

Market Analysis

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Inside Market Analysis

Arq Group reports loss, but very strong cashflows 4
 Cynata Therapeutics: Favourable GvHD results 6
 Ellex Medical Laser: Growth strategy "self-sustaining" from cashflows 6, 7
 Prophecy International expects very rapid eMite revenue growth 10

Neglect Ratings of New Zealand Shares 15
 Neglect Ratings of Australian Shares 16, 17
 Short Interest in Australian Shares 17, 18

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Summary and Recommended Investment Strategy.

Some US Technology and *growth* shares are looking over-valued, while many *value* shares are out-of-favour, neglected and looking under-valued. That creates some uncertainty ahead. A major stockmarket decline is *too widely expected*, and therefore *already anticipated* and therefore will not happen . . . but some "sector rotation" and volatility is likely.

Investment Outlook.

"What's Wrong, Warren?" asked the cover story of *Barron's* (owned by **Dow Jones & Co**, owned by **News Corp**) on 27 December 1999. That, of course, was the peak of the Technology boom and Warren Buffett's **Berkshire Hathaway** shares had *fallen* 23% (to \$54,000 per share), significantly under-performing the S&P500 Index which was up 18% for the year.

"After more than 30 years of unrivaled investment success, Warren Buffet may be losing his magic touch." wrote *Barron's*. "To be blunt, Buffett, who turns 70 in 2000, is viewed by an increasing number of investors as too conservative, even *passee*."

You can probably all guess how this situation turned out. 19 years later, Buffet (who turned 88 last month) has lifted Berkshire Hathaway's stock price over 496% to \$321,700. The S&P500 is up just 95%.

Widely held expectations (e.g. that Buffett was too old, too conservative and irrelevant in the Internet Age), as commonly expressed in the media, are usually wrong.

So it is reassuring to see that things never change:

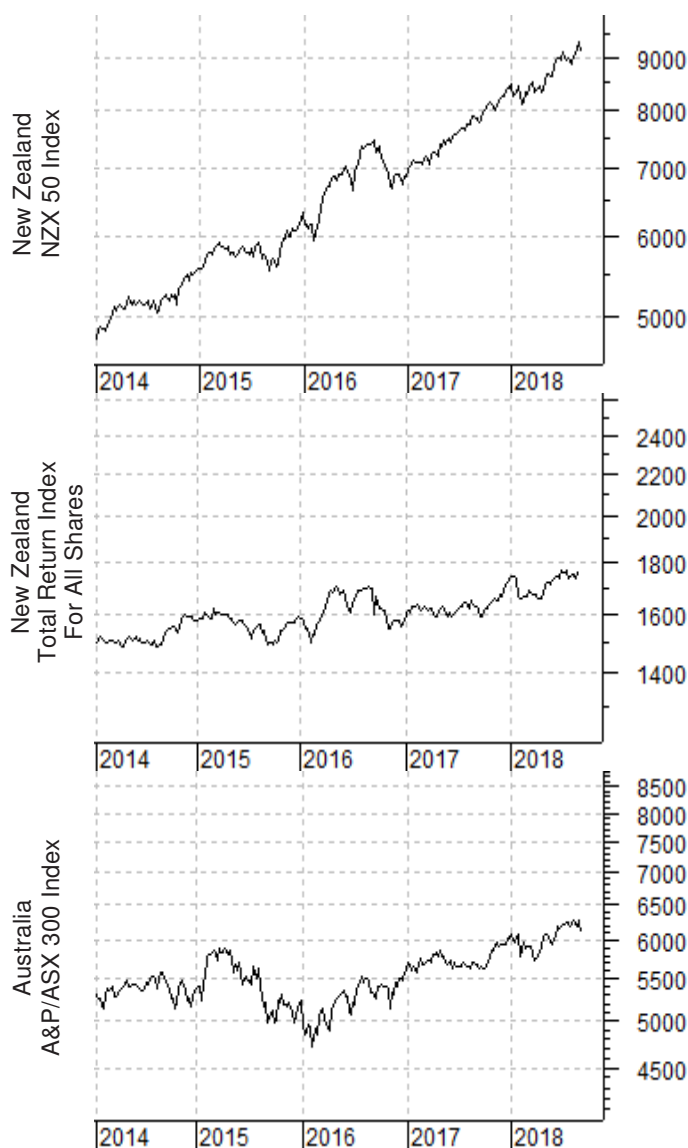
"*This is Unbelievable: A Hedge Fund Star Dims and Investors Flee*". That was the heading of a story in *The Wall Street Journal* (owned by **Dow Jones & Co**, owned by **News Corp**) on 4 July 2018. "After more than a decade of winning and unconventional behaviour, David Einhorn's **Greenlight Capital** has shrunk by half. Frustrated clients are bolting." we are told.

Greenlight Capital's portfolio *fell* 11% in 2017 while the S&P500 rose 38%. It is down another 25% for 2018 to date, compared with a 7% gain by the index. As a result of this under-performance, many investors have withdrawn money and the hedge fund assets have fallen from a peak of \$12.2 billion to about \$5.5 billion (of which about a billion is Einhorn's personal money and another billion the investment portfolio of US listed **Greenlight Capital Re**, a Cayman Islands re-insurance company controlled by Einhorn).

What is so "unbelievable" as stated in the headline? Well, nothing really. (Continued on Page 12)

Stockmarket Forecasts

	One-Month	One-Year
Australia:	39% (Bearish)	50% (Neutral)
New Zealand:	61% (Bullish)	60% (Neutral)



Recommended Investments

Cavalier Corporation has returned to profitability, with strong net cash flows reducing interest bearing debts by \$10.0 million to \$31.5 million.

Year to 30/6/2018			
	Latest	Previous	Change
Revenues	\$148.1m	\$156.1m	-5.1%
Net Profit	\$4.1m	<\$1.9m>	-
Net Cash Surplus	\$12.1m	<\$5.4m>	-
Earnings per share	5.9c	Nil	-
Dividends per share	Nil	Nil	-

Cavalier Corporation



Colonial Motor Company

Year to 30/6/2018			
	Latest	Previous	Change
Revenues	\$904.0m	\$854.8m	+5.8%
Net Profit	\$24.7m	\$22.0m	+12.5%
Net Cash Surplus	<\$7.4m>	\$15.8m	-
Earnings per share	75.7c	67.3c	+12.5%
Dividends per share	50.0c	44.0c	+13.6%

The net operating *deficit* mainly results from the \$33.3 million increase in inventory to \$181.0 million.

The NZ new vehicle market grew to “all-time record levels” but up only 2% on the previous year. Demand for heavy trucks grew more strongly.

South Port NZ reports 13% growth in cargo volumes, driving similar increases in revenues and profits:

Year to 30/6/2018			
	Latest	Previous	Change
Revenues	\$40.7m	\$36.9m	+10.4%
Net Profit	\$9.7m	\$8.4m	+14.3%
Net Cash Surplus	\$12.3m	\$12.1m	+2.3%
Earnings per share	36.8c	32.2c	+14.3%
Dividends per share	26.0c	26.0c	-

The design specifications have been finalised for a \$5 million upgrade of the *Town Wharf* fuel import berth to “future proof the wharf infrastructure for the next 50 years”. Construction will begin in February 2019 and take about a year.

South Port's balance sheet has property, plant and equipment assets with a book value of \$47.5 million but has recently renewed insurance cover for \$250 million.

Insurance companies have suggested that all port companies may “need to carry out additional strengthening work on critical assets” which “could have significant cost implications” for the company.

South Port NZ is forecasting a 10% *drop* in profits over the current financial year to June 2019 . . . but the company consistently under-estimates profit forecasts.

Steel & Tube Holdings has completed its cash issue, with the bookbuild price (on shares not taken up) set at 123 cents. Shareholders who did not take up their entitlement in this cash issue will therefore receive 18 cents per right.

Steel & Tube Holdings reports a “normalised” profit of \$7.8 million:

Year to 30/6/2018			
	Latest	Previous	Change
Revenues	\$495.8m	\$511.4m	-3.0%
Net Profit	\$7.8m	\$20.0m	-61.0%
Net Cash Surplus	\$1.3m	\$20.8m	-93.7%
Earnings per share	8.6c	22.4c	-61.0%
Dividends per share	7.0c	16.0c	-56.3%

In addition, the company wrote down inventory by \$24.0 million (before tax), wrote down the to be sold *S&T Plastics* business by \$10.9 million, impaired goodwill by \$12.1 million and other expenses of \$6.8 million.

The company is forecasting earnings (before interest and tax) of \$25 million for the current financial year to June 2019 (compared with \$16.5 million in 2018 and \$31.2 million in 2017), recovering to \$35-40 million within three years.

Australian Shares

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

Acrux Ltd's results reflect the loss of *Axiron* royalties, down 90% to \$2.2 million but now discontinued.

Year to 30/6/2018			
	Latest	Previous	Change
Revenues	\$3.4m	\$23.9m	-85.7%
Net Profit	<\$8.5m>	\$6.6m	-
Net Cash Surplus	<\$5.3m>	\$5.4m	-
Earnings per share	Nil	4.0c	-
Dividends per share	Nil	Nil	-

Royalties on *Lenzetto* rose 82% - and are expected to continue to grow strongly - but these are still a small number at just \$327,000.

Cash at the end of the June 2018 year was \$28.5 million (17.1 cents per share). That is down \$5.5 million on a year earlier as the company seeks to develop 13 new generic products. The development cost for each product is around \$3-4 million, although the first is expected to reach market - and start generating revenues - in the second half of the current financial year.

One other product has successfully completed clinical trials and a second is progressing through its trial. Both are expected to be submitted to the US **Food & Drug Administration** (FDA) for approval in the current financial year before going to market.

The FDA gives priority review of generic applications where there are three or less existing approved generics. By market values, 74% of the products under development by Acrux Ltd have no existing generic.

AJ Lucas Group's Drilling division revenues rose 70.0% to \$124.7 million - more than offsetting the loss of revenues from the sold *Engineering & Construction* business:

Year to 30/6/2018

	Latest	Previous	Change
Revenues	\$124.7m	\$122.0m	+2.2%
Net Profit	<\$8.5m>	<\$39.0m>	-
Net Cash Surplus	<\$13.5m>	<\$27.2m>	-
Earnings per share	Nil	Nil	-
Dividends per share	Nil	Nil	-

In addition, there were losses on the discontinued E&C businesses of \$7.7 million.

The trading loss of \$8.5 million reported above was helped by \$8.2 million of equity accounted gains from **Cuadrilla Resources** (helped by the 25% sale of an exploration interest to **Argus Energy plc** for £4.0 million) but depressed by \$24.1 million of interest expenses.

(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 %
<u>NZ Shares</u>													
BUY	CDL Investments Ltd	CDI	12/01/99	25	E	277.5	1.1	3.21	8	5.3	91	36.3	+409%
HOLD+	Cavalier Corporation	CAV	05/12/95	156*	D	68.7	1.6	0.28	10	Nil	60	282.0	+119%
HOLD	Colonial Motor Company	CMO	10/11/92	128*	B	32.7	0.5	0.30	11	8.4	825	559.3	+982%
HOLD	Smiths City Group	SCY	09/10/06	64	C	52.7	1.9	0.08	NE	4.3	32	37.0	+8%
HOLD	South Port New Zealand	SPN	13/02/96	120	A	26.2	0.4	4.41	19	5.3	685	277.3	+702%
BUY	Steel & Tube Holdings	STU	08/08/00	139*	B	90.6	1.1	0.23	14	7.8	124	346.1	+238%
<u>Australian Shares (in Aust cents)</u>													
HOLD	Acrux Limited	ACR	12/05/14	99	C	166.5	2.0	11.89	NE	Nil	25	14.0	-61%
HOLD+	AJ Lucas Group	AJL	13/05/03	107*	C	750.1	1.9	2.05	NE	Nil	34	36.4	-34%
HOLD	ALS Limited	ALQ	12/10/99	72*	A	490.4	0.5	2.85	29	2.0	845	312.9	+1508%
HOLD	ARQ Group	ARQ	10/02/04	53	B	118.5	0.7	1.23	17	5.3	208	221.5	+710%
HOLD	Atlas Pearls & Perfume	ATP	14/05/96	73	C	422.9	7.7	0.68	NE	Nil	2	17.5	-73%
BUY	Brickworks Ltd	BKW	12/11/12	1115	A	149.4	0.3	3.06	13	2.9	1730	227.5	+76%
HOLD-	CardieX Ltd	CDX	11/11/13	15	C	531.0	5.8	5.17	NE	Nil	4	Nil	-74%
HOLD+	Clarius Group Ltd	CND	08/04/03	82*	D	89.6	4.9	0.03	NE	Nil	5	70.5	-8%
HOLD+	CPT Global Ltd	CGO	10/03/08	88	B	37.6	2.1	0.27	11	1.1	22	19.0	-53%
HOLD	CSG Limited	CSV	11/10/10	166*	C	408.9	2.2	0.32	NE	Nil	21	60.5	-51%
HOLD+	Cynata Thera.	CYP	13/03/17	50	C	95.1	1.0	NA	NE	Nil	128	Nil	+156%
HOLD+	Ellex Medical Lasers	ELX	14/03/06	49	D	143.6	1.5	1.36	NE	Nil	75	Nil	+53%
BUY	Fastbrick Robotics	FBR	07/07/17	14	C	1061.2	2.7	NA	NE	Nil	17	Nil	+18%
HOLD	Fiducian Group	FID	11/02/08	260	B	31.2	0.6	3.14	15	4.4	456	85.8	+108%
BUY	Finbar Group Ltd	FRI	12/04/10	106	B	270.8	1.0	1.63	18	6.6	91	71.5	+53%
HOLD+	Iluka Resources Ltd	ILU	12/10/04	471	A	422.0	0.5	3.56	40	3.4	917	282.0	+155%
HOLD+	Integrated Research	IRI	14/01/08	40	B	171.7	0.6	4.43	23	2.8	235	56.0	+628%
HOLD	McMillan Shakespeare	MMS	07/11/16	1041	B	83.2	0.4	2.74	16	4.0	1808	99.0	+83%
HOLD	Michael Hill Int'l Ltd	MHJ	11/06/91	4*	B	387.4	1.2	0.61	10	5.5	91	67.3	+3858%
HOLD+	Mt Gibson Iron	MGX	10/11/14	44	A	1099.6	2.0	2.16	6	6.0	50	5.0	+25%
HOLD	Onterran Ltd	OTR	16/08/10	103*	C	57.5	1.9	0.07	NE	Nil	32	Nil	-69%
HOLD+	Opthea Limited	OPT	10/02/04	188	D	200.6	1.8	NA	NE	Nil	62	65.0	-33%
HOLD	OZ Minerals	OZL	14/03/16	522	B	322.9	0.5	2.48	11	2.4	851	40.0	+71%
HOLD+	Prophecy International	PRO	08/09/08	26	E	64.0	1.6	2.55	NE	Nil	43	24.0	+156%
HOLD	Reckon Limited ¹	RKN	08/08/16	141	B	113.3	1.0	2.01	44	3.4	87	8.0	-10%
BUY	Silver Chef Ltd	SIV	13/11/17	740	B	39.3	0.7	0.25	15	5.4	186	10.0	-74%
HOLD+	Technology One Ltd	TNE	11/11/03	44	A	316.7	0.5	6.38	39	1.5	553	82.9	+1345%
HOLD	The Reject Shop Ltd	TRS	11/01/05	257	B	28.9	0.6	0.18	9	7.0	501	510.5	+294%
HOLD+	Village Roadshow	VRL	10/08/09	71*	C	193.0	0.7	0.31	NE	Nil	223	284.3	+615%

The average Total Return (i.e. both Capital Gains/Losses plus Dividends received) of all current investments from initial recommendation is +326.3%. This is equal to an average annual rate of +28.0%, based upon the length of time each position has been held.

The average annual rate of gain of ALL recommendations (both the 35 current and 168 closed out) is +29.9%, 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.

(1) Reckon Ltd includes 1/3 share of GetBusy plc (GETB) worth 51.5 pence (93.6 Aust cents).

Recommended Investments

(Continued from Page 3)

The Drilling division expects the “higher demand” for its “drilling services to continue throughout the next” (i.e. the current) “financial year”. It is also working with suppliers and customers to “design and construct fully automated rigs, reducing safety risks and increasing efficiency”.

The 47.45% shareholding in Cuadrilla Resources is valued in AJ Lucas Group’s balance sheet at \$120.5 million (16.1 cents per share).

Three UK exploration interests directly owned by AJ Lucas are recorded at cost of \$35.9 million (4.8 cents per share), with slightly smaller additional interests held indirectly through Cuadrilla Resources. \$27.8 million of this is the 24.32% direct interest in the Bowland licence where hydraulic fracturing will begin in October followed by gas flow testing. There would be a “significant increase in value of the Bowland licence” if these two test wells are successful. Cuadrilla Resources owns a 50.05% interest in that licence, giving AJ Lucas a further 23.75% indirect interest.

AJ Lucas Group also has deferred tax assets (i.e. future tax savings) of \$54.1 million (7.2 cents per share), relating to past losses, but recorded in the balance sheet at nil value.

AJ Lucas Group has also increased its senior loan note facility by US\$9 million (A\$12.3 million) which can be drawn down if the company needs to provide additional equity to Cuadrilla Resources to develop its shale gas assets. The maturity of the facility has been extended from July 2019 to January 2020, with the partial repayment due September 2018 extended until June 2019. The loan from its major shareholder, **Kerogon Investments** (which owns 53.32% of AJ Lucas Group) has also been extended from December 2019 to July 2020. These are both relatively high interest (and high risk loans) on which AJ Lucas Group pays interest of 18% (i.e. 12% per annum, payable in cash quarterly and 6% per annum payable at maturity).

