

Market Analysis

Inside Market Analysis

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 Arowana Australasian Value, CBG Capital, Global Value, Naos Absolute Opportunities, PM Capital Asian Opportunities, QV Equities

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Summary and Recommended Investment Strategy.

The significant drop in the Australian dollar over the last two years offers a huge investment opportunity to benefit from the higher earnings of Australian exporters and Australian companies with international businesses. The recent drop in interest rates further improves the economic environment for these companies and the outlook for share prices.

Investment Outlook.

Our short term, One-Month Forecast, for the Australian stockmarket has risen to a very Bullish (i.e. favourable) 93%. This reflects favourable short term indicators including the drop in 30-day interest rates (which had risen over the previous year), the **Reserve Bank of Australia's** cut in the cash rate from 2.50% to 2.25% and the stockmarket moving to a new six-year high.

Australian Short Term Interest Rates



The lower Australian dollar exchange rate will help most Australian companies.

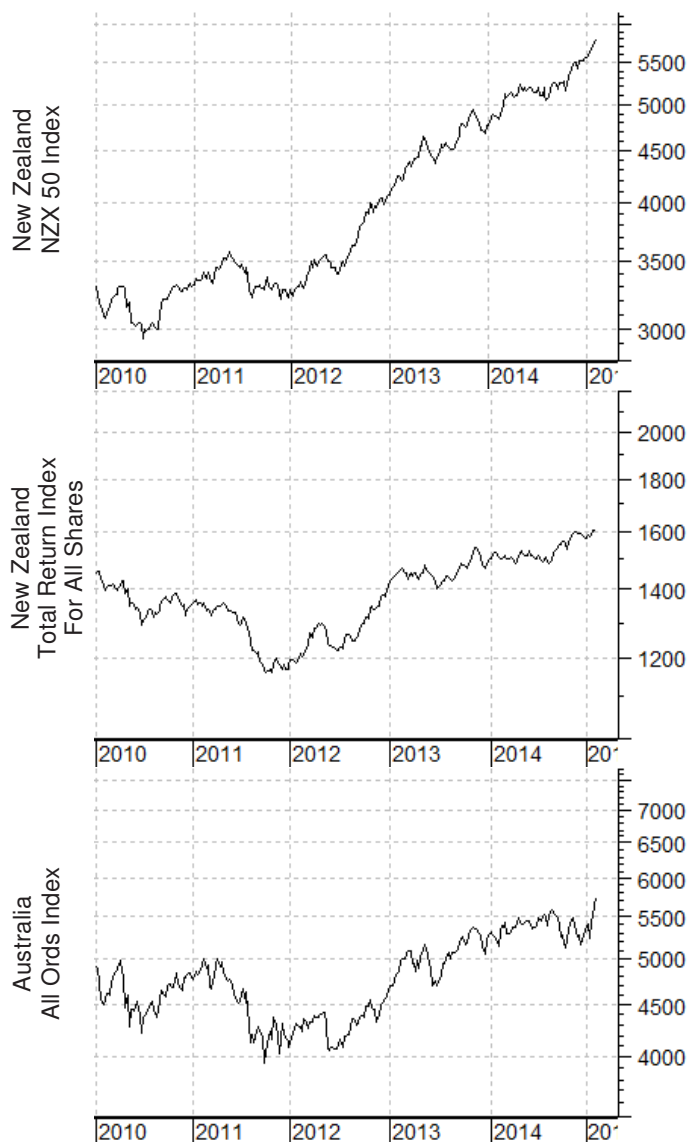
Australia Dollar Exchange Rate (inverted)



(Continued on Page 12)

Stockmarket Forecasts

	One-Month	One-Year
Australia:	93% (Bullish)	70% (Bullish)
New Zealand:	56% (Neutral)	44% (Bearish)



Performance Forecasts

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

Performance Forecast	Price	Price/Sales Ratio	P/E Ratio	Gross Yield	Company	Performance Forecast	Price	Price/Sales Ratio	P/E Ratio	Gross Yield	Company	Performance Forecast	Price	Price/Sales Ratio	P/E Ratio	Gross Yield	Company	
AMP Limited	B	636	1.44	15	6.2	Just Water Int.	B	13	0.42	7	Nil	Rubicon Limited	E	35	0.36	72	Nil	
Abano Health.	B	820	0.80	35	3.6	Kathmandu Ltd	D	139	0.72	6	12.0	Ryman Health.	C	822	N/A	21	1.4	
Air New Zealand	A	259	0.06	1	5.4	Kermadec Prop.	D	67	6.58	11	4.5	SLI Systems Ltd	D	104	2.81	NE	Nil	
Akd Int Airport	D	447	N/A	25	2.2	Kingfish Ltd	E	140	N/A	6	8.2	Sanford Limited	D	495	1.00	23	6.5	
Allied Farmers	D	6.9	0.16	NE	Nil	Kirkcaldie & St	E	165	0.44	NE	Nil	Satara Co-op	D	58	0.19	NE	Nil	
Allied Work.	D	245	0.43	16	4.3	Kiwi Property	E	126	6.12	13	5.1	Scales Corp Ltd	D	156	N/A	NE	Nil	
Aorere Res.	N/R	0.7	7.39	NE	Nil	L&M Energy	E	7.3	N/A	NE	Nil	Scott Tech. Ltd	D	152	1.04	11	7.3	
Argosy Property	C	114	8.59	11	5.4	Mainfreight Grp	A	1606	0.83	18	2.8	Sealegs Corp	D	11	0.82	NE	Nil	
Barramundi Ltd	D	65	N/A	NE	9.5	Marlin Global	A	84	N/A	8	8.8	Seeka Kiwifruit	C	300	0.45	17	6.0	
Bathurst Res.	D	18	N/A	NE	Nil	Marsden Mar.	A	275	N/A	14	5.7	Serko Limited	C	102	N/A	NE	Nil	
Blis Technology	E	1.9	N/A	NE	Nil	Merger Group	C	18	1.30	NE	Nil	Skellerup Hold.	D	139	1.36	12	8.5	
Briscoe Group	C	301	1.34	19	5.8	Meridian Energy	C	195	1.99	22	7.8	Sky City Ltd	B	382	2.71	23	7.3	
Burger Fuel	C	350	N/A	NE	Nil	Methven Limited	C	117	0.87	17	11.2	Sky Network TV	B	589	2.52	14	6.8	
CDL Investments	E	60	4.30	12	4.6	Metro. LifeCare	E	469	N/A	14	0.8	Smartpay NZ Ltd	B	18	1.35	18	Nil	
Cavalier Corp	E	53	0.18	6	7.9	Michael Hill	E	116	0.85	13	5.6	Smiths City	C	56	0.13	7	6.3	
Cavotec MSL	D	245	1.08	20	1.6	Mid-Cap Index	E	362	N/A	9	2.3	Snakk Media Ltd	E	6.1	4.39	NE	Nil	
Chorus Ltd	D	285	1.07	8	Nil	Mighty River	E	347	2.85	23	5.4	Snosaj12 Ltd	E	10	0.19	NE	Nil	
Claridge Cap'l	D	1.5	N/A	NE	Nil	Millennium & C.	E	134	3.93	17	1.2	Sol. Dynamics	B	70	0.90	19	Nil	
Col Motor Co	D	650	0.30	12	7.5	Moa Group Ltd	C	39	2.54	NE	Nil	South Port NZ	B	395	3.30	16	7.7	
Comvita	E	372	1.02	15	Nil	Mowbray Collect	C	20	0.62	NE	Nil	Spark NZ Ltd	A	349	1.75	20	6.5	
Contact Energy	B	710	2.13	22	5.1	NPT Limited	E	64	6.50	14	6.9	Speirs Group	B	31	0.22	2	Nil	
DNZ Property	B	196	9.16	14	5.8	NZ Exchange Ltd	E	119	4.81	25	6.5	Steel & Tube	C	284	0.57	14	7.8	
Delegat Group	B	460	2.01	11	3.3	NZ Experience	E	35	1.11	9	11.8	Summerset Group	C	308	N/A	19	1.1	
Diligent Board	B	560	5.96	64	Nil	NZ Finance Hold	D	1.0	5.55	NE	Nil	Synlait Milk	C	331	1.15	42	Nil	
Dorchester Pac	B	36	5.68	54	1.4	NZ Farming Sys.	D	65	1.53	NE	Nil	TeamTalk Ltd	E	92	0.43	9	26.4	
EROAD Ltd	C	380	N/A	NE	Nil	NZ Oil & Gas	N/R	64	2.62	27	9.4	Tenon Ltd	E	190	0.26	52	Nil	
Ebos Group Ltd	C	105	0.25	16	4.8	NZ Refining Co	A	260	3.26	NE	1.1	Tourism Hold.	A	178	0.88	18	5.5	
Evolve Educat.	F	629	5.55	36	2.7	NZ Wool Service	C	42	0.19	NE	Nil	Tower Limited	B	223	1.63	NE	4.9	
F & P Health.	C	351	3.10	39	Nil	NZ Windfarms	C	5.1	1.57	NE	Nil	Trade-Me Ltd	C	368	8.89	19	6.1	
Finzsoft Sol'ns	B	847	0.69	17	5.9	NZSX 10 Fund	C	124	N/A	7	3.2	Training Sol.	D	0.4	N/A	NE	Nil	
Foley Fam Wines	B	150	2.53	24	Nil	NZSX 50 Port	C	194	N/A	9	2.3	Trilogy Int.	D	71	1.48	41	Nil	
Fonterra S/H Fd	B	575	0.20	18	5.6	NZX Aust MidCap	D	511	N/A	NE	3.8	Trust Power Ltd	A	835	3.22	23	6.1	
Freightways Ltd	A	589	2.10	22	5.0	New Image Group	D	25	0.79	NE	Nil	Turners & Grow.	B	200	0.32	14	Nil	
Genesis Energy	A	230	0.62	25	4.0	Nuplex Indust	D	299	0.36	11	7.0	Vector Ltd	B	295	2.33	17	7.2	
Genotech Group	C	213	N/A	NE	Nil	Opus Intl Cons	D	136	0.43	9	8.1	Velo Capital	B	7.0	N/A	NE	Nil	
GeoOP Ltd	D	55	N/A	NE	Nil	Orion Health.	E	475	N/A	NE	Nil	Veritas Invest.	E	128	1.59	11	8.9	
Goodman Prop.	D	121	9.16	11	5.4	Ozzy (Tortis)	C	390	N/A	9	12.9	Vetliot Limited	B	0.2	N/A	NE	Nil	
Green Cross H.	D	215	2.56	20	2.3	P&G Wrightsons	C	49	0.30	9	12.9	Vista Group Ltd	A	410	N/A	NE	Nil	
Guinness Peat	D	46	0.29	11	Nil	Pac Edge Bio.	C	77	N/A	NE	Nil	Vital Health PT	D	165	8.28	15	6.6	
Hallenstein G.	C	141	3.03	11	13.6	Port Tauranga	A	1800	7.98	31	3.9	WN Drive Tech.	C	6.0	0.30	NE	Nil	
Heartland Bank	C	341	3.07	18	5.9	Precinct Prop.	A	125	7.98	11	6.0	Warehouse Group	C	276	0.38	NE	10.6	
Hellaby Hold.	N/R	309	0.40	11	6.7	Propria Integ.	C	2.8	N/A	NE	Nil	Windflow Tech.	D	6.0	0.32	NE	Nil	
Heritage Gold *	N/R	310	N/A	NE	Nil	Property F Ind.	C	152	N/A	16	5.3	World Index Fd	D	100	N/A	NE	Nil	
Horizon Energy	C	86	N/A	11	6.7	Pumpkin Patch	C	310	0.13	NE	Nil	Wynyard Group	D	206	9.33	NE	Nil	
IkeGPS Limited	B	325	0.79	NE	Nil	Pushpay Hold.	C	37	9.52	NE	Nil	Xero Ltd	C	1610	N/A	NE	Nil	
Infratil NZ	B	325	0.79	NE	4.1	Pyne Gould Corp	C	37	9.52	NE	Nil	Z Energy Ltd	C	479	0.57	20	6.4	
Insured Group	E	1.5	0.20	NE	Nil	Rakon Ltd	C	37	0.47	NE	Nil	Ave of 142 Cos	C	248	0.60	18	3.5	
						Restaurant Brds	C	389	1.15	19	5.9							
A.P. Eagers	A	636	0.42	18	3.6	Energy Develop.	B	580	2.38	22	4.8	Panaust Ltd	C	140	1.15	23	4.3	
AGL Energy Ltd	A	1466	0.90	15	4.3	Estia Health	C	508	5.20	NE	Nil	Perpetual Ltd	A	5015	5.19	29	3.5	
ALS Limited	B	654	1.48	14	6.9	Fairfax Media	A	96	1.11	15	2.1	Platinum Asset	A	864	N/A	26	3.9	
AMP Ltd	A	605	0.88	25	3.8	Federation Cent	A	299	7.82	20	4.7	Premier Invest	B	1058	1.82	23	3.8	
ANZ Bank	A	3490	2.83	15	4.7	Flexicorp Ltd	B	333	3.20	18	5.0	Primary Health	B	486	1.61	15	4.1	
APA Group	A	856	5.37	21	4.2	Flight Centre	B	3721	1.67	18	4.1	Q.B.E. Insur.	C	1116	0.69	NE	2.9	
APN News Media	B	94	0.79	NE	Nil	Fortescue Metal	B	254	0.63	3	7.9	Qantas Airways	B	249	0.36	NE	Nil	
ARB Corporation	A	1168	2.82	20	2.5	G8 Education	B	458	5.01	44	2.6	Qube Holdings	B	241	2.16	29	2.1	
ASX Limited	A	3971	9.66	20	4.5	GPT Group	A	479	N/A	14	4.3	REA Group Ltd	A	4852	N/A	43	1.2	
AVEO Group	A	229	2.71	44	3.5	GWA Group Ltd	B	285	1.51	47	1.9	Ramsay Health	A	6085	2.49	40	1.4	
Abacus Property	A	328	5.29	24	5.0	Genworth Mort.	C	392	N/A	NE	Nil	Recall Holdings	B	720	3.46	51	Nil	
Adelaide Bright	A	387	2.01	16	4.3	Goodman Group	A	651	9.51	17	3.2	Reece Australia	B	3277	1.83	27	2.0	
Ainsworth Game	A	285	3.76	15	3.5	Goodman Fielder	B	65	0.57	NE	3.1	Regis Resources	C	194	2.60	NE	Nil	
Alumina Ltd	B	202	N/A	NE	Nil	Graincorp	A	916	0.51	42	2.2	Regis Health.	C	445	N/A	NE	Nil	
Amalgamated Hld	A	1190	1.71	24	3.5	Greencross Ltd	B	863	2.38	NE	1.4	Retail Food Grp	A	625	5.38	25	3.5	
Amcor Ltd	A	1333	1.48	22	3.2	Growthpoint Pro	A	295	9.25	14	6.4	Rio Tinto Ltd	B	6060	1.95	10	3.5	
Aneka Tambang	C	110	N/A	NE	Nil	Harvey Norman	A	404	2.88	21	2.2	S/Tracks ASX200	B	5389	N/A	7	4.1	
Ansell Ltd	A	2306	2.09	80	0.0	Henderson Group	A	485	5.08	23	3.1	SAI Global Ltd	B	419	1.67	25	3.7	
Ardent Leisure	B	280	2.23	23	4.6	Hutchinson Tel.	D	6.1	N/A	NE	Nil	Santos Ltd	B	810	2.19	15	3.7	
Argo Investment	B	836	N/A	28	3.3	IOCF Holdings	B	981	3.08	22	4.8	Scentre Group	C	395	N/A	NE	Nil	
Aristocrat Leis	C	699	5.20	NE	2.3	IRESS Limited	B	1057	6.67	69	3.6	Seek Ltd	A	1770	8.32	30	1.7	
Asaleo Care Ltd	C	168	N/A	NE	Nil	iiNet	B	745	1.28	20	2.6	Seven Group	B	580	0.57	7	6.9	
Asclano Limited	A	612	1.52	23	1.9	Iluka Resources	B	708	3.47	NE	1.3	Seven West Med.	B	145	0.78	10	8.3	
Auzion Hold.	A	502	2.80	43	3.3	Incitec Pivot	A	372	1.84	25	2.9	Shopping Centre	A	208	8.52	12	5.3	
AusNet Services	A	145	2.55	15	5.7	Independ. Group	A	528	3.09	26	1.5	Sigma Pharm.	B	82	0.31	13	4.9	
Aust Foundation	B	615	N/A	25	3.6	Insurance Aust.	A	653	1.42	12	6.0	Sims Metal Mgmt	B	1054	0.30	NE	0.9	
Aust United In	B	860	N/A	8	3.7	Investa Office	A	414	N/A	14	4.5	Sirius Res. NL	D	310	N/A	NE	Nil	
Aust Agricul.	B	155	1.91	NE	Nil	Invocare Ltd	A	1286	3.59	29	2.7	Sirtex Medical	A	2947	N/A	69	0.3	
Automotive Hold	B	379	0.43	26	5.3	JB Hi-Fi Ltd	B	1782	0.51	14	4.7	Slater & Gordon						

