

# Market Analysis

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## Inside Market Analysis

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## Summary and Recommended Investment Strategy.

Realise some profits on Vocus Communications (M2 Group) which is looking *fully valued* and re-invest in *depressed* and *under-valued* Resource company shares and growth company shares trading at attractive valuations.

## Investment Outlook.

As we pointed out last month (before anyone else had noticed) most commodity prices had started to recover from their January 2016 or December 2015 lows. This trend has continued over the last month. Even Iron Ore prices are up 36% on a month ago!

As we have discussed since October, we are now recommending realising significant profits on our **Vocus Communications/M2 Group** investment - a 40-bagger investment over the last 9½ years!

Given the recent strength in the Vocus Communications share price - and the recent weakness in many other share prices - this could be an ideal opportunity to recycle some of our capital from a more *fully valued* share into more *under-valued* shares with better *future* growth potential.

We are adding **OZ Minerals** - a profitable, low cost miner that would benefit significantly from any recovery in copper and gold prices - to our *Recommended Portfolio*. Investors should also consider added to positions in other Resource sector shares or shares that are depressed in value and out-of-favour owing to an association with the Resource sector: **AJ Lucas, ALS Ltd, Ausenco, Cardno, Finbar Group, Iluka Resources, Mt Gibson Iron and Programmed Group**.

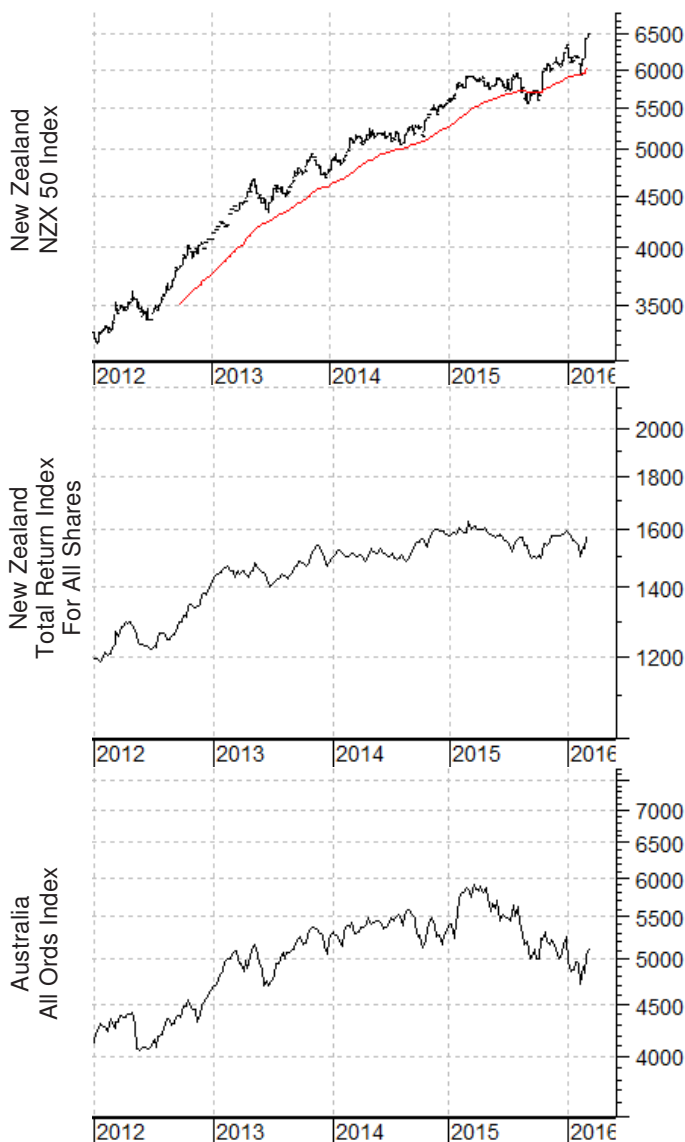
This may also be a good time to buy into or add to existing positions in many of our non-resource, growth company shares: **AtCor Medical, Integrated Research** and **Prophecy International** are all down 33-50% from their recent highs in late 2015. All three companies are growing their business strongly in line with expectations.

Of course, not every share listed above will be successful but the maximum loss on any share is strictly limited to 100% (i.e. the amount we invest) while there is no limit to potential gains. VOC/MTU is up 4,100%! Michael Hill up 3,000%!

Realise some profits on Vocus Communications but re-invest in other attractive portfolio shares and remain fully invested in equities.

### Stockmarket Forecasts

	One-Month	One-Year
Australia:	85% (Bullish)	68% (Bullish)
New Zealand:	77% (Bullish)	64% (Bullish)



# Recommended Investments

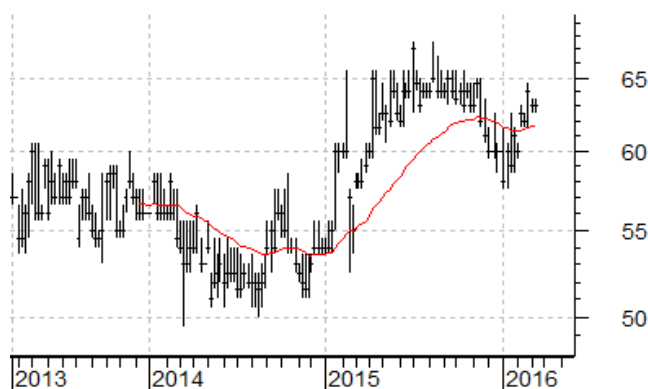
**CDL Investments** experienced steady growth in revenues and profits, while the net operating deficit of \$11.2 million reflects the additional \$29.6 million expenditure on development properties. A steady annual dividend of 2.2 cents (plus full imputation tax credits) will be paid:

Year to 31/12/2015			
	Latest	Previous	Change
Revenues	\$47.5m	\$44.1m	+7.8%
Net Profit	\$17.5m	\$14.7m	+18.8%
Net Cash Surplus	<\$11.2m>	\$4.1m	-
Earnings per share	6.3c	5.4c	+18.3%
Dividends per share	2.2c	2.2c	-

The company sold 255 sections, up 3% on the previous year. With sections available at Prestons Road, Christchurch and Greville Road, Auckland, CDL Investments has the potential to sell a significantly higher number of sections during 2016 - with a corresponding increase in revenues, profits and higher cashflows.

The book value of its development properties is \$126.6 million, while market value is \$265.0 million. During the year the company acquired 4.1 hectares of land in Auckland.

## CDL Investments



**Cavalier Corporation** has returned to profitability earning a normalised net profit of \$2,416,000 for the half year to 31 December 2015:

Six Months to 31/12/2015			
	Latest	Previous	Change
Revenues	\$98.4m	\$103.7m	-5.1%
Net Profit	\$2.4m	\$0.032m	-
Net Cash Surplus	\$5.7m	\$0.012m	-
Earnings per share	3.5c	Nil	-
Dividends per share	Nil	Nil	-

In addition, there was a \$2.0 million gain on the sale of a Sydney property and \$936,000 of restructuring costs.

The business generated a net operating cash surplus of \$5.7 million and \$11.4 million from the sale of property, plant and equipment, plus \$1.8 million from

the sale of the **Onterran** tile business. That has helped repay \$21.2 million of interest bearing debts which have been reduced to \$35.2 million. Shareholders Equity is \$70.3 million.

The company had previously forecast a full year result of \$3.0-5.0 million (4.4-7.3 cents per share) and now expects the result "at the upper end" of that range.

Based upon the share price of 55 cents, that would give a Price/Earnings ratio of about 12. That is not expensive for a business experienced depressed profitability. "Hold" for recovery.

## Cavalier Corporation



## Colonial Motor Company

### Six Months to 31/12/2015

	Latest	Previous	Change
Revenues	\$439.0m	\$410.4m	+7.0%
Net Profit	\$9.5m	\$8.4m	+12.6%
Net Cash Surplus	\$6.5m	<\$16.9m>	-
Earnings per share	28.8c	25.6c	+12.6%
Dividends per share	13.0c	13.0c	-

In addition, there was a \$1,072,000 gain on the sale of a property.

The September 2015 quarter was similar to a year earlier, but sales improved in the December 2015 quarter.

## Colonial Motor Company



**Michael Hill International** has become a 30-bagger investment through steady annual growth compounding over 25 years. That steady growth continues:

## Six Months to 31/12/2015 (in Australian currency)

	Latest	Previous	Change
Revenues	\$310.8m	\$283.2m	+9.7%
Net Profit	\$24.9m	\$23.7m	+5.1%
Net Cash Surplus	\$32.5m	\$39.9m	-18.7%
Earnings per share	6.5c	6.2c	+5.1%
Dividends per share (NZ cents)	2.5c	2.5c	-

As we have discussed previously, a key feature of the Michael Hill International business is the economies of scale of the Canadian business which will make a strong contribution to profit growth over the next several years.

In this half year, Canadian revenues rose 19% but profits were up 47% to C\$7.4 million. The Canadian profit margin rose from 11.3% to 13.9% and should continue to grow toward the 18.5-22.7% margin achieved in Australia and NZ as the Canadian operations grow and mature. The company has 65 Canadian stores, will open eight new stores this year (i.e. five were opened in the first half and three planned for the second half), and has identified at least 110 potential store locations.

Canadian revenue growth and margin growth should be a significant source of net profit growth for the company over many years in the immediate future.

(Continued on Page 4)

## Portfolio of Recommended Investments

CURRENT ADVICE	Company	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 %	
		Code	- Date -										Price
<b>NZ Shares</b>													
BUY	CDL Investments Ltd	CDI	12/01/99	25	E	275.5	1.1	3.94	12	4.9	63	27.6	+262%
HOLD	Cavalier Corporation	CAV	05/12/95	156*	B	68.7	1.4	0.18	34	Nil	55	282.0	+116%
HOLD	Colonial Motor Company	CMO	10/11/92	128*	B	32.7	0.6	0.26	12	7.3	625	460.3	+748%
BUY	Michael Hill Int'l Ltd	MHI	11/06/91	5*	D	383.2	1.3	0.73	13	5.2	96	59.9	+3018%
HOLD	Nuplex Industries Ltd	NPX	11/02/97	523*	A	191.3	0.9	0.71	16	5.3	513	483.0	+90%
HOLD	Smiths City Group	SCY	09/10/06	64	C	52.7	1.5	0.12	21	4.8	52	30.0	+28%
HOLD	South Port New Zealand	SPN	13/02/96	120	B	26.2	0.5	3.45	15	7.3	455	225.3	+467%
BUY	Steel & Tube Holdings	STU	08/08/00	146	B	88.5	0.9	0.40	9	11.7	226	337.6	+286%
<b>Australian Shares (in Aust cents)</b>													
BUY	Acruz Limited	ACR	12/05/14	99	A	166.5	1.1	4.23	10	9.3	65	14.0	-21%
BUY	AJ Lucas Group	AJL	13/05/03	107*	C	267.4	1.8	0.46	NE	Nil	25	36.4	-43%
BUY	ALS Limited	ALQ	12/10/99	72*	B	504.2	0.5	1.26	16	4.8	435	276.4	+888%
BUY	AtCor Medical Ltd	ACG	11/11/13	15	D	180.9	2.2	5.95	NE	Nil	18	Nil	+20%
HOLD+	Atlas Pearls & Perfumes	ATP	14/05/96	73	D	414.3	5.6	0.81	NE	Nil	3	17.5	-72%
BUY	Ausenco Ltd	AAX	10/06/13	191*	D	186.9	1.8	0.19	NE	Nil	26	1.8	-86%
HOLD+	Brickworks Ltd	BKW	12/11/12	1115	A	148.7	0.3	3.15	29	3.8	1534	110.5	+47%
BUY	Cardno Ltd	CDD	14/12/09	308*	B	247.6	0.8	0.20	4	14.6	137	135.2	-12%
HOLD	Clarius Group Ltd	CND	08/04/03	82*	D	89.6	2.1	0.10	NE	Nil	21	70.5	+11%
HOLD+	CPT Global Ltd	CGO	10/03/08	88	D	36.8	1.8	0.37	NE	Nil	28	15.8	-50%
HOLD	CSG Limited	CSV	11/10/10	175	B	319.1	0.9	1.65	27	6.9	130	55.0	+6%
HOLD+	Ellex Medical Lasers	ELX	14/03/06	49	C	107.6	1.1	1.36	51	Nil	79	Nil	+61%
HOLD+	Fiducian Group	FID	11/02/08	260	B	30.9	0.7	2.62	15	4.5	220	62.9	+9%
BUY	Finbar Group Ltd	FRI	12/04/10	106	B	232.3	1.0	2.22	8	11.0	91	50.5	+33%
BUY	Iluka Resources Ltd	ILU	12/10/04	471	A	418.7	0.4	3.58	59	3.3	756	216.0	+106%
BUY	Integrated Research	IRI	14/01/08	40	B	170.4	0.6	4.54	22	4.0	188	36.5	+461%
HOLD	Melbourne IT	MLB	10/02/04	53	A	92.9	0.7	1.23	27	2.5	199	181.0	+617%
BUY	Mt Gibson Iron	MGX	10/11/14	44	C	1091.3	2.1	0.68	NE	Nil	21	Nil	-53%
HOLD	Novarise Renewable Res	NOE	14/03/11	25	C	415.1	2.4	0.42	NE	Nil	16	Nil	-36%
HOLD	Onterran Ltd	OTR	16/08/10	13*	E	459.7	5.0	0.22	NE	Nil	4	Nil	-71%
HOLD	Opthea Limited	OPT	10/02/04	188	B	150.2	1.6	63.08	NE	Nil	40	65.0	-44%
BUY	OZ Minerals	OZL	14/03/16	522	A	303.5	0.5	1.80	12	3.8	522	Nil	
HOLD-	Probiotec Ltd	PBP	11/02/08	116	C	52.9	1.5	0.44	0	Nil	55	9.3	-45%
BUY	Programmed Group	PRG	12/03/02	229*	B	249.3	0.9	0.12	7	12.3	147	381.0	+130%
BUY	Prophecy International	PRO	08/09/08	26	B	55.4	0.8	8.24	34	2.8	148	20.0	+546%
HOLD-	Technology One Ltd	TNE	11/11/03	44	A	311.7	0.5	6.49	40	1.5	457	57.5	+1069%
HOLD+	TFS Corporation Ltd	TFC	08/01/07	45	B	343.0	0.7	3.19	5	1.7	174	23.2	+338%
HOLD+	The Reject Shop Ltd	TRS	11/01/05	257	A	28.8	0.4	0.53	28	2.2	1395	405.5	+601%
HOLD	Village Roadshow	VRL	10/08/09	77	B	161.1	0.4	0.83	19	5.4	523	281.0	+944%
HOLD-	Vocus Com (M2 Group)	VOC	09/10/06	20*	A	532.1	0.4	5.24	40	0.3	774	68.3	+4112%

The average Total Return (i.e. both Capital Gains/Losses plus Dividends received) of all current investments from initial recommendation is +398.3%. This is equal to an average annual rate of +36.9%, 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 160 closed out) is +31.3%, compared with a market gain of +3.9% (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)

The *Emma & Roe* stores could also offer significant growth. The company is still “testing” this business segment, but reports gross margins “higher than the *Michael Hill* brand” and has already identified 190 potential store locations.

### Michael Hill International



**Nuplex Industries** has received an indicative, non-binding proposal to acquire the company for 555 cents per share, reducing to 543 cents after the payment of the 12 cents interim dividend. This proposal is “non-binding”, but likely to be completed, so “Hold” for the full value of 543 cents.

**Allnex Belgium SA/NV** is a global coating resins business about 50% larger than Nuplex Industries. The acquisition of Nuplex Industries, subject to due diligence, agreement on a binding scheme of arrangement agreement and shareholder approval, could be completed in early July 2016.

#### Six Months to 31/12/2015

	Latest	Previous	Change
Revenues	\$700.5m	\$685.8m	+2.1%
Net Profit	\$26.8m	\$25.2m	+6.3%
Net Cash Surplus	\$37.7m	\$43.9m	-14.1%
Earnings per share	14.1c	12.7c	+11.0%
Dividends per share	12.0c	10.0c	+20.0%

### Nuplex Industries



**Smiths City Group's** planned acquisition of an Auckland retail business is now unconditional and will be settled on 1 April 2016.

**South Port New Zealand's** profit for the half year to 31 December 2015 was up 53.7%, but boosted by lower than normal repairs and maintenance expenses in the period. Those expenses will be incurred in the second half of the year. Nevertheless, the company predicts a full year net profit up 7-13% to \$8.25-8.75 million (31½-33½ cents per share).

#### Six Months to 31/12/2015

	Latest	Previous	Change
Revenues	\$18.1m	\$16.2m	+11.5%
Net Profit	\$5.1m	\$3.3m	+53.7%
Net Cash Surplus	\$5.2m	\$3.4m	+51.2%
Earnings per share	19.3c	12.6c	+53.7%
Dividends per share	7.5c	7.0c	+7.1%

The company had expected lower bulk cargo volumes but these rose 2% to 1,512,000 tonnes. Cargo volumes are now expected to “hold up well and track budget expectations” over the second half of the year.

### South Port NZ



### Steel & Tube Holdings

#### Six Months to 31/12/2015

	Latest	Previous	Change
Revenues	\$265.7m	\$258.2m	+2.9%
Net Profit	\$9.9m	\$10.8m	-8.8%
Net Cash Surplus	\$9.4m	\$10.1m	-7.0%
Earnings per share	10.9c	12.4c	-12.1%
Dividends per share	9.0c	9.0c	-

In addition the company realised an after tax gain of \$6.0 million on the sale of a property.

At 226 cents the shares trade on a Price/Sales ratio of 0.40, a Price/Earnings ratio of 9 and a gross Dividend Yield of 11.7%. That is a low valuation for a sound business that generates fairly reliable net cashflows that enable the payment of dividends *and* steady long term growth through the acquisition of other businesses. “Buy” for a high current income and long term income growth and capital growth that should exceed the rate of inflation.

### Steel & Tube Holdings



### Australian Shares

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

#### Acrux Ltd

Six Months to 31/12/2015

	Latest	Previous	Change
Revenues	\$15.5m	\$14.2m	+8.8%
Net Profit	\$7.9m	\$7.0m	+12.4%
Net Cash Surplus	\$8.4m	\$3.2m	+159.2%
Earnings per share	4.7c	4.0c	+12.4%
Dividends per share	Nil	Nil	-

In addition, there was a \$2.5 million “milestone” payment which added \$1.9 million to net profits. The company is debt-free with \$21.5 million (12.9 cents per share) in cash.

At 65 cents, Acrux shares trade on a Price/Earnings ratio of 10 and offer a Dividend Yield of 9.3%. That would be a low value for just the Axiron royalties but appears to place no value on the company's drug delivery technology the company is seeking to use for other drugs to earn additional revenues and profits in the future.