Arq Ltd experienced a 63% drop in profits to \$2,865,000 (excluding a \$5.5 million “loss” on an expected future payment for deferred consideration). Accelerated amortisation of WebCentral brand intangible assets (\$2.5 million) and establishing the “Arq” brand (\$1.6 million) contributed to the fall in profits:

Six Months to 30/6/2018

	Latest	Previous	Change
Revenues	\$112.4m	\$91.7m	+23.4%
Net Profit	\$2.9m	\$7.8m	-63.3%
Net Cash Surplus	\$17.7m	\$5.9m	+201.1%
Earnings per share	2.4c	6.8c	-63.3%
Dividends per share	3.5c	3.5c	-

The company states that “underlying net profit” (i.e. adjusted for a range of “one-off”, although recurring, costs) was 18% higher at \$9.1 million. That is at least supported by the strong growth in the operating cash surplus to \$17.7 million. That figure is partly boosted by the \$5.9 million increase in trade payables, but adjusted for that the business appears to have generated net cash from operations of \$11.8 million.

Given accounting rules and the accounting treatment of many items, the net cash operating surplus is sometimes the only true (and unable to be manipulated) measure of a business’s underlying performance.

So the strong cash surplus suggests the business may actually have performed very well, despite the reported drop in profitability. If so, *Mr Market* may have been very wrong in marking Arq Ltd shares down by one-third!

On the other hand, we are a little concerned that a lot of cash being generated by the business may be going to vendors of various businesses that have been acquired and subject to additional earnout payments. There have been so many acquisitions (and a few sales) that it is difficult to determine the actual profitability of businesses acquired and whether the company has perhaps paid a little too much for some of these businesses? While these businesses have been profitable, there are few barriers to entry, so a newly acquired “high margin” business could eventually see revenues and/or margins eroded by new competitors entering the market in the future.

Atlas Pearls’s lower revenues and larger loss reflect the “six month long adverse environmental conditions at the time of seeding in 2015/16”:

Year to 30/6/2018

	Latest	Previous	Change
Revenues	\$14.21m	\$16.36m	-13.1%
Net Profit	<\$2.03m>	\$0.90m	
Net Cash Surplus	<\$0.70m>	<\$0.07m>	
Earnings per share	Nil	0.2c	
Dividends per share	Nil	Nil	

The company harvested 410,411 pearls (up 9.7% on the previous year), but sizes were smaller, resulting in lower revenues. In any year about 40-45% of pearls are “sellable grade”, producing about 80% of total revenues, with the “commercial grade” pearls selling at much lower prices.

Test harvests of oysters seeded in later years show that pearl growth rates have returned to normal. The company therefore expects larger pearls and higher revenues and “improved profitability” in the current financial year.

Pearl inventories increased \$665,750 to \$1,161,282 - with that retained inventory accounting for virtually all of the cash operating *deficit*.

During the year it nucleated 1,146,707 oysters (up 20.6%).

Atlas Pearls



Brickworks Ltd reports that the contracted sale of 62 Belmore Road, Punchbowl, NSW, - a surplus property asset - has been settled. This realises \$41 million in cash.

Cardie X Ltd

Year to 30/6/2018

	Latest	Previous	Change
Revenues	\$4.0m	\$4.3m	-7.0%
Net Profit	<\$3.0m>	<\$4.4m>	-
Net Cash Surplus	<\$2.0m>	<\$4.9m>	-
Earnings per share	Nil	Nil	-
Dividends per share	Nil	Nil	-

The \$1.4 million smaller loss (i.e. at \$2,961,225) probably reflects the \$1.6 million (40%) reduction in marketing and sales expenses. That would suggest that while the *SphygmoCor* may be a successful *medical* technology it may not be a *commercially* successful technology. The figures suggest that the company may have spent up to \$5 on marketing to achieve each \$1 in extra revenues!

The new marketing strategy is “direct to practitioner”, but it is difficult to understand how targeting a *single* equipment sale can be more commercially successful than the previous strategy of targeting larger practices that would buy (or lease) *multiple* pieces of equipment?

Having acquired shares in the recent 1 for 5 cash issue at 2.0 cents plus one “free” option for every two new shares (plus a further 100% allocation of “top-up” shares and options), we have been selling off some of our shares and options at market prices 2-2½ times higher.

We are not seeing strategies or figures to suggest a turnaround in this business so we remain reluctant to *increase* our investment in this company. Taking up the new shares (and options) but partially selling down our shareholding recoups that additional recent investment 2-2½ times, partially offsetting some of our earlier losses. “Hold-”.

Clarius Group

Year to 30/6/2018

	Latest	Previous	Change
Revenues	\$142.2m	\$153.3m	-7.2%
Net Profit	<\$2.6m>	<\$3.7m>	-
Net Cash Surplus	\$4.1m	\$0.2m	+1622.6%
Earnings per share	Nil	Nil	-
Dividends per share	Nil	Nil	-

Clarius Group is making steady progress towards a return to profitability, with a “Back in the Black” strategy by 2020. New back office systems (i.e. an applicant tracking system and billing and payroll system) will improve efficiency and reduce labour costs. The cash surplus to June 2018 has enabled the company to repay nearly all interest bearing debt and hold a net \$2.2 million in cash (2.4 cents per share).

Deferred tax assets (i.e. as a result of past losses) are worth \$13.3 million (14.9 cents per share), although recorded in the balance sheet at nil value. That value

would be realised (as a reduction in future income taxes) when the current business is profitable or, in certain circumstances, by acquiring a profitable business and utilising these carried forward tax losses to save \$13.3 million in future income taxes.

Clarius Group



CPT Global has returned to profitability and reinstated dividends:

Year to 30/6/2018

	Latest	Previous	Change
Revenues	\$31.0m	\$27.16m	+14.3%
Net Profit	\$0.780m	<\$1.284m>	-
Net Cash Surplus	\$1.087m	<\$2.340m>	-
Earnings per share	2.1c	Nil	-
Dividends per share	0.25c	Nil	-

The company reports that “the momentum we have built in North America is expected to continue through the first half” of the new financial year. CPT Global has “major projects contracted” and “two active risk/reward engagements” to be completed towards the end of the half year.

Revenue from the company's expansion into digital services and the sale of partner software contributed \$1.0 million in new revenues in the June 2018 year.

CSG Ltd is to discontinue its Enterprise business, resulting in inventory write-offs (\$7.5 million), provisions on onerous contracts (\$8.8 million), asset write-offs (\$16.1 million) and redundancy costs (\$2.1 million). After tax that is about \$25.9 million. In addition, the company has written off virtually all goodwill of \$116.1 million (which, of course, is a non-cash item).

Excluding those “one-off” costs the company still lost \$8.2 million over the last year:

Year to 30/6/2018

	Latest	Previous	Change
Revenues	\$225.7m	\$244.5m	-7.7%
Net Profit	<\$8.2m>	<\$5.9m>	-
Net Cash Surplus	\$7.3m	<\$2.6m>	-
Earnings per share	Nil	Nil	-
Dividends per share	Nil	Nil	-

CSG Ltd is also seeking to raise \$18.0 million in new capital from a 1 for 3.52 cash issue at 18½ cents (as we notified subscribers in an email). This was payable by 6 September.

(Continued on Page 6)

Recommended Investments

(Continued from Page 5)

The business will be simplified into three divisions: Technology, Print & Display and Finance.

Cynata Therapeutics has no meaningful revenues, except a little interest income:

	Year to 30/6/2018		
	Latest	Previous	Change
Revenues	\$0.143m	\$0.094m	+51.7%
Net Profit	<\$4.6m>	<\$4.6m>	-
Net Cash Surplus	<\$4.0m>	<\$4.0m>	-
Earnings per share	Nil	Nil	-
Dividends per share	Nil	Nil	-

Cash in the bank is \$12.2 million (12.8 cents per share) so the company has the financial resources to fund its operations for several years.

The 100 Day data from the Cohort B of its Graft versus Host Disease (GvHD) clinical trial was similar to Cohort A. The primary objective of a Phase I trial is to determine potential side effects, safe dose levels and a maximum safe dose. This trial has identified “no treatment-related serious adverse events or safety concerns”. This is so good at proving the safety of its *Cymerus* stem cells that Cynata Therapeutics expects to be able to move straight to a Phase II trial for its Critical Limb Ischemia (ICL) clinical trial. The GvHD Phase I trial proves the safety of the *Cymerus* stem cells and should allow most researchers to start at Phase II trials.

The GvHD Phase I trial - despite its small sample size has also provided important efficacy data - indicating that this therapy appears to work very well (which, of course, will need to be further tested in Phase II trials). 93% of patients (14 out of 15) showed at least some improvement, 53% (8 out of 15) showed a complete response, with no further signs or symptoms of GvHD. At least 87% of patients survived to 100 days (one died of pneumonia - which is common with GvHD - and one patient withdrew from the trial), compared with an expected 90% one year mortality rate.

The larger dose in Cohort B shows a faster improvement although the 100 day results were similar for both groups.

Cynata Therapeutics needs to produce a formal *Clinical Study Report* and when that is delivered **Fujifilm** will have 90 days to exercise its licence option for this therapy.

If Fujifilm exercises that option it will immediately pay Cynata Therapeutics US\$3 million, fund Phase II clinical studies and all commercialisation, plus pay Cynata Therapeutics milestone payments of up to \$60 million plus a 10% royalty on all future sales.

Fujifilm would also need to purchase a licence to manufacture *Cymerus* stem cells and that licence would likely involve further annual royalty fees. So the 90 day option period will probably not be spent deciding whether or not to exercise the option and purchase the therapy, but *negotiating a Cymerus manufacturing licence and royalty agreement*. If no agreement is reached and Fujifilm does not exercise its option, then Cynata Therapeutics will continue to fund the development of

this GvHD therapy, either as a wholly owned project or with a new joint venture partner.

While Cynata Therapeutics is involved in researching and developing (and owning) stem cell therapies, its main business will ultimately be to licence this manufacturing technology to other researchers and other regenerative medicine companies. It would therefore be desirable to negotiate an appropriate manufacturing licencing agreement with Fujifilm for an upfront fee (i.e. some time in the future, when the therapy is fully commercialised) and additional ongoing royalties.

Of course, at 128 cents per share, Cynata Therapeutics has a market capitalisation of only \$124 million, so Fujifilm may decide it is cheaper to acquire Cynata Therapeutics (say for \$250 million, a 100% premium to market value) than to pay \$60 million in milestones and an expected \$50 million *per year* in royalties for the GvHD therapy, plus perhaps a similar amount for the manufacturing licence and annual royalties. It would then also own the technology and earn revenues licensing out the manufacturing technology to other regenerative medicine companies in the future!

Cynata Therapeutics has also met with the Japanese **Pharmaceutical & Medical Device Agency** (PMDA) - in a meeting “led by Fujifilm” - to “discuss the regulatory approval path for *Cymerus* stem cell products in Japan”.

Cynata Therapeutics also presented a company overview at the *Annual Rodman & Renshaw Global Investment Conference* on 6 September. Over 2000 institutional and other investors “with a significant interest in the life sciences sector” were expected to attend the conference.

Ellex Medical Lasers lifted revenues but reported a larger *loss* owing to higher sales and marketing to grow its emerging businesses:

	Year to 30/6/2018		
	Latest	Previous	Change
Revenues	\$79.1m	\$71.6m	+10.4%
Net Profit	<\$6.0m>	<\$0.894m>	-
Net Cash Surplus	\$0.522m	<\$3.5m>	-
Earnings per share	Nil	Nil	-
Dividends per share	Nil	Nil	-

The accounts, and the notes to the accounts, reveal some important information. Despite the heavy expenditure on marketing (i.e. to grow the *iTrack* business), Ellex Medical Lasers has managed to produce a net cash operating surplus, helped by a \$4 million reduction in working capital (i.e. mainly reduced inventory levels). Secondly, the company “believes the USA sales structure” for *iTrack* “is now optimised for the near term and accordingly operating expenditure growth is expected to materially reduce in the 2019 financial year”. *iTrack* is a consumable product, generating recurring revenues. So marketing will remain high, but steady, but revenues will grow as last year's new customers re-order and new customers order for the first time. Revenues will grow rapidly while marketing expenditure remains relatively steady to expand the market. The cash deficit in this division, caused by that

large investment in marketing, will quickly shrink and then become a growing cash surplus!

The *iTrack* marketing team “has grown in experience and effectiveness over the year” and now expects to “increase efficiency and execution at the sales level”.

iTrack production capacity expansion has now been completed and, currently operating at about 50% capacity, can meet expected growth over the next 2-3 years.

An *iTrack* competitor has withdrawn from the minimally invasive glaucoma surgery (MIGS) device market. **Novartis** has voluntarily withdrawn from selling its *CyPass Microstent* following long term data on patients who received the implant for five years. *CyPass Microstent* is a 6mm long device that is permanently placed in the patient's eye. Other MIGS devices also involve permanent implants. *iTrack* is different, being a catheter temporarily inserted for a few minutes to dilate and clear the Schlemms Canal and promote restorative healing. As there is no permanent implant, **Ellex Medical Lasers** is “optimistic about the continued safety” of the *iTrack* product.

Cash on hand is \$23.1 million (16.1 cents per share), so the company looks soundly financed. **Ellex Medical Lasers** also expects its “growth strategy” to be “self-sustaining” from “cash[flow] from operations”.

The *LEAD Clinical Trial* (for treating early AMD) report is now expected to be released before the end of this month.

FBR Ltd (formerly Fastbrick Robotics) has no meaningful revenues, other than some interest income.

Year to 30/6/2018			
	Latest	Previous	Change
Revenues	\$0.458m	\$0.127m	-
Net Profit	<\$7.1m>	<\$1.3m>	-
Net Cash Surplus	<\$4.1m>	<\$3.2m>	-
Earnings per share	Nil	Nil	-
Dividends per share	Nil	Nil	-

In addition, there was \$19.7 million spent (and capitalised) on Development.

Cash on hand was \$22.0 million (1.4 cents per share) with tax refunds (i.e. Research & Development rebates, plus some GST refunds) of \$8.1 million (0.5 cent per share), after raising \$33.2 million in November 2017 from a share placement at 19 cents.

FBR Ltd has successfully completed testing of its *Dynamic Stabilisation Technology* (DST). “External environment factors” (i.e. wind) was simulated with ropes tied to the boom to cause movement, but “the *Hadrian X* was able to pick up a block using the gripping mechanism on the layhead and then place it with precision”. This technology works “in the way envisaged” on the *Hadrian X* but also has “a range of other applications”.

FBR Ltd has also entered another “Global Partnership Agreement” with Austrian based **Weinerberger AG** to “develop a customised clay block solution” (even though **FBR** already has an optimised brick) and then to collaborate on “business modelling, market analysis and market entry strategies”, including a pilot project in

Europe.

Weinerberger is the world's largest producer of clay bricks with 193 production sites in 30 countries, as well as the largest producer of clay roof tiles in Europe and a leading producer of ceramic and plastic pipes.

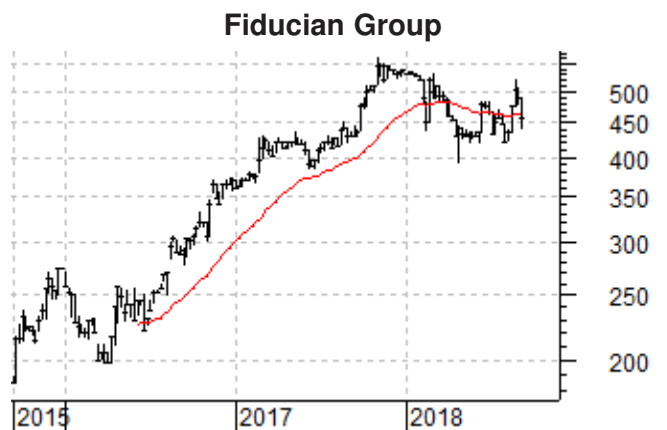
Iluka Resources' result was helped by higher selling prices for Mineral Sands (as discussed last month):

Six Months to 30/6/2018			
	Latest	Previous	Change
Revenues	\$662.3m	\$535.1m	+23.8%
Net Profit	\$126.1m	\$9.0m	+1300.0%
Net Cash Surplus	\$306.5m	\$193.9m	+58.1%
Earnings per share	30.0c	2.1c	+1300.0%
Dividends per share	10.0c	6.0c	+66.7%

Mining Area C iron ore royalties were down 6.1% to \$29.2 million (6.6 cents per share), but **BHP's** board of directors has approved the *South Flank* expansion project which will increase annual production and royalties - perhaps 2½-3 fold - from 2021. **Iluka Resources** also receives a \$1 million one-off payment for every 1% increase in production volumes, so could receive around \$270 million (about 60 cents per share) in total from “annual capacity payments” in addition to the increased annual royalties.

Fiducian Group has produced another year of double-digit earnings growth. The net inflow of investors funds remains strong, which is positive for future revenue (and profit) growth.

Year to 30/6/2018			
	Latest	Previous	Change
Revenues	\$45.4m	\$40.4m	+12.4%
Net Profit	\$9.2m	\$7.5m	+22.4%
Net Cash Surplus	\$10.4m	\$8.7m	+19.5%
Earnings per share	29.4c	24.0c	+22.4%
Dividends per share	20.0c	16.0c	+25.0%



Finbar Group

Year to 30/6/2018			
	Latest	Previous	Change
Revenues	\$152.1m	\$124.3m	+22.3%
Net Profit	\$16.0m	\$11.1m	+43.2%
Net Cash Surplus	\$55.3m	<\$14.3m>	-
Earnings per share	5.9c	4.8c	+22.9%
Dividends per share	6.0c	6.0c	-

(Continued on Page 8)

Recommended Investments

(Continued from Page 7)

The net operating profit above is *before* the decrease of \$2.0 million in the value of investment properties (\$5.8 million in 2017).

Earnings per share growth was depressed by the increase in the issued capital in the recent cash issue.

The annual net operating cash surplus is relatively meaningless in this business, driven by the timing of large development projects (i.e. cash outflows) and the subsequent timing of settlements (i.e. cash inflows).

Integrated Research reported steady revenues and profits for the last year:

	Year to 30/6/2018		
	Latest	Previous	Change
Revenues	\$91.2m	\$91.1m	+0.0%
Net Profit	\$17.7m	\$18.0m	-1.7%
Net Cash Surplus	\$9.9m	\$17.6m	-43.4%
Earnings per share	10.3c	10.5c	-1.9
Dividends per share	6.5c	6.5c	

In the table above we have removed the “gain” on deferred consideration on an under-performing acquisition. Accounting standards require this to be shown as a profit, but this is absolute nonsense! The amount was \$1,496,000 for the year to June 2018 and \$528,000 the previous year. There is no further potential deferred consideration on the acquisition of **IQ Services** so this item will not appear in the future.

We have also adjusted the net operating cash surplus to reflect the on-going cash expenditure (\$11.5 million in 2018, \$8.6 million in 2017) on Research & Development.

Unified Communications revenues grew 7% to \$54.9 million, but the group results suffered from a cyclical downturn in Infrastructure revenues, down 15% to \$20.8 million. Payment revenues were down 8% at \$8.1 million while consulting revenues grew 9% to \$7.4 million.

Research & Development expenditure was up 29% to \$17.3 million.

A new business sector for Integrated Research is *Call Recording Assurance* (i.e. recording phone calls where required by regulation). The company reports “growth in this segment is strong” but “not yet a material part of the business”.

Growth has been slower than expected and revenues from the *FedRAMP* program (being installed by **Cisco** for the **US Federal Government**) - which in February 2017 we estimated could add “a 100% increase to net profits” (i.e. from a very small fee per user but for a very large number of users) - are still all in the future! The shares previously sold at a high valuation, clearly *anticipating* growth which has not yet eventuated, and consequently the shares have been down-rated over the last six months.

At 235 cents the shares still trade on a Price/Earnings

ratio of 23 and a Dividend Yield of 2.8%. That is not *cheap* but probably a reasonable valuation for a company with recurring revenues and good growth potential . . . and if the US Federal Government ever installs its planned cyber-security system then Integrated Research's net profits (and share price) would *double!*

Integrated Research



Michael Hill International's annual report benefits from modern Accounting Standards which allow all of the US and *Emma & Roe* losses to be reported separately as “discontinued businesses”. So the profit statement shows an improvement by reporting only the Continuing Businesses:

	Year to 30/6/2018		
	Latest	Previous	Change
Revenues	\$575.5m	\$583.0m	-1.3%
Net Profit	\$34.8m	\$28.3m	+23.0%
Net Cash Surplus	\$54.9m	\$39.8m	+37.9%
Earnings per share	9.0c	7.3c	+23.0%
Dividends per share	5.0c	5.0c	-

Now that the US operations and *Emma & Roe* are discontinued businesses their drag on profitability is required to be removed and the company must report “Profit from continuing operations”. The net result of this change in reporting is the revenues are down slightly (i.e. by removing the US and *Emma & Roe* revenues from the current year's results) and net profits are up - at least *after* removing the US and *Emma & Roe* losses of \$30.2 million!

On a like for like basis (removing the US and *Emma & Roe* results from the 2017 numbers), revenues would be up 4.4% and profits *down* 21.1%.

In summary, the US operations and *Emma & Roe* have been expensive experiments in new markets but the core business remains sound (although profitability was down slightly over the last year). In its defence we should point out that Michael Hill International is one of a very few (if not the only) NZ company to profitably expand overseas, first into Australia and then Canada. Along the way they experimented with shoes and demi-fine jewellery and trying to enter the biggest jewellery market in the world . . . but at least these are controlled experiments which do not bankrupt the company if they are unsuccessful.

Michael Hill International



Mt Gibson Iron's reported results to June 2018 included \$64.3 million of insurance receipts received in July 2017. Excluding that one-off receipt the result would look like this:

	Year to 30/6/2018		
	Latest	Previous	Change
Revenues	\$189.8m	\$162.0m	+17.2%
Net Profit	\$34.8m	\$25.6m	+36.0%
Net Cash Surplus	\$34.9m	\$5.4m	+549.3%
Earnings per share	3.2c	2.3c	+36.0%
Dividends per share	3.0c	2.0c	+50.0%

Most of the profits came from the Mid-West Operations. These will cease mining at the end of this calendar year and sell their remaining ore in early 2019. This exactly coincides with the restart of mining and ore sales from *Koolan Island*.

The company has an outstanding claim from the previous *Koolan Island* property damage with one insurance company. That (based upon limited information) could be around \$5 million (about 0.5 cent per share).

While *Koolan Island* should be a very profitable mine - and repay its initial capital cost in three years - we estimate that most of the economic value (i.e. around 80% of net operating cashflows) will occur in years four and five (i.e. 2022 and 2023).

In 2019 the mine will move 19.1 million tonnes of waste rock and extract only 2.9 million tonnes of ore. That is a lot of operating expense moving waste rock to access a relatively small amount of ore extracted to generate revenues. In 2020 it will move 20.5 million tonnes of waste and only 1.9 million tonnes of ore. In 2021 the situation will improve with the movement of 16.3 million tonnes of waste and the extraction of 5.1 million tonnes of ore. This relatively unfavourable period of mining will still generate enough net cash surplus to repay the initial capital cost of \$175 million.

In 2022 - its peak cash generating year - the company will move just 8.8 million tonnes of waste and extract 7.4 million tonnes of ore and in 2023 waste will be just 2.7 million tonnes and the last 4.0 million tonnes of ore will be extracted (with the last small amount sold in early 2024). These two years will generate massive cash

surpluses from the project!

Mt Gibson Iron also has a "contingent asset" relating to rail infrastructure. The company has paid access fees in the past, but having achieved its contracted volumes of shipping it has no further fixed fees and will earn a share of revenues from third parties that use specific segments of the Perenjori to Geraldton rail line in the future. This share of revenues commences on the termination of its current rail usage agreement (i.e. expected in early 2019). Its *potential* revenue share will be based upon volume related rates through until 2031 and capped at \$35 million (subject to indexation). That is about 3.2 cents per share (before tax).

McMillan Shakespeare lifted operating profits (i.e. *before* \$39.4 million of impairments to intangible assets, the \$8.6 million loss on the sale of a business and a \$5.3 million "gain" on deferred consideration).

	Year to 30/6/2018		
	Latest	Previous	Change
Revenues	\$545.4m	\$513.0m	+4.2%
Net Profit	\$93.5m	\$87.2m	+7.2%
Net Cash Surplus	\$117.7m	\$47.1m	+150.0%
Earnings per share	113.2c	104.8c	+8.0%
Dividends per share	73.0c	66.0c	+10.6%

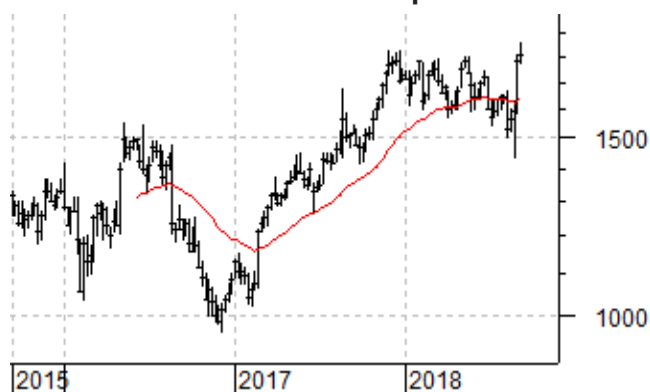
The cash operating surplus can be misleading in this business as *additional* investment in lease receivables is reported as an *operating* cash outflow. So a profitable and growing business would report a low (or negative) cash operating surplus while an unprofitable but shrinking business could report large operating cash surpluses.

In this case the *reported* surplus is boosted by the sale (off balance sheet) of \$91.6 million of lease receivables, but on balance sheet receivables *increased* \$3.4 million, indicating a net \$95.0 million investment *depressing* the reported surplus by the same amount. That suggests a net operating cash surplus (adjusted for the two movements in lease receivables) of \$121.1 million.

The group is "transforming its core *Group Remuneration Services* technology platform and systems" over the next two years at a total cost of \$8.2 million (i.e. \$7.2 million in IT capital costs and \$1.2 million in operating costs) but this is expected to *save* \$4.0 million annually in IT capital cost from the June 2021 financial years and *save* operating costs of \$0.3 million in the June 2021 year and \$1.0 million in future years. This will enable customers to "self-serve" as the company "shifts to a more digital-focused service model".

It will invest a further \$19.4 million (i.e. \$10.0 million of capital investment and \$9.4 million in operating costs) to develop its *Beyond 2020* project over the next three years to significantly improve "novated leasing sales conversion by 33%" (i.e. convert a third more enquiries into actual sales) and improve the "cost to serve ratio from 53% to 40%" (i.e. to significantly reduce the cost of running the business).

(Continued on Page 10)

Recommended Investments*(Continued from Page 9)***McMillan Shakespeare**

Opthea Ltd also has no revenues, except a little interest and a very small (i.e. \$142,313) amount of royalties.

Year to 30/6/2018

	Latest	Previous	Change
Revenues	\$1.144m	\$0.573m	+99.5%
Net Profit	<\$16.9m>	<\$6.2m>	-
Net Cash Surplus	<\$19.9m>	<\$6.0m>	-
Earnings per share	Nil	Nil	-
Dividends per share	Nil	Nil	-

Cash at the bank is \$32.5 million (16.1 cents per share) with tax refunds of \$12.0 million (6.0 cents per share).

OZ Minerals has again reported higher revenues and profits which almost entirely is the result of higher prices for Copper:

Six Months to 30/6/2018

	Latest	Previous	Change
Revenues	\$530.3m	\$445.9m	+18.9%
Net Profit	\$127.8m	\$80.6m	+58.6%
Net Cash Surplus	\$154.5m	\$93.5m	+65.2%
Earnings per share	40.0c	27.0c	+48.1%
Dividends per share	8.0c	6.0c	+33.3%

OZ Minerals is advancing its newly acquired projects in Brazil: An optimised Definitive Feasibility Study for the *Pedra Branca* copper project will look at mining 1.6 million tonnes per annum (up from previous plans of 1.2Mtpa) to produce 32,000 tonnes of Copper and 21,000 ounces of Gold annually, with a decision to mine expected in the June 2019 quarter. It is also accelerating resource drilling at the *Pantera* copper project, completing the conceptual open pit mine design and starting early environment studies. At the *CentroGold* project it is continuing exploration drilling, seeking permits and optimising the current Preliminary Feasibility Study with an update expected in the March 2019 quarter.

Prophecy International Holdings believes “our strategy is starting to deliver the results” and will lead to a “return to sustained profitability“. Sales contracts

were up, but on subscription software the revenue is only recognised on a monthly basis while the initial sales and marketing costs are immediately expensed.

Year to 30/6/2018

	Latest	Previous	Change
Revenues	\$10.7m	\$9.2m	+16.5%
Net Profit	<\$0.730m>	<\$0.221m>	
Net Cash Surplus	\$0.048m	\$1.8m	
Earnings per share	Nil	Nil	
Dividends per share	Nil	Nil	

The company is “confident” of “further increases in revenue growth” and “a return to profit” in the current year to June 2019.

Note 16 of the Annual Report deals with the value of Goodwill and Intellectual Property but of most interest is the disclosure of management assumptions for these businesses:

Alliance International revenues are projected to grow 5% per annum over the next four years, with profit growth of just 2%. eMite revenues, based on “management targets set for the business”, are expected to rise 35% in the year to June 2019 and 65-75% per annum in the June 2020, 2021 and 2022 financial years with the “compounding effect of annual subscription software revenues”. Overall that is an expectation of a 6½ fold increase in eMite annual revenues over the next four years!

The Preliminary Final Result does not disclose the full year eMite revenues (but this will likely be disclosed in the Annual Report, under Operating Segments) except to note that “the first half eMite revenues” of \$1,772,000 - boosted by a one-off “large perpetual licence” - was “higher than the second half”. These figures are distorted with the change from selling one-off upfront licences to *Software-as-a-Service* recurring monthly revenues, but eMite probably accounts for about 20% of group revenues.

Based on 80% of revenues growing at 5% per annum and 20% of revenues growing at 35% this year and then 65-75%, total group revenues should increase 100-150% (i.e. 20-25% per annum compounding) over the next four years. Net profits could grow to around \$7.0-11.0 million (11-17 cents per share).

At a Price/Earning ratio of 15-20 that could value the shares at 165-340 cents.

Prophecy International Holdings

Silver Chef

Year to 30/6/2018

	Latest	Previous	Change
Revenues	\$287.1m	\$286.0m	+0.45
Net Profit	<\$48.0m>	\$20.2m	-
Net Cash Surplus	\$165.9m	\$152.9m	+8.5%
Earnings per share	Nil	55.3c	-100.0%
Dividends per share	10.0c	38.0c	-73.7%

Earnings (before overheads and tax) from the continuing *Hospitality* business were 71% lower at \$12.3 million, mainly owing to a \$17.9 million increase in bad and doubtful debts (to \$22.8 million) and an \$8.0 million increase in the write-down of lease assets (to \$11.9 million).

With both the continuing *Hospitality* and the to be discontinued *GoGetta* division the company appears to have been significantly more conservative than previously at writing-off overdue receivables. For example, in June 2017 its 12 weeks past due trade receivables were \$35.5 million of which 31.9% (\$11.3 million) was written off as a provision for doubtful debts. At June 2018 the 12 week overdue trade receivables were slightly higher at \$38.0 million but 82.1% (\$31.2 million) have been written-off as a provision for doubtful debts.

June 2017 lease receivables 12 weeks overdue were \$11.9 million, with 12.4% written-off as doubtful debt provisions. In June 2018 overdue lease receivables were substantially higher at \$20.3 million, but 56.6% (\$11.5 million) were already written off as a provision for doubtful debts.

Perhaps - as the company was going to report a loss anyway - it has increased these doubtful debt provisions and reported a *bigger* loss. If the company has over-provided for doubtful debts this year - and who could criticise it for being conservative during a restructuring? - but manages to collect *more than expected* of those overdue receivables, then management will be able to report a strong "recovery" in trading profits next year (or over the next few years) as they adjust these provisions down to reflect more normal historical levels of expected overdue recovery rates.

Silver Chef's founder and major shareholder made a small *insider* share purchase late last week, acquiring 23,809 shares for \$49,993 (210 cents per share) to lift his total shareholding to 8,876,607 shares (22.6%).

Silver Chef

The Reject Shop usually operates at a small loss in the second half of the year. This normal trading pattern

returned in the year to June 2018 (i.e. with a loss of \$1.1 million in the second half):

Year to 30/6/2018

	Latest	Previous	Change
Revenues	\$800.3m	\$794.0m	+0.8%
Net Profit	\$16.6m	\$12.3m	+34.3%
Net Cash Surplus	\$36.4m	\$37.2m	-2.0%
Earnings per share	57.4c	42.8c	+34.3%
Dividends per share	35.0c	24.0c	+45.8%

The company generated a very high \$36.4 million cash operating surplus, allowing it to repay all (i.e. \$13.0 million of interest bearing debts). That leaves the company with cash in the bank of \$14.8 million (51.1 cents per share).

With no interest bearing debt it is perhaps redundant for the company to report "Debt covenants comfortably met"?

From 1 January 2019 new Accounting Standards will change the way companies must report property leases. This will impact all companies, but retailers like The Reject Shop have significant leased property assets. Basically, the new standards will require a company to show future lease rentals as a balance sheet liability called "Right of Use Liabilities" with an equal and opposite asset (i.e. "Right of Use Assets") of a similar amount. In the case of The Reject Shop this will add about \$250 million of assets and \$250 million of liabilities to its balance sheet, although net assets will remain unchanged at about \$150 million.

There is a small transitional change that will *depress* net profits (after tax) by about \$2.0-2.5 million next year (although with no impact on cashflows) and increase net profits by an equal amount spread over the term of the leases.

Village Roadshow

Year to 30/6/2018

	Latest	Previous	Change
Revenues	\$1,146.5m	\$1,039.4m	+10.3%
Net Profit	<\$7.3m>	\$23.6m	-
Net Cash Surplus	\$21.4m	\$130.4m	-83.6%
Earnings per share	Nil	14.5c	-
Dividends per share	Nil	Nil	-

The new financial year has started well with signs of a recovery in the Theme park division. In July 2018, season pass sales were \$3.2 million above budget and \$6.0 million up on the prior corresponding period.

Village Roadshow

Investment Outlook

(Continued from Page 1)

“This is unbelievable” is simply a quote from an early Greenlight Capital investor - the “chairman” of an “investment management firm” - who appears surprised that an actively managed, non-index fund may sometimes outperform the market and sometimes under-perform the market. Now *that* is unbelievable!

So what exactly has David Einhorn done wrong, as disclosed by the *Wall Street Journal* (WSJ) article:

1. His fund, **Greenlight Capital**, has under-performed over the last few years. That is *exactly* what happened to Buffett in 1999. In fact, if *your* portfolio has never experienced a period of under-performance then you must still be very new to stockmarket investment! Everyone experiences periods of good and bad returns. Is this news to the WSJ?
2. **Greenlight Capital**, has a “work hard, play hard” culture. Really? At a hedge fund? Who would have guessed?
3. Einhorn is going through a divorce from his first wife of 24 years. [Note: 40-50% of US marriages end in divorce after an average of just eight years.] It is not clear why the WSJ considers this relevant. Perhaps Einhorn is upset and distracted by this relationship break-down and it is impacting his ability to run an investment fund? If so, then presumably the company's other 25 “work hard, play hard” employees are also upset and distracted too?
4. Einhorn is reported to have a “sleep disorder and often woke at 3am to work” and “most days napped at about 2pm on a couch in his office”. What? This is a “disorder”? Don't we all do this? Sometimes 3am - with no co-worker disruptions, the children soundly asleep in bed, no telephone calls and the stockmarket *closed* - is the *best time* to get that really critical work achieved!

This newsletter would not invest in Einhorn's Greenlight Capital (or other hedge funds) as the 2+20 fee structure (i.e. a 2% base fee plus 20% of profits) is too high and will erode long term gains. One could, for example, invest in Berkshire Hathaway (or similar investment businesses) and get Buffett's management skills for 0+0 fees.

Buffett “doesn't understand technology” so under-performed in 1999 when that sector was booming. But perhaps he understood it *better* than the people who invested in those over-valued booming Internet stocks . . . having significantly outperformed the market over the subsequent 19 years! The Internet boom was based on an *over-anticipation* for *how rapidly* internet retailing would replace “bricks and mortar” retailers. The latest US statistics show that only 7.5% of retail sales occur over the internet. This is two decades after the boom! Bricks and mortar retailers have, on average, lost only 0.4% of sales annually to the internet - and even the slowest adapters now have some internet presence of their own. Like earlier technologies, adoption does not happen overnight but very slowly over many decades!

Buffett clearly *understood* the Internet stock valuations were *too high* in 1999. He may not have

understood the technology, but he understood how to *value* a business.

Einhorn's recent under-performance can better be explained without reference to “sleep disorders” or personal problems.

Firstly, his hedge fund runs a *market neutral* strategy, with long and short positions . . . which will usually under-perform a rapidly rising market.

Secondly, it focuses on *value investing* (as does Buffett) and, just as in 1999, value stocks are performing poorly while *growth* stocks are booming.

Thirdly, much of the S&P500 Index gains, as in 1999, are coming from booming Technology shares. Einhorn - just like Buffett almost two decades earlier - believes some of these are very over-valued. So Greenlight Capital holds *long* positions in *value* stocks which are under-performing as the market index continues to be dragged higher by booming Technology shares. Einhorn and Buffett both understand how to *value* stocks but both under-perform an irrational stockmarket boom.

To make things worse, Greenlight Capital is also *selling short* some of those booming Technology shares! That may (or may not) prove right in the longer term, but is currently generating losses on these short positions.

For example, Greenlight Capital is *long* on **General Motors** (trading on a P/S ratio of 0.37, a P/E of 9, Dividend Yield of 4% and with \$21 billion in cash, equal to 41% of its market capitalisation) and *short* on **Tesla** (P/S ratio 3½, no earnings, no dividend, cash of \$2.2 billion, 5% of its capitalisation, but with huge cash burns).

Tesla reminds us of Internet shares of 1999: the stock trades on a high Price/Sales ratio, revenues are growing, but *losses* are growing even faster and the company bleeds cash. But Tesla is a manufacturing business, not a technology company.

But Electric Vehicles (EVs) are the way of the future? Right? Yes, for EVs. Not necessarily for Tesla.

As with the 1999 Internet boom, current perceptions vary from what will become reality in the future.

An *investment* research firm recently surveyed people to find the most reliable car in America. 87% said Tesla. Motor Vehicle research companies that provide consumer reports tell a different story. Tesla is the most *unreliable* vehicle! The most reliable brands like Toyota and Honda have 1-3 faults per 100 vehicles per year. Tesla has over 60 faults per 100 vehicles per year!

An EV uses a different motor to an existing internal combustion powered vehicle, but regardless of the power source, this is a manufacturing business that requires high quality, high volume, efficient, low cost *production*. Every existing motor company does this with efficient, robotic factories. All of these existing production lines and production technologies *could* be changed from manufacturing internal combustion vehicles to EVs - if it was economic to produce EVs.

Tesla recently installed a robotics production line . . . but brought back workers to assemble the vehicles after running into problems. Every other existing vehicle manufacturer has the technology and know how

to operate robotic manufacturing. Tesla is working on acquiring this old technology.

EVs are still not economic and cannot compete with internal combustion vehicles without significant subsidies. In the US, each buyer of a new EV receives a \$7500 federal tax credit. That is a subsidy (i.e. a reduced tax bill) to encourage consumers to purchase EVs. This tax credit is phased out once a manufacturer has produced 200,000 vehicles.

Tesla will reach that level this quarter. So Tesla EVs will continue to receive the full tax credit through to 31 December 2018. Then the tax credit will reduce to \$3750 per vehicle until 30 June 2019 and \$1875 until 31 December 2019 after which Tesla EVs will receive no tax credits. This will increase the cost of ownership and make them less competitive with other manufacturers EVs (and other vehicles).

General Motors has sold about 120,000 EVs, so its federal tax credits will not begin to phase out for another 3-4 years. Other smaller EV manufacturers could continue to enjoy the competitive advantages of this subsidy for much longer.

Competitive pressures are building for Tesla and eventually, over some period of time, its P/S ratio will fall about 90% to equal those of its peers in the Automotive industry. This is exactly what happened to Internet P/S ratios after the 1999 boom. So Einhorn's long General Motors position and short Tesla position will likely become a very profitable arbitrage play on sectors of the Automotive industry ... even though it has

been losing money to date.

The WSJ says of Einhorn, "He's stubborn. He'll never admit he's made a big mistake". No-one disputes that Einhorn is a very intelligent person, and such people are seldom *stubborn* (i.e. unwilling to make change in spite of good reason to do so) and it is difficult to see how a *stubborn* person could ever be successful at stockmarket investment where the future is constantly changing and the outlook and current valuation of individual investments need to be re-assessed.

Perhaps the WSJ journalists (who work with words and should know how to use them correctly) really meant to use the word "*determined*" (i.e. making a firm decision based upon analysis of the situation). Ah! Of course, they were *quoting* a third party who used the wrong word ... but it made a better story!

Einhorn is probably absolutely correct on his perception of the relative valuations of the long and short positions held by Greenlight Capital, but wrong on the *timing* ... shorting over-valued, booming technology shares which have so far continued to rise to new highs and buying depressed *value* shares which have so far fallen further in price.

The media articles, however, are often a good "contrary-opinion" indicator, highlighting when Buffett and Einhorn were *most wrong* ... or perhaps it is when *Mr Market* was most wrong? ... with these investors outdated, unfashionable, "passe" investment views perhaps once again to be proved correct in the years ahead?

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		
	Share Price	Cur- rent	4-Wk Chg.	Rank 0-99	Insider Buy-Sell	Brokers Following	Short Interest	Price to N/A	ROE	Volatility	P/E Ratio		Div Yield	P/S Ratio
UNDER-VALUED SHARES: Lowest Price/Sales, Yld > 0, Rel Strength > 0														
Ashley Services	26	+17.1	+2.3	7	1-0	-	-	2.2	28	2.1	8	9.6	0.11	37
Aust Pharm. Ind	172	+7.3	+6.8	15	8-0	5	3.9	2.3	15	0.8	16	4.1	0.21	845
Cellnet Group	40	+0.0	-0.4	34	0-0	-	-	1.4	20	1.3	7	3.1	0.26	23
CPT Global Ltd	22	+1.0	+11.0	30	0-0	-	-	22.0	-	1.8	11	1.1	0.27	8
Downer EDI Ltd	771	+5.4	+1.6	18	0-0	9	1.9	6.5	10	0.4	64	3.5	0.38	4,585
Dicker Data Ltd	313	+3.1	+0.4	23	4-0	-	-	-	0.6	19	5.2	0.38	502	
CTI Logistics	102	+0.0	+0.6	34	0-0	-	-	1.3	7	1.0	19	3.9	0.42	76
TransMetro Corp	108	+0.2	-0.1	33	0-0	-	-	1.2	25	0.8	5	4.6	0.44	14
Universal Coal	27	+17.4	-5.1	6	1-0	1	-	2.3	57	1.7	4	7.4	0.45	141
Opus Group Ltd	44	+12.1	-3.3	10	0-0	-	-	1.3	18	1.4	7	4.5	0.47	41
Austal Limited	190	+0.3	+0.4	33	0-0	3	0.7	-	0.7	17	2.6	0.47	667	
Bisalloy Steel	96	+1.8	+0.0	28	0-0	-	-	1.9	18	0.8	11	4.2	0.48	42
Ive Group	225	+1.6	-0.7	28	2-0	3	0.1	-	0.6	13	6.9	0.48	333	
Embelton Ltd	1390	+1.7	-0.8	28	0-0	-	-	2.0	18	0.2	11	3.6	0.51	30
Salmat Ltd	66	+8.4	-5.5	14	1-0	-	-	4.7	-	1.0	NE	4.5	0.53	132
Legend Corp.	28	+5.3	+2.6	19	0-0	-	-	3.1	31	1.7	10	5.2	0.53	61
Enero Group Ltd	125	+4.1	+4.4	21	1-0	1	-	5.2	44	0.8	12	3.2	0.53	107
Korvest Ltd	230	+2.8	+3.7	25	2-0	1	-	0.9	-	0.6	NE	5.7	0.57	25
People Infra.	202	+12.7	+4.1	9	1-0	2	-	-	0.8	25	2.0	0.59	130	
Inghams Group	383	+1.8	-1.2	27	1-0	9	12.3	6.6	27	0.6	25	3.2	0.60	1,456
Qantas Airways	619	+6.5	-2.2	17	6-1	10	0.3	3.9	37	0.4	11	2.7	0.61	10,421
Globe Int'l Ltd	225	+14.0	+8.8	9	1-0	-	-	2.8	25	0.8	11	4.9	0.63	93
Countplus Ltd	67	+6.9	+0.0	16	6-0	-	-	-	1.1	88	7.5	0.64	77	
Woolworths Grp	2829	+4.8	-1.7	20	3-0	14	3.2	12.2	53	0.3	23	3.3	0.65	37,154

Company	STRENGTH RATING											Market Cap'n		
	Share Price	Cur- rent	4-Wk Chg.	Rank 0-99	Insider Buy-Sell	Brokers Following	Short Interest	Price to N/A	ROE	Volatility	P/E Ratio		Div Yield	P/S Ratio
Energy Action	79	+0.1	+3.2	33	1-0	-	-	-	-	1.0	8	5.1	0.66	20
Super Retail Gr	892	+7.5	+0.2	15	5-1	11	7.6	26.2	-	0.4	14	5.5	0.68	1,759
Homeloans Ltd	65	+5.3	+5.0	19	6-3	-	0.0	2.2	21	1.2	10	2.8	0.72	260
Whitefield Ltd	467	+0.5	+1.0	32	7-0	-	-	1.0	4	0.5	27	3.8	0.78	407
Shine Corporate	84	+6.8	-6.4	16	0-0	1	-	0.9	12	1.0	8	3.9	0.81	145
Zenitas Health.	140	+1.0	+4.9	30	0-0	2	-	70.0	-	0.7	9	1.1	0.83	63
Bluescope Steel	1700	+7.4	-3.9	15	2-1	10	0.6	2.8	48	0.4	6	0.7	0.83	9,297
Tamawood Ltd	403	+0.2	+0.4	33	2-0	-	-	8.8	74	0.5	12	6.7	0.84	103
McPherson's Ltd	169	+14.7	-2.9	8	9-0	1	-	-	-	1.0	16	5.0	0.84	177
Collins Foods	569	+0.5	+0.6	32	2-0	5	0.3	-	-	0.4	20	3.0	0.86	663
Sunland Group	170	+0.5	-0.8	32	0-0	2	-	0.7	9	0.7	8	6.5	0.87	253
Rhipe Limited	128	+19.6	+2.3	6	0-1	4	-	8.5	15	0.8	57	1.2	0.88	173
Waterco Ltd	212	+1.6	-0.4	28	0-0	-	-	1.2	6	0.6	20	2.4	0.90	79
Noni B Limited	349	+21.6	-0.7	5	0-0	2	-	-	-	0.5	19	3.7	0.92	336
CMI Limited	148	+4.7	+1.2	20	2-0	-	-	1.3	12	0.8	11	4.1	0.94	46
Laserbond Ltd	16	+9.6	+5.8	12	0-0	-	-	1.3	9	2.6	15	3.8	0.95	15
Bega Cheese Ltd	758	+4.1	+0.4	21	0-1	6	6.0	2.4	4	0.5	58	1.5	0.98	1,403
Midway Limited	305	+11.7	+5.0	10	4-0	4	-	2.6	21	0.6	12	5.9	0.99	228
Service Stream	174	+3.8	+1.5	22	0-1	2	0.3	10.9	71	0.9	15	4.3	0.99	627
Orora Limited	351	+4.1	-1.0	21	0-3	12	0.2	3.9	19	0.5	20	3.6	1.00	4,235
Schaffer Corp	1640	+16.2	+3.6	7	1-0	-	-	1.1	32	0.4	10	2.7	1.00	227
Baby Bunting Gr	242	+17.3	+13.7	7	2-0	4	0.1	6.7	19	0.7	35	2.2	1.01	305
Eagle Health	29	+4.7	-3.0	20	0-0	-	-	-	-	1.8	7	1.7	1.02	91

(Continued on Page 14)