Recommended Investments

Australian Shares

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

Acrux Ltd reports annual *Axiron* sales of US\$170.5 million. That is down 4.6% on the previous year owing to lower sales following FDA health concerns over testosterone products early in the period. Royalty income (in Australian dollars) should be up owing to the lower exchange rate.

Net sales were US\$39.5 million in the April 2014

quarter, US\$47.1 million in the June quarter, US\$36.3 million in the September quarter and US\$47.6 million in the December quarter.

Axiron's market share remains steady at 13.7%, despite the entry of new competition from generic products.

Axiron royalties provide a steady income and operating profit for Acrux Ltd. The upside potential from this investment comes from (1) achieving large future milestone payments (Continued on Page 4)

Portfolio of Recommended Investments

CURRENT ADVICE	Company	Code	Initial Recommendation		Perform- ance Forecast	Issued Shares (mil.)	Vola- tility Ratio	Price/ Sales Ratio	Price/ Earnings Ratio	Gross Dividend Yield	Recent Share Price	Cash Dividends Rec'd	Total Return %
			- Date -	Price									
NZ Shares													
BUY	CDL Investments Ltd	CDI	12/01/99	25	E	274.7	1.2	4.30	12	4.6	60	25.4	+242%
HOLD	Cavalier Corporation	CAV	05/12/95	156*	E	68.7	1.6	0.18	6	7.9	53	282.0	+115%
HOLD	Colonial Motor Company	CMO	10/11/92	128*	B	32.7	0.5	0.30	12	7.5	650	427.3	+742%
BUY	Michael Hill Int'l Ltd	MHI	11/06/91	5*	E	383.0	1.0	0.85	13	5.6	116	54.9	+3318%
HOLD	Nuplex Industries Ltd	NPX	11/02/97	523*	D	198.1	1.1	0.36	11	7.0	299	473.0	+48%
HOLD	Smiths City Group	SCY	09/10/06	64	D	52.7	1.4	0.13	7	6.3	56	25.5	+27%
HOLD	South Port New Zealand	SPN	13/02/96	120	B	26.2	0.6	3.30	16	7.7	395	218.3	+411%
BUY	Steel & Tube Holdings	STU	08/08/00	146	C	88.5	0.7	0.57	14	7.8	284	299.6	+300%
Australian Shares (in Aust cents)													
BUY	Acrux Limited	ACR	12/05/14	99	A	166.5	0.8	4.42	9	5.6	143	8.0	+53%
HOLD	AJ Lucas Group	AJL	13/05/03	107*	D	267.4	1.5	0.43	NE	Nil	37	36.4	-31%
BUY	ALS Limited	ALQ	12/10/99	77*	B	407.2	0.5	1.48	14	6.9	564	275.5	+990%
BUY	AtCor Medical Ltd	ACG	11/11/13	15	C	157.4	3.0	2.89	NE	Nil	9	Nil	-38%
HOLD+	Atlas Pearls & Perfume	ATP	14/05/96	73	E	319.5	3.7	1.28	11	Nil	7	17.5	-67%
BUY	Ausenco Ltd	AAX	10/06/13	191*	C	168.4	1.5	0.15	NE	4.9	41	1.8	-78%
HOLD+	Brickworks Ltd	BKW	12/11/12	1115	B	148.4	0.3	2.81	19	3.3	1273	82.5	+22%
BUY	Cardno Ltd	CDD	14/12/09	391*	B	164.6	0.7	0.37	6	12.1	297	151.3	+15%
HOLD-	Chandler Macleod Group	CMG	14/08/01	51*	B	548.0	1.2	0.20	21	6.0	54	32.1	+68%
HOLD	Circadian Technologies	CIR	10/02/04	188	C	68.1	2.2	9.07	NE	Nil	16	65.0	-57%
HOLD+	Clarius Group Ltd	CND	08/04/03	82*	C	89.6	1.9	0.13	NE	Nil	26	70.5	+17%
HOLD+	CPT Global Ltd	CGO	10/03/08	88	B	36.7	1.4	0.50	10	8.7	52	15.8	-23%
HOLD	CSG Limited	CSV	11/10/10	175	B	284.1	1.0	1.78	29	7.1	127	46.0	-1%
BUY	Ellex Medical Lasers	ELX	14/03/06	49	D	107.6	1.7	0.63	44	Nil	32	Nil	-35%
BUY	Fiducian Portfolio Ser	FPS	11/02/08	260	B	30.8	0.8	2.46	14	5.1	180	52.9	-10%
BUY	Finbar Group Ltd	FRI	12/04/10	106	B	228.7	0.9	1.05	8	7.8	129	40.5	+60%
HOLD+	Iluka Resources Ltd	ILU	12/10/04	471	B	418.7	0.5	3.47	0	1.3	708	197.0	+92%
BUY	Integrated Research	IRI	14/01/08	40	B	168.8	0.7	4.36	27	3.6	138	29.0	+316%
HOLD-	M2 Telecommunications	MTU	09/10/06	33	A	181.9	0.3	1.59	24	2.9	900	79.0	+2867%
HOLD+	Melbourne IT	MLB	10/02/04	53	C	92.9	0.8	1.06	18	Nil	132	176.0	+481%
BUY	Mt Gibson Iron	MGX	10/11/14	44	B	1090.8	2.0	0.26	2	18.2	22	Nil	-50%
HOLD	Nomad Building Solutio	NOD	16/08/10	13*	D	277.5	4.8	0.29	NE	Nil	4	Nil	-69%
HOLD	Novarise Renewable Res	NOE	14/03/11	25	D	415.1	2.7	0.48	5	Nil	11	Nil	-56%
HOLD	Probiotec Ltd	PBP	11/02/08	116	D	52.9	1.8	0.19	14	Nil	25	9.3	-70%
HOLD+	Prophecy International	PRO	08/09/08	26	B	55.4	1.2	4.46	25	4.8	57	15.8	+180%
HOLD+	Skilled Group Ltd	SKE	12/03/02	126	B	235.8	1.1	0.18	8	11.8	145	181.0	+158%
HOLD	Technology One Ltd	TNE	11/11/03	44	B	309.2	0.6	5.29	33	1.8	334	50.8	+775%
BUY	TFS Corporation Ltd	TFC	08/01/07	45	B	327.0	0.8	3.15	6	4.2	142	20.2	+260%
HOLD	The Reject Shop Ltd	TRS	11/01/05	257	B	28.8	0.7	0.22	11	5.5	550	375.5	+260%
HOLD	Village Roadshow	VRL	10/08/09	77	B	159.5	0.4	1.03	22	4.3	625	253.0	+1040%

The average Total Return (i.e. both Capital Gains/Losses plus Dividends received) of all current investments from initial recommendation is +331.6%. This is equal to an average annual rate of +33.8%, based upon the length of time each position has been held.

