

Market Analysis

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Inside Market Analysis

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Founder: James R Cornell (B.Com.)

Summary and Recommended Investment Strategy.

The recent downturn has allowed us to acquire several under-valued, quality growth company shares over the last year. Now conditions are improving which will allow them to create shareholder wealth through expanding market share (at the expense of weaker competitors) or by acquiring competitor's businesses cheaply. Remain fully invested.

Investment Outlook.

Over the next few months we expect many companies to report lower profits and to pay lower dividends for the year ending 30 June 2009 - yet we expect share prices to continue to be re-rated strongly.

Profit results are, of course, historical and relate to what has *already* happened over the last year. We all know that was a difficult time for businesses - and a sudden drop in sales and revenues can have a big impact on bottom line profitability.

Stockmarket investment, however, is about *looking forward*. Future share price movements will be about what is likely to happen to companies over the year to June 2010 and to June 2011. Lower profits - or a loss for the June 2009 year - is of less importance than what will happen in the future.

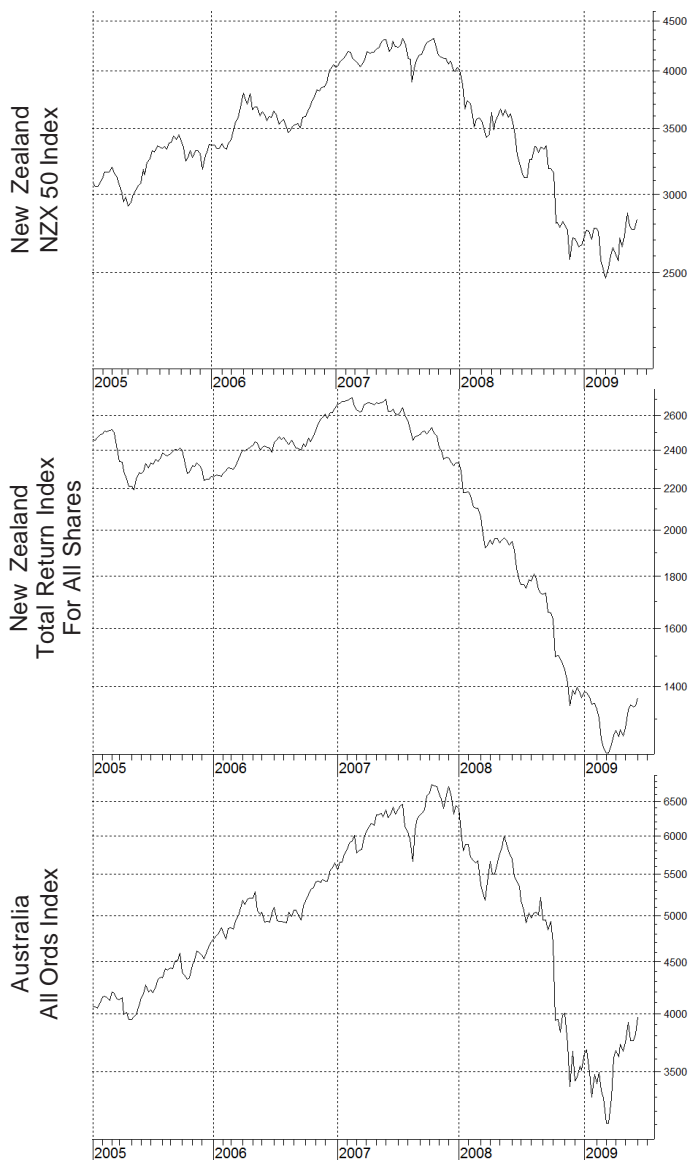
What makes shares an excellent long term investment is that companies *adapt* to whatever changes happen in the economy. Some fail, but the majority adapt to changing technologies, changing markets and the changing economic environment. Most companies, for example, have adapted to the economic downturn by deferring growth plans, downsizing existing operations and reducing costs to meet current levels of demand. Those changes usually incur one-off costs which further depress profits for the past year. So, even if economic conditions show no improvement over the *next* year, most companies will improve their bottom line (i.e. lose less or earn more) as they have adapted, downsized and lowered their operating costs.

Even when profitable, companies have often cut back on dividend payouts in response to tight liquidity and the difficulty in raising debt or equity financing. So dividend growth will lag behind expected long term profit growth as funds are retained in companies to strengthen balance sheets, reduce debt levels and finance the business. Dividend growth should therefore exceed long term profit growth in *future* years as profits recover and payout ratios again increase.

