cha	Irlie's Group	43	-58.3	+0.0	97	0-0	- 1	7.7	15	1.0	51	Nil	4.00	126
Abano Health.	655	+2.3	-1.5	30	0-0	2	1.5	4	0.7	40	4.6	0.54	112	CDL	Investments	52	-3.3	-0.3	71	0-0	-	1.2	11	0.7	11	5.4	3.69	141
Tourism Hold.	120	+10.2	-3.1	5	7-6	-	0.7	2	1.0	35	4.8	0.59	132	Doro	chester Pac	23	-1.0	-0.7	65	0-0	- (0.9	3	1.4	34	2.2	3.63	114
Infratil NZ	248	+2.6	+1.6	28	5-2	4	1.4	0	0.8	428	5.3	0.60	1,447	NZ	Oil & Gas	80	-1.0	+1.5	66	0-0	4 (0.9	7	0.9	13	10.8	3.32	329
Steel & Tube	300	+1.3	+0.2	42	0-0	4	1.7	10	0.9	17	7.1	0.67	265	Moa	a Group Ltd	43	-18.7	-2.6	93	1-0	1	1.5	-	0.9	NE	Nil	2.84	13
Mainfreight Grp	1434	+7.4	+0.6	8	0-5	6	3.2	20	0.5	16	3.1	0.74	1,420	Pyne	e Gould Corp	36	-2.6	-0.9	69	0-0	- (0.6	18	1.0	3	Nil	2.58	78
Turners Auction	268	+6.9	-2.6	10	0-0	-	4.0	26	0.9	15	8.3	0.82	73	NZ	Windfarms	6	-4.7	+0.4	79	0-0	- (0.3	2	1.8	12	Nil	2.18	18
Restaurant Brds	325	+7.1	+1.4	9	0-0	3	4.9	31	0.9	16	7.1	0.96	318	NZ I	Refining Co	172	-7.8	+1.8	84	0-0	5	0.8	-	0.7	NE	1.6	2.16	482
														Fole	ey Fam Wines	150	-3.6	-1.7	73	0-0	- 1	1.1	3	0.6	38	Nil	2.11	65
BEST PERFORM	ING SH	IARES	: Stron	igest	Shares	s, P/	E < 2	0, P/S	6 < 1.	0																		
Finzsoft Sol'ns	72	+21.5	+1.8	2	0-0	-	1.8	22	0.7	8	Nil	0.64	6	WO	RST PERFOR	MING	SHARE	S: We	eakes	t Shar	es, P	/S Ra	atio >	0.25,	Yield	1 < Tv	vice Ave	erage
Seeka Kiwifruit	310	+19.2	+0.5	3	1-0	-	0.8	4	0.3	17	5.8	0.46	45	Vital	l Health PT	140	-58.3	+0.0	98	8-0	4	1.5	11	0.4	14	5.6	8.17	473
Air New Zealand	203	+14.4	-2.7	3	1-10	7	1.2	10	0.7	12	5.6	0.48	2,235		rlie's Group	43	-58.3	+0.0	97	0-0	- 1	7.7	15	0.9	51	Nil	4.00	126
Mainfreight Grp	1434	+7.4	+0.6	8	0-5	6	3.2	20	0.5	16	3.1	0.74	1,420	Geo	OP Ltd	72	-23.5	-4.9	95	0-0	-	-	-	1.0	NE	Nil	N/A	20
Restaurant Brds	325	+7.1		9	0-0	3	4.9	31	0.7	16	7.1	0.96	318	WN	Drive Tech.	12	-19.1	-0.3	93	0-0	- 1	1.7	-	1.8	NE	Nil	0.59	16
Turners Auction	268	+6.9	-2.6	10	0-0	-	4.0	26	0.7	15	8.3	0.82	73	Moa	a Group Ltd	43	-18.7	-2.6	93	1-0	1	1.5	-	0.8	NE	Nil	2.84	13
Turners & Grow.	208		+1.1		0-0		0.9		0.5	15	Nil	0.33	243		Edge Bio.		-17.0	-7.4		0-6	- 3				NE	Nil	N/A	245
Col Motor Co	535	+5.8			0-0		1.3	11	0.4	13	8.0	0.28	175		Systems Ltd	140	-13.8	-5.2	91	0-2	3			0.8	NE	Nil	N/A	81
Guinness Peat	67		-1.8	20	1-0		1.1		1.1	17	Nil	0.43	943		legs Corp	12	-11.0	-1.3		0-0	- 1				NE		0.89	15
Z Energy Ltd	384	+1.5		39	0-0		2.6	16	0.6	16	8.0	0.46	1,536		ogy Intern.	48	-10.4	+2.9	89	0-0	- 1			0.7	28	Nil	1.00	30
Steel & Tube	300	+1.3	+0.2	42	0-0	4	1.7	10	0.7	17	7.1	0.67	265		kk Media Ltd	9	-10.1	-0.4	88	0-0	1 2			2.1	NE		6.47	24
							7010								o Ltd	2475	-8.6	-7.8	87	0-4	3 1				NE	Nil	N/A	3,158
INCOME SHARE	-											0.00	000		tas Invest.	115	-8.5	-0.5	86	3-0	- 13				NE	Nil	1.42	42
Chorus Ltd	170		+0.8		0-0		1.1		0.8		21.4	0.63	662		alier Corp	126	-7.8		85	0-0	3 (0.8	13		0.43	86
Hallenstein G.	308		+1.7		1-0		2.7		0.8		15.1	0.83	184		Refining Co	172	-7.8	+1.8	84	0-0	5			0.7	NE	1.6	2.16	482
NZ Oil & Gas	180			66 50	0-0		0.9	-	1.0		10.8	3.32	329		de-Me Ltd	353	-7.0	-1.2	83		12		12		18		8.52	1,399
Genesis Energy	180 0 310	+0.2 -3.8			0-0 3-0		- 2.4		0.8 0.7	43 6	9.9 9.4	N/A 0.43	1,800 965		tt Tech. Ltd cer Group	166	-6.7	+3.7 +0.1	82 81	0-0 0-1		2.3		0.6 1.7	12 52		1.14 1.02	68
Warehouse Group Kingfish Ltd	132		+0.2		0-0		1.0		0.7	6	9.4 8.7	0.43 N/A	905 157		t Water Int.	17 9	-6.1 -5.6	-0.6	80	0-0				2.6	5		0.30	40 8
Vector Ltd	253	-0.1			6-0		1.1	9	0.5	12	8.5	1.97	2,519		Windfarms	6	-4.7	+0.4	79	0-0		0.3		1.6	12		2.18	18
Telecom Corp	233		+0.3	9			3.5	17	0.5	21	8.4	1.18	4,933		hael Hill	132	-4.6	-0.7		1-2	3			0.5	13		0.92	505
Col Motor Co	535	+5.8			0-0		1.3		0.3		8.0	0.28	175	WIG		102	-4.0	-0.7	10	1-2	5	2.4	10	0.5	10	4.5	0.52	505
Z Energy Ltd	384		-0.5		0-0		2.6		0.6			0.46	1,536	INSI	IDER SELLING	3. Most	t Incida	r Solli	na Ra	alativo	Stre	nath .	- 0					
2 Energy Eld	004	+1.5	0.0	00	00	0	2.0	10	0.0	10	0.0	0.40	1,000		cher Build.	885		-2.4	-	0-6	6	-		0.5	19	4.5	0.71	6,072
INSIDER BUYING	• Most	Insider	Buvin	n Re	lative	Stre	nath ~	.0							Edge Bio.		-17.0				- 3			1.7		Nil	N/A	245
Briscoe Group		+2.1	-	-			4.0		05	17	66	1.17	566		o Ltd	2475		-7.8		0-4				0.8		Nil	N/A	3,158
Infratil NZ	248		+1.6		5-2							0.60	1,447		Systems Ltd		-13.8			0-4	3			0.8		Nil	N/A	81
Heartland Bank	96		+2.1						0.7			1.64	373		Technology	2		+1.7		0-2	- :			3.2			N/A	18
Precinct Prop.	109				4-2				0.4			8.50	1,082		hven Limited	107		+0.1		0-1							0.74	71
Sky City Ltd		+1.4			5-3				0.4			2.27	2,146		cer Group	17		+0.1		0-1	- :			1.6	52		1.02	40
Rakon Ltd	25		+4.0				0.6		1.6			0.32	48		npkin Patch	40	-21.8			0-1			10		12		0.23	68
Tenon Ltd	152		+0.2				0.7		0.6			0.21	100		ths City	54		+1.2		0-1			10		7		0.13	28
Guinness Peat	67		-1.8		1-0		1.1		0.9			0.43	943		hael Hill	132		-0.7		1-2							0.92	505
PGG Wrightsons	41		-0.4				1.2		1.1			0.27	309			=			. •				. •					
Kiwi Property		+2.6							0.6				1,197															
-12													, -															