The average annual rate of gain of ALL recommendations (both the 38 current and 159 closed out) is +30.3%, compared with a market gain of +4.1% (by the SRC Total Return Index).

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

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

Recommended Shares

(Continued from Page 3)

(which are undisclosed, but likely to be on achieving annual sales of US\$200 million) and (2) from using its drug delivery technology to build additional revenues streams.

AtCor Medical has received \$461,182 in cash under the **Australian Tax Office R&D tax incentive program**.

AJ Lucas Group reports that the **Lancashire County Council** Planning Officers recommended refusing the application by **Cuadrilla** to drill, fracture and flow test wells at Preston New Road and Roseacre Wood.

The Officers were “satisfied with all aspects of the planning applications” except for “night-time noise” at Preston New Road and “noise and traffic concerns” at Roseacre Road.

Cuadrilla has responded “outlining additional information regarding mitigation measures on noise and traffic concerns” and the council decision on these planning applications has been deferred for eight weeks.

ALS Ltd reports third quarter net profits of \$46 million, 15% ahead of earlier guidance of \$40 million. This was the result of “better than expected geochemical sample flows” plus on-going cost reduction initiatives.

This is further evidence of the “bottom of the cycle”, so we are upgrading ALS Ltd shares to a “Buy”. Often the best shares to buy now are shares that are already in your portfolio (subject, of course, to maintaining a diversified portfolio).

ALS Ltd



Chandler Macleod Group has agreed to be taken over by Japanese based **Recruit Holdings Company** via a scheme of arrangement for 53 cents per share, plus Chandler Macleod will pay a 1.7 cents dividend.

This offer is at an 82% premium to the share price prior to the offer. That large premium - and the depressed state of the stockmarket - make it virtually certain this takeover will succeed. Structured as a “scheme of arrangement” it also requires just 75% support (from shareholders who bother to vote) to become effective for 100% of the shares. A regular “takeover” would require 90% acceptances before becoming compulsory on the remaining shares.

A shareholders meeting to approve the scheme of arrangement will be held in late March and payment of 53 cents per share is expected around mid-April.

The company has not yet formally declared the 1.7

cents dividend, but we would expect an ex-entitlement date also in late March with payment in mid-April.

In total that will realise 54.7 cents in cash. This will be worth *slightly* more to Australian resident investors owing to the value of franking credits and *slightly* less to New Zealand resident investors owing to local income tax on the 1.7 cents dividend.

Alternatively shareholders could sell the shares on-market now and receive 53.0-53.5 cents (less brokerage) but receive payment two months earlier.

Selling on-market now would be an attractive option for an investor needing cash immediately, or wishing to obtain the cash early to re-invest in other portfolio shares that are currently depressed.

A further tax consideration for New Zealand resident investors is the “Fair Dividend Rate” (FDR) tax. Selling a non-FDR share (i.e. Chandler Macleod) and re-investing in an FDR share *before* 1 April 2015 would increase the potential FDR liability for the March 2016 tax year. In fact, this near to the end of the tax year there is a tax advantage in *deferring* any planned purchase of FDR shares until on or after 1 April 2015. Those investments would then be effectively tax-free for the first year.

Chandler Macleod Group



Circadian Technologies has received an R&D tax incentive refund of \$2.2 million in cash.

The company's US patent for soluble VEGFR-3 fusion proteins (e.g. OPT-302) has been extended by almost 5½ years until 22 June 2026. Patents in Europe, Japan, Canada and Australia had already been extended.

Clarius Group has become the target of an “activist” investment company, listed **Sandon Investment Company** (and a related unlisted fund). The funds have purchased Clarius Group shares on-market to build up a 9.39% stake. Sandon Investment's activism can range from “encouraging strategic change” through to seeking to remove and replace directors.

CPT Global expects first half revenues (i.e. to 31 December 2014) to be 24% lower at \$15 million, after “contract signing delays”. This will result in a first half *loss* of around \$500,000 (down from a \$1.6 million profit a year earlier).

A large European contract has just started and a second is expected to commence soon. It has also formed strategic alliances with “two large multinational companies” to “enhance our market coverage”. This should return the company to profitability in the second

half of the year.

Despite this large revenue decline that has resulted in a loss for the half year, CPT Global is a business that should benefit significantly owing to the lower Australian dollar exchange rate. Most of its costs are in Australian dollars while about half of its revenues are earned overseas.

As we have said repeatedly, this is also an economies of scale business, with relatively fixed costs. So fluctuations in revenues can have a significant impact on net profits. Just as a *decline* in revenues results in a small operating *loss*, an *increase* in revenues would result in a large jump in profitability.

So there is a very high operating leverage in this business. If it can earn higher and more consistent revenues - and with the impact of a lower exchange rate boosting profit margins - then net profits could be many times higher.

CPT Global is a micro-cap company with a market capitalisation of just \$19 million. Small companies can be risky, but it has no interest bearing debt. While the company has struggled to grow its business over a very difficult period, we still believe this company has an attractive niche market service that is scaleable and could become very profitable. Therefore CPT Global remains an attractive investment in a well diversified share portfolio.

Investors can use the current share price weakness to add to existing holdings.

CPT Global



Ellex Medical Lasers expects to report half year revenues to 31 December 2014 up about 19% to around \$31 million, with pre-tax profits up about 100%.

Despite the increase, net profits were depressed by “higher product development amortisation expenses related to the new products”. The company should also be able to achieve a higher net profit margin from this type of business, so there is plenty of potential for further growth.

Fiducian Portfolio Services' shareholders have approved its legal restructuring. Existing shares will be replaced by an equal number of shares in the new holding company that will be named **Fiducian Group.**

Finbar Group has contracted to sell the *Gateway Building* for \$72.8 million, similar to its existing valuation and book value. This building was completed in July 2010 with Finbar Group retaining a 69% interest as an investment property. After repaying mortgage debt this

69% interest will realise around \$20 million in cash for Finbar Group which will be re-invested in its residential apartment development business (or used to help finance its on-market share repurchases?).

Iluka Resources reports 2014 production of Zircon, Rutile and Synthetic Rutile up 13.5% to 535,000 tonnes. Sales were 5.5% higher at 616,000 tonnes. Selling prices were about 12.2% lower at \$1030 per tonne.

Unit cash production costs were 11.7% lower at \$668 per tonne. Full year free cash flow was around \$197 million (47 cents per share).

Mount Gibson Iron reports cash holdings of \$354 million (32 cents per share) as at 31 December 2014.

The half year result will include non-cash impairments of \$850-950 million (before tax). That will include the writedown in mine asset values owing to the lower price of iron ore, but at least some part will relate to damage at Koolan Island and this should be covered by “property damage and business interruption” insurance, although the company states “it is not yet possible to accurately estimate the potential quantum or timing of any claim”.

This situation could be similar to Lyttelton Port Company, which eventually realised a significant cash sum from insurance cover. If so, this would add significantly to the company's already large cash holding at some time in the future.

The *Acacia East* satellite pit on Koolan Island holds 400,000 tonnes of 58-59% iron ore which will be mined and exported between the end of the wet season and June 2015. This should generate a small cash margin of \$5-10 million.

The *Extension Hill* mine remained cashflow positive during the December quarter and the “full benefit of lower oil prices on cash margins” will improve net cashflows in the current quarter.

Full year sales are forecast at 4.8-5.2 million tonnes.

We continue to rate **Mount Gibson Iron** shares a “Buy”. The company has no interest bearing debt but the shares trade at a 31% discount to their cash in the bank! That places absolutely no value on its iron ore business or any assets and no value on a potentially very large insurance recovery.

Mt Gibson Iron



Noverise Renewable Resources International reports December quarter receipts of \$50.4 million and a net operating cash surplus of \$12.7 million. Receipts for the full year were \$183.4 million with a net cash surplus of \$6.1 million. *(Continued on Page 6)*

Recommended Investments*(Continued from Page 5)*

TFS Corporation has settled an institutional plantation sale and received \$24 million in cash. This covers 400 hectares of plantation developed for the investor. On time settlement of these large institutional plantation investments will help avoid the liquidity problems suffered by TFS Corporation a few years ago when a buyer failed to complete a purchase.

Technology One has acquired **ICON Strategic Solutions Pty** for \$10 million in cash, a “substantial portion” of which is payable on “the achievement of an

earn-out” (i.e. payable in the future, subject to the business achieving certain targets). The business provides software to manage Local Governments with planning applications and permits, planning schemes and community plans.

Technology One will redevelop the application to its *Ci Anywhere* platform.

The Reject Shop reports first half revenues up 4.4%, but “same store” revenues down 3.3%. Net profit after tax is expected to be around \$12.7-13.0 million (i.e. down 23-25%). As previously reported, the year started very poorly, so there has been an improvement in later months.

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	STRENGTH RATING				Price to NTA	Return on Equity	Volatility	Price/Earn. Ratio	Dividend Yield	Price/Sales Ratio	Market Cap'n		
	Share Price	Cur. rent	4-Wk Chg.	Rank									
UNDER-VALUED SHARES: Lowest Price/Sales, Yld > 0, Rel Strength > 0													
Air New Zealand	259	+15.1	+4.4	10	3-18	7	0.2	14	1.0	1	5.4	0.06	289
Smiths City	56	+0.4	+0.7	50	0-0	-	0.7	10	1.4	7	6.3	0.13	30
Ebos Group Ltd	971	+0.8	+0.5	46	1-1	5	1.5	9	0.8	16	4.8	0.25	1,444
PGG Wrightsons	49	+6.0	-0.4	29	2-0	2	1.4	15	1.6	9	12.9	0.30	366
Col Motor Co	650	+5.5	+1.0	31	0-0	-	1.5	13	0.6	12	7.5	0.30	213
Hellaby Hold.	309	+5.0	+0.5	33	1-0	4	1.7	15	1.2	11	6.7	0.40	294
Seeka Kiwifruit	300	+2.2	-3.1	42	3-0	-	0.7	4	0.5	17	6.0	0.45	43
Z Energy Ltd	479	+10.1	+2.8	15	0-0	7	3.2	16	0.8	20	6.4	0.57	1,916
Genesis Energy	230	+8.1	+0.1	19	0-0	-	0.7	3	1.0	25	4.0	0.62	1,243
Infracore NZ	325	+9.9	-0.6	15	2-2	4	1.9	0	0.8	560	4.1	0.79	1,896
Abano Health.	820	+9.0	+3.7	17	0-0	2	1.8	5	0.6	35	3.6	0.80	168
Methven Limited	117	+1.2	+1.0	45	0-1	3	1.8	11	1.1	17	11.2	0.81	78
Mainfreight Grp	1606	+5.2	-0.7	33	2-6	5	3.6	20	0.6	18	2.8	0.83	1,590
Tourism Hold.	178	+20.6	+0.7	5	8-9	-	1.2	7	1.3	18	5.5	0.88	199
Hallenstein G.	343	+0.5	+0.1	49	1-1	5	3.1	28	1.0	11	13.6	0.93	205
Sanford Limited	495	+5.7	-2.7	30	3-0	2	0.8	4	0.5	23	6.5	1.00	463