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Stockmarket Forecasts

	<u>One-Month</u>	<u>One-Year</u>
Australia:	95% (Bullish)	69% (Bullish)
New Zealand:	84% (Bullish)	73% (Bullish)



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
AMP Limited	B	615	3.62	18	7.3	Jasons Media	B	75	1.09	15	3.0	Pumpkin Patch	A	135	0.62	8	10.0
AMP Onyx Mgmt	C	76	4.57	5	11.0	Just Water Int.	C	36	0.87	62	14.8	Pyne Gould Corp	B	200	0.82	4	17.2
Abano Health	A	520	0.97	15	5.2	Kermadec Prop.	D	42	2.49	NE	11.9	Rakon Ltd	D	156	1.43	44	Nil
Affco Holdings	D	47	0.25	NE	Nil	Kingfish Ltd	B	85	N/A	NE	5.3	Renaissance	C	33	0.08	4	13.6
Air New Zealand	A	104	0.24	5	12.2	Kirkcaldie & St	B	225	0.50	20	6.6	Restaurant Brds	B	99	0.31	12	10.6
Akd Int Airport	C	162	5.64	18	7.6	Kiwi Property	D	93	3.98	NE	9.8	Rubicon Limited	E	75	0.34	NE	Nil
Allied Farmers	D	36	0.07	20	Nil	Life Pharmacy	D	42	3.87	NE	Nil	Ryman Health	B	160	8.62	12	2.7
Allied Work	B	70	0.24	9	13.9	Lion Nathan Ltd	A	1480	3.78	31	2.6	Salvus Strat	B	67	1.56	2	12.3
Apple Fields	C	5.0	1.48	3	Nil	Livestock Imp.	B	176	0.44	4	21.2	Sanford Limited	C	564	1.43	27	5.8
Barramundi Ltd	C	57	N/A	NE	Nil	Lombard Group	E	6.1	0.80	NE	Nil	Satara Co-op	D	70	0.19	5	Nil
Bliis Technology	E	4.0	5.00	NE	Nil	Lytelton Port	C	230	2.82	23	3.3	Savoy Equities	E	0.2	N/A	NE	Nil
Botry-Zen Ltd	D	2.5	N/A	NE	Nil	Mainfreight Grp	B	435	0.34	12	6.3	Scott Tech. Ltd	C	80	0.68	7	16.8
Briscoe Group	B	100	0.55	18	6.7	Marlin Global	D	64	N/A	NE	Nil	Sealegs Corp	E	13	0.88	NE	Nil
Broadway Ind	D	25	0.10	5	8.0	Media Tech.	D	5.0	0.79	5	Nil	Seeka Kiwifruit	B	230	0.27	7	7.8
Burger Fuel	E	32	3.60	NE	Nil	Methven Limited	C	129	0.63	9	13.6	Skellerup Hold.	D	59	0.35	NE	7.6
CDL Investments	E	22	N/A	32	Nil	Metro. LifeCare	C	200	3.01	NE	9.5	Sky City Ltd	C	276	1.47	12	11.6
CER Group Ltd	E	1.3	0.68	NE	Nil	Michael Hill	B	69	0.70	10	6.9	Sky Network TV	A	440	2.60	18	4.7
Canty Bldg Soc.	C	350	1.16	21	3.4	Mid-Cap Index	C	208	N/A	NE	Nil	Smartpay NZ Ltd	D	0.8	0.06	NE	Nil
Cavalier Corp	C	193	0.52	7	15.5	Millennium & C.	E	32	0.90	6	5.6	Smiths City	B	39	0.08	6	11.5
Cavotec MSL	C	335	0.72	11	Nil	Mowbray Collect	D	125	3.34	NE	Nil	Sol. Dynamics	C	40	0.34	NE	Nil
