

Market Analysis

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Founder: James R Cornell (B.Com.)

Summary and Recommended Investment Strategy.

Economic statistics show we are in recession . . . which is usually the *very best* time to buy and hold shares! Markets are volatile, but share valuations are very low . . . so remain fully invested in the recommended shares.

Investment Outlook.

The United States economy is now officially in recession . . . and has been over a year. Economic statistics measure what has happened *in the past* and are reported after a long *delay*. Furthermore, the stockmarket *anticipates the future*, so stockmarket fluctuations reflect what is likely to be happening in the the economy over the next 3-6 months. So stockmarket fluctuations *lead* the economy . . . which once led economist Paul Samuelson to observe “The market has predicted nine of the last four recessions”. The stockmarket falls *ahead* of every recession (with a few extra random falls thrown in) and also rises *ahead* of every economic recovery!

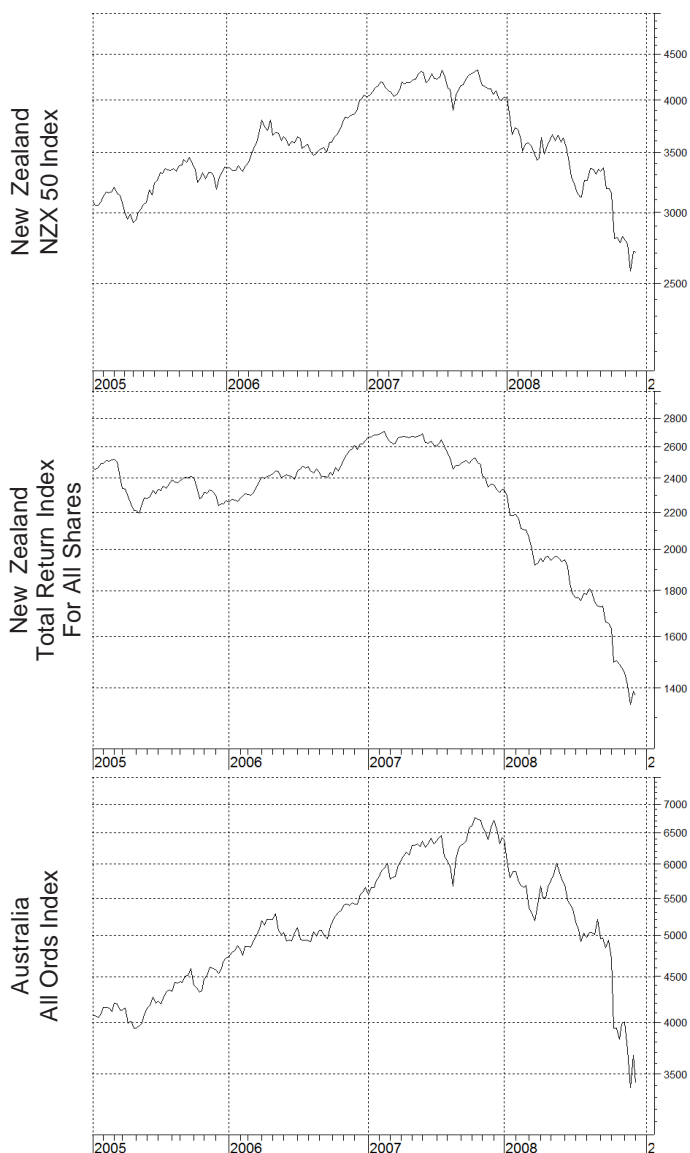
It is therefore totally illogical for share prices to fall when “bad” economic news is released! In fact, given that the economy moves through an irregular cycle of booms and busts, economic news is a “contrary indicator” for the stockmarket. When “good” news shows the economy is booming then we are most likely to be heading for a slowdown, so this is “bad” news for the future trend in share prices. When “bad” economic news shows the economy is in recession, the worst has probably happened over the preceding year and this is “good” news, that the stockmarket is probably about to start rising ahead of the coming economic recovery.

The NZ Reserve Bank stated “We believe the recession” in New Zealand “has ended” and expects “positive but very low growth for the next four quarters” and “solid growth towards the second half of next year”.

The stockmarket remains volatile, often with few buyers and sellers, wide bid/offer spread and prices can move significantly on low volumes. Share valuations are very low, so despite some extreme volatility, and short term profit weakness, shares purchased today should look very cheap in the future and earn us excellent returns over many years!

Stockmarket Forecasts

	One-Month	One-Year
Australia:	22% (Bearish)	62% (Bullish)
New Zealand:	60% (Neutral)	50% (Neutral)



Performance Forecasts

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

	Performance Forecast	Price	Price/Sales Ratio	PE Ratio	Gross Yield		Performance Forecast	Price	Price/Sales Ratio	PE Ratio	Gross Yield		Performance Forecast	Price	Price/Sales Ratio	PE Ratio	Gross Yield
Trust Power Ltd	A	715	3.31	23	5.9	Inv Research Gr	E	7.0	2.69	NE	Nil	ProvencoCadmus	E	9.5	0.12	NE	Nil
AMP Onyx Mgmt	B	102	5.82	6	8.2	JasonsMedia	B	75	1.09	15	3.0	Pumpkin Patch	C	105	0.48	6	12.8
AMP Limited	C	620	0.68	11	7.6	Just Water Int.	C	37	0.89	64	14.4	Pyne Gould Corp	B	330	1.35	7	10.4
Abano Health.	B	450	0.84	13	6.0	Kermadec Prop.	C	51	3.63	6	17.0	Rakon Ltd	E	130	0.91	15	Nil
Affco Holdings	D	39	0.21	NE	Nil	Kingfish Ltd	C	85	N/A	NE	7.9	Renaissance	C	38	0.09	5	29.5
Air New Zealand	C	85	0.19	4	14.9	Kirkcaldie & St	B	240	0.53	21	6.2	Restaurant Brds	C	61	0.19	5	15.9
Akd Int Airport	B	169	5.88	18	7.2	Kiwi Property	B	104	5.02	7	8.8	Richina Pacific	D	37	0.11	3	4.1
Allied Work.	C	55	0.17	8	15.7	Life Pharmacy	C	46	2.70	NE	Nil	Rubicon Limited	E	75	0.34	NE	Nil
Allied Farmers	D	75	0.13	38	Nil	Lion Nathan Ltd	A	1015	2.59	22	3.8	Ryman Health.	C	150	9.88	10	3.3
Apple Fields	B	11	3.25	6	Nil	Livestock Imp.	A	220	0.55	5	17.0	Salvus Strat.	B	67	1.56	2	12.3
Barramundi Ltd	E	43	N/A	NE	Nil	Lombard Group	D	6.1	0.04	NE	Nil	Sanford Limited	B	534	1.35	25	6.1
Blis Technology	E	4.3	6.42	NE	Nil	Lyttelton Port	A	245	3.00	24	3.1	Satara Co-op	A	90	0.25	11	5.0
Botry-Zen Ltd	E	1.7	8.50	NE	Nil	Mainfreight Grp	C	480	0.49	11	5.6	Savoy Equities	E	0.2	2.86	NE	Nil
Briscoe Group	C	85	0.44	8	14.0	Marlin Global	E	55	N/A	NE	Nil	Scott Tech. Ltd	C	95	0.80	8	14.1
Broadway Ind	D	25	0.10	5	8.0	Media Tech.	D	4.0	0.63	4	Nil	Sealegs Corp	E	12	1.51	NE	Nil
Burger Fuel	D	38	4.27	NE	Nil	Methven Limited	C	131	0.76	9	13.3	Seeka Kiwifruit	B	245	0.29	12	Nil
CDL Investments	C	25	1.76	5	13.7	Metro. LifeCare	D	330	4.96	NE	5.8	Skellerup Hold.	D	72	0.43	NE	6.2
Cabletalk Group	D	1.0	0.01	NE	Nil	Michael Hill	D	58	0.59	9	8.2	Sky Network TV	C	370	2.19	15	5.6
Cadmus Tech Ltd	D	9.5	1.02	NE	Nil	Mid-Cap Index	D	212	N/A	NE	Nil	Sky City Ltd	C	296	1.57	13	10.8
Canty Bldg Soc.	B	410	1.32	24	2.9	Millennium & C.	C	45	0.94	6	8.3	Smartpay NZ Ltd	D	0.7	0.05	NE	Nil
Cavalier Corp	B	193	0.52	7	15.5	Mowbray Collect	C	125	2.85	58	Nil	Smiths City	C	31	0.07	5	14.5
Cavotec MSL	C	330	1.58	29	1.8	Mr Chips Hold	A	274	1.18	13	2.2	Sol. Dynamics	D	27	0.23	NE	Nil
Cert Organics	E	1.6	0.52	NE	Nil	NZ Experience	C	26	1.02	7	17.2	South Port NZ	A	200	3.41	21	7.1
Charlie's Group	E	12	1.11	NE	Nil	NZ Exchange Ltd	C	535	4.13	15	5.9	Speirs Group	C	25	0.06	NE	Nil
Col Motor Co	B	275	0.15	11	12.5	NZ Farming Sys.	E	87	N/A	NE	Nil	Steel & Tube	B	270	0.47	11	10.5
Convita	E	115	0.62	NE	Nil	NZ Finance Hold	D	35	1.00	7	4.3	Sthn Travel	C	20	0.09	5	22.4
Connexion	C	15	1.00	NE	Nil	NZ Invest Trust	B	1090	N/A	NE	0.8	Tag Pacific Ltd	D	20	0.12	2	4.7
Contact Energy	B	685	1.43	17	6.1	NZ Oil & Gas *	N/R	124	N/A	20	Nil	Taylor's Grp Ltd	C	120	0.42	12	14.9
Cynotech Hold.	C	15	1.17	8	5.0	NZ Refining Co	A	613	4.35	13	11.0	TeamTalk Ltd	B	190	1.26	10	15.7
Delegat's Group	A	213	1.29	11	4.2	NZ Windfarms	D	75	9.75	24	Nil	Telecom Corp	C	232	0.75	6	18.7
Dominion Fin.	C	1.0	0.01	0	149.3	NZ Wine Company	A	225	1.82	20	4.6	Tenon Ltd	D	55	0.07	9	Nil
Dorchester Pac	D	8.0	0.04	NE	Nil	NZ Wool Service	B	42	0.20	20	Nil	Tourism Hold.	C	65	0.42	8	25.3
Eastern Hi-Fi	D	10	0.06	NE	Nil	NZSX 10 Fund	D	78	N/A	NE	Nil	Tower Limited	C	148	0.55	8	6.1
Ebos Group Ltd	C	415	0.22	12	8.3	NZSX 50 Port.	D	119	N/A	NE	Nil	Training Sol.	E	0.1	5.00	NE	Nil
F & P Appliance	C	135	0.27	7	17.5	NZX Aust MidCap	E	380	N/A	NE	Nil	Trust Power Ltd	B	680	3.15	22	6.2
F & P Health.	C	301	4.28	43	5.5	Nat Property Tr	B	42	2.36	4	11.9	Turners & Grow.	B	155	0.26	8	13.5
Finzsoft Sol'ns	D	68	0.69	NE	6.6	New Image Group	E	13	1.08	NE	Nil	Turners Auction	C	59	0.19	7	15.7
Fletcher Build.	C	562	0.40	6	12.7	Northland Port	A	270	9.57	13	6.1	Utilico Int'l	B	61	3.43	9	Nil
Freightways Ltd	B	290	1.15	12	9.7	Nuplex Indust	B	338	0.18	6	13.3	VTL Group Ltd	C	1.5	0.01	0	Nil
Genesis Res.	E	10	3.37	NE	Nil	Opus Int'l Cons	E	120	N/A	NE	Nil	Vector Ltd	B	202	1.71	14	9.8
Goodman Prop.	B	105	7.43	9	9.4	Oyster Bay	B	260	1.48	8	Nil	WN Drive Tech.	E	17	N/A	NE	Nil
Guinness Peat	D	102	0.38	4	2.5	Ozzy (Tortis)	D	246	N/A	NE	Nil	Wakefield Hlth	B	825	1.66	15	3.6
GuocoLeisure	D	36	0.76	28	14.6	PGG Wrightsons	C	155	0.37	6	15.4	Warehouse Group	C	330	0.58	9	7.9
Hallenstein G.	C	232	0.69	6	22.5	Pac Edge Bio.	D	12	N/A	NE	Nil	Widespread Port*	N/R	10	N/A	NE	Nil
Hellaby Hold.	C	140	0.14	4	10.0	Pike River Coal	E	92	N/A	NE	Nil	Windflow Tech.	C	280	6.89	NE	Nil
Heritage Gold *	N/R	1.5	N/A	NE	Nil	Plus SMS Hold.	E	2.0	1.44	NE	Nil	WoolEquities	D	26	0.29	NE	Nil
Horizon Energy	A	320	2.85	14	7.7	Port Tauranga	A	600	5.40	19	6.2	World Index Fd	D	105	N/A	NE	Nil
ING Property	B	64	3.18	5	15.4	Postie Plus Grp	E	33	0.10	NE	Nil	Xero Ltd	D	75	N/A	NE	Nil
ING Med. Prop.	B	110	6.33	18	8.9	Propertyfinance	D	10	0.08	NE	Nil	Zintel Comm.	C	22	0.30	5	15.3
Infracore NZ	C	171	0.67	NE	5.5	Property F Ind.	B	108	7.31	12	8.2	Ave of 149 Cos	C	164	0.18	5	6.9