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

Speirs Group	31	+61.2	-5.9	1	0-0	-	1.6	94	2.6	2	Nil	0.22	4
Just Water Int.	13	+25.6	-8.6	2	1-0	-	1.7	26	2.6	7	Nil	0.42	12
Sol. Dynamics	70	+23.6	+6.9	3	0-0	-	5.7	29	0.9	19	Nil	0.90	10
Tourism Hold.	178	+20.6	+0.7	5	8-9	-	1.2	7	1.1	18	5.5	0.88	199
Air New Zealand	259	+15.1	+4.4	10	3-18	7	0.2	14	0.8	1	5.4	0.06	289
PGG Wrightsons	49	+6.0	-0.4	29	2-0	2	1.4	15	1.3	9	12.9	0.30	366
Col Motor Co	650	+5.5	+1.0	31	0-0	-	1.5	13	0.5	12	7.5	0.30	213
Mainfreight Grp	1606	+5.2	-0.7	33	2-6	5	3.6	20	0.5	18	2.8	0.83	1,590
Hellaby Hold.	309	+5.0	+0.5	33	1-0	4	1.7	15	1.0	11	6.7	0.40	294
Seeka Kiwifruit	300	+2.2	-3.1	42	3-0	-	0.7	4	0.4	17	6.0	0.45	43
Methven Limited	117	+1.2	+1.0	45	0-1	3	1.8	11	0.9	17	11.2	0.81	78
Ebos Group Ltd	971	+0.8	+0.5	46	1-1	5	1.5	9	0.8	16	4.8	0.25	1,444
Hallenstein G.	343	+0.5	+0.1	49	1-1	5	3.1	28	0.8	11	13.6	0.93	205
Turners & Grow.	200	+0.4	+2.0	49	0-0	-	0.9	6	0.5	14	Nil	0.32	234
Smiths City	56	+0.4	+0.7	50	0-0	-	0.7	10	1.0	7	6.3	0.13	30

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

Hallenstein G.	343	+0.5	+0.1	49	1-1	5	3.1	28	0.8	11	13.6	0.93	205
PGG Wrightsons	49	+6.0	-0.4	29	2-0	2	1.4	15	1.1	9	12.9	0.30	366
Kathmandu Ltd	139	-17.4	-6.6	93	2-6	10	0.9	15	0.9	6	12.0	0.72	278
Warehouse Group	276	-4.4	-2.1	80	4-0	8	2.1	37	0.9	6	10.6	0.38	859
NZ Oil & Gas	64	-10.4	-1.2	87	1-1	4	0.8	3	1.1	27	9.4	2.62	271
Skellerup Hold.	139	-7.1	-0.1	83	4-1	3	1.9	15	1.0	12	8.5	1.36	268
Kingfish Ltd	140	+3.1	+1.2	41	0-0	-	1.0	16	0.7	6	8.2	N/A	166
Opus Intl Cons	136	-9.5	+0.3	86	2-0	4	1.5	17	0.6	9	8.1	0.43	200
Meridian Energy	195	+19.0	-1.4	7	1-0	9	1.1	5	0.8	22	7.8	1.99	4,996
South Port NZ	395	+4.7	-0.9	36	0-0	-	3.3	21	0.5	16	7.7	3.30	104

Company	STRENGTH RATING				Price to NTA	Return on Equity	Volatility	Price/Earn. Ratio	Dividend Yield	Price/Sales Ratio	Market Cap'n		
	Share Price	Cur. rent	4-Wk Chg.	Rank									
INSIDER BUYING: Most Insider Buying, Relative Strength > 0													
Ryman Health.	822	+2.6	+2.0	42	5-0	7	4.4	21	0.6	21	1.4	N/A	4,110
Seeka Kiwifruit	300	+2.2	-3.1	42	3-0	-	0.7	4	0.3	17	6.0	0.45	43
Sanford Limited	495	+5.7	-2.7	30	3-0	2	0.8	4	0.3	23	6.5	1.00	463
PGG Wrightsons	49	+6.0	-0.4	29	2-0	2	1.4	15	1.0	9	12.9	0.30	366
Veritas Invest.	128	+6.6	+3.1	26	2-0	-	8.0	75	0.8	11	8.9	1.59	48
Argosy Property	114	+6.7	+0.4	24	2-0	5	1.2	12	0.5	11	5.4	8.59	902
Trust Power Ltd	835	+6.7	+1.4	25	2-0	6	1.7	8	0.3	23	6.1	3.22	2,613
Hellaby Hold.	309	+5.0	+0.5	33	1-0	4	1.7	15	0.9	11	6.7	0.40	294
Vector Ltd	295	+5.3	+0.7	31	1-0	6	1.3	7	0.5	17	7.2	2.33	2,937
Heartland Bank	141	+13.8	+4.3	12	1-0	4	1.4	8	0.6	18	5.9	3.07	653

OVER-VALUED SHARES: Highest Price/Sales Ratios, Relative Strength < 0

Wynyard Group	206	-1.2	+1.6	67	0-0	2	3.9	-	0.9	NE	Nil	9.33	211
Trade-Me Ltd	368	-0.7	-1.6	64	4-1	11	2.2	12	0.7	19	6.1	8.89	1,458
Vital Health PT	165	-58.3	-0.0	98	1-0	4	1.6	11	0.5	15	6.6	8.28	561
NZ Exchange Ltd	119	-3.1	+1.0	76	0-0	3	6.1	24	0.7	25	6.5	4.81	302
Snakk Media Ltd	6	-13.2	-3.7	89	0-0	1	19.1	-	2.9	NE	Nil	4.39	16
SLI Systems Ltd	104	-13.3	+1.4	90	0-2	3	5.5	-	1.1	NE	Nil	2.81	63
NZ Oil & Gas	64	-10.4	-1.2	87	1-1	4	0.8	3	1.0	27	9.4	2.62	271
Moa Group Ltd	39	-8.6	-0.3	86	0-0	-	1.3	-	1.0	NE	Nil	2.54	12
Foley Fam Wines	150	-3.9	-1.8	79	0-0	-	1.0	4	0.7	24	Nil	2.53	78
Sky Network TV	589	-2.8	-0.4	74	2-0	10	1.8	13	0.5	14	6.8	2.52	2,292

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

Vital Health PT	165	-58.3	-0.0	98	1-0	4	1.6	11	0.5	15	6.6	8.28	561
GeoOP Ltd	55	-26.3	+6.0	96	0-0	-	-	-	1.8	NE	Nil	N/A	15
WN Drive Tech.	6	-19.9	-0.2	94	0-0	-	0.9	-	2.2	NE	Nil	0.30	8
Xero Ltd	1610	-18.5	+2.9	93	4-6	5	8.1	-	1.3	NE	Nil	N/A	2,055
Promisia Integ.	3	-16.8	-3.0	92	0-0	-	-	-	3.2	NE	Nil	N/A	7
Smartpay NZ Ltd	18	-15.8	-1.2	91	1-0	-	3.2	18	1.9	18	Nil	1.35	31
Guinness Peat	46	-13.5	-0.1	90	2-1	3	0.7	6	0.9	11	Nil	0.29	647
SLI Systems Ltd	104	-13.3	+1.4	90	0-2	3	5.5	-	1.1	NE	Nil	2.81	63
Snakk Media Ltd	6	-13.2	-3.7	89	0-0	1	19.1	-	2.8	NE	Nil	4.39	16
Kirkcaldie & St	165	-10.9	+0.6	88	0-0	-	0.9	-	0.3	NE	Nil	0.44	17
Moa Group Ltd	39	-8.6	-0.3	86	0-0	-	1.3	-	0.9	NE	Nil	2.54	12
IkeGPS Limited	86	-7.0	+0.2	83	0-0	-	-	-	0.8	NE	Nil	N/A	43
Pac Edge Bio.	77	-6.4	-1.0	82	0-3	-	35.6	-	1.7	NE	Nil	N/A	245
NZ Windfarms	5	-5.3	+3.6	81	0-0	-	0.2	-	1.8	NE	Nil	1.57	15
Orion Health.	475	-5.0	-2.7	81	0-0	-	-	-	0.5	NE	Nil	N/A	762
Michael Hill	116	-4.2	-2.4	79	1-0	3	2.3	17	0.6	13	5.6	0.85	444
Foley Fam Wines	150	-3.9	-1.8	79	0-0	-	1.0	4	0.6	24	Nil	2.53	78
Fletcher Build.	847	-3.9	+0.6	78	2-3	6	1.7	10	0.5	17	5.9	0.69	5,804
Synlait Milk	331	-3.6	-1.7	77	0-0	3	5.6	13	0.5	42	Nil	1.15	484
NZ Exchange Ltd	119	-3.1	+1.0	76	0-0	3	6.1	24	0.6	25	6.5	4.81	302

INSIDER SELLING: Most Insider Selling, Relative Strength < 0

Kathmandu Ltd	139	-17.4	-6.6	93	2-6	10	0.9	15	0.8	6	12.0	0.72	278
Comvita	372	-0.2	-2.7	61	3-7	2	1.3	8	0.4	15	Nil	1.02	118
Pac Edge Bio.	77	-6.4	-1.0	82</									