Company	Share Price	STRENGTH RATING				Insider Buy/Sell	Brokers Following	Short Interest	Price to N/A	ROE	Volatility	P/E Ratio	Div Yield	P/S Ratio	Market Cap'n	Company	Share Price	STRENGTH RATING				Insider Buy/Sell	Brokers Following	Short Interest	Price to N/A	ROE	Volatility	P/E Ratio	Div Yield	P/S Ratio	Market Cap'n
		Current	4-Wk Chg.	Rank 0-99	Rank 0-99													Current	4-Wk Chg.	Rank 0-99	Rank 0-99										
Q.B.E. Insur.	1095	+0.9	+3.5	31	0-0	11	1.3	1.7	-	0.4	NE	2.4	1.03	14,774	Genworth Mort.	260	+1.8	+1.5	27	0-0	5	6.7	0.7	8	0.5	9	9.2	3.47	1,197		
Stange Resource	23	+2.4	+3.9	26	1-0	-	-	0.8	18	2.0	4	4.4	1.05	260	Villa World Ltd	205	-6.2	-0.1	57	0-1	3	2.3	0.9	15	0.4	6	9.0	0.59	260		
Stanmore Coal	90	+17.9	+2.1	6	2-0	-	-	-	-	1.1	38	2.2	1.08	225	AMP Ltd	330	-14.7	+0.7	77	0-0	13	4.8	2.4	21	0.4	11	8.8	1.56	9,631		
Alliance Aviat.	217	+15.0	+4.3	8	0-6	4	-	1.8	12	0.5	15	4.1	1.08	269	Harvey Norman	348	-3.9	+1.6	51	2-0	10	10.3	-	-	0.4	10	8.6	1.94	3,877		
Engenco Ltd	55	+6.3	+0.4	17	1-0	-	-	-	-	1.3	9	1.8	1.09	171	Platinum Asia I	120	-1.4	-1.7	42	0-0	-	-	1.1	13	0.6	8	8.3	N/A	432		
NRW Holdings	202	+18.0	+8.7	6	0-0	5	0.2	3.3	19	1.2	18	1.0	1.09	749	Cromwell Prop.	113	+4.2	-0.5	21	1-0	6	2.8	1.3	11	0.5	11	7.4	5.00	2,237		
Worley Group	1960	+13.1	+1.1	9	0-0	11	2.1	-	-	-	-	-	5,351	Aventus Retail	223	+0.7	-0.4	31	1-0	5	0.3	1.0	12	0.4	8	7.3	6.74	1,102			
Fairfax Media	83	+5.4	+4.0	18	0-0	9	0.7	11.9	52	1.0	23	4.8	1.11	1,909	WPP AUNZ Ltd	87	-2.3	-2.7	47	4-0	2	0.5	-	-	0.6	10	7.2	0.73	741		
Medibank Priv.	292	+1.2	+1.4	30	7-1	11	0.6	5.7	32	0.6	18	3.1	1.16	8,042	Centuria Metro.	250	+3.2	+0.7	23	0-0	4	0.0	1.1	15	0.4	7	7.2	7.88	607		
CIMIC Group	4890	+3.1	+4.0	23	1-1	8	0.2	7.4	33	0.2	23	4.8	1.18	15,856	Automotive Hold	228	-14.7	-1.0	77	2-0	11	3.5	2.6	11	0.4	23	7.1	0.12	756		
F.F.I. Holdings	400	+1.6	-0.3	28	1-0	-	-	1.3	7	0.4	19	5.0	1.23	42	Centuria Indust	272	+2.9	+1.1	24	0-0	3	0.8	0.9	13	0.4	7	7.1	8.08	676		
Accent Group	163	+18.0	-6.7	6	3-3	3	0.2	40.6	-	0.7	20	4.2	1.24	881	Nat'l Aust Bank	2787	-1.7	+1.9	44	1-0	14	0.7	1.8	12	0.3	14	7.1	2.31	76,200		
Wellcom Group	496	+2.9	+2.5	24	1-0	-	-	10.8	65	0.4	17	9.3	1.25	194	AV Jennings	73	-1.4	-0.3	42	0-0	2	-	-	0.7	9	0.6	8	6.9	0.69	286	
Adairs Limited	241	+8.0	-0.9	14	2-6	4	0.2	-	-	0.7	13	6.1	1.28	400	Ive Group	225	+1.6	-0.7	28	2-0	3	0.1	-	-	0.4	13	6.9	0.48	333		
Mineral Commod.	19	+7.2	-20.7	16	3-0	-	-	1.5	18	1.9	8	6.3	1.29	79	Bank of Q'land	1110	-1.8	+3.1	44	10-1	15	4.3	1.5	12	0.4	12	6.8	1.91	4,410		
Bell Financial	91	+18.3	+3.0	6	0-0	-	-	4.5	30	0.9	15	6.1	1.34	242	Westpac Banking	2780	-1.3	+0.8	42	3-0	11	1.3	1.9	16	0.3	12	6.8	2.52	95,487		
Hi Tech Group	93	+9.1	-2.4	13	0-0	-	-	4.9	36	1.0	14	4.3	1.34	35	S/Tracks Prop.	1301	+1.4	-0.4	29	0-0	-	-	1.1	13	0.2	8	6.7	N/A	571		
Probiotec Ltd	164	+33.9	+5.7	2	8-0	-	-	-	-	0.9	29	1.7	1.35	103	INSIDER BUYING: Most Insider Buying, Relative Strength > 0																
CocaCola Amatil	926	+4.3	+0.4	21	2-0	12	2.9	18.5	-	0.3	15	5.1	1.36	6,704	Freelancer Ltd	50	+4.7	+4.8	20	15-0	2	-	-	50.0	-	0.8	NE	Nil	4.54	229	
Suncorp Group	1489	+5.7	+1.6	18	4-0	13	0.4	-	-	0.3	18	5.4	1.36	19,335	VGI P. Global	239	+6.7	+1.9	16	11-0	-	-	-	-	0.5	20	Nil	N/A	658		
Ancor Ltd	1403	+0.6	+0.8	31	4-2	12	3.4	-	-	0.3	21	4.3	1.37	16,249	Terracom Ltd	57	+49.5	+0.2	1	10-0	-	0.2	-	-	0.6	NE	Nil	1.46	216		
Nine Entertain.	228	+10.0	-3.4	12	5-0	7	6.8	3.2	34	0.7	9	4.4	1.42	1,987	McPherson's Ltd	169	+14.7	-2.9	8	9-0	1	-	-	-	0.7	16	5.0	0.84	177		
Capilano Honey	2103	+4.5	+5.9	20	2-0	2	0.0	3.2	16	0.4	20	2.0	1.44	199	Freedom Foods	694	+10.5	-0.4	11	9-0	2	1.0	6.4	5	0.5	133	0.5	4.80	1,693		
BEST PERFORMING SHARES: Strongest Shares, P/E < 20, P/S < 1.0															Covenroy Group	137	+8.0	-1.1	14	9-0	-	-	-	-	1.1	0.4	NE	Nil	0.30	51	
Aeris Resources	28	+39.0	+13.3	2	1-0	-	-	-	-	1.9	1	Nil	0.33	78	Duxton Water	135	+9.9	+3.4	12	8-0	2	-	1.2	3	0.5	47	1.7	N/A	96		
Seven West Med.	99	+25.2	+1.5	4	0-0	7	0.9	-	-	0.7	11	Nil	0.92	1,485	Cabcharge Ltd	238	+11.4	-0.8	10	8-0	3	5.7	2.3	-	0.4	NE	3.4	1.54	287		
Sterling Plant.	2	+21.7	+2.0	5	0-0	-	-	-	-	4.5	1	Nil	0.75	1	Aust Pharm. Ind	172	+7.3	+6.8	15	8-0	5	3.9	2.3	15	0.5	16	4.1	0.21	845		
Noni B Limited	349	+21.6	-0.7	5	0-0	2	-	-	-	0.3	19	3.7	0.92	336	Quickstep Hold.	8	+2.8	+4.1	25	8-0	-	4.2	-	1.7	NE	Nil	0.80	47			
Universal Coal	27	+17.4	-5.1	6	1-0	1	-	2.3	57	1.2	4	7.4	0.45	141	Probiotec Ltd	164	+33.9	+5.7	2	8-0	-	-	-	0.6	29	1.7	1.35	103			
Ashley Services	26	+17.1	+2.3	7	1-0	-	-	2.2	28	1.6	8	9.6	0.11	37	Polynovo Ltd	55	+4.4	-3.7	21	7-0	1	0.1	27.5	-	0.7	NE	Nil	N/A	362		
Schaffer Corp	1640	+16.2	+3.6	7	1-0	-	-	3.1	32	0.3	10	2.7	1.00	227	Sth Cross Media	131	+7.4	+0.9	15	7-0	5	0.5	-	-	0.4	706	5.9	1.54	1,004		
Saferoads Hold.	23	+15.0	+3.7	8	1-0	-	-	1.9	16	1.3	12	Nil	0.44	8	Djeriwarrah	338	+0.4	-0.2	32	7-0	-	-	1.0	4	0.3	24	5.9	N/A	747		
McPherson's Ltd	169	+14.7	-2.9	8	9-0	1	-	-	-	0.9	16	5.0	0.84	177	Medibank Priv.	292	+1.2	+1.4	30	7-0	11	0.6	5.7	32	0.4	18	4.3	1.16	8,042		
OM Holdings	130	+14.2	+4.3	9	0-0	-	0.0	5.4	52	0.9	10	Nil	0.96	960	Senex Energy	45	+8.3	+0.1	14	7-0	7	1.4	1.5	4	0.8	33	Nil	9.10	645		
Globe Int'l Ltd	225	+14.0	+8.8	9	1-0	-	-	2.8	25	0.6	11	4.9	0.63	93	Whitefield Ltd	467	+0.5	+1.0	32	7-0	-	-	1.0	4	0.3	27	3.8	0.78	407		
EVZ Ltd	3	+13.6	-3.9	9	6-0	-	-	-	-	3.8	16	Nil	0.43	28	Helloworld Trav	540	+3.1	+2.9	23	7-0	4	0.0	-	-	0.2	21	3.3	2.06	672		
Simonds Group	43	+13.1	+5.7	9	2-0	-	-	-	-	1.1	13	Nil	0.10	62	Trustees Aust.	24	+23.7	+17.3	4	7-0	-	-	-	1.3	0.8	NE	Nil	N/A	21		
Opus Group Ltd	44	+12.1	-3.3	10	0-0	-	-	1.3	18	1.1	7	4.5	0.47	41	Webjet NL	1665	+16.8	+5.1	7	6-0	-	-	1.2	21.3	45	0.4	48	1.2	2.62	1,979	
Midway Limited	305	+11.7	+5.0	10	4-0	4	-	2.6	21	0.5	12	5.9	0.99	228	Speedcast Int'l	446	+5.0	-4.3	19	6-0	7	2.3	-	-	0.4	150	1.6	1.62	1,068		
Laserbond Ltd	16	+9.6	+5.8	12	0-0	-	-	1.3	9	2.0	15	3.8	0.95	15	EVZ Ltd	3	+13.6	-3.9	9	6-0	-	-	-	-	2.7	16	Nil	0.43	28		
Silver Lake Res	49	+7.6	-10.8	15	1-2	3	0.3	1.3	8	1.1	15	Nil	0.97	249	Aust Dairy Farm	16	+3.4	-3.8	23	6-0	-	-	1.3	-	1.2	NE	Nil	1.99	39		
Cirrus Networks	2	+7.5	-6.5	15	0-0	-	0.1	0.6	11	4.6	6	Nil	0.22	16	Collection Hse	155	+2.9	-2.7	24	6-0	6	4.7	1.4	17	0.3	8	5.0	1.47	213		
Super Retail Gr	892	+7.5	+0.2	15	5-1	11	7.6	26.2	-	0.4	14	5.5	0.68	1,759	Countplus Ltd	67	+6.9	+0.0	16	6-0	-	-	-	-	0.6	88	7.5	0.64	77		
Bluescope Steel	1700	+7.4	-3.9	15	2-1	10	0.6	2.8	48	0.4	6	0.7	0.83	9,297	ALS Limited	845	+5.8	+2.4	18	7-1	12	0.7	21.1	73	0.3	29	2.0	2.85	4,144		
Aust Pharm. Ind	172	+7.3	+6.8	15	8-0	5	3.9	2.3	15	0.7	16	4.1	0.21	845	PPK Group Ltd	30	+20.1	+0.7	5	5-0	-	-	1.7	-	0.7	NE	Nil	0.53	19		
Shine Corporate	84	+6.8	-6.4	16	0-0	1	-	0.9	12	0.8	8	3.9	0.81	145	MFF Capital Inv	290	+10.7	+1.1	11	5-0	-	-	1.5	23	0.3	7	1.0	N/A	1,569		
Qantas Airways	619</																														

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.

STRENGTH RATING													STRENGTH RATING														
Company	Share Price	Cur- rent	4-Wk Chg.	Rank 0-99	Insider Buy/Sell	Brokers Following	Price to NTA	Return on Equity	Volatility	Price Earnings Ratio	Dividend Yield	Price Sales Ratio	Market Cap'n	Company	Share Price	Cur- rent	4-Wk Chg.	Rank 0-99	Insider Buy/Sell	Brokers Following	Price to NTA	Return on Equity	Volatility	Price Earnings Ratio	Dividend Yield	Price Sales Ratio	Market Cap'n
UNDER-VALUED SHARES: Lowest Price/Sales, Yld > 0, Rel Strength > 0													INSIDER SELLING: Most Insider Selling, Relative Strength < 0														
Col Motor Co	825	+3.4	+0.7	31	0-0	-	1.4	13	0.5	11	8.4	0.30	270	AFT Pharma.	222	-2.7	-1.4	78	0-0	-	0.9	-	0.4	NE	Nil	0.71	215
PGG Wrightsons	62	+3.1	-3.4	35	0-0	1	1.6	6	1.6	26	2.8	0.39	468	Abano Health.	894	-2.4	-0.1	78	0-0	2	1.5	7	0.3	21	5.6	0.92	231
Air New Zealand	316	+0.6	-0.1	55	1-5	7	1.6	18	0.8	9	11.4	0.42	3,548	T&G Global	310	-1.8	+0.3	77	0-0	-	0.9	5	0.4	20	2.7	0.34	380
Ebos Group Ltd	2120	+7.7	+2.6	15	0-1	6	2.7	13	0.7	22	3.5	0.42	3,234	Just Water Int.	45	-1.7	+1.5	76	0-0	-	2.7	14	0.9	19	6.2	2.35	39
Seeka Kiwifruit	620	+0.6	-3.5	56	0-0	-	1.1	6	0.6	19	4.9	0.58	109	Scott Tech. Ltd	317	-1.3	-1.7	75	0-0	-	2.4	10	0.4	24	4.4	1.78	237
Tegel Group	113	+2.5	-1.6	45	0-0	4	0.8	5	1.1	15	9.3	0.65	402	BEST PERFORMING SHARES: Strongest Shares, P/E < 20, P/S < 1.0													
Methven Limited	118	+0.1	+2.1	61	1-0	2	1.9	12	1.1	15	6.5	0.87	87	Veritas Invest.	13	+38.1	-30.8	0	0-0	-	0.8	56	3.2	1	Nil	0.18	6
Horizon Energy	435	+0.0	-0.0	64	0-0	-	1.6	6	0.5	27	4.5	0.97	109	Rakon Ltd	27	+15.1	+1.4	5	1-0	-	0.7	11	1.6	6	Nil	0.61	62
INCOME SHARES: Highest Yields, Capitalisation > NZ\$100 million													“Neglect” Ratings of NZ Shares														
Metro Per Glass	82	-3.5	-0.9	80	5-0	5	1.0	14	0.8	7	12.9	0.81	152	“Neglected” Shares = 0-2 Brokers, “Moderately Followed” Shares = 3-4 Brokers, “Widely Followed” Shares = 5 or more Brokers.													
Air New Zealand	316	+0.6	-0.1	55	1-5	7	1.6	18	0.6	9	11.4	0.42	3,548					No. of Brokers Following	Market Capitalisation (NZ\$ Mill.)					No. of Brokers Following	Market Capitalisation (NZ\$ Mill.)		
Warehouse Group	206	-0.6	+0.1	73	0-0	6	1.4	15	0.5	9	10.8	0.24	710	Company			Company			Company			Company				
Sky Network TV	212	-0.4	-0.1	72	2-0	7	0.8	12	0.6	7	9.8	0.98	825	A2 Milk Company	8	8,273	NZ Exchange Ltd	3	287								
NZ Refining Co	257	+1.5	+0.7	49	0-0	3	1.0	10	0.5	10	9.7	1.95	803	AMP Limited	9	10,359	NZ King Salmon	2	361								
Genesis Energy	246	+2.7	+0.0	44	1-0	7	1.2	6	0.7	21	9.4	1.26	2,454	Abano Health.	2	231	NZ Refining Co	3	803								
Tegel Group	113	+2.5	-1.6	45	0-0	4	0.8	5	0.8	15	9.3	0.65	402	Air New Zealand	7	3,548	NZME Limited	2	135								
NZME Limited	69	-3.9	-3.1	81	1-0	2	0.5	7	0.9	6	9.1	0.35	135	Akd Int Airport	8	8,250	Orion Health.	2	211								
AMP Limited	359	-13.9	+0.7	94	0-0	9	1.3	12	0.7	11	8.9	1.48	10,359	Argosy Property	6	914	PGG Wrightsons	1	468								
Col Motor Co	825	+3.4	+0.7	31	0-0	-	1.4	13	0.4	11	8.4	0.30	270	Arvida Group	2	559	Pac Edge Bio.	3	150								
INSIDER BUYING: Most Insider Buying, Relative Strength > 0													OVER-VALUED SHARES: Highest Price/Sales Ratios, Relative Strength < 0														
Skellerup Hold.	215	+6.7	+0.2	18	9-3	3	2.4	16	0.5	15	7.1	1.72	415	Vital Health PT	207	-58.3	+0.0	98	0-0	4	1.0	25	0.4	4	4.1	9.66	887
Chorus Ltd	487	+4.9	+2.3	20	5-0	6	2.1	12	0.6	18	6.0	1.92	2,000	NPT Limited	59	-0.6	+0.0	74	0-0	-	0.8	3	0.7	31	6.2	5.67	95
Fletcher Build.	620	+0.6	-1.0	56	4-0	13	1.3	-	0.5	NE	Nil	0.56	5,273	SeaDragon Ltd	0	-18.5	-1.4	96	0-0	-	1.3	-	10.5	NE	Nil	4.47	14
Argosy Property	111	+2.9	-0.2	40	3-0	6	1.0	11	0.6	9	7.2	8.98	914	NZ Exchange Ltd	107	-0.5	-1.1	72	4-1	3	4.1	21	0.6	19	7.9	3.81	287
Restaurant Brds	757	+3.3	-1.7	31	2-0	4	4.6	18	0.4	26	5.1	1.22	936	Blis Technology	2	-3.2	+3.9	80	0-0	-	4.7	-	4.2	NE	Nil	3.33	19
Cavalier Corp	60	+10.8	-0.7	12	2-0	-	0.6	6	1.0	10	Nil	0.28	41	NZ Oil & Gas	58	-5.4	+0.4	85	0-1	-	0.7	-	0.8	NE	9.6	2.63	97
NZ King Salmon	261	+13.3	+2.4	7	2-0	2	2.3	14	0.7	16	1.1	2.64	361	Just Water Int.	45	-1.7	+1.5	76	0-0	-	2.7	14	0.9	19	6.2	2.35	39
Mercury NZ	336	+1.2	+0.3	50	2-0	6	1.4	7	0.5	20	6.3	2.61	4,697	Moa Group Ltd	44	-5.4	-2.6	86	3-0	-	4.3	-	1.1	NE	Nil	2.30	24
Port Tauranga	508	+0.6	-1.3	54	2-0	6	3.1	8	0.4	37	3.5	N/A	3,455	WORST PERFORMING SHARES: Weakest Shares, P/S Ratio > 0.25, Yield < Twice Average													
TeamTalk Ltd	88	+2.6	-1.9	45	2-0	-	0.8	15	0.8	6	Nil	0.73	25	Vital Health PT	207	-58.3	+0.0	98	0-0	4	1.0	25	0.4	4	4.1	9.66	887
OVER-VALUED SHARES: Highest Price/Sales Ratios, Relative Strength < 0													INSIDER BUYING: Most Insider Buying, Relative Strength > 0														
Vital Health PT	207	-58.3	+0.0	98	0-0	4	1.0	25	0.4	4	4.1	9.66	887	Skellerup Hold.	215	+6.7	+0.2	18	9-3	3	2.4	16	0.5	15	7.1	1.72	415
NPT Limited	59	-0.6	+0.0	74	0-0	-	0.8	3	0.7	31	6.2	5.67	95	Chorus Ltd	487	+4.9	+2.3	20	5-0	6	2.1	12	0.6	18	6.0	1.92	2,000
SeaDragon Ltd	0	-18.5	-1.4	96	0-0	-	1.3	-	10.5	NE	Nil	4.47	14	Fletcher Build.	620	+0.6	-1.0	56	4-0	13	1.3	-	0.5	NE	Nil	0.56	5,273
NZ Exchange Ltd	107	-0.5	-1.1	72	4-1	3	4.1	21	0.6	19	7.9	3.81	287	Argosy Property	111	+2.9	-0.2	40	3-0	6	1.0	11	0.6	9	7.2	8.98	914
Blis Technology	2	-3.2	+3.9	80	0-0	-	4.7	-	4.2	NE	Nil	3.33	19	Restaurant Brds	757	+3.3	-1.7	31	2-0	4	4.6	18	0.4	26	5.1	1.22	936
NZ Oil & Gas	58	-5.4	+0.4	85	0-1	-	0.7	-	0.8	NE	9.6	2.63	97	Cavalier Corp	60	+10.8	-0.7	12	2-0	-	0.6	6	1.0	10	Nil	0.28	41
Just Water Int.	45	-1.7	+1.5	76	0-0	-	2.7	14	0.9	19	6.2	2.35	39	NZ King Salmon	261	+13.3	+2.4	7	2-0	2	2.3	14	0.7	16	1.1	2.64	361
Moa Group Ltd	44	-5.4	-2.6	86	3-0	-	4.3	-	1.1	NE	Nil	2.30	24	Mercury NZ	336	+1.2	+0.3	50	2-0	6	1.4	7	0.5	20	6.3	2.61	4,697
WORST PERFORMING SHARES: Weakest Shares, P/S Ratio > 0.25, Yield < Twice Average													OVER-VALUED SHARES: Highest Price/Sales Ratios, Relative Strength < 0														
Vital Health PT	207	-58.3	+0.0	98	0-0	4	1.0	25	0.4	4	4.1	9.66	887	Vital Health PT	207	-58.3	+0.0	98	0-0	4	1.0	25	0.4	4	4.1	9.66	887
Mercer Group	17	-26.6	-2.2	97	0-0	-	1.0	-	1.4	NE	Nil	0.36	10	NPT Limited	59	-0.6	+0.0	74	0-0	-	0.8	3	0.7	31	6.2	5.67	95
SeaDragon Ltd	0	-18.5	-1.4	96	0-0	-	1.3	-	9.5	NE	Nil	4.47	14	SeaDragon Ltd	0	-18.5	-1.4	96	0-0	-	1.3	-	10.5	NE	Nil	4.47	14
Burger Fuel	70	-12.1	+1.7	93	0-0	-	3.2	-	0.9	NE	Nil	1.69	42	NZ Exchange Ltd	107	-0.5	-1.1	72	4-1	3	4.1	21	0.6	19	7.9	3.81	287
Comvita	570	-11.8	+1.5	92	5-4	3	1.4	4	0.5	33	1.0	1.51	269	Blis Technology	2	-3.2	+3.9	80	0-0	-	4.7	-	4.2	NE	Nil	3.33	19
Pac Edge Bio.	32	-9.8	+7.1	91	0-0	3	9.0	-	1.4	NE	Nil	N/A	150	NZ Oil & Gas	58	-5.4	+0.4	85	0-1	-	0.7	-	0.8	NE	9.6	2.63	97
Green Cross H.	144	-9.6	-1.5	90	1-0	-	1.7	18	0.6	10	6.8	0.39	206	Just Water Int.	45	-1.7	+1.5	76	0-0	-	2.7	14	0.9	19	6.2	2.35	39
Sol. Dynamics	180	-7.9	-2.0	89	0-0	-	8.5	34	0.5	25	4.1	1.56	25	Moa Group Ltd	44	-5.4	-2.6	86	3-0	-	4.3	-	1.1	NE	Nil	2.30	24
Allied Farmers	7	-7.2	+0.5	88	0-0	-	11.4	-	2.1	5	Nil	0.67	12	Just Water Int.	45	-1.7	+1.5	76	0-0	-	2.7	14	0.9	19	6.2	2.35	39
Finzsoft Sol'ns	220	-6.0	+0.8	86	0-0	-	2.7	35	0.7	8	Nil	1.16	19	Moa Group Ltd	44	-5.4	-2.6	86	3-0	-	4.3	-	1.1	NE	Nil	2.30	24
Moa Group Ltd	44	-5.4	-2.6	86	3-0	-	4.3	-	1.0	NE	Nil	2.30	24	New Talisman	1	-4.6	-0.6	83	0-0	-	2.1	-	4.1	NE	Nil	N/A	29
New Talisman	1	-4.6	-0.6	83	0-0	-	2.1	-	4.1	NE	Nil	N/A	29	GeoOP Ltd	17	-4.1	-2.4	82	0-0	-	0.7	-	1.5	NE	Nil	1.18	7
GeoOP Ltd	17	-4.1	-2.4	82	0-0	-	0.7	-	1.5	NE	Nil	1.18	7	Blis Technology	2	-3.2	+3.9	80	0-0	-	4.7	-	3.9	NE	Nil	3.33	19
Blis Technology	2	-3.2	+3.9	80	0-0	-	4.7	-	3.9	NE	Nil	3.33	19	Tower Limited	74	-3.2	-1.1	79	5-0	2	0.6	-	0.7	NE	Nil	0.41	125
Tower Limited	74	-3.2	-1.1	79	5-0	2	0.6	-	0.7	NE	Nil	0.41	125														

“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 Following Brokers	Market Capitalisation (\$ Mill.)	Company	No. of Following Brokers	Market Capitalisation (\$ Mill.)	Company	No. of Following Brokers	Market Capitalisation (\$ Mill.)	Company	No. of Following Brokers	Market Capitalisation (\$ Mill.)
1300 Smiles Ltd	3	145	Berkeley Energy	1	186	Eclixp Group	8	857	Invocare Ltd	9	1,392
360 Capital Grp	1	226	Big River Ind.	1	98	Elanor Investor	2	180	Iselect Limited	3	170
360 Capital TR	1	83	Bingo Indust.	4	1,694	Elders Limited	4	754	Isentia Group	3	60
3P Learning	3	173	Bionomics Ltd	4	253	Elk Petroleum	2	113	Ive Group	3	333
A.P. Eagers	6	1,555	Birimian Ltd	1	64	Ellex Medical	1	108	JB Hi-Fi Ltd	13	2,872
AFT Pharma.	2	201	Blackmores Ltd	7	2,522	Emeco Holdings	4	1,081	James Hardie	12	9,259
AGL Energy Ltd	11	12,880	Blue Sky Alt In	3	122	Empired Ltd	2	84	Janus Henderson	11	2,910
AJ Lucas	1	255	Bluescope Steel	10	9,297	Energy Resource	1	199	Japara Health.	5	463
ALS Limited	12	4,144	Bluglass Ltd	2	125	Enero Group Ltd	1	107	Johns Lyng Grp	2	212
AMA Group Ltd	5	615	Boral Limited	10	8,148	Equity Trustees	2	489	Jumbo Interact.	2	357
AMP Ltd	13	9,631	Brainchip Hold.	1	157	EservGlobal Ltd	2	122	K2 Asset Mgmt	1	28
ANZ Bank	15	81,825	Brambles Ltd	12	17,384	Estia Health	6	771	KGL Resources	1	71
APA Group	11	11,528	Breville Group	8	1,750	Event Hospital.	5	2,368	Kardoon Gas	4	283
APN Outdoor Grp	9	1,109	Brickworks Ltd	6	2,585	Evolution Min.	11	4,700	Kelly Partners	1	61
ARB Corporation	8	1,558	Buru Energy Ltd	1	106	Experience Co	1	214	Kidman Res Ltd	4	420
ARQ Group	2	246	C.S.R. Ltd	12	2,113	FAR Ltd	5	628	Kina Securities	1	164
ASX Limited	13	12,462	CIMIC Group	8	15,856	Factor Thera.	1	41	Kogan.com Ltd	2	590
AUB Group	5	880	CML Group	3	105	Fairfax Media	9	1,909	Kore Potash plc	2	62
AV Jennings	2	286	CSG Ltd	1	86	Fiducial Group	1	142	Korvest Ltd	1	25
AVEO Group	4	1,330	CSL Limited	14	95,298	Fleetwood Corp	2	230	LendLease Group	11	11,095
Abacus Property	4	2,045	Cabcharge Ltd	3	287	Flexicorp Ltd	7	767	Lifestyle Com.	2	627
Accent Group	3	881	Caltex Australia	10	7,759	Flight Centre	13	5,800	Lindsay Aust	1	109
Acrow Formwork	2	77	Cann Group	1	298	Folkestone Educ	3	726	Link Admin.	10	4,040
Acrux Ltd	2	41	Capital Health	3	227	Folkestone Ltd	1	208	Liq Natural Gas	2	365
Adacel Tech.	2	125	Capilano Honey	2	199	Fortescue Metal	17	11,614	Lithium Power	1	76
Adairs Limited	4	400	Carbonxt Group	1	272	Freelancer Ltd	2	229	Livehive Ltd	2	135
Adelaide Bright	12	4,027	Cardno Ltd	1	534	Freedom Insur.	2	35	Livetiles Ltd	4	298
Aeon Metals	1	208	Cardinal Res.	4	170	Freedom Foods	2	1,693	Lovisa Holdings	7	1,072
Ainsworth Game	8	362	Carindale Prop	2	565	Frontier Digit.	2	82	Lucapa Diamond	1	122
Airxpanders Inc	1	57	Carsales.com	14	3,688	G.U.D. Holdings	8	1,241	Lynas Corp Ltd	2	1,265
Ale Property	3	1,032	Cash Converters	1	197	G8 Education	12	948	MG Unit Trust	1	69
Alexium Int'l	1	45	Catapult Group	4	217	GBST Holdings	5	135	MMA Offshore	4	202
Alkane Explor.	1	109	Cedar Woods Prp	2	481	GDI Property	1	691	MNF Group	4	363
Alliance Aviat.	4	269	Centuria Metro.	4	607	GPT Group	13	9,403	MOD Resources	2	97
Altium Limited	5	3,296	Centuria Indust	3	676	GR Engineering	1	216	MSL Solutions	1	45
Altura Mining	3	428	Challenger Ltd	14	6,347	GWA Group Ltd	8	802	MYOB Group	11	1,729
Alumina Ltd	10	7,862	Chart Hall Long	3	999	Galaxy Res.	10	1,080	MacMahon Hold	2	539
Amaysim Aust.	2	259	Charter Hall GR	8	3,335	Galilee Energy	1	135	Maca Limited	3	328
Amcor Ltd	12	16,249	Chart H Retail	10	1,724	Garda Div Prop	2	120	Macquarie C Tel	1	502
Aneka Tambang	4	1	Citadel Group	4	2,335	Gascoyne Res.	1	150	Macquarie Group	14	41,758
Ansell Ltd	12	3,539	Class Limited	6	228	Gateway Life.	6	680	Magellan Fin Gp	9	4,832
Apiam Animal H	2	58	Clearview Wlth	1	682	Genex Power	2	82	Magnis Resource	1	212
Appen Limited	4	1,463	Clean Teq Hold.	4	372	Genworth Mort.	5	1,197	Managed Account	1	72
Ardent Leisure	9	855	Cleanaway Waste	5	3,789	Global Con Serv	1	147	Marley Spoon AG	2	110
Arena REIT	4	622	Clinuvel Pharm.	1	736	Gold Road Res.	6	544	Mastermyne Grp	1	127
Aristocrat Leis	13	18,901	Clover Corp.	1	248	Goodman Group	11	18,926	Matrix Comp.	1	38
Asaleo Care Ltd	5	424	CocaCola Amatil	12	6,704	Graincorp	10	1,822	Maxi TRANS	2	110
Aspen Group Ltd	1	93	Cochlear Ltd	15	11,903	Greencross Ltd	8	480	Mayne Pharma Gr	6	1,791
Atlas Arteria	5	4,633	Codan Ltd	3	565	Growthpoint Pro	5	2,566	McGrath Limited	1	57
Atlas Iron Ltd	1	390	Collection Hse	6	213	HT&E Limited	5	883	McMillan Shake.	7	1,504
Aurelia Metals	1	505	Collins Foods	5	663	HUB24 Limited	5	761	McPherson's Ltd	1	177
Aurizon Hold.	12	8,299	Com'wealth Bank	15	124,087	Hansen Tech.	2	680	Medibank Priv.	11	8,042
AusNet Services	12	5,855	Comet Ridge Ltd	4	232	Harvey Norman	10	3,877	Medical Dev Int	3	247
Ausdrill Ltd	6	794	Compumedics Ltd	1	80	Hastings Rare M	1	132	Medusa Mining	1	76
Aust Finance Gr	3	344	Computershare	13	10,050	Healthscope	11	3,706	Megaport Ltd	4	454
Austin Eng.	3	119	Con Retail REIT	2	219	Helloworld Trav	4	672	Mesoblast Ltd	2	787
Austal Limited	3	667	Cons Operations	2	149	Highfield Res.	1	227	Metals X Ltd	4	334
Australis O & G	1	420	Cooper Energy	3	688	Highland Pac.	1	94	Metcash Ltd	12	2,455
Aust Vintage	1	160	Corp Travel M.	7	3,413	Horizon Oil Ltd	1	156	Metro Per Glass	5	137
Aust Agricult.	1	772	Costa Group	7	2,190	Hotel Property	4	459	Metro Mining	2	256
Aust U. Office	1	443	Credit Corp	6	1,086	Huon Aquacult.	5	404	Michael Hill	5	353
Aust Pharm. Ind	5	845	Credible Labs	1	118	IDP Education	7	2,679	Midway Limited	4	228
Auswide Bank	2	246	Cromwell Prop.	6	2,237	IMF Bentham Ltd	2	477	Millennium Min.	2	158
Automotive Hold	11	756	Crown Resorts	9	9,452	IOOF Holdings	12	2,844	Millennium Serv	1	22
Aventus Retail	5	1,102	Cybg plc	9	4,449	IPH Limited	6	1,117	Mineral Res.	6	2,724
Avita Medical	1	128	Cyclopharm Ltd	2	61	IRESS Limited	8	2,235	Mirvac Group	13	9,142
Axesstoday Ltd	1	104	Cynata Therap.	2	122	Icar Asia Ltd	1	88	Moelis Aust.	1	912
BHP Billiton	17	100,526	Dacian Gold Ltd	5	504	Iluka Resources	9	3,870	Monadelphous Gr	12	1,328
BSA Ltd	1	116	Danakali Ltd	3	189	Imdex Limited	3	408	Monash IVF Grp	4	274
BUBS Australia	1	268	Data 3 Ltd	2	234	Impedimed Ltd	3	148	Money3 Corp Ltd	3	371
BWP Trust	7	2,139	Decmil Group	2	136	Imugene Ltd	1	83	Mortgage Choice	2	187
BWX Limited	8	495	Dexus	11	10,915	Incitec Pivot	11	6,099	Motorcycle Hold	2	207
Baby Bunting Gr	4	305	Domain Holdings	11	2,014	Independ. Group	15	2,379	Mt Gibson Iron	2	550
Bank of Q'land	15	4,410	Domino's Pizza	12	4,670	Industria REIT	5	448	Myer Holdings	9	370
Bapcor Limited	6	2,032	Donaco Inter'l	1	140	Infgen Energy	3	560	Mystate Ltd	4	434
Base Resources	3	265	Doray Minerals	1	138	Infomedica Ltd	3	406	NRW Holdings	5	749
Beacon Lighting	3	334	Downer EDI Ltd	9	4,585	Ingenia Com Grp	3	626	Namoi Cotton	1	57
Beach Energy	14	4,156	DuluxGroup Ltd	9	3,036	Inghams Group	9	1,456	Nanosonics Ltd	4	1,006
Beadell Res.	3	75	Duxton Water	2	96	Insurance Aust.	13	17,685	Nat Veterinary	4	139
Bega Cheese Ltd	6	1,403	EML Payments	3	420	Int Research	2	403	Nat'l Aust Bank	14	76,200
Bellamy's Aust.	5	1,107	ERM Power Ltd	4	425	Integral Diag.	4	377	National Stor.	7	934
Bendigo Bank	14	5,207	Echo Resources	1	56	Investa Office	7	3,315	National Tyre	1	125

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.)
Navigator GI In	3	919	Perpetual Ltd	11	1,990	Salt Lake Pot.	1	63	Sunland Group	2	253
Navitas Ltd	7	1,598	Perseus Mining	7	357	Sandfire Res.	14	1,102	Super Retail Gr	11	1,759
Nearmap Ltd	5	739	Pharmaxis Ltd	1	101	Santos Ltd	13	13,851	Superloop Ltd	4	507
NetComm Wire.	2	107	Piedmont Lith.	1	84	Saracen Mineral	7	1,476	Supply Network	1	168
Netwealth Group	8	1,937	Pilbara Mineral	6	1,343	Scentre Group	13	22,066	Sydney Airport	13	16,553
Neuren Pharm.	1	126	Pinnacle Invest	2	1,271	Scottish Pac.	3	497	Syrah Resources	6	693
New Century Res	1	519	Pioneer Credit	3	204	Sealink Travel	4	435	TPG Telecom Ltd	10	7,794
New Hope Corp.	4	3,009	Platinum Asset	8	3,033	Seek Ltd	12	7,476	TPI Enterprises	1	122
New Energy Sol.	1	486	Polynovo Ltd	1	362	Select harvest	5	513	Tabcorp Holding	10	9,622
Newcrest Mining	14	14,587	Praemium Ltd	8	402	Senetas Corp	2	108	Tassal Group	5	765
Nextdc Limited	8	2,043	Premier Invest	11	3,083	Senex Energy	7	645	Tawana Resource	1	168
Nib Holdings	11	2,829	Prime Media Grp	1	88	Servcorp Ltd	2	402	Technology One	7	1,751
Nick Scali Ltd	4	518	Primary Health	11	1,642	Service Stream	2	627	Telstra	13	37,226
Nine Entertain.	7	1,987	Pro Medicus Ltd	4	1,083	Seven West Med.	7	1,485	Temple Webster	1	112
Noni B Limited	2	336	Pro-Pac Pack.	1	117	Seven Group	7	6,365	The Reject Shop	4	145
Nthn Star Res.	13	5,017	PropertyLink	3	639	Shaver Shop Grp	2	53	Think Childcare	4	73
Nufarm Limited	13	2,173	Q.B.E. Insur.	11	14,774	Sheffield Res.	2	220	Transurban Grp	12	25,456
OFX Group	3	473	QMS Media	3	318	Shine Corporate	1	145	Treasury Wine	12	13,259
OZ Minerals Ltd	13	2,748	Qantas Airways	10	10,421	Shopping Centre	8	1,855	Universal Coal	1	141
Oceania Health.	4	635	Qantm I.P.	1	173	Shriro Holdings	1	106	Updater Inc	1	562
Oil Search Ltd	15	12,829	Qube Holdings	9	4,333	Sigma Health.	6	609	Vicinity Centre	12	10,569
Oncosil Medical	2	122	RCR Tomlinson	4	185	Silver Chef Ltd	2	73	Village Road.	8	430
Oneview Health.	3	90	REA Group Ltd	12	11,513	Silver Lake Res	3	249	Villa World Ltd	3	260
Onevue Holdings	5	211	RXP Services	2	83	Sims Metal Mgmt	9	2,623	Virgin Aust	6	1,816
Ooh!Media	5	1,242	Ramelius Res.	2	248	Sino Gas & En.	4	530	Virtus Health	5	455
Ophea Limited	2	123	Ramsay Health	13	11,026	Sirtex Medical	6	1,830	Vista Group	4	617
Orica Ltd	11	6,318	Range Intern'l	1	10	Sky and Space	1	109	Vita Group Ltd	2	183
Origin Energy	11	13,583	Reckon Limited	2	99	Smartgroup Corp	7	1,610	Viva EnergyREIT	4	1,589
Orocobre Ltd	12	936	Red River Res.	3	93	Smart Parking	1	72	Viva Energy Grp	3	4,278
Orora Limited	12	4,235	Redbubble Ltd	3	345	Smiles Incl.	1	57	Vocus Group Ltd	12	1,848
Osprey Medical	2	71	Redflex Holding	1	73	Somnosed Ltd	2	123	Volpara Health	2	131
Ottoman Energy	1	117	Redflow Limited	1	53	Sonic Health	9	10,868	WPP AUNZ Ltd	2	741
Over The Wire	3	196	Reece Limited	2	6,876	Soul Pattinson	1	5,707	Wagners Hold.	4	686
P2P Transport	1	70	Regeneus Ltd	1	36	South32 Limited	18	17,868	Watpac Ltd	1	125
PMP Limited	1	87	Regional Exp.	1	176	Spark Infrastru	7	3,852	Westfarmers Ltd	14	58,268
PWR Holdings	2	333	Regis Health.	7	1,070	Spec Fashion	1	234	Westgold Res.	2	487
Pacific Smiles	4	213	Regis Resources	13	2,126	Speedcast Int'l	7	1,068	Westpac Banking	11	95,487
Pacific Current	1	324	Reliance W/wide	11	4,148	Speedfish Ltd	1	81	West African R.	2	207
Pacific Energy	2	232	ResAoo Health	1	155	Spotless Group	1	1,323	Western Areas	13	651
Pact Group Hold	9	1,320	Resolute Mining	7	867	St Barbara Ltd	6	1,936	Whitehaven Coal	15	4,874
Panoramic Res.	1	223	Retail Food Grp	2	84	Star Entertain.	11	4,935	Windlab Ltd	1	86
Pantoro Limited	2	158	Reva Medical	1	99	Starpharma Hold	1	502	Wisetech Global	8	6,109
Paragon Care	2	210	Rhipe Limited	4	173	Steadfast Group	7	2,292	Woodside Petrol	15	33,027
Paringa Res Ltd	4	63	Ridley Corp.	4	434	Sth Cross Media	5	1,004	Woolworths Grp	14	37,154
Peet Ltd	3	586	Rio Tinto Ltd	15	29,488	Sth Cross Elect	1	165	Worley Group	11	5,351
Pendal Group	12	2,872	Rural Funds Grp	3	732	Stockland	13	10,273	XRF Scientific	1	22
Peninsula En.	3	63	Ruralco Hold.	3	298	Suncorp Group	13	19,335	Xref Limited	1	86
People Infra.	2	130	SG Fleet Group	5	1,035	Sundance Energy	1	474	Zenitas Health.	2	63
									Zip Co Ltd	3	307

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	0.9%	25	Altium Limited	0.1%	3,296	Autosports Grp	0.3%	293	Bounty Mining	0.1%	76
3P Learning	0.2%	173	Altura Mining	1.4%	428	Aventus Retail	0.3%	1,102	Brainchip Hold.	0.1%	157
A.P. Eagers	0.0%	1,555	Alumina Ltd	0.8%	7,862	BCI Minerals	0.0%	54	Brambles Ltd	0.5%	17,384
ACN004410833	0.0%	65	Amaysim Aust.	2.8%	259	BHP Billiton	2.1%	100,526	Bravura Sol.	0.8%	857
AGL Energy Ltd	0.8%	12,880	Amcor Ltd	3.4%	16,249	BUBS Australia	0.2%	268	Breaker Res NL	0.2%	42
ALS Limited	0.7%	4,144	Ansell Ltd	2.7%	3,539	BWP Trust	1.9%	2,139	Breville Group	0.4%	1,750
AMA Group Ltd	1.8%	615	Antipa Minerals	0.2%	22	BWX Limited	6.9%	495	Brickworks Ltd	0.4%	2,585
AMP Ltd	4.8%	9,631	Appen Limited	1.2%	1,463	Baby Bunting Gr	0.1%	305	Buddy Platform	0.1%	59
ANZ Bank	0.8%	81,825	Ardent Leisure	3.9%	855	Bank of Q'land	4.3%	4,410	Buru Energy Ltd	1.1%	106
APA Group	0.2%	11,528	Arena REIT	0.1%	622	Bapcor Limited	3.9%	2,032	C.S.R. Ltd	8.7%	2,113
APN Outdoor Grp	0.3%	1,109	Argosy Minerals	0.0%	207	Base Resources	0.0%	265	CIMIC Group	0.2%	15,856
ARB Corporation	0.9%	1,558	Aristocrat Leis	0.2%	18,901	Battery Mineral	0.0%	31	CSG Ltd	0.6%	86
ARQ Group	1.1%	246	Artimis Res.	0.3%	111	Beacon Lighting	0.0%	334	CSL Limited	0.1%	95,298
ASX Limited	1.6%	12,462	Asaleo Care Ltd	4.1%	424	Beach Energy	2.2%	4,156	Cabcharge Ltd	5.7%	287
AUB Group	0.0%	880	Atlas Arteria	3.9%	4,633	Beadell Res.	1.3%	75	Caltex Australia	0.7%	7,759
AVEO Group	1.2%	1,330	Aurelia Metals	0.0%	505	Bega Cheese Ltd	6.0%	1,403	Cann Group	0.1%	298
AVZ Minerals	0.0%	183	Aurizon Hold.	0.9%	8,299	Bellamy's Aust.	4.9%	1,107	Capilano Honey	0.0%	199
Abacus Property	0.6%	2,045	AusCann Group	0.3%	159	Bendigo Bank	6.1%	5,207	Cardno Ltd	0.2%	534
Accent Group	0.2%	881	AusNet Services	1.5%	5,855	Berkeley Energy	0.4%	186	Cardinal Res.	0.3%	170
Acruz Ltd	0.4%	41	Ausdrill Ltd	3.3%	794	Bigtincan Hold.	0.1%	51	Carnarvon Pet.	0.2%	416
Adairs Limited	0.2%	400	Aust Finance Gr	1.4%	344	Bingo Indust.	6.3%	1,694	Carsales.com	1.6%	3,688
Adelaide Bright	1.1%	4,027	Austal Limited	0.7%	667	Blackham Res.	0.1%	51	Cash Converters	0.1%	197
Afterpay Touch	3.4%	3,300	Aust Mines Ltd	0.2%	175	Blackmores Ltd	4.9%	2,522	Catapult Group	1.6%	217
Ainsworth Game	2.9%	362	Australis O & G	0.0%	420	Blue Energy Ltd	0.0%	91	Cedar Woods Prp	1.2%	481
Airxpanders Inc	1.0%	57	Aust Vintage	0.1%	160	Blue Sky Alt In	5.6%	122	Celsius Res.	0.2%	70
Alacer Gold	0.2%	233	Aust Agricul.	8.3%	772	Bluescope Steel	0.6%	9,297	Centuria Metro.	0.0%	607
Ale Property	0.3%	1,032	Aust Pharm. Ind	3.9%	845	Boart Longyear	0.1%	158	Centuria Indust	0.8%	676
Alexium Int'l	0.0%	45	Aust Careers N.	0.3%	287	Boral Limited	0.6%	8,148	Challenger Ltd	3.9%	6,347
Alkane Explor.	0.1%	109	Automotive Hold	3.5%	756	Botanix Pharma.	0.2%	73			

(Continued on Page 18)

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.)
Champion Iron	0.0%	532	Healthscope	1.2%	3,706	National Stor.	3.8%	934	Select harvest	0.6%	513
Change Fin.	0.2%	12	Helloworld Trav	0.0%	672	Navigator GI In	0.4%	919	Senex Energy	1.4%	645
Chart Hall Long	0.3%	999	Highfield Res.	1.6%	227	Navitas Ltd	2.1%	1,598	Servcorp Ltd	0.2%	402
Charter Hall GR	0.9%	3,335	Homeloans Ltd	0.0%	260	Nearmap Ltd	0.4%	739	Service Stream	0.3%	627
Chart H Retail	4.3%	1,724	Horizon Oil Ltd	0.0%	156	Neometals Ltd	0.4%	152	Seven West Med.	0.9%	1,485
Cirrus Networks	0.1%	16	Hotel Property	0.2%	459	NetComm Wire.	1.3%	107	Seven Group	2.6%	6,365
Class Limited	2.4%	228	Huon Aquacult.	0.7%	404	Netwealth Group	6.3%	1,937	Sheffield Res.	0.0%	220
Clearview With	0.0%	682	I-SignThis Ltd	0.0%	176	New Century Res	0.7%	519	Shopping Centre	2.3%	1,855
Clean Teq Hold.	5.0%	372	IDP Education	1.1%	2,679	Newcrest Mining	0.7%	14,587	Shriro Holdings	0.0%	106
Cleanaway Waste	0.4%	3,789	IMF Bentham Ltd	4.2%	477	News Corp.	8.7%	953	Sigma Health.	6.2%	609
Clinuvel Pharm.	0.0%	736	IOOF Holdings	9.4%	2,844	Nextdc Limited	3.7%	2,043	Silex Systems	0.1%	36
Cobalt Blue	0.0%	40	IPH Limited	2.4%	1,117	Nib Holdings	1.4%	2,829	Silver Heritage	0.0%	19
CocaCola Amatil	2.9%	6,704	IRESS Limited	2.6%	2,235	Nick Scali Ltd	0.5%	518	Silver Chef Ltd	1.2%	73
Cochlear Ltd	0.5%	11,903	Icar Asia Ltd	0.0%	88	Nine Entertain.	6.8%	1,987	Silver Lake Res	0.3%	249
Collerina Cob.	0.0%	59	Iluka Resources	0.6%	3,870	Nthn Star Res.	2.9%	5,017	Silver Mines	0.0%	15
Collection Hse	4.7%	213	Imdex Limited	0.0%	408	Nufarm Limited	8.4%	2,173	Sims Metal Mgmt	3.0%	2,623
Collins Foods	0.3%	663	Impedimed Ltd	5.2%	148	Nuheara Limited	0.2%	71	Sino Gas & En.	0.3%	530
Com'wealth Bank	1.4%	124,087	Imugene Ltd	0.0%	83	OFX Group	0.9%	473	Sirtex Medical	0.1%	1,830
Computershare	2.0%	10,050	Incitec Pivot	1.2%	6,099	OM Holdings	0.0%	960	Slater & Gordon	0.0%	181
Conc Leader Fd	0.0%	75	Independ. Group	10.2%	2,379	OZ Minerals Ltd	1.0%	2,748	Smartgroup Corp	0.5%	1,610
Cooper Energy	4.2%	688	IndiOre Limited	0.0%	21	Oil Search Ltd	0.5%	12,829	Smart Parking	0.0%	72
Corp Travel M.	3.9%	3,413	Industria REIT	0.0%	448	Onemarket Ltd	0.0%	101	Somnomed Ltd	0.0%	123
Costa Group	1.9%	2,190	Infigen Energy	2.3%	560	Oneview Health.	0.0%	90	Sonic Health	1.2%	10,868
Covata Limited	0.1%	16	Infomedia Ltd	0.0%	406	Ooh!Media	1.3%	1,242	Soul Pattinson	0.8%	5,707
Credit Corp	5.0%	1,086	Ingenia Com Grp	0.3%	626	Orcoda Limited	0.0%	21	South32 Limited	0.5%	17,868
Cromwell Prop.	2.8%	2,237	Inghams Group	12.3%	1,456	Orica Ltd	3.8%	6,318	Spark Infrastru	3.4%	3,852
Crown Resorts	1.1%	9,452	Insurance Aust.	0.2%	17,685	Origin Energy	0.2%	13,583	Speedcast Int'l	2.3%	1,068
CuDeco Ltd	0.0%	93	Int Research	0.4%	403	Orocobre Ltd	15.8%	936	Spotless Group	0.0%	1,323
Cybg plc	2.6%	4,449	Investa Office	1.0%	3,315	Orora Limited	0.2%	4,235	St Barbara Ltd	0.5%	1,936
Dacian Gold Ltd	3.2%	504	Invocare Ltd	8.4%	1,392	PMP Limited	0.0%	87	Star Entertain.	0.4%	4,935
Danakali Ltd	0.0%	189	Iselect Limited	3.6%	170	PWR Holdings	0.0%	333	Starpharma Hold	2.3%	502
Decmil Group	0.0%	136	Isentia Group	2.2%	60	Pact Group Hold	2.0%	1,320	Steadfast Group	0.8%	2,292
Dexus	0.8%	10,915	Ive Group	0.1%	333	Paladin Energy	0.1%	308	Sth Cross Media	0.5%	1,004
Domain Holdings	2.4%	2,014	JB Hi-Fi Ltd	19.2%	2,872	Panoramic Res.	0.1%	223	Stockland	0.4%	10,273
Domino's Pizza	14.2%	4,670	James Hardie	1.2%	9,259	Pantoro Limited	0.0%	158	Suncorp Group	0.4%	19,335
Donaco Interl	0.1%	140	Janus Henderson	1.5%	2,910	Paragon Care	0.0%	210	Sundance Energy	0.2%	474
Doray Minerals	0.0%	138	Japara Health.	3.2%	463	Peel Mining Ltd	0.1%	75	Sundance Res.	0.0%	42
Downer EDI Ltd	1.9%	4,585	Kardoon Gas	6.5%	283	Pendal Group	2.5%	2,872	Super Retail Gr	7.6%	1,759
DuluxGroup Ltd	0.6%	3,036	Kidman Res Ltd	4.3%	420	Pengana Capital	0.0%	348	Superloop Ltd	3.0%	507
EML Payments	1.8%	420	Kin Mining NL	0.0%	42	Peninsula En.	0.3%	63	Sydney Airport	1.1%	16,553
ERM Power Ltd	0.1%	425	Kingsgate Cons.	0.1%	48	Perpetual Ltd	4.1%	1,990	Syrah Resources	21.1%	693
Eclixp Group	4.2%	857	Klees Space	0.2%	7	Perseus Mining	1.2%	357	TPG Telecom Ltd	3.8%	7,794
Eden Innovation	0.3%	64	Kneomeida Ltd	0.1%	17	Phoslock Env.	0.1%	209	TPI Enterprises	0.0%	122
Elders Limited	1.1%	754	Kogan.com Ltd	1.4%	590	Piedmont Lith.	0.0%	84	Tabcorp Holding	3.1%	9,622
Electro Optic	0.0%	286	LendLease Group	1.0%	11,095	Pilbara Mineral	6.7%	1,343	Taruga Minerals	0.0%	13
Emeco Holdings	0.2%	1,081	Link Admin.	2.0%	4,040	Pinnacle Invest	0.0%	1,271	Tassal Group	1.2%	765
Energy World	0.5%	314	Liq Natural Gas	4.1%	365	Platinum Asset	4.0%	3,033	Tawana Resource	0.2%	168
Energy Resource	0.3%	199	Lithium Power	0.1%	76	Platina Res.	0.0%	25	Technology One	6.3%	1,751
Equity Trustees	0.0%	489	Lithium Aust.	0.5%	44	Polynovo Ltd	0.1%	362	Telix Pharma.	0.0%	113
EservGlobal Ltd	0.0%	122	Longtable Group	0.3%	52	Praemium Ltd	0.0%	402	Telstra	1.3%	37,226
Estia Health	0.7%	771	Lovisa Holdings	1.0%	1,072	Premier Invest	1.1%	3,083	Terracom Ltd	0.2%	216
Eureka Group	0.0%	58	Lynas Corp Ltd	2.0%	1,265	Primo Group	0.1%	63	The Reject Shop	0.0%	145
Event Hospital.	0.0%	2,368	MG Unit Trust	0.0%	69	Prime Media Grp	0.0%	88	Thorn Group Ltd	1.1%	96
Evolution Min.	0.5%	4,700	MMA Offshore	2.2%	202	Primary Health	2.9%	1,642	Tiger Resources	0.0%	104
Experience Co	0.0%	214	MNF Group	0.1%	363	Pro Medicus Ltd	0.0%	1,083	Titomic Ltd	0.4%	123
FAR Ltd	2.3%	628	MOD Resources	0.5%	97	PropertyLink	0.4%	639	Toro Energy Ltd	0.0%	56
Fairfax Media	0.7%	1,909	MYOB Group	6.2%	1,729	Q.B.E. Insur.	1.3%	14,774	Transurban Grp	1.0%	25,456
Fatbrick Robot	0.9%	175	Maca Limited	2.7%	328	Qantas Airways	0.3%	10,421	Treasury Wine	1.8%	13,259
Fleetwood Corp	0.0%	230	Macquarie Group	0.1%	41,758	Qube Holdings	4.1%	4,333	Troy Resources	0.3%	46
Flexicorp Ltd	0.9%	767	Magellan Fin Gp	2.2%	4,832	Quintis Ltd	8.3%	115	Unibail-Rod.	0.4%	6,181
Flight Centre	6.3%	5,800	Magnis Resource	0.4%	212	RCR Tomlinson	3.4%	185	Updater Inc	0.4%	562
Fluence Corp.	0.1%	181	Marley Spoon AG	0.2%	110	REA Group Ltd	1.6%	11,513	Valor Resources	0.0%	13
Folkestone Educ	1.7%	726	Mayne Pharma Gr	2.2%	1,791	RTG Mining Inc.	0.0%	43	Vicinity Centre	0.7%	10,569
Fortescue Metal	1.9%	11,614	McMillan Shake.	0.3%	1,504	RXP Services	0.0%	83	Village Road.	2.3%	430
Freedom Foods	1.0%	1,693	Medibank Priv.	0.6%	8,042	Ramelius Res.	0.3%	248	Villa World Ltd	2.3%	260
G.U.D. Holdings	0.2%	1,241	Medical Dev Int	0.1%	247	Ramsay Health	3.4%	11,026	Virgin Aust	0.2%	1,816
G8 Education	10.5%	948	Medibio Limited	0.2%	21	Reckon Limited	0.0%	99	Virtus Health	0.7%	455
GBST Holdings	0.0%	135	Megaport Ltd	0.0%	454	Red River Res.	0.3%	93	Vita Group Ltd	0.4%	183
GDI Property	0.2%	691	Mesoblast Ltd	5.1%	787	Redbubble Ltd	0.2%	345	Viva Energy/REIT	0.6%	1,589
GPT Group	0.4%	9,403	Metals X Ltd	6.8%	334	Reece Limited	0.0%	6,876	Viva Energy Grp	0.6%	4,278
GTN Limited	0.5%	420	Metcash Ltd	12.6%	2,455	Regis Health.	3.1%	1,070	Vocus Group Ltd	9.7%	1,848
GWA Group Ltd	2.7%	802	Metro Mining	0.0%	256	Regis Resources	1.5%	2,126	WPP AUNZ Ltd	0.5%	741
Galaxy Res.	18.3%	1,080	Michael Hill	0.2%	353	Reliance W/wide	2.6%	4,148	Wagners Hold.	2.5%	686
Gascoyne Res.	0.1%	150	Mincor Resource	0.0%	78	Resolute Mining	5.5%	867	Wattle Health	0.2%	153
Gateway Life.	1.1%	680	Mineral Res.	3.2%	2,724	Retail Food Grp	4.8%	84	Webjet NL	1.2%	1,979
Gbl Geoscience	0.5%	456	Mirvac Group	0.9%	9,142	Reva Medical	0.1%	99	Webster Ltd	0.0%	636
Genworth Mort.	6.7%	1,197	Moelis Aust.	0.0%	912	Ridley Corp.	0.3%	434	Wesfarmers Ltd	0.6%	58,268
Getswift Ltd	1.8%	42	Monadelphous Gr	5.5%	1,328	Rio Tinto Ltd	1.6%	29,488	Westgold Res.	3.0%	487
Gold Road Res.	3.8%	544	Monash IVF Grp	0.7%	274	Rural Funds Grp	0.0%	732	Westpac Banking	1.3%	95,487
Goodman Group	0.4%	18,926	Money3 Corp Ltd	0.7%	371	S2 Resources	0.6%	25	West African R.	0.1%	207
Graincorp	6.4%	1,822	Mortgage Choice	6.8%	187	SG Fleet Group	0.0%	1,035	Western Areas	2.6%	651
Greencross Ltd	10.5%	480	Mt Gibson Iron	0.6%	550	Sandfire Res.	7.4%	1,102	Whitehaven Coal	2.9%	4,874
Greenland Min.	0.1%	92	Myanmar Metals	0.0%	86	Santos Ltd	0.1%	13,851	Wisetech Global	1.8%	6,109
Growthpoint Pro	1.8%	2,566	Myer Holdings	11.3%	370	Saracen Mineral	3.3%	1,476	Woodside Petrol	0.6%	33,027
HT&E Limited	6.2%	883	Mystate Ltd	0.1%	434	Scentre Group	0.2%	22,066	Woolworths Grp	3.2%	37,154
HUB24 Limited	0.9%	761	NRW Holdings	0.2%	749	Scottish Pac.	0.3%	497	Worley Group	2.1%	5,351
Hansen Tech.	0.9%	680	Nanosonics Ltd	8.1%	1,006	Seafarms Group	0.0%	258	Yancoal Aust.	0.0%	5,495
Harvey Norman	10.3%	3,877	Nat Veterinary	0.0%	139	Sealink Travel	0.6%	435	Yowie Group Ltd	0.2%	20
Havilah Res.	0.0%	39	Nat'l Aust Bank	0.7%	76,200	Seek Ltd	6.4%	7,476	ZipTel Limited	0.1%	3