ABB Grain Ltd	A	692	0.68	NE	2.2	DUET Group	B	172	1.12	21	15.7	Onesteel Ltd	C	234	0.27	8	9.2
AGL Energy Ltd	A	1494	1.22	21	3.5	David Jones	A	278	0.64	9	9.7	Orica Ltd	A	1485	0.82	10	6.0
AMP Ltd	B	516	0.68	11	7.8	Deutsche Div Tr	A	131	6.10	14	7.1	Origin Energy	B	1573	1.67	37	1.6
ANZ Bank	A	1460	0.73	9	9.3	Dexus Property	B	83	3.58	6	14.4	Paladin Energy	D	232	N/A	NE	Nil
APA Group	A	248	1.32	17	4.3	Downer EDI Ltd	B	370	0.22	7	6.9	Perpetual Ltd	A	3036	2.57	9	10.9
APN News Media	A	220	0.82	6	14.3	Energy Resource	B	1699	8.94	43	1.2	Platinum Asset	A	315	6.24	11	7.6
ASX Limited	A	3160	8.80	15	6.1	Fairfax Media	B	147	0.76	6	13.7	Portman Limited	B	2122	7.72	32	Nil
AWB Limited	A	290	0.21	10	6.9	Felix Resources	B	743	3.31	8	7.1	Primary Health	A	457	2.61	NE	5.9
AXA Asia Pac	A	440	1.26	11	4.3	Fortescue Metal	E	223	N/A	NE	Nil	Q.B.E. Insur.	A	2483	1.70	14	3.8
Adelaide Bright	B	190	1.16	9	7.1	Foster's Group	A	540	2.28	93	4.9	Qantas Airways	B	222	0.26	4	15.8
Alumina Ltd	C	102	N/A	2	23.5	GPT Group	C	83	1.88	1	33.1	Queensland Gas	B	576	N/A	19	Nil
Arcor Ltd	A	572	0.52	18	5.9	Goodman Fielder	B	135	0.67	64	10.0	Ramsay Health	A	911	0.59	17	3.6
Ansell Ltd	A	1220	1.33	16	2.2	Goodman Group	C	85	1.68	2	37.1	Reece Australia	A	1611	1.12	14	3.5
Aristocrat Leis	B	386	1.59	7	9.3	Guinness Peat	B	84	0.35	4	2.7	Rio Tinto Ltd	C	3200	0.43	1	4.6
Arrow Energy	C	188	N/A	NE	Nil	Harvey Norman	B	235	1.75	7	6.0	SP Ausnet	A	96	1.90	13	12.0
Aust Foundation	B	367	N/A	9	5.7	Henderson Group	C	111	2.08	7	12.5	Santos Ltd	B	1215	2.63	11	3.3
BHP Billiton	B	2615	1.48	5	2.8	ING Office Fund	B	102	5.88	5	10.5	Seven Network	B	601	N/A	9	5.7
Bank of Q'land	A	1005	0.69	12	7.3	Iluka Resources	A	455	0.99	9	4.8	Sims Metal Mgmt	B	1174	0.17	3	10.2
Bendigo Bank	A	1012	0.96	14	5.7	Incitec Pivot	B	247	1.03	5	5.3	Sonic Health	A	1300	1.82	18	4.0
Billabong Int'l	A	794	1.22	9	7.0	Insurance Aust.	B	358	0.87	NE	6.3	Soul Pattinson	B	833	2.92	22	3.6
Bluescope Steel	C	362	0.26	5	13.5	James Hardie	B	413	1.16	NE	5.0	Spark Infrastru	B	120	5.63	47	12.7
Boral Limited	B	380	0.43	9	8.9	Leighton Hold	B	2131	0.58	10	6.8	St George Bank	A	2210	1.06	10	9.6
Brambles Ltd	B	740	2.26	16	4.7	Lend Lease Corp	B	700	0.19	11	11.0	Stockland	B	394	2.17	8	11.8
Brickworks Ltd	B	973	2.33	13	4.0	Lihir Gold Ltd	C	225	7.54	NE	Nil	Suncorp-Metway	B	787	0.57	14	13.6
C'wth Prop Off.	B	110	5.95	5	8.4	Macquarie Air.	B	190	2.21	5	13.2	Tabcorp Holding	B	688	0.89	7	6.8
C.S.R. Ltd	B	140	0.45	2	10.7	Macquarie Group	B	3008	0.58	5	11.5	Tatts Group Ltd	B	260	1.07	13	3.7
CFS Retail Prop	B	185	7.81	6	6.5	Macquarie Infra	B	150	N/A	5	13.3	Telstra	B	412	2.05	14	6.8
CSL Limited	B	3157	4.58	25	2.5	Metcash Ltd	A	417	0.32	16	5.0	Toll Holdings	B	554	0.64	14	4.5
Caltex Australia	B	618	0.09	4	12.9	Midwest Corp	C	636	N/A	NE	Nil	Transurban Grp	B	462	5.49	NE	12.3
Coal & Allied	B	8900	5.45	37	1.5	Milton Corp.	B	1402	N/A	10	6.3	United Group	B	784	0.37	10	7.4
Coca Cola Amatil	A	871	1.48	23	3.7	Mirvac Group	C	122	0.55	2	26.1	Westfarmers Ltd	B	1651	0.39	13	12.1
Cochlear Ltd	A	5150	4.75	25	2.9	Nat'l Aust Bank	A	1981	0.74	7	9.8	Westfield Group	B	1322	2.55	4	8.1
Cornwealth Bank	A	3090	1.11	9	8.6	New Hope Corp.	B	330	8.09	29	1.7	Westpac Banking	A	1685	1.34	12	8.4
Computershare	A	685	2.33	13	3.1	Newcrest Mining	B	2508	4.81	85	0.4	Woodside Petrol	A	3046	5.33	14	4.1
Connect East Grp	B	53	N/A	NE	16.0	News Corp.	B	1289	1.10	7	1.0	Woolworths Ltd	A	2609	0.68	20	3.5
Cons Media Hold	A	198	N/A	1	8.3	Nufarm Limited	B	895	0.87	14	3.6	Worley Group	A	1126	0.58	8	7.6
Crown Ltd	B	480	1.49	24	11.3	Oil Search Ltd	B	400	5.23</								