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

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

STRENGTH RATING														STRENGTH RATING																														
Company	Share Price	Cur-rent	4-Wk Chg.	Rank 0-99	Insider Buy-Sell	Brokers Following	Short Interest	Price to P/E	ROE	Volatility	P/E Ratio	Div Yield	P/S Ratio	Market Cap'n	Company	Share Price	Cur-rent	4-Wk Chg.	Rank 0-99	Insider Buy-Sell	Brokers Following	Short Interest	Price to P/E	ROE	Volatility	P/E Ratio	Div Yield	P/S Ratio	Market Cap'n															
OVER-VALUED SHARES: Highest Price/Sales Ratios, Relative Strength < 0																																												
Brain Resource	25	-6.2	+0.2	50	2-0	-	-	-	1.0	NE	Nil	9.96	25	IMX Resources	1	-36.5	-1.6	95	0-0	2	-	-	-	3.2	NE	Nil	N/A	6																
Moko Social Med	15	-4.6	+2.8	45	0-2	-	-	14.5	-	1.3	NE	Nil	9.74	87	New Standard En	3	-36.3	-4.3	95	2-0	3	-	-	-	1.6	NE	Nil	3.99	13															
Mineral Deposit	85	-28.4	-2.8	89	6-0	3	0.9	0.2	-	0.5	NE	Nil	9.73	88	Elk Petroleum	3	-36.1	-5.4	95	0-0	-	-	-	-	1.9	NE	Nil	N/A	5															
Avita Medical	8	-13.6	-1.7	66	0-0	-	-	4.0	-	1.2	NE	Nil	9.70	26	Ardiden Limited	1	-35.8	+1.2	95	0-0	-	-	-	-	4.4	NE	Nil	N/A	24															
Intueri Educ.	277	-0.7	+1.7	35	0-0	-	0.0	-	0.5	124	NE	Nil	9.64	277	Sundance Res.	3	-35.7	-3.1	95	5-0	3	2.6	-	-	2.0	NE	Nil	N/A	84															
Aurora Absolute	97	-2.2	-0.8	39	0-0	-	-	0.9	-	0.3	NE	6.6	9.45	10	Venture Min.	3	-35.6	+1.2	95	0-0	-	0.1	-	-	1.9	NE	Nil	N/A	10															
Circadian Tech	16	-7.8	+1.0	54	0-0	-	-	0.6	-	0.8	NE	Nil	9.07	11	Enterprise Met.	2	-35.6	-8.8	95	0-0	-	0.0	-	-	2.6	NE	Nil	N/A	7															
3P Learning	235	-1.6	-0.3	38	1-0	-	0.5	-	-	0.7	62	Nil	8.76	317	Rex Minerals	11	-35.4	-2.8	95	1-0	2	0.4	-	-	1.1	NE	Nil	N/A	23															
Algae.Tec Ltd	7	-9.8	+2.6	59	0-0	-	-	-	-	1.7	NE	Nil	8.72	20	Tiger Resources	7	-34.7	-6.8	94	5-0	6	0.5	-	-	1.6	4	Nil	0.31	85															
Chirona Int Media	20	+0.0	+0.0	30	0-0	-	-	2.9	-	0.8	NE	Nil	8.67	11	Mint Payments	7	-34.5	+0.9	94	1-0	2	0.0	-	-	1.7	NE	Nil	N/A	31															
Managed Account	18	-6.3	-2.0	50	0-0	-	-	-	-	1.1	NE	Nil	7.88	24	Entosgo Limited	14	-34.5	+1.0	94	0-0	-	0.0	-	-	1.1	NE	Nil	N/A	60															
Smart Trans	1	-16.3	-3.2	71	0-0	-	-	-	-	3.4	NE	Nil	7.42	16	Altura Mining	5	-34.4	-3.6	94	0-0	2	-	-	-	1.7	NE	Nil	2.81	21															
Jupiter Energy	36	-2.1	-1.9	39	0-0	1	-	-	-	0.7	NE	Nil	7.28	55	Metminco Ltd	1	-33.6	-1.5	94	0-0	-	0.0	-	-	3.8	NE	Nil	3.26	13															
Molopo Energy	13	-5.2	-4.1	47	0-0	-	0.0	-	-	0.9	NE	Nil	7.22	31	Gindalbie Met.	2	-33.4	+0.6	94	0-0	3	2.1	-	-	2.3	NE	Nil	N/A	30															
Austin Explor.	4	-38.8	-7.0	97	2-0	-	1.3	-	-	1.6	NE	Nil	7.16	14	Lynas Corp Ltd	5	-33.3	+1.2	94	1-0	5	2.5	-	-	1.9	NE	Nil	1.63	152															
Equity Trustees	2028	-0.5	+0.9	34	0-1	3	0.3	6.9	17	0.1	40	4.6	7.05	391	Buru Energy Ltd	41	-32.7	-2.6	93	1-0	4	4.9	-	-	0.6	NE	Nil	N/A	138															
Citigold Corp	2	-17.0	+7.0	73	0-0	-	-	-	-	2.4	NE	Nil	7.04	30	Blackham Res.	8	-32.6	+2.6	93	0-1	-	1.1	-	-	1.0	NE	Nil	N/A	12															
8compono Ltd	20	-11.5	-1.3	62	0-0	-	-	-	-	0.9	62	Nil	6.97	8	Alliance Res.	7	-32.6	-7.2	93	0-0	-	-	-	-	1.2	NE	Nil	N/A	27															
Noble Mineral	1	-2.7	+0.8	40	0-0	-	0.4	-	-	3.5	NE	Nil	6.77	6	Sovereign Metal	10	-32.6	-4.3	93	0-0	-	-	-	-	1.5	NE	Nil	N/A	9															
NSX Limited	7	-17.4	-9.6	73	0-0	-	-	7.0	-	1.4	NE	Nil	6.60	7	I-Sonea Limited	7	-32.5	+2.5	93	0-0	-	-	2.4	-	1.3	NE	Nil	N/A	20															
Cellmid Ltd	3	-4.1	+0.9	44	0-0	-	-	2.5	-	2.2	NE	Nil	6.58	18	Antares Energy	20	-32.2	-6.3	93	3-0	-	0.1	-	-	0.7	14	Nil	N/A	48															
Lion Energy Ltd	15	-4.7	+0.2	46	0-0	-	-	-	-	1.1	NE	Nil	6.38	14	Investigator R.	1	-32.0	+0.3	93	0-0	-	-	-	-	2.7	NE	Nil	4.68	5															
Computronics	2	-0.0	+0.0	32	0-0	-	-	-	-	2.2	77	Nil	6.25	9	PanTerra Gold	17	-31.9	-2.8	92	2-0	-	0.0	-	-	1.2	NE	Nil	0.30	140															
Oceania Capital	139	-3.4	+0.8	42	1-0	-	-	0.6	-	0.4	NE	Nil	6.21	49	Oilex Ltd	4	-31.8	-1.8	92	1-0	-	-	-	-	1.8	NE	Nil	N/A	14															
Hastings Hi-Yld	18	-15.0	+4.1	69	0-0	-	-	0.4	5	0.8	8	20.5	6.09	18	Empire Energy	3	-31.7	-14.7	92	0-0	1	-	-	-	1.9	NE	Nil	0.27	8															
Reef Casino Trt	293	-13.2	-4.6	65	0-0	-	-	1.4	7	0.5	21	9.6	6.01	144	Range Resources	1	-31.2	-0.2	92	0-0	2	-	-	-	3.3	NE	Nil	2.01	50															
Aspen Group Ltd	126	-0.9	-0.1	36	2-0	-	0.0	0.8	-	0.4	NE	9.1	5.96	143	Sundance Energy	53	-31.2	-7.2	92	16-0	5	1.2	-	-	0.8	14	Nil	2.57	291															
Ingenia Com Grp	40	-5.4	-1.2	48	6-0	5	1.2	1.1	5	0.7	23	2.9	5.85	347	Bathurst Res.	3	-31.1	+2.1	92	0-0	-	0.0	-	-	2.0	NE	Nil	0.59	30															
Carnarvon Pet.	14	-3.6	-14.5	42	2-0	1	0.2	4.5	57	2.0	8	Nil	5.75	133	Progen Pharm.	19	-31.1	+4.6	92	1-0	-	-	1.4	-	0.9	NE	Nil	1.83	11															
TZ Limited	13	-0.5	+3.2	34	1-0	-	-	-	-	1.0	NE	Nil	5.68	48	Ceramic Fuel C.	1	-31.1	-1.2	92	0-0	2	-	0.5	-	4.4	NE	Nil	2.05	13															
Resonance Hlth	3	-8.1	-0.9	55	0-0	-	-	0.2	-	2.1	NE	Nil	5.58	13	Aerour Energy	7	-30.8	-0.3	92	0-0	-	-	-	-	1.3	NE	Nil	N/A	20															
Shoply Limited	2	-14.2	+1.1	67	0-0	-	-	-	-	2.7	NE	Nil	5.56	9	GWR Group Ltd	6	-30.7	-3.9	92	0-0	-	-	-	-	1.8	NE	Nil	N/A	14															
Strat. Energy	4	-3.0	-9.6	41	0-0	-	-	-	-	1.8	11	Nil	5.53	15	Nevada Iron Ltd	25	-30.3	-0.9	91	0-0	-	-	-	-	0.7	NE	Nil	N/A	8															
Adv Share Reg.	67	-0.6	+0.8	35	0-0	-	-	4.8	26	0.4	18	5.6	5.48	28	Horizon Oil Ltd	13	-30.0	-7.0	91	1-0	8	3.1	0.3	2	1.3	12	Nil	1.11	163															
Genetic Tech.	4	-24.1	+9.4	84	0-0	2	0.1	3.7	-	2.0	NE	Nil	5.42	33	Balamara Res.	2	-30.0	-3.1	91	0-0	-	-	-	-	2.2	NE	Nil	N/A	7															
Enhanced System	0	-1.8	+0.5	38	0-0	-	-	0.4	-	5.6	NE	Nil	5.41	30	Gryphon Mineral	8	-29.7	+2.6	91	4-0	8	1.6	-	-	1.1	NE	Nil	N/A	30															
New Guinea En.	1	-26.5	-7.1	87	0-0	-	-	-	-	4.2	NE	Nil	5.25	6	Tawana Resource	1	-29.6	-1.9	91	0-0	-	-	-	-	3.2	NE	Nil	N/A	11															
Mesa Minerals	1	-10.3	+0.3	60	0-0	-	-	-	-	3.3	NE	Nil	5.19	7	MEO Australia	1	-29.6	-1.7	90	0-0	-	0.1	-	-	2.6	NE	Nil	N/A	11															
Vealls Ltd	160	-0.4	+0.1	34	0-0	-	-	-	-	0.2	10	6.6	5.14	19	INSIDER SELLING: Most Insider Selling, Relative Strength < 0																													
G8 Education	458	-6.4	-3.2	50	1-0	11	2.9	-	-	0.2	44	2.6	5.01	1,645	Computershare	1154	-2.3	-0.4	39	1-10	18	1.3	-	-	0.2	24	2.5	3.00	6,419															
Alkane Explor.	31	-6.3	+4.7	50	2-0	3	0.2	-	-	0.8	NE	Nil	4.98	126	Western Areas	449	-4.5	-0.7	45	0-4	16	1.7	3.4	8	0.3	41	1.1	3.26	1,044															
Naos Emerging	104	-2.7	-0.7	40	2-4	-	-	0.8	11	0.5	8	5.5	4.77	37	Mineral Res.	732	-14.8	-0.8	68	0-3	7	8.9	1.3	22	0.3	6	8.5	0.72	1,371															
IPE Limited	32	-13.3	+0.7	66	0-0	-	-	0.7	5	0.6	15	22.2	4.69	43	Samson Oil/Gas	2	-22.6	-3.3	82	0-3	-	-	-	-	2.3	NE	Nil	4.01	43															
Investigator R.	1	-32.0	+0.3	93	0-0	-	-	-	-	3.0	NE	Nil	4.68	5	Sandfire Res.	466	-14.1	-2.3	67	0-3	16	2.2	2.9	32	0.3	9	2.1	1.37	727															
Pharmaust Ltd	1	-16.1	-2.9	71	0-0	-	-	-	-	4.4	NE	Nil	4.59	9	Dick Smith Hold	214	-0.3	-0.8	34	1-4	7	6.1	3.5	14	0.5	26	3.7	0.41	506															
Transerv Energy	2	-13.0	-9.6	65	0-0	-	-	-	-	2.9	NE	Nil	4.55	14	Greencross Ltd	863	-6.0	+1.1	49	1-4	8	2.5	-	-	0.2	395	1.4	2.38	962															
Suda Ltd	4	-6.7	-12.9	51	0-0	-	-	-	-	1.8	NE	Nil	4.45	39	Tribune Res.	315	-3.7	+3.6	43	0-2	-	-	-	-	0.3	NE	Nil	1.60	158															
Acrux Ltd	143	-5.0	+7.4	46	1-0	6	9.7	6.5	76	0.4	9	5.6	4.42	238	Thunselarra Ltd	10	-6.2	+0.2	50	0-2	-	-	-	-	0.9	NE	Nil	N/A	28															
Woodside Petrol	3549	-6.6	-2.2	51	0-0	16	0.4	1.7	12	0.3	15	5.9	4.41	29,241	K2 Asset Mgmt	61	-5.6	+3.0	48	0-2	2	-	-	-	6.8	78	0.7	9	13.1	3.41	142													
Site Group Int.	15	-5.9	-3.6	49	5-0	-	-	7.5	-	1.0	NE	Nil	4.16	72	JB Hi-Fi Ltd	1782	-3.7	+3.5	43	0-2	18	9.9	7.7	56	0.3	14	4.7	0.51	1,763															
WORST PERFORMING SHARES: Weakest Shares, P/S Ratio > 0.25, Yield < Twice Average																																												
Alchemia Ltd	7	-48.9	-5.3	99	0-0	4	-	1.8	-	1.1	NE	Nil	2.70	23	Moko Social Med	15	-4.6	+2.8	45	0-2	-	-	14.5	-	1.1	NE	Nil	9.74	87															
Coalspur Mines	2	-46.8	+1.8	98	0-0	2	0.0	-	-	2.6	NE	Nil	N/A	11	Drillsearch	96	-22.8	-1.8	82	1-3	13	2.1	96.0	-	0.6	6	Nil	1.07	443															
Future Gen Inv	112	-45.1	+2.8	98	4-1	-	-	-	-	0.5	NE	Nil	N/A	205	Beach Energy	117	-18.5	+0.5	75	1-3	15	5.8	0.8	5	0.4	15	2.6	1.44	1,518															
Windimurra Van.	1	-43.7	+2.4	98	0-0																																							

Australian Warrant / Option Analysis

Explanations of the columns in the table below can be found in our “Market Analysis Subscriber Reports” publication (page 19) which was sent to all new subscribers over the last 34 years! It can also be downloaded from our website at www.stockmarket.co.nz/mastart.htm or www.stockmarket.co.nz/backissues/ma-reports.pdf

Portfolio Leverage

One of the easiest ways to leverage a share portfolio is to buy options in a listed investment company. If the net asset value and share price rise, then the options should appreciate strongly in value. If the company's net assets and share price fall, the options will expire worthless.

The attractive features of Investment Company options are that (1) they usually trade at only a small premium (i.e. are a *low cost* way to obtain leverage), (2) offer high leverage (i.e. a 10% rise in the share price could lift the options 100% or more in value) and (3) they can be relatively long dated (i.e. with up to 1-2 years until expiry).