#### Acrux Limited



#### AJ Lucas Group

Six Months to 31/12/2015

	Latest	Previous	Change
revenues	\$56.4m	\$79.4m	-29.0%
Net Profit	<\$17.9m>	<\$13.2m>	-
Net Cash Surplus	\$5.9m	<\$2.5m>	-
Earnings per share	Nil	Nil	-
Dividends per share	Nil	Nil	-

Drilling revenues were 17% lower at \$38.1 million, but earnings were up 12% to \$6.0 million. Engineering & Construction revenues were 45% lower at \$18.3 million, but earnings fell only 8% to \$5.4 million. Oil & Gas reported a loss of \$4.8 million, down from earnings of \$5.0 million a year earlier.

Interest bearing debts of \$88.9 million (33.3 cents per share) remain very high. Finance costs were up 5.5% to \$12.4 million.

#### AJ Lucas Group



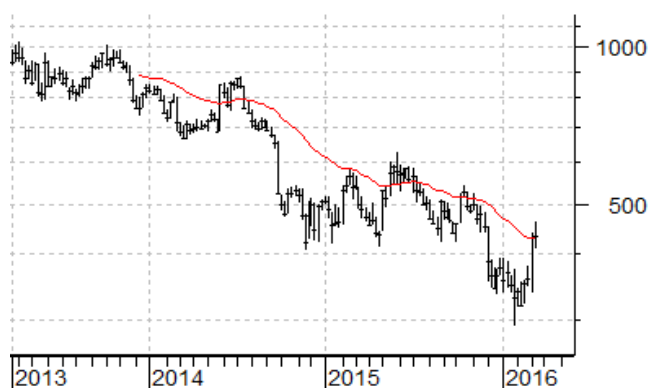
ALS Limited has used \$183 million of the \$317 million cash raised in its recent cash issue to repay debt. It repaid \$69 million of bank debt (maturing in October 2017) and has redeemed (at a 1% premium to face value) \$36 million of July 2019 US private placement debt and \$78 million of December 2020 USPP debt. This will save \$5.5 million in annual interest costs. Outstanding debts are \$488 million.

It has also reduced its US\$160 million bank debt facility to US\$80 million, saving \$1.3 million annually in undrawn commitment fees.

Total cash holdings of \$297 million (of which \$134 million is from the cash issue) are held on deposit pending acquisitions. ALS Ltd is “in discussion with a select number of high quality bolt-on acquisition targets”, “particularly in the food sector”.

ALS Ltd also intends to write-down its oil and gas intangible assets (i.e. goodwill) to nil. That will require an impairment charge of around \$330 million (which, of course, has no impact on cashflows, operating net profits or its ability to pay dividends).

#### ALS Limited



(Continued on Page 6)

## Recommended Investments

(Continued from Page 5)

### AtCor Medical

Six Months to 31/12/2015

	Latest	Previous	Change
Revenues	\$1.7m	\$2.9m	-40.9%
Net Profit	<\$2.551m>	\$0.041m	-100.0%
Net Cash Surplus	<\$2.7m>	<\$0.8m>	-
Earnings per share	<1.2c>	0.03c	-
Dividends per share	Nil	Nil	-

As previously discussed, revenues fell partly as a result of a deferred pharmaceutical sale (which was completed in January), while the larger net cash *deficit* and larger net loss partially reflect higher expenditure to market the *SphygmoCor* system.

The company has been granted two new patents, one in Japan (until November 2032) and a similar United States patent (until May 2031). These patents further protect the intellectual property of *SphygmoCor* in the world's two largest markets for medical devices.

AtCor Medical states that the *SphygmoCor* "rollout is proceeding as planned". One large national private health plan and three regional health plans (covering 18 million people) have "initiated reimbursement for the *SphygmoCor* test" in line with the **Medicare** reimbursement. Discussions "continue with a number of other private plans". The company is targeting four major metropolitan areas with its specialist sales force and telemarketing.

The *Oscar 2* ambulatory blood pressure monitoring device has been approved for sale in the United States by the **US Food and Drug Administration**. It was approved for **CE Mark** certification for sale in Europe and some Asian markets in May 2015.

### **AtCor Medical**



**Atlas Pearls & Perfumes** reports higher revenues and a return to profitability over the last six months:

Six Months to 31/12/2015

	Latest	Previous	Change
Revenues	\$7.0m	\$6.0m	+18.0%
Net Profit	\$0.5m	<\$7.0m>	-
Net Cash Surplus	<\$0.2m>	\$0.4m	-
Earnings per share	0.1c	-	-
Dividends per share	Nil	Nil	-

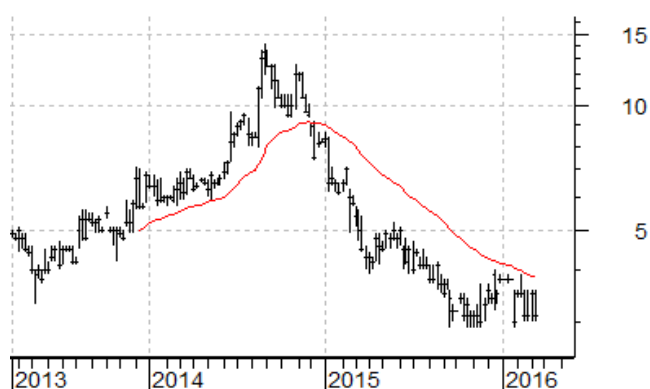
This result also includes a tax charge of \$447,903 relating to the Indonesian subsidiary for the 2008 and 2012 years. This Indonesia income tax is ultimately available as a credit against taxes that would eventually be payable in Australia.

The company is refocusing upon its core pearling business and will seek to sell its 50% shareholding in **Essential Oils of Tasmania**. It reports "a number of interested parties and a sale is expected to be completed". This investment has a book value of \$319,490 but there is also a \$1,651,506 inter-company loan to Essential Oils.

Pearls on hand have increased from 94,046 at 30 June 2015 to 97,967 at 31 December, but of "significantly improved quality". Book value is up from \$0.9 million to \$2.0 million (with a market value around \$2.4 million).

Interest bearing debts of \$4.9 million will need to be refinanced with another lender before 30 June 2016. The company's net assets are \$24.7 million. That includes \$2.9 million in cash and \$2.0 million (\$2.4 million market value) in pearls and \$6.2 million in current biological assets (i.e. oysters from which pearls will be harvested over the next twelve months). So Atlas Pearls & Perfumes will need to re-finance its existing debts and/or realise these current assets and/or raise additional equity capital over the next four months.

### **Atlas Pearls & Perfumes**



### Ausenco Limited

Year to 31/12/2015

	Latest	Previous	Change
Revenues	\$245.8m	\$357.2m	-31.2%
Net Profit	<\$55.4m>	<\$15.0m>	-
Net Cash Surplus	<\$16.1m>	<\$9.2m>	-
Earnings per share	<29.7c>	<8.9c>	-
Dividends per share	Nil	Nil	-

The company is forecasting a 14-22% increase in revenues to \$280-300 million for the 2016 financial year. Work on hand is currently \$256 million, up 92% on the same time a year ago. 90% of revenues are from outside of Australia.

Following on from the November 2015 *Memorandum of Understanding*, Ausenco has been named the preferred

Engineering, Procurement and Construction (EPC) contractor for **Atlantic Gold's Moose River Consolidated** gold project. The contract will involve constructing the processing plant and other infrastructure under a fixed price C\$87.4 million contract.

**Ausenco Ltd**



**Cardno Ltd**

Six Months to 31/12/2015

	Latest	Previous	Change
Revenues	\$596.7m	\$686.1m	-13.0%
Net Profit	\$5.5m	\$31.5m	-82.4%
Net Cash Surplus	\$26.1m	\$0.9m	+2835.4%
Earnings per share	3.2c	15.2c	-78.9%
Dividends per share	Nil	10.26c	-100.0

The drop in revenues is all from the sale of a business (realising \$80.4 million in cash, but a loss of \$59.1 million).

Work on hand is \$845.3 million, down 2.6% on a year ago. The company also reports "significant gains made towards implementing the actions of the October Strategic Review".

**Cardno Ltd**



**Clarius Group**

Six Months to 31/12/2015

	Latest	Previous	Change
Revenues	\$95.5m	\$92.0m	+3.7%
Net Profit	<\$0.221m>	<\$5.4m>	-
Net Cash Surplus	\$0.069m	\$1.2m	-94.4%
Earnings per share	<0.25c>	<6.0c>	-
Dividends per share	Nil	Nil	-

**Clarius Group**



**CPT Global** has experienced another half year of deferred contracts and lower than expected revenues. This has resulted in further losses:

Six Months to 31/12/2015

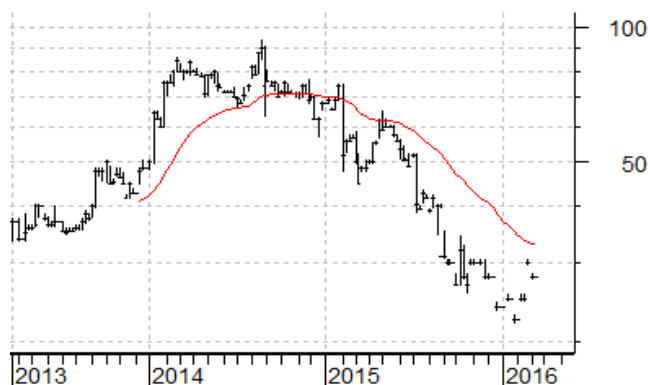
	Latest	Previous	Change
Revenues	\$12.8m	\$15.0m	-14.9%
Net Profit	<\$1.878m>	<\$0.322m>	-
Net Cash Surplus	\$1.8m	\$0.769m	+132.6%
Earnings per share	Nil	Nil	-
Dividends per share	Nil	Nil	-

A large project for an Italian bank was terminated when the bank faced a major restructuring. In North America, a major customer "decided to bring the service CPT provided for ten years in house". Two new risk/reward contracts (i.e. where CPT Global receives a share of the benefits, not a fixed sum) were signed in North America, but work began in November 2015 and January 2016. The financial benefits of these contracts will accrue in the second half of the year, "with early indications that savings found will exceed expectations" (and therefore a greater "reward" share payable to CPT Global).

A risk/reward contract was undertaken for a Chinese bank in January and February 2016, so will again contribute to the second half revenues and profits. The resulting benefits found are "exceeding our expectations".

Positive cash flows in January and February enabled the company to repay all of its \$1,025,000 of debts on 18 February.

**CPT Global**



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## Recommended Investments

(Continued from Page 7)

### CSG Limited

Six Months to 31/12/2015

	Latest	Previous	Change
Revenues	\$117.0m	\$108.3m	+8.0%
Net Profit	\$6.8m	\$7.0m	-2.9%
Net Cash Surplus	\$1.2m	\$8.0m	-85.1%
Earnings per share	2.1c	2.5c	-14.0%
Dividends per share	4.0c	4.0c	-

The net operating cash surplus fell to just \$1.2 million (before \$26.1 million was invested in additional lease receivables).

#### CSG Ltd

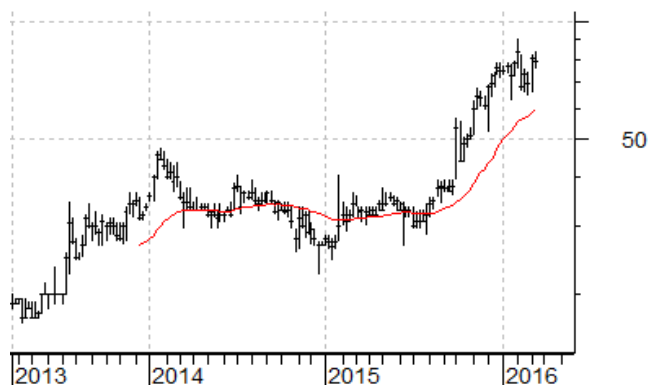


### Ellex Medical Lasers

Six Months Year to 31/12/2015

	Latest	Previous	Change
Revenues	\$34.8m	\$30.7m	+13.4%
Net Profit	\$1.2m	\$0.851m	+43.2%
Net Cash Surplus	\$2.8m	\$2.6m	+7.1%
Earnings per share	1.1c	0.75c	+43.2%
Dividends per share	Nil	Nil	-

#### Ellex Medical Lasers



### Fiducian Group

Six Months to 31/12/2015

	Latest	Previous	Change
Revenues	\$17.3m	\$12.3m	+40.4%
Net Profit	\$2.7m	\$2.0m	+34.8%
Net Cash Surplus	\$1.6m	\$1.3m	+17.2%
Earnings per share	8.7c	6.5c	+34.8%
Dividends per share	5.5c	4.5c	+25.0%

Changes in accounting policies boosted revenues 15%, so revenues actually were ahead 22.1% for the period.

Fiducian Group has “experienced strong growth in Net Fund inflows” and expects “this positive trend to continue”. This will grow future revenues and profits.

#### Fiducian Group



### Finbar Group

Six Months to 31/12/2015

	Latest	Previous	Change
Revenues	\$32.9m	\$26.4m	+24.5%
Net Profit	\$6.9m	\$11.0m	-37.4%
Earnings per share	3.0c	4.8c	-37.4%
Dividends per share	3.0c	4.0c	-25.0%

The result was depressed by a \$5.3 million write-down (last year a \$1.8 million write-down) in the value of its Investment Properties to \$104.6 million. No further write-down is expected in the second half year.

Finbar Group reports “softer market conditions” but is selling around eight apartments per week for around \$7.3 million in revenues.

The company is not making a profit forecast, but most profits will be in the second half with the completion of the *Unison* joint venture in March and the wholly owned *Linq* project in June.

The company's business may be a little slower, but at 91 cents the shares trade on a Price/Earnings ratio of 8 and a Dividend Yield of 11.0%. That is a low valuation which we believe is the result of the company being “tainted” by association with the Resources sector which is important to the Western Australia economy and to Perth. Nevertheless, the bottom of a cyclical slowdown and at a low valuation is the time to “Buy”.

#### Finbar Group





**Iluka Resources**

	Year to 31/12/2015		
	Latest	Previous	Change
Revenues	\$882.2m	\$792.3m	+11.3%
Net Profit	\$53.5m	<\$62.5m>	-
Net Cash Surplus	\$229.5m	\$267.6m	-14.2%
Earnings per share	12.8c	-	-
Dividends per share	25.0c	19.0c	+31.6%

Inventories remain high at \$811.8 million but will be reduced (and turned into cash) with the suspension of mining at the *Jacinth-Ambrosia* operation in April for a period of 18-24 months. This will reduce costs by \$30 million in 2016 and \$45 million in 2017. Supplying production from inventory will boost net cash flows and reducing these inventories will also remove a perceived “supply overhang” which could be helping to depress prices.

At 756 cents, Iluka Resources shares trade on a very high Price/Earnings ratio of 59 - but that reflects *low profits* rather than a high share price! The shares trade at 14 times the net operating cash surplus - which is probably a better guide to valuation - although cash surplus is also depressed in the cyclical downturn. The Dividend Yield is 3.3%. At the bottom of the commodity cycle that is a reasonable valuation as Iluka Resources would benefit significantly from both higher selling prices and increased demand that would enable it to increase production and sales volumes.

Iluka Resources has invested a further £6 million in UK based **Metalysis** and will invest a further £4 million before 15 July. This will increase its interest to 28.8%. Not only could this potentially be a very profitable investment, but “if Metalysis can commercially produce titanium metal powder direct from rutile and synthetic rutile” this will “expand demand for titanium metal” and “would be positive for high grade titanium dioxide feedstock demand”. Iluka Resources is “encouraged by the progress made towards commercialisation and licensing” of this technology.

For the 2016 year Iluka Resources is forecasting a \$95 million reduction in production costs to around \$290 million (reflecting no mining in the Murray Basin), with unit production costs 21% lower at around \$440 per tonne.

**Iluka Resources**



**Integrated Research**

	Six Months to 31/12/2015		
	Latest	Previous	Change
Revenues	\$39.4m	\$33.5m	+17.6%
Net Profit	\$6.2m	\$7.5m	-17.8%
Net Cash Surplus	\$5.1m	\$9.8m	-48.4%
Earnings per share	3.7c	4.5c	-17.8%
Dividends per share	3.0c	3.5c	-14.3%

Revenues grew less than expected owing to new licence fees down 1% at \$19.5 million as a result of “large deal lumpiness”. New licence fee revenues are expected to show growth for the full year.

Expenses also increased owing to integration and development costs relating to the acquisition of *IQ Services*.

As discussed several months ago, Integrated Research is making an additional “strategic investment in sales development” to grow its largely recurring revenues. This is a sensible strategy for an economies-of-scale software business. The additional \$5.8 million (37%) increase in sales and marketing expenses will build recurring revenues, but while this will increase long term profitability (i.e. after about 12-18 months), the additional up-front expense depresses short term profits. Additional marketing was particularly successful in Europe lifting revenues by 44% or £1.0 million (about \$2.0 million). The additional sales and marketing investment has also increased the “pipeline” of future sales under negotiation by 79% compared with a year earlier. This would suggest more rapid revenue growth ahead which will contribute strongly to bottom line profits in the future.

The company has also increased its “Active Partners” (i.e. companies that market and resell its services) by 41%. This will start to make a contribution to profits in the June 2017 financial year.

Integrated Research remains an attractive growth business. “Buy” and hold for current income, income growth and capital appreciation.

**Integrated Research**



(Continued on Page 10)

## Recommended Investments

(Continued from Page9)

### Melbourne IT

Year to 31/12/2015

	Latest	Previous	Change
Revenues	\$150.3m	\$124.7m	+20.5%
Net Profit	\$5.6m	\$7.9m	-29.0%
Net Cash Surplus	\$13.6m	\$16.1m	-15.3%
Earnings per share	6.0c	8.5c	-29.0%
Dividends per share	5.0c	5.0c	-

### Melbourne IT



**Mt Gibson Iron** recorded a net profit of \$5,796,000 (0.5 cent per share) before writing-down asset values (often to nil value) by \$21.2 million

Six Months to 31/12/2015

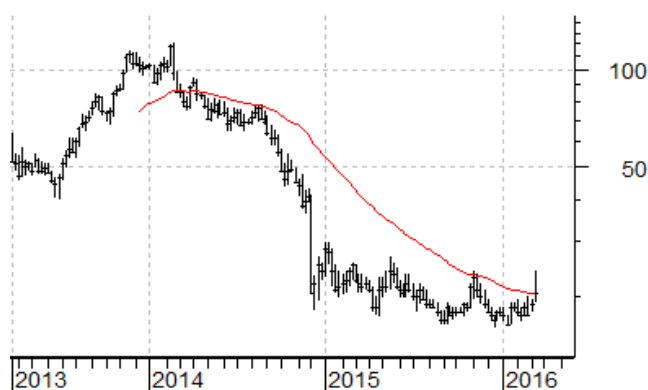
	Latest	Previous	Change
Revenues	\$128.6m	\$187.0m	-31.2%
Net Profit	\$5.8m	<\$34.8m>	-
Net Cash Surplus	\$6.0m	<\$72.5m>	-
Earnings per share	0.5c	-	-
Dividends per share	Nil	Nil	-

Mt Gibson Iron has \$345.5 million (31.7 cents per share) of cash in the bank or on deposit. It also has tax losses of \$161.4 million (but recorded in the balance sheet at nil value) and franking credits of \$61.5 million which could be attached to future dividends.