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	1162	N/A	NE	Nil	IkeGPS Limited	D	52	5.28	NE	Nil	Ryman Health.	A	1370	N/A	20	1.5
AFT Pharma.	A	222	0.71	NE	Nil	Infratil NZ	D	342	1.11	32	6.8	SLI Systems Ltd	C	32	0.63	NE	Nil
AMP Limited	A	359	1.48	11	8.9	Investore Prop.	D	153	8.48	9	4.9	Sanford Limited	C	768	1.50	19	4.2
AWF Madison Grp	A	182	0.21	12	12.4	Just Water Int.	E	45	2.35	19	6.2	Satara Co-op	B	58	0.19	NE	Nil
Abano Health.	A	894	0.92	21	5.6	Kathmandu Ltd	C	310	1.40	16	5.8	Scales Corp Ltd	B	472	1.66	21	5.6
Air New Zealand	A	316	0.42	9	11.4	Kingfish Ltd	C	143	8.21	10	7.8	Scott Tech. Ltd	C	317	1.78	24	4.4
Akd Int Airport	A	686	N/A	13	4.4	Kiwi Property	E	138	7.84	16	6.9	SeaDragon Ltd	C	0.3	4.47	NE	Nil
Allied Farmers	C	7.2	0.67	5	5.0	Mainfreight Grp	E	2851	1.10	27	2.1	Sealegs Corp	C	13	0.99	32	Nil
Aorere Res.	N/R	0.1	N/A	NE	Nil	Marlin Global	D	94	N/A	5	9.4	Seeka Kiwifruit	C	620	0.58	19	4.9
Argosy Property	D	111	8.98	9	7.2	Marsden Mar.	D	521	N/A	23	4.2	Serko Limited	B	280	N/A	NE	Nil
Arvida Group	D	135	4.22	10	3.5	Mercury NZ	D	339	2.61	20	6.3	Skellerup Hold.	C	215	1.72	15	7.1
Augusta Capital	D	111	4.17	13	5.0	Mercer Group	D	17	0.36	NE	Nil	Sky Network TV	C	212	0.98	7	9.8
Barramundi Ltd	D	64	N/A	5	8.3	Meridian Energy	C	322	2.99	41	8.3	Sky City Ltd	B	407	2.37	14	6.8
Bathurst Res.	E	18	N/A	NE	Nil	MetLifeCare	A	634	N/A	5	1.3	Smartpay NZ Ltd	A	22	1.86	15	Nil
Bethunes Invest	D	2.0	N/A	NE	Nil	Methven Limited	E	118	0.87	15	6.5	Smiths City	C	32	0.08	NE	4.3
Blis Technology	E	1.7	3.33	NE	Nil	Metro Per Glass	E	82	0.81	7	12.9	Snakk Media Ltd	D	5.0	0.08	NE	Nil
Briscoe Group	D	358	1.31	13	7.4	Mid-Cap Index	D	506	N/A	7	2.6	Sol. Dynamics	C	180	1.56	25	4.1
Burger Fuel	D	70	1.69	NE	Nil	Millennium & C.	C	321	2.71	12	2.6	South Port NZ	A	685	4.41	19	5.3
CBL Corporation	E	317	1.91	25	2.2	Moa Group Ltd	E	44	2.30	NE	Nil	Spark NZ Ltd	A	390	1.98	17	7.8
CDB Investments	E	91	3.21	8	5.3	NPT Limited	E	59	5.67	31	6.2	Steel & Tube	B	124	0.23	14	7.8
Cavalier Corp	D	60	0.28	10	Nil	NZ Exchange Ltd	E	107	3.81	19	7.9	Stride Property	C	235	N/A	9	5.5
Cavotec MSL	E	245	1.08	20	1.6	NZ King Salmon	C	261	2.64	16	1.1	Summerset Group	A	760	N/A	8	1.4
Chorus Ltd	C	487	1.92	18	6.0	NZ Oil & Gas	N/R	58	2.63	NE	9.6	Synlait Milk	B	1300	3.48	55	Nil
Col Motor Co	B	825	0.30	11	8.4	NZ Refining Co	D	257	1.95	10	9.7	T&G Global	C	310	0.34	20	2.7
Comvita	D	570	1.51	33	1.0	NZ Windfarms	D	13	6.07	NE	Nil	T&G Global	C	180	0.29	13	2.3
Contact Energy	C	557	1.85	30	8.0	NZF Group	E	1.0	N/A	NE	Nil	TeamTalk Ltd	C	88	0.73	6	Nil
Delegat Group	C	1081	4.02	23	1.7	NZME Limited	E	69	0.35	6	9.1	Tegel Group	C	113	0.65	15	9.3
EROAD Ltd	E	347	6.38	NE	Nil	NZSX 10 Fund	D	160	N/A	9	4.2	Tilt Renewables	B	230	4.56	NE	1.3
Ebos Group Ltd	B	2120	0.42	22	3.5	NZSX 50 Port.	D	262	N/A	12	4.1	Tourism Hold.	C	560	1.98	22	4.2
Evolve Mad Ltd	C	1.7	4.51	NE	Nil	NZX Aust MidCap	D	735	N/A	8	2.7	Tower Limited	C	74	0.41	NE	Nil
Evolve Educat.	E	53	0.62	6	13.1	New Talisman	N/R	1.4	N/A	NE	Nil	Trade-Me Ltd	B	493	8.42	20	5.5
F & P Health.	C	1490	9.45	50	2.0	Orion Health.	C	108	1.24	NE	Nil	Training Sol.	B	0.3	N/A	NE	Nil
Finzsoft Sol'ns	D	220	1.16	8	Nil	Ozzy (Tortis)	C	370	N/A	14	8.8	Trilogy Intern.	C	289	2.01	16	Nil
Fletcher Build.	E	620	0.56	NE	Nil	PGG Wrightsons	C	62	0.39	26	2.8	Trust Power Ltd	C	600	2.00	20	7.6
Foley Fam Wines	E	148	1.84	43	2.8	Pac Edge Bio.	C	32	N/A	NE	Nil	Turners Ltd	C	388	1.45	16	1.8
Fonterra S/H Fd	D	497	0.42	11	8.0	Plexure Group	B	19	2.35	NE	Nil	Vector Ltd	C	342	2.57	23	6.6
Freightways Ltd	D	766	2.05	20	5.4	Port Tauranga	C	508	N/A	37	3.5	Veritas Invest.	B	13	0.18	1	Nil
Genesis Energy	D	246	1.26	21	9.4	Precinct Prop.	C	142	N/A	7	4.1	Vetiot Limited	C	0.2	N/A	NE	Nil
Gentech Group	D	670	7.46	47	2.5	Promisia Integ.	C	0.6	1.12	NE	Nil	Vista Group Ltd	B	409	6.32	70	1.0
GeoOP Ltd	E	17	1.18	NE	Nil	Property F. Ind.	C	178	N/A	17	4.2	Vital Health PT	B	207	9.66	4	4.1
Goodman Prop.	D	149	N/A	10	4.5	Pushpay Hold.	C	225	N/A	NE	Nil	WN Drive Tech.	B	16	1.00	NE	Nil
Green Cross H.	D	144	0.39	10	6.8	Pyne Gould Corp	B	33	N/A	NE	Nil	Warehouse Group	C	206	0.24	9	10.8
Hallenstein G.	B	598	1.47	20	7.3	Rakon Ltd	B	27	0.61	6	Nil	Windflow Tech.	B	1.4	0.89	NE	Nil
Heartland Bank	E	131	4.58	13	8.0	Restaurant Brds	B	757	1.22	26	5.1	World Index Fd	C	100	N/A	NE	Nil
Horizon Energy	D	435	0.97	27	4.5	Rubicon Limited	B	27	2.73	48	Nil	Z Energy Ltd	B	712	0.62	11	6.3
Ave of 135 Cos																	
C 318 0.76 16 3.8																	
A.P. Eagers	A	813	0.38	16	4.4	Emeco Holdings	B	34	2.84	NE	Nil	Perpetual Ltd	B	4273	3.69	14	6.3
AGL Energy Ltd	B	1964	1.01	8	6.0	Event Hospital.	B	1475	1.94	21	3.5	Pilbara Mineral	D	77	N/A	NE	Nil
ALS Limited	A	845	2.85	29	2.0	Evolution Min.	B	277	3.04	18	2.7	Pinnacle Invest	A	727	N/A	48	1.6
AMP Ltd	B	330	1.56	11	8.8	Fairfax Media	A	83	1.11	23	4.8	Platinum Asset	B	517	8.53	16	6.2
ANZ Bank	A	2840	2.42	13	5.6	Flight Centre	A	5738	1.99	0	2.9	Premier Invest	A	1950	2.80	29	2.7
APA Group	A	977	4.87	44	4.6	Fortescue Metal	B	373	1.25	10	16.3	Primary Health	B	281	0.87	NE	3.8
ARN Outdoor Grp	A	664	3.23	25	2.8	Freedom Foods	A	694	4.80	NE	0.5	Pro Medicus Ltd	A	1048	N/A	85	0.5
ARB Corporation	B	1964	3.68	31	1.9	G.U.D. Holdings	A	1435	3.12	25	3.6	Purifloh Ltd	D	50	N/A	NE	Nil
ASX Limited	B	6437	N/A	28	3.4	GPT Group	A	521	N/A	7	4.7	Q.B.E. Insur.	B	1095	1.03	NE	2.4
AVEO Group	B	229	3.11	4	3.9	Galaxy Res.	C	265	8.55	NE	Nil	Qantas Airways	B	619	0.61	11	2.7
Abacus Property	B	353	6.62	8	5.1	Genworth Mort.	A	260	3.47	9	9.2	Qube Holdings	A	270	2.86	41	2.0
Adelaide Bright	B	619	2.58	22	3.3	Goodman Group	A	1051	N/A	17	2.7	REA Group Ltd	A	8741	N/A	46	1.2
Afterpay Touch	C	1500	N/A	NE	Nil	Graincorp	A	796	0.40	15	3.8	Ramsay Health	B	5456	N/A	NE	2.6
Ale Property	B	527	N/A	14	3.9	Growthpoint Pro	A	380	9.87	7	5.8	Reece Limited	B	1226	2.56	31	1.7
Altium Limited	B	2528	N/A	65	1.1	Harvey Norman	B	348	1.94	10	8.6	Regis Health.	B	356	1.80	20	5.0
Alumina Ltd	B	273	N/A	18	6.3	Healthscope	B	213	1.58	49	3.1	Regis Resources	B	421	3.50	12	3.8
Amcor Ltd	B	1403	1.37	21	4.3	Hutchison Tel.	B	14	N/A	NE	Nil	Reliance W/wide	A	525	5.39	63	1.2
Ansell Ltd	B	2487	1.76	5	2.5	IDP Education	A	1053	5.41	51	1.4	Rio Tinto Ltd	B	7150	2.45	11	5.8
Appen Limited	B	1374	6.82	NE	0.4	IOOF Holdings	A	810	3.09	30	6.7	S/Tracks ASX200	B	5812	N/A	9	1.6
Argo Investment	B	789	N/A	26	4.0	IPH Limited	A	566	5.03	27	4.0	SG Fleet Group	B	402	3.27	15	4.7
Aristocrat Leisure	B	2960	7.70	38	1.1	IRESS Limited	A	1291	5.15	37	3.4	Sandfire Res.	B	692	1.84	9	3.9
Atlas Alpha	A	678	8.57	8	2.9	Iluka Resources	A	917	3.56	40	3.4	Santos Ltd	B	665	3.48	NE	5.8
Aurizon Hold.	B	417	2.67	17	6.5	Incitec Pivot	A	373	1.81	20	2.5	Saracen Mineral	B	180	2.88	19	Nil
AusNet Services	B	162	3.07	20	5.7	Independ. Group	A	403	3.04	45	0.7	Scentre Group	B	415	8.93	5	5.2
Aust Foundation	B	621	N/A	26	3.9	Inghams Group	A	383	0.60	25	3.2	Seek Ltd	B	2129	5.69	NE	2.2
Aust United In	B	825	N/A	10	4.2	Insurance Aust.	A	747	N/A	7	4.6	Seven West Med.	B	99	0.92	11	Nil
Aventus Retail	A	223	6.74	8	7.3	Investa Office	A	554	N/A	7	3.6	Seven Group	A	2011	1.98	15	2.1
BHP Billiton	A	3130	1.71	15	5.1	Invocare Ltd	A	1265	2.99	14	3.5	Shopping Centre	A	246	8.56	11	5.7
BKI Invest Coy	B	152	N/A	24	4.8	JB Hi-Fi Ltd	A	2500	0.42	12	5.3	Sims Metal Mgmt	B	1294	0.41	13	4.1
BWP Trust	A	333	N/A	12	5.3	James Hardie	B	2097	3.67	26	2.4	Sirtex Medical	B	3280	8.36	44	Nil
Bank of Qland	A	1110	1.91	12	6.8	Janus Henderson	B	3851	1.54	4	3.2	Smartgroup Corp	A	1229			

Dividend\$

Company	Cents per Share	Ex-Date	Pay-able	Tax Credit
Abano Healthcare	20.00	09-09	20-09	Full
Air New Zealand	11.00	07-09	19-09	Full
Auckland Int'l Airport	11.00	05-10	19-10	Full
Barramundi Ltd	1.40	13-09	28-09	-
Chorus Ltd	13.00	25-09	09-10	Full
Colonial Motor Company	35.00	05-10	15-10	Full
Contact Energy	19.00	30-08	18-09	Full
Delegat Group	15.00	28-09	12-10	Full
Ebos Group	35.50	28-09	12-10	3.4514
Foley Family Wines	3.00	11-09	18-09	Full
Freightways Ltd	15.25	14-09	02-10	Full
Genesis Energy	8.60	05-10	19-10	2.6756
Heartland Bank	5.50	07-09	21-09	Full
Marlin Global	2.05	13-09	28-09	-
Marsden Marine Holdings	9.00	07-09	14-09	Full
Mercury NZ	9.01	13-09	28-09	Full
Methven Ltd	4.00	14-09	28-09	0.2105
MetLifeCare	6.75	14-09	21-09	Nil
NZ King Salmon	3.00	12-09	21-09	Full
NZME Ltd	2.00	16-10	26-10	Full
NZ Refining Company	3.00	13-09	20-09	Full
NZX Ltd	3.00	31-08	14-09	Full
NZX Ltd special	1.50	31-08	14-09	Full
Port of Tauranga	7.00	21-09	05-10	Full
Port of Tauranga special	5.00	21-09	05-10	Full
PGG Wrightson	1.25	04-09	03-10	Full
Precinct Properties	1.45	14-09	28-09	Full
Skellerup Holdings	7.00	28-09	11-10	1.4972
SkyCity Entertainment	10.00	31-08	14-09	3.8889
Sky TV Network	7.50	07-09	14-09	Full
South Port NZ	18.50	26-10	06-11	Full
Summerset Group	6.00	28-08	10-09	Nil
Tourism Holdings	14.00	02-10	11-10	Full
Trade Me Group	10.50	07-09	18-09	Full
Trade Me Group special	22.00	07-09	18-09	Full
Vector Ltd	8.00	07-09	14-09	Full
Vital Healthcare Prop.	2.1875	06-09	20-09	-

Australian Shares

Arq Group	3.50	06-09	28-09
Fiducian Group	11.00	28-08	12-09
Finbar Group	3.00	08-08	19-09
Iluka Resources	10.00	30-08	27-09
Integrated Research	3.50	03-09	16-10
McMillan Shakespeare	40.00	13-09	28-09
Michael Hill International	2.50	13-09	28-09
Mt Gibson Iron	3.00	28-08	15-10
Reckon Ltd	3.00	14-08	04-09

Total Return Index for All Listed Shares

Aug 13	1736.82	Aug 20	1747.12
Aug 14	1736.22	Aug 21	1747.69
Aug 15	1746.94	Aug 22	1745.22
Aug 16	1747.15	Aug 23	1746.83
Aug 17	1748.65	Aug 24	1738.35
Aug 27	1750.79	Sep 3	1757.81
Aug 28	1746.09	Sep 4	1761.27
Aug 29	1754.13	Sep 5	1759.30
Aug 30	1757.54	Sep 6	1747.42
Aug 31	1759.84	Sep 7	1748.41

Next Issue:

The next issue of *Market Analysis* will be emailed in four weeks time on Monday October 8, 2018.

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

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