July 14, 2014. 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	STREI Cur- rent	<u>NGTH R</u> 4-Wk Chg.	ATING Rank 0-99	Buy-Sell	Following	Short Interest Drice to	NTA ^{IU}	Volatility	P/E Ratio	Div Yield	P/S Ratio	Marke Cap'r		Company	Share Price	STREM Cur- rent	<u>VGTH R.</u> 4-Wk Chg.	<u>ATING</u> Rank 0-99	Insider Buy-Sell	Brokers Following	Short Interest	Price to NTA	Volatility	P/E Ratio	Div Yield	P/S Ratio	Market Cap'n
UNDER-VALUED	SHAR	ES: Lo	west P	rice/S	ales, `	Yld >	• 0, Re	l Stren	gth >	0					BEST PERFORMI	NG SH	ARES	Stron	gest S	Share	s, P/E	E < 2	0, P/S <	< 1.0				
Aust Pharm. Ind	59		+1.2	33	1-0					12			28		Tel.Pacific Ltd		+178.8-			0-0	-	-	-	- 1.0	20		0.92	75
Raptis Group	40		+0.0	35	0-0	-	-			NE 1			2		Int'l Equities		+176.7		0 5	0-0	-	-	0.4 15		2	Nil		8
CFT Energy CML Group	6 24	+0.0 +8.4	+0.0 -7.5	35 13	0-0 1-5	-	-		2.9 1.7			0.11 0.15	1	3 5	Seymour Whyte Austal Limited		+21.4	-1.7 -1.7	5 6	0-1 1-1	2 2	0.0 0.0	3.3 2 ⁻ 1.1 9		16 12	4.2 Nil		167 436
Structural Syst	64	+7.2	-1.5	14	3-0	-		0.7 5	0.9			0.15	4		Capilano Honey		+19.1	-2.7	6	0-0	-	-	1.9 12			2.5		51
Brierty Ltd	41	+3.5	+1.9	22	3-0	1		0.8 19	1.2	4	7.4	0.15	4		Calliden Group	36	+11.7	-4.1	10	1-0	-	-	1.6 12		13	6.1	0.62	82
Ruralco Hold.	352	+4.7	-1.0	19	0-0	4		2.5 7	0.4			0.17	27		Transfield Serv		+10.7		11		13		3.6 35		10	2.4		651
Transfield Serv Downer EDI Ltd	127 454	+10.7	+8.8 -3.1	11 28		13 15		3.6 35 1.5 16	0.8			0.19	65 1,97		CML Group Tasmania Mines	24 180	+8.4 +8.4	-7.5 -7.3	13 13	1-5 0-0	-	2	- 0.8 14	- 1.3	20 5	4.2 3.3		15 33
Caltex Austrlia	2237	+5.9	-1.5	16	1-1	9		2.5 22					6,04		Maxsec Group	2	+0.4	+1.1	14	0-0			2.0 15			Nil		3
Vita Group Ltd	77		-1.5	15	2-1	2				18		0.25	10		Sigma Pharm.	76		+1.3	14	0-0	12	1.6	1.5 12			5.3		840
Lindsay Aust	33	+6.1	-3.5	16	0-3	1		1.4 14				0.26	7		Structural Syst	64	+7.2	-1.5	14	3-0	-	-	0.7 5			6.3		41
Crowe Horwath	42 76	+1.4 +7.5	+5.7 +1.3	28 14	0-0 0-0	5 12		7.0 43 1.5 12	1.1	16 1 12		0.28 0.29	11: 84		Vita Group Ltd Oldfields Hold	77 9	+6.6 +6.4	-1.5 -1.5	15 16	2-1	2	-	- 1.3 78	- 0.6	18 2	2.4 Nii	0.25 0.28	109 7
Sigma Pharm. HGL Limited	56	+7.5	-0.4	25	0-0 1-0	-		1.5 12	0.8 0.9		5.3 7.1	0.29	3		Leighton Hold	9 2065		-1.5	16	1-0 3-2	15	- 1.7	2.6 19		14			6.990
Leighton Hold	2065	+6.2		16	3-2	15		2.6 19			5.1	0.31	6,99		A.P. Eagers	560	+6.1	+2.3	16	6-0	3	0.0	2.4 15		16	4.1		993
Spec Fashion	92	+0.6	-0.1	31	0-0	7						0.31	17		Lindsay Aust	33	+6.1	-3.5	16	0-3	1	-	1.4 14		10	5.8		73
Kresta Holdings	21	+8.8		13	2-1	-		1.6 1	1.6			0.31	3		Caltex Austrlia	2237	+5.9	-1.5	16	1-1	9	1.1	2.5 22		11			6,040
A.P. Eagers WDS Limited	560 93	+6.1 +5.0	+2.3 -8.0	16 19	6-0 0-1	3 3		2.4 15 1.4 9	0.3 0.9			0.37 0.38	993 134		Novarise Renew. Questus Ltd	19 4	+5.7 +5.4	+3.4 -2.3	17 17	0-0 0-0	-	2	0.7 8	3 1.4 - 2.6	8 16	Nil Nil	0.83	79 3
Automotive Hold	368	+0.4	-1.4	31	0-1			4.2 17				0.41	1,12		Guinness Peat	63	+5.1	-2.0	18	0-0	-	-	1.1 6		17	Nil		107
CMI Limited	141	+0.0	+0.4	34	4-0	-		1.1 22	0.9	5	4.3	0.43	4	В	GR Engineering	70	+5.1	-1.0	18	2-0	1	-	2.3 17	0.9	14	12.9	0.92	105
TransMetro Corp	110	+3.7	-1.3	22	0-0	-		0.7 10				0.43	1		WDS Limited	93	+5.0	-8.0	19	0-1	3	0.0	1.4 9			5.1		134
Dicker Data Ltd Collins Foods	168 232	+23.2 +4.0	-9.3 +1.4	5 21	3-0 1-0	1 5	- 1 ⁻ 0.1	1.2 48	1.0 0.6		3.7 4.1	0.48 0.52	21 21		Schaffer Corp Embelton Ltd	600 735	+4.8 +4.6	-1.2 +1.7	19 19	0-0 0-0	-	-	1.3 13	- 0.3	10 18	3.8 3.9		84 16
Nufarm Limited		+1.8		26		12		1.6 11				0.53			Diploma Group	4	+4.4		20	1-0	-	-	1.3 34		4	Nil		6
Seymour Whyte		+21.4	-1.7	5	0-1	2	0.0 3	3.3 21	0.6			0.54	16	7	Namoi Cotton	33	+4.1	+2.6	21	0-0	-	-	0.3		7	Nil	0.07	36
Coventry Group	342			29	1-0	1		1.0 4				0.55	12		Collins Foods	232	+4.0	+1.4	21	1-0	5	0.1	-	- 0.5	13		0.52	216
Embelton Ltd Pro-Pac Pack.	735 48		+1.7 +0.7	19 26	0-0 0-0	-		 3.7 19	0.3 1.1			0.57 0.58	10 10		Zingmobile Grp TransMetro Corp	6 110	+3.8 +3.7	-6.2 -1.3	22 22	0-0 0-0	-	-	- 0.7 10	- 2.1) 0.5	9 7	Nil 4.5		4 15
Gazal Corp	284		+0.7	33	0-0	-						0.58	16		Brierty Ltd	41		+1.9	22	3-0	1		0.8 19		4	4.5 7.4		45
Goodman Fielder	66	+0.7		30		11			1.0		4.6	0.60	1,28		Tamawood Ltd	344	+3.1	+2.0	23	1-1	-	-	12.7 72			6.1		88
Schaffer Corp	600	+4.8	-1.2	19	0-0	-		1.3 13				0.61	8		Shenhua Int'l	44		+1.9	23	0-0	-	-	0.8 1		7	5.7		55
Calliden Group		+11.7	-4.1	10	1-0	-		1.6 12	1.1		6.1	0.62	8		LifeHealthCare	225	+3.0	-1.2	23	0-0	-	-		- 0.6	3		0.24	19
Shenhua Int'l Landmark White	44 45	+3.1	+1.9 -1.2	23 24	0-0 0-6	-		0.8 11 7.5 44	1.1			0.63 0.63	5: 1:		Woolworths Ltd Landmark White	3597 45	+2.9 +2.7	-0.9 -1.2	24 24	1-2 0-6	-	- 0.0	12.7 64 7.5 44			3.7 7.2		5,316 12
Tasmania Mines	180			13	0-0	-		0.8 14				0.68	3		Magontec Ltd	3	+2.1	-2.0	26	0-0	-	-	-	- 2.9	9		0.25	32
Capilano Honey		+19.1	-2.7	6	0-0	-		1.9 12				0.71	5		Nufarm Limited	460	+1.8	+3.6	26		12	6.2	1.6 1			1.7		1,214
Wesfarmers Ltd	4296	+0.6	+0.2	31		15		9.8 51 2.4 8	0.3				49,11		Pro-Pac Pack.	48	+1.8	+0.7	26 28	0-0 0-0	2	2	3.7 19		20		0.58	101
Bega Cheese Ltd Newhaven Hotels	482 85	+4.8	-4.6 +0.5	19 32	0-2 0-0	6		2.4 8).8 3	0.6 0.7			0.72 0.75	734 19		CI Resources Crowe Horwath	86 42	+1.4 +1.4	-0.6 +5.7	20 28	0-0	5		0.9 33 7.0 43		3 16	Nil 11.9		63 115
Woolworths Ltd	3597	+2.9	-0.9	24	1-2	15		2.7 64					45,31		Downer EDI Ltd	454	+1.3	-3.1	28				1.5 16					1,977
Cardno Ltd	641	+0.4	-2.3	31		11	4.6 7		0.4		5.6		1,04		Pact Group Hold	358	+1.2		29	0-0	-	1.7	-	- 0.5	14			1,053
Boral Limited AMP Ltd	535	+2.6	-3.4	25	0-0			1.7 4					4,18		Goodman Fielder	66		+4.2	30		11	0.7		- 0.8				1,281
G.U.D. Holdings	539 680	+7.2	-0.1 +5.1	14 33	0-0 1-0			4.0 18 0.3 67					48		Wesfarmers Ltd Spec Fashion	4296 92	+0.6 +0.6		31 31	0-1 0-0	7		9.8 5 ⁻ 3.0 22					177
AGL Energy Ltd	1588		+0.5					2.1 9							Cardno Ltd	641		-2.3	31				71.2					
GR Engineering	70		-1.0	18	2-0	1		2.3 17					10		Redbank Energy	800	+0.4		32	0-0	-	0.0		- 0.2		Nil		6
Tamawood Ltd	344		+2.0	23	1-1			2.7 72).9 -					8		Inabox Limited	130		+4.2	33	0-0	-	-	4.5 30			Nil		18
Basper Limited Joyce Corp.	50 55	+3.9 +8.4	-1.3 +2.0		0-0 0-0	-		1.3 6					5 1		G.U.D. Holdings Gazal Corp	680 284		+5.1 +0.8	33 33	1-0 0-0		5.U -	10.3 67 2.8 18					482 165
Fairfax Media		+16.0		.0	0-0			3.3 23							Burson Group	215	+0.0		33	0-0	-	-		- 0.8		Nil		91
Nib Holdings	314	+12.3	+0.4	9	3-1	10	0.5 5	5.4 26	0.5	21	3.2	1.07	1,37	В	Aust Pharm. Ind	59		+1.2	33	1-0	8	2.2	0.8 6			5.5	0.09	288
C.S.R. Ltd		+12.1						1.8 9							CMI Limited	141		+0.4	34	4-0	-	-	1.1 22			4.3		48
Suncorp Group Pac. Star Netwk		+3.6 +16.2		22 7	5-1 0-0	-		2.2 6 2.8 13					17,53		Bounty Mining Air Change Int.	3 10		+0.0 +0.0	34 35	0-0 0-0	-	2	- 0.5 3 ⁻	- 3.2		Nil		12 2
Supply Network		+4.3				-		3.7 23					7		CFT Energy	6		+0.0		0-0	-	-		- 2.0				3
David Jones		+15.7		8		16		2.9 13					2,11	1	0,													
Origin Energy		+2.7		24											INCOME SHARES				•					· · -	4	10.0	0.00	070
Tabcorp Holding liNet	336 735	+0.4					1.9 2 6.9	2.3 13					2,56		NRW Holdings Seven West Med.	98 193		-0.7 +1.9		2-0 1-0			0.8 22	2 0.7 - 0.6				273 1,928
Sealink Travel	178			19	1-1			3.2 19					11		Ausdrill Ltd	94		+1.9					0.4 12					292
Village Road.	751	+4.4	+1.1	20	0-2		0.8 5	5.8 25	0.4	24	3.5	1.28			Metcash Ltd	265	-6.1	+1.7	55	2-0	14	12.1	-	- 0.4	11	10.6	0.18	
Premier Invest	885			18				2.9 37							BC Iron Ltd		-14.2						1.6 19					413
Insurance Aust. Centuria Cap'l	598 83	+2.3	+1.3	25 28		1/		3.4 0 1.3 15					14,00; 6		DUET Group Pacific Brands	240 54		+2.7 +2.8		1-0 3-0			1.7 (3.4 5 ⁻					3,163 495
DuluxGroup Ltd	557		-0.7				0.4						2,13		Bradken Ltd		-13.2						1.8 17					722
AV Jennings	59			32	0-0).7 -	0.9	NE	0.9	1.42	22	5	Monadelphous Gr	1683	-0.6	-1.0	40	1-1	16	12.9	4.5 46	6 0.3	10	8.1	0.58	1,560
Prime Media Grp	100		+1.0		0-1							1.42	36								1	C	ntin	und	01	, D,	100	10)
Ark Fund Ltd	41	+0.0	+0.0	34	0-0	-	- ().4 7	1.0	52	0.2	1.44	10	U							(c_0	ntin	иеа	on	ιru	ige	10)