Charlie's Group	E	11	1.06	NE	Nil	NZ Experience	D	17	0.67	5	26.2	South Port NZ	C	205	3.50	21	6.9
Col Motor Co	B	235	0.13	9	14.6	NZ Exchange Ltd	A	768	6.40	20	4.1	Speirs Group	C	35	0.08	NE	Nil
Comvita	C	85	0.33	31	Nil	NZ Finance Hold	E	25	0.49	NE	Nil	Steel & Tube	C	289	0.51	11	9.8
Connexion	E	10	0.67	NE	Nil	NZ Farming Sys.	E	51	N/A	NE	Nil	Sthn Travel	C	20	0.09	5	22.4
Contact Energy	C	580	1.21	14	7.2	NZ Oil & Gas * N/R	162	N/A	26	Nil	Tag Pacific Ltd	D	16	0.10	1	5.9	
Cynotech Hold.	B	18	1.09	8	10.4	NZ Refining Co	B	700	4.22	13	9.6	Taylors Grp Ltd	A	151	0.52	16	11.9
Delegat's Group	A	205	1.24	11	4.4	NZ Wine Company	B	173	1.40	16	6.0	TeamTalk Ltd	A	192	1.27	10	15.5
Dominion Fin.	C	1.0	0.01	0	149.3	NZ Windfarms	C	86	N/A	28	Nil	Telecom Corp	B	261	0.84	7	16.6
Dorchester Pac	C	7.5	0.11	NE	Nil	NZ Wool Service	D	35	0.17	17	Nil	Tenon Ltd	B	105	0.14	18	Nil
Eastern Hi-Fi	D	13	0.13	NE	Nil	NZSX 10 Fund	D	81	N/A	NE	Nil	Tourism Hold.	C	49	0.32	6	33.5
Ebos Group Ltd	F	505	0.27	14	6.8	NZSX 50 Port.	C	118	N/A	NE	Nil	Tower Limited	B	180	0.67	10	5.0
F & P Health	C	315	3.50	26	5.9	NZX Aust MidCap	C	440	N/A	NE	Nil	Training Sol.	E	0.1	5.00	NE	Nil
F & P Appliance	E	69	0.21	NE	Nil	Nat Property Tr	D	36	2.10	NE	13.9	Trust Power Ltd	B	785	3.15	24	6.3
Finzsoft Sol'ns	E	68	0.71	NE	Nil	New Image Group	C	41	3.39	NE	Nil	Turners & Grow.	C	170	0.30	13	8.8
Fletcher Build.	B	695	0.49	7	10.3	Northland Port	C	180	6.38	8	9.1	Turners Auction	A	75	0.26	19	5.8
Freightways Ltd	B	298	1.18	12	9.4	Nuplex Indust	C	42	0.48	2	13.4	VTL Group Ltd	C	1.5	0.01	0	Nil
Genesis Res.	D	9.4	2.13	NE	Nil	Opus Int'l Cons	C	128	N/A	NE	Nil	Vector Ltd	B	209	1.77	15	9.5
Goodman Prop.	D	85	5.54	NE	12.2	Oyster Bay	C	250	1.42	8	Nil	WN Drive Tech.	E	17	5.01	NE	Nil
Guinness Peat	E	71	0.32	NE	3.5	Ozzy (Tortis)	C	295	N/A	NE	Nil	Wakefield Hlth	A	920	1.51	13	4.1
GuocoLeisure	D	43	0.91	33	12.2	PGG Wrightsons	C	131	0.31	5	18.2	Warehouse Group	B	377	0.67	10	6.9
Hallenstein G.	A	250	0.74	7	20.9	Pac Edge Bio.	D	20	N/A	NE	Nil	Widespread Port	N/R	21	N/A	NE	Nil
Hellaby Hold.	C	75	0.07	2	18.7	Pike River Coal	E	120	N/A	NE	Nil	Windflow Tech.	D	183	4.50	NE	Nil