Recommended Investments

Cavalier Corporation was forecasting a small rise in profits this financial year “but things have changed in light of the global financial crisis” and the company now states “it is difficult to provide sensible earnings guidance at this stage”. So just how bad are things? According to the company “after the first four months, earnings were down just 2%” which is a statistically insignificant fluctuation. The company, however, goes on to say “the

next eight months will be much harder” . . . but just how sensible is that earnings guidance given the difficulty of now making such forecasts?

Clearly, *most* companies will experience a decline in profits this year as they adjust to a changed economic environment. Equally clearly, directors (of all companies, we are not singling out Cavalier Corporation here) quickly move to lower *(Continued on Page 4)*

Portfolio of Recommended Investments

CURRENT ADVICE	Company	Initial Code	Recommendation Date	Price	Perform- mance 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>													
HOLD	CDL Investments Ltd	CDI	12/01/99	25	C	218.9	1.4	1.76	5	13.7	25	17.9	+72%
HOLD+	Cavalier Corporation	CAV	05/12/95	156*	B	67.1	0.8	0.52	7	15.5	193	230.0	+171%
HOLD	Colonial Motor Company	CMO	10/11/92	150	B	27.9	0.5	0.15	11	12.5	275	338.8	+309%
HOLD	Lyttelton Port Company	LPC	12/12/00	150	A	102.3	0.7	3.00	24	3.1	245	68.4	+109%
BUY	Michael Hill Int'l Ltd	MHI	11/06/91	5*	D	382.5	0.9	0.59	9	8.2	58	25.4	+1568%
HOLD+	Nuplex Industries Ltd	NPX	11/02/97	350	B	81.7	0.6	0.18	6	13.3	338	240.0	+65%
HOLD	Postie Plus Group	PPG	08/05/06	71	E	40.0	1.5	0.10	NE	Nil	33	8.5	-42%
HOLD+	Renaissance Corp	RNS	13/08/96	85*	C	42.7	1.5	0.09	5	29.5	38	53.9	+8%
HOLD	Smiths City Group	SCY	09/10/06	64	C	53.0	1.6	0.07	5	14.5	31	10.0	-36%
HOLD	South Port New Zealand	SPN	13/02/96	120	A	26.2	0.8	3.41	21	7.1	200	103.8	+153%
HOLD	Steel & Tube Holdings	STU	08/08/00	146	B	88.2	0.8	0.47	11	10.5	270	212.0	+230%
HOLD+	Taylors Group Ltd	TAY	09/11/99	102	C	24.3	0.8	0.42	12	14.9	120	86.0	+102%
<u>Australian Shares (in Aust cents)</u>													
BUY	AJ Lucas Group	AJL	13/05/03	120	B	59.3	0.7	0.59	18	1.7	420	30.5	+275%
HOLD+	Atlas South Sea Pearl	ATP	14/05/96	73	B	89.3	1.6	0.85	2	20.0	20	17.5	-49%
HOLD	Breville (Housewares)	BRG	13/11/06	171	B	129.5	1.0	0.19	4	16.9	62	10.5	-58%
BUY	Campbell Brothers Ltd	CPB	12/10/99	406*	B	52.1	0.3	1.27	13	5.1	1850	357.6	+444%
HOLD	Cellnet Group Ltd ¹	CLT	12/02/02	147*	C	76.8	1.5	0.04	NE	Nil	25	32.4	-49%
HOLD	Circadian Technologies	CIR	10/02/04	188	C	40.1	1.0	2.95	NE	Nil	60	65.0	-34%
BUY	Clarius Group Ltd	CND	08/04/03	86	C	57.4	1.2	0.08	2	34.4	47	68.5	+34%
BUY	CPT Global Ltd	CGO	10/03/08	88	B	36.9	1.3	0.27	7	15.2	33	1.8	-61%
BUY	Devine Ltd	DVN	13/11/06	94	A	285.7	1.0	0.30	5	13.3	60	16.0	-19%
BUY	Ellex Medical Lasers	ELX	14/03/06	49	C	68.5	2.7	0.11	3	Nil	8	Nil	-84%
HOLD	Fiducian Portfolio Ser	FPS	11/02/08	260	B	32.8	0.9	1.89	8	8.1	160	6.5	-36%
HOLD	Iluka Resources Ltd	ILU	12/10/04	471	A	232.9	0.6	0.99	9	4.8	455	64.0	+10%
BUY	Integrated Research	IRI	14/01/08	40	B	166.5	1.7	0.80	5	16.7	18	3.0	-48%
HOLD	Int'l AllSports	IAS	11/02/03	180	C	66.4	2.0	0.21	NE	Nil	15	4.0	-90%
BUY	M2 Telecommunications	MTU	09/10/06	33	A	78.9	1.0	0.41	9	8.8	57	8.0	+97%
HOLD	Mercury Brands Ltd	MCB	08/02/05	93	D	62.2	4.9	0.04	NE	Nil	3	7.0	-90%
HOLD	Mercury Mobility ¹	MMY			C	105.0	1.9	1.95	NE	Nil	12	Nil	
HOLD	Melbourne IT	MLB	10/02/04	53	B	76.8	0.6	0.85	9	7.6	170	43.0	+302%
HOLD	M.Y.O.B. Ltd	MYO	15/07/03	84*	B	385.3	0.8	2.04	22	4.4	98	46.1	+71%
BUY	Photon Group Ltd	PGA	10/11/08	140	B	102.8	0.8	0.17	4	22.8	125	Nil	-11%
BUY	Probiotec Ltd	PBP	11/02/08	116	A	46.6	0.7	1.00	10	1.8	141	2.5	+24%
BUY	Prophecy International	PRO	08/09/08	26	A	45.1	1.4	2.54	8	12.1	33	Nil	+27%
HOLD	Ross Human Directions	RHD	14/08/01	92	A	83.5	1.6	0.04	4	16.7	21	32.5	-42%
HOLD+	Skilled Group Ltd	SKE	12/03/02	126	B	122.0	0.8	0.09	5	15.8	146	121.5	+112%
HOLD+	Technology One Ltd	TNE	11/11/03	44	B	298.9	0.9	1.95	12	5.7	72	13.1	+93%
BUY	TFS Corporation Ltd	TFC	08/01/07	45	B	187.3	1.0	2.00	5	5.5	73	3.9	+71%
HOLD+	The Reject Shop Ltd	TRS	11/01/05	257	A	25.7	0.4	0.70	15	5.0	962	126.5	+324%

The average Total Return (i.e. both Capital Gains/Losses plus Dividends received) of all current investments from initial recommendation is +106.7%. This is equal to an average annual rate of +17.6%, based upon the length of time each position has been held.

The average annual rate of gain of ALL recommendations (both the 38 current and 143 closed out) is +28.2%, compared with a market gain of +4.9% (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) Cellnet Group returns include 1½ shares in Mercury Mobility distributed to shareholders.

Recommended Investments

(Continued from Page 3)

investor expectations in a period of economic uncertainty, as we saw a few years ago with the widespread *things-are-just-too-uncertain-to-predict* statements during the SARS “crisis”.

Despite all of this possible future uncertainty, the directors will maintain the first interim dividend at a steady 3.0 cents (plus full imputation tax credits).

Lyttelton Port Company has started the new financial year strongly, with revenues for the first four months up 9% on the same period last year and profits up 25%! Container volumes were up 7%, while coal volumes increased 52%, although should rise just 10-15% over the full year. At this stage the full year profit forecast remains steady at \$9.5-10.5 million.

The port company, plus **Port of Otago**, have appointed Antipodes, an Auckland based specialist merger and acquisition advisory business, to “explore potential benefits of a merger” and “recommend a path forward”.

The **Christchurch City Council's** commercial holding company, **Christchurch City Holdings**, has made a stand in the market, offering 275 cents per share, increasing its holding in Lyttelton Port Company from 75.7% to 78.2%. This \$7 million investment, however, probably changes nothing.

Christchurch City Holdings has been seeking to have Lyttelton Port Company delisted from the NZ Stock Exchange since before its failed 220 cents takeover offer a couple of years ago. The recent stand in the market targeted smaller shareholders, offering to buy only 5000 shares per investor (or up to 9999 if the investor's holding was at or below that level). There were around 1400 shareholders in Lyttelton Port Company and clearly the objective of this stand has been to reduce that spread of shareholders to improve the major shareholder's attempts to delist the company.