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<u>STRENGTH RATIN</u> Company Share Cur- 4-Wk Ran Price rent Chg. 0-99		STRENGTH RATING 등 등 유민 문 문 유민 문 문 문 문 문 문 문 문 문 문 문 문 문 문 문
Resolute Mining 63 -2.2 +2.7 46		Matrix Comp. 119 +16.9 -6.6 7 5-0 3 2.9 1.0 - 0.5 NE Nil 0.77 113
Myer Holdings 229 -9.4 +1.0 63		Collection Hse 185 +2.1 +0.0 26 8-3 6 1.7 0.3 14 3.9 5.46 240
Sth Cross Media 115 -14.8 -0.5 74		Sthn Cross Exp. 1 +10.6+22.3 11 4-0 3.9 0 Nil 5.50 2
G.U.D. Holdings 680 +0.1 +5.1 33		Arowana Int'l 90 +28.7 -9.7 4 4-0 30.0 54 1.4 55 Nil N/A 147
Growthpoint Pro 248 +1.5 +0.2 27		Aust Foundation 612 +0.6 +0.4 31 4-0 - 0.0 1.1 4 0.3 26 3.6 N/A 6.420
Prime Media Grp 100 +1.5 +1.0 27		Praemium Ltd 16 +5.0 +0.4 18 4-0 1 - 3.9 29 1.0 13 Nil 4.10 58
Cromwell Prop. 100 +0.5 +0.7 31		GPT Group 388 +3.9 +0.3 21 4-0 13 0.3 1.0 9 0.3 12 5.3 N/A 6.540
Cabcharge Ltd 414 -0.1 +0.3 37		Techniche Ltd 8 +3.0 +3.2 23 4-0 4.0 22 1.3 19 Nil 2.62 18
Skilled Group 228 -10.1 -2.3 65		Sietel Ltd 455 +6.9 -5.4 15 4-0 0.6 5 0.2 12 Nil 3.99 36
Salmat Ltd 165 -8.4 -1.8 61		CMI Limited 141 +0.0 +0.4 34 4-0 1.1 22 0.7 5 4.3 0.43 48
Wotif.com Hold. 330 -11.4 +3.7 67		360 Capital Ind 224 +4.1 +0.0 20 4-0 3 0.0 0.5 61 2.0 N/A 205
Chart H Retail 388 +3.2 +1.5 23		Aust Oil Coy 12 +2.3 -3.9 25 4-0 1.1 NE Nil N/A 9
Aust Leaders Fd 178 +1.6 +0.4 27		Suncorp Group 1363 +3.6 +1.1 22 5-1 17 0.7 2.2 6 0.3 35 4.0 1.0817,536
Cadence Capital 150 +0.2 -0.4 32		Oil Search Ltd 947 +7.7 +2.0 14 6-2 16 0.8 0.3 55 0.5 N/A14.385
CFS Retail Prop 205 +2.5 +1.2 25		BKI Invest Coy 166 +2.6 -0.1 25 3-0 1.0 5 0.4 22 4.0 N/A 788
SMS Mgmt & Tech 385 -8.2 +1.8 60	· · · · · · · · · · · · · · · · · · ·	Metaliko Res. 3 +3.4 -5.0 22 3-0 2.3 NE Nil N/A 23
5		Pental Limited 3 +3.4 +2.9 23 3-0 1.6 7 2.0 22 Nil 0.45 48
INSIDER BUYING: Most Insider Buying, R	Relative Strength > 0	Antaria Ltd 2 +11.5 +7.2 10 3-0 1.5 - 3.0 NE Nil 2.00 9
360 Capital Grp 82 +7.9 -1.1 14	10-0 2 0.0 1.4 - 0.4 NE 9.1 6.90 204	TFS Corporation 190 +28.1 -9.1 4 3-0 2 0.5 2.4 25 0.3 10 1.6 4.31 614
Orora Limited 144 +5.4 -0.5 17	7 10-0 - 0.1 0.6 NE Nil N/A 1,732	Cardno Ltd 641 +0.4 -2.3 31 3-0 11 4.6 71.2 - 0.3 12 5.6 0.77 1,042
Red Hill Iron 200 +39.6 +21.6 2	2 10-0 0.4 NE Nil N/A 99	Ansell Ltd 1894 +0.1 +1.6 33 3-0 14 3.9 4.5 25 0.2 18 2.0 1.85 2,897
Soul Pattinson 1519 +0.1 -1.0 33	3 10-0 1 0.0 1.2 5 0.2 23 3.0 4.60 3,636	Pro Medicus Ltd 95 +11.7 +0.8 10 3-0 7.3 39 0.6 19 2.1 8.38 95
Macquarie Group 5926 +7.0 -0.4 15	5 10-0 16 0.4 1.9 12 0.3 15 4.4 2.3419,033	Key Petroleum 2 +7.2 +7.2 14 3-0 3.1 NE Nil N/A 7
Bluescope Steel 564 +2.2 -3.6 26	8 8-0 12 0.1 0.9 - 0.5 NE Nil 0.43 3,152	Endeavour Min. 95 +4.0 +1.4 21 3-0 4 0.1 0.5 NE Nil 0.11 54
Timpetra Res. 12 +11.9 +0.1 10) 10-2 1.3 NE Nil N/A 8	Moreton Res Ltd 0 +12.4 +3.0 9 3-0 6.7 NE Nil N/A 6
Paringa Res Ltd 48 +32.8 -0.2 3	3 7-0 0.8 NE Nil N/A 29	Santos Ltd 1400 +1.3 +1.4 28 3-0 15 0.6 0.3 26 2.1 3.7813,663
OZ Minerals Ltd 437 +5.9 +4.6 16	6 7-0 18 4.9 0.6 - 0.5 NE 4.6 2.06 1,326	Galileo Japan 159 +5.5 -2.0 17 3-0 0.7 - 0.5 NE Nil 0.21 13
Strike Energy 13 +8.2 -0.4 14	1 7-0 - 0.0 1.1 NE Nil N/A 104	Raya Group Ltd 2 +9.0 +9.6 13 3-0 3.2 NE Nil 8.40 3
Recall Holdings 509 +4.4 +1.2 20) 7-0 - 1.9 0.4 NE Nil N/A 1,593	White Cliff Min 1 +2.9 +3.8 24 3-0 - - - 3.2 NE Nil 9.98 3
Aristocrat Leis 540 +5.5 -1.0 17		BWP Trust 253 +5.7 +0.9 17 3-0 8 1.4 1.3 10 0.4 12 5.6 N/A 1,605
Centuria Cap'l 83 +1.3 -1.3 28		Aims Property 11 +21.3 +2.0 5 3-0 0.8 - 1.1 NE Nil N/A 56
Euroz Limited 129 +4.4 -0.5 20		LBT Innovations 13 +42.3 -5.2 2 3-0 6.5 26 0.9 25 Nil 2.93 13
Red Metal Ltd 21 +10.5 +1.9 11		Lion One Metals 34 +1.2 +0.2 29 3-0 0.9 NE Nil N/A 4
A.P. Eagers 560 +6.1 +2.3 16		Progen Pharm. 75 +39.4 -65.9 2 3-0 5.4 - 0.9 NE Nil N/A 41
Treasury Wine 510 +6.0 +7.7 16		Dicker Data Ltd 168 +23.2 -9.3 5 3-0 1 - 11.2 48 0.7 23 3.7 0.48 215
Hunter H Global 104 +0.9 -1.0 29		Brierty Ltd 41 +3.5 +1.9 22 3-0 1 - 0.8 19 0.7 4 7.4 0.15 45
Ingenia Com Grp 51 +2.7 -1.1 24		Treasury Group 988 +6.1 -3.2 16 3-0 3 0.1 3.6 16 0.3 22 4.0 N/A 228
Ale Property 301 +2.7 -0.3 24		Structural Syst 64 +7.2 -1.5 14 3-0 0.7 5 0.5 13 6.3 0.15 41
Echo Ent Group 315 +8.6 +5.3 13	· · · · · · · · · · · · · · · · · · ·	PLD Corporation 1 +2.7 +4.2 25 3-0 4.4 NE Nil N/A 3
Centrepoint All 41 +7.8 +0.6 14		KeyBridge Cap'l 19 +4.3 -2.1 20 3-0 0.8 - 0.8 NE Nil 6.70 33
Growthpoint Pro 248 +1.5 +0.2 27		Konekt Limited 12 +38.7 -6.5 3 3-0 1.9 - 1.2 NE Nil 0.28 9
Sundance Energy 122 +5.6 +5.4 17		Milton Corp. 463 +3.9 +1.3 21 3-0 1.1 4 0.3 25 3.5 N/A 2,828
Genesis Mineral 2 +9.0 -0.5 13		Transurban Grp 766 +4.7 +0.6 19 3-0 10 0.7 3.8 6 0.2 67 4.0 9.6314,526
Crusader Res. 41 +5.4 +7.2 17	7 5-0 2 0.7 NE Nil 6.84 51	Prairie Mining 44 +24.8 -2.4 4 3-0 0.7 NE Nil N/A 51