Heritage Gold * N/R	2.7	N/A	NE	Nil	Plus SMS Hold.	D	0.8	0.58	NE	Nil	Wool Equities	D	7.0	0.08	NE	Nil	
Horizon Energy	B	320	2.64	16	7.9	Port Tauranga	B	613	5.52	20	6.1	World Index Fd	D	102	N/A	NE	Nil
ING Property	D	58	2.86	NE	13.8	Postie Plus Grp	C	40	0.12	NE	Nil	Xero Ltd	C	124	N/A	NE	Nil
ING Med. Prop.	C	119	6.85	19	8.2	Propertyfinance	D	10	0.08	NE	Nil	Zintel Comm.	B	24	0.31	5	18.7
Infratil NZ	D	170	0.51	NE	5.5	Property F Ind.	C	115	7.53	NE	6.2	Ave of 142 Cos	C	160	0.22	5	6.8
Inv Research Gr	E	1.5	0.58	NE	Nil	ProvencoCadmus	E	8.1	0.10	NE	Nil						
ABB Grain Ltd	A	910	0.70	32	2.3	Deutsche Ind Tr	A	196	6.49	12	8.1	Newcrest Mining	B	3274	6.28	NE	0.3
AGL Energy Ltd	B	1430	1.17	20	3.7	Deutsche Div Tr	A	131	6.10	14	7.1	News Corp.	B	1450	1.24	8	0.9
AMP Ltd	B	487	3.37	17	7.8	Dexus Property	C	70	3.02	5	17.1	Nufarm Limited	A	1155	1.12	18	2.8
ANZ Bank	A	1630	0.81	10	8.3	Djerriwarrah	B	402	N/A	12	6.5	OM Holdings	B	133	1.10	5	4.9
APA Group	A	278	1.48	19	3.8	Dominion Mining	A	502	5.27	15	2.4	OZ Minerals Ltd	C	89	3.14	NE	5.6
APN News Media	B	153	0.63	NE	14.8	Downer EDI Ltd	A	493	0.29	10	5.2	Oil Search Ltd	B	568	5.58	19	2.0
ASX Limited	A	3730	N/A	17	5.2	East'n Star Gas	C	80	N/A	NE	Nil	Onesteel Ltd	B	270	0.35	11	8.0
AXA Asia Pac	B	388	1.10	NE	4.8	Energy Resource	A	2678	N/A	23	1.0	Orica Ltd	A	2080	1.14	14	4.3
Adelaide Bright	A	234	1.26	11	6.4	Energy World	B	66	N/A	48	Nil	Origin Energy	B	1500	1.59	36	1.7
Alumina Ltd	C	150	N/A	10	8.0	Envestra	B	49	1.26	3	19.4	Pacific Brands	B	82	0.22	4	20.7
Amalgamated Hld	B	440	0.92	6	6.8	Equinox Min.	C	324	N/A	NE	Nil	Paladin Energy	B	524	N/A	NE	Nil
Amcor Ltd	B	498	0.45	16	6.8	Extract Res.	C	590	N/A	NE	Nil	Panaut Ltd	C	39	3.75	NE	Nil
Andean Res.	C	193	N/A	NE	Nil	Fairfax Media	C	126	0.70	5	15.9	Perpetual Ltd	A	2988	2.54	9	11.0
Aneka Tambang	D	100	N/A	NE	12.0	Felix Resources	A	1430	6.37	15	3.7	Platinum Asset	A	420	8.32	15	5.0
Ansell Ltd	B	845	0.92	11	3.1	Flight Centre	A	845	0.58	6	10.2	Primary Health	A	545	3.11	NE	5.0
Aquarius Plat.	B	565	1.58	6	8.5	Fortescue Metal	E	318	N/A	NE	Nil	Q.B.E. Insur.	B	1865	N/A	15	6.8
Aquila Res.	D	504	N/A	NE	Nil	Foster's Group	B	505	2.13	87	5.2	Qantas Airways	B	219	0.26	4	16.0
Aristocrat Leis	B	370	1.56	17	6.5	GPT Group	C	53	2.59	NE	33.4	REA Group Ltd	B	585	4.78	33	Nil