Why does CCH want to delist Lyttelton Port Company? CCH told us it was to avoid the Port of Otago and the other public minority shareholders having to approve any “related party” transactions . . . just as unlisted companies like **Hanover Finance** avoided any public scrutiny of its related party transactions!

Delisting, however, is not a decision for CCH, which is simply a shareholder. It will need to use its influence to get the independent board of directors of Lyttelton Port Company to apply to **NZX**, who will make a decision based upon their relevant criteria (e.g. the request of the company, the interests of the still relatively large number of minority shareholders and perhaps even the impact on the NZX's own income with the potential loss of listing fees!).

This newsletter is happy that CCH sees good value in Lyttelton Port Company and is buying additional shares at higher prices, but we do believe much of the information relating to the stand in the market was deliberately misleading! Unfortunately, the NZ capital markets are still a *Wild West!*

CCH's media release quotes its Chief *hired gun* as saying “This offer provides a further opportunity for LPC's shareholders to sell shares at a premium, prior to any moves being made towards causing the delisting of LPC from the NZX” even though it is impossible to

cause the delisting and at best they can *seek* a delisting. The release also quotes him saying “When a company's shares are delisted, experience shows that the share price drops” but when your Editor asked him about this “experience” he was unable to name one example. Your Editor unsuccessfully attempted to negotiate a deal where the big rancher and the small settlers could peacefully co-exist on the prairie and work together to seek mutually beneficial outcomes, but they think this is their land and that they have enough guns to run us off by force.

Over the week, and even over the weekend, the CCH's mob of gunmen (i.e. its stockbrokers) picked off individual shareholders, telephoning with the warning “When/if Lyttelton Port and Otago Port amalgamate the small man will be frozen out with a falling share price and nobody to trade with”.

We were concerned that such statements might breach the NZX “Duty of Care” rules for brokers and that the statement “the small man will be frozen out” was not a *reasonable basis* for the broker to make a recommendation to an investor. But we were wrong! A gunman from the NZX's legal department confirmed this is acceptable behaviour and based upon “the conduct you set out, we do not consider there has been a breach of the Rules”.

Anything goes in the *Wild West* . . . as does most of our investment capital . . . across the water to the ASX!

But back to Lyttelton Port Company. Firstly, our experience (and yes, we can name an example or two) is that the value of shares *increases* during a takeover and that the last investors to sell usually get the highest price. Investors who sold to CCH two years ago received only 220 cents. This year CCH have paid 275 cents, for a small, non-strategic stake. To run us off - whether the company is listed or unlisted - will probably cost more.

Secondly, Lyttelton Port Company is just one of many companies in our diversified share portfolio, so our wealth is not dependent upon this one company and we do not react favourably to bullies trying to force us to sell. In fact, when brokers want to buy our shares we usually say “No” and when brokers want to sell us shares we also say “No”. The broker isn't working for us, but themselves or a third party! Doing the opposite is how we *built* our investment wealth. So when CCH offers a 275 cents “carrot” to encourage us to sell but also feels the need to hit us with a “stick” (i.e. the threat of delisting, falling share price, etc) we are in no hurry to agree. They can't beat us any harder with the “stick” in their *next* offer, so the only option is to get a much bigger “carrot”.

Thirdly, in the meantime minority shareholders should oppose any moves to delist the company, as this provides at least some protection (if not from the NZX, then at least from its listed status keeping it in the view of analysts, brokers and the media).

Fourthly, by making a *limited* stand in the market (i.e. for up to 5000 shares, or a maximum of 9999 shares for holdings up to this level) CCH has shown that there may be more value in smaller holdings. A family that owns 15,000 shares could only have sold 5000 shares had they wished to accept the recent stand in the market. While we rejected that offer, we *may* (or may not) want to

accept any future one. Splitting those shares so that 7500 are owned by one partner and 7500 by the other would (under the recent bid rules) have allowed the investor(s) to accept for the full 15,000 shares.

So while CCH has spent \$7 million of ratepayers money to *reduce* the spread of shareholders to support its plans to seek delisting, the remaining existing shareholders may decide to split larger holdings into multiple smaller holdings owned by different but related persons or entities (i.e. a spouse, children, trusts, etc - and such off-market transfers are free of charge). You do have to wonder *where* these people get their financial advice!

Nuplex Industries reports a "significant turnaround" in demand during October with lower than anticipated sales continuing into November. Much of this, however, is probably companies reducing inventory levels and conserving cash in response to lower end-user demand and the expectation of lower prices owing to the decline in oil prices.

For its half year to December 2008, Nuplex Industries is now predicting earnings (before interest, depreciation and tax) of \$45-50 million, recovering to around \$60 million in the second half.

In fact, this situation is an example of John Maynard Keynes' "Paradox of Thrift". As individual companies do what is best for them (i.e. reduce inventory levels, conserve cash) they hurt other companies and the whole economy which ultimately hurts them. More importantly, if *most* individual households become more thrifty, saving more to improve their individual financial position and spending less, then total demand across the economy declines leading to a downward spiral into recession with lower incomes and *lower total savings across the economy!* This is why Keynesian economic theory says it is important for governments to borrow the extra savings of households in an economic downturn and to spend that money (hopefully on some worthwhile project such as building needed infrastructure assets) to maintain demand, incomes and savings.

Postie Plus Group reports lower sales and poor profit margins during August and September, but an improvement in both sales and margins during October.

The company expects to produce a "modest profit" this year, but probably not until its final June 2009 quarter.

Renaissance Corporation reports lower distribution and retail division profits owing to "deferrals of some significant orders" and "the impact of exchange rate fluctuations". Annual profits to 31 December 2008 are now expected around \$2.1-2.5 million (4.7-5.6 cents per share), down from earlier estimates of around \$3.65 million.

Smiths City Group reports revenues down 8.4% for the six months to 31 October and profits will be "substantially down" on last year. The half year result will be released this month.

Australian Shares

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

AJ Lucas Group does not expect any downturn in its business. The Drilling division is forecast to "expand by approximately 50% during the next 18 months", with employee numbers rising 33%, margins improving from 23% to 27% of revenues and its return on capital

increasing from 31% to 50%. The Infrastructure division expects to benefit from Government investment in capital works, especially pipelines for water, energy and coal seam gas. This division is focusing upon improving margins from 8% to 12% and will seek to increase its return on capital (in this non-capital intensive business) from 180% to 200%.

AJ Lucas Group also seeks to use its skills to build valuable investments - as it has with its coal seam gas assets - and is now considering "sub-sectors" in water "treatment and clean-up technologies" where it could develop projects over the next 2-3 years, with "the treated water produced available for commercial use".

Southern SeaWater Alliance - a joint venture between the Spanish water companies **Tecnicas Reunidas** and **Valoriza Agua**, plus AJ Lucas and **Worley Parsons** - has been named by the **Water Corporation** as the preferred consortium to build a \$955 million desalination plant in Perth. The consortium would also operate and maintain the plant over 25 years, producing 50 gegalitres of water annually, or about 30% of total water demand. The contract will be finalised once Water Corporation has obtained all Western Australia and Federal Government approvals, with construction expected to begin in 2009 and water production from 2011.

AJ Lucas Group shares remain an attractive "Hold+". In addition to its growing businesses, significant wealth should be realised from restructuring its coal seam gas assets.

AJ Lucas Group



Atlas South Sea Pearl reports pearl prices have slipped about 9% since September and it will also withhold some pearls from sale this year, so December revenues will be about 25% below earlier forecasts. Earnings (before tax, foreign exchange fluctuations and revaluations in Agricultural asset values) for the year to December 2008 will be around 5% lower at \$4.7 million.

The company expects demand and prices to improve in late 2009.

Operationally the company is performing well, having harvested nearly 260,000 pearls this year, with size and shape (and therefore market value) improving compared with 2007. The company has seeded over 350,000 oysters and bred over 650,000 juvenile oysters, being the second generation of oysters genetically selected for faster growth characteristics. Information from the pearls harvested this year will be used to also genetically select oyster families for pearl quality. The company aims to breed faster growing (Continued on Page 6)

Recommended Investments

(Continued from Page 5)

oysters producing better quality pearls - minimising both operating costs and the time between breeding, seeding and harvest, while also maximising quality and revenue. The company states "The potential value of this research for future improvement in our oyster stocks cannot be overstated". This unique breeding program gives the company a significant competitive advantage in the pearl farming industry.

Owing to "uncertainty of cash flows in the short term" the company will not declare a final dividend (i.e. reducing the 2008 dividend 50.0% to the 2.0 cents interim dividend paid in July) and is "taking decisive action to reduce operational and capital expenditure".

Campbell Brothers has lifted revenues 28.3% to \$457.3 million for the six months to 30 September, while trading profits rose 76.1% to \$57,044,000 (108.9 cents per share). The interim dividend will be raised 42.9% to 50.0 cents per share.

The net operating cash surplus was 134% higher at \$53.1 million.

The minerals division grew with "market growth and capacity increases", but "did not increase as a percentage of total laboratory revenues or contribution" - which means growth and profits are not dependant upon a booming minerals sector. The company, however, reports that mineral samples have "remained strong during October and November". Campbell Brothers is continuing to forecast 70% profit growth for the full year to March 2009.