"Insider" Trades in NZ Shares

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

"Insider" Indicators Last 5 wks: 57.9% Buyers Last 13 wks: 56.9% Buyers

Company	Insider Buyers- Sellers	Company	Insider Buyers- Sellers	Company	Insider Buyers- Sellers	Company	Insider Buyers- Sellers	Company E	Insider Buyers- Sellers
Acurity Health Air New Zealand Argosy Property Blis Technology Briscoe Group Burger Fuel Comvita DNZ Property Ebos Group Ltd F & P Health. Fletcher Build.	1-0 0-1 5-0 0-1 0-3 0-2	Fonterra S/H Fd Freightways Ltd Goodman Prop. Guinness Peat Hallenstein G. Heartland Bank Hellaby Hold. Infratil NZ Kathmandu Ltd Kiwi Property Mainfreight Grp	6-0 1-0 1-0 1-0 2-0 1-0 5-2 1-9 1-0 0-5	Mercer Group Methven Limited Metro. LifeCare Michael Hill Mighty River Moa Group Ltd NPT Limited NZ Exchange Ltd PGG Wrightsons Pac Edge Bio. Port Tauranga		Precinct Prop. Property F Ind. Pumpkin Patch Rakon Ltd Rubicon Limited SLI Systems Ltd Sanford Limited Seeka Kiwifruit Sky City Ltd Sky Network TV Smiths City	2-0 1-0 5-3	Summerset Group TeamTalk Ltd Tenon Ltd Tourism Hold. Trade-Me Ltd Trust Power Ltd Vector Ltd Veritas Invest. Vital Health PT Warehouse Group Xero Ltd	3-1 1-0 7-6 5-2 1-0 6-0 3-0 8-0