Arrow Energy	C	380	N/A	NE	Nil	GWA Internat'l	B	258	1.11	16	7.6	Ramsay Health	A	1083	0.70	20	3.0
Asciano Group	C	150	0.34	NE	30.7	Gloucester Coal	A	700	3.60	25	3.0	Reece Australia	B	1925	1.33	17	3.0
Australand Prop	B	47	0.95	5	23.7	Goodman Fielder	C	137	0.68	66	9.9	Rio Tinto Ltd	B	7249	0.41	5	2.6
Aust United In	B	562	N/A	13	4.4	Goodman Group	B	37	0.73	1	85.1	Riversdale Min.	C	642	N/A	NE	Nil
Aust United	E	73	N/A	NE	Nil	Guinness Peat	D	55	0.28	NE	3.7	S/Tracks ASX200A	A	3780	N/A	NE	9.2
Aust Infra.	B	178	N/A	8	9.3	Gunns Ltd	B	101	0.50	7	10.0	SP Ausnet	A	80	1.45	12	14.8
Aust W'wide Exp	C	287	1.58	5	Nil	Harvey Norman	A	308	2.29	9	4.5	Salmat Ltd	B	374	0.73	27	4.9
Aust Foundation	B	445	N/A	10	4.7	Healthscope	B	400	0.66	15	4.9	Santos Ltd	B	1500	3.39	17	2.8
Austereo Group	B	160	2.10	11	6.3	Henderson Group	C	177	N/A	NE	7.0	Seek Ltd	A	440	6.03	17	4.2
BHP Billiton	A	3818	2.15	8	1.9	I-SOFT Group	C	69	1.58	39	Nil	Seven Network	B	559	N/A	8	6.1
Bank of Q'land	A	869	0.59	10	8.4	ING Office Fund	B	59	3.60	3	18.2	Sigma Pharm.	B	104	0.29	11	6.8
Beach Petroleum	A	87	1.29	14	2.0	Iluka Resources	C	342	2.27	21	Nil	Silex Systems	C	598	N/A	NE	Nil
Bendigo Bank	A	630	0.60	8	9.2	Incitec Pivot	B	272	1.13	5	4.8	Sims Metal Mgmt	A	2301	0.33	6	5.2
Billabong Int'l	A	840	1.35	10	6.6	Independ. Group	A	447	3.50	10	2.7	Sino Gold Min.	D	626	9.22	NE	Nil
Bluescope Steel	C	263	0.24	4	18.8	Infogen Energy	A	125	2.03	34	11.6	Sonic Health	B	1131	1.58	15	4.6
Boral Limited	B	433	0.49	10	7.9	Insurance Aust.	C	357	0.86	NE	6.3	Soul Pattinson	B	1010	3.54	27	3.0
Brambles Ltd	B	601	1.83	13	5.7	Invocare Ltd	B	562	2.27	20	4.2	Spark Infrastru	C	116	5.12	NE	16.0
Brickworks Ltd	B	1300	3.12	17	3.0	Iress Mkt Tech	A	705	5.21	24	4.4	St George Bank	A	2210	1.06	10	9.6
C.W. Prop Off.	C	79	4.27	3	11.6	JB Hi-Fi Ltd	A	1348	0.78	22	1.9	Stockland	C	315	1.74	7	14.8
C.S.R. Ltd	B	169	0.47	12	4.5	James Hardie	B	437	1.09	10	Nil	Straits Res.	B	182	2.43	11	5.3
CFS Retail Prop	C	162	6.84	5	7.4	Kardoon Gas	C	691	N/A	NE	Nil	Suncorp-Metway	B	629	0.49	12	17.0
CSL Limited	B	2898	4.20	23	2.7	Kingsgate Cons.	C	659	7.98	NE	Nil	Tabcorp Holding	B	726	0.94	7	6.5