There have been a large number of Investment Company IPOs over the last year, offering a wide range of potential opportunities to invest in leveraged options:

Arowana Australasian Value Opportunities Fund (code AWQ and AWQO) is a recent IPO. The listed options give investors the right to buy one ordinary share at 98 cents on 30 June 2016.

This is a new fund, so not much information is available, but the prospectus talks about “value investing”, finding companies with “great management teams” and “active ownership and engagement with management”. Presumably that means telling the great management teams how to do their jobs better? They will also have a concentrated portfolio of no more than 25 shares and a 3-5 year investment horizon. The IPO last month raised \$48 million so the issued capital is 48,114,002 shares and 48,114,002 options.

A few options recently traded at 5½ cents and are quoted at 5-7 cents. If the shares rose 10% to 110 cents over the next 16 months (to 30 June 2016) then the options would be worth 12 cents. That would be a 118% gain over the last sale price or 71% more than the current offer.

CBG Capital (code CBC and CBCO) is another new company that completed an IPO in December 2014 to raise \$24 million.

It plans to invest mainly in companies in the *lower half* of the ASX 200 Index, but may hold Australian shares outside this index and up to 10% in international shares. It will focus on a 2-3 year horizon, which it believes is a “shorter term focus than most institutional investors” (even though the portfolio turnover of many institutional investors would indicate exactly the opposite). This fund will be managed in a similar way

to the Manager's two existing unlisted funds which, quite typically for an Australian fund, have about 30% of assets in banking shares.

At the end of December the fund had invested about half of its cash, with the biggest holdings being ANZ Bank, CBA, Westpac, Transurban, Henderson, NAB, Lead Lease, Macquarie Atlas Road and Suncorp. Eight of those nine companies are in the *top half* of the ASX 200 Index - in *conflict* with the Fund's *stated* investment policy!

The issued capital is 24,239,600 ordinary shares and 24,239,599 options to buy shares at 100 cents on 30 September 2016.

Another thing we are a bit cautious about is that apparently the Manager's other two funds subscribed for shares in this IPO and are now selling them on-market. This is one way a Fund Manager can use clients money to further increase the funds under management on which he can earn annual management fees and performance fees. There is clearly a conflict of interest here.

The options recently traded at 2 cents and are quoted at 2-2½ cents. If the share price rises 10% over the next 19 months to 110 cents, then the options would be worth 10 cents (up 300-400%).

Global Value Fund (code GVF and GVFO) is also a new fund, raising \$55 million in an IPO in July 2014. It focuses upon purchasing shares in closed-end funds (CEF) at a discount to net asset value and seeking to pressure the Fund Manager to close that discount by, for example, repurchasing (Continued on Page 12)

Company	Share Price	Yr/Mth Exercise Price	to Expiry	Option Price	Black-Scholes Valuation	Option Over/Under-Valued	Share Volatility	Option Leverage	Options to Buy 1 Share	Break-Even Rate	Company	Share Price	Yr/Mth Exercise Price	to Expiry	Option Price	Black-Scholes Valuation	Option Over/Under-Valued	Share Volatility	Option Leverage	Options to Buy 1 Share	Break-Even Rate
A1 Cons Gold	3.8	3.0	4-9	1.2	2.6	-54	0.81	1.25	1.0	+2	Enerji Ltd	1.0	20	1-10	0.1	0.0	+102	1.11	2.29	1.0	+414
Acorn Capital	73	100	0-8	0.2	0.0	+999	0.14	9.99	1.0	+65	Env. Clean Tech.	0.7	0.9	2-5	0.4	0.4	-10	1.25	1.27	1.0	+29
Actinogen	5.0	20	0-7	0.5	0.5	+9	1.41	2.49	1.0	+999	Env. Clean Tech.	0.7	1.5	2-5	0.3	0.4	-22	1.25	1.34	1.0	+48
Adelaide Resources	2.7	5.0	1-7	0.5	0.2	+145	0.49	3.52	1.0	+57	Erin Resources	0.5	2.0	0-4	0.1	0.0	+999	1.26	4.11	1.0	+999
Adv Braking Tech	0.8	1.2	1-6	0.3	0.3	+16	0.93	1.84	1.0	+54	European Metals	4.7	10	1-4	0.5	0.5	+8	0.67	2.94	1.0	+83
Agenix Ltd	1.1	5.0	0-4	0.1	0.0	+999	0.58	9.99	1.0	+999	Exalt Resources	1.2	20	0-10	0.2	0.0	+999	0.82	6.26	1.0	+999
Alcyone Resources	0.1	1.0	0-5	0.1	0.0	+999	0.00	9.99	1.0	+999	Exalt Resources	1.2	20	0-10	0.2	0.0	+999	0.82	6.26	1.0	+999
Alcyone Resources	0.1	6.0	0-3	0.1	0.0	+999	0.00	9.99	1.0	+999	Firestrike Res.	2.1	4.0	1-10	0.5	0.6	-11	0.84	1.92	1.0	+52
Altech Chemicals	6.3	20	0-3	0.1	0.0	+999	0.59	9.99	1.0	+999	Fox Resources	0.3	4.0	1-4	0.1	0.0	+569	1.19	2.40	1.0	+611
American Patriot	15	25	1-8	2.8	1.2	+125	0.45	3.60	1.0	+45	Future Generation IF	112	110	1-7	7.0	39.0	-82	0.69	1.97	1.0	+3
Anatolia Energy	8.0	18	2-4	0.6	0.9	-35	0.55	2.72	1.0	+45	GBM Resources	2.0	3.5	1-4	0.2	0.7	-70	1.08	1.76	1.0	+59
Antipa Minerals	0.5	1.0	1-3	0.1	0.1	-23	1.05	1.93	1.0	+92	Galicia Energy	0.4	8.0	0-4	0.1	0.0	+999	1.20	7.79	1.0	+999
Antisense Thera.	11	27	1-11	3.5	1.0	+254	0.59	2.90	1.0	+70	General Mining	0.3	13	0-6	0.5	0.0	+999	1.33	5.32	1.0	+999
Applabs Tech.	21	25	1-3	3.7	4.9	-25	0.65	2.42	1.0	+29	Gladiator Res.	0.5	0.6	2-4	0.1	0.2	-57	0.87	1.55	1.0	+16
Argent Minerals	3.5	18	1-1	1.5	0.1	+999	0.86	3.29	1.0	+377	Gladiator Resources	0.5	10	0-4	0.1	0.0	+999	0.87	9.99	1.0	+999
Argonaut Resources	1.0	6.0	2-1	0.2	0.1	+60	0.93	2.12	1.0	+140	Gleneagle Gold	0.2	1.0	0-4	0.1	0.0	+308	2.20	2.18	1.0	+999
Arowana Aust Value	100	98	1-4	5.5	5.2	+6	0.00	9.99	1.0	+3	Global Metal Exp	0.5	2.0	0-8	0.2	0.0	+999	0.00	9.99	1.0	+823
Artemis Resources	0.2	0.3	1-5	0.1	0.1	-23	1.76	1.25	1.0	+63	Global Value Fund	109	100	1-1	8.5	11.9	-29	0.08	8.37	1.0	-0
Artemis Resources	0.2	2.0	1-6	0.1	0.1	+43	1.76	1.46	1.0	+380	Goldphyre Resources	1.2	8.0	1-7	0.3	0.1	+364	0.90	2.63	1.0	+239
Arunta Resources	0.2	0.2	4-5	0.1	0.2	-48	1.99	1.02	1.0	+10	Greenland M&E	6.8	20	1-4	1.3	0.8	+65	0.86	2.49	1.0	+135
Atlantic Gold	25	60	3-6	5.8	22.8	-75	2.01	1.04	1.0	+32	Havilah Resources	14	30	2-4	4.0	1.9	+111	0.59	2.51	1.0	+49
Ausgold Ltd	3.5	5.0	0-3	1.0	0.5	+113	1.39	3.03	1.0	+999	High Peak Royalties	12	35	2-2	3.0	8.9	-66	1.93	1.14	1.0	+72
Ausquest Ltd	1.4	4.0	1-9	0.3	0.5	-40	1.21	1.59	1.0	+90	IM Medical	0.1	1.0	1-7	0.1	0.0	+107	1.98	1.31	1.0	+355
Bailador Tech Inv	90	100	1-1	6.7	1.0	+597	0.09	9.99	1.0	+17	IMX Resources	1.2	60	0-7	0.3	0.0	+999	1.29	6.01	1.0	+999
Barrack St Invest.	90	100	1-6	2.5	4.4	-43	0.16	8.10	1.0	+9	Icollege Ltd	13	20	2-5	4.0	8.8	-55	1.43	1.22	1.0	+29
Beacon Minerals	0.5	0.5	0-7	0.1	0.2	-41	1.13	1.99	1.0	+37	Immuron Ltd	21	4.0	0-2	0.1	17.0	-99	0.93	1.23	1.0	-100
Biotron	13	12	1-7	4.5	6.2	-28	1.02	1.52	1.0	+19	Impact Minerals	2.2	20	0-9	0.1	0.0	+741	1.03	4.00	1.0	+999
Black Mountain Res.	3.4	20	0-2	0.1	0.0	+999	1.03	9.99	1.0	+999	Indus Energy NL	2.8	30	1-4	0.1	1.5	-93	2.33	1.25	1.0	+494
Black Star Petroleum	0.2	20	2-10	0.5	0.1	+252	2.34	1.12	1.0	+412	Investigator Res.	1.3	10	2-1	0.3	0.1	+264	0.85	2.46	1.0	+170
Blackgold Int'l	8.8	8.0	1-5	1.7	3.3	-49	0.73	1.90	1.0	+7	Invigor Group	8.7	5.0	3-4	2.5	6.9	-64	1.16	1.15	1.0	-4
Blue Sky Alt.	108	100	0-10	6.0	13.1	-54	0.19	6.14	1.0	-2	Jacka Resources	3.4	13	1-3	0.3	0.1	+171	0.72	3.45	1.0	+198
Botswana Metals	1.3	1.5	1-10	0.6	0.7	-14	1.14	1.41	1.0	+30	Kaboko Mining	0.1	1.2	1-6	0.1	0.0	+174	1.85	1.43	1.0	+453
Boulder Steel	1.0	10	0-4	0.1	0.4	-73	3.86	1.42	1.0	+999	Katana Capital	93	100	1-0	0.5	3.1	-84	0.13	9.99	1.0	+8
Buxton Resources	7.6	30	0-11	2.5	0.6	+345	1.05	2.68	1.0	+388	Kibaran Resources	15	20	0-5	5.9	3.7	+59	1.31	2.21	1.0	+253
CBG Capital	100	100	1-7	2.0	6.8	-71	0.09	9.59	1.0	+1	King River Copper	1.8	20	0-4	0.1	0.0	+999	1.03	8.27	1.0	+999
Cadence Capital	142	143	0-6	2.3	5.2	-56	0.12	9.99	1.0	+5	Kingston Resources	1.9	20	0-10	1.0	0.0	+999	0.96	4.22	1.0	+999
Canyon Resources	4.7	6.0	1-11	1.3	1.9	-32	0.88	1.66	1.0	+26	Kogi Iron	3.0	8.0	2-3	1.0	0.9	+14	0.92	1.75	1.0	+63
Canyon Resources	4.7	16	1-0	0.9	0.3	+216	0.88	2.97	1.0	+260	Krakatoa Resources	9.0	20	0-4	1.0	0.2	+380	0.92	4.79	1.0	+999
Capital Mining	0.6	2.0	1-10	0.1	0.3	-65	1.46	1.39	1.0	+98	Krucible Metals	7.2	5.0	0-11	2.0	2.6	-24	0.51	2.32	1.0	-3
Caravel Minerals	0.9	3.5	1-3	0.1	0.1	-28	1.11	2.12	1.0	+203	Kunene Resources	5.7	25	0-5	0.1	0.0	+999	0.71	8.55	1.0	+999
Caravel Minerals	0.9	7.0	0-4	0.1	0.0	+999	1.11	7.22	1.0	+999	Laconia Resources	0.1	6.0	3-7	0.1	0.0	+274	1.35	1.46	1.0	+215
Carbon Conscious	2.0	8.0	0-1	0.3	0.0	+999	0.92	1.00	1.0	+999	Lindian Res.	0.5	2.0	3-5	0.2	0.3	-32	1.29	1.25	1.0	+54
Carbon Energy	2.9	6.0	1-5	0.8	0.9	-9	1.08	1.78	1.0	+82	Liontown Resources	0.6	5.0	0-7	0.1	0.0	+999	1.09	4.33	1.0	+999
Cardia Bioplastics	0.2	1.5	0-4	0.1	0.0	+999	1.48	4.02	1.0	+999	Lithex Resources	3.5	8.0	0-10	0.2	2.0	-90	2.23	1.32	1.0	+178
Cardinal Resources	9.0	15	4-7	1.8	7.6	-76	1.44	1.08	1.0	+15	Lodestar Minerals	0.8	3.0	1-1	0.4	0.3	+24	1.79	1.47	1.0	+280
Carnarvon Petrol.	14	10	0-10	8.0	6.7	+20	1.14	1.61	1.0	+41	Lucapa Diamond	27	1.0	0-6	5.8	25.5	-77	0.77	1.04	1.0	-93
Cellmid Ltd	2.5	3.4	1-8	0.8	0.4	+113	0.48	2.99	1.0	+37	Lynas Corporation	4.5	9.0	0-7	0.3	0.4	-20	0.95	3.20	1.0	+282
Ceramic Fuel Cells	0.5	1.1	0-8	0.2	0.1	+278	1.00	2.80	1.0	+319	MRG Metals	9.1	25	1-7	1.4	1.2	+14	0.81	2.39	1.0	+98
Challenger Energy	5.4	20	1-4	0.5	0.2	+233	0.67	3.64	1.0	+172	MRL Corporation	5.6	20	1-8	1.4	1.7	-17	1.23	1.66	1.0	+128
Circadian Tech.	16	27	3-9	3.5	4.3	-18	0.53	2.01	1.0	+19	Magellan Financial	1996	300	1-41750.01705.7	+3	0.34	1.17	1.0	+2		
Citation Resources	0.1	4.0	0-10	0.1	0.0	+999	1.49	3.05	1.0	+999	Magellan Flagship	187	105	2-8	80.5	88.6	-9	0.20	2.07	1.0	-0
Classic Minerals	1.5	20	0-4	0.5	0.0	+999	1.05	7.98	1.0	+999	Magnis Resources	21	10	2-3	12.0	13.9	-13	0.80	1.36	1.0	+2
Cleveland Mining	5.2	65	1-4	0.4	0.1	+572	0.93	3.27	1.0	+556	Malachite Resources	0.7	1.5	0-1	0.1	0.0	+999	0.89	9.99	1.0	+999
Clime Capital	95	104	0-8	0.2	0.6	-66	0.10	9.99	1.0	+16	Manas Resources	1.3	8.0	0-1	0.1	0.0	+999	0.87	9.99	1.0	+999
Collaborate Corp	2.0	2.0	2-2	0.9	1.9	-52	2.61	1.03	1.0	+19	Mantle Mining	1.2	4.5	0-4	0.1	0.0	+859	1.11	4.78	1.0	+999
Continental Coal	2.0	50	0-4	0.2	0.0	+999	0.00	9.99	1.0	+999	Marmota Energy	0.9	2.0	0-9	0.3	0.2	+61	1.24	2.09	1.0	+236
Cott Oil & Gas	5.5	20	0-10	2.5	0.2	+999	0.86	3.53	1.0	+442	Metals of Africa	6.6	15	1-10	2.1	2.5	-15	1.11	1.59	1.0	+67
Cudeco Limited	141	250	0-10	12.0	8.6	+39	0.61	3.91	1.0	+110	Minera Gold	0.3	1.2	1-9	0.1	0.1	-13	1.38	1.50	1.0	+130
Diatreme Resources	0.9	2.0	1-0	0.2	0.2	-11	1.17	1.93	1.0	+137	Minerals Corp	3.8	1.0	0-10	0.1	3.7	-97	4.26	1.01	1.0	-77
Discovery Africa	0.7	20	1-10	0.1	0.1	+40	1.37	1.89	1.0	+535	Mining Corporation	1.2	5.0	0-4	0.2	0.0	+999	0.78	8.74	1.0	+999
Drake Resources	0.5	5.0	0-5	0.1	0.0	+999	1.27	4.68	1.0	+999	Mining Projects	0.6	1.0	1-4	0.2	0.2	-19	1.24	1.57	1.0	+68
Eagle Nickel	0.3	20	0-10	0.4	0.0	+999	0.76	9.99	1.0	+999	Mitchell Services	2.3	30	1-5	0.1	0.1	+63	1.03	2.75	1.0	+514
Elemental Minerals	24	25	0-11	4.5	5.5	-19	0.68	2.55	1.0	+30	Moko.Mobi Ltd	15	5.0	0-4	8.0	9.5	-16	0.68	1.52	1.0	-31
Elixir Petroleum	0.2	1.5	1-7	0.1	0.0	+640	0.98	2.43	1.0	+272	Monax Mining	1.2	4.2	0-5	0.2	0.0	+652	1.12	3.92	1.0	+999
Elk Petroleum	2.7	25	2-5	0.2	0.1	+47	0.80	2.53	1.0	+154	Money3 Corp.	168	130	3-3	51.0	59.5	-14	0.29	2.30	1.0	+2
Elysium Resources	0.4	20	1-1	0.1	0.0	+999	1.15	3.73	1.0	+999	Mt Magnet South	0.3	0.6	3-10	0.1	0.3	-61	1.63	1.08	1.0	+25
Enege NL	1.2</																				