July 14, 2014. Page 11 "Insider" Trades in Australian Shares

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

"Insider" Indicators Last 5 wks: 82.5% Buyers

Last 13 wks: 84.2% Buyers

Company	Insider Buyers- Sellers	Company B	nsider uyers- Sellers	Company	Insider Buyers- Sellers	Company	Insider Buyers- Sellers	Company	Insider Buyers- Sellers
360 Capital Grp	10-0	Armidale Invest	1-0	Bionomics Ltd	1-2	Citation Res.	1-0	EVZ Ltd	4-0
360 Capital Ind	4-0	Arowana Int'l	4-0	Black Star Pet.	0-1	Clancy Expor.	2-0	Easton Invest.	3-0
360 Cap Office	1-0	Aruma Resources	1-0	Black Ridge Min	1-0	Clean Seas Tuna	1-0	Echo Ent Group	5-0
3D Oil Limited	1-0	Asia P Digital	1-0	Blackthorn Res.	3-0	Clearview WIth	2-0	Echo Resources	1-0
A.P. Eagers	6-0	Aspen Group Ltd	3-0	Blackwall Prop.	4-2	Clime Inv Mgmt	1-0	Ecosave Hold.	2-0
A1 Consolidated	2-0	Astivita Ltd	3-1	Blackmores Ltd	0-1	Coal of Africa	4-0	Elders Limited	1-0
ABM Resources	1-0	Astro Japan Pro	1-0	Blackwall Prop.	1-0	Cobre Montana	1-0	Electrometals	1-0
AG Financial	1-0	Atcor Medical	0-2 0-2	Bluechip Ltd	1-0	CocaCola Amatil	0-2	Elemental Min.	3-0
AGL Energy Ltd AJ Lucas	0-1 1-0	Atrum Coal NL Aurelia Metals	0-2 1-0	Blue Sky Alt In	1-5 1-0	Cochlear Ltd Coffey Int'l	1-0 3-0	Elixir Petrol. Elk Petroleum	2-0 1-0
ALS Limited	1-0	Aurizon Hold.	3-1	Blue Energy Ltd Bluescope Steel	8-0	Cokal Limited	3-0 2-0	Elsmore Res.	0-1
AMA Group Ltd	2-0	Aurora Funds	0-1	Boart Longyear	10-0	Collection Hse	2-0 8-3	Emeco Holdings	3-0
ANZ Bank	3-1	Aurora Minerals	4-0	Bora Bora Res.	1-0	Collins Foods	1-0	Emerald Oil & G	1-0
APN News Media		Ausenco Ltd	1-0	Bougainville Co	0-1	Computershare	0-8	Endeavour Min.	3-0
ASG Group Ltd	1-0	Ausmon Res.	0-1	Brain Resource	1-0	Condoto Plat.	2-0	Energy World	3-0
AVEO Group	1-0	Austex Oil Ltd	5-3	Brambles Ltd	0-2	Continuation In	1-0	Energy Action	0-6
AWE Limited	2-0	Aust Vintage	4-0	Brand New Vint.	1-0	Convergent Min.	1-0	Energia Mineral	1-0
Acacia Coal Ltd	3-0	Aust Pharm. Ind	1-0	Breaker Res NL	0-1	Cooper Energy	2-0	Entek Energy	4-0
Academies Aust.	2-0	Aust Gov Master	1-0	Breville Group	1-0	Corp Travel M.	1-3	Enviromission	0-1
Acrux Ltd	2-0	Austock Group	1-0	Brierty Ltd	3-0	Cossack Energy	3-0	Equity Trustees	4-1
Activex Ltd	0-1	Aust Agricult.	2-0	Broad Invest.	2-0	Cott Oil & Gas	1-0	Eumundi Group	1-0
Ad Braking Tech	2-0	Austbrokers	2-0	Brockman Mining	1-0	Countplus Ltd	1-0	Euroz Limited	6-0
Adcorp Aust.	2-0	Aust Oil Coy	4-0	Bullabulling G.	2-0	Coventry Group	1-0	Excalibur Min.	1-0
Adelaide Res.	1-0	Aust-Amer Min.	1-0	Bulletproof Grp	0-1	Cover-More Grp	1-0	Excelsior Gold	1-0
Adelaide Bright	2-0	Aust Minerals	0-2	Burleson Energy	2-0	Crater Gold M.	2-0	FYI Resources	0-1
Aeon Metals Ltd	1-0	Aust United In	1-0	Buxton Res.	1-0	Credo Resources	1-0 1-4	Federation Cent	1-0
African Chrome	1-0	Aust Wealth Inv	7-0 4-0	C.S.R. Ltd	1-0	Credit Corp	1-4 1-3	Ferrowest Ltd	1-0 1-0
Aims Property Ainsworth Game	3-0 2-4	Aust Pac Coal Austin Eng.	4-0 8-0	CMI Limited CML Group	4-0 1-5	Cromwell Prop. Crossland Strat	1-3 2-0	Fertoz Limited Fiducian P Serv	1-0 4-1
Alacer Gold	2-4 0-2	Aust Mines Ltd	0-0 1-0	CPT Global Ltd	0-1	Crusader Res.	2-0 5-0	Finbar Group	1-0
Alara Resources	4-0	Australand Prop	1-0	CSL Limited	2-1	Cryosite Ltd	1-0	Finders Res.	2-0
Alchemy Res.	1-0	Austral Gold	1-0	CWH Resources	0-1	CuDeco Ltd	9-0	Fitzroy Res Ltd	1-0
Ale Property	5-0	Aust Ren. Fuels	4-0	Cabral Resource	1-0	Cuesta Coal Ltd	1-0	Fitzroy River	2-0
Aleastor Energy	1-0	Aust Foundation	4-0	Calibre Group	2-0	Cyclopharm Ltd	4-0	Fleetwood Corp	3-0
Alexium Int'l	3-0	Aust Leaders Fd	0-3	Calliden Group	1-0	Cynata Therap.	5-0	Forte Cons. Ltd	2-0
Algae.Tec Ltd	1-0	Automotive Hold	0-1	Calzada Ltd	1-0	DÚET Group	1-0	Fortescue Metal	8-0
Alkane Explor.	2-0	Avanco Res.	1-0	Capital Health	0-1	Dart Energy Ltd	1-0	Fox Resources	3-0
Allegiance Coal	1-0	Axiom Mining	1-0	Capral Limited	3-0	David Jones	2-0	Freelancer Ltd	10-0
Alliance Aviat.	3-0	Azonto Petrol.	4-0	Cardno Ltd	3-0	Delecta Ltd	1-0	Freedom Foods	1-0
Alloy Resources	1-0	Azure Health.	0-2	Carnarvon Pet.	1-0	Dempsey Min.	1-0	G.U.D. Holdings	1-0
Altium Limited	0-1	BCD Resources	1-2	Carsales.com	0-2	Desert Mines	1-0	GBM Resources	2-0
Altona Mining	2-0	BHP Billiton	3-1	Cash Converters	0-1	Dick Smith Hold	1-0	GBST Holdings	0-7
Amalgamated Hlo		BKI Invest Coy	3-0	Castillo Copper	2-0	Dicker Data Ltd	3-0	GDI Property	1-0
Ambition Group	2-0	BSA Ltd	2-0	Cedar Woods Prp		Diploma Group	1-0	GPT Group	4-0
Analytica Ltd	1-0	BT Invest Mgmt	1-3	Celamin Hold.	4-0	Disc. Africa	2-0	GR Engineering	2-0
Anatolia Energy	1-0	BWP Trust	3-0	Cellmid Ltd	1-0	Discovery Metal	0-1	GWA Group Ltd	0-1
Ansell Ltd	3-0	Bandanna Energy	1-0	Cent West Gold	0-1	Diversa Ltd	4-1	Gage Road Brew	
Antaria Ltd Anteo Diagnost.	3-0 0-1	Bank of Q'land Beach Energy	4-2 3-2	Centrex Metals	2-0 1-0	Dome Gold Mines Domino's Pizza	s 0-1 0-8	Galileo Japan Galilee Energy	3-0 2-1
Aquarius Plat.	2-0	Beadell Res.	0-1	Century Aust In Centrepoint All	5-0	Donaco Inter'l	1-0	Gascoyne Res.	1-0
Aquaint Capital	2-0 1-0	Bega Cheese Ltd	0-2	Centuria Cap'l	6-0	Doray Minerals	0-1	Gateway Mining	2-0
Ardent Resource	2-0	Bell Financial	7-0	Ceramic Fuel C.	1-0	Downer EDI Ltd	2-0	Genesis Mineral	2-0 5-0
Ardent Leisure	2-0 3-0	Bendigo Bank	1-0	Chalice Gold	3-0	Drillsearch	2-0 3-5	Genera Bio.	1-0
Argent Minerals	1-0	Benitec Bio.	1-0	Challenger Ltd	1-3	DuluxGroup Ltd	1-2	Geopacific Res.	1-0
Argo Investment	0-1	Bentham IMF Ltd	0-1	Champion Iron	1-0	Dyesol Ltd	6-0	Global Resource	1-0
Argonaut Res.	1-0	Beyond Int'l	1-8	Chapmans Ltd	2-0	E & A Limited	1-0	Global Health	1-0
Aristocrat Leis	7-0	Billabong Int'l	2-0	Charter Hall GR	0-1	E-Bet Limited	1-0	Gold Road Res.	0-2
		5							