Iron Ore prices spiked at around US\$63¾ early last week before easing back to US\$57. That is still up on a low of around US\$36 in early December 2015. In the half year covered by the result above, the Platt's Iron Ore price averaged US\$51. With the mining operations operating at around a break-even, just a small recovery in iron ore prices can have a big impact on profitability and net cashflows.

If the market was *less negative* about the iron ore business then there would be no reason to price the shares at a 34% *discount* to the cash sitting in the bank!

### Mt Gibson Iron



**Novarise Renewable Resources International** reports that the major shareholder has a “preliminary non-binding loan offer” from a Hong Kong bank which would enable it to proceed with privatising the company. If that loan is finalised, then a shareholders' meeting will be called in mid-May to mid-June.

**Onterran Limited** achieved a lower than expected return from its acquisition of **Bloomer Construction**. Much of that company's work was on long term, fixed priced contracts, where profitability was hit by rising costs.

Six Months to 31/12/2015

	Latest	Previous	Change
Revenues	\$123.4m	\$10.6m	+1069.1%
Net Profit	\$0.321m	<\$3.0m>	-
Net Cash Surplus	\$1.8m	<\$4.1m>	-
Earnings per share	0.1c	-	-
Dividends per share	Nil	Nil	-

Those problems with Bloomer Construction “have now been addressed” and the company expects to earn good profit margins on its \$162 million of work on hand and \$98 million of contracts pending.

The company's *McGrath Modular* has finalised a contract to provide 181 houses (in ten designs) to **Meadowbrook Lifestyle Estate** at Boyanup, Western Australia. It will initially supply four display homes and the first finished homes will be available from September 2016.

Onterran is also considering a long term development partnership at **Couran Cove Resort** on Stradbroke Island, Queensland. Under this plan it would acquire a 20% shareholding in the land owning company - which also owns over 100 existing apartments - for an as yet undisclosed sum. This would require Onterran to raise additional capital.

Onterran would then become involved in “property development in its own right” (i.e. “speculative” house building), rather than a “building contractor for other parties”. Stage I has approval for 220 “primarily low

cost” houses and apartments, which should be “less effected by fluctuations in the market”. Onterran would design, construct, market and sell houses and apartments, but only pay for the land at pre-determined prices on the final settlement of the houses and apartments.

This would provide a constant source of work offering higher margins, but also with higher development risks.

Further expansion of the company will allow it to utilise its \$30.7 million in revenue tax losses, \$50 million in capital tax losses and \$17.8 million in franking credits.

**Onterran Ltd**



**Opthea Limited** has reported for the half year to 31 December 2015, but has no meaningful revenues. The company has cash of \$17.8 million (11.8 cents per share) and a net operating cash deficit of \$521,075 for the period, helped by a tax refund of \$3.1 million.

Without the benefit of that tax refund, the company is spending around \$7-8 million annually.

**Probiotec Limited**

Six Months to 31/12/2015			
	Latest	Previous	Change
Revenues	\$30.1m	\$31.5m	-4.4%
Net Profit	\$0.301m	<\$26.1m>	-
Net Cash Surplus	\$0.277m	\$0.694m	-60.0%
Earnings per share	0.6c	-	-
Dividends per share	Nil	Nil	-

In addition there was a \$2.04 million gain on the written-down value of the ADP Protein Plant sold, less a loss on European assets of \$0.3 million.

The company is predicting a stronger second half - helped by the seasonal nature of weight loss products (i.e. peak sales are January to April) and Cold and Flu products - with the full year net profit forecast at \$3.75-4.0 million. Excluding the \$1.76 million of extraordinary gains, that is a net profit of \$2.0-2.24 million (3.8-4.2 cents per share). If that result is achieved then the directors “expect to resume the payment of dividends”.

Based on the current share price of 55 cents, achieving

that forecast would put the shares on a Price/Earnings ratio of 13-14½. Re-instating dividends is always a positive, but Probiotec still has interest bearing debts of \$9.9 million (18.7 cents per share). The need to repay debt and re-invest cash in the business could restrict the dividend to about 1.0 cent per share, offering a Dividend Yield of about 2%.

Probiotec has also announced an additional \$10 million of contract manufacturing work “expected to come on line largely skewed to the second half” of the June 2017 year. That is, in about a year from now!

The shares have recovered stongly over the last year and are looking more fully valued, so we are downgrading them to “Hold-”.

**Probiotec**



**Programmed Group** confirms the sale of all of its vessels for \$25 million, to be received over the next 19 months. It will receive \$7.7 million by March 2016, \$11.0 million by March 2017 and \$6.3 million by September 2017.

**Programmed Group**



**Prophecy International Holdings**

Six Months to 31/12/2015			
	Latest	Previous	Change
Revenues	\$8.0m	\$4.4m	+81.2%
Net Profit	\$1.751m	\$1.314m	+33.3%
Net Cash Surplus	\$2.682m,	\$1.579m	+69.9%
Earnings per share	2.7c	2.4c	+15.4%
Dividends per share	2.0c	2.0c	-

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## Recommended Investments

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The “Legacy” businesses (i.e. not *SNARE* and not *eMite*) recorded revenues 34% lower at \$1.6 million and earnings down 96% to just \$30,014. *SNARE* revenues rose 91% to \$3.8 million with earnings up 99% to \$2.1 million. *eMite* contributed revenues of \$2.6 million and earnings of \$0.4 million.

Total revenues were up 81%, but expenses also rose strongly, reflecting continued marketing and product development costs (which are expensed, not capitalised). Employee costs rose 75% to \$3.4 million and other expenses were 192% higher at \$1.6 million.

Prophecy International paid just under \$15.0 million to acquire *eMite*. \$7.1 million in shares and \$4.0 million in cash (\$2.5 million of which was raised in a share placement) in July 2015 and paid the final \$3.9 million in cash on 2 February.

Owing to this large cash payment, the interim dividend will remain steady at 2.0 cents, with “the second half dividend expected to show growth related to increased revenues, profit and cashflow”. The company expects to “achieve its full year revenue and profit targets”. That forecast is \$20 million in revenues and \$5.7 million (8.9 cents per share) in profits. At 148 cents, that would put the shares on a Price/Earnings ratio of 16½. “Buy”.

### Prophecy International Holdings



**TFS Corporation's** half year results include a very dubious \$17.2 million “gain on acquisition” of an associate. That relates to the acquisition of **Santalis Pharmaceuticals** and **ViroXis Corporation**. No doubt this is in accordance with current accounting standards, but *if only* those standards were in force in the 1987 investment boom! Companies could have acquired (possibly worthless) associates at hugely inflated prices and recorded massive “gains” on their existing shareholdings in those companies!

Stripped of that one-off, dubious gain, the results look like this:

### Six Months to 31/12/2015

	Latest	Previous	Change
Revenues	\$150.6m	\$160.3m	-6.1%
Net Profit	\$50.2m	\$55.0m	-8.7%
Net Cash Surplus	<\$22.1m>	<\$11.2m>	-
Earnings per share	14.6c	16.9c	-13.3%
Dividends per share	Nil	Nil	-

The business continues to operate at a cash *deficit*, mainly reflecting its on-going investments in plantations plus plant and equipment as the business grows. That required borrowing a further \$36.0 million over the six months, increasing the Senior Secured Notes to \$278.5 million, as well as taking on a contingent liability of up to US\$221.5 million on the pharmaceutical businesses over the next eight years. This contingent liability is recorded in the balance sheet at a discounted value of A\$41.9 million but will grow at around 25% per annum as that discounted value increases over time.

TFS Corporation has signed multi-year contracts to supply Indian Sandalwood to Chinese and Indian wood buyers “at prices equivalent to US\$4500 per kg of oil”. The company will ship 150 tonnes of heartwood to China from this year's harvest and 30 tonnes to India and the Middle East. These contracts pre-sell all of the 2016 and 2017 harvests.

As always, an investment in TFS Corporation offers excellent potential growth, but also financial risks. The company is building a high margin, niche business, but one that requires significant investment of capital to finance growth in the plantations and other assets of the business. That means debt levels can increase rapidly.

Revenues, profits and cashflows will rise with a 10% increase in establishment fees on this year's plantation sales (although some sales will be at previously contracted prices, so the full impact will come through in the June 2017 year).

There was a net operating cash *deficit* of \$22.1 million for the half year, but over the full year a net surplus is expected. In 2015 that net operating surplus was \$24.6 million - but that is less than required to finance the \$64.1 million in growth (i.e. \$44.5 million investment in plantations and the \$19.6 million investment in plant and equipment). So there is an on-going need to raise additional debt and/or equity.

In the short term, the company plans to sell its \$38 million loan book. That will raise cash, but the company continues to offer vendor financing on *Managed Investment Scheme* plantation sales, so does not receive the full cash benefit of those sales upfront, only when it can on-sell those loans to a third party.

As long as the share price remains relatively high, TFS Corporation will be able to periodically raise additional equity financing on attractive terms.

Taking over the pharmaceutical development businesses further increases these funding requirements, with the need to pay up to a further US\$221.5 million over the next eight years. Again, as long as the share price remains high, the company can fund this relatively attractively by issuing new shares.

Even when the company can issue shares at attractive (i.e. high) prices, there is some dilution in earnings per share growth.

The financial risk is that the share price collapses - either for company specific reasons or as the stockmarket in general declines. In that situation, the company would have to issue a far greater number of shares at much lower prices to meet its cash operating deficits and financial liabilities. That in turn could significantly dilute earnings per share growth - potentially leading to a decline in earnings per share even as revenues and profits continue to grow strongly!

“Hold” for growth - but there are risks!

### TFS Corporation



### The Reject Shop

Six Months to 31/12/2015

	Latest	Previous	Change
Revenues	\$424.7m	\$402.2m	+5.6%
Net Profit	\$18.3m	\$12.8m	+42.2%
Net Cash Surplus	\$26.5m	\$45.0m	-41.2%
Earnings per share	63.5c	44.4c	+42.2%
Dividends per share	25.0c	16.5c	+51.5%

Revenue growth was aided by 12 new stores opened in the second half of the June 2015 financial year and eight new stores opened, less three closed, during the current half year. The company aims to open ten new stores annually and has “significantly reduced the capital set-up costs of new stores” by around 25%. Five new stores will open in the second half year.

Profit margins improved owing to store and administrative expenses remaining steady (i.e. down 0.1%), *including* a non-recurring \$1.31 million for the Melbourne Distribution Centre closing costs. *Excluding* that one-off cost, expenses were down 0.9%.

On a low profit margin retailing business, that small increase in revenues and steady operating costs resulted in a 42.2% increase in net profits! The company is focusing upon further efficiency and productivity gains, as well as cost reductions in consumables and store services - which could further improve margins.

The Reject Shop repaid \$12.0 million of interest bearing debt over the half year and is now debt-free, with \$21.6 million of cash in the bank. The interim dividend is being raised 51.5% to 25.0 cents, but that only distributes 39% of earnings. The company will need cash (or borrowings) to finance the capital investment to fit-out the new, purpose built Melbourne Distribution Centre during the June 2016 quarter and additional investment in working capital over the transfer period through to the March 2017 quarter. After that (i.e. from about this time next year) the company will not need to retain large amounts of cash to finance its steady ten store per year expansion and it is likely that the dividend payout ratio will be increased significantly!

### The Reject Shop



Village Roadshow's share price collapsed following the release of its half year results . . . perhaps owing to the headline *loss* of \$3.5 million. That “loss”, however, is only the result of accounting rules that require the company to completely write-off its \$20.0 million new investment in 50.17% owned *Village Roadshow Entertainment Group*. This whole investment is recorded at a book value of zero!

Adjusted for that accounting rule (which makes no sense) the company's revenues were up 11% and net profits up 24%:

(Continued on Page 14)

## Recommended Investments

(Continued from Page 13)

Six Months Year to 31/12/2015

	Latest	Previous	Change
Revenues	\$537.3m	\$482.6m	+11.3%
Net Profit	\$16.6m	\$13.3m	+24.3%
Net Cash Surplus	\$40.9m	\$37.0m	+10.4%
Earnings per share	10.3c	8.4c	+24.3%
Dividends per share	14.0c	14.0c	-

In fact, that 24% increase in profits was *depressed* by \$5.5 million in one-off restructuring costs. Without that expense, net profit would have been up 65%.

The corporate debt facility has been restructured (i.e. fully revolving, with no amortisation payments), enlarged (from \$650 million to \$800 million) and extended to December 2019 (for \$480 million) and December 2020 (for \$320 million). The interest rate was also reduced. At 31 December 2015, \$590 million had been borrowed under this facility.

### Village Roadshow



**Vocus Communications** has reported for the six months to 31 December 2015 but that result *excludes M2 Group* and is therefore relatively meaningless. Below we report some “pro-forma” results which compare the combined results of both companies:

Six Months to 31/12/2015

	Latest	Previous	Change
Revenues	\$883.7m	\$609.4m	+45.0%
Net Profit	\$82.5	\$56.0m	+47.3%
Earnings per share	15.5c	-	-
Dividends per share	7.6c	-	-

Even those “pro-forma” results are misleading as the Vocus Communications' 2014 half year *excludes* the acquisition of **Amcom Telecommunications** in July 2015 (i.e. much of this apparent growth is owing to an acquisition).

M2 Group lifted revenues 29% to \$707.4 million and net profits 17.2% to \$55.1 million.

As we discussed in October 2015, we see this investment becoming more fully valued and therefore with less potential for future investment gains. In October the M2 Group shares traded at a 7% discount to the value of the Vocus Communications shares to be acquired in the merger so we noted that “it would be better to wait until after the merger and sell VOC shares, rather than sell MTU shares now”.

Over the five months since October, Vocus Communications' share price has risen a further 23% to 774 cents, lifting the value of our former MTU shareholding by 32% (i.e. the 23% rise in VOC, multiplied by the 7% premium of VOC shares to MTU shares in October). We are now recommending some major profit-taking in Vocus Communications shares - perhaps selling 50% of this investment (although individual investors will all have different amounts invested in VOC shares).

Proceeds from these sales can be used to add to smaller shareholdings in growth company shares which have dipped sharply in value over recent months (e.g. Acrux, AtCor Medical, Integrated Research, Prophecy International) or depressed Resources “tainted” shares which may be showing signs of recovery (e.g. OZ Minerals, ALS, Ausenco, Cardno, Finbar Group, Mt Gibson Iron, Programmed Group).

### Vocus Communications



# Share Recommendation:

## BUY OZ Minerals

### BUY OZ Minerals (code OZL).

OZ Minerals is a debt-free, cash rich, low-cost copper miner generating strong cashflows from long life mines. Over the last month it has announced plans to develop a new \$770 million long life copper mine to be funded from cash and cashflows *and* a \$60 million on-market share repurchase.

Copper prices are near a 10-year low, but the business is profitable at these levels. A 10% increase in the copper price would add about 40% to net profits, so any recovery in the price of copper would *significantly* boost revenues, net profits and cash flows.

This is a soundly financed, profitable, dividend paying business, with the potential to increase profits from cost reductions, a recovery in copper prices and from expansion and increased production.

### Company History

The current company was formed in 2008 from the merger of base metal companies **Oxiana Ltd** and **Zinifex Ltd**. **China Minmetals Non-Ferrous Metals Company Ltd** sought to acquire the whole company in early 2009, but approval for the transaction was refused if the **Prominent Hill** copper mine was to be included. China MinMetals therefore paid US\$1206 million in cash to acquire all of OZ Minerals assets excluding Prominent Hill, some share investments and some exploration assets in Cambodia and Thailand.

After repaying debt, that left about \$600 million in cash. In May 2011, the company consolidated ten existing shares into one new share, and made a capital repayment (equal to 120 cents on the current capital) to return \$388.8 million to shareholders. During 2011 and 2012 it also returned a further \$200.0 million through an on-market share repurchase.

### Recent Results

Following the merger of Oxiana and Zinifex, plus the Global Financial Crisis, the company operated at a break-even level in the year to December 2008 - but with impairment charges of \$1,381.6 million and losses of \$999.4 million on discontinued businesses!

The company returned to profitability in the year to December 2010 - with revenues of \$1128.4 million, net profit of \$539.3 million (172.0 cents per share) and a 70.0 cents annual dividend.

Net profits and dividends then steadily declined between 2011 and 2014. Profits hit a low of \$221.5 million (13.7 cents per share) in 2014 but recovered strongly to \$429.8 million (42.9 cents per share) in the year to 31 December 2015. A steady 20.0 cents dividend has been paid over each of the last three years.

The company has "restricted tax losses" worth \$49.0 million recorded in its balance sheet, plus additional restricted tax losses that will save \$191.4 million in future income taxes. These are "subject to an available fraction which limits the amount of these losses that can be utilised each year". Having used most of its unrestricted tax losses in the December 2015 year, OZ

Minerals may need to actually pay income tax in future years (i.e. generating franking credits) but the partial utilisation of these restricted losses will result in a tax rate less than the full corporate tax rate.

The company also has \$1965.5 million in capital tax losses (i.e. potentially saving \$592.5 million in future capital gains taxes) but recorded in the balance sheet at nil value.

### Major Assets

The company has three major mining assets at different stages:

Firstly, the *Prominent Hill* open cast copper mine is nearing the end of its life. The company is accelerating open cast mining to minimise overall operating costs and stockpiling ore which will be processed over many years when mining ends in 2018. Open pit mining costs are low at around \$6.50 per tonne.

Secondly, it has developed extensive under-ground mining around the Prominent Hill open cast mine. Underground mining costs are higher - around \$45-55 per tonne - but target more valuable, higher grade ore. The company is spending \$12 million to build a second access decline to be completed in the December quarter of 2017. This will increase underground production capacity by 30% to 3.5-4.0 million tonnes per annum (ahead of the reduction in open cast mining). It will also increase truck efficiency and reduce unit costs. That in turn, will allow the mining of lower grade, less valuable ore, extending the mine life and the total amount of copper to be produced.

Thirdly, OZ Minerals owns 100% of the *Carrapateena* copper-gold project. This was acquired in March 2011 for US\$250 million, with a further US\$50 million payable on first copper production. The ore body is between 470 to 1500 metres below ground.

After investigating various development options, OZ Minerals is now likely to retain 100% ownership of this project and develop an underground mining operation targeting the core of high grade ore, with annual production of 2.8 million tonnes. Development (including processing plant and hydromet concentration) will cost around \$770 million - to be funded from existing cash and cashflows - with production likely from 2019. Annual production is expected at around 55,000 tonnes of copper and 58,000 ounces of gold over the first three years, falling to 40,000 tonnes of copper and 38,000 ounces of gold annually over the 20 year mine life.

There is significant potential to extend the mine life beyond 20 years, or apply bulk mining techniques to the surrounding larger deposits of lower grade ore, but the discounted present value of revenues 20 years in the future is negligible, so ignored for current mining and financial projections.

Net operating cash flows from this project are expected at around \$150 million annually - repaying the capital costs in five years. (Continued on Page 16)

## Recommended Investments

(Continued from Page 15)

producing a 20% return on investment and a net present value for this project of \$600 million (about \$2 per share). Underground mining costs are expected to be around \$66 per tonne.

By mid-2016 the company will have completed an investigation into the potential to increase planned production 70% to 4.8 million tonnes through “cut off grade optimisation and the addition of an alternative ore handling system”. Also by mid year it will finalise costing and supplier selection and order “long lead items” as well as beginning construction of an access decline in May. The final decision to proceed on this project is expected in the September 2016 quarter.

### **Hydromet Processing**

OZ Minerals has successfully trialled a new *Hydromet* process at a demonstration plant. 150 tonnes of copper concentrate from Prominent Hill was treated in two separate parcels of different quality. The first was upgraded to 53-55% copper and the second to 58-60% copper. Samples have been sent to existing and potential customers. The South Australian Government (which earns significant royalties from copper miners) provided \$10 million to finance this joint study by OZ Minerals and **Adelaide University**, with OZ Minerals contributing \$8 million for the demonstration plant.

The major advantage of this process is that by producing a higher grade concentrate, the volume of concentrate is reduced by 40% (with no significant loss of copper or gold). So rail and shipping costs will also be lowered by 40%. The removal of impurities and a higher grade copper concentrate also opens new markets and increases the value of the product.

### **Current Strategy**

To maximise cashflows - and maintain processing plant volumes after *Prominent Hill* closes in 2018 - the company is processing higher grade copper ore first (i.e. from under-ground mining and better open cast grades) and stockpiling lower grade open cast ore, plus some gold ore (which needed to be moved to access the underlying copper ore). This lower grade copper ore and gold ore will be processed in 2018-2022. This will keep the processing plant operating at full capacity after open cast mining ends and boost cashflows as these ore stockpiles are processed and realised for cash.

### **Cost Reductions**

In April 2015, OZ Minerals announced a new strategy that involves (1) a lean business, (2) is customer focused, (3) based on copper mining (but other base metals and gold will be considered) and (4) will build and maintain a portfolio of multiple mining assets. It also intends to distribute “20% of net cash generation” as a dividend, except when that cash may be needed for investment.

The company is seeking to reduce operating costs by around 15% or \$40-48 million - which would increase profits 20-25%. It has relocated its corporate office to Adelaide (saving \$10 million annually), is targeting \$9.5 million in savings by restructuring operations at the Prominent Hill mine (i.e. accelerated mining will end in 2018, but stockpiled ore will be processed until 2022), \$15 million savings in exploration and drilling, plans to reduce its sustaining capital expenditure by \$6 million

annually and save \$8 million with lower diesel and power costs.

### **Investment Criteria**

At 522 cents, OZ Minerals shares trade on a Price/Sales ratio of 1.80, a Price/Earnings ratio of 12 and offer a Dividend Yield of 3.8%.

The company is debt-free, with cash in the bank of \$552.5 million (182 cents per share). That is 35% of its current share price. OZ Minerals owns 422,759,378 shares in Uranium explorer **Toro Energy** (21.1% of the company), worth \$25.4 million (8 cents per share).

The company also has inventories - mainly stockpiled ore - of \$329.8 million (109 cents per share). The company is accelerating the open cast mining at Prominent Hill which will cease in 2018. This stockpiled ore will then be processed and contribute strongly to cash generation.

In announcing its intention to proceed with the \$770 million development of *Carrapateena*, OZ Minerals also announced a \$60 million on-market share repurchase which will buy-back about 3.8% of its issued capital. An on-market share buy-back is a “Buy” under our *Comprehensive Share Selection* criteria, as it usually indicates that a company is in a sound financial position, with strong cash flows and that the directors consider the shares to be under-valued.

At the bottom of the commodity cycle, OZ Minerals could also use its large cash holding and strong cashflows to acquire other companies, mines, projects and/or exploration interests at attractive valuations from financially distressed vendors.

As a low cost producer, OZ Minerals profitability is less sensitive to fluctuations in copper and gold prices. Nevertheless, a 10% increase in copper and gold prices would boost net profits around 40%. A 10% drop in the Australian dollar exchange rate would have a similar impact on profitability. A fall in metal prices, or a rise in the Australian dollar exchange rate, would depress profitability. Copper has fluctuated between US\$2 and US\$4 per pound over the last ten years and is currently near the bottom of that price range. Any recovery in copper prices would have a significant impact on OZ Minerals' revenues, net operating cash surplus, net profit, dividends and share price!

The issued capital is 303,470,022 shares, giving it a market capitalisation of \$1,584 million. The shares are very actively traded, with a daily turnover of \$5-30 million, but the share price can be volatile owing to fluctuations in the copper price.

OZ Minerals is included in the All Ordinaries index, so is exempt from NZ's *Fair Dividend Rate 5%* tax. NZ shareholders will be taxed on the actual dividends paid (i.e. at the actual dividend yield of 3.8%).

This is a large company, so is widely followed, with 20 brokers publishing profit forecasts. Investors are more likely to find undiscovered value in “neglected” shares, but the whole Resources sector is neglected by investors at present so could offer good value.

The directors and senior management have moderate investments in OZ Minerals. The Chairman owns 39,500 shares and the Managing Director owns 10,000 shares. The four Non-Executive directors each own between 10,800 shares and 22,720 shares.



Over the last year there has been one *insider* buy. Last week, Non-Executive Director RJ McGarth purchased 4375 shares on-market at 543 cents per share, increasing her shareholding to 17,125 shares.

The shares have mainly traded between 300 cents and 500 cents over the last three years, but moved higher over recent weeks. The Relative Strength rating is +6.1%, ranked 20 (on a scale of 0-99).

**Summary and Recommendation**

This is a low-cost copper producer that is profitable and pays dividends. A focus on efficiency and cost cutting could further lift profitability, but there is significant potential for revenue, cashflow and profit growth from a recovery in Copper and Gold prices. The shares offer a reasonable current income yield of 3.8% at the bottom of the commodity cycle but at the same time offer significant potential for income growth and capital appreciation with even a slight recovery in commodity prices!

The development of the *Carrapateena* deposits and other exploration or acquisitions could also grow the business.

Resource shares can involve higher than normal

risks, but OZ Minerals' low production costs (which ensure profitability and cash surpluses), long life mines, zero debt and large cash holding all help to minimise financial risks and make this an attractive investment in a sector which we usually choose to avoid.

An investment in OZ Minerals shares should be attractive for most investors with a diversified share portfolio, offering both current income plus the potential for income growth and capital appreciation with any recovery in commodity prices.

**OZ Minerals**



# 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		
<b>UNDER-VALUED SHARES: Lowest Price/Sales, Yld &gt; 0, Rel Strength &gt; 0</b>																															
Namoi Cotton	33	+15.0	+3.0	11	1-0	-	-	0.3	5	1.3	6	1.5	0.09	36	Super Retail Gr	864	+1.0	-5.4	31	0-1	15	7.1	54.0	-	0.4	18	4.6	0.76	1,704		
Macquarie C Tel	900	+9.6	-3.1	15	6-0	1	-	2.5	-	0.3	NE	2.8	0.10	19	Collins Foods	471	+25.0	-5.2	6	1-0	6	-	-	-	0.4	NE	2.3	0.77	438		
CML Group	17	+4.2	-1.9	24	3-0	-	-	3.4	0	1.8	939	2.9	0.10	16	Vita Group Ltd	311	+28.1	+8.2	6	1-2	3	-	-	-	0.6	19	2.2	0.78	471		
Metcash Ltd	179	+15.3	+0.9	11	5-0	12	17.9	-	-	0.6	9	10.4	0.12	1,657	Bell Financial	48	+4.0	-7.5	24	10-0	-	-	2.7	15	1.2	18	5.2	0.78	125		
Ambition Group	20	+10.1	+2.7	15	3-0	-	-	1.2	9	1.6	13	5.0	0.13	13	CIMIC Group	3328	+7.5	+7.0	18	1-1	12	1.2	3.5	16	0.3	22	2.9	0.84	11,118		
Cellnet Group	18	+7.7	-4.9	18	2-0	-	-	0.8	13	1.8	6	5.6	0.13	10	Bega Cheese Ltd	615	+15.1	-4.2	11	1-2	7	2.6	3.2	4	0.4	76	1.4	0.84	939		
Watpac Ltd	99	+5.7	-5.8	21	2-1	1	2.2	-	-	0.8	16	2.0	0.15	183	Beadell Res.	28	+9.4	+18.2	15	0-0	8	4.8	1.1	7	1.5	16	3.6	0.84	253		
Data 3 Ltd	112	+4.9	-0.9	22	0-2	1	-	9.3	57	0.8	16	5.7	0.20	172	Sydney Bronco	36	+10.7	+5.6	15	0-0	-	-	2.4	17	1.2	14	2.1	0.87	35		
Automotive Hold	416	+1.6	-0.9	30	1-0	10	2.4	0.4	3	0.5	14	5.3	0.24	1,275	Orora Limited	248	+1.2	+2.0	30	7-0	14	0.1	2.6	11	0.6	23	3.0	0.88	2,993		
Aust Pharm. Ind	177	+7.3	-6.9	18	1-0	8	0.3	2.8	14	0.8	20	2.5	0.25	863	Pental Limited	73	+21.1	+4.0	8	0-0	-	-	2.8	14	1.0	19	3.7	0.89	99		
K&S Corporation	149	+0.7	+3.7	32	2-0	2	-	0.9	7	0.6	13	5.0	0.25	179	STW Comm Group	104	+11.3	+7.5	14	0-0	6	2.8	-	-	0.8	17	6.5	0.90	444		
Sth Cross Elect	38	+1.6	+1.3	30	2-0	1	-	0.7	-	1.5	NE	7.1	0.25	60	Cleanaway Waste	82	+4.4	+4.2	24	0-0	-	2.4	2.6	-	0.9	NE	1.8	0.94	1,298		
Neptune Marine	120	+2.9	+1.9	27	0-0	-	-	1.1	7	0.7	15	3.1	0.27	74	Eumundi Group	7	+3.9	-0.7	25	0-0	-	-	0.8	8	2.9	10	7.1	1.02	23		
McPherson's Ltd	98	+2.6	+6.0	27	0-0	-	-	-	-	0.8	11	8.2	0.27	95	RXP Services	62	+11.9	+2.0	13	0-0	2	-	12.3	-	1.1	11	2.0	1.07	85		
SRG Limited	79	+8.8	-0.6	16	3-0	-	-	0.9	3	0.9	31	3.2	0.29	50	Boral Limited	623	+0.2	+2.1	34	0-0	15	2.6	1.5	8	0.4	20	2.9	1.11	4,633		
Sigma Pharm.	88	+1.7	+1.3	29	0-0	11	0.7	2.0	11	0.8	18	2.3	0.31	950	Pact Group Hold	483	+0.9	-0.6	32	1-0	7	3.9	-	-	0.4	21	4.0	1.14	1,432		
Colorpak Ltd	70	+18.2	+5.4	9	0-0	-	-	2.2	12	0.9	18	3.6	0.37	60	Medibank Priv.	276	+4.1	+3.9	24	3-0	15	1.3	7.3	27	0.6	27	1.9	1.16	7,601		
The Pas Group	73	+8.2	+1.8	17	1-0	-	-	1.7	15	1.0	11	6.8	0.39	100	AGL Energy Ltd	1832	+7.1	+0.7	19	1-0	14	1.2	2.2	4	0.2	57	3.5	1.16	12,361		
Bluescope Steel	599	+13.6	+8.2	12	4-2	14	0.8	0.9	5	0.4	19	1.0	0.40	3,422	Melbourne IT	199	+8.6	-2.3	16	0-0	3	0.0	-	-	0.6	27	2.5	1.23	185		
Embelton Ltd	740	+1.2	-0.5	31	1-0	-	-	-	-	0.3	10	4.6	0.41	16	Greencross Ltd	747	+5.7	+7.4	20	4-0	10	11.8	-	-	0.3	38	2.3	1.29	853		
Lindsay Aust	46	+0.5	-2.8	33	0-1	1	-	1.9	9	1.1	21	4.6	0.41	129	Capilano Honey	1881	+4.3	-6.5	24	0-2	3	-	5.0	24	0.3	21	2.0	1.34	162		
Caltex Australia	3190	+4.9	-1.5	22	1-1	11	0.4	3.7	22	0.3	17	3.7	0.43	8,613	CI Resources	195	+16.5	+3.4	10	3-0	-	-	1.6	16	0.7	10	2.6	1.36	225		
HGL Limited	42	+8.6	-5.4	16	1-0	-	-	2.1	34	1.3	6	3.6	0.44	23	Paragon Care	63	+5.5	-0.2	21	1-0	-	-	31.3	-	1.0	21	2.2	1.37	100		
Ridley Corp.	132	+3.9	-6.9	25	1-0	5	0.0	2.8	15	0.7	19	2.7	0.44	405	Sth Cross Media	120	+4.2	-2.4	24	3-0	9	0.6	-	-	0.8	12	5.0	1.47	919		
PTB Group Ltd	39	+12.6	-1.1	13	0-0	-	-	0.5	6	1.2	8	13.0	0.45	16	DuluxGroup Ltd	643	+4.8	-1.0	22	2-0	12	0.6	25.7	-	0.4	22	3.5	1.48	2,503		
Schaffer Corp	548	+3.3	+4.1	26	0-0	-	-	1.1	5	0.4	22	4.6	0.49	77	Wellcom Group	480	+11.2	-1.9	14	1-0	3	-	12.0	62	0.4	19	4.3	1.63	188		
Ibosses Corp.	25	+2.0	+1.2	29	0-0	-	-	0.3	15	1.7	2	19.0	0.52	19	DWS Limited	120	+5.7	-2.9	20	0-0	1	-	6.0	39	0.8	15	6.3	1.68	158		
The Reject Shop	1395	+18.4	+4.2	9	3-0	5	0.3	2.9	10	0.4	28	2.2	0.53	402	Silver Chef Ltd	950	+1.6	-0.2	30	1-0	5	-	4.0	21	0.3	19	3.8	1.72	301		
Service Stream	62	+33.2	+9.5	4	3-0	-	-	3.6	18	1.0	20	2.4	0.57	234	OZ Minerals Ltd	522	+6.1	+6.6	20	1-0	20	2.5	0.8	-	2.0	0	1.5	570	1.4	1.90	5,584
Gale Pacific	29	+12.5	-5.3	13	7-0	-	-	1.4	8	1.5	17	3.4	0.58	86	Tatts Group Ltd	367	+0.8	-3.7	32	0-0	11	0.2	-	-	0.4	21	4.5	1.84	5,375		
A.P. Eagers	1038	+7.4	-3.0	18	14-1	3	0.1	4.4	20	0.2	22	3.1	0.59	1,915	Navitas Ltd	485	+3.9	+1.0	25	2-0	9	4.4	-	-	0.4	28	4.0	1.86	1,827		
Sedgman Ltd	95	+14.1	-1.5	11	3-0	2	-	1.7	13	0.9	13	7.7	0.61	216	Flight Centre	4385	+4.1	+4.4	24	1-0	14	13.7	5.7	33	0.2	17	3.5	1.87	4,424		
JB Hi-Fi Ltd	2345	+9.0	+3.3	16	2-0	18	9.5	9.2	54	0.3	17	3.8	0.64	2,320	Clover Corp.	35	+6.1	-14.2	20	2-0	-	-	2.0	0	1.5	570	1.4	1.90	57		
Landmark White	53	+3.5	+0.2	25	1-0	-	-	8.8	47	1.0	19	7.1	0.74	15	Tassal Group	395	+4.2	-6.0	24	1-0	6	1.6	1.8	15	0.4	12	3.5	1.91	581		
Wesfarmers Ltd	4179	+1.7	+1.8	29	0-1	16	3.5	8.5	44	0.2	19	4.8	0.75	47,061	Breville Group	795	+1.6	+2.1	30	8-0	10	2.0	7.0	31	0.3	22	3.4	1.96	1,034		

Company	Share Price	STRENGTH RATING			Insider Buy/Sell	Brokers Following	Short Interest	Price to NTA	ROE	Volatility	P/E Ratio	Div Yield	P/S Ratio	Market Cap'n	
		Current	4-Wk Chg.	Rank 0-99											
<b>BEST PERFORMING SHARES:</b> Strongest Shares, P/E < 20, P/S < 1.0															
Farm Pride Food	164	+93.0	-2.0	1	0-0	-	-	3.5	19	0.8	18	Nil	0.99	90	
Tempo Australia	18	+35.1	+0.6	4	3-0	-	-	8.8	-	1.5	5	Nil	0.43	34	
Service Stream	62	+33.2	+9.5	4	3-0	-	-	3.6	18	0.7	20	2.4	0.57	234	
Vita Group Ltd	311	+28.1	+8.2	6	1-2	3	-	-	0.5	19	2.2	0.78	471		
Hi Tech Group	31	+26.6	-7.5	6	0-0	-	-	3.1	26	0.9	12	Nil	0.63	9	
Delta SBD Ltd	16	+26.5	+2.7	6	1-0	-	-	0.5	5	1.4	10	Nil	0.11	8	
Konekt Limited	35	+21.6	-0.6	8	3-1	-	-	5.8	34	1.3	17	Nil	0.72	25	
Pental Limited	73	+21.1	+4.0	8	0-0	-	-	2.8	14	0.8	19	3.7	0.89	99	
Colorpak Ltd	70	+18.2	+5.4	9	0-0	-	-	2.2	12	0.7	18	3.6	0.37	60	
Resolute Mining	65	+16.9	+21.7	10	1-0	5	0.3	1.0	14	0.7	7	Nil	0.90	414	
Metcash Ltd	179	+15.3	+0.9	11	5-0	12	17.9	-	0.5	9	10.4	0.12	1,657		
Namoi Cotton	33	+15.0	+3.0	11	1-0	-	-	0.3	5	0.9	6	1.5	0.09	36	
Scigen Ltd	1	+14.4	-26.0	11	0-0	-	-	-	8.7	0	Nil	0.01	0		
Sedgman Ltd	95	+14.1	-1.5	11	3-0	2	-	1.7	13	0.7	13	7.7	0.61	216	
Bluescope Steel	599	+13.6	+8.2	12	4-2	14	0.8	0.9	5	0.4	19	1.0	0.40	3,422	
Blackgold Int'l	8	+12.9	-5.2	12	0-0	-	-	0.4	19	2.2	2	Nil	0.17	69	
PTB Group Ltd	39	+12.6	-1.1	13	0-0	-	-	0.5	6	0.9	8	13.0	0.45	16	
Gale Pacific	29	+12.5	-5.3	13	7-0	-	-	1.4	8	1.1	17	3.4	0.58	86	
STW Comm Group	104	+11.3	+7.5	14	0-0	6	2.8	-	0.6	17	6.5	0.90	444		
Brisbane Bronco	36	+10.7	+5.6	15	0-0	-	-	2.4	17	0.9	14	2.1	0.87	35	
Ambition Group	20	+10.1	+2.7	15	3-0	-	-	1.2	9	1.1	13	5.0	0.13	13	
UGL Limited	340	+9.6	+5.1	15	4-0	11	2.2	4.5	53	0.3	9	Nil	0.28	566	
Beadell Res.	28	+9.4	+18.2	15	0-0	8	4.8	1.1	7	1.1	16	3.6	0.84	253	
JB Hi-Fi Ltd	2345	+9.0	+3.3	16	2-0	18	9.5	9.2	54	0.3	17	3.8	0.64	2,320	
Incremental Oil	5	+8.8	+7.4	16	0-0	-	-	0.4	5	3.5	9	Nil	0.91	7	
HGL Limited	42	+8.6	-5.4	16	1-0	-	-	2.1	34	0.9	6	3.6	0.44	23	
The Pas Group	73	+8.2	+1.8	17	1-0	-	-	1.7	15	0.7	11	6.8	0.39	100	
Cellnet Group	18	+7.7	-4.9	18	2-0	-	-	0.8	13	1.3	6	5.6	0.13	10	
Aust Pharm. Ind	177	+7.3	-6.9	18	1-0	8	0.3	2.8	14	0.6	20	2.5	0.25	863	
Beacon Minerals	0	+7.0	+7.0	19	0-0	-	-	-	-	10.2	1	Nil	0.44	6	
Qantas Airways	396	+6.2	-1.1	20	5-0	14	0.1	6.3	40	0.4	16	Nil	0.55	8,167	
Energy One Ltd	31	+6.0	-3.5	20	0-0	-	-	3.1	39	1.1	8	Nil	1.00	6	
Aust Vintage	51	+6.0	+4.4	20	5-0	-	-	0.6	5	0.8	13	Nil	0.51	117	
Watpac Ltd	99	+5.7	-5.8	21	2-1	1	2.2	-	0.6	16	2.0	0.15	183		
Elders Limited	386	+5.6	-6.7	21	0-0	7	2.0	3.7	46	0.3	8	Nil	0.21	323	
Data 3 Ltd	112	+4.9	-0.9	22	0-2	1	-	9.3	57	0.7	16	5.7	0.20	172	
Caltex Australia	3190	+4.9	-1.5	22	1-1	11	0.4	3.7	22	0.3	17	3.7	0.43	8,613	
Dragon Mining	29	+4.8	+5.7	22	2-0	-	-	-	1.1	10	Nil	0.34	26		
Bell Financial	48	+4.0	-7.5	24	10-0	-	-	2.7	15	0.9	18	5.2	0.78	125	
Ridley Corp.	132	+3.9	-6.9	25	1-0	5	0.0	2.8	15	0.5	19	2.7	0.44	405	
Landmark White	53	+3.5	+0.2	25	1-0	-	-	8.8	47	0.7	19	7.1	0.74	15	
Broadpectrum	129	+3.3	+4.1	26	0-0	10	0.8	3.2	24	0.6	14	Nil	0.17	661	
BSA Ltd	18	+3.0	+2.9	27	0-0	-	-	5.8	31	1.4	19	Nil	0.14	74	
Neptune Marine	120	+2.9	+1.9	27	0-0	-	-	1.1	7	0.6	15	3.1	0.27	74	
McPherson's Ltd	98	+2.6	+6.0	27	0-0	-	-	-	0.6	11	8.2	0.27	95		
Ibosses Corp.	25	+2.0	+1.2	29	0-0	-	-	0.3	15	1.3	2.9	10.0	0.52	19	
Wesfarmers Ltd	4179	+1.7	+1.8	29	0-1	16	3.5	8.5	44	0.2	19	4.8	0.75	47,061	
Sigma Pharm.	88	+1.7	+1.3	29	0-0	11	0.7	2.0	11	0.6	18	2.3	0.31	950	
Automotive Hold	416	+1.6	-0.9	30	1-0	10	2.4	0.4	3	0.4	14	5.3	0.24	1,275	
Embelton Ltd	740	+1.2	-0.5	31	1-0	-	-	-	0.2	10	4.6	0.41	16		
Super Retail Gr	864	+1.0	-5.4	31	0-1	15	7.1	54.0	-	0.3	18	4.6	0.76	1,704	
K&S Corporation	149	+0.7	+3.7	32	2-0	2	-	0.9	7	0.5	13	5.0	0.25	179	
Tesseract Ltd	20	+0.6	+0.6	33	0-0	-	-	-	1.6	17	Nil	0.26	1		
Redbank Energy	800	+0.0	-0.0	35	0-0	-	-	0.0	0.3	-	0.2	0	Nil	0.07	6
Redchip Int'l	0	+0.0	+0.0	35	0-0	-	-	-	9.9	0	Nil	0.34	1		
<b>INCOME SHARES:</b> Highest Yields, Capitalisation > A\$250 million															
AMP Cap China	83	-18.8	-6.0	82	0-0	-	-	0.4	9	0.5	4	40.5	4.08	321	
Wellard Limited	92	-9.1	-6.2	66	0-0	-	-	0.6	-	0.7	5	18.5	0.11	368	
Cardno Ltd	137	-29.7	-2.0	94	4-0	4	5.4	27.4	-	0.5	4	14.6	0.20	339	
Monadelphous Gr	742	-7.8	+4.9	63	2-0	15	17.8	1.9	29	0.4	7	12.4	0.37	694	
Pro Maintenance	147	-21.5	-7.7	86	7-0	6	2.1	1.1	17	0.5	7	12.3	0.12	365	
Seven West Med.	105	-0.4	+8.3	39	4-0	9	3.8	-	0.6	7	11.4	0.59	1,583		
Genworth Mort.	233	-8.4	-1.5	65	0-2	6	5.0	-	0.5	6	11.4	2.73	1,387		
Select Harvest	463	-25.4	-6.3	90	4-0	8	6.9	1.5	26	0.2	6	10.8	1.48	336	
Worley Group	519	-25.9	+2.5	91	2-0	11	13.7	-	0.3	NE	10.8	0.15	1,273		
Metcash Ltd	179	+15.3	+0.9	11	5-0	12	17.9	-	0.4	9	10.4	0.12	1,657		
Origin Energy	507	-22.7	+2.4	87	2-0	15	1.0	0.8	-	0.3	NE	9.9	0.56	8,872	
BHP Billiton	1761	-18.5	+2.2	82	2-1	19	1.5	0.9	6	0.2	16	9.1	1.62	56,558	
GDI Property	86	-2.8	-0.5	49	2-0	2	0.2	0.9	15	0.5	6	8.7	5.84	463	
360 Capital Ind	246	-0.0	-0.5	37	4-0	2	0.3	-	0.4	9	8.5	7.91	521		
Spotless Group	122	-26.1	-0.4	91	6-1	5	3.9	-	0.6	9	8.2	0.47	1,340		
Industria REIT	207	+2.2	-1.1	28	0-0	4	0.3	1.0	6	0.5	18	7.8	6.61	255	
Cromwell Prop.	101	-1.1	-0.1	42	4-1	7	1.1	1.4	12	0.4	12	7.8	5.67	1,768	
DUET Group	226	-0.3	-1.0	39	3-0	14	0.6	1.6	2	0.3	70	7.7	2.66	5,246	
ERM Power Ltd	151	-13.5	+3.0	75	3-0	4	0.2	1.1	-	0.4	NE	7.6	0.17	369	

Company	Share Price	STRENGTH RATING			Insider Buy/Sell	Brokers Following	Short Interest	Price to NTA	ROE	Volatility	P/E Ratio	Div Yield	P/S Ratio	Market Cap'n		
		Current	4-Wk Chg.	Rank 0-99												
Flexicorp Ltd	235	-6.2	-3.1	59	2-1	11	1.9	3.1	36	0.4	9	7.6	2.10	875		
ANZ Bank	2542	-9.1	-0.5	66	0-0	16	2.5	1.6	9	0.2	19	7.1	6.80	74,164		
Bendigo Bank	928	-6.9	-4.1	61	9-0	14	6.5	1.3	13	0.2	10	7.1	2.73	4,239		
Mystate Ltd	401	-2.6	-2.0	47	3-0	4	-	1.7	16	0.3	11	7.1	2.80	350		
Nat'l Aust Bank	2792	-8.4	-0.7	65	4-0	14	1.0	1.8	15	0.2	12	7.1	3.80	73,650		
CSG Ltd	130	-2.7	-6.6	48	1-1	4	1.1	5.0	18	0.5	27	6.9	1.65	415		
<b>INSIDER BUYING:</b> Most Insider Buying, Relative Strength > 0																
Marmota Energy	2	+11.5	-42.4	14	14-0	-	-	-	-	-	-	3.3	NE	Nil	N/A	5
A.P. Eagers	1038	+7.4	-3.0	18	14-1	3	0.1	4.4	20	0.1	22	3.1	0.59	1,915		
Bell Financial	48	+4.0	-7.5	24	10-0	-	-	2.7	15	0.7	18	5.2	0.78	125		
Soul Pattinson	1641	+6.3	-1.1	20	10-0	2	0.0	1.3	3	0.2	47	3.0	6.12	3,928		
8I Holdings	100	+17.3	-10.0	10	10-0	-	-	-	-	-	0.6	80	0.9	N/A	357	
Smartgroup Corp	466	+33.5	-4.8	4	9-0	6	-	-	-	-	0.4	23	3.0	5.15	473	
Metaliko Res.	5	+24.8	+18.1	6	9-0	-	-	-	-	-	1.7	NE	Nil	N/A</		

# 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							Market Cap'n		
	Share Price	Cur- rent	4-Wk Chg.	Rank 0-99	Brokers Following	Price to NTA	Return on Equity			
<b>UNDER-VALUED SHARES: Lowest Price/Sales, Yld &gt; 0, Rel Strength &gt; 0</b>										
Smiths City	52	+0.3	-0.2	47	0-0	- 0.6	3 1.6	21 4.8	0.12	27
Tenon Ltd	265	+8.5	-4.1	15	0-0	1 0.9	5 0.7	19 1.9	0.29	172
Warehouse Group	285	+0.1	+1.3	49	0-1	6 1.8	10 1.0	19 7.8	0.36	989
Ebos Group Ltd	1660	+10.2	-0.3	10	2-1	6 2.4	10 0.8	24 3.1	0.41	2,501
Fonterra S/H Fd	561	+5.6	-1.0	23	7-4	7 1.4	7 0.7	19 4.5	0.48	8,971
Seeka Kiwifruit	378	+6.8	+1.7	20	4-0	- 0.9	5 0.6	19 2.9	0.51	59
Air New Zealand	279	+4.1	-1.2	25	1-7	6 1.6	17 1.1	10 8.0	0.64	3,130
Nuplex Indust	513	+8.3	+3.2	16	2-0	6 1.7	11 1.0	16 5.3	0.71	981
Infratil NZ	317	+0.8	+0.1	44	1-9	4 1.8	0 0.9	547 4.2	0.77	1,849
Z Energy Ltd	650	+2.9	-2.9	32	3-0	7 5.1	1 0.7	371 5.2	0.85	2,600
Scott Tech. Ltd	142	+0.2	-0.5	49	0-0	- 1.3	10 1.0	13 7.8	0.89	65
Methven Limited	122	+2.3	-0.1	36	0-0	- 1.8	11 1.1	16 9.1	0.92	89
Horizon Energy	435	+2.2	-0.7	37	0-0	- 1.6	6 0.5	27 4.5	0.97	109
Genesis Energy	205	+0.3	+0.3	48	1-0	6 1.1	6 1.0	20 10.8	0.98	2,049

<b>BEST PERFORMING SHARES: Strongest Shares, P/E &lt; 20, P/S &lt; 1.0</b>										
Tenon Ltd	265	+8.5	-4.1	15	0-0	1 0.9	5 0.5	19 1.9	0.29	172
Nuplex Indust	513	+8.3	+3.2	16	2-0	6 1.7	11 0.8	16 5.3	0.71	981
Seeka Kiwifruit	378	+6.8	+1.7	20	4-0	- 0.9	5 0.4	19 2.9	0.51	59
Fonterra S/H Fd	561	+5.6	-1.0	23	7-4	7 1.4	7 0.6	19 4.5	0.48	8,971
Air New Zealand	279	+4.1	-1.2	25	1-7	6 1.6	17 0.9	10 8.0	0.64	3,130
Methven Limited	122	+2.3	-0.1	36	0-0	- 1.8	11 0.9	16 9.1	0.92	89
Genesis Energy	205	+0.3	+0.3	48	1-0	6 1.1	6 0.8	20 10.8	0.98	2,049
Scott Tech. Ltd	142	+0.2	-0.5	49	0-0	- 1.3	10 0.8	13 7.8	0.89	65
Warehouse Group	285	+0.1	+1.3	49	0-1	6 1.8	10 0.8	19 7.8	0.36	989

<b>INCOME SHARES: Highest Yields, Capitalisation &gt; NZ\$100 million</b>										
Hallenstein G.	305	-6.5	-2.5	78	0-1	4 2.8	27 0.7	10 14.1	0.82	181
PGG Wrightsons	41	-3.0	+0.5	69	0-0	2 1.2	12 1.3	9 13.6	0.26	309
Kingfish Ltd	128	-2.0	+1.2	66	0-0	- 1.0	7 0.6	14 11.7	N/A	158
Hellaby Hold.	267	-4.8	-1.1	73	6-2	4 1.3	14 0.8	9 11.2	0.35	256
Genesis Energy	205	+0.3	+0.3	48	1-0	6 1.1	6 0.8	20 10.8	0.98	2,049
Skellerup Hold.	127	-0.4	-3.8	56	22-0	3 1.5	14 0.9	11 9.8	1.21	245
Opus Int'l Cons	129	-0.7	+1.9	59	2-0	3 1.3	17 0.6	7 9.6	0.35	191
Sky Network TV	455	-7.8	+2.0	82	0-0	8 1.3	13 0.5	10 9.2	1.91	1,771
Tower Limited	182	-8.8	-2.0	84	2-0	3 1.1	- 0.8	NE 8.8	1.02	309
NZ Exchange Ltd	104	-0.0	+0.2	54	3-0	3 5.2	26 0.9	20 8.0	4.05	264

<b>INSIDER BUYING: Most Insider Buying, Relative Strength &gt; 0</b>										
Arvida Group	91	+2.1	-0.6	39	4-0	- 31.0	- 0.8	NE Nil	N/A	205
Seeka Kiwifruit	378	+6.8	+1.7	20	4-0	- 0.9	5 0.3	19 2.9	0.51	59
Z Energy Ltd	650	+2.9	-2.9	32	3-0	7 5.1	1 0.6	371 5.2	0.85	2,600
Chorus Ltd	389	+20.0	+2.5	4	3-0	8 1.9	11 0.9	17 Nil	1.52	1,530
Moa Group Ltd	58	+29.0	-5.8	1	3-0	- 3.1	- 1.2	NE Nil	4.57	28
Heartland Bank	131	+3.8	-1.7	26	4-1	- 1.3	10 0.7	13 8.0	4.58	616
Fonterra S/H Fd	561	+5.6	-1.0	23	7-4	7 1.4	7 0.5	19 4.5	0.48	8,971
Port Tauranga	1850	+2.6	-1.5	34	2-0	6 2.8	9 0.3	32 3.9	9.38	2,517
Nuplex Indust	513	+8.3	+3.2	16	2-0	6 1.7	11 0.8	16 5.3	0.71	981
Argosy Property	119	+1.6	-0.4	42	2-0	6 1.2	8 0.6	15 6.0	8.21	951

<b>OVER-VALUED SHARES: Highest Price/Sales Ratios, Relative Strength &lt; 0</b>										
Vista Group Ltd	580	-0.2	-3.2	54	1-0	- 8.0	7 0.7	116 Nil	9.84	464
IkeGPS Limited	66	-1.4	-1.0	63	2-0	1 1.5	- 1.2	NE Nil	9.03	33
GeoOP Ltd	35	-9.8	-1.9	85	0-0	- 4.5	- 1.6	NE Nil	8.68	12
EROAD Ltd	225	-18.3	+2.3	92	2-7	1 2.6	- 0.7	NE Nil	7.69	135
Pyne Gould Corp	25	-6.9	+1.8	79	0-0	- 0.3	0 1.5	578 Nil	7.36	51
Burger Fuel	177	-13.4	-5.1	89	0-0	- 7.6	4 1.1	198 Nil	5.73	106
Serko Limited	71	-4.1	-0.3	71	0-0	- 4.3	- 1.1	NE Nil	4.30	45
NZ Exchange Ltd	104	-0.0	+0.2	54	3-0	3 5.2	26 0.8	20 8.0	4.05	264
CDL Investments	63	-1.0	+1.4	61	0-0	- 1.4	11 0.6	12 4.9	3.94	174
Wynyard Group	85	-6.2	-13.7	77	0-0	2 1.5	- 1.2	NE Nil	3.78	98
Orion Health.	304	-12.5	-0.1	87	2-4	4 4.3	- 0.6	NE Nil	2.95	483
SLI Systems Ltd	114	-2.8	+6.2	68	0-0	3 12.9	- 1.0	NE Nil	2.48	70
Trust Power Ltd	741	-0.9	-0.2	61	0-0	- 1.3	8 0.5	16 7.3	2.33	2,319
Mighty River	266	-1.9	-1.2	65	1-0	6 1.1	1 0.7	78 7.3	2.18	3,656

<b>WORST PERFORMING SHARES: Weakest Shares, P/S Ratio &gt; 0.25, Yield &lt; Twice Average</b>										
Vital Health PT	204	-58.3	+0.0	98	0-0	4 1.6	22 0.5	7 3.9	N/A	698
EROAD Ltd	225	-18.3	+2.3	92	2-7	1 2.6	- 0.6	NE Nil	7.69	135
Smartpay NZ Ltd	12	-17.6	-1.4	91	1-2	- 1.8	14 1.8	13 Nil	0.93	21
Burger Fuel	177	-13.4	-5.1	89	0-0	- 7.6	4 1.1	198 Nil	5.73	106
Snakk Media Ltd	72	-13.0	-2.8	88	0-0	- 72.3	- 1.4	NE Nil	0.97	10
Finzsoft Sol'ns	230	-12.8	-4.3	88	0-0	- 4.7	63 1.3	7 Nil	1.01	20
Orion Health.	304	-12.5	-0.1	87	2-4	4 4.3	- 0.6	NE Nil	2.95	483

Company	STRENGTH RATING							Market Cap'n		
	Share Price	Cur- rent	4-Wk Chg.	Rank 0-99	Brokers Following	Price to NTA	Return on Equity			
GeoOP Ltd	35	-9.8	-1.9	85	0-0	- 4.5	- 1.5	NE Nil	8.68	12
Pac Edge Bio.	55	-8.9	+3.2	85	1-0	3 18.5	- 1.6	NE Nil	N/A	207
Coats Group plc	60	-8.3	+0.6	83	5-1	1 1.8	5 0.8	32 Nil	0.41	845
Contact Energy	457	-7.0	-0.4	80	1-2	6 1.1	4 0.7	25 5.7	1.37	3,351
Pyne Gould Corp	25	-6.9	+1.8	79	0-0	- 0.3	0 1.4	578 Nil	7.36	51
NZ Oil & Gas	47	-6.3	+1.8	78	2-2	2 0.6	- 0.9	NE Nil	1.40	163
Wynyard Group	85	-6.2	-13.7	77	0-0	2 1.5	- 1.2	NE Nil	3.78	98
Xero Ltd	1580	-5.7	-5.6	76	0-9	7 6.2	- 1.7	NE Nil	N/A	2,151
Rakon Ltd	27	-5.6	+2.0	76	0-0	- 0.6	4 1.2	16 Nil	0.39	52
AMP Limited	638	-5.5	+0.3	75	2-0	- 3.8	26 0.8	15 6.2	1.44	13,194
Allied Farmers	5	-4.7	+0.8	73	1-0	-	- 2.5	52 Nil	0.45	7
Abano Health.	730	-4.6	-0.8	72	1-2	2 1.7	5 0.3	34 4.5	0.81	152
Serko Limited	71	-4.1	-0.3	71	0-0	- 4.3	- 1.0	NE Nil	4.30	45

<b>INSIDER SELLING: Most Insider Selling, Relative Strength &lt; 0</b>										
Xero Ltd	1580	-5.7	-5.6	76	0-9	7 6.2	- 1.7	NE Nil	N/A	2,151
EROAD Ltd	225	-18.3	+2.3	92	2-7	1 2.6	- 0.6	NE Nil	7.69	135
Mainfreight Grp	1610	-0.7	-0.4	59	2-7	5 3.2	16 0.4	19 2.9	0.78	1,603
Steel & Tube	226	-8.5	+3.2	83	0-2	4 1.2	13 0.5	9 11.7	0.40	200
Mercer Group	3	-27.9	-3.2	96	0-2	- 0.6	- 2.5	NE Nil	0.20	9
Orion Health.	304	-12.5	-0.1	87	2-4	4 4.3	- 0.6	NE Nil	2.95	483
Kathmandu Ltd	165	-2.2	-0.3	66	3-5	7 1.1	7 1.0	16 6.7	0.81	332
Hallenstein G.	305	-6.5	-2.5	78	0-1	4 2.8	27 0.6	10 14.1	0.82	181
Veritas Invest.	29	-21.0	-3.2	94	0-1	- 1.0	29 0.9	3 18.1	0.27	13
Contact Energy	457	-7.0	-0.4	80	1-2	6 1.1	4 0.6	25 5.7	1.37	3,351

## “Neglect” Ratings of NZ Shares

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

Company	No. of Brokers Following		Market Capitalisation (NZ\$ Mill.)	Company	No. of Brokers Following		Market Capitalisation (NZ\$ Mill.)
	Company	Company			Company	Company	
Abano Health.	2	152		NZ Oil & Gas	2	163	
Air New Zealand	6	3,130		NZ Refining Co	3	1,038	
Akd Int Airport	7	7,760		Nuplex Indust	6	981	
Argosy Property	6	951		Opus Int'l Cons	3	191	
Briscoe Group	3	672		Orion Health.	4	483	
Cavalier Corp	2	38		PGG Wrightsons	2	309	
Chorus Ltd	8	1,530		Pac Edge Bio.	3	207	
Coats Group plc	1	845		Port Tauranga	6	2,517	
Comvita	2	412		Precinct Prop.	7	1,484	
Contact Energy	6	3,351		Property F Ind.	5	665	
Delegat Group	3	576		Pumpkin Patch	2	15	
Diligent Board	4	621		Restaurant Brds	3	454	
EROAD Ltd	1	135		Rubicon Limited	1	90	
Ebos Group Ltd	6	2,501		Ryman Health.	6	4,125	
F & P Health.	8	5,036		SLI Systems Ltd	3	70	
Fletcher Build.	13	5,196		Sanford Limited	2	590	
Fonterra S/H Fd	7	8					

# “Neglect” Ratings of Australian Shares

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

Company	No. of Brokers Following Company	Market Capitalisation (\$ Mill.)	Company	No. of Brokers Following Company	Market Capitalisation (\$ Mill.)	Company	No. of Brokers Following Company	Market Capitalisation (\$ Mill.)	Company	No. of Brokers Following Company	Market Capitalisation (\$ Mill.)
1300 Smiles Ltd	3	160	Berkeley Energy	4	82	EservGlobal Ltd	2	17	Iselect Limited	4	261
360 Capital Ind	2	521	Bigair Group	5	112	Event Hospital.	5	2,358	Isentia Group	7	694
360 Capital Grp	2	230	Billabong Int'l	4	302	Evolution Min.	12	2,471	JB Hi-Fi Ltd	18	2,320
360 Cap Office	2	147	Bionomics Ltd	3	142	FAR Ltd	5	406	James Hardie	13	8,028
3P Learning	4	204	Blackmores Ltd	9	2,880	FSA Group Ltd	1	124	K&S Corporation	2	179
A.P. Eagers	3	1,915	Bluescope Steel	14	3,422	Fairfax Media	10	1,827	K2 Asset Mgmt	3	105
AGL Energy Ltd	14	12,361	Blue Sky Alt In	3	364	Fantastic Hold.	4	194	Kardoon Gas	5	382
ALS Limited	15	2,193	Boart Longyear	1	85	Finders Res.	2	88	Kingsgate Cons.	2	91
AMA Group Ltd	3	391	Boral Limited	15	4,633	Fleetwood Corp	2	74	Kingrose Mining	1	84
AMP Ltd	17	16,800	Bradken Ltd	5	129	Flexicorp Ltd	11	875	Korvest Ltd	1	24
ANZ Bank	16	74,164	Brambles Ltd	16	19,453	Flight Centre	14	4,424	Kula Gold Ltd	1	9
APA Group	14	9,204	Breville Group	10	1,034	Folkestone Educ	4	556	Legend Corp.	1	52
APN News Media	5	576	Brickworks Ltd	7	2,282	Folkestone Ltd	1	134	LendLease Group	11	8,149
APN Outdoor Grp	6	991	Brierty Ltd	1	23	Fortescue Metal	19	8,252	Lifestyle Com.	4	272
ARB Corporation	7	1,185	Broadspectrum	10	661	Freelancer Ltd	2	590	Lindsay Aust	1	129
ASG Group Ltd	2	225	Brockman Mining	1	0	Freedom Foods	2	664	Liq Natural Gas	2	305
ASX Limited	16	8,212	Buru Energy Ltd	1	97	Funtastic Ltd	1	14	Logicamms Ltd	2	33
AV Jennings	2	208	C.S.R. Ltd	16	1,645	G.U.D. Holdings	9	597	Lonestar Res.	5	61
AVEO Group	7	1,738	CIMIC Group	12	11,118	G8 Education	11	1,398	Lovisa Holdings	6	252
AWE Limited	7	332	CSG Ltd	4	415	GBST Holdings	7	304	Lynas Corp Ltd	1	262
Abacus Property	5	1,642	CSL Limited	15	47,943	GDI Property	2	463	MMA Offshore	8	145
Aconex Limited	8	877	Cabcharge Ltd	4	409	GI Dynamics	1	9	MNF Group	4	219
Acruz Ltd	3	107	Caltex Australia	11	8,613	GPT Group	9	8,877	MYOB Group	6	1,829
Adelaide Bright	15	3,231	Capital Health	4	68	GPT MetroOffice	2	267	MacMahon Hold	4	158
Admedus Limited	1	104	Capilano Honey	3	162	GR Engineering	1	151	Maca Limited	2	202
Ainsworth Game	7	748	Capral Limited	1	50	GWA Group Ltd	11	656	Macquarie Atlas	5	2,427
Alacer Gold	10	185	Cardno Ltd	4	339	Gage Road Brew.	1	21	Macquarie Group	10	22,783
Ale Property	3	824	Carindale Prop	2	538	Galileo Japan	2	252	Macquarie C Tel	1	19
Alkane Explor.	2	95	Carnarvon Pet.	1	86	Generation HC	2	415	Magellan Fin Gp	9	3,657
Alliance Aviat.	2	51	Carsales.com	14	2,784	Genworth Mort.	6	1,387	Mantra Group	9	1,130
Altium Limited	5	731	Cash Converters	1	294	Gindalbie Met.	1	28	Mastermyne Grp	1	15
Altona Mining	1	49	Cedar Woods Prp	4	351	Global Con Serv	1	97	Matrix Comp.	1	32
Alumina Ltd	11	4,032	Centuria Metro.	2	247	Godfreys Group	2	55	Maxi TRANS	3	106
Amcor Ltd	15	16,307	Challenger Ltd	17	4,685	Gold Road Res.	4	353	Mayne Pharma Gr	7	1,127
Aneka Tambang	5	11,923	Chart H Retail	9	1,771	Goodman Group	10	11,950	McMillan Shake.	6	1,044
Ansell Ltd	14	2,630	Charter Hall GR	9	1,899	Graincorp	11	1,716	Medibank Priv.	15	7,601
Aquarius Plat.	4	370	Clearview With	4	539	Grange Resource	2	103	Medusa Mining	3	155
Ardent Leisure	12	935	CocaCola Amatil	13	6,720	Greencross Ltd	10	853	Melbourne IT	3	185
Arena REIT	3	433	Cochlear Ltd	14	5,932	Growthpoint Pro	4	1,784	Mesoblast Ltd	7	904
Aristocrat Leis	12	6,492	Codan Ltd	2	138	Gryphon Mineral	2	30	Metcash Ltd	12	1,657
Arrium Limited	10	76	Collection Hse	6	140	HFA Holdings	2	394	Migme Limited	2	136
Asciano Limited	14	8,671	Collins Foods	6	438	Hansen Tech.	3	622	Mincor Resource	2	40
Asia Pac Data C	3	156	Com'wealth Bank	16%	130,405	Harvey Norman	14	5,279	Mineral Deposit	6	34
Aspen Group Ltd	1	127	Comet Ridge Ltd	1	37	Helloworld Ltd	3	151	Mineral Res.	4	1,206
Astro Japan Pro	2	351	Computershare	17	5,222	Henderson Group	10	2,976	Mint Payments	1	43
Atlas Iron Ltd	5	67	Cooper Energy	1	63	Highfield Res.	6	510	Mirvac Group	12	6,903
Aurelia Metals	1	27	Corp Travel M.	6	1,296	Hillgrove Res.	2	23	Mobile Embrace	2	131
Aurizon Hold.	17	8,415	Covata Limited	2	166	Horizon Oil Ltd	3	103	Monash IVF Grp	6	411
AusNet Services	15	5,218	Cover-More Grp	6	464	Hotel Property	2	380	Monadelphous Gr	15	694
Ausdrill Ltd	4	120	Credit Corp	5	453	Hughes Drilling	2	20	Money3 Corp Ltd	3	151
Ausenco Ltd	1	48	Cromwell Prop.	7	1,768	Huon Aquacult.	3	300	Mortgage Choice	3	212
Aust Pharm. Ind	8	863	Crown Resorts	12	8,959	IMF Bentham Ltd	4	218	Mt Gibson Iron	4	224
Austal Limited	3	497	Crusader Res.	1	17	IOOF Holdings	14	2,683	Myer Holdings	12	936
Austbrokers	7	538	DUET Group	14	5,246	IPH Limited	6	1,319	Mystate Ltd	4	350
Auswide Bank	3	183	DWS Limited	1	158	IRESS Limited	7	1,785	NRW Holdings	2	63
Automotive Hold	10	1,275	Data 3 Ltd	1	172	Icar Asia Ltd	5	214	Nanosonics Ltd	4	593
Avanco Res.	2	126	Decmil Group	2	139	Iluka Resources	13	3,165	Nat'l Aust Bank	14	73,650
BC Iron Ltd	2	35	Dexus Property	9	7,579	Imdex Limited	2	57	National Stor.	7	537
BHP Billiton	19	56,558	Dick Smith Hold	3	84	Impedimed Ltd	3	294	Navitas Ltd	9	1,827
BT Invest Mgmt	12	2,835	Domino's Pizza	12	5,086	Incitec Pivot	16	5,433	Nearmap Ltd	2	123
BWP Trust	8	2,120	Donaco Inter'l	4	495	Independ. Group	18	1,509	Neuren Pharm.	1	203
Bandanna Energy	1	44	Doray Minerals	6	284	Industria REIT	4	255	New Hope Corp.	7	1,230
Bank of Q'land	15	4,642	Downer EDI Ltd	12	1,611	Infomedia Ltd	5	177	Newcrest Mining	17	13,414
Base Resources	4	37	DuluxGroup Ltd	12	2,503	Ingenia Com Grp	4	402	Nextdc Limited	10	623
Beach Energy	10	1,330	ERM Power Ltd	4	369	Insurance Aust.	16	13,494	Nib Holdings	13	1,712
Beadell Res.	8	253	Elders Limited	7	323	Int Research	1	320	Nick Scali Ltd	3	335
Bega Cheese Ltd	7	939	Emerchants Ltd	2	188	Intueri Educ.	2	43	Nine Entertain.	9	1,354
Bellamy's Aust.	4	1,043	Energy Resource	3	184	Investa Office	8	2,536	Nthn Star Res.	13	2,377
Bendigo Bank	14	4,239	Ensogo Limited	1	60	Invocare Ltd	8	1,394	Nufarm Limited	13	2,068

Company	No. of Brokers Following Company	Market Capitalisation (\$ Mill.)	Company	No. of Brokers Following Company	Market Capitalisation (\$ Mill.)	Company	No. of Brokers Following Company	Market Capitalisation (\$ Mill.)	Company	No. of Brokers Following Company	Market Capitalisation (\$ Mill.)
OZ Minerals Ltd	20	1,584	RTG Mining Inc.	1	56	Sigma Pharm.	11	950	Technology One	9	1,424
Objective Corp.	1	132	RXP Services	2	85	Silex Systems	1	76	Telstra	17	63,084
Oil Search Ltd	14	10,948	Ramsay Health	16	12,782	Silver Chef Ltd	5	301	Ten Network	8	387
OnTheHouse Hold	2	65	Recall Holdings	10	2,290	Silver Lake Res	5	179	The Reject Shop	5	402
Ooh!Media	5	623	Reckon Limited	6	169	Simonds Group	2	70	Thorn Group Ltd	5	263
Orica Ltd	16	5,874	Redflow Limited	1	142	Sims Metal Mgmt	14	1,686	Tiger Resources	4	104
Origin Energy	15	8,872	Reece Limited	2	3,434	Sino Gas & En.	4	141	Tissue Therapy	1	14
Orocobre Ltd	6	524	Regeneus Ltd	1	32	Sirtex Medical	9	1,763	Touchcorp Ltd	1	244
Orora Limited	14	2,993	Regis Resources	21	1,279	Slater & Gordon	8	122	Tox Free Sol.	10	359
Oroton Group	5	90	Resolute Mining	5	414	Smart Parking	1	78	Transurban Grp	11	22,839
Osprey Medical	2	45	Retail Food Grp	5	912	Smartgroup Corp	6	473	Treasury Wine	11	6,924
Ottoman Energy	1	51	Reva Medical	2	472	Somnosed Ltd	3	132	Troy Resources	2	169
Ozforex Group	6	470	Rhipe Limited	3	159	Sonic Health	13	7,469	UGL Limited	11	566
Pacific Energy	1	137	Ridley Corp.	5	405	Soul Pattinson	2	3,928	Unilife Corp.	1	72
Pacific Brands	7	903	Rio Tinto Ltd	17	18,906	South32 Limited	17	8,651	Vicinity Centre	11	12,351
Pacific Smiles	3	281	Royal Wolf Hold	4	109	Spark Infrastru	13	3,465	Village Road.	9	843
Pact Group Hold	7	1,432	Runge Pincock M	1	66	Spec Fashion	2	119	Villa World Ltd	3	225
Paladin Energy	12	360	Rural Funds Grp	3	236	Speedcast Int'l	6	531	Viralytics Ltd	3	128
Panoramic Res.	4	48	Ruralco Hold.	4	269	Spotless Group	5	1,340	Virgin Aust	12	1,535
Patties Foods	3	153	SAI Global Ltd	11	758	St Barbara Ltd	3	1,149	Virtus Health	7	485
Peet Ltd	5	475	SG Fleet Group	6	909	Star Entertain.	11	4,533	Vita Life Sci.	1	91
Peninsula En.	4	145	SMS Mgmt & Tech	5	136	Starpharma Hold	3	235	Vita Group Ltd	3	471
Perpetual Ltd	16	2,016	STW Comm Group	6	444	Steadfast Group	8	1,263	Vocus Comm.	6	4,119
Perseus Mining	10	209	Salmat Ltd	2	89	Sth Cross Elect	1	60	Watpac Ltd	1	183
Platinum Asset	10	3,896	Sandfire Res.	19	946	Sth Cross Media	9	919	Webjet NL	8	523
Praemium Ltd	3	137	Santos Ltd	14	6,816	Stockland	10	10,190	Webster Ltd	3	407
Premier Invest	14	2,289	Saracen Mineral	8	817	Strike Energy	2	100	Wellcom Group	3	188
Prima Biomed	1	93	Scentre Group	10	23,640	Suncorp Group	16	15,336	Wesfarmers Ltd	16	47,061
Prime Media Grp	3	150	Sealink Travel	4	423	Sundance Energy	2	129	Westfield Corp.	11	20,781
Primary Health	13	1,955	Sedgman Ltd	2	216	Sunland Group	2	254	Western Areas	18	565
Pro Maintenance	6	365	Seek Ltd	11	5,576	Super Retail Gr	15	1,704	Westpac Banking	16%	109,213
Pro Medicus Ltd	1	303	Select harvest	8	336	Surfstitch Grp	4	383	Whitehaven Coal	15	759
Q.B.E. Insur.	16	14,686	Senex Energy	8	277	Sydney Airport	14	14,670	Wolf Minerals	2	133
Qantas Airways	14	8,167	Seven West Med.	9	1,583	TFS Corporation	3	597	Woodside Petrol	13	22,048
Qube Holdings	13	2,418	Seven Group	6	1,813	TPG Telecom Ltd	12	8,833	Woolworths Ltd	16	29,664
RCG Corporation	4	811	Seymour Whyte	2	75	Tabcorp Holding	12	3,392	Worley Group	11	1,273
RCR Tomlinson	5	203	Shine Corporate	5	139	Tassal Group	6	581	XRF Scientific	1	22
REA Group Ltd	11	6,806	Shopping Centre	7	1,643	Tatts Group Ltd	11	5,375			