Warrant/Option Analysis

(Continued from Page 10)

shares on-market or redeeming shares at close to net asset value.

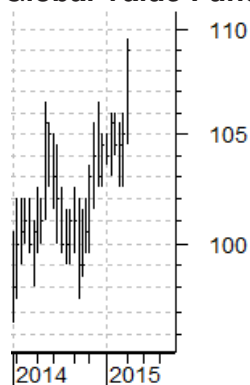
As at 31 December, the underlying assets (i.e. the investments held by the CEF in which it invests) were listed equities (25%), cash (24%), fixed income (16%), hedge funds (13%), real estate (10%), private equity (8%) and other (4%).

Net asset backing was 104 cents (after tax) on 31 December, increasing to 108 cents at the end of January.

The issued capital is 54,980,101 shares and 54,980,101 options to buy shares at 100 cents on 17 March 2016.

If the share price rose 10% to 120 cents over the next 13 months then the options would be worth 20 cents. The options recently traded at 8½ cents and are quoted at 8-8½ cents, so that would be a 135% gain.

Global Value Fund



Naos Absolute Opportunities Company (code NAC and NACO) is another new investment company which raised \$21.5 million in an IPO in October 2014.

The issued capital consists of 21,500,000 shares and 21,500,000 options to buy shares at 100 cents on 30 October 2016. 75% of the options were issued to investors in the IPO (i.e. 3 options for 4 shares) and 25% of the options were issued to the Fund Manager.

There is little disclosed about the fund's planned investment strategy except that it will focus on "motivated, proven and experienced management", will "actively manage a concentrated portfolio" of up to only 30 shares" of "high quality" ASX and internationally listed companies. It will follow a "long/short strategy", which either means it will sell some shares short or that it will short share index futures to hedge market risk and seek "absolute "returns" rather than "relative returns".

By mid-December the fund still held 91.5% of assets in cash, with a net equity exposure of just 8.5% (in four share investments and two "short" positions). This large

cash position does nothing to create potential value for the option holders (although presumably the Fund Manager will invest more aggressively at some stage or his 5,375,000 options will expire worthless.

Net asset backing is 99 cents. The options recently traded at 3 cents and are quoted at 3-3½ cents, but given the current investment strategy the net asset value is unlikely to rise (or fall) much over the next 17 months, so there is little potential for leveraged gains from the options.

PM Capital Asian Opportunities Fund (code PAF and PAFO) raised \$55 million in an IPO in May 2014.

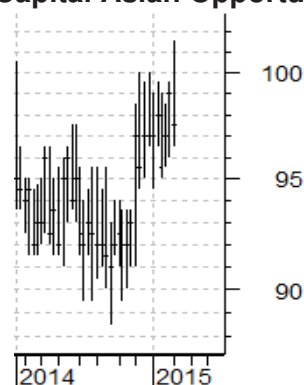
The company will invest in "15-35 Asian equities", the portfolio may be "indirectly leveraged" up to 30% and may also short sell shares up to 30% of its net assets.

The Manager's current "best Asian ideas" are Gaming shares (20% of the portfolio), Internet service providers (17%), Healthcare (6%), Consumer spending (8%), Infrastructure providers (9%), Commodities (4%) with 7% in other shares and 28% in cash. Net assets at 31 December was 103 cents (after tax).

The issued capital is 55,087,501 ordinary shares and 55,087,501 options to buy shares at 100 cents on 31 May 2016.

The options recently traded at 5.6 cents and are quoted at 5.6-5.9 cents. If the share price rose 10% to 108 cents over the next 15 months then the options would be worth 8 cents. That would be a gain of 36-43%.

PM Capital Asian Opportunities



QV Equities (codes QVE and QVEO) raised \$184.6 million in an IPO in August 2014.

The company will focus upon 20-50 "quality" companies in ASX 300 Index shares but *excluding* the very largest 20 companies.

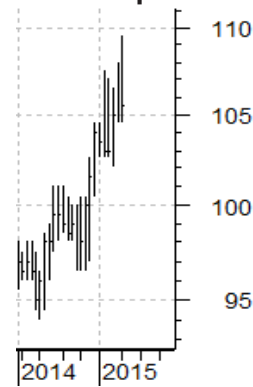
As at 31 December 2014 the company still had 52% of its assets in cash and expects to take at least another six months to invest most of that cash.

Its biggest investments include Sonic Healthcare, AGL Energy, Orica, Ansell, ASX Ltd, Bank of Queensland, Chorus, Oil Search, Shopping Centres of Australasia and Salmat.

Net asset value is 100 cents (before tax).

QV Equities' options are the most actively traded, with daily turnover of usually around 100,000 to 300,000 options. The options recently traded at 6½ cents and are quoted at 6½-7 cents. If the shares rise 10% to 116½ cents over the next 13 months then the options would be worth 16½ cents (i.e. up 135-154%).