Company	Insider Buyers- Sellers	Company I	Insider Buyers- Sellers	Company	Insider Buyers- Sellers	Company	Insider Buyers- Sellers	Company	Insider Buyers- Sellers
Goldfields Mon.	2-0	JB Hi-Fi Ltd	0-3	Metcash Ltd	2-0	Orora Limited	10-0	Red Hill Iron	10-0
Goodman Fielder	1-0	Jacka Resources	2-0	Meteoric Res.	1-0	Oroton Group	8-1	Red Mountain	2-1
Goodman Group	0-1	Jervois Mining	1-0	Metgasco Ltd	2-0	Orpheus Energy	2-0	Red Metal Ltd	6-0
Graincorp	2-0	Jindalee Res.	1-0	Metminco Ltd	2-1	Orrex Resources		Redflow Limited	1-0
Grange Resource		Jumbo Interact.	0-1	Metrocoal Ltd	2-0	Osprey Medical	1-0	Redflex Holding	4-0
Greencross Ltd	0-1	K2 Asset Mgmt	0-2	Milton Corp.	3-0	Otis Energy Ltd	1-0	Redstone Res.	3-0
Green Rock En.	1-0	KGL Resources	4-0	Mindax Limited	2-0	Ozforex Group	1-0	Reedy Lagoon	1-0
Greenvale Min'g	1-0	Kardoon Gas	1-0	Mineral Commod		Ozgrowth Ltd	2-0	Reed Resources	1-0
Greenland Min.	3-0	Key Petroleum	3-0	Mineral Deposit	5-0	PLD Corporation	3-0	Regis Resources	1-0
Growthpoint Pro	5-0	KeyBridge Cap'l	3-0	Minemakers Ltd	5-0	PM Capital Glob	4-0	Renascor Res.	2-0
Gryphon Mineral Gulf Minerals	2-0 1-0	Kibaran Res. Kidman Res Ltd	2-0 2-0	Mineral Res.	1-2 3-0	PPK Group Ltd PS & C Limited	5-0 1-0	Renaissance Min	4-0 1-0
Gunson Res.	4-1	Killara Res.	2-0 2-0	Minerals Corp. Minera Gold Ltd	3-0 1-0	PTB Group Ltd	1-0 1-0	Republic Gold Res & Invest NL	1-0
HGL Limited	1-0	Kimberley Diam.	2-0 2-1	Mint Wireless	0-2	Pacific Brands	3-0	Retail Food Grp	2-0
HUB24 Limited	1-0	Kingrose Mining	1-0	Mirvac Ind Trt	0-2	Pacific Mining	1-0	Reva Medical	2-0 3-0
Hansen Tech.	2-1	Kingsgate Cons.	0-2	Mithril Res.	2-0	Pan Pacific Pet	2-0	Reverse Corp	1-0
Haoma Mining NL		King Island Sc.	2-0	Mobile Embrace	0-1	Panaust Ltd	2-0	Rex Minerals	1-0
Hastings Rare M	1-0	King River Cop.	2-0	Moko Social Med		Pancontinental	2-0	Rhinomed Ltd	6-0
Helix Resources	1-0	Konekt Limited	3-0	Monteray Group	1-0	Paperlin X Ltd	6-0	Ridley Corp.	7-0
Heron Resources		Korvest Ltd	1-0	Moreton Res Ltd	3-0	Paragon Care	1-0	Riedel Resource	5-0
High Peak Royal	4-1	Kresta Holdings	2-1	Mungana Gold.	1-0	Paringa Res Ltd	7-0	Rift Valley Res	2-0
Highland Pac.	1-0	LBT Innovations	3-0	Mutiny Gold Ltd	3-0	Patties Foods	6-0	Robust Resource	1-0
Hills Limited	7-0	Lachlan Star	3-1	My ATM Holdings	s 0-1	Payce Consol.	1-0	Rox Resources	0-1
Hillgrove Res.	4-0	Lakes Oil NL	0-1	My Net Fone Ltd	0-4	Pental Limited	3-0	Royal Resources	2-0
Hillcrest Litig	3-0	Landmark White	0-6	Myer Holdings	1-0	Pepinnini Min.	0-1	Royal Wolf Hold	1-0
Hodges Res.	2-0	Laramide Res.	1-3	NRW Holdings	2-0	Perseus Mining	6-0	Royalco Res.	1-0
Holista Coll.	0-1	Laserbond Ltd	1-0	Nanosonics Ltd	1-0	Petratherm Ltd	2-0	Rubik Financial	1-2
Horizon Oil Ltd	1-0	Lawson Gold Ltd	1-0	Naos Emerging	5-1	Pharmaxis Ltd	1-0	Rum Jungle Res.	2-0
Hot Chili Ltd	1-0	Legacy Iron Ore	1-0	Naracoota Res.	1-0	Phileo Aust.	3-0	Runge Pincock M	
Hotel Property	1-0	Leighton Hold	3-2	Narhex Life Sci	2-0	Phoslock Water	2-0	Rutila Res.	1-0
Hughes Drilling	0-3	Lemarne Corp	1-0	Nat'l Aust Bank	1-0	Pilbara Mineral	1-0	SAI Global Ltd	1-2
Hunter H Global	5-0	Lend Lease Grp	0-1	Navitas Ltd	0-1	Pioneer Credit	2-0	SDI Limited	6-0
Hunter Hall Int	0-1	Leopard Res. NL	3-1 0-1	Nearmap Ltd	0-1 0-1	Planet Metals Platinum Asset	2-1 0-5	SMS Mgmt & Teo SP Ausnet	h 4-0 1-0
I-Cash Payment IMX Resources	0-1 2-0	Liberty Res. Lifestyle Com.	0-1 3-1	Neon Energy Ltd NetComm Wire.	2-0	Platina Res.	0-5 0-1	SWW Energy Ltd	
IOOF Holdings	2-0 4-1	Life Corp.	1-0	New Hope Corp.	2-0 2-0	Plymouth Min.	5-0	Saferoads Hold.	4-0
IPB Petroleum	1-0	Lindsay Aust	0-3	New Age Explor.	2-0 2-1	Po Valley Ener.	2-0	Samson Oil/Gas	0-3
IRESS Limited	0-2	Liontown Res.	0-3 4-1	New Standard Er		Praemium Ltd	2-0 4-0	Santana Mineral	2-0
ITL Limited	0-3	Lion One Metals	3-0	NewSat Ltd	5-1	Prairie Mining	3-0	Santos Ltd	3-0
Ibuy Group Ltd	2-0	Liq Natural Gas	2-0	Newcrest Mining	1-0	Premier Invest	2-1	Saracen Mineral	2-1
Icar Asia Ltd	0-4	Lodestar Min.	4-0	Newera Resource		Primary Health	7-5	Seek Ltd	0-1
Icon Energy	2-0	Longreach Oil	1-0	Newfield Res	1-0	Prime Media Grp		Select harvest	3-0
Iluka Resources	2-1	Luiri Gold Ltd	1-0	Nextdc Limited	2-1	Prima Biomed	2-0	Senex Energy	2-1
Image Resources		M2 Group Ltd	2-1	Nib Holdings	3-1	Pro Maintenance		Servcorp Ltd	1-0
Imdex Limited	0-1	MEO Australia	1-0	Nick Scali Ltd	0-1	Pro Medicus Ltd	3-0	Seven West Med	. 1-0
Impedimed Ltd	5-0	MGM Wireless	1-3	Nido Petroleum	1-0	Probiotec Ltd	3-1	Seymour Whyte	0-1
Inca Minerals	1-0	MGT Resources	1-0	Niuminco Group	2-0	Progen Pharm.	3-0	Sheffield Res.	1-0
Incremental Oil	4-0	MacMahon Hold	1-0	Noni B Limited	2-0	Promesa Ltd	1-0	Shopping Centre	1-0
India Resources	1-0	Macquarie Group	10-0	Norwest Energy	1-0	Prophecy Int'l	3-4	Sietel Ltd	4-0
Indophil Res.	3-0	Magellan Fin Gp	0-2	Nthn Minerals	0-3	Public Holdings	0-1	Silver Chef Ltd	4-0
Indus Coal Ltd	3-0	Magnolia Res.	2-0	Nthn Star Res.	1-0	Pulse Health	1-0	Silver City Min	1-0
Industria REIT	1-0	Malachite Res.	1-0	NuEnergy Cap'l	1-0	Pura Vida En.	0-1	Sino Gas & En.	4-0
Infomedia Ltd	4-2	Manhattan Corp	0-1	Nufarm Limited	2-0	Q.B.E. Insur.	1-0	Sirius Res. NL	1-0
Ingenia Com Grp		Marenica Energy	2-0	OBJ Limited	0-2	Qld Mining Corp	8-1	Site Group Int.	1-0
Insurance Aust. Int Research	5-2	Mastermyne Grp	2-0	OZ Minerals Ltd	7-0 0-1	Quickstep Hold.	4-0 1 0-1	Slater & Gordon	2-0 1-0
Int'l Coal Ltd	2-0 2-0	Matrix Comp. Maverick Drill.	5-0 4-0	Objective Corp. Oceania Capital	10-0	RCG Corporation RCR Tomlinson	4-1	Smartpay Hold. Smart Parking	1-0
Intec Ltd	2-0 3-0	Maxi TRANS	4-0 1-0	Ochre Group Ltd	1-0	RXP Services	4-1 1-0	Sonic Health	2-5
Intermin Res	3-0 1-0	McAleese Ltd	4-0	Oil Search Ltd	6-2	Radar Iron Ltd	2-1	Soul Pattinson	2-5 10-0
Intra Energy	4-0	McPherson's Ltd	4-0 1-0	Oil Basins Ltd	1-0	Rampart Energy	3-0	Southern Gold	1-0
Investa Office	2-0	Mec Resources	0-1	Oilex Ltd	2-0	Ramsay Health	0-1	Spectrum Rare E	
Investigator R.	1-0	Medical Dev Int	1-0	Oldfields Hold	1-0	Rawson Res.	3-0	Spitfire Res.	1-0
Invion Limited	1-0	Medical Aust.	1-0	Oncosil Medical	7-0	Raya Group Ltd	3-0	Sprint Energy	1-0
Invocare Ltd	1-2	Melbourne IT	2-0	Optiscan Image	2-0	Real Estate CP	1-0	St Barbara Ltd	1-0
Ironbark Zinc	2-0	Metaliko Res.	3-0	Orica Ltd	3-0	Recall Holdings	7-0	Steadfast Group	1-0
Iselect Limited	10-0	Metal Bank Ltd	2-0	Orion Gold NL	3-1	Reckon Limited	2-0	Stellar Res.	0-1

Sth America F M Sth Cross Elect2-0Tabcorp Holding Tangiers Petrol1-0Toll Holdings Tox Free Sol.2-0Uranium Equitie Venturex Res.1-0Webster Ltd0-2Sth Hemi Mining1-0Tap Oil3-0Traffic Tech.1-0Venturex Res.2-0Westarmers Ltd0-1Sth Boulder Min3-0Target Energy1-0Traka Resources0-1Viking Mines3-0Western Desert0-2Sthn Crown Res.1-0Tatts Group Ltd0-1Transirban Grp3-0Villa World Ltd4-1Western Areas0-1Sthn Cross Exp.4-0Tawana Resource1-0Transifield Serv2-0Village Road.0-2West African R.6-0Straits Resourc1-0Techniche Ltd4-0TransPacific In2-0Viralytics Ltd2-0Westside Corp.0-1Structural Syst3-0Tellus Res.2-0Treasury Group3-0Vital Group Ltd2-1White Rock Min.1-0Suncorp Group5-1Templeton Globa1-0Triangle Energy1-0Vital Metals4-0Wold Ltd0-1Sundance Res5-0Terramin Aust1-0Triton Minerals2-0Vital Metals4-0White Cliff Min3-0Sundance Energy5-0The Pas Group1-0Triton Minerals2-0Wold Ltd0-1Wold Petroleum2-0Sundance Energy5-0The Pas Group1-0Triton Minerals2-0Wold Resources1-0	Company	Insider Buyers- Sellers	Company	Insider Buyers- Sellers	Company	Insider Buyers- Sellers	Company	Insider Buyers- Sellers	Company	Insider Buyers- Sellers
	Sth Cross Elect Sth Hemi Mining Sth Boulder Min Sthn Crown Res. Sthn Cross Exp. Straits Resourc Strike Energy Structural Syst Suda Ltd Suncorp Group Sundance Res. Sundance Energ Sunland Group Supply Network Swick Min Serv TFS Corporation TPG Telecom Ltd TW Holdings Ltd	6-0 1-0 3-0 1-0 4-0 1-0 7-0 3-0 1-0 5-1 5-0 y 5-0 1-0 1-0 3-0 1-0 3-0 1-0 1-0 1-0 1-0 1-0 1-0 1-0 1	Tangiers Petrol Tap Oil Target Energy Tatts Group Ltd Tawana Resource Techniche Ltd Technology One Tellus Res. Telstra Templeton Globa Terramin Aust The Pas Group Thinksmart Ltd Thorn Group Ltd Tidewater Inv Timpetra Res. Tissue Therapy Titan Energy	1-0 3-0 1-0 0-1 4-0 0-2 2-0 3-1 1-0 1-0 1-0 1-0 2-0 4-2 2-0 10-2 3-0 4-0 4-2 2-0 10-2 3-0 4-2 2-0 10-2 3-0 4-2 2-0 1-0 4-2 2-0 1-0 1-0 1-0 1-0 1-0 1-0 1-0 1	Tox Free Sol. Traffic Tech. Traka Resources Transurban Grp Transfield Serv TransPacific In Treasury Group Treasury Wine Triausmin Ltd Triangle Energy Tribune Res. Triton Minerals Troy Resources UGL Limited US Masters Res. UXC Limited Un. Biosensors Universal Coal	1-2 1-0 3-0 2-0 2-0 3-0 6-0 3-0 1-0 0-2 2-0 18-0 1-0 2-0 3-0 2-0 3-0 2-0 3-0 2-0 3-0 2-0 3-0 2-0 3-0 2-0 3-0 3-0 2-0 3-0 3-0 3-0 3-0 3-0 3-0 3-0 3	Venturex Res. Venus Metals Viking Mines Villa World Ltd Village Road. Viralytics Ltd Viralytics Ltd Vital Group Ltd Vital Metals Vocus Comm. Vortex Pipes WAM Active Ltd WAM Capital Ltd WDS Limited WPG Resources Waratah Res. Watermark Fund Watpac Ltd	2-0 1-0 3-0 4-1 0-2 2-0 0-1 2-1 4-0 0-2 2-0 0-1 0-1 0-1 3-1 1-0 3-1 1-0 4-1	Wesfarmers Ltd Western Desert Westoz Invest. Western Areas West African R. Westside Corp. Whitehaven Coa White Rock Min. White Cliff Min White Energy Co Wide Bay Aust. Wolf Petroleum Woolworths Ltd Worley Group XRF Scientific Xanadu Mines Xtek Ltd Yellow Rock Res	0-1 0-2 1-0 0-1 6-0 0-1 3-6 1-0 3-0 1-0 2-0 1-2 1-0 5-1 4-0 2-0 5-1 4-0 5-1 4-0 5-1 4-0 5-1 5-1 4-0 5-1 1-0 5-1 1-0 5-1 1-0 1-0 1-0 1-0 1-0 1-0 1-0 1

Company Review: Insiders Buy Boart Longyear

Boart Longyear (code BLY) was mentioned last month as a company where *Insiders* - the most knowledgeable investors - are optimistic and buying, while short sellers - high-risk, habitual losers - are pessimistic and selling. Obviously these views contradict - and only one group can be correct over the medium to long term. While the share price has fallen significantly - favouring the short sellers - the short interest remains high, indicating that (collectively) the short sellers have yet to *realise* their profits and remain pessimistic.

In the long run and in most situations, investors would do best to follow the buying or selling of *insiders* and/or to bet against the short sellers.

Boart Longyear does have real problems owing to the current resource downturn and any investment in the shares does involve significant risk. Of course, in any volatile situation it is again better to be "long" (i.e. to own shares) with *limited risk* (i.e. 100%) and *unlimited potential profits*, than to be "short" with potentially unlimited losses and limited profits!

Company History

The business was started 126 years ago in 1888 when Edmund Longyear established a drilling business in Minnesota which grew steadily over the decades and expanded internationally. South African based **Anglo American Corporation** acquired a 20% interest in 1964, increasing that to 100% ownership in 1974.

A management buyout in 2005 saw Anglo American sell this "non-core", "collection of small regional

businesses" to management and venture capitalists who then floated the company on the Australian Stock Exchange in 2007. <u>All of the \$2348 million raised in the</u> <u>initial public offering went to the venture capitalist</u> <u>investors or to repay existing debt - neither of which is</u> <u>a good sign for the future</u>!

The shares have since fallen 91% from their issue price of 185 cents to just 16 cents with media speculation that the company is heading into administration! The company, worth \$2866 million at listing in 2007 now has a market capitalisation of just \$74 million.

Recent Results and Current Problems

For the year to 31 December 2013, Boart Longyear reported a 39.2% drop in revenues to US\$1,222.9 million and recorded a *loss* of US\$619,943,000 (*minus* US\$1.36 per share). Previous results have been volatile: There was a profit of US\$68.1 million in 2012 and US\$159.9 million in 2011, a *loss* of US\$14.9 million in 2009 and a profit of US\$156.7 million in 2008.

That latest loss mainly resulted from restructuring and impairment charges totalling US\$461.2 million.

<u>The business generated a small net operating cash</u> <u>surplus - down 82% - at US\$11.5 million</u>. No dividend was paid.

Shareholders Equity is US\$428.6 million (US\$0.94 per share), although the shares currently trade on-market at 16 cents, valuing the company at A\$74 million.