## Short Interest in Australian Shares

Company	Short Interest Ratio	Market Capitalisation (\$ Mill.)	Company	Short Interest Ratio	Market Capitalisation (\$ Mill.)	Company	Short Interest Ratio	Market Capitalisation (\$ Mill.)	Company	Short Interest Ratio	Market Capitalisation (\$ Mill.)
1-Page Ltd	3.7%	195	Alacer Gold	0.2%	185	Aust Dairy Farm	1.5%	36	Blue Sky Alt In	0.0%	364
360 Capital Ind	0.3%	521	Ale Property	0.5%	824	Austal Limited	2.4%	497	Boart Longyear	0.1%	85
360 Capital Grp	0.2%	230	Alexium Int'l	0.0%	210	Austin Eng.	0.0%	23	Boral Limited	2.6%	4,633
3P Learning	1.8%	204	Alkane Explor.	0.2%	95	Austbrokers	0.1%	538	Brackden Ltd	5.2%	129
A.P. Eagers	0.1%	1,915	Altium Limited	2.7%	731	Aust Agricult.	6.6%	656	Brain Resource	0.0%	23
AGL Energy Ltd	1.2%	12,361	Alumina Ltd	10.7%	4,032	Aust United In	0.0%	860	Brambles Ltd	1.4%	19,453
AJ Lucas	0.0%	67	Amaysim Aust.	1.1%	328	Automotive Hold	2.4%	1,275	Breville Group	2.0%	1,034
ALS Limited	7.4%	2,193	Amcor Ltd	1.1%	16,307	BC Iron Ltd	1.8%	35	Brickworks Ltd	0.2%	2,282
AMA Group Ltd	0.0%	391	Ansell Ltd	3.9%	2,630	BHP Billiton	1.5%	56,558	Broadspectrum	0.8%	661
AMP Ltd	0.7%	16,800	Appen Limited	0.2%	162	BT Invest Mgmt	0.7%	2,835	Brookside En.	0.0%	4
ANZ Bank	2.5%	74,164	Aquarius Plat.	0.1%	370	BWP Trust	3.3%	2,120	Burson Group	1.1%	1,115
APA Group	2.4%	9,204	Ardent Leisure	2.3%	935	BWX Limited	0.0%	371	Buru Energy Ltd	1.5%	97
APN News Media	0.7%	576	Arena REIT	0.1%	433	Baby Bunting Gr	0.4%	306	C.S.R. Ltd	2.3%	1,645
APN Outdoor Grp	0.1%	991	Aristocrat Leis	0.4%	6,492	Bandanna Energy	3.3%	44	CIMIC Group	1.2%	11,118
ARB Corporation	4.4%	1,185	Arrium Limited	4.7%	76	Bank of Q'land	5.0%	4,642	CSG Ltd	1.1%	415
ASG Group Ltd	0.0%	225	Asaleo Care Ltd	5.2%	1,059	Base Resources	0.0%	37	CSL Limited	1.3%	47,943
ASX Limited	2.2%	8,212	Asciano Limited	0.1%	8,671	Beach Energy	3.6%	1,330	Cabcharge Ltd	11.7%	409
AVEO Group	0.3%	1,738	Aspen Group Ltd	0.0%	127	Beacon Lighting	0.0%	398	Caltex Australia	0.4%	8,613
AWE Limited	10.6%	332	Astro Japan Pro	0.1%	351	Beadell Res.	4.8%	253	Capital Health	0.7%	68
Abacus Property	0.2%	1,642	Atlas Iron Ltd	0.6%	67	Bega Cheese Ltd	2.6%	939	Cardno Ltd	5.4%	339
Aconex Limited	1.1%	877	Aurizon Hold.	0.4%	8,415	Bellamy's Aust.	3.9%	1,043	Carnarvon Pet.	0.1%	86
Acrux Ltd	1.2%	107	AusNet Services	1.3%	5,218	Bendigo Bank	6.5%	4,239	Carsales.com	6.4%	2,784
Adairs Limited	1.5%	401	Ausdrill Ltd	1.6%	120	Bigair Group	0.0%	112	Cash Converters	1.3%	294
Adelaide Bright	2.1%	3,231	Ausenco Ltd	0.0%	48	Billabong Int'l	1.6%	302	Catapult Group	0.0%	112
Aeris Resources	0.0%	6	Aust Careers N.	0.3%	287	Blackmores Ltd	4.2%	2,880	Cedar Woods Prp	0.4%	351
Ainsworth Game	1.6%	748	Aust Pharm. Ind	0.3%	863	Bluescope Steel	0.8%	3,422	Chalice Gold	0.0%	35

Company	Short Interest Ratio	Market Capitalisation (\$ Mill.)	Company	Short Interest Ratio	Market Capitalisation (\$ Mill.)	Company	Short Interest Ratio	Market Capitalisation (\$ Mill.)	Company	Short Interest Ratio	Market Capitalisation (\$ Mill.)
Challenger Ltd	4.1%	4,685	IPH Limited	1.4%	1,319	Newfield Res	0.0%	114	Silex Systems	2.1%	76
Chart H Retail	5.1%	1,771	IRESS Limited	2.6%	1,785	News Corp.	5.7%	882	Silver Lake Res	0.3%	179
Charter Hall GR	0.3%	1,899	Icar Asia Ltd	0.0%	214	Nextdc Limited	3.5%	623	Sims Metal Mgmt	5.2%	1,686
Cleanaway Waste	2.4%	1,298	Iluka Resources	5.7%	3,165	Nib Holdings	0.2%	1,712	Sino Gas & En.	1.2%	141
CocaCola Amatil	1.4%	6,720	Imdex Limited	0.3%	57	Nine Entertain.	4.5%	1,354	Sirtex Medical	0.9%	1,763
Cochlear Ltd	1.1%	5,932	Impedimed Ltd	1.4%	294	Novogen Ltd	0.8%	49	Slater & Gordon	6.5%	122
Collection Hse	3.1%	140	Incitec Pivot	0.8%	5,433	Nthn Star Res.	1.6%	2,377	Somnomed Ltd	0.0%	132
Com'wealth Bank	2.4%	130,405	Independ. Group	2.9%	1,509	Nufarm Limited	2.5%	2,068	Sonic Health	3.8%	7,469
Computershare	2.1%	5,222	Industria REIT	0.3%	255	OZ Minerals Ltd	2.5%	1,584	Soul Pattinson	0.0%	3,928
Corp Travel M.	6.2%	1,296	Infigen Energy	0.0%	417	Oil Search Ltd	7.7%	10,948	South32 Limited	1.4%	8,651
Costa Group	1.7%	886	Infomedia Ltd	0.6%	177	Ooh!Media	0.0%	623	Spark Infrastru	3.1%	3,465
Cover-More Grp	3.5%	464	Ingenia Com Grp	1.4%	402	Orica Ltd	13.0%	5,874	Spec Fashion	0.2%	119
Credit Corp	1.9%	453	Insurance Aust.	3.6%	13,494	Origin Energy	1.0%	8,872	Speedcast Int'l	0.0%	531
Cromwell Prop.	1.1%	1,768	Integral Diag.	0.0%	195	Orocobre Ltd	4.2%	524	Spicers Limited	0.0%	17
Crown Resorts	2.1%	8,959	Investa Office	0.2%	2,536	Orora Limited	0.1%	2,993	Spotless Group	3.9%	1,340
CuDeco Ltd	1.8%	349	Invocare Ltd	7.8%	1,394	Oroton Group	0.6%	90	St Barbara Ltd	0.3%	1,149
DUET Group	0.6%	5,246	Iselect Limited	0.4%	261	Ozforex Group	2.4%	470	Star Entertain.	0.8%	4,533
Dacian Gold Ltd	0.0%	219	Isentric Ltd	0.0%	16	PMP Limited	0.0%	167	Starpharma Hold	1.2%	235
Decmil Group	1.4%	139	Isentia Group	3.4%	694	Pacific Brands	1.6%	903	Steadfast Group	2.9%	1,263
Dexus Property	1.1%	7,579	Ive Group	0.1%	179	Pact Group Hold	3.9%	1,432	Sth Cross Media	0.6%	919
Dick Smith Hold	6.8%	84	JB Hi-Fi Ltd	9.5%	2,320	Paladin Energy	6.4%	360	Stockland	1.4%	10,190
Domino's Pizza	3.0%	5,086	James Hardie	4.7%	8,028	Panoramic Res.	0.2%	48	Strandline Res.	0.0%	10
Donaco Inter'l	2.4%	495	Japara Health.	4.8%	808	Peet Ltd	0.6%	475	Suncorp Group	1.3%	15,336
Downer EDI Ltd	2.4%	1,611	KBL Mining Ltd	0.0%	13	Perpetual Ltd	5.0%	2,016	Sundance Res.	0.9%	13
Dubber Corp.	0.1%	42	Kardoon Gas	6.1%	382	Perseus Mining	3.1%	209	Sundance Energy	1.5%	129
DuluxGroup Ltd	0.6%	2,503	Kingsgate Cons.	6.0%	91	Pilbara Mineral	0.0%	308	Sunland Group	0.2%	254
Dyesol Ltd	0.0%	95	LendLease Group	0.9%	8,149	Platinum Asset	1.3%	3,896	Superloop Ltd	0.0%	157
ERM Power Ltd	0.2%	369	Lifestyle Com.	0.0%	272	Prana Biotech.	0.6%	36	Super Retail Gr	7.1%	1,704
Elders Limited	2.0%	323	LifeHealthCare	0.4%	61	Premier Invest	0.5%	2,289	Surfstitch Grp	0.1%	383
Emeco Holdings	0.2%	19	Link Admin.	0.2%	2,763	Prima Biomed	1.0%	93	Sydney Airport	0.9%	14,670
Energy Resource	2.7%	184	Liq Natural Gas	4.0%	305	Primary Health	13.9%	1,955	Syrah Resources	5.1%	972
Energy World	2.9%	329	Lovisa Holdings	0.6%	252	Pro Maintenance	2.1%	365	TFX Corporation	8.5%	597
Equity Trustees	0.2%	303	Lynas Corp Ltd	2.2%	262	Q.B.E. Insur.	1.3%	14,686	TPG Telecom Ltd	1.6%	8,833
Estia Health	3.0%	1,093	MG Unit Trust	1.2%	430	Qantas Airways	0.1%	8,167	TV2U Int'l	3.2%	12
Evolution Min.	1.8%	2,471	MMA Offshore	6.5%	145	Qube Holdings	4.4%	2,418	Tabcorp Holding	2.1%	3,392
FAR Ltd	1.3%	406	MNF Group	0.0%	219	RCG Corporation	1.9%	811	Tassal Group	1.6%	581
Fairfax Media	1.8%	1,827	MYOB Group	4.3%	1,829	RCR Tomlinson	1.0%	203	Tatts Group Ltd	0.2%	5,375
Fleetwood Corp	1.1%	74	Maca Limited	0.4%	202	REA Group Ltd	4.2%	6,806	Technology One	0.7%	1,424
Flexicorp Ltd	1.9%	875	Macquarie Atlas	2.7%	2,427	Ramsay Health	4.1%	12,782	Telstra	1.2%	63,084
Flight Centre	13.7%	4,424	Macquarie Group	0.8%	22,783	Recall Holdings	0.3%	2,290	Ten Network	4.7%	387
Folkestone Educ	0.3%	556	Magellan Flag.	0.0%	864	Reckon Limited	2.4%	169	Teranga Gold	0.0%	30
Fortescue Metal	8.0%	8,252	Magellan Fin Gp	0.8%	3,657	Redbank Energy	0.0%	6	The Reject Shop	0.3%	402
Freedom Foods	0.1%	664	Mantra Group	2.2%	1,130	Reece Limited	0.0%	3,434	Thorn Group Ltd	0.3%	263
G.U.D. Holdings	8.8%	597	Matrix Comp.	0.2%	32	Regis Resources	2.8%	1,279	Tiger Resources	0.8%	104
G8 Education	7.8%	1,398	Mayne Pharma Gr	4.0%	1,127	Regis Health.	0.9%	1,547	Tox Free Sol.	0.3%	359
GBST Holdings	0.5%	304	McMillan Shake.	4.2%	1,044	Resolute Mining	0.3%	414	Transurban Grp	1.2%	22,839
GDI Property	0.2%	463	Medibank Priv.	1.3%	7,601	Retail Food Grp	8.6%	912	Treasury Wine	2.4%	6,924
GPT Group	1.1%	8,877	Medusa Mining	2.3%	155	Rex Minerals	0.3%	18	Troy Resources	2.4%	169
GPT MetroOffice	0.1%	267	Melbourne IT	0.0%	185	Rhipe Limited	0.0%	159	UGL Limited	2.2%	566
GWA Group Ltd	3.2%	656	Mesoblast Ltd	4.5%	904	Ridley Corp.	0.0%	405	Unilife Corp.	0.0%	72
Galaxy Res.	0.1%	284	Metals X Ltd	0.2%	439	Rio Tinto Ltd	2.7%	18,906	Vicinity Centre	1.3%	12,351
Gateway Life.	1.3%	671	Metcash Ltd	17.9%	1,657	Royal Wolf Hold	0.2%	109	Village Road.	1.7%	843
Genetic Tech.	1.0%	33	Mincor Resource	0.2%	40	S/Tracks ASX200	0.0%	2,949	Villa World Ltd	0.0%	225
Generation HC	0.1%	415	Mineral Deposit	0.3%	34	S/Tracks Prop.	0.0%	626	Virgin Aust	0.6%	1,535
Genworth Mort.	5.0%	1,387	Mineral Res.	8.4%	1,206	S2 Resources	0.8%	36	Virtus Health	3.1%	485
Gold Road Res.	1.2%	353	Mirabela Nickel	0.4%	77	SAI Global Ltd	0.5%	758	Vitaco Holdings	2.2%	264
Goodman Group	0.6%	11,950	Mirvac Group	1.1%	6,903	SG Fleet Group	0.4%	909	Vocation Ltd	0.0%	28
Graincorp	3.3%	1,716	Monash IVF Grp	0.5%	411	SMS Mgmt & Tech	1.1%	136	Vocus Comm.	4.0%	4,119
Grange Resource	0.0%	103	Monadelphous Gr	17.8%	694	STW Comm Group	2.8%	444	W'pool Cheese	0.0%	517
Greencross Ltd	11.8%	853	Money3 Corp Ltd	0.2%	151	Sandfire Res.	1.4%	946	Watpac Ltd	2.2%	183
Growthpoint Pro	0.3%	1,784	Mortgage Choice	0.4%	212	Santos Ltd	3.8%	6,816	Webjet NL	0.1%	523
Gryphon Mineral	0.0%	30	Mt Gibson Iron	5.4%	224	Saracen Mineral	1.2%	817	Webster Ltd	0.0%	407
HFA Holdings	0.0%	394	Myer Holdings	17.0%	936	Scentre Group	1.0%	23,640	Wellard Limited	0.6%	368
Hansen Tech.	0.0%	622	NRW Holdings	1.8%	63	Seek Ltd	8.4%	5,576	Wesfarmers Ltd	3.5%	47,061
Harvey Norman	2.8%	5,279	Name (Lower Cas	1.2%	705	Select harvest	6.9%	336	Westfield Corp.	0.6%	20,781
Henderson Group	1.0%	2,976	Nanosonics Ltd	3.1%	593	Senetas Corp	0.0%	146	Western Areas	12.8%	565
Highfield Res.	2.3%	510	Nat'l Aust Bank	1.0%	73,650	Senex Energy	3.9%	277	Westpac Banking	2.1%	109,213
Hills Limited	0.8%	49	National Stor.	2.4%	537	Servcorp Ltd	0.0%	687	Whitehaven Coal	6.4%	759
Horizon Oil Ltd	0.5%	103	Navitas Ltd	4.4%	1,827	Seven West Med.	3.8%	1,583	White Energy Co	0.4%	20
Hotel Property	0.1%	380	Nearnap Ltd	0.4%	123	Seven Group	4.5%	1,813	Woodside Petrol	1.1%	22,048
Huon Aquacult.	0.0%	300	NetComm Wire.	0.0%	347	Shine Corporate	1.2%	139	Woolworths Ltd	10.0%	29,664
IMF Bentham Ltd	4.8%	218	New Hope Corp.	0.0%	1,230	Shopping Centre	4.8%	1,643	Worley Group	13.7%	1,273
IOOF Holdings	5.7%	2,683	Newcrest Mining	1.5%	13,414	Sigma Pharm.	0.7%	950	Yancoal Aust.	0.0%	86
									Yowie Group Ltd	0.1%	124