In October the company acquired **DataChem Laboratories**, an environmental analytical group with 180 employees, and laboratories in Washington state, Utah, Colorado and Ohio.

The company has a moderate \$286 million in interest bearing debt (compared with a market capitalisation of \$965 million) and total debt facilities of \$410 million (i.e. \$124 million undrawn).

Cellnet Group has repaid a \$10 million term loan and currently has around \$5 million surplus cash on hand (6.5 cents per share), which will increase as it reduces stocks and withdraws from the notebook and desktop computer distribution business.

Circadian Technologies reports cash of \$42.9 million (95 cents per share) and listed investments with a market value of \$6.8 million (15 cents per share), while the shares trade on-market at only 60 cents.

The company plans to spend around \$10-12 million annually on its biotechnology projects, taking therapies to Phase II trials before seeking clinical development in partnership with large pharmaceutical or biotechnology companies.

CPT Global reports revenues for the first four months of the current financial year have been "negatively impacted by the economic slowdown" with market conditions "unpredictable, variable and volatile". The lower exchange rate, however, will improve the reported value of its international revenues and profits.

With companies focusing upon cost reductions, CPT Global experienced "increased interest from global Financial institutions in the US and Europe".

Ellex Medical Lasers has announced a 1 for 2 cash

issue at 10 cents . . . but the directors and/or their financial advisers have failed to understand how the market is currently reacting to companies seeking to raise new capital through cash issues. In many recent cases, companies announcing cash issues have seen the market price of their shares fall to or below the proposed price of the cash issue. Several have cancelled the issues, changed the terms (i.e. offered more shares at a lower price) or continued with the issues which were heavily under-subscribed.

Ellex Medical Laser shares were trading around 16½ cents when the cash issue was announced, but have since fallen to around only 8 cents. Nevertheless, the directors, who currently own around 6.4 million shares, will subscribe for up to 10.4 million shares (i.e. their entitlement to 3.2 million shares plus up to 7.2 million shares if not taken up by other shareholders). A stockbroker will also underwrite 11.0 million shares.

At current prices, investors would do better to buy additional shares on-market at 8 cents, leaving the entitlement under the 1 for 2 cash issue to be taken up by the directors and underwriter. The volume of shares on-market at below 10 cents, however, may be limited. The closing date for acceptance of the new shares is 30 December. We would recommend investors increase their shareholding in Ellex Medical Lasers by either (1) taking up their entitlement to this cash issue or (2) buying shares on-market if available at prices below 10 cents.

The company reports year to date revenues "close to budget" but with reduced profits. Customers are starting to defer purchases, especially in "discretionary markets such as refractive surgery". Competitors are cutting costs by 30%, with Ellex Medical Lasers "planning a similar cost reduction strategy", but reduced sales are putting "severe pressure" on profit margins and cashflows.

Clearly this is a difficult time for a young company like Ellex Medical Lasers - and the directors have not done their best to maintain the market value of the shares - but the company is worth significantly more than current market values.

Ellex Medical Lasers



Iuka Resources has received approval from the Victorian Government for on-site work at the first of its *Murray Basin Stage II* deposits which should allow infrastructure installation and overburden removal before Christmas. Off-site fabrication of equipment has been on schedule, with the company on track for first production in the June 2009 quarter.

The company has also received approval from the South Australian Government for mining and processing

operations at its *Jacinth-Ambrosia* mineral sands project. First production is expected in mid-2010.

Iluka Resources' has drilled 91 exploration holes at one kilometre spacing between the Ooldea and Barton Ranges, expecting that earlier shorelines in this region will have created heavy mineral deposits. The company is calling this the *Oobabinna traverse* which has identified at least one major heavy mineral deposit, the *Mojave Prospect*, and multiple other potential targets.

Infill drilling of the *Mojave Prospect* has identified heavy mineral grades of up to 22%. The deposit is at least 1.0 - 3.5 km wide and 8 km long, but open to the south-west. The deposit averages 10 metres thick and around 15 metres below the surface. More exploration will be completed around mid-2009.

Iluka Resources also reports further price increases for Zircon, with 2008 sales initially expected around US\$680/tonne but new sales now being made around US\$750/tonne.

Integrated Research believes it is "difficult to judge" the economic downturn's "impact on the company's performance" but that the lower Australian dollar will "give a substantial boost to our earnings and is acting as a strong buffer against the economic downturn".

An independent review of the company's market has "confirmed the company's products are technically excellent and highly competitive" with the potential "for the company to experience high growth" but recommended "enhancing the company's strategic planning, product and marketing activities" over the next six months.

At 18 cents, Integrated Research shares trade on a Price/Sales ratio of 0.80, a Price/Earnings ratio of 5 and offer a current Dividend Yield of 16.7%. Profits and dividends should at least be maintained this year helped by the lower exchange rate, the company is in a strong financial position with no interest bearing debt and cash in the bank of \$11.1 million (6.7 cents per share). It has recurring cashflows and the potential for high growth from its software products. This current valuation is just far too low - a potential growth company trading at half the value that would be justified simply by its current income yield. "Buy".

M2 Telecommunications plans to acquire listed **People Telecom** through a scheme of arrangement which offers 0.0916 shares of M2 Telecommunications plus 0.6886 to 1.0326 cents in cash for every People Telecom share. This is a premium of 118-132% over the People Telecom's recent share price which had fallen very sharply over the last year. People Telecom shareholders will vote on the scheme of arrangement in March 2009, with completion expected in early April.

M2 Telecommunications will issue 26.6 million new shares to complete this acquisition, increasing its issued capital 33.7% to 105.5 million shares. Annual revenues (over a full twelve month period) would increase around 67% to \$250 million and earnings per share are expected to rise 15-20% with the benefits and synergies of merging the two businesses. So this looks to be a reasonable acquisition that will add to growth and consolidate two smaller telecommunications businesses.

M2 Telecommunications already supplies People Telecom with some wholesale telecommunications

services, while People Telecom has struggled to become profitable, losing \$620,000 last year.

M.Y.O.B. has recommended that shareholders reject the 102.15 cents (rising to 112.15 cents if it reaches 90% acceptances) takeover offer from **Manhattan Software** and are "in discussions with a number of parties in relation to possible alternative proposals". A previous statement that institutions with 34% of M.Y.O.B. shares would accept the Manhattan Software takeover was judged to be an *unacceptable statement* by the Takeovers Panel, which has ordered they cannot accept the takeover *before 9 December* and must accept any superior offer made before that date.

M.Y.O.B. has decided to close its business in Mainland China, but will continue its successful businesses in Hong Kong, Singapore and Malaysia. It will also transfer the intellectual property of its *Mac* products to its US republisher **Acclivity** who will take over product development. M.Y.O.B. will republish the *Mac* product in Australia and New Zealand under licence from Acclivity.

These changes will result in a one-off cash cost of \$4.0 million and an intangible asset write-down of \$7.3 million, but have a significant impact on future cashflows and profits. Annual revenues will fall just \$1.0 million, while annual operating costs will decline by \$3.0 million and annual product development costs by \$4.2 million. Overall that is a \$6.2 million annual improvement in both earnings and cash flows.

Photon Group shares dipped sharply, from our initial recommendation price of 140 cents to a recent low of 72 cents, before recovering sharply last week. As the price fell at least one subscriber asked "Does the *market* know something we don't?", to which our reply was another question, "Does the *market* know something that the *directors* don't?". Over the last month there were four *insider* trades (including two trades in one week by a director which we combine to count as one trade). TJ Hughes bought 52,370 shares at 135 cents, 50,000 shares at 100 cents, 50,000 shares at 85 cents and 50,000 shares at 75 cents. That takes his holding to 4,539,001 shares. It is widely accepted that *insiders* are the most knowledgeable investors.

Prophecy International Holdings reports a "comfortable profit compared to budget" for the first four months of this financial year. Sales have "been going well" and the company expects "sufficient deals to produce another half year profit" and pay an interim dividend. Cash on hand, after paying a recent dividend, is \$5,195,000 (11.5 cents per share). The company is also "striving" to achieve a full year result ahead of 2008.

Ross Human Directions reports "revenue and gross profit at similar levels to last year", but higher interest rates and higher amortisation (from its IT infrastructure upgrade) will have a "moderate downward impact" on the net profit.

Technology One has reported for its financial year to 30 September 2008 (with comparisons to the year to 30 June 2007). Revenues were 40.6% higher at \$110.2 million and profits rose 16.6% to \$17,229,000 (5.8 cents per share). A final 2.45 cents dividend will lift the annual rate 9.9% to 4.12 cents.

The net operating cash (Continued on Page 8)

Recommended Investments

(Continued from Page 7)

(surplus slipped 33% to \$11.8 million. Cash on hand is \$23.7 million (7.9 cents per share) and interest bearing debts just \$1.9 million.

Expenditure on Research and Development - all of which was expensed - rose 52.9% to \$21.2 million. The company increased its sales teams, with total staff numbers up 37% to 677.

Technology One expects "all products to grow strongly in 2009", helped by organisations using its software to reduce costs owing to the economic slowdown. Profits for the year to September 2009 are forecast to grow 10-15%.

At 72 cents, Technology One shares trade on a Price/Sales ratio of 1.95, a Price/Earnings ratio of 12 and offer a Dividend Yield of 5.7%. That is not as low as some valuations in today's market, but still low for a cash rich, virtually debt-free company that has good potential to grow strongly in the current economic environment.