Recommended Investments

Nuplex Industries confirms it expects to achieve its earlier guidance of earnings (before interest, tax and depreciation) of \$87 million this year. Some markets are showing "early signs of recovery" while others are showing "stability".

The company has also announced a share consolidation - with every four existing shares becoming one new share (i.e. but each worth four times as much). This changes nothing except the capital from 759.2 million shares worth around 42 cents to 189.8 million shares

worth 168 cents which according to the directors "is more appropriate for a company with Nuplex's market capitalisation".

One might assume that the directors had more important things to worry about than consolidating the shares . . . so perhaps we can take it that Nuplex Industries' problems are now all in the past.

Postie Plus Group lifted sales 7.3% to \$76.2 million in its third quarter ending 30 April compared to the same period in 2008. *(Continued on Page 4)*

Portfolio of Recommended Investments

CURRENT ADVICE	Company	Initial Code	Recommendation		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 %
			- Date -	Price									
NZ Shares													
HOLD	CDL Investments Ltd	CDI	12/01/99	25	E	243.4	1.5	12.36	32	Nil	22	17.9	+60%
HOLD+	Cavalier Corporation	CAV	05/12/95	156*	C	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	0.13	9	14.6	235	344.8	+287%
HOLD	Lyttelton Port Company	LPC	12/12/00	150	C	102.3	0.7	2.82	23	3.3	230	69.9	+100%
BUY	Michael Hill Int'l Ltd	MHI	11/06/91	5*	B	382.5	0.8	0.70	10	6.9	69	26.4+	+1808%
BUY	Nuplex Industries Ltd	NPX	11/02/97	131*	C	653.8	1.2	0.48	2	13.4	42	89.6	+0%
HOLD	Postie Plus Group	PPG	08/05/06	71	C	40.0	1.3	0.12	NE	Nil	40	8.5	-32%
HOLD	Renaissance Corp	RNS	13/08/96	85*	C	44.9	1.5	0.08	4	13.6	33	53.9	+2%
HOLD	Smiths City Group	SCY	09/10/06	64	B	53.0	1.5	0.08	6	11.5	39	11.0	-22%
HOLD	South Port New Zealand	SPN	13/02/96	120	C	26.2	0.8	3.50	21	6.9	205	108.3	+161%
HOLD	Steel & Tube Holdings	STU	08/08/00	146	C	88.2	0.8	0.51	11	9.8	289	222.0	+250%
HOLD+	Taylors Group Ltd	TAY	09/11/99	102	A	24.3	0.7	0.52	16	11.9	151	92.0	+138%
Australian Shares (in Aust cents)													
BUY	AJ Lucas Group	AJL	13/05/03	120	C	59.3	0.7	0.36	11	2.7	260	35.5	+146%
BUY	Atlas South Sea Pearl	ATP	14/05/96	73	C	120.1	2.0	0.73	NE	16.0	13	17.5	-59%
HOLD	Breville Group Ltd	BRG	13/11/06	171	B	129.5	0.8	0.31	6	10.3	102	14.5	-32%
HOLD+	Campbell Brothers Ltd	CPB	12/10/99	406*	B	53.0	0.3	1.10	10	5.2	1910	407.6	+471%
HOLD	Cellnet Group Ltd ¹	CLT	12/02/02	147*	D	76.8	1.5	0.04	NE	Nil	25	32.4	-56%
BUY	Challenger Wine Trust	CWT	12/01/09	30	B	170.3	1.3	1.59	4	30.8	31	1.2	+6%
HOLD	Charter Hall Group	CHC	06/04/09	30*	B	532.3	1.0	2.71	4	21.7	58	Nil	+92%
HOLD	Circadian Technologies	CIR	10/02/04	188	C	40.1	0.9	3.69	NE	Nil	75	65.0	-26%
BUY	Clarius Group Ltd	CND	08/04/03	86	B	57.4	1.0	0.12	3	24.2	66	68.5	+56%
BUY	CPT Global Ltd	CGO	10/03/08	88	B	36.9	1.1	0.34	9	12.2	41	4.3	-49%
HOLD+	Devine Ltd	DVN	13/11/06	94	B	285.7	1.1	0.23	4	17.6	46	19.0	-31%
HOLD+	Ellex Medical Lasers	ELX	14/03/06	49	C	102.8	2.3	0.15	4	Nil	11	Nil	-78%
BUY	Fiducian Portfolio Ser	FPS	11/02/08	260	B	32.8	0.9	1.76	8	8.7	149	10.3	-39%
HOLD	Iluka Resources Ltd	ILU	12/10/04	471	C	380.7	0.6	2.27	21	Nil	342	64.0	-14%
BUY	Integrated Research	IRI	14/01/08	40	A	166.5	1.3	1.38	9	9.7	31	4.5	-11%
HOLD	Int'l AllSports	IAS	11/02/03	180	C	66.4	1.1	0.85	NE	Nil	58	4.0	-66%
BUY	M2 Telecommunications	MTU	09/10/06	33	A	78.9	0.9	0.56	12	6.5	77	10.5	+165%
HOLD	Mercury Brands Ltd	MCB	08/02/05	93	D	310.9	6.4	0.02	NE	Nil	2	7.0	-91%
HOLD	Mercury Mobility ¹	MMY			C	105.0	3.0	0.81	NE	Nil	5	Nil	
HOLD+	Melbourne IT	MLB	10/02/04	53	B	78.0	0.6	0.76	9	8.3	181	51.0	+338%
BUY	Photon Group Ltd	PGA	10/11/08	140	A	102.8	0.7	0.19	5	20.0	143	6.0	+6%
BUY	Probiotec Ltd	PBP	11/02/08	116	A	46.6	0.6	1.35	14	1.3	191	3.8	+68%
BUY	Prophecy International	PRO	08/09/08	26	A	45.1	1.3	3.24	10	9.5	42	2.0	+69%
HOLD	Ross Human Directions	RHD	14/08/01	92	A	83.5	1.6	0.04	4	16.3	22	33.3	-40%
BUY	Skilled Group Ