

# Market Analysis

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## Inside Market Analysis

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## Summary and Recommended Investment Strategy.

Remain fully invested in the recommended shares!

### Investment Outlook.

Over the last 36 years this newsletter has sought to consistently apply a range of share selection criteria (i.e. valuation statistics, *insider* trades, share repurchases, the *small company effect*, institutional/broker *neglect*, Relative Strength and Short Interest) to help identify shares with “the potential to appreciate many-fold in value over many years”.

But other *subjective* criteria - the growth potential of individual companies and the potential impact of future technology change - are equally important.

Unfortunately technology change is more useful at identifying future losers to avoid (i.e. companies that will be replaced) than at identifying future winners to purchase (i.e. often these will be businesses that do not yet exist, or small, unlisted, startups not available to public investors).

Nevertheless that allowed us to *avoid* investments in Telecommunication network companies like Telecom NZ (Spark) and Telstra since the 1990's. As we have discussed before, technology change lowered the price of telecommunication services, *yielding diminishing returns on their capital investment in infrastructure assets*.

For some reason, Telecom NZ and Telstra were popular with Fund Managers and most private investors, perhaps owing to their high income yields?

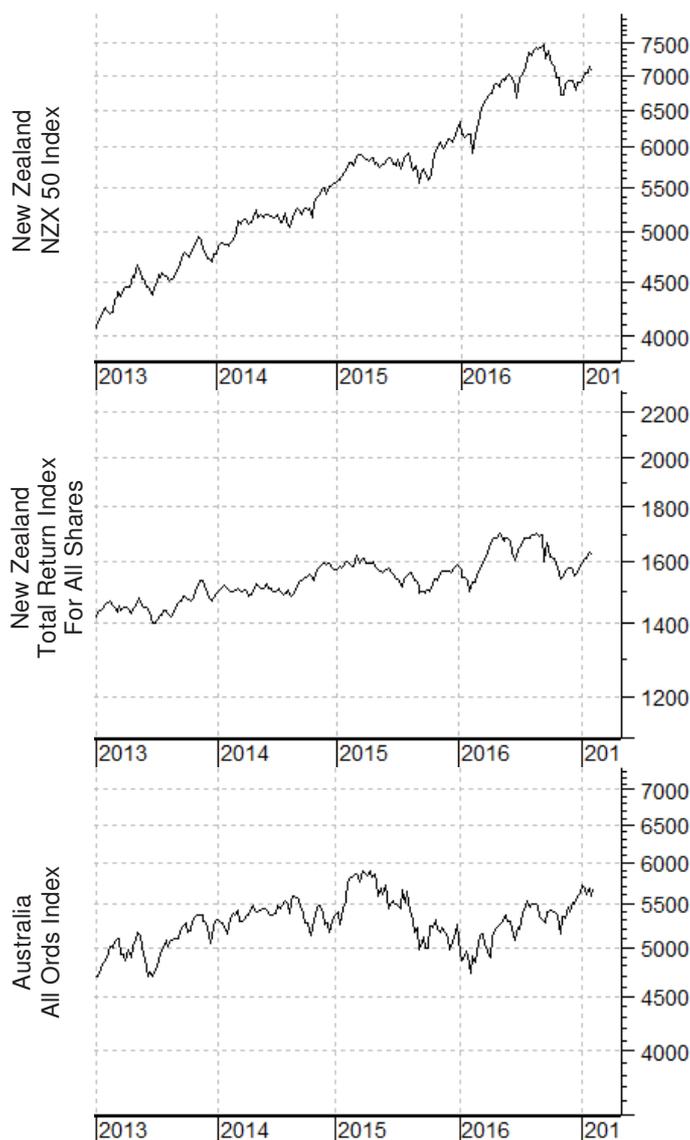
Understanding the impact of technology, we not only knew to avoid Telecom NZ and Telstra (which produced low, long term returns) we also knew what sort of business structure could be successful in the industry. So, 10-15 years later, soon after M2 Telecommunications listed on the stockmarket with its “virtual network” we recognised its potential and made our first investment in the Telecommunications sector. Ten years later we sold for a 47-fold gain.

We buy and hold shares for long term gains . . . but sometimes we also have to wait a *very long time* for the right investment opportunities to come along!

We avoided Internet shares in the late 1990's “Technology Boom”, mainly (Continued on Page 12)

#### Stockmarket Forecasts

	One-Month	One-Year
Australia:	73% (Bullish)	77% (Bullish)
New Zealand:	70% (Bullish)	53% (Neutral)



# Recommended Investments

**Cavalier Corporation** has reduced its June 2017 profit forecast from \$3.0-5.0 million to “close to break-even”, owing to “difficult trading conditions in Australia” and the “increasingly depressed wool market”.

Australian sales were “very soft” in December and January. The “significant drop in the wool price is good for Cavalier in the longer term”, but “impacts volumes and profitability of our wool buying business in the short term”.

New products and marketing are expected to “deliver improved results” in the year to June 2018. The lower wool price and higher NZ/US dollar exchange rate will also lower the cost of carpet manufacture next year, together with synergies from the recently merged wool scouring operations.

## Cavalier Corporation



## South Port New Zealand

Six Months to 31/12/2016

	Latest	Previous	Change
Revenues	\$17.5m	\$18.1m	-3.0%
Net Profit	\$4.1m	\$5.1m	-18.8%
Net Cash Surplus	\$3.5m	\$5.2m	-32.9%
Earnings per share	15.7c	19.3c	-18.8%
Dividends per share	7.5c	7.5c	-

This result was “better than expected”. Cargo volumes were steady at 1,517,000 tonnes (up 0.3%), with the lower profit resulting from higher costs from “an increased number of Repair and Maintenance projects” and lower cold storage income.

The lower cold storage income resulted from (1) a lower volume of product carried over from the previous year, (2) the rapid movement of product to market and (3) a serious fire at a pet food manufacturer in April 2016 which removed their seasonal storage requirement until early 2017.

Full year earnings are forecast to be 8-11% lower at \$7.75-8.0 million (29½-30½ cents per share).

## South Port NZ



## Australian Shares

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

**AcruX Ltd** reports December 2016 *Axiron* sales of US\$39.9 million. That is up 2.3% on the September 2016 quarter and down 4.1% on the December 2015 quarter. Annual sales for 2016 were down 6.0% at US\$145.2 million.

## AcruX Ltd



**AJ Lucas Group** reports that three appeals have been made against **Cuadrilla Resource Holdings'** planning consent to drill four test wells. The company is “confident that there is no material merit to the cases”. Cuadrilla's planning consent “remains valid unless overturned by the High Court”.

As part of its buy-in agreement, **Centrica plc** will fund £30 million towards the first two test wells. Subject to results of these wells and certain milestones, Centrica plc will then fund a further £46.7 million for appraisal and development.

## AJ Lucas Group



**AtCor Medical** reports a study that measured brachial (arm) blood pressure, central blood pressure and mild cognitive impairment in adults over the age of 50 which found “no significant association between brachial pressure and cognition” but “a significant association was observed between central blood pressures and mild cognitive decline”.

### AtCor Medical



(Continued on Page 4)

## Portfolio of Recommended Investments

CURRENT ADVICE	Company	Code	Initial Recommendation - Date -	Price	Performance 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 %
<b>NZ Shares</b>													
BUY	CDL Investments Ltd	CDI	12/01/99	25	E	276.1	1.0	4.65	13	3.8	80	29.8	+339%
HOLD	Cavalier Corporation	CAV	05/12/95	156*	D	68.7	1.7	0.22	14	Nil	62	282.0	+121%
HOLD	Colonial Motor Company	CMO	10/11/92	128*	B	32.7	0.6	0.29	13	7.3	760	500.3	+885%
HOLD	Smiths City Group	SCY	09/10/06	64	C	52.7	1.3	0.17	12	3.5	72	32.5	+63%
HOLD	South Port New Zealand	SPN	13/02/96	120	B	26.2	0.5	4.07	17	6.3	570	251.3	+584%
BUY	Steel & Tube Holdings	STU	08/08/00	146	B	90.6	1.0	0.45	12	10.3	257	347.6	+314%
<b>Australian Shares (in Aust cents)</b>													
HOLD+	Acrux Limited	ACR	12/05/14	99	C	166.5	1.8	1.78	4	Nil	31	14.0	-55%
HOLD	AJ Lucas Group	AJL	13/05/03	107*	C	390.5	1.5	1.11	NE	Nil	37	36.4	-32%
HOLD+	ALS Limited	ALQ	12/10/99	72*	A	504.2	0.7	2.25	31	2.2	608	287.9	+1144%
BUY	AtCor Medical Ltd	ACG	11/11/13	15	D	201.7	3.9	2.69	NE	Nil	7	Nil	-55%
HOLD+	Atlas Pearls & Perfume	ATP	14/05/96	73	C	419.4	5.1	0.86	16	Nil	4	17.5	-71%
BUY	Brickworks Ltd	BKW	12/11/12	1115	B	149.1	0.4	2.53	13	3.8	1276	158.5	+29%
HOLD+	Cardno Ltd	CDD	14/12/09	223*	B	479.6	1.0	0.47	74	Nil	117	98.0	-4%
HOLD	Clarius Group Ltd	CND	08/04/03	82*	C	89.6	3.1	0.05	NE	Nil	10	70.5	-2%
HOLD	CPT Global Ltd	CGO	10/03/08	88	D	37.2	2.3	0.21	NE	Nil	16	15.8	-64%
HOLD	CSG Limited	CSV	11/10/10	175	B	319.7	1.3	0.95	13	12.2	74	64.0	-21%
HOLD	Ellex Medical Lasers	ELX	14/03/06	49	B	121.1	1.2	1.74	37	Nil	111	Nil	+127%
HOLD	Fiducian Group	FID	11/02/08	260	A	31.1	0.7	3.32	20	3.3	375	69.9	+71%
BUY	Finbar Group Ltd	FRI	12/04/10	106	B	231.6	1.0	2.17	8	7.3	96	57.5	+45%
HOLD+	Iluka Resources Ltd	ILU	12/10/04	471	A	418.7	0.7	3.28	54	3.6	694	238.0	+98%
HOLD	Integrated Research	IRI	14/01/08	40	A	170.6	0.5	5.87	31	2.2	291	43.0	+735%
BUY	McMillan Shakespeare	MMS	07/11/16	1041	B	83.2	0.5	1.75	11	5.9	1064	Nil	+2%
HOLD	Melbourne IT	MLB	10/02/04	53	A	100.9	0.7	1.19	27	2.6	193	187.0	+616%
HOLD+	Michael Hill Int'l Ltd	MHJ	11/06/91	4*	B	387.4	1.1	0.90	17	3.7	129	62.3	+4683%
BUY	Mt Gibson Iron	MGX	10/11/14	44	B	1096.6	1.8	1.67	NE	Nil	38	Nil	-15%
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	103*	E	57.5	1.6	0.07	NE	Nil	32	Nil	-69%
HOLD-	Opthea Limited	OPT	10/02/04	188	C	160.2	1.0	NA	NE	Nil	99	65.0	-13%
BUY	OZ Minerals	OZL	14/03/16	522	A	303.5	0.6	3.31	22	2.1	958	6.0	+85%
HOLD	Programmed Group	PRG	12/03/02	229*	A	257.3	1.2	0.20	74	6.4	181	389.5	+149%
BUY	Prophecy International	PRO	08/09/08	26	B	64.0	1.1	4.10	25	4.3	94	24.0	+354%
BUY	Reckon Limited	RKN	08/08/16	141	B	113.3	0.7	1.85	13	4.2	174	2.0	+25%
HOLD	Technology One Ltd	TNE	11/11/03	44	B	313.3	0.6	6.50	39	1.3	517	66.9	+1227%
HOLD+	TFS Corporation Ltd	TFC	08/01/07	45	A	390.3	1.0	3.11	8	2.0	154	26.2	+299%
HOLD	The Reject Shop Ltd	TRS	11/01/05	257	B	28.9	0.6	0.31	14	5.2	850	449.5	+406%
HOLD+	Village Roadshow	VRL	10/08/09	77	B	161.8	0.6	0.58	12	7.2	389	309.0	+806%

The average Total Return (i.e. both Capital Gains/Losses plus Dividends received) of all current investments from initial recommendation is +341.9%. This is equal to an average annual rate of +31.4%, based upon the length of time each position has been held.

The average annual rate of gain of ALL recommendations (both the 36 current and 164 closed out) is +32.5%, 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)

**Atlas Pearls and Perfumes** is to borrow \$1.5 million from a director and major shareholder to finance some “capital infrastructure investments at the company’s pearling sites designed to substantially increase capacity and maintain seeded oyster stock”. This will “increase capacity, creating significant economies of scale”. The loan, at 7.5% interest will be repaid by instalments from February 2018 to February 2020.

The company “remains on track” to completely repay the existing \$3.5 million bank loan from operating cash flows by June 2017.

### Atlas Pearls and Perfumes



**Ellex Medical Lasers** predicts first half revenues down 1.5 % at \$34.3 million and earnings down 11% at \$3.1 million . . . but this reflects the lower laser production as the company moved to a new, larger manufacturing facility. The company ended the period with “a significant customer order backlog” which will be manufactured and delivered in the second half year.

The new manufacturing facility has made trial production runs and been audited by the **Therapeutic Goods Administration** and will be “progressively commissioned from mid-February, significantly increasing production capacity”.

Full year revenues are expected to be “materially higher” than last year, while earnings will show “modest growth”, mainly owing to the higher “investment” (read “expenses”) in growing the *iTrack* businesses.

### Ellex Medical Lasers



**Iluka Resources** reports annual production down 3.4% at 666.7 thousand tonnes. Sales were up 4.4% at 679.6 thousand tonnes, but revenues were down 8.2% at \$678.9 million.

Total production costs fell 36.9% to \$242.9 million, with unit production costs down 34.7% to \$364/tonne.

The company plans to make \$201 million (\$141 million after tax) of non-cash impairments in its December 2016 annual accounts. This relates to idle and surplus equipment in the *Murray Basin* (\$156 million), previously capitalised development costs (\$20 million) and capitalised exploration costs (\$25 million). There will also be a \$45 million increase in rehabilitation provisions, mainly relating to closed US operations.

After those costs the company expects to report a net loss of \$220-230 million.

Mineral sands production is forecast to decline 15% to around 570 thousand tonnes during 2017, plus around 150 thousand tonnes from **Sierra Rutile**. Production costs will fall a further 12% to around \$215 million (plus around \$115 million for Sierra Rutile). Sales are expected to be at similar levels, further reducing inventories.

The company has closed conventional mining in the *Murray Basin* but plans to develop the *Balranald* and *Nepean* high-rutile deposits (also in the *Murray Basin*) using an unconventional mining method. The “key potential benefits of the unconventional mining approach include lower capital-intensive development”, “the potential for phased development” with operational flexibility plus “lower expected environmental impacts”.

One of the things we look for in companies is a willingness to embrace technology change. Iluka Resources is not a high-tech business but is a good example of a company that will adapt to change:

Firstly, it has made an equity investment (and holds a licencing agreement) with **Metalysis plc**, a company seeking to commercialise a cheaper way to produce Titanium. Before the *Hall-Heroult process* (discovered almost simultaneously by Charles Hall in the United States and Paul Heroult in France in 1886) Aluminium was more expensive than Gold. Metalysis is developing a similar extraction technology for Titanium.

Charles Hall formed the **Pittsburgh Reduction Company**, which built the first large aluminium production plant. That company later changed its name to **The Aluminium Company of America** in 1907 and **Alcoa** in 1999. Iluka Resources, with its equity stake and technology licencing agreement, is well placed to do the same thing with Titanium, possibly as a monopoly producer.

By way of comparison, Iron is worth about US\$90 per tonne, Aluminium \$200, Stainless Steel \$740 and Titanium currently \$10,000. Iron makes up 5-6% of the earth’s crust, Aluminium 8% and Titanium 0.5% (with nickel, zinc and copper each around 0.007%).

The mass production of Titanium at reduced cost would also produce a new source of demand for Titanium feedstocks, increasing the volume demand and prices for its existing Mineral Sands business. Iluka Resources has a major global market share (i.e. 35% in high value Zircon and 10% in lower value Titanium minerals production, plus significant undeveloped resources) in this industry.

Secondly, (as reported above with \$201 million of asset write-offs) Iluka Resources is prepared to

“cannibalize its business” to drive down costs. These are, of course, non-cash write-downs in asset values, but unlike “legacy players” the company is not seeking to protect its higher cost legacy business. It will write-off and abandon these higher cost assets in favour of developing “unconventional mining” techniques which offer lower capital-intensive production (i.e. lower capital costs of production). Technology change is about any business doing things “better, faster and cheaper”. Those companies that adapt fastest and best will sweep away the legacy players that fail to change.

**Iluka Resources**



**Integrated Research** expects first half revenues (to December 2016) to be 7-12% higher at \$42.3-44.0 million, with new license sales up 15-24% at \$22.5-24.2 million. Net profits will be 16-29% higher at \$7.2-8.0 million.

The company also reports that **Avaya Inc**, a customer and distribution channel partner (i.e. a user and reseller of Integrated Research software) has filed for Chapter 11 bankruptcy protection. Integrated Research “does not anticipate” that this “will have a material impact” on the half year forecasts above. “The full financial impact of Avaya’s action will continue to be monitored and assessed as the process unfolds”.

**Integrated Research**



**Mt Gibson Iron** reports December quarter net cashflows of \$10 million, lifting its cash holding to \$447 million (41.0 cents per share).

In late December, after iron ore prices rose sharply, the company hedged 360,000 tonnes of production for the current half year at a price equivalent to a Platts CFR (which includes shipping costs to China) price of US\$70-76, plus foreign exchange hedges into Australian dollars. Mt Gibson Iron sells its ore for delivery in

Australia, with the purchaser arranging and paying for delivery, so has hedged the sales at US\$70-76/tonne *less* the expected shipping costs.

Mt Gibson Iron has received final statutory approval for its *Iron Hill* mine. This will require minimal capital investment and utilise the existing 160 staff and contractors from the *Extension Hill* mine. The first ore sales are expected from May 2017 and through until late 2018. Life-of-mine cash costs are estimated at A\$46-48/tonne.

The company has also entered a “co-operation agreement” to allow the West Australian **Department of Parks and Wildlife** to base their patrol vessel *Worndoom* at the company’s Koolan Island port facilities from May to October.

**Mt Gibson Iron**



**Onterran Ltd** requested a trading halt to their shares late last week, “pending an announcement about the potential divestment of a subsidiary and trading update” that is expected to be released Tuesday.

**Onterran Ltd**



**OZ Minerals** cash grew \$147 million over the December quarter to \$656 million (216 cents per share). Ore inventories grew \$54 million to \$488 million (161 cents per share). Ore stockpiles will reduce from mid-2018, boosting net cashflows.

The company will pay some income tax from the second half of 2017, which will allow it to pay fully franked dividends this year.

As a result of increases in the Copper price, the company will focus on higher margin copper ore for processing in the near term. Therefore copper production is now forecast at 90-100,000 tonnes for the next two years, up from previous forecasts of 85-95,000 tonnes in 2018 and 65-75,000 tonnes in 2019.

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## Recommended Investments

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The processing of high quality Gold ore will be deferred, resulting in forecast production of 120-130,000 ounces over each of the next two years (down from previous forecasts of 140-150,000 ounces in 2018 and 150-160,000 ounces in 2019). A further 9,944 ounces of future Gold production was hedged during the quarter, bringing to a total of 200,263 ounces sold forward (from 2018) at an average price A\$1731.

### OZ Minerals



**Village Roadshow's** Theme Park ticket sales have “remained solid” with “minimal impact on ticket sales revenue” following the “tragic incident at **Dreamworld**” (a competitor's theme park) in October. Local attendances, however, are down 12% and this is having an impact on “food and beverage, retail and other in-park revenues”. To offset this the company is “actively pursuing a PR and marketing campaign” and arranging “guest experience initiatives and attractions”.

### Village Roadshow



# Politics and the Stockmarket

Warren Buffett says a good business is one that “your idiot nephew could run”. In “One Up on Wall Street” Peter Lynch writes “Go for a business that any idiot can run - because sooner or later any idiot probably is going to be running it”.

This advice probably isn't limited to business: Sooner or later some idiot is probably going to be running your government!

The list of examples is endless as just about all politicians in just about all countries make some really idiotic policies! The important point to remember is that *most* countries survive despite these bad policies (although perhaps things could have been much better under good leadership?).

Companies can *adapt* to good and bad government policies, so *whatever happens* shareholders will probably better survive uncertainty and change than other groups (i.e. workers, retired people, beneficiaries, etc).

One of the important things that this newsletter looks for in selecting companies in which we invest is a willingness to adapt to change and to embrace new technologies. The opposite, to build walls to hold back the tide of change, always ends badly!

Today everyone has a laptop and/or a smart phone. We cannot imagine life without these devices. Computers were, of course, an essential tool in building the “knowledge economy”. Today's biggest companies all involve using computers, computer software or computer services. Knowledge economy companies have created significant wealth, both for their shareholders and their employees.

Knowing what we know now, you probably find it difficult to believe that back in the early 1980's politicians in one country put a 40% tax on computers (which at the

time were under powered and very expensive) to *discourage the adoption of this technology*? Fortunately that tax was removed and replaced by a 10% GST in 1986!

Of course, a strong knowledge economy probably would never have developed in NZ. Successful companies suffered under the burden of high income taxes (45%) to finance *Export Incentives* (from 1962-1978) and *Supplementary Minimum Prices* for farm products (from 1978-1985) to subsidise businesses and industries selected by our “idiot nephew” politicians, not by shareholders or business people, to become the country's future winners.

When the “idiot nephew son” of one former US President was elected to that office he invaded Iraq . . . in retaliation for the 911 attack by (mainly) Saudi Arabian terrorists, further supported by completely false US intelligence reports of *Weapons of Mass Destruction!*

The *current* US President will likely make some big mistakes but hopefully we have already demonstrated that this is “standard operating procedure” for politicians. Companies will again adapt and survive the latest series of “bad” government policies.

The United States has done very well out of globalisation. Its biggest companies - Apple, Alphabet (Google), Microsoft, Berkshire Hathaway, Amazon, Exxon Mobil, Facebook, Johnson & Johnson, JPMorgan Chase and General Electric- are global businesses with global revenues. But some people in America do not work for, or own shares in, these companies and have failed to share in the benefits of the country's success.

Such people will vote for a “populist” politician who promises them jobs . . . as long as you do not look too closely at the costs!

Clearly the poor and the unemployed do not know who will be paying for President Trump's plan to cut the corporate tax rate from 30% to 15%. This will make the very rich, very much richer! Corporate income taxes raise around \$419 billion, so cutting the rate from 30% to 15% will cost around \$210 billion.

This will make the United States the world's biggest "tax haven", forcing down corporate tax rates globally. That will accelerate the trend to *increase* the share of GDP going to the owners of capital (i.e. shareholders) and *decrease* the share paid to workers, leading to increased income inequality (and social disruption).

If the President imposes a tariff on imports then this *may* create a few extra jobs in manufacturing industries (e.g. car parts) where the country is not internationally competitive. *If* other countries retaliate with tariffs on imports from the US, then the country will lose a few jobs in manufacturing industries (e.g. aircraft) where it is internationally competitive. This looks like a "negative sum game" and only "idiot" politicians would choose to harm their best businesses to prop up their worst businesses . . . but this happens all the time.

The United States Gross Domestic Product (i.e. the value of all goods and services) is around \$16,770 billion. Annual exports were US\$2209 billion (13% of GDP) and imports were US\$2712 billion (16% of GDP).

Perhaps it is a co-incidence that a 10% tariff on all imports would raise \$270 billion. That would be funded by *higher prices* for *all* US consumers . . . with that additional tax revenue on the poor and middle class financing the \$210 billion corporate tax cut, mostly for the very rich!

The short term danger in this policy is retaliatory tariffs by other countries on US exports. That could push the US and global economies into recession and hurt everyone, especially workers. Trade wars would be even worse.

The long term risk is increased income inequality. The lower income earners have just elected a President who will increase the incomes of the highest income

earners! Apparently "idiots" are not only found in business and politics, but are also widely represented in the general population!

### Summary

Warren Buffett and Peter Lynch suggest investing in companies that can be run by "any idiot", but we would also suggest investing in companies that can survive and prosper under a political system at the whims of "any idiot".

America's biggest companies did not become successful owing to tax incentives, subsidies, government support or protection. They became successful by doing something well, providing some goods or services that consumers wanted. The government helped by not trying to pick winners, leaving that to venture capitalists, investors and company management. It helped by *encouraging* international trade, forcing domestic companies to become internationally competitive (or close, giving consumers cheaper imports) and allowing competitive companies to expand globally.

Companies need to be adaptable (i.e. to survive political or technology change), they need to focus upon "price/performance" (i.e. have lower costs and a better product or service than competitors) and they need to focus upon their niche market and core competencies (i.e. their competitive advantage and what they do best).

Companies are better at adapting than any other entity, so shareholders should benefit, while other groups, unable to adapt, could be hurt by the unexpected outcomes of political policies.

Cutting corporate tax rates will also benefit the owners of capital at the expense of workers and people receiving benefits (i.e. health care, superannuation, etc) from the government. This may not be a socially desirable outcome for society, but at an individual level increases the importance of owning investments (to offset the long term real decline in employment income, government superannuation and spending on health care, etc).

## Australian Warrant / Option Analysis

Company	Share Price	Exercise Price	Yr/Mth Expiry	Option Price	Black-Scholes Valuation	Option Over/Under-Valued	Share Volatility	Option Leverage	Options to Buy 1 Share	Break-Even Rate
3D Resources	0.5	0.7	2-10	0.3	0.4	-22	1.52	1.14	1.0	+28
88 Energy	3.9	2.0	1-0	2.8	2.3	+22	0.97	1.50	1.0	+23
Absolute Equity Perf.	105	110	0-9	1.8	3.3	-45	0.13	9.99	1.0	+9
Alara Resources	2.0	2.0	0-2	0.3	0.3	-3	0.94	3.76	1.0	+131
Alive Queen Ltd	3.2	3.0	0-7	0.7	1.0	-27	0.92	2.25	1.0	+28
Alligator Energy	2.1	2.1	2-10	1.2	1.2	-2	0.94	1.36	1.0	+17
Amani Gold	3.1	5.0	0-5	0.4	0.4	+10	1.04	3.04	1.0	+279
American Patriot O&G	5.1	25	1-8	1.3	0.1	+899	0.68	3.41	1.0	+172
Analytica Ltd	0.6	1.4	1-0	0.1	0.2	-52	1.48	1.64	1.0	+150
Anson Resources	4.0	3.0	0-5	1.4	1.6	-10	1.16	2.00	1.0	+29
Antipodes Global	109	110	1-8	4.2	3.8	+10	0.04	9.99	1.0	+3
Antisense Thera.	4.1	8.0	2-10	1.5	1.8	-15	0.93	1.52	1.0	+35
Argent Minerals	2.7	10	2-4	0.6	0.3	+86	0.73	2.34	1.0	+80
Argo Global	166	200	0-1	0.1	0.0	+999	0.13	9.99	1.0	+840
Argonaut Resources	0.8	6.0	0-1	0.1	0.0	+999	1.19	9.99	1.0	+999
Aspire Mining	3.0	3.0	0-4	0.6	1.0	-42	1.66	1.94	1.0	+87
AssetOwl Ltd	25	20	1-7	9.6	13.7	-30	1.03	1.46	1.0	+11
AssetOwl Ltd	25	40	2-4	4.0	11.8	-66	1.03	1.47	1.0	+27
Atlas Iron	4.2	7.5	0-4	0.2	0.3	-39	1.08	3.48	1.0	+516
Atlas Iron Ltd	4.2	7.5	0-5	0.3	0.4	-31	1.08	3.07	1.0	+342
Aura Energy	4.4	5.0	0-4	1.0	0.6	+76	0.82	3.71	1.0	+190

Company	Share Price	Exercise Price	Yr/Mth Expiry	Option Price	Black-Scholes Valuation	Option Over/Under-Valued	Share Volatility	Option Leverage	Options to Buy 1 Share	Break-Even Rate
Ausnet Financial Serv.	3.4	15	2-2	0.8	0.3	+148	0.76	2.43	1.0	+103
Ausquest Ltd	0.7	3.5	1-2	0.2	0.1	+265	1.04	2.50	1.0	+317
Aust Rural Capital	50	50	3-6	14.0	25.2	-45	0.70	1.51	1.0	+7
Aust Vanadium	2.0	2.0	1-10	1.1	0.9	+26	0.83	1.66	1.0	+27
Austin Exploration	0.6	3.0	0-7	0.1	0.0	+392	1.26	3.14	1.0	+999
Austin Exploration	0.6	0.6	2-4	0.2	0.4	-50	1.26	1.25	1.0	+13
Avalon Minerals	1.6	3.0	2-6	0.5	1.2	-58	1.62	1.16	1.0	+37
BMG Resources	1.1	2.0	2-4	0.5	0.6	-18	1.24	1.34	1.0	+42
Bass Metals	1.2	2.5	1-10	0.5	0.6	-16	1.32	1.40	1.0	+65
Bass Strait Oil	0.2	0.3	0-10	0.1	0.1	-12	2.06	1.34	1.0	+140
Bidenergy Ltd	5.4	10	2-4	3.0	1.4	+111	0.73	1.96	1.0	+46
Big Un Ltd	41	25	0-10	22.0	20.3	+9	0.88	1.72	1.0	+18
Birimian Gold	30	1.5	1-4	0.4	28.6	-99	1.17	1.05	1.0	-88
Bisan	1.9	1.5	1-4	0.3	0.9	-68	0.95	1.59	1.0	-4
Black Rock Mining	14	7.5	1-9	7.0	9.5	-27	1.11	1.30	1.0	+2
Black Rock Mining	14	5.0	0-1	5.5	9.0	-39	1.11	1.55	1.0	-99
Black Star Petroleum	0.2	20	0-10	0.1	0.0	+999	2.08	2.13	1.0	+999
Broken Hill Pros.	3.6	8.0	2-8	1.0	1.5	-33	0.97	1.53	1.0	+40
Brookside Energy	1.3	2.0	1-10	0.3	0.3	-10	0.72	2.08	1.0	+37
CV Check	8.4	30	0-7	0.1	0.1	+24	0.83	4.78	1.0	+792
Cabral Resources	3.0	4.0	2-8	0.6	3.0	-80	4.86	1.00	1.0	+17

Company	Share Price	Yr/Mth Exercise Price	to Expiry	Option Price	Black-Scholes Valuation	Option Over/Under-Valued	Share Volatility	Option Leverage	Options to Buy 1 Share	Break-Even Rate	Company	Share Price	Yr/Mth Exercise Price	to Expiry	Option Price	Black-Scholes Valuation	Option Over/Under-Valued	Share Volatility	Option Leverage	Options to Buy 1 Share	Break-Even Rate
Cardinal Resources	36	15	2-7	23.0	30.3	-24	1.40	1.11	1.0	+2	Metals Australia	1.4	0.3	2-9	1.0	1.3	-25	1.97	1.03	1.0	-3
Catalyst Metals	49	50	1-4	20.0	12.9	+55	0.58	2.41	1.0	+31	Minotaur Exploration	9.4	9.5	0-9	3.5	2.9	+22	0.90	2.14	1.0	+54
Cazaly Resources	6.5	11	1-6	2.0	2.3	-11	1.05	1.72	1.0	+60	Mod Resources	3.6	1.0	1-2	2.7	3.0	-11	1.76	1.13	1.0	+2
Celsius Resources	4.0	1.0	1-10	2.6	4.0	-35	4.58	1.00	1.0	-6	Monash Abs. Inv.	90	100	0-7	0.3	2.6	-89	0.21	9.99	1.0	+20
Centaurus Metals	0.7	1.0	1-2	0.3	0.3	-3	1.32	1.54	1.0	+70	Money3 Corp.	174	130	1-3	42.0	51.4	-18	0.31	2.91	1.0	-1
Centaurus Metals	0.7	5.0	0-1	0.1	0.0	+999	1.32	1.00	1.0	+999	Mustang Resources	7.6	3.5	2-11	4.7	6.2	-24	1.25	1.13	1.0	+3
Centennial Mining	1.5	2.9	2-9	0.5	0.5	-8	0.84	1.65	1.0	+35	Mustang Resources	7.6	25	0-4	0.4	0.2	+103	1.25	3.84	1.0	+999
Citation Resources	5.9	5.0	0-4	1.2	0.9	+29	0.00	6.33	1.0	+16	New Talisman Gold	0.5	2.0	0-9	0.4	0.1	+351	1.53	1.99	1.0	+710
Clancy Exploration	0.4	0.4	2-2	0.3	0.4	-16	2.16	1.06	1.0	+29	Novogen Ltd	8.4	40	3-3	2.0	0.1	+999	0.39	4.57	1.0	+64
Collaborate Corp	1.9	2.0	0-2	0.3	0.2	+80	0.66	5.52	1.0	+214	OZGrowth Ltd	18	18	0-6	0.5	1.0	-48	0.23	8.79	1.0	+12
Connexion Media	9.4	20	0-0	0.1	0.2	-40	0.89	5.52	1.0	+999	Oklo Resources	21	13	0-4	9.6	9.4	+2	0.96	1.99	1.0	+17
Contango Income	98	100	1-1	1.4	4.9	-71	0.12	9.99	1.0	+4	Omni Market Tide	1.5	10	1-10	0.4	0.1	+316	0.87	2.51	1.0	+188
Core Exploration	8.9	5.0	0-6	5.4	4.7	+15	1.19	1.64	1.0	+37	Opthea	99	27	1-9	69.5	72.7	-4	0.52	1.34	1.0	-1
De Grey Mining	4.9	10	1-9	1.0	3.3	-70	1.79	1.21	1.0	+59	Orinoco Gold	6.6	25	0-11	1.2	0.1	+999	0.69	4.53	1.0	+350
Dempsey Minerals	5.0	14	1-10	1.0	0.3	+198	0.60	3.07	1.0	+82	Pacific American Coal	9.6	25	0-10	2.0	1.1	+88	1.01	2.60	1.0	+246
Drake Resources	0.2	3.0	0-5	0.1	0.0	+999	1.58	3.72	1.0	+999	Pacific Niugini	23	6.0	0-6	17.5	17.1	+3	0.61	1.35	1.0	+5
Dronesield Ltd	49	22	1-4	24.5	28.6	-14	0.58	1.62	1.0	-4	Panterra Gold	7.9	15	1-10	4.7	1.6	+195	0.72	2.22	1.0	+65
Duxton Water	107	110	1-3	3.9	7.7	-49	0.16	7.40	1.0	+5	Pelican Resources	1.0	2.0	0-4	0.3	0.0	+999	0.62	7.86	1.0	+999
Eden Energy	31	3.0	1-7	28.0	28.2	-1	0.89	1.10	1.0	+0	Peninsula Energy	77	5.0	1-10	11.0	71.7	-85	0.66	1.07	1.0	-57
Egan Street Res.	23	25	1-1	4.7	1.9	+148	0.27	5.61	1.0	+28	Petrel Energy	2.4	4.0	0-6	0.6	0.4	+37	1.22	2.41	1.0	+267
Elk Petroleum	7.4	25	0-5	0.2	0.0	+999	0.43	9.99	1.0	+999	Pioneer Resources	2.7	6.0	0-5	0.8	0.3	+160	1.32	2.70	1.0	+817
Ellerston Asian Inv.	86	100	2-0	3.6	7.2	-50	0.23	5.09	1.0	+10	Platinum Asia Inv	94	100	0-3	0.2	0.4	-45	0.12	9.99	1.0	+36
Ellerston Global Inv.	97	100	1-1	5.2	5.7	-8	0.15	8.72	1.0	+8	Prescient Thera	9.3	18	1-4	3.5	0.8	+352	0.58	3.28	1.0	+87
Empire Oil	28	0.9	1-2	1.0	27.1	-96	0.61	1.03	1.0	-90	Prima Biomed	3.5	20	0-4	0.4	0.0	+999	0.32	9.99	1.0	+999
Env. Clean Tech.	1.7	0.9	0-5	0.8	0.8	-2	0.57	2.03	1.0	+0	Proteomics Int'l	21	20	1-1	4.0	6.2	-35	0.66	2.28	1.0	+13
Env. Clean Tech.	1.7	1.5	0-5	0.6	0.4	+71	0.57	3.42	1.0	+66	Proto Res & Inv	0.1	5.5	0-1	0.1	0.0	+999	0.00	9.99	1.0	+999
Epat Technologies	2.1	7.9	0-3	0.3	0.0	+869	1.53	4.22	1.0	+999	RTG Mining	22	150	0-3	1.3	0.0	+999	0.95	9.99	1.0	+999
Esports Mogul AP	2.4	5.0	2-8	0.6	0.9	-30	0.86	1.65	1.0	+37	Red Mountain Min.	4.2	0.2	1-1	1.0	4.1	-75	1.76	1.03	1.0	-70
Fertoz Ltd	8.5	15	0-9	0.7	0.8	-16	0.77	3.18	1.0	+127	Red Mountain Mining	4.2	1.5	2-9	2.5	3.9	-35	1.76	1.05	1.0	-2
First Graphite	13	10	0-3	2.8	3.1	-9	0.71	3.25	1.0	+11	Red Mountain Mining	4.2	1.8	2-10	2.2	3.8	-43	1.76	1.05	1.0	-2
First Growth Funds	0.5	2.0	0-12	0.2	0.0	+999	0.80	3.64	1.0	+354	Red Mountain Mining	4.2	0.4	0-7	0.5	3.8	-87	1.76	1.08	1.0	-95
Future Global Opp.	105	110	0-7	1.0	1.9	-48	0.11	9.99	1.0	+11	Redstone Resources	0.8	3.0	0-5	0.1	0.0	+368	1.21	3.64	1.0	+999
GBM Resources	1.5	5.0	2-7	0.3	0.3	+5	0.78	2.02	1.0	+63	Rhinomed Ltd	1.8	6.0	0-2	0.1	0.0	+999	0.64	9.99	1.0	+999
Gladiator Res.	0.3	0.6	0-4	0.2	0.1	+202	1.86	2.08	1.0	+999	Rimfire Pacific Min.	2.6	3.5	0-3	0.3	0.1	+207	0.71	6.13	1.0	+518
Greenland Minerals	15	8.0	1-7	7.3	9.1	-19	0.86	1.45	1.0	+1	Ryder Capital	107	125	1-9	6.0	2.6	+132	0.12	9.99	1.0	+12
Greenpower Energy	2.5	1.0	2-8	1.7	2.3	-26	1.85	1.05	1.0	+3	Samson Oil & Gas	0.3	3.8	0-1	0.1	0.0	+999	1.27	9.99	1.0	+999
Gulf Manganese Corp	4.2	0.5	2-2	3.6	4.0	-10	1.95	1.03	1.0	-1	Shareroot Ltd	0.9	5.0	0-10	0.2	0.1	+191	1.27	2.46	1.0	+720
Havilah Resources	71	30	0-4	39.0	41.3	-6	0.72	1.70	1.0	-8	Siburan Resources	1.0	2.0	0-10	4.6	0.2	+999	1.04	2.32	1.0	+863
Hazer Group	67	30	1-10	39.0	42.1	-7	0.70	1.45	1.0	+2	Silver Mines	17	30	1-4	10.0	5.9	+71	1.17	1.68	1.0	+97
Henry Morgan	170	100	1-6	60.0	74.5	-19	0.32	2.17	1.0	-4	Silver Mines	17	0.3	0-8	4.8	16.2	-70	1.17	1.02	1.0	-85
High Peak Royalties	3.5	35	0-2	0.1	0.0	+999	0.48	9.99	1.0	+999	Silver Elements	18	20	1-8	1.0	0.4	+140	0.12	9.99	1.0	+12
Hillgrove Resources	6.1	3.0	0-7	3.5	3.7	-5	1.36	1.47	1.0	+12	Spirit Telecom	3.0	3.9	2-5	1.2	1.0	+24	0.66	1.90	1.0	+25
Icandy Interactive	10	21	2-11	1.0	4.2	-76	0.92	1.52	1.0	+31	St George Mining	13	20	0-4	3.4	1.1	+199	0.97	3.61	1.0	+483
Icollege Ltd	5.5	8.0	2-5	2.0	2.8	-30	1.06	1.41	1.0	+29	Stargroup	3.9	5.0	1-9	1.5	0.8	+78	0.56	2.46	1.0	+34
Icollege Ltd	5.5	20	0-5	0.1	0.1	+39	1.06	4.40	1.0	+999	Story-I Ltd	5.5	6.5	2-5	1.8	1.7	+9	0.57	2.06	1.0	+19
Immuron Ltd	31	55	2-9	9.6	9.7	-1	0.73	1.81	1.0	+31	Sun Resources	0.8	2.5	0-7	0.1	0.7	-85	4.25	1.09	1.0	+654
Impression H/Care	6.8	12	1-10	0.6	1.5	-60	0.72	2.15	1.0	+40	Sundance Resources	0.5	0.6	0-6	0.1	0.2	-45	1.54	1.79	1.0	+96
Imgenee Ltd	1.7	1.5	0-1	0.2	0.3	-21	0.69	5.19	1.0	+0	TNG Ltd	17	20	1-4	5.5	2.5	+118	0.48	3.18	1.0	+40
Intermin Resources	12	17	1-6	2.3	2.6	-12	0.72	2.24	1.0	+41	TV2U International	0.8	4.0	2-1	0.3	0.2	+51	1.11	1.72	1.0	+124
Intermin Resources	12	7.5	0-4	7.0	4.3	+61	0.72	2.37	1.0	+100	Tag Pacific	6.0	20	0-7	0.2	0.0	+999	0.25	9.99	1.0	+678
Intiger Group	6.0	0.8	0-10	5.1	5.2	-2	0.84	1.15	1.0	-2	Talga Resources	39	45	1-10	11.0	8.3	+33	0.47	2.64	1.0	+22
Investigator Res.	4.0	10	0-1	0.1	0.0	+999	1.00	9.99	1.0	+999	Target Energy	0.1	1.2	0-0	0.1	8.3	-99	2.32	2.64	1.0	+999
Invigor Group	2.0	5.0	1-4	0.3	0.3	+19	0.81	2.51	1.0	+108	Tasman Resources	28	5.0	1-1	23.0	23.2	-1	0.87	1.20	1.0	+0
KBL Mining	0.1	0.5	1-5	0.1	0.0	+227	1.47	1.60	1.0	+252	Tikforce Ltd	5.0	11	1-3	1.1	0.3	+224	0.62	3.35	1.0	+103
Kabuni Ltd	1.6	30	1-6	0.7	0.0	+999	0.94	3.30	1.0	+637	Tomizeo	4.0	40	1-7	0.1	0.1	+8	0.88	2.96	1.0	+329
Kabuni Ltd	1.6	5.0	2-4	0.2	0.4	-54	0.94	1.76	1.0	+66	Top End Minerals	7.2	3.0	2-10	3.9	6.2	-38	1.46	1.09	1.0	-1
Kairos Minerals	3.2	10	0-5	0.5	0.1	+765	0.99	4.32	1.0	+999	Transcendence Tech	3.5	5.0	2-5	1.2	0.9	+32	0.59	2.12	1.0	+26
Kalina Power	9.7	5.0	0-6	5.0	5.6	-11	1.34	1.52	1.0	+6	Triton Minerals	6.2	15	0-1	0.2	0.0	+999	0.27	9.99	1.0	+999
Kidman Resources	47	15	1-2	26.5	34.5	-23	1.05	1.29	1.0	-10	Tyranna Resources	2.7	4.0	0-6	0.5	0.2	+200	0.66	4.41	1.0	+188
King River Copper	0.7	10	1-4	0.2	0.0	+576	1.18	2.46	1.0	+646	UIL Energy	4.2	7.5	1-4	0.2	0.8	-75	0.81	2.30	1.0	+60
King River Copper	0.7	10	1-4	0.4	0.0	+999	1.18	2.46	1.0	+657	Valmec Ltd	9.5	25	0-10	0.2	0.6	-69	0.85	3.10	1.0	+211
Kogiri Iron	1.5	8.0	0-3	0.1	0.0	+999	1.33	5.22	1.0	+999	Vango Minerals	4.1	6.0	1-1	1.2	1.1	+11	0.95	2.07	1.0	+72
Krakatoa Resources	21	20	0-1	3.0	1.8	+70	0.50	7.89	1.0	+198	Variscan Mines	1.8	1.5	0-2	0.3	0.4	-26	0.79	3.39	1.0	+0
Laconia Resources	0.2	6.0	1-7	0.1	0.0	+144	1.74	1.60	1.0	+766	Velpic Ltd	2.3	6.0	1-4	0.8	0.2	+234	0.78	2.67	1.0	+125
Land & Homes	4.6	20	4-6	1.2	1.6	-24	0.83	1.55	1.0	+41	Veriluma Ltd	4.5	5.0	0-3	2.5	0.4	+473	0.69	4.67	1.0	+672
Latin Resources	2.0	2.0	0-0	0.2	1.6	-87	1.12	1.55	1.0	+999	Volt Resources	4.1	2.0	0-10	2.3	2.3	+0	0.80	1.63	1.0	+6
Leigh Greek Energy	16	50	1-3	1.9	1.7	+12	0.88	2.5													

# 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	Company	STRENGTH RATING										Market Cap'n				
	Share Price	Cur- rent	4-Wk Chg.	Rank 0-99	Insider Buy/Sell	Brokers Following	Price to NTA	Return on Equity	Volatility	Price/Earn. Ratio			Dividend Yield	Price/Sales Ratio	Share Price	Cur- rent	4-Wk Chg.	Rank 0-99	Insider Buy/Sell	Brokers Following	Price to NTA	Return on Equity		Volatility	Price/Earn. Ratio	Dividend Yield	Price/Sales Ratio
<b>UNDER-VALUED SHARES:</b> Lowest Price/Sales, Yld > 0, Rel Strength > 0												<b>OVER-VALUED SHARES:</b> Highest Price/Sales Ratios, Relative Strength < 0															
Smiths City	72	+6.6	-1.7	14	2-0	-	0.7	6	1.3	12	3.5	0.17	38	Goodman Prop.	126	-2.6	+1.4	67	1-4	7	1.1	13	0.6	9	7.1	9.25	1,542
Col Motor Co	760	+4.4	+0.1	20	4-0	-	1.5	12	0.6	13	7.3	0.29	248	Vital Health PT	203	-58.3	-0.0	98	0-0	3	1.3	22	0.5	6	4.8	9.10	702
PGG Wrightsons	54	+3.8	+1.6	23	0-0	2	1.5	14	1.6	10	9.6	0.34	408	Kiwi Property	142	-2.2	+0.7	65	0-0	-	1.1	15	0.6	7	5.8	8.70	1,813
AWF Madison Grp	274	+6.9	+1.2	13	1-0	-	2.5	14	0.8	17	7.7	0.41	89	Argosy Property	103	-4.7	+1.2	77	5-0	5	1.0	10	0.6	11	6.5	8.05	837
Steel & Tube	257	+6.0	+2.4	15	0-0	4	1.3	11	1.0	12	10.3	0.45	233	Vista Group Ltd	564	-4.2	-0.5	75	0-2	-	6.3	8	0.8	78	Nil	6.89	451
T&G Global	321	+4.8	-3.4	19	0-0	-	1.2	6	0.8	21	2.6	0.47	385	F & P Health.	900	-5.5	+1.4	77	3-6	8	9.4	26	0.5	35	2.6	6.20	5,075
Air New Zealand	210	+0.2	+3.2	42	4-13	7	1.2	17	1.1	7	10.6	0.48	2,351	NPT Limited	63	-1.9	-1.6	63	4-0	2	0.8	6	0.6	15	5.6	5.96	101
Seeka Kiwifruit	450	+2.5	-0.6	29	2-0	-	1.0	6	0.5	17	5.9	0.52	73	GeoOP Ltd	18	-18.3	+0.5	89	0-0	-	1.2	-	1.9	NE	Nil	4.61	9
Fonterra S/H Fd	629	+3.0	+1.0	26	0-2	6	1.6	7	0.7	22	4.0	0.53	10,058	SeaDragon Ltd	1	-17.3	+0.3	89	0-2	-	2.1	-	5.7	NE	Nil	4.51	25
Fliway Group	105	+3.0	+0.5	25	2-0	-	1.5	17	1.2	8	11.4	0.58	48	EROAD Ltd	184	-11.1	+2.6	84	2-4	1	2.2	-	1.0	NE	Nil	4.24	111
Hellaby Hold.	357	+10.1	-1.0	8	0-1	4	1.8	10	0.9	17	8.3	0.60	342	Augusta Capital	100	-3.6	-0.0	71	0-0	-	1.1	16	0.5	6	6.9	3.99	87
Fletcher Build.	1006	+5.5	-0.7	17	5-4	12	1.9	13	0.8	15	4.5	0.77	6,924	AFT Pharm.	262	-5.8	-2.3	78	0-0	-	9.0	-	0.5	NE	Nil	3.96	254
Abano Health.	884	+3.1	+0.9	25	0-0	2	1.6	25	0.4	7	4.3	0.88	188	Burger Fuel	115	-14.8	-1.9	87	0-0	-	5.4	-	1.1	NE	Nil	3.41	69
Methven Limited	128	+0.8	+1.0	36	0-0	-	1.9	14	1.1	14	7.2	0.90	93	Meridian Energy	272	-0.3	+2.2	51	1-1	7	1.4	4	0.9	38	8.1	2.93	6,967
Hallenstein G.	341	+4.8	+2.0	19	1-0	4	3.2	27	0.9	12	12.6	0.91	202	Vector Ltd	325	-1.5	+0.9	60	0-0	6	1.3	2	0.5	58	6.7	8.23	3,236
Mainfreight Grp	2110	+11.7	+0.8	5	1-7	6	3.6	15	0.6	24	2.4	0.92	2,101	Sky City Ltd	395	-7.4	+2.8	83	0-11	11	2.3	13	0.6	18	5.4	2.60	2,595
Horizon Energy	435	+0.1	-0.0	43	0-0	-	1.6	6	0.5	27	4.5	0.97	109	Delegat Group	610	-1.3	+0.7	59	0-0	3	2.0	17	0.4	11	2.7	2.43	617
Kathmandu Ltd	197	+2.0	-1.2	30	0-1	6	1.3	7	1.4	19	5.6	0.97	397	Pyne Gould Corp	22	-3.7	+1.3	72	0-0	-	0.4	-	1.5	NE	Nil	2.35	45
<b>BEST PERFORMING SHARES:</b> Strongest Shares, P/E < 20, P/S < 1.0												<b>WORST PERFORMING SHARES:</b> Weakest Shares, P/S Ratio > 0.25, Yield < Twice Average															
Allied Farmers	7	+17.6	+4.3	2	4-1	-	-	3.3	8	Nil	0.70	11	Vital Health PT	203	-58.3	-0.0	98	0-0	3	1.3	22	0.5	6	4.8	9.10	702	
Hellaby Hold.	357	+10.1	-1.0	8	0-1	4	1.8	10	0.7	17	8.3	0.60	342	Wynyard Group	22	-32.6	+3.8	97	0-0	-	0.6	-	1.5	NE	Nil	1.47	39
AWF Madison Grp	274	+6.9	+1.2	13	1-0	-	2.5	14	0.7	17	7.7	0.41	89	Orion Health.	200	-27.1	-1.8	95	0-3	4	5.1	-	0.9	NE	Nil	1.54	318
Smiths City	72	+6.6	-1.7	14	2-0	-	0.7	6	1.0	12	3.5	0.17	38	Serko Limited	33	-26.2	+2.1	95	0-0	-	0.9	-	1.6	NE	Nil	0.66	9
Steel & Tube	257	+6.0	+2.4	15	0-0	4	1.3	11	0.9	12	10.3	0.45	233	IkeGPS Limited	35	-23.7	-4.2	93	0-1	1	1.3	-	1.1	NE	Nil	2.06	18
Fletcher Build.	1006	+5.5	-0.7	17	5-4	12	1.9	13	0.7	15	4.5	0.77	6,924	Snakk Media Ltd	35	-21.4	+0.2	93	0-0	-	1.3	-	1.3	NE	Nil	0.52	5
Hallenstein G.	341	+4.8	+2.0	19	1-0	4	3.2	27	0.7	12	12.6	0.91	202	Mercer Group	38	-21.4	+7.1	92	3-0	-	14.2	-	1.3	NE	Nil	0.25	6
Col Motor Co	760	+4.4	+0.1	20	4-0	-	1.5	12	0.5	13	7.3	0.29	248	SLI Systems Ltd	41	-20.9	+3.9	91	0-1	3	4.4	-	1.3	NE	Nil	0.73	26
PGG Wrightsons	54	+3.8	+1.6	23	0-0	2	1.5	14	1.3	10	9.6	0.34	408	GeoOP Ltd	18	-18.3	+0.5	89	0-0	-	1.2	-	1.8	NE	Nil	4.61	9
Abano Health.	884	+3.1	+0.9	25	0-0	2	1.6	25	0.3	7	4.3	0.88	188	SeaDragon Ltd	1	-17.3	+0.3	89	0-2	-	2.1	-	5.2	NE	Nil	4.51	25
Fliway Group	105	+3.0	+0.5	25	2-0	-	1.5	17	1.0	8	11.4	0.58	48	Burger Fuel	115	-14.8	-1.9	87	0-0	-	5.4	-	1.0	NE	Nil	3.41	69
Seeka Kiwifruit	450	+2.5	-0.6	29	2-0	-	1.0	6	0.4	17	5.9	0.52	73	Comvita	688	-14.1	-3.0	86	2-9	3	2.1	11	0.5	19	2.9	1.53	283
Kathmandu Ltd	197	+2.0	-1.2	30	0-1	6	1.3	7	1.2	19	5.6	0.97	397	Trilogy Intern.	262	-13.0	-2.3	85	0-2	-	4.6	27	0.8	17	2.9	1.97	164
Methven Limited	128	+0.8	+1.0	36	0-0	-	1.9	14	0.8	14	7.2	0.90	93	EROAD Ltd	184	-11.1	+2.6	84	2-4	1	2.2	-	1.0	NE	Nil	4.24	111
Air New Zealand	210	+0.2	+3.2	42	4-13	7	1.2	17	1.0	7	10.6	0.48	2,351	Sky City Ltd	395	-7.4	+2.8	83	0-11	11	2.3	13	0.6	18	5.4	2.60	2,595
<b>INCOME SHARES:</b> Highest Yields, Capitalisation > NZ\$100 million												<b>INSIDER SELLING:</b> Most Insider Selling, Relative Strength < 0															
Opus Int'l Cons	100	-3.5	+6.0	71	2-0	3	1.0	11	0.8	9	15.3	0.30	150	Sky City Ltd	395	-7.4	+2.8	83	0-11	11	2.3	13	0.6	18	5.4	2.60	2,595
Tower Limited	113	-18.4	+4.3	90	1-0	3	0.7	-	0.9	NE	14.2	0.63	191	Comvita	688	-14.1	-3.0	86	2-9	3	2.1	11	0.5	19	2.9	1.53	283
Trust Power Ltd	461	-6.1	+1.2	79	0-0	-	0.8	3	0.5	23	12.7	2.04	1,443	Infratil NZ	288	-6.9	+1.5	81	0-4	4	0.8	3	0.5	28	6.9	0.92	1,632
Hallenstein G.	341	+4.8	+2.0	19	1-0	4	3.2	27	0.7	12	12.6	0.91	202	Orion Health.	200	-27.1	-1.8	95	0-3	4	5.1	-	0.8	NE	Nil	1.54	318
Air New Zealand	210	+0.2	+3.2	42	4-13	7	1.2	17	0.9	7	10.6	0.48	2,351	Goodman Prop.	126	-2.6	+1.4	67	1-4	7	1.1	13	0.6	9	7.1	9.25	1,542
Steel & Tube	257	+6.0	+2.4	15	0-0	4	1.3	11	0.8	12	10.3	0.45	233	F & P Health.	900	-5.5	+1.4	77	3-6	8	9.4	26	0.5	35	2.6	6.20	5,075
Genesis Energy	214	+0.7	+3.0	37	2-2	7	1.1	9	0.9	12	10.0	1.06	2,139	Spark NZ Ltd	358	-1.0	+1.3	57	0-2	9	3.9	22	0.6	18	8.5	1.87	6,551
PGG Wrightsons	54	+3.8	+1.6	23	0-0	2	1.5	14	1.1	10	9.6	0.34	408	Trilogy Intern.	262	-13.0	-2.3	85	0-2	-	4.6	27	0.8	17	2.9	1.97	164
Sky Network TV	445	-2.9	+0.7	68	4-0	6	1.3	11	0.6	12	9.4	1.87	1,732	Vista Group Ltd	564	-4.2	-0.5	75	0-2	-	6.3	8	0.7	78	Nil	6.89	451
NZ Oil & Gas	63	+14.7	+2.9	3	0-0	2	1.0	-	1.1	NE	8.9	1.81	216	SeaDragon Ltd	1	-17.3	+0.3	89	0-2	-	2.1	-	4.8	NE	Nil	4.51	25
<b>INSIDER BUYING:</b> Most Insider Buying, Relative Strength > 0																											
Skellerup Hold.	158	+7.3	+1.0	12	9-0	4	2.0	13	0.7	15	7.9	1.44	305														
Moa Group Ltd	75	+0.0	-4.1	44	6-0	-	5.9	-	1.2	NE	Nil	4.35	35														
Col Motor Co	760	+4.4	+0.1	20	4-0	-	1.5	12	0.5	13	7.3	0.29	248														
Port Tauranga	430	+1.9	+2.6	31	4-0	6	3.3	9	0.5	38	3.4	N/A	2,926														
Briscoe Group	415	+8.1	+0.5	10	9-5	3	5.5	29	0.5	19	5.2	1.64	906														
Allied Farmers	7	+17.6	+4.3	2	4-1	-	-	2.5	8	Nil	0.70	11															
Smiths City	72	+6.6	-1.7	14	2-0	-	0.7	6	0.8	12	3.5	0.17	38														
Fliway Group	105	+3.0	+0.5	25	2-0	-	1.5	17	0.8	8	11.4	0.58	48														
Seeka Kiwifruit	450	+2.5	-0.6	29	2-0	-	1.0	6	0.3	17	5.9	0.52	73														
Arvida Group	135	+8.0	+3.7	11	1-0	-	1.4	9	0.8	15	3.5	4.47	369														

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

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

Company	STRENGTH RATING										Market Cap'n	Company	STRENGTH RATING										Market Cap'n								
	Share Price	Cur-rent	4-Wk Chg.	Rank 0-99	Insider Buy/Sell	Brokers Following	Short Interest	P/E Ratio	ROE	Volatility			P/E Ratio	Div Yield	P/S Ratio	Share Price	Cur-rent	4-Wk Chg.	Rank 0-99	Insider Buy/Sell	Brokers Following	Short Interest		P/E Ratio	ROE	Volatility	P/E Ratio	Div Yield	P/S Ratio		
<b>OVER-VALUED SHARES: Highest Price/Sales Ratios, Relative Strength &lt; 0</b>																															
Westfield Corp.	911	-4.2	+1.8	63	1-1	10	0.4	2.0	8	0.3	26	3.7	9.91	18,931	Intrepid Mines	122	-34.8	+3.5	98	0-0	-	-	-	0.5	NE	Nil	5.74	21			
Carindale Prop	788	-2.5	+0.8	57	0-0	2	-	1.2	11	0.1	11	5.0	9.84	552	AHALife Hold.	7	-34.4	+2.0	98	0-0	-	-	-	1.8	NE	Nil	1.67	12			
Cellmid Ltd	3	-2.9	-0.3	59	0-0	-	-	-	-	-	-	2.0	NE	Nil	9.82	31	Troy Resources	17	-33.9	-5.1	98	0-2	1	0.6	0.1	-	0.7	NE	Nil	0.93	75
Transurban Grp	1095	-3.7	+2.0	61	0-0	13	1.6	5.0	2	0.2219	5.1	9.8222	3,688	Jayex Health.	5	-33.7	+3.5	98	5-0	-	-	-	1.7	NE	Nil	5.88	7				
Aurora Sand Div	70	-0.9	+0.6	50	0-0	-	-	-	0.8	-	0.5	NE	6.6	9.80	14	Digital CC Ltd	4	-33.6	-1.7	97	0-0	-	-	-	1.8	NE	Nil	N/A	7		
KalNorth Gold	2	-18.1	+7.6	90	0-0	-	-	-	-	-	-	2.7	NE	Nil	9.71	15	Smart Trans	1	-33.0	-1.2	97	0-1	-	-	-	3.4	NE	Nil	2.47	29	
Folkestone Educ	245	-2.1	+1.1	55	1-1	4	0.1	1.4	25	0.3	6	5.5	9.50	612	Genesis Res Ltd	2	-32.5	-1.6	97	0-0	-	-	-	2.5	NE	Nil	N/A	10			
Wolf Minerals	8	-21.2	+1.3	92	0-0	3	-	-	-	1.4	NE	Nil	9.48	81	Mobile Embrace	7	-32.4	-5.1	97	0-0	1	0.0	-	1.5	6	Nil	0.48	30			
Hotel Property	279	-2.9	+1.0	58	0-0	3	0.1	-	-	0.4101	Nil	6.6	9.34	408	Urbanise.com	13	-31.8	+1.3	97	2-0	-	-	1.2	1.1	NE	Nil	4.03	38			
Alt Invest Trt	9	-5.3	-0.1	66	0-0	-	-	0.2	0	1.3	40	Nil	9.09	12	Future Fibre T.	14	-31.5	-2.6	97	0-0	-	-	-	1.1	NE	Nil	1.15	17			
XTV Networks	1	-7.1	+1.9	71	0-0	-	-	0.8	-	4.3	NE	Nil	9.00	6	Food Revolution	5	-31.2	-4.7	97	0-0	-	-	-	1.7	NE	Nil	0.59	12			
Mint Payments	8	-7.7	+5.4	72	0-0	1	-	-	-	1.4	NE	Nil	8.98	45	Raptis Group	7	-30.9	+5.5	97	0-0	-	-	-	1.1	189	Nil	N/A	10			
Vista Group	555	-3.5	-0.6	61	1-0	-	0.1	-	-	0.4101	Nil	8.89	455	Icar Asia Ltd	21	-30.9	+2.6	97	1-0	3	-	-	0.8	NE	Nil	8.10	66				
Nextdc Limited	321	-3.8	-1.1	62	0-0	9	7.4	2.9	1	0.5451	Nil	8.87	912	Excelsior Gold	3	-30.3	+4.2	97	2-0	-	-	-	2.0	NE	Nil	0.72	14				
Frontier Cap Gr	8	-26.3	-0.6	96	0-2	-	-	-	-	1.2	NE	Nil	8.83	19	RTG Mining Inc.	22	-30.0	-0.5	96	0-0	1	-	-	1.1	NE	Nil	N/A	30			
Victory Mines	1	-46.9	-1.6	99	0-0	-	-	-	-	3.0	NE	Nil	8.73	8	CV Check Ltd	8	-29.9	+3.5	96	0-0	-	-	-	1.5	NE	Nil	2.36	13			
Platinum Asset	502	-4.2	+1.2	63	0-0	9	2.8	-	-	0.5	15	3.2	8.72	2,945	Middle Island	2	-29.4	-14.1	96	0-0	-	-	-	2.7	NE	Nil	N/A	8			
Growthpoint Pro	311	-0.7	+0.3	49	0-0	5	1.0	1.6	-	0.3	0	6.8	8.69	1,995	Bellamy's Aust.	481	-28.9	-10.3	96	1-3	8	8.0	10.7	88	0.6	12	2.5	1.90	465		
Shopping Centre	218	-1.1	+1.0	51	2-1	8	1.9	1.3	12	0.4	11	5.6	8.55	1,619	Netocentric Ltd	4	-28.0	+5.1	96	2-0	-	-	-	2.2	NE	Nil	0.76	9			
Vicinity Centre	289	-3.9	+1.5	62	9-0	10	0.6	1.2	10	0.3	12	6.1	8.53	11,441	Tech Mpire Ltd	20	-27.7	+1.2	96	1-0	-	-	-	0.9	NE	Nil	0.41	13			
Farmaforce Ltd	13	-10.4	-2.0	78	2-0	-	-	-	-	1.1	NE	Nil	8.50	17	TV2U Int'l	1	-27.6	-6.1	96	1-0	-	-	-	3.8	NE	Nil	N/A	7			
Uscom Limited	23	-1.7	+0.1	53	0-0	-	-	-	-	0.7	NE	Nil	8.49	25	Alliance Res.	9	-27.5	-6.8	96	0-0	-	-	-	1.0	NE	Nil	N/A	39			
BWX Limited	497	-4.8	+1.1	64	0-0	-	3.9	-	-	0.4	38	Nil	8.43	459	Metals X Ltd	80	-26.6	-6.4	96	0-0	-	4.2	-	0.4	NE	Nil	1.09	487			
360 Capital TR	115	-0.6	+2.6	49	1-0	-	-	-	-	0.5	6	6.4	8.39	35	Covata Limited	8	-26.6	+2.6	96	2-1	-	-	1.9	1.3	NE	Nil	N/A	37			
Scentre Group	453	-2.2	+2.0	56	8-0	11	0.5	1.5	17	0.3	9	4.6	8.3924	119	Cokal Limited	2	-26.4	-14.9	96	0-0	-	-	-	2.6	NE	Nil	N/A	7			
Mitula Group	83	-8.8	-0.0	75	0-3	-	0.0	-	-	0.6	67	Nil	8.37	176	Frontier Cap Gr	8	-26.3	-0.6	96	0-2	-	-	-	1.1	NE	Nil	8.83	19			
Wolfstrike Rent	1	-15.3	+3.6	86	0-0	-	-	-	-	3.4	NE	Nil	8.32	10	Tanga Resources	3	-26.2	-1.3	96	0-0	-	-	-	1.9	NE	Nil	N/A	13			
Centuria Urban	223	-0.5	+0.5	49	0-0	2	-	-	-	0.4	8	7.6	8.27	163	Atcor Medical	7	-25.9	-0.5	95	0-0	-	-	6.7	1.4	NE	Nil	2.69	14			
Chart H Retail	426	-2.0	+0.9	55	0-0	10	4.8	1.3	13	0.3	10	6.6	8.13	1,730	Paladin Energy	15	-25.8	+2.8	95	0-0	7	6.0	0.1	1.2	NE	Nil	1.03	248			
Icar Asia Ltd	21	-30.9	+2.6	97	1-0	3	-	-	-	0.9	NE	Nil	8.10	66	Protean Energy	1	-25.5	-4.1	95	0-0	-	-	-	5.3	NE	Nil	N/A	5			
Velpic Limited	2	-21.3	+1.8	93	0-0	-	-	-	-	2.5	NE	Nil	8.02	11	Sirtex Medical	1472	-25.4	-6.0	95	1-0	10	6.7	14.3	91	0.2	16	2.0	3.63	849		
Managed Account	33	-1.9	+2.9	54	0-0	-	-	6.5	11	0.7	59	24.6	8.00	44	Amer Patriot OG	5	-25.2	-1.8	95	0-0	-	-	-	1.5	NE	Nil	N/A	13			
Eureka Group	68	-1.6	-0.8	53	2-0	-	0.0	-	-	0.6	15	Nil	7.98	156	GI Dynamics	3	-25.1	+6.6	95	1-0	1	-	0.1	2.2	NE	Nil	6.79	12			
Domino's Pizza	6405	-2.4	-0.9	56	1-1	12	5.2	78.1	-	0.4	65	1.0	7.95	5,690	Sun Resources	1	-24.9	+0.4	95	0-0	-	-	-	4.1	NE	Nil	N/A	48			
Renu Energy Ltd	1	-17.9	+1.7	89	0-0	-	-	0.0	-	3.3	NE	Nil	7.90	8	XTD Limited	9	-24.9	-2.1	95	1-0	-	-	2.2	1.7	NE	Nil	3.39	12			
Carsales.com	1104	-5.1	+1.4	65	2-4	15	1.9	50.2	-	0.5	24	3.4	7.74	2,665	Wingara AG Ltd	30	-24.9	+3.1	95	0-0	-	-	-	0.9	NE	Nil	1.92	20			
Go Connect Ltd	1	-2.0	+0.6	55	0-0	-	-	-	-	4.3	37	Nil	7.72	7	Adherium Ltd	20	-24.6	-4.2	95	0-0	-	-	-	0.9	NE	Nil	N/A	30			
Real Energy	7	-14.8	-0.8	85	0-0	-	-	-	-	1.7	NE	Nil	7.71	13	Martin Aircraft	21	-24.3	-3.2	95	0-0	-	-	-	1.1	NE	Nil	N/A	83			
VDM Group Ltd	0	-37.6	-5.9	98	0-0	-	0.0	-14.4	NE	Nil	7.56	5	<b>INSIDER SELLING: Most Insider Selling, Relative Strength &lt; 0</b>																		
Goodman Group	725	-0.4	+1.6	48	3-7	11	0.4	2.9	28	0.2	10	3.3	7.52	12,971	Dome Gold Mines	30	-16.5	-0.5	87	0-8	-	-	-	0.6	NE	Nil	N/A	68			
PropertyLink	80	-2.5	+1.8	57	5-0	-	-	-	0.7	3.203	7.50	482	K2 Asset Mgmt	45	-1.8	+3.6	54	0-6	3	-	11.1	41	0.9	27	3.4	7.38	104				
Connexion Media	9	-12.1	+3.0	81	0-0	-	-	4.7	-	1.1	NE	Nil	7.40	10	Mainstreambpo	55	-5.4	-1.6	66	1-6	-	-	-	0.6	45	1.8	2.46	46			
K2 Asset Mgmt	45	-1.8	+3.6	54	0-6	3	-	11.1	41	1.0	27	3.4	7.38	104	Vita Group Ltd	341	-14.2	-1.7	84	1-6	4	1.0	56.8	-	0.5	14	4.1	0.80	518		
P-Sivida Ltd	218	-23.3	+1.4	94	0-0	-	-	-	-	0.5	NE	Nil	7.24	16	Goodman Group	725	-0.4	+1.6	48	3-7	11	0.4	2.9	28	0.2	10	3.3	7.52	12,971		
Latam Autos	16	-10.8	-2.9	79	7-0	-	-	-	-	1.1	NE	Nil	7.22	48	Citadel Group	520	-0.4	-0.0	48	0-3	-	-	7.0	26	0.3	27	1.8	2.94	243		
Biotron Limited	4	-18.3	-1.0	90	2-0	-	-	-	-	2.2	NE	Nil	7.09	11	Blackham Res.	72	-9.1	+3.6	75	0-3	-	0.1	-	0.3	NE	Nil	N/A	206			
HotCopper Hold.	18	-11.7	-0.5	81	0-0	-	-	-	-	1.1	39	Nil	7.01	19	Redflow Limited	27	-19.7	-4.7	91	0-3	1	-	3.4	0.6	NE	Nil	N/A	107			
Centuria Indust	248	-3.2	+1.0	60	0-0	2	0.5	-	-	0.3	11	8.5	7.00	526	Mitula Group	83	-8.8	-0.0	75	0-3	-	0.0	-	0.6	67	Nil	8.37	176			
Blue Sky Alt In	714	-1.8	-0.8	54	3-4	4	2.5	-																							

# 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.

Company	Performance Forecast	Price	Price/Sales Ratio	P/E Ratio	Gross Yield	Company	Performance Forecast	Price	Price/Sales Ratio	P/E Ratio	Gross Yield	Company	Performance Forecast	Price	Price/Sales Ratio	P/E Ratio	Gross Yield
A2 Milk Company	A	254	5.13	59	Nil	IkeGPS Limited	C	35	2.06	NE	Nil	Sanford Limited	A	699	1.47	47	4.6
AFT Pharm.	B	262	3.96	NE	Nil	Infratil NZ	C	288	0.92	28	6.9	Satara Co-op	B	58	0.19	NE	Nil
AFT Pharma.	B	315	1.01	NE	Nil	Intueri Educ.	C	1.0	0.01	NE	Nil	Scales Corp Ltd	A	348	1.60	12	5.2
AMP Limited	C	550	1.09	9	5.4	Investore Prop.	D	138	0.44	NE	Nil	Scott Tech. Ltd	B	234	1.47	22	4.7
AWF Madison Grp	C	274	0.41	17	7.7	Just Water Int.	D	23	1.27	14	Nil	SeaDragon Ltd	B	0.8	4.51	NE	Nil
Abano Health.	B	884	0.88	7	4.3	Kathmandu Ltd	C	197	0.97	19	5.6	Sealegs Corp	B	13	0.99	32	Nil
Air New Zealand	B	210	0.48	7	10.6	Kingfish Ltd	E	136	N/A	9	8.2	Seeka Kiwifruit	B	450	0.52	17	5.9
Airworks Ltd	A	490	1.48	10	4.8	Kiwi Property	A	142	8.70	7	5.8	Serko Limited	B	33	0.66	NE	Nil
Akd Int Airport	C	689	N/A	31	3.5	Mainfreight Grp	A	2110	0.92	24	2.4	Skellerup Hold.	B	158	1.44	15	7.9
Allied Farmers	A	7.0	0.70	8	Nil	Marlin Global	D	80	N/A	NE	9.3	Sky Network TV	B	445	1.87	12	9.4
Aoreere Res.	N/R	0.2	N/A	NE	Nil	Marsden Mar.	A	395	N/A	14	4.7	Sky City Ltd	C	395	2.60	18	5.4
Argosy Property	E	103	8.05	11	6.5	Mercer Group	C	38	0.25	NE	Nil	Smartpay NZ Ltd	B	21	1.77	NE	Nil
Arvida Group	C	135	4.47	15	3.5	Mercury NZ	C	302	2.48	88	6.4	Smiths City	C	72	0.77	12	3.5
Augusta Capital	E	100	3.99	6	6.9	Meridian Energy	C	272	2.93	38	8.1	Snakk Media Ltd	D	35	0.52	NE	Nil
Barramundi Ltd	E	63	N/A	17	8.9	MetLifeCare	C	547	N/A	5	1.1	Sol. Dynamics	C	240	2.08	33	3.0
Bathurst Res.	C	18	N/A	NE	Nil	Methven Limited	D	128	0.90	14	7.2	South Port NZ	C	570	4.07	17	6.3
Bethunes Invest	C	0.6	N/A	NE	Nil	Metro Per Glass	D	153	1.51	14	6.9	Spark NZ Ltd	C	358	1.87	18	8.5
Blis Technology	B	4.9	9.60	NE	Nil	Mid-Cap Index	C	403	N/A	6	8.4	Speirs Group	D	8.0	0.05	2	17.4
Briscoe Group	B	415	1.64	19	5.2	Millennium & C.	A	285	2.20	14	1.4	Steel & Tube	D	257	0.45	12	10.3
Burger Fuel	C	115	3.41	NE	Nil	Moa Group Ltd	E	75	4.35	NE	Nil	Stride Property	C	235	N/A	9	5.5
CBL Corporation	C	365	3.31	23	1.0	NPT Limited	C	63	5.96	15	5.6	Summerset Group	D	480	N/A	12	1.1
CDL Investments	C	80	4.65	13	3.8	NZ Exchange Ltd	C	113	4.08	12	7.4	Synlait Milk	C	324	1.13	41	Nil
Cavalier Corp	D	62	0.22	14	Nil	NZ King Salmon	C	137	N/A	NE	Nil	T&G Global	C	321	0.47	21	2.6
Cavotec MSL	B	245	1.08	20	1.6	NZ Oil & Gas	N/R	63	1.81	NE	8.9	T&G Global	B	180	0.29	13	2.3
Chorus Ltd	B	422	1.68	19	6.9	NZ Refining Co	A	288	2.01	6	2.4	TeamTalk Ltd	C	75	0.37	NE	14.8
Col Motor Co	D	760	0.29	13	7.3	NZ Windfarms	C	8.0	3.21	NE	Nil	Tegel Group	D	135	0.83	42	Nil
Comvita	D	688	1.53	19	2.9	NZF Group	C	1.0	N/A	NE	Nil	Tenon Ltd	E	240	0.26	NE	2.7
Contact Energy	C	479	1.58	NE	6.0	NZME Limited	D	65	0.21	NE	Nil	Tilt Renewables	B	221	N/A	NE	Nil
Delegat Group	C	610	2.43	11	2.7	NZSX 10 Fund	D	139	N/A	24	7.5	Tourism Hold.	A	385	1.60	18	5.9
Diligent Board	C	703	N/A	NE	Nil	NZSX 50 Port.	D	215	N/A	8	7.6	Tower Limited	D	113	0.63	NE	14.2
EROAD Ltd	D	184	4.24	NE	Nil	NZX Aust MidCap	B	596	N/A	10	4.7	Trade-Me Ltd	D	514	9.36	25	4.5
Ebos Group Ltd	A	1752	0.37	21	3.3	New Talisman	N/R	0.6	N/A	NE	Nil	Training Sol.	C	0.2	N/A	15	Nil
Energy Mad Ltd	C	3.7	0.34	NE	Nil	Opus Int'l Cons	N/R	100	0.30	9	15.3	Trilogy Intern.	C	262	1.97	17	2.9
Evolve Educat.	C	110	1.42	12	3.0	Orion Health.	C	200	1.54	NE	Nil	Trust Power Ltd	B	461	2.04	23	12.7
F & P Health.	C	300	6.20	35	2.6	Ozzy (Tortis)	C	354	N/A	13	9.2	Turners Ltd	B	389	1.46	16	1.8
Finsoft Sol'ns	C	250	1.01	80	Nil	P&G Wrightsons	B	54	0.34	10	9.6	Vector Ltd	C	325	2.83	58	6.7
Fletcher Build.	C	1006	0.77	15	4.5	Pac Edge Bio.	C	50	N/A	NE	Nil	Veritas Invest.	D	25	0.19	23	Nil
Flway Group	C	105	0.58	12	11.4	Port Tauranga	C	27	0.00	NE	Nil	Vetlot Limited	D	0.2	N/A	NE	Nil
Foley Fam Wines	D	148	2.22	12	2.8	Port Tauranga	B	430	N/A	38	3.4	Vista Group Ltd	D	564	6.89	78	Nil
Fonterra S/H Fd	B	629	0.53	22	4.0	Precinct Intp.	C	123	N/A	10	6.1	Vital Health PT	D	203	9.10	16	4.8
Freightways Ltd	A	704	2.15	22	5.4	Promisia Intp.	E	6.0	N/A	NE	Nil	WN Drive Tech.	B	23	2.20	NE	Nil
Genesis Energy	B	214	1.06	12	10.0	Pumpkin Patch	D	162	0.04	NE	6.3	Warehouse Group	D	267	0.33	18	8.3
Gentech Group	B	324	5.60	25	4.8	Purpkin Patch	D	6.0	N/A	NE	Nil	Wellington Mer.	D	340	1.09	NE	Nil
GeoOP Ltd	C	18	4.61	NE	Nil	Pushpay Hold.	A	225	N/A	NE	Nil	Windflow Tech.	A	4.0	0.65	NE	Nil
Goodman Prop.	E	126	9.75	9	7.1	Pyne Gould Corp	E	22	2.35	NE	Nil	World Index Fd	A	100	N/A	NE	Nil
Green Cross H.	E	243	0.74	19	4.0	Rakon Ltd	D	22	0.37	NE	Nil	Wynyard Group	D	22	1.47	NE	Nil
Hallenstein G.	D	341	0.91	12	12.6	Restaurant Brds	C	555	1.43	23	5.3	Xero Ltd	E	1908	N/A	NE	Nil
Heartland Bank	D	131	4.58	13	8.0	Rubicon Limited	D	25	0.17	NE	Nil	Z Energy Ltd	E	711	0.93	NE	4.7
Hellaby Hold.	B	357	0.60	17	8.3	Ryman Health.	D	882	N/A	14	1.8	<b>Ave of 148 Cos</b>	C	279	0.02	20	3.8
Horizon Energy	B	435	0.97	27	4.5	SLI Systems Ltd	D	41	0.73	NE	Nil	Premier Invest	B	1364	2.04	21	3.5
A.P. Eagers	A	918	0.52	20	3.5	Downer EDI Ltd	B	670	0.42	16	3.6	Primary Health	A	396	1.26	28	3.0
AGL Energy Ltd	B	2468	1.49	NE	2.8	DuluxGroup Ltd	B	612	1.39	18	3.9	Q.B.E. Insur.	A	1243	0.80	18	4.0
ALS Limited	A	608	2.25	31	2.2	Eclixp Group	A	369	1.89	21	3.7	Qantas Airways	A	338	0.43	7	2.1
AMP Ltd	B	522	1.10	16	5.4	Event Hospital.	B	1389	1.82	17	3.7	Qube Holdings	A	237	2.44	33	2.3
ANZ Bank	A	2949	2.61	15	5.4	Evolution Min.	C	233	2.57	NE	1.3	REA Group Ltd	A	5347	N/A	28	1.5
APA Group	A	855	4.55	53	4.9	Fairfax Media	B	89	1.12	12	4.5	Ramsay Health	B	6988	1.63	31	1.7
APN Outdoor Grp	A	571	3.16	23	2.7	Flight Centre	B	3050	1.17	13	5.0	Reece Limited	A	4333	1.90	22	2.1
ARB Corporation	B	1599	3.55	27	2.0	Fortescue Metal	B	648	2.19	16	0.8	Regis Resources	B	344	3.43	15	3.8
ASX Limited	B	5092	N/A	23	3.9	G8 Education	B	365	1.93	15	6.6	Regis Health.	A	438	2.74	29	3.5
AVEO Group	B	327	3.97	19	2.4	GPT Group	C	484	N/A	NE	Nil	Reliance W/wide	C	277	N/A	NE	Nil
Abacus Property	B	293	6.25	9	5.8	Galaxy Res.	B	58	N/A	NE	Nil	Resolute Mining	B	167	1.97	7	Nil
Adelaide Bright	B	519	2.38	16	3.7	Genworth Mort.	A	298	3.50	8	8.9	Retail Food Grp	B	640	3.40	17	4.3