Technology One



TFS Corporation reports that the **Commonwealth Bank** has increased the funding facility available to investors in its Managed Investment Schemes by 100% to \$100 million this year. Based upon developing and selling at least 900 hectares (up 10%) this year, plus earnings from **Mt Romance**, the company forecasts at least a 15% increase in profits and expects that the dividend will "at least be maintained".

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

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

Company	Share Price	Cur. rent	4-Wk Chg.	Rank	Strength	Return	Volatility	Price	Dividend	Price	Market Cap'n
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UNDER-VALUED SHARES: Lowest Price/Sales, Yld>0, Rel Strength>0
None

BEST PERFORMING SHARES: Strongest Shares, P/E<20, P/S<1.0
None

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

Hallenstein G.	232	-13.7	-1.9	64	4-1	4	2.1	32	0.4	6	22.5	0.69	138
Telecom Corp	232	-19.0	-1.9	78	6-11	11	1.5	26	0.6	6	18.7	0.75	4,236
F & P Appliance	135	-21.6	-1.7	82	2-0	5	0.6	8	0.8	7	17.5	0.27	384
Cavalier Corp	193	-6.6	-6.8	34	0-0	4	1.5	21	0.6	7	15.5	0.52	129
PGG Wrightsons	155	-17.6	-9.7	74	16-0	4	0.9	15	0.6	6	15.4	0.37	448
ING Property	64	-16.0	-0.4	72	5-0	3	0.5	10	0.6	5	15.4	3.18	329
Air New Zealand	85	-18.1	-2.2	75	7-1	5	0.6	14	0.7	4	14.9	0.19	899
Guoco Leisure	36	-28.0	-4.8	88	9-0	-	0.3	1	0.8	28	14.6	0.76	493
Briscoe Group	85	-15.2	-0.2	70	0-0	4	1.5	19	0.6	8	14.0	0.44	180
Turners & Grow.	155	-10.4	-3.8	49	0-0	2	0.5	6	0.5	8	13.5	0.26	143

INSIDER BUYING: Most Insider Buying, Relative Strength>0

Apple Fields	11	+18.1	+12.8	0	1-0	-	2.5	41	2.6	6	Nil	3.25	9
Mr Chips Hold	274	+7.4	-2.8	1	1-0	-	3.1	25	0.4	13	2.2	1.18	67
Pac Edge Bio.	12	+7.2	+8.5	2	0-0	-	4.8	-	1.2	NE	Nil	N/A	13
Lyttelton Port	245	+0.7	+1.9	7	0-0	3	2.0	8	0.5	24	3.1	3.00	251
Connexion	15	+5.7	-2.0	3	0-0	-	25.9	-	1.3	NE	Nil	1.00	4
NZ Wool Service	42	+3.4	+1.3	5	0-0	-	1.0	5	0.9	20	Nil	0.20	29
Oyster Bay	260	+3.5	-2.7	5	0-0	-	0.4	5	0.3	8	Nil	1.48	23
Sanford Limited	534	+5.2	-6.4	3	0-0	3	1.0	4	0.3	25	6.1	1.35	500
Speirs Group	25	+10.5	-5.6	1	0-0	-	1.1	-	1.2	NE	Nil	0.06	3
Utilico Int'l	61	+1.1	-0.4	6	0-0	-	0.8	9	0.6	9	Nil	3.43	3

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

Ryman Health.	150	-7.7	-2.7	37	2-0	4	2.0	20	0.5	10	3.3	9.88	746
NZ Windfarms	75	-12.5	-5.1	58	0-0	-	0.7	3	1.0	24	Nil	9.75	59
Northland Port	270	-1.9	-0.4	13	0-0	-	0.7	6	0.4	13	6.1	9.57	117
Goodman Prop.	105	-8.6	-0.5	41	0-0	3	0.8	9	0.5	9	9.4	7.43	875
Property F Ind.	108	-6.8	-0.7	35	0-0	3	0.7	6	0.5	12	8.2	7.31	227
Windflow Tech.	280	-6.3	-2.8	33	1-0	-	4.0	-	0.3	NE	Nil	6.89	24
Blis Technology	4	-18.5	-2.7	77	0-0	-	2.7	-	1.8	NE	Nil	6.42	6
ING Med. Prop.	110	-3.5	-0.0	21	4-0	2	0.9	5	0.5	18	8.9	6.33	154
Akd Int Airport	169	-10.4	-1.9	48	2-1	7	1.1	6	0.6	18	7.2	5.88	2,065
AMP Onyx Mgmt	102	-5.9	-0.4	29	3-0	3	0.7	12	0.4	6	8.2	5.82	702

Company	Share Price	Cur. rent	4-Wk Chg.	Rank	Strength	Return	Volatility	Price	Dividend	Price	Market Cap'n
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Port Tauranga	600	-2.0	-3.4	13	0-0	4	1.3	7	0.4	19	6.2	5.40	804
Kiwi Property	104	-6.0	-0.4	30	3-0	3	0.8	11	0.5	7	8.8	5.02	865
Metro. Life Care	330	-12.7	-2.7	60	0-0	-	0.6	-	0.3	NE	5.8	4.96	289
NZ Refining Co	613	-8.0	-1.5	40	1-0	2	2.4	18	0.4	13	11.0	4.35	1,471
Burger Fuel	38	-6.1	-2.0	31	0-0	-	4.3	-	0.8	NE	Nil	4.27	20
NZ Exchange Ltd	535	-13.3	-2.2	62	0-0	2	4.5	30	0.6	15	5.9	4.13	130
Kermadec Prop.	51	-15.1	-2.3	69	1-0	-	0.5	7	0.7	6	17.0	3.63	39
South Port NZ	200	-1.0	-2.0	11	0-0	1	1.9	9	0.5	21	7.1	3.41	52
Trust Power Ltd	715	-3.7	-1.9	23	0-2	4	1.8	8	0.5	23	5.9	3.31	2,255
ING Property	64	-16.0	-0.4	72	5-0	3	0.5	10	0.5	5	15.4	3.18	329

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

Charlie's Group	12	-58.3	+0.0	98	1-0	-	2.2	-	1.2	NE	Nil	1.11	33
Plus SMS Hold.	2	-37.8	-4.4	92	3-3	-	1.1	-	3.1	NE	Nil	1.44	8
Sealegs Corp	12	-30.8	-9.5	90	0-0	-	4.7	-	1.6	NE	Nil	1.51	9
Inv Research Gr	7	-27.3	+3.1	87	0-0	-	1.0	-	1.6	NE	Nil	2.69	5
Rakon Ltd	130	-24.5	-9.5	84	0-2	4	1.2	8	0.9	15	Nil	0.91	159
Pumpkin Patch	105	-21.8	-3.8	83	4-1	4	1.6	25	0.7	6	12.8	0.48	175
NZ Farming Sys.	87	-20.5	-7.7	80	17-0	-	1.0	-	0.6	NE	Nil	N/A	212
WN Drive Tech.	17	-20.1	-6.7	80	0-0	-	3.3	-	0.9	NE	Nil	N/A	57
Guinness Peat	102	-19.4	-4.0	79	0-0	2	0.5	12	0.6	4	2.5	0.38	1,300
Blis Technology	4	-18.5	-2.7	77	0-0	-	2.7	-	1.7	NE	Nil	6.42	6
NZX Aust Mid Cap	380	-18.4	-5.3	76	0-0	-	-	-	0.5	NE	Nil	N/A	32
Wool Equities	26	-18.1	+3.3	76	0-0	-	0.5	-	0.6	NE	Nil	0.29	6
NZ Finance Hold	35	-17.0	+2.9	74	2-0	-	1.1	16	0.5	7	4.3	1.00	27
Barramundi Ltd	43	-16.9	-5.0	73	0-0	-	0.5	-	0.8	NE	Nil	N/A	43
Pike River Coal	92	-15.9	-11.6	72	3-0	4	1.2	-	0.8	NE	Nil	N/A	241
Tower Limited	148	-15.4	-5.6	71	2-0	5	1.1	13	0.7	8	6.1	0.55	280
Comvita	115	-15.4	-4.7	70	2-0	-	0.5	-	0.5	NE	Nil	0.62	32

INSIDER SELLING: Most Insider Selling, Relative Strength<0

Mainfreight Grp	480	-11.8	-7.1	56	3-8	5	1.9	16	0.5	11	5.6	0.49	464
Telecom Corp	232	-19.0	-1.9	78	6-11	11	1.5	26	0.5	6	18.7	0.75	4,236
Warehouse Group	330	-12.6	+3.7	59	0-3	8	3.0	34	0.5	9	7.9	0.58	1,026
Wakefield Hlth	825	-0.2	-2.7	9	1-4	1	1.5	10	0.2	15	3.6	1.66	117
Trust Power Ltd	715	-3.7	-1.9	23	0-2	4	1.8	8	0.5	23	5.9	3.31	2,255
Rakon Ltd	130	-24.5	-9.5	84	0-2	4	1.2	8	0.9	15	Nil	0.91	159
Salvus Strat.	67	-9.7	-3.4	46	0-1	-	0.5	30	0.6	2	12.3	1.56	13
Life Pharmacy	46	-2.1	+2.0	15	0-1	-	0.7	-	0.9	NE	Nil	2.70	17
Lion Nathan Ltd	1015	-3.1	-0.2	19	0-1	-	6.5	30	0.2	22	3.8	2.59	5,423
TeamTalk Ltd	190	-2.9	-1.2	17	0-1	-	1.8	18	0.4	10	15.7	1.26	38

“Neglect” Ratings of NZ Shares

“Neglected” Shares = 1-2 Brokers, “Moderately Followed” Shares = 3-4 Brokers, “Widely Followed” Shares = 5 or more Brokers.