# 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	Performance Forecast	Price	Price/Sales Ratio	P/E Ratio	Gross Yield	Performance Forecast	Price	Price/Sales Ratio	P/E Ratio	Gross Yield			
A2 Milk Company	A	183	7.80	NE	Nil	Horizon Energy	C	435	0.97	27	4.5	SLI Systems Ltd	D	114	2.48	NE	Nil
AMP Limited	C	638	1.44	15	6.2	IkeGPS Limited	E	66	9.03	NE	Nil	Sanford Limited	B	630	1.33	43	5.1
AWF Madison Grp	D	225	0.38	14	4.9	Infratil NZ	C	317	0.77	NE	4.2	Satara Co-op	C	58	0.19	NE	Nil
Abano Health.	D	730	0.81	34	4.5	Just Water Int.	B	17	0.92	21	Nil	Scales Corp Ltd	B	245	1.30	19	1.7
Air New Zealand	B	279	0.64	10	8.0	Kathmandu Ltd	D	165	0.81	16	6.7	Scott Tech. Ltd	C	142	0.89	13	7.8
Airworks Ltd	A	420	1.46	14	5.3	Kingfish Ltd	C	128	N/A	14	11.7	SeaDragon Ltd	D	1.3	N/A	NE	Nil
Akd Int Airport	A	652	N/A	35	3.1	Kirkcaldie & St	B	311	1.00	NE	Nil	Sealegs Corp	E	7.6	0.59	NE	Nil
Allied Farmers	D	5.1	0.45	52	Nil	Kiwi Property	C	138	6.73	14	4.6	Seeka Kiwifruit	B	378	0.51	19	2.9
Aorere Res. *	N/R	0.2	2.11	NE	Nil	Mainfreight Grp	B	1610	0.78	19	2.9	Serko Limited	D	71	4.30	NE	Nil
Argosy Property	D	119	8.21	15	6.0	Marlin Global	E	80	N/A	6	9.2	Skellerup Hold.	D	127	1.21	11	9.8
Arvida Group	D	91	N/A	NE	Nil	Marsden Mar.	B	288	N/A	14	5.8	Sky City Ltd	A	469	3.01	21	4.5
Augusta Capital	C	100	9.84	17	3.0	Mercer Group	D	2.8	0.20	NE	Nil	Sky Network TV	B	455	1.91	10	9.2
Barramundi Ltd	E	62	N/A	9	9.0	Meridian Energy	C	252	2.22	26	6.4	Smartpay NZ Ltd	C	12	0.93	13	Nil
Bathurst Res.	E	18	N/A	NE	Nil	MetLifeCare	B	480	N/A	8	0.9	Smiths City	C	52	0.12	21	4.8
Bethunes Invest	D	1.7	0.11	NE	Nil	Methven Limited	C	122	0.92	16	9.1	Snakk Media Ltd	D	72	0.97	NE	Nil
Blis Technology	D	2.7	N/A	NE	Nil	Michael Hill	D	96	0.73	13	5.2	Sol. Dynamics	B	195	2.11	34	1.1
Briscoe Group	C	310	1.33	17	6.3	Mid-Cap Index	B	385	N/A	6	8.8	South Port NZ	B	455	3.45	15	7.3
Burger Fuel	D	177	5.73	NE	Nil	Mighty River	E	266	2.18	78	7.3	Spark NZ Ltd	A	366	1.90	18	7.6
CBL Corporation	C	235	N/A	NE	Nil	Millennium & C.	B	160	1.95	8	2.1	Speirs Group	C	12	0.08	3	11.6
CDL Investments	E	63	3.94	12	4.9	Moa Group Ltd	B	58	4.57	NE	Nil	Steel & Tube	B	226	0.40	9	11.7
Cavalier Corp	B	55	0.18	34	Nil	NPT Limited	D	65	6.37	16	7.5	Stride Property	A	218	N/A	9	6.5
Cavotec MSL	D	245	1.08	20	1.6	NZ Exchange Ltd	D	104	4.05	20	8.0	Summerset Group	B	428	N/A	17	0.8
Chorus Ltd	A	389	1.52	17	Nil	NZ Oil & Gas *	N/R	47	1.40	NE	Nil	Synlait Milk	B	285	0.99	36	Nil
Coats Group plc	E	60	0.41	32	Nil	NZ Refining Co	C	332	4.45	NE	Nil	T&G Global	C	180	0.29	13	2.3
Col Motor Co	B	625	0.26	12	7.3	NZ Windfarms	C	9.4	3.07	NE	Nil	TeamTalk Ltd	C	73	0.36	15	15.2
Comvita	B	1000	2.70	39	1.8	NZF Group	D	1.0	5.55	NE	Nil	Tenon Ltd	B	265	0.29	19	1.9
Contact Energy	C	457	1.37	25	5.7	NZSX 50 Port.	C	207	N/A	8	7.8	Tourism Hold.	A	260	1.24	15	6.9
Delegat Group	B	570	2.49	18	2.7	NZSX 10 Fund	C	132	N/A	23	7.9	Tower Limited	A	182	1.02	NE	8.8
Diligent Board	B	715	5.84	57	Nil	NZX Aust MidCap	C	555	N/A	9	5.0	Trade-Me Ltd	E	435	8.63	21	5.2
EROAD Ltd	C	225	7.69	NE	Nil	New Tailisman *	N/R	0.6	N/A	NE	Nil	Training Sol.	E	0.1	N/A	NE	Nil
Ebos Group Ltd	A	1660	0.41	24	3.1	Nuplex Indust	A	513	0.71	16	5.3	Trilogy Intern.	B	335	5.70	46	1.5
Evolve Educat.	C	98	5.27	NE	Nil	Opus Intl Cons	D	129	0.35	7	9.6	Trust Power Ltd	E	741	2.33	16	7.3
F & P Health.	B	915	8.08	52	2.1	Orion Health.	E	304	2.95	NE	Nil	Turners Ltd	E	28	1.81	10	3.6
Finzsoft Sol'ns	E	230	1.01	7	Nil	Ozzy (Tortis)	D	345	N/A	13	9.5	VMob Group	C	39	0.00	NE	Nil
Fletcher Build.	A	757	0.60	19	6.8	PGG Wrightsons	D	41	0.26	9	13.6	Vector Ltd	C	328	2.52	22	6.6
Fluway Group	B	106	N/A	NE	Nil	Pac Edge Bio.	E	55	N/A	NE	Nil	Veritas Invest.	D	29	0.27	3	18.1
Foley Fam Wines	C	135	1.90	20	2.1	Port Tauranga	A	1850	9.38	32	3.9	Vetilot Limited	E	0.2	N/A	NE	Nil
Fonterra S/H Fd	B	561	0.48	19	4.5	Precinct Prop.	D	123	8.70	12	4.4	Vista Group Ltd	E	580	9.84	NE	Nil
Freightways Ltd	B	618	1.99	22	5.5	Promisia Integ.	D	1.0	N/A	NE	Nil	Vital Health PT	C	204	N/A	7	3.9
Genesis Energy	C	205	0.98	20	10.8	Property F Ind.	C	162	N/A	11	6.1	WN Drive Tech.	CC	7.8	0.72	NE	Nil
Gentech Group	C	250	4.72	54	2.0	Pumpkin Patch	D	9.0	0.06	NE	Nil	Warehouse Group	C	285	0.36	19	7.8
GeoOP Ltd	D	35	8.68	NE	Nil	Pushpay Hold.	C	170	N/A	NE	Nil	Windflow Tech.	C	2.5	0.41	NE	Nil
Goodman Prop.	C	128	9.44	9	6.9	Pyne Gould Corp	E	25	7.36	NE	Nil	World Index Fd	D	100	N/A	NE	Nil
Green Cross H.	C	253	1.05	18	3.8	Rakon Ltd	E	27	0.39	16	Nil	Wynyard Group	E	85	3.78	NE	Nil
Hallenstein G.	C	305	0.82	10	14.1	Restaurant Brds	C	464	1.26	19	5.7	Xero Ltd	E	1580	N/A	NE	Nil
Heartland Bank	C	131	4.58	13	8.0	Rubicon Limited	E	22	0.15	20	Nil	Z Energy Ltd	C	650	0.85	NE	5.2
Hellaby Hold.	D	267	0.35	9	11.2	Ryman Health.	C	825	N/A	17	1.6	<b>Ave of 140 Cos</b>	<b>C</b>	<b>276</b>	<b>0.02</b>	<b>20</b>	<b>3.8</b>
A.P. Eagers	A	1038	0.59	22	3.1	Downer EDI Ltd	A	374	0.23	8	3.2	Pact Group Hold	A	483	1.14	21	4.0
AGL Energy Ltd	A	1832	1.16	57	3.5	DuluxGroup Ltd	A	643	1.48	22	3.5	Perpetual Ltd	B	4328	3.82	16	5.5
ALS Limited	B	435	1.26	16	4.8	Empire Oil, Gas	E	38	N/A	NE	Nil	Platinum Asset	B	664	N/A	18	5.6
AMP Ltd	B	568	0.94	19	4.6	Estia Health	C	582	3.70	NE	Nil	Premier Invest	A	1461	2.37	26	2.9
ANZ Bank	B	2542	6.80	19	7.1	Event Hospital.	A	1487	2.00	22	3.0	Primary Health	B	375	1.20	14	5.3
APA Group	A	826	5.92	16	4.0	Evolution Min.	A	169	2.51	17	1.2	Q.B.E. Insur.	B	1071	0.69	16	4.7
APN Outdoor Grp	A	595	3.30	24	2.6	Fairfax Media	B	76	0.98	22	5.3	Qantas Airways	B	396	0.55	16	Nil
ARB Corporation	A	1497	3.59	27	1.9	Flight Centre	A	4385	1.87	17	3.5	Qube Holdings	B	228	2.04	27	2.2
ASX Limited	A	4242	9.46	19	4.4	Fortescue Metal	B	265	0.74	20	1.9	REA Group Ltd	A	5167	N/A	34	1.4
AVEO Group	A	320	5.48	28	1.6	G8 Education	A	373	1.97	16	6.4	Ramsay Health	A	6325	1.73	33	1.6
Abacus Property	A	295	5.67	12	5.8	GPT Group	B	494	N/A	NE	Nil	Recall Holdings	B	728	2.12	27	1.2
Adelaide Bright	A	498	2.29	16	3.8	Genworth Mort.	A	233	2.73	6	11.4	Reece Limited	B	3448	1.65	21	1.9
Alumina Ltd	A	140	N/A	46	6.2	Goodman Group	A	672	9.94	10	3.3	Regis Resources	A	256	2.75	15	2.3
Amcor Ltd	A	1408	1.33	19	3.7	Graincorp	A	750	0.42	53	1.3	Regis Health.	B	515	3.54	27	3.4
Aneka Tambang	C	125	N/A	NE	0.1	Growthpoint Pro	A	306	9.59	14	6.2	Retail Food Grp	B	555	3.66	26	4.2
Ansell Ltd	A	1745	1.25	11	2.5	Harvey Norman	A	475	3.26	20	4.2	Rio Tinto Ltd	B	4457	0.32	2	5.7
Ardent Leisure	A	202	1.48	28	6.2	Henderson Group	B	481	6.90	26	4.3	S/Tracks ASX200	B	4881	N/A	24	4.0
Argo Investment	A	732	N/A	21	4.0	Hutchinson Tel.	D	7.9	N/A	NE	Nil	SG Fleet Group	A	361	5.11	22	3.0
Aristocrat Leis	A	1019	4.12	25	1.7	IDP Education	A	415	3.37	33	3.1	Sandfire Res.	A	601	1.72	14	2.2
Asaleo Care Ltd	B	187	1.70	14	5.3	IOOF Holdings	B	894	2.85	19	5.9	Santos Ltd	B	386	2.10	21	4.1
Asciano Limited	A	889	2.26	24	1.6	IPH Limited	A	708	N/A	38	1.9	Scentre Group	A	444	8.22	9	4.7
Aurizon Hold.	B	402	2.26	14	6.0	IRESS Limited	A	1115	4.94	32	3.8	Seek Ltd	A	1619	6.38	20	2.2
AusNet Services	B	148	2.79	NE	5.7	Iluka Resources	A	756	3.58	59	3.3	Seven West Med.	B	105	0.59	7	11.4
Aust Foundation	B	564	N/A	21	2.5	Incitec Pivot	B	322	1.49	14	3.7	Seven Group	B	644	0.69	NE	6.2
Automotive Hold	A	416	0.24	14	5.3	Independ. Group	B	295	1.40	9	3.9	Shopping Centre	A	224	9.22	11	5.1
BHP Billiton	A	1761	1.62	16	9.1	Insurance Aust.	B	555	1.17	19	5.2	Sigma Pharm.	B	88	0.31	18	2.3
BKI Invest Coy	B	162	N/A	21	4.4	Investa Office	A	413	N/A	14	4.7	Sims Metal Mgmt	B	833	0.27	16	3.5
BT Invest Mgmt	A	924	5.42	19	4.0	Invocare Ltd	A	1267	3.11	25	3.0	Sirtex Medical	B	3078	9.88	43	0.6
BWP Trust	A	330	N/A	10	4.8	JB Hi-Fi Ltd	A	2345	0.64	17	3.8	Sonic Health	B	1807	1.73	20	3.9
Bank of Q'land	A	1234	4.27	15	6.0	James Hardie	A	1802	3.96	23	4.1	Soul Pattinson	A	1641	6.12	47	3.0
Beach Energy	C	72	1.28	NE	2.1	LendLease Group	B	1402	0.61	15	3.9	South32 Limited	C	163	0.56	NE	Nil
Bega Cheese Ltd	A	615	0.84	76	1.4	Link Admin.	C	768	N/A	NE	Nil	Spark Infrastru	B	206	N/A	24	5.6
Bellamy's Aust.	A	1079	7.78	NE	0.3	MNC Media Inv.	D	360	N/A	NE	Nil	Spotless Group	B	122	0.47	9	8.2
Bendigo Bank	A	928	2.73	10	7.1	MYOB Group	D	313	N/A	NE	Nil	St Barbara Ltd	A	232	2.10	29	Nil
Blackmores Ltd	A%16717	6.11	62	1.2	Macquarie Atlas	A	469	N/A	29	3.4	Star Entertain.	A	549	2.12	27	2.0	
Bluescope Steel	A	599	0.40	19	1.0	Macquarie Group	B	6695	1.83	14	4.9	Steadfast Group	A	169	4.72	26	3.0
Boral Limited	A	623	1.11	20	2.9	Magellan Fin Gp	A	2276	N/A	21	3.3	Sth Cross Media	B	120	1.47	12	5.0
Brambles Ltd	A	1232	2.72	25	2.3	Mantra Group	B	422	2.26	31	2.4	Stockland	B	426	4.75	11	5.6
Breville Group	A	795	1.96	22	3.4	Mayne Pharma Gr	B	140	7.76	NE	Nil	Suncorp Group	B	1192	0.92	13	6.4
Brickworks Ltd	A	1534	3.15	29	3.8	McMillan Shake.	B	1255	2.61	15	4.1	Super Retail Gr	B	864	0.76	18	4.6
Bursan Group	A	456	2.67	51	1.9	Medibank Priv.	A	276	1.16	27	1.9	Sydney Airport	B	658	N/A	52	3.9
C.S.R. Ltd	B	325	0.81	13	6.2	M											

# Dividend\$

Company	Cents per Share	Ex-Date	Pay-able	Tax Credit
Air New Zealand	10.00	11-03	18-03	Full
Argosy Property	1.50	16-03	30-03	Full
Arvida Group	1.05	15-03	23-03	Full
Auckland Int'l Airport	8.50	24-03	07-04	Full
Augusta Capital	1.25	04-02	12-02	Full
Barramundi	1.37	10-03	24-03	0.0138
Chorus Ltd	8.00	22-03	05-04	Full
Colonial Motor Company	13.00	08-04	18-04	Full
Contact Energy	11.00	02-03	23-03	Full
Ebos Group	26.00	11-03	01-04	2.5278
Fletcher Building	19.00	24-03	13-04	Nil
Fliway Group	3.30	31-03	20-04	Full
Freightways Ltd	12.75	18-03	04-04	Full
Genesis Energy	8.20	01-04	15-04	Full
Goodman Property	1.6625	03-03	17-03	Full
Hallenstein Glasson	13.50	08-04	15-04	Full
Heartland Bank	3.50	18-03	05-04	full
Hellaby Holdings	9.00	23-03	01-04	Full
Kingfish Ltd	2.65	10-03	24-03	0.2545
Marlin Global	1.88	10-03	24-03	Nil
Marsden Maritime Hold	5.50	11-03	18-03	Full
Meridian Energy	5.10	31-03	15-04	Full
Meridian Energy special	2.44	31-03	15-04	Nil
Methven Ltd	4.00	18-03	31-03	Full
MetLifeCare	1.75	11-03	21-03	Nil
Mighty River Power	5.70	11-03	31-03	Full
NPT Ltd	0.875	04-03	18-08	Full
Nuplex Industries	12.00	16-03	04-04	Nil
Opus International	4.90	18-03	01-04	Full
PGG Wrightson	1.75	10-03	05-04	Full
Port of Tauranga	23.00	11-03	25-03	Full
Precinct Properties	1.35	03-03	16-03	Full
Seeka Kiwifruit	10.00	18-03	25-03	Full
Sky City Entertainment	10.50	04-03	18-03	Nil
Smiths City Group	1.00	05-02	12-02	Nil
Solution Dynamics	3.00	01-03	11-03	Full
Spark NZ	11.00	18-03	01-04	Full
Skellerup Holdings	3.50	10-03	23-03	Full
Sky Network TV	15.00	11-03	18-03	Full
Steel & Tube Holdings	9.00	11-03	31-03	Full
Stride Property	2.75	18-03	29-03	Full
Summerset Group	3.40	09-03	24-03	Nil
TeamTalk	4.00	08-04	15-04	1.5556
Tenon Ltd	5.75	29-03	04-04	Nil
Tourism Holdings	9.00	07-04	14-04	1.7500
TradeMe Group	7.80	11-03	22-03	Full
Vector Ltd	7.75	31-03	14-04	Full
Vital Healthcare Prop.	2.025	10-03	24-03	Nil
Warehouse Group	11.00	04-04	15-04	Full

Company	Cents per Share	Ex-Date	Pay-able	Tax Credit
<b>Australian Shares</b>				
CSG Ltd	4.00	18-02	09-03	
Finbar Group	3.00	02-03	10-03	
Iluka Resources	19.00	09-03	01-04	
Integrated Research	3.00	08-03	20-04	
Melbourne IT	4.00	07-04	29-04	
Prophecy International	2.00	09-03	31-03	
The Reject Shop	25.00	18-03	11-04	
Village Roadshow	14.00	11-03	06-04	
Vocus Communications	9.50	18-03	06-04	

## Total Return Index for All Listed Shares

Feb 8	Holiday		
Feb 9	1524.49		
Feb 10	1515.95		
Feb 11	1511.73		
Feb 12	1498.91		
Feb 15	1512.65	Feb 22	1532.07
Feb 16	1521.28	Feb 23	1534.22
Feb 17	1527.32	Feb 24	1532.72
Feb 18	1533.08	Feb 25	1527.18
Feb 19	1531.24	Feb 26	1529.53
Feb 29	1531.05	Mar 7	1565.03
Mar 1	1539.64	Mar 8	1568.26
Mar 2	1550.71	Mar 9	1566.06
Mar 3	1553.83	Mar 10	1573.35
Mar 4	1562.81	Mar 11	1576.10

## Next Issue:

The next issue of *Market Analysis* will be emailed in four weeks time on Monday April 11, 2016.

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

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