QV Equities



Company	Share Price	Exercise Price	Yr/Mth to Expiry	Option Price	Black-Scholes Valuation	Option Over/Under-Valued	Share Volatility	Option Leverage	Options to Buy 1 Share	Break-Even Rate	Company	Share Price	Exercise Price	Yr/Mth to Expiry	Option Price	Black-Scholes Valuation	Option Over/Under-Valued	Share Volatility	Option Leverage	Options to Buy 1 Share	Break-Even Rate
NSL Consolidated	0.7	1.0	1-10	0.3	0.4	-18	1.22	1.40	1.0	+40	Red Gum Resources	0.5	10	1-0	0.1	0.0	+312	1.51	2.29	1.0	+999
Namibian Copper	0.3	1.5	4-2	0.2	0.2	-4	1.39	1.17	1.0	+52	Red Mountain Mining	0.4	1.2	1-1	0.1	0.0	+174	0.89	2.69	1.0	+197
Naos Absolute Opps	99	100	1-9	3.0	4.2	-28	0.04	9.99	1.0	+2	Red Mountain Mining	0.4	3.0	1-4	0.1	0.0	+857	0.89	3.06	1.0	+364
Naos Emerging	104	113	0-5	0.3	0.7	-57	0.12	9.99	1.0	+23	Redstone Resources	3.3	20	1-0	0.1	0.1	+37	0.93	3.33	1.0	+509
Naracoota Resources	2.5	9.0	0-7	0.1	0.0	+999	0.54	9.49	1.0	+816	Resource Star	0.7	0.4	1-1	0.3	0.5	-41	1.67	1.23	1.0	+0
New Talisman Gold	1.0	2.0	2-9	0.2	0.4	-53	0.93	1.53	1.0	+33	Reward Minerals	42	25	1-4	20.0	19.7	+2	0.52	1.90	1.0	+5
Newera Resources	0.3	0.5	1-5	0.1	0.3	-62	2.78	1.07	1.0	+63	Rhinomed Ltd	2.1	6.0	2-2	0.9	0.6	+40	0.99	1.70	1.0	+73
Noble Minerals Res	0.9	48	0-2	1.5	0.0	+999	0.00	9.99	1.0	+999	Rumble Resources	3.5	8.0	0-4	0.6	0.1	+781	0.91	4.96	1.0	+999
Oilex Ltd	4.0	15	0-6	0.1	0.1	+37	1.02	4.02	1.0	+999	Rumble Resources	3.5	35	0-8	1.9	0.0	+999	0.91	5.48	1.0	+999
OreCorp Ltd	4.1	27	0-2	0.9	0.0	+999	0.49	9.99	1.0	+999	Rumble Resources	3.5	8.0	1-4	1.0	0.7	+53	0.91	2.19	1.0	+103
Orinoco Gold	7.6	25	0-3	0.5	0.0	+999	0.77	9.99	1.0	+999	SML Corporation	1.3	20	0-9	0.1	0.1	+64	1.65	2.38	1.0	+999
Orion Gold NL	2.9	20	0-6	0.4	0.0	+999	0.96	5.60	1.0	+999	Samson Oil & Gas	1.5	3.8	2-1	0.3	0.3	-9	0.82	2.00	1.0	+62
Otis Energy	0.3	5.0	0-10	0.1	0.0	+265	1.79	2.03	1.0	+999	Sandon Capital	96	100	0-5	1.0	1.5	-32	0.12	9.99	1.0	+15
Ozgrowth	16	23	0-6	0.5	0.1	+541	0.28	9.99	1.0	+107	Select Exploration	0.7	35	0-7	0.1	0.0	+999	1.19	6.19	1.0	+999
PBD Developments	1.6	2.3	0-10	0.2	0.2	+22	0.58	3.59	1.0	+67	Shopy Ltd	1.8	3.5	0-5	0.2	0.1	+284	0.77	4.85	1.0	+463
PHW Cons.	0.3	1.0	3-7	0.1	0.2	-46	1.26	1.24	1.0	+44	Siburam Resources	5.1	2.0	2-10	1.6	4.1	-61	1.15	1.15	1.0	-12
PM Capital Asian	98	100	1-3	5.6	4.8	+16	0.11	9.99	1.0	+7	Sino Aust Oil & Gas	48	75	1-9	2.5	0.0	+999	0.01	9.99	1.0	+32
PM Capital Global	108	100	0-4	8.5	9.2	-7	0.12	9.99	1.0	+1	Sipa Resources	4.0	7.5	0-8	1.0	0.2	+342	0.70	3.89	1.0	+201
Paradigm Metals	0.2	0.2	1-10	0.1	0.2	-37	1.86	1.13	1.0	+25	Southern Gold	1.3	1.5	0-9	0.1	0.4	-75	1.03	2.04	1.0	+32
Parmelia Resources	1.2	5.0	2-3	0.4	0.5	-26	1.35	1.40	1.0	+95	Spitfire Resources	0.9	12	1-1	0.2	0.0	+999	0.81	4.81	1.0	+999
Paynes Find Gold	0.1	3.0	0-4	0.1	0.0	+999	2.26	2.98	1.0	+999	St George Mining	5.0	20	2-4	2.0	1.4	+47	1.01	1.71	1.0	+89
Peak Resources	8.1	10	0-4	0.5	0.5	+8	0.56	5.60	1.0	+118	Sthn Hemi Mining	4.0	4.5	1-0	0.8	0.9	-11	0.65	2.56	1.0	+32
Peninsula Energy	2.1	3.0	0-10	0.5	0.2	+215	0.51	4.16	1.0	+85	Sun Resources	0.3	2.5	2-7	0.1	0.1	+25	1.16	1.61	1.0	+131
Pental Ltd	45	3.0	0-3	0.5	42.0	-99	0.42	1.07	1.0	-100	TNG Limited	9.7	8.0	0-5	4.3	3.3	+32	1.02	2.19	1.0	+77
Pepinnini Min.	1.4	5.0	0-4	0.2	0.0	+999	0.78	8.03	1.0	+999	Tag Pacific	11	20	2-7	2.3	2.5	-7	0.61	2.14	1.0	+31
Perpetual Equity	98	100	1-3	4.6	1.1	+334	0.02	9.99	1.0	+6	Talga Resources	33	35	0-9	13.0	10.4	+25	0.98	2.05	1.0	+65
PharmAust Ltd	0.6	2.0	0-6	0.2	0.0	+999	0.65	7.55	1.0	+999	Tamaska Oil & Gas	0.5	0.5	0-6	0.1	0.3	-65	2.35	1.37	1.0	+49
Pharmnet Group	0.1	0.5	0-10	0.1	0.0	+999	0.99	3.27	1.0	+758	Thorney Opps.	46	53	0-2	0.1	0.0	+101	0.21	9.99	1.0	+188
Phylogica Ltd	2.3	9.0	1-4	0.4	0.3	+18	1.06	2.14	1.0	+187	Titan Energy	2.8	3.0	0-8	0.1	0.7	-86	0.87	2.37	1.0	+16
Platina Resources	7.5	6.0	0-7	1.0	4.4	-77	1.91	1.38	1.0	-11	Titan Energy	2.8	4.0	0-3	0.2	0.2	+19	0.87	4.60	1.0	+406
Pluton Resources	3.4	5.5	2-1	0.9	0.1	+617	0.28	5.31	1.0	+35	Trafford Resources	2.0	20	0-3	0.4	0.0	+999	1.24	7.46	1.0	+999
Plymouth Minerals	7.5	25	0-4	0.1	0.0	+999	0.61	9.99	1.0	+999	Tychean Resources	0.2	0.6	0-4	0.1	0.0	+424	1.65	2.64	1.0	+999
Potash Minerals	2.0	20	0-9	0.1	0.0	+999	0.95	4.59	1.0	+999	VTX Holdings	1.2	2.5	0-8	0.2	0.6	-64	2.14	1.44	1.0	+248
Prima Biomed	3.5	20	2-4	1.2	0.0	+999	0.49	4.44	1.0	+119	Valence Industries	42	25	1-5	26.0	21.8	+19	0.71	1.66	1.0	+15
Primary Gold	1.8	20	0-1	0.1	0.0	+999	1.20	9.99	1.0	+999	Valmec Ltd	18	25	2-10	3.0	6.1	-51	0.64	1.83	1.0	+17
Primary Gold	1.8	10	0-10	0.5	0.1	+357	1.20	2.63	1.0	+730	Venus Metals	17	20	1-9	3.1	11.8	-74	1.61	1.21	1.0	+19
Proto Res & Inv	0.1	5.5	2-1	0.1	0.0	+999	0.00	9.99	1.0	+601	Victory Mines	0.3	20	0-1	0.1	0.0	+999	1.36	9.99	1.0	+999
Pryme Energy	0.7	2.0	1-5	0.2	0.2	+30	1.06	1.95	1.0	+127	WAM Research	121	120	0-4	2.2	4.3	-49	0.12	9.99	1.0	+3
QV Equities	106	100	1-1	6.5	8.2	-21	0.05	9.99	1.0	+1	WHL Energy	2.5	18	1-9	2.4	0.2	+999	0.93	2.42	1.0	+232
RTG Mining	67	150	2-3	21.0	6.2	+240	0.51	2.99	1.0	+51	Westoz Invest.	101	130	0-6	0.1	0.2	-58	0.19	9.99	1.0	+66
Ram Resources	0.6	2.5	1-12	0.2	0.2	+23	1.11	1.71	1.0	+113	White Cliff Min.	0.8	3.0	2-0	0.2	0.1	+51	0.87	2.08	1.0	+98
Ramelius Res.	13	12	0-5	5.8	3.1	+88	0.78	2.82	1.0	+113	Wolf Petroleum	3.0	5.0	3-5	1.1	1.6	-31	0.94	1.38	1.0	+23
Rampart Energy	0.2	0.7	0-11	0.1	0.1	+97	1.52	1.78	1.0	+354	Wolf Petroleum	3.0	20	0-10	0.5	0.0	+999	0.94	3.81	1.0	+903
Range Resources	1.0	5.0	0-11	0.4	0.0	+999	0.86	3.68	1.0	+529	YPB Group	32	20	2-8	16.0	20.6	-22	0.91	1.32	1.0	+5
Raya Group	0.7	1.5	1-5	0.4	0.2	+73	1.16	1.70	1.0	+105	Yowie Group	61	20	0-10	45.0	41.8	+8	0.75	1.43	1.0	+8
Raya Group	0.7	1.5	1-5	0.1	0.2	-57	1.16	1.70	1.0	+81	Zeta Petroleum	0.4	30	0-5	1.0	0.0	+999	2.14	3.45	1.0	+999
Real Energy Corp.	22	30	0-3	1.4	0.9	+50	0.73	5.50	1.0	+355	Zeta Petroleum	0.4	4.0	0-4	0.1	0.0	+503	2.14	2.60	1.0	+999
Red Gum Resources	0.5	1.0	2-9	0.1	0.4	-72	1.51	1.18	1.0	+34	Zeta Resources	38	100	1-3	1.0	1.0	+2	0.54	4.27	1.0	+116
											Ziptel Ltd	42	30	1-10	19.0	31.2	-39	1.53	1.18	1.0	+9

Investment Outlook

(Continued from Page 1)

For Resource companies, the lower dollar partially offsets lower commodity prices.

For Australian companies with international businesses, those offshore revenues and profits now translate into 30% more in Australian currency than two years ago.

For Australian exporters the impact is significantly greater. If a company earned all of its revenues in foreign currencies and incurred all of its expenses in Australian dollars, then the 30% fall in the exchange rate could boost net profit margins from 5% to 35% - or boost net profits seven-fold! With smaller profit margins the impact would be greater. With higher margins it would be less.

So companies like TFS Corporation, Integrated Research, CPT Global, Ellex Medical, ALS Ltd, Prophecy International, Acrux, Cardno, AtCor Medical, Atlas Pearls, Iluka Resources and Melbourne IT could all potentially profit significantly from the lower exchange rate.

If we were ever going to say "Mortgage your grandmother's house to buy Australian shares", now *might* be the time. Of course, we would never advise doing that! Investing in shares can be volatile enough, without adding to the stress by using borrowed money! We would also never advise investing in a way that put your family's financial security or home at risk.

But if you have a few dollars sitting in the bank, or if you can put off buying a new boat or a new car, or if you don't really need to upgrade your home to a mini-mansion, then it just might be a good time to think about buying a few more Australian shares for your portfolio!

Dividend\$

Company	Cents per Share	Ex-Date	Pay-able	Tax Credit
Augusta Capital	1.25	05-02	13-02	Full
Smiths City Group	1.00	05-02	13-02	Nil

Total Return Index for All Listed Shares

Jan 12	1588.63	Jan 19	1581.29
Jan 13	1592.46	Jan 20	1583.68
Jan 14	1595.50	Jan 21	1591.25
Jan 15	1594.37	Jan 22	1590.19
Jan 16	1583.09	Jan 23	1588.98
Jan 26	1588.42	Feb 2	1599.22
Jan 27	1592.59	Feb 3	1597.63
Jan 28	1601.26	Feb 4	1595.35
Jan 29	1604.48	Feb 5	1595.37
Jan 30	1604.06	Feb 6	Holiday

Next Issue:

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

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