Company	No. of Brokers Following Company	Market Capitalisation (NZ\$ Mill.)	Company	No. of Brokers Following Company	Market Capitalisation (NZ\$ Mill.)	Company	No. of Brokers Following Company	Market Capitalisation (NZ\$ Mill.)	Company	No. of Brokers Following Company	Market Capitalisation (NZ\$ Mill.)
Trust Power Ltd	4	2,255	FletcherBuild.	6	2,829	MichaelHill	3	222	Scott Tech. Ltd	1	24
AMPOnyxMgmt	3	702	Freightways Ltd	4	373	NZ Exchange Ltd	2	130	Skellerup Hold.	2	95
Abano Health.	1	104	Goodman Prop.	3	875	NZ Refining Co	2	1,471	Sky Network TV	6	1,440
Air New Zealand	5	899	Guinness Peat	2	1,300	Nat Property Tr	2	80	Sky City Ltd	9	1,395
Akd Int Airport	7	2,065	Hallenstein G.	4	138	Nuplex Indust	5	276	South Port NZ	1	52
Allied Work.	1	14	Hellaby Hold.	2	70	PGGWrightsons	4	448	Steel & Tube	5	238
Briscoe Group	4	180	Horizon Energy	1	80	Pike River Coal	4	241	Telecom Corp	11	4,236
Cavalier Corp	4	129	ING Property	3	329	Port Tauranga	4	804	Tenon Ltd	1	37
Cavotec MSL	4	210	ING Med. Prop.	2	154	Property F Ind.	3	227	Tourism Hold.	3	64
Col Motor Co	1	77	Infratil NZ	1	909	Pumpkin Patch	4	175	Tower Limited	5	280
Contact Energy	6	3,951	Just Water Int.	1	27	Pyne Gould Corp	1	324	Trust Power Ltd	4	2,145
Delegat's Group	3	214	Kiwi Property	3	865	Rakon Ltd	4	159	Turners & Grow.	2	143
Ebos Group Ltd	1	195	Lyttelton Port	3	251	Restaurant Brds	2	59	Vector Ltd	4	2,020
F & P Appliance	5	384	Mainfreight Grp	5	464	Ryman Health.	4	746	Wakefield Hlth	1	117
F & P Health.	6	1,533	Methven Limited	3	87	Sanford Limited	3	500	Warehouse Group	8	1,026

“Neglect” Ratings of Australian Shares

“Neglected” Shares = 1-4 Brokers, “Moderately Followed” Shares = 5-10 Brokers, “Widely Followed” Shares = 11 or more Brokers.

Company	No. of Brokers Following Company	Market Capitalisation (NZ\$ Mill.)	Company	No. of Brokers Following Company	Market Capitalisation (NZ\$ Mill.)	Company	No. of Brokers Following Company	Market Capitalisation (NZ\$ Mill.)	Company	No. of Brokers Following Company	Market Capitalisation (NZ\$ Mill.)
A.P. Eagers	1	189	Aspen Group Ltd	4	148	Blackmores Ltd	3	226	Clive Peeters	2	11
ABB Grain Ltd	11	1,033	Atlas Iron Ltd	2	135	Bluescope Steel	13	2,751	Clough Limited	3	207
AEDO Oil Ltd	2	145	Ausdrill Ltd	2	198	Boom Logistics	7	95	Coal & Allied	2	7,707
AGL Energy Ltd	12	6,624	Ausenco Ltd	8	178	Bracken Ltd	10	322	Coca Cola Amatil	11	6,540
AJ Lucas	4	249	Aust Pharm. Ind	9	107	Brambles Ltd	13	10,238	Cochlear Ltd	12	2,860
AMPLtd	14	9,674	Australand Prop	4	473	Bravura Sol.	2	37	Codan Ltd	3	79
ANZ Bank	19	29,794	Aust Wealth Mgt	9	475	Breville Group	5	80	Coffey Int'l	4	198
APA Group	10	1,161	Austal Limited	3	393	Brickworks Ltd	3	1,291	Collection Hse	1	36
APN Property	1	32	Austar United	6	861	Bunnings W/hse	5	503	Com'wealth Bank	16	40,731
APN Euro Prop.	3	47	Austin Eng.	1	59	C'wth Prop Off.	9	1,764	Computershare	14	3,806
APN News Media	11	1,076	Aust Education	3	24	C.S.R. Ltd	13	1,720	Connect East Grp	9	1,153
ARB Corporation	3	193	Austereo Group	12	386	CBH Resources	2	33	Cons Rutile	2	114
ASG Group Ltd	2	64	Austbrokers	5	185	CFS Retail Prop	9	4,196	Cooper Energy	1	53
ASX Limited	14	5,408	Aust Agricult.	2	322	CPI Group	2	13	Corp Express	9	701
AWB Limited	10	1,004	Aust Vintage	4	51	CSG Ltd	3	89	Count Financial	5	268
AXA Asia Pac	15	7,670	Aust W'wide Exp	12	983	CSL Limited	12	17,376	Coventry Group	2	54
Abacus Property	6	139	Automotive Hold	2	114	Cabcharge Ltd	11	699	Crane Group	10	509
Acrux Ltd	2	75	Avexa Limited	2	41	Caltex Australia	9	1,669	Credit Corp	5	21
Adcorp Aust.	1	19	Avoca Resources	6	294	Campbell Bros	7	965	Cromwell Group	2	461
Adelaide Bright	10	1,032	Axiom Property	1	13	Cardno Ltd	5	240	DKN Financial	1	79
Aditya Birla	3	31	B & B Wind Part	3	505	Carindale Prop	1	249	DUET Group	8	1,089
Aevum Ltd	3	115	B & B Infrastr.	4	195	Centrebet Int'l	5	96	DWS Adv Bus Sol	6	73
Albidon Ltd	3	10	B & B Capital Ltd	2	225	Centennial Coal	12	868	Dark Blue Sea	1	16
Ale Property	1	167	B & B Japan Prop.	5	175	Centro Property	2	51	Data 3 Ltd	2	74
Alesco Corp Ltd	10	362	B & B Power	2	46	Centro Retail	3	158	David Jones	13	1,344
Altium Limited	1	53	BHP Billiton	11	87,762	Chal Financial	11	707	Devine	1	171
Alumina Ltd	16	1,152	Babcock & Brown	4	68	Chal Div Prop	4	261	Dexon Ltd	3	34
Amadeus Energy	1	69	Bank of Q'land	16	1,507	Chal Infra Fund	3	593	Dexus Property	9	2,508
Amcor Ltd	12	4,779	Beach Petroleum	7	763	Chandler McLeod	1	27	Domino's Pizza	8	177
Amcom Telecom.	1	59	Becton Prop Grp	5	16	Charter Hall GR	6	106	Dominion Mining	3	318
Ansell Ltd	10	1,653	Bendigo Bank	16	2,780	Chem Genex Pharm	1	87	Downer EDI Ltd	9	1,203
Aristocrat Leis	12	1,792	Berkeley Res.	1	18	Clarius Group	5	27	Emeco Holdings	8	259
Arrow Energy	5	1,049	Billabong Int'l	10	1,647	Clinuvel Pharm.	1	62	Energy Resource	11	3,241