The company has US\$600.0 million of interest bearing debt. Moody's has (*Continued on Page 14*)

Company Review: Boart Longyear

(Continued from Page 13) steadily and repeatedly downgraded the company's debt ratings over the last year. <u>Companies, of course, don't fail owing to *losses*, or credit rating downgrades but owing to cash *deficits* and when banks foreclose on secured debt. Boart Longyear has a revolving bank facility, but its borrowings are mainly in the form of Senior Notes. US\$300 million of Senior Notes (at 7% interest) mature in April 2021 and a further US\$300 million of Senior Notes (at 10% interest) mature in October 2018.</u>

The 2018 notes were issued in September 2013 after a successful offering. The funds raised were used to repay bank debt. This long term, private debt significantly reduces "foreclosure risk", relative to bank debt which needs to be regularly re-negotiated, subject to credit criteria.

This total debt costs US\$51.0 million annually in interest payments. US\$26 million was drawn against its previously unutilised US\$130 million revolving bank facility in April to meet interest payments on the senior notes.

Despite a short restructuring (and some acquisitions) by the venture capitalist investors in 2005-2007, Boart Longyear is still a "collection of businesses" but the restructuring continues. Over just the last 18 months the group has gone from 25 Vice Presidents and a regional management structure to one with 13 Vice Presidents overseeing a global business structure. Separate supply chains and inventories for each division have been consolidated with shared warehousing and procurement. 23 independent business zones have been consolidated into 10 territories. Total employee numbers have declined 51% to 5681 people. All of these changes are expected to reduce costs by US\$150 million annually.

March 2014 quarterly revenues were US\$197 million (down 47% on the March 2013 quarter), with a small net cash *deficit* of US\$6 million - an improvement on the seasonal *deficit* of US\$47 million in the March 2013 quarter.

With the Resource sector downturn, drilling rig utilisation remains very low at around 38% (although up from a January low of under 30%). Historically utilisation fluctuates between 40-65%, depending upon cyclical conditions. Drilling product orders are also low, reflecting depressed drilling activity as mining companies exhaust existing mineral resources (and cut operating costs by deferring drilling to prove new resources).

In February the company appointed **Goldman Sachs** to conduct a strategic review to evaluate options, "maximise value for Boart Longyear stakeholders", provide continuity of services and "ensure capital adequacy to continue as a going concern through the mining cycle" and "capture future growth when the market recovers". <u>Recent weakness in the share price follows media speculation that this review had been "unsuccessful and that the company is headed into administration". The company states this is "incorrect and it continues to engage in the strategic review with a</u>

number of third parties on a range of potential proposals".

Over the last year there have been 10 *insider* buys and no sells. Most of these buys occurred in August and September, following the release of the half year results to June 2013. At that time, seven different directors each purchased between 50,577 and 500,000 shares at prices around 39¼-48 cents - for a total investment of over \$4.8 million. An eighth director bought 60,000 shares on-market at 43 cents in September. Following the release of the December 2013 result, a director purchased 175,000 shares at 30 cents in February and a director purchased a further 135,000 shares at 30 cents in March.

Short Interest in Boart Longyear was less than 3% prior to May 2013 when it jumped to 9.0% (i.e. most short selling began in May 2013 at prices around 70-100 cents) and has remained around that level (i.e. peaking at 10.7% in August 2013 and April 2014). Short interest remains at 8.3% - indicating that short sellers remain pessimistic and collectively have not yet closed out their positions to realise their recent gains.

Summary and Recommendation

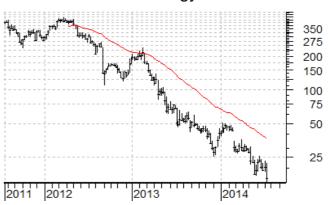
As we said earlier, an investment in Boart Longyear shares does involve significant risk. Like many companies, it is suffering from the severe downturn in the resource sector and the significant decline in its drilling services, equipment, parts and services. The company has high debt levels, but mainly in private, long term debt, rather than riskier bank borrowings. Despite large losses - much of which is from writedowns - the company is operating at a small cash *deficit*, while seeking to improve cashflows through reducing inventories and restructuring and downsizing to reduce operating and overhead costs.

Large, widespread buying (i.e. millions of dollars in total from nine different directors) indicates that the knowledgeable *insiders* believe the company has a good chance of surviving until the Resource sector recovers. Boart Longyear has survived a few resource sector booms and busts over the last 126 years!

High levels of *Short Interest* indicate that short sellers hold a completely different view and believe the company will <u>not</u> survive.

We would suggest that a small investment in Boart Longyear shares may be of interest for higher risk investors looking for capital appreciation from the eventual recovery of this company.

Boart Longyear



Investment Outlook

(Continued from Page 1) technological, environmental, economic, social and political change.

The reason we are investors (and publish this newsletter) is that our earliest research indicated that the stockmarket was the best place to build investment wealth (and our experience over the last three or four decades has confirmed that).

Stockmarket listed companies are usually many years old and have survived the very risky, high failure rate, start-up phase. They have potentially developed a successful business model and are building a growing business. The exception is during booms - like the Internet boom - when many start-up companies (without proper business plans) were able to raise money directly from eager public investors. No wonder that all ended in tears!

A major advantage of the stockmarket is the large range of potential investments - only 146 companies in New Zealand but 1936 companies in Australia. We could eliminate 98% of these companies and still build a very diversified portfolio of 50 shares. Given the uncertainty, volatility and short life expectancy of individual companies, that wide diversification is important.

How we select the 2% of listed shares in which to invest can have a major impact on our long term investment returns. Most investors (and analysts) pick shares which have a good "story". It may be easy to write (and understand) a story about an Investment company run by an entrepreneur, a "land grab" by an Internet start-up or the potential huge growth of a Software-as-a-Service company - but they may <u>not</u> be the best investments.

Any potential investment needs to trade on a <u>reasonable valuation</u>. A high growth business would warrant a higher valuation than a low growth business - but also remember that it is very difficult to predict

Total Ret	urn Index f	or All List	ed Shares
	Jun 9 Jun 10 Jun 11 Jun 12 Jun 13	1515.83 1514.99 1516.65 1516.38 1512.01	
Jun 16	1514.11	Jun 23	1502.47
Jun 17	1516.25	Jun 24	1497.57
Jun 18	1514.23	Jun 25	1495.42
Jun 19	1510.66	Jun 26	1498.64
Jun 20	1505.62	Jun 27	1500.39
Jun 30	1501.64	Jul 7	1505.42
Jul 1	1503.98	Jul 8	1505.57
Jul 2	1506.08	Jul 9	1500.91
Jul 3	1505.99	Jul 10	1502.88
Jul 4	1509.62	Jul 11	1498.63

growth rates very far into the future. Growth shares bought at very high valuation can be disappointing when the company grows at a *lower than expected* rate! Some of our best investments have been growth companies purchased on single digit (or very low double digit) Price/Earnings ratios.

Another important indicator of a share's future performance is on-market <u>buying or selling by the directors</u>. These *insiders* are the most knowledgeable investors, with the best understanding of their company and its future growth potential and risks. One *insider* buy or sell probably isn't very significant - but several *insider* buys or sells in a share probably reveals important (and usually ignored!) insight into its likely future performance.

As we see in this newsletter (page 11), 82.5% of Australian *insider* trades have been buys over the last five weeks and 84.2% buys over the last 13 weeks. Knowledgeable *insiders* believe their shares are good value - suggesting the whole market offers good value.

Shares <u>neglected</u> by brokers and institutional investors (which are often *smaller* and *medium sized* companies) tend to be under-valued relative to more widely followed shares. So a portfolio of neglected, smaller company shares tends to outperform the widely owned, larger company shares that index funds and most investors buy for their portfolios. Just an extra 1-2% per year compounds to a lot of money over half a lifetime!

Share prices also tend to move in *trends* - so relatively strong shares tend to continue to outperform the market. Many investors rush to sell shares that rise 10-20% - just when they may be starting to rise 50% or 100% or more in value.

Investing in stockmarket listed shares - and making some effort to focus upon shares with favourable investment characteristics - holds the best potential to build investment wealth over the medium to long term. Remain fully invested in the recommended shares.

D i v i d e n d

	Cents per	Ex-	Pay-	Тах
Company	Share	Date	able (Credit
Dorchester Pac.	0.50	16-07	23-07	Nil
Mainfreight	19.00	11-07	18-07	Full
Smiths City Group	2.50	08-08	15-05	Nil
<u> </u>	Australian Share	<u>əs</u>		
Finbar Group	6.00	05-08	19-09	
Village Roadshow s	pecial 15.00	24-06	17-07	

Next Issue:

The next issue of *Market Analysis* will be emailed in four weeks time on <u>Monday August 11, 2014</u>.

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