Altium Limited	B	823	8.80	36	2.4	Goodman Group	A	725	7.52	10	3.3	Rio Tinto Ltd	B	6595	1.90	NE	4.5
Alumina Ltd	B	196	N/A	64	4.4	Graincorp	A	945	0.52	70	1.2	S/Tracks ASX200	B	5345	N/A	27	3.7
Amcor Ltd	B	1455	1.33	51	3.8	Growthpoint Pro	A	311	8.69	0	6.8	SG Fleet Group	B	368	5.21	22	2.9
Ansell Ltd	B	2212	1.60	16	2.0	Harvey Norman	A	497	3.08	16	6.0	Sandfire Res.	A	666	2.11	22	1.7
Ardent Leisure	B	215	2.10	33	5.8	Henderson Group	B	350	5.02	19	6.0	Santos Ltd	A	391	2.13	21	4.1
Argo Investment	B	772	N/A	23	3.8	Hutchison Tel.	D	7.5	N/A	NE	Nil	Saracen Mineral	B	122	3.53	38	Nil
Aristocrat Leis	B	1556	6.29	38	1.1	IDP Education	B	446	3.08	28	1.2	Scentre Group	B	453	8.39	9	4.6
Aurizon Hold.	A	520	3.09	NE	4.7	IOOF Holdings	A	918	3.03	14	6.2	Seek Ltd	B	1472	5.25	29	2.7
AusNet Services	B	163	2.94	12	5.2	IPH Limited	B	504	6.80	25	4.2	Seven West Med.	B	79	0.69	6	10.2
Aust United In	B	810	N/A	NE	4.2	IRESS Limited	A	1115	4.94	32	3.8	Seven Group	A	886	0.88	13	4.5
Aust Foundation	B	584	N/A	25	4.1	Iluka Resources	A	694	3.28	54	3.6	Shopping Centre	B	218	8.55	11	5.6
Aust Pharm. Ind	A	196	0.25	19	3.1	Incitec Pivot	A	374	1.88	49	2.3	Sigma Pharm.	B	125	0.39	27	4.0
Automotive Hold	A	398	0.22	14	5.7	Independ. Group	B	401	4.96	NE	0.6	Sims Metal Mgmt	B	1190	0.50	NE	1.8
Aventus Retail	A	232	N/A	18	4.4	Inghams Group	C	332	N/A	NE	Nil	Sonic Health	A	2184	1.81	20	3.4
BHP Billiton	B																

## Investment Outlook

(Continued from Page 1)

owing to unrealistically high growth forecasts and extremely high valuations for loss making, cashflow negative, startup businesses. Promoters said we did not understand "Internet economics". We said 80-90% of those businesses would fail, with the survivors losing 80-90% of their value. That prediction proved extremely accurate . . . and 5-10 years later we acquired a few Technology/Software shares - Technology One, Melbourne IT, Integrated Research and Prophecy - at very low valuations.

Today a sector we would avoid is Banks. These shares are popular with Fund Managers and private investors, again owing to high dividend yields, but it is a sector that we believe will lose from future technology change.

In this case, we believe Banks are losing as they are a lot slower at adopting new technology than smaller, more efficient, non-bank competitors. The Banks seek to hold back the tide of change and protect high cost legacy businesses, while their non-bank competitors seek to provide *better, faster and cheaper* services to customers. In this situation, there can be little doubt about the ultimate outcome!

The Banks seek to protect their high 2.0-3.0% forex margins (plus a \$20 fee) . . . *creating a market opportunity* for specialist "fintech" companies (e.g. Transferwise.com, CurrencyOnline.com, NZforex.co.nz, XE.com) which all appear to operate very profitably on margins of 0.5-1.0% to win customers and market share.

Even those aren't the *best* forex rates. Your Editor pays his daughter's UK university fees via a forex trade with a stockbroker, Interactive Brokers, at a margin of just 0.01% (plus a US\$2 fee).

The Banks seek to maintain high interest rates margins on credit card debt, allowing non-bank card issuers like Flexigroup (which last year bought Fisher & Paykel Finance which offers the *Q Card* and *Farmers Finance Card* in New Zealand) to grow its business providing finance solutions for retailers and consumers.

Motor Vehicle financing and other equipment financing is moving to non-bank finance brokers like McMillan Shakespeare.

Banks still provide residential mortgage financing, but most loans are originated through large mortgage broker groups - which now have the scale to expand into *providing* some of that lending. This trend will continue.

Funding for non-bank consumer credit/motor vehicles/mortgages is arranged either directly from institutional lenders or through "securitisation" - *replacing* the bank's original core function of matching lenders and borrowers. Anything Banks can do, some other business can now do better, faster and cheaper!

Of course, a larger business in decline can take over a successful smaller competitor, but losing customers in one's core business and buying them back through acquiring competitors is not a strategy that creates Shareholder wealth! Avoid.

An additional risk for Banks is that all Governments are seeking to avoid or minimise their risk guaranteeing the financial sector by requiring banks to increase capital levels. So banks may need to either (1) raise additional capital from their shareholders and/or (2) cut dividends (to build up capital reserves) . . . all of which will earn banks little or no additional profits, just lower the rate of return on the higher level of capital invested in the business!

In the Financial sector we are avoiding the Banks, preferring non-bank competitors like Flexigroup and McMillan Shakespeare. These shares offer investors attractive current income yields but probably have better potential to grow future profits and dividends.

Seeking to understand the impact of future technology change is a very important, albeit *subjective*, factor in determining the selection of company shares that have the potential to become our future big winners.

## Dividend\$

Company	Cents per Share	Ex-Date	Pay-able	Tax Credit
Augusta Capital	1.375	10-02	17-02	Full
Fliway Group	2.00	31-03	02-04	Full
Opus International	2.00	17-03	03-04	Full
Sky Network TV	15.00	15-02	22-02	Full
Skycity Entertainment	10.00	03-03	17-03	Nil
South Port NZ	7.50	28-02	07-03	Full
Smiths City Group	1.00	03-02	10-02	Full

### Total Return Index for All Listed Shares

Jan 16	1616.27	Jan 23	1622.50
Jan 17	1616.47	Jan 24	1620.98
Jan 18	1606.83	Jan 25	1626.16
Jan 19	1603.13	Jan 26	1630.67
Jan 20	1609.77	Jan 27	1632.32
Jan 30	1631.32	Feb 6	Holiday
Jan 31	1624.55	Feb 7	1628.85
Feb 1	1628.54	Feb 8	1624.16
Feb 2	1632.99	Feb 9	1635.19
Feb 3	1626.45	Feb 10	1634.56

### Next Issue:

The next issue of *Market Analysis* will be emailed in four weeks time on Monday March 13, 2017.

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

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