Company	No. of Brokers Following Company	Market Capitalisation (NZ\$ Mill.)	Company	No. of Brokers Following Company	Market Capitalisation (NZ\$ Mill.)	Company	No. of Brokers Following Company	Market Capitalisation (NZ\$ Mill.)	Company	No. of Brokers Following Company	Market Capitalisation (NZ\$ Mill.)
EnergyDevelop.	4	366	LeightonHold	11	6,349	PanaustLtd	3	165	SpecFashion	4	43
Envestra	6	388	Lend Lease Corp	8	2,807	PanoramicRes.	4	173	SpotlessGroup	10	487
EquityTrustees	2	109	LihirGoldLtd	13	4,285	PaperlinXLtd	12	593	StBarbaraLtd	5	255
EverestBabcock	1	9	Lindsay Aust	1	21	PattiesFoods	2	111	StGeorgeBank	9	12,513
EKPLimited	6	178	LycopodiumLtd	4	70	PeetLtd	2	331	Stockland	9	5,833
FairfaxMedia	14	2,217	Lynas Corp Ltd	2	163	PenriceSoda	2	50	Straits Res.	1	213
FantasticHold.	7	150	M.Y.O.B.Ltd	6	376	PerilyaMines	4	29	StructuralSyst	1	37
FelixResources	7	1,457	Mac Services	4	136	PerpetualLtd	12	1,274	Suncorp-Metway	15	7,520
FleetwoodCorp	5	185	MacMahonHold	7	249	PetsecEnergy	2	33	SunlandGroup	4	260
FlexicorpLtd	4	54	MacarthurCook	1	4	PharmaxisLtd	5	218	Sunshine Gas	1	941
FlightCentre	6	827	MacarthurCoal	11	611	PhotonGroup	6	128	SuperCheapAuto	5	229
ForestEntAust	1	134	Macquarie Air.	8	3,265	PipeNetworks	4	110	Swick Min Serv	1	49
FortescueMetal	8	6,240	MacquarieC'Wde	8	258	PlatinumAsset	6	1,767	Talent2Int'l	4	75
Foster'sGroup	13	10,380	MacquariesC&I	4	415	PortmanLimited	1	3,728	TanamiGoldNL	1	43
FuntasticLtd	2	23	MacquarieLeis.	9	229	PrimaryHealth	17	1,696	TapOil	5	90
Futuris Corp.	10	574	MacquarieMedia	5	124	PrimeMediaGrp	8	182	TassalGroup	7	236
G.R.D.NL	1	70	MacquarieGroup	11	8,259	ProMaintenance	11	248	TattsGroupLtd	11	3,290
G.U.D.Holdings	9	259	Macquarie Infra	5	3,606	ProMedicusLtd	2	80	TechnologyOne	4	215
GBSTHoldings	2	39	MacquarieDDR	8	61	Q.B.E.Insur.	15	20,173	Telstra	14	51,265
GEOProperty	1	64	Macquarie Off.	8	480	Qantas Airways	14	4,206	TenNetwork	10	958
GPTGroup	10	1,694	Marybor'ghSuga	1	57	QueenslandGas	5	4,730	TerraminAust	2	38
GWAInternat'l	7	633	MatrixMetals	1	13	RCRTomlinson	3	60	ThakralHolding	1	256
GalePacific	1	10	MaxiTRANS	4	41	RPDataLtd	2	58	TheRejectShop	8	247
GalileoJapan	4	25	McMillanShake.	2	132	RRAustralia	1	64	Timbercorp	3	34
GeodynamicsLtd	1	216	McPherson'sLtd	3	45	RamsayHealth	16	1,587	TishmanSpeyer	8	65
GindalbieMet.	1	185	MelbourneIT	5	130	Realestate.com	5	494	TollHoldings	13	3,591
GlobeInt'lLtd	1	9	MermaidMarine	6	173	RecksonNYProp	3	33	TowerAustralia	5	452
GloucesterCoal	8	251	MesoblastLtd	1	94	ReckonLimited	4	130	Tox Free Sol.	1	75
GoodmanFielder	10	1,782	MetcashLtd	14	3,189	RedflexHolding	4	278	Trafalgar Corp.	1	42
GoodmanGroup	8	1,403	Midwest Corp	1	1,352	ReefCasinoTrt	1	104	Transfield Serv	9	745
Graincorp	9	273	MinaraResource	8	402	RegionalExp.	1	113	TransfieldSIn	4	267
GreatSouthern	2	48	MincorResource	2	105	ResoluteMining	2	135	Transurban Grp	11	5,628
GunnsLtd	7	636	Mineral Res.	3	246	RetailFoodGrp	2	108	TransPacificIn	11	580
HFAHoldings	3	38	MineralDeposit	2	247	Reverse Corp	3	85	Treasury Group	3	96
HarveyNorman	11	2,496	MirabelaNickel	2	117	RidleyCorp.	5	244	TrinityGroup	3	83
HastieGroup	9	166	MirvacGroup	9	1,215	RioTintoLtd	8	14,618	TrustCompany	1	158
HastDivUtil	4	381	MirvacREIT	1	220	RivercityM'way	2	101	TuttBryantGrp	1	84
Healthscope	13	962	MirvacInd Trt	1	43	RiversdaleMin.	3	431	UXCLimited	2	107
Heartware Inc.	1	124	MitchellComm.	4	137	RocOilCompany	7	194	Un. Biosensors	1	75
HendersonGroup	8	2,164	MolyMinesLtd	2	16	RossHumanDir.	1	18	UnitedGroup	10	1,286
HillsIndust.	4	542	MonadelphousGr	11	515	RuralcoHold.	2	158	VDMGroupLtd	1	52
HorizonOilLtd	5	92	MortgageChoice	6	83	SAIGlobalLtd	9	338	ValadProperty	7	77
HutchisonTel.	8	60	MtGibsonIron	4	193	SDILimited	1	26	VentracorLtd	1	22
IBAHealthGrp	4	435	MurchisonMetal	3	178	SMSMgmt&Tech	11	111	VirginBlue	8	305
IMDGroup	4	64	Nat'lAustBank	20	33,177	SPAusnet	11	2,009	ViridisCleanE	4	64
INGOfficeFund	8	1,289	NavitasLtd	4	772	SPTelemedia	1	96	VisionGroup	6	33
INGRealEstate	2	34	NeptuneMarine	3	55	STWCommGroup	7	110	W'boolCheese	4	147
INGIndustTrt	6	450	NewHopeCorp.	4	2,668	SalmatLtd	7	468	WDSLimited	3	95
IOOFHoldings	7	204	NewcrestMining	16	11,369	SantosLtd	11	7,272	WHKGroupLtd	7	193
iNet	5	182	News Corp.	7	37,872	Schaffer Corp	1	64	WatpacLtd	2	143
IlukaResources	13	1,060	NexusEnergy	8	193	SedgmanLtd	3	144	WattylLtd	3	55
IncitecPivot	13	3,007	Nick ScaliLtd	2	40	SeekLtd	15	882	WellcomGroup	2	66
Independ. Group	5	148	NufarmLimited	12	1,535	Selectharvest	4	116	WesfarmersLtd	13	13,199
IndophilRes.	2	146	OZMineralsLtd	15	762	ServiceStream	2	114	WesternAreas	5	481
InnaminkaPet.	1	30	OaksHotel	2	68	Servcorp Ltd	2	244	WestfieldGroup	11	23,462
InsuranceAust.	14	6,723	OaktonLimited	12	126	SevenNetwork	12	1,239	WestpacBanking	20	44,440
IntResearch	2	30	OilSearchLtd	9	4,479	SigmaPharm.	15	897	West Aust News	14	983
InvocareLtd	11	481	OnesteelLtd	12	2,050	SimsMetalMgmt	11	2,119	Wide Bay Aust.	1	216
IressMktTech	14	437	OrchardIndust.	2	66	SinoGoldMin.	6	513	Windimurra Van.	1	26
JBHi-FiLtd	13	904	OricaLtd	13	5,334	SirtexMedical	1	95	WoodsidePetrol	12	20,307
JamesHardie	9	1,788	OriginEnergy	13	13,855	SkilledGroup	4	178	WoolworthsLtd	13	31,756
JumbuckEnter.	1	21	OrotonGroup	2	91	Slater&Gordon	2	137	WorleyGroup	11	2,722
K&SCorporation	3	173	Over Fifty Grp	1	30	SnowballGroup	1	64	Wotif.comHold.	8	697
KagaraLtd	6	82	PMPLimited	8	171	SonicHealth	14	4,336			
KorvestLtd	1	37	PacificBrands	10	304	SparkInfrastru	7	1,210			

Dividend \$

Company	Cents per Share	Ex-Date	Pay-able	Tax Credit
Cavalier Corporation	3.00	28-11	05-12	Full
FP Appliances	5.00	28-11	19-12	0.6667
FP Healthcare	5.40	03-12	12-12	2.314286
Goodman Property Trust	2.47917	04-12	18-12	0.047559
Horizon Energy Dist.	12.50	08-12	17-12	Full
Infratil	2.50	05-12	16-12	Full
ING Medical Properties	2.125	24-11	8-12	Nil
ING Property Trust	2.242	04-12	18-12	0.30
Jason Travel Media	1.50	16-01	30-01	Full
Kirkcaldie & Stains	3.00	05-12	15-12	Full
Kiwi Income Properties	4.00	27-11	15-12	0.60
Lyttelton Port Company	3.60	31-10	12-11	Full
Mainfreight	8.50	05-12	08-12	Full
Methven Ltd	6.25	19-12	31-12	Full
National Property Trust	1.24	19-12	08-01	Nil
NZF Ltd	0.50	05-12	12-12	Full
Restaurant Brands	3.00	07-11	21-11	Full
Ryman Healthcare	2.40	05-12	12-12	Nil
Seka Kiwifruit	12.00	05-12	10-12	5.285
Telecom NZ	6.00	28-11	12-12	Nil
TrustPower	16.00	26-11	12-12	Full
Wakefield Health	10.00	28-11	05-12	Full
Zintel	2.00	28-11	12-12	Full
Allied Farmers	1:10 Bonus			
Canty Building Society	1:40 Bonus			
	<u>Australian Shares</u>			
None at present				

Total Return Index for All Listed Shares

Nov 10	1457.76	Nov 17	1407.51
Nov 11	1440.54	Nov 18	1390.17
Nov 12	1430.94	Nov 19	1379.85
Nov 13	1409.40	Nov 20	1359.25
Nov 14	1412.93	Nov 21	1341.64
Nov 24	1358.10	Dec 1	1337.68
Nov 25	1369.02	Dec 2	1371.37
Nov 26	1366.44	Dec 3	1338.74
Nov 27	1385.45	Dec 4	1384.30
Nov 28	1388.08	Dec 5	1376.14

Next Issue:

The next issue of *Market Analysis* will be emailed in five weeks time on Monday January 12, 2009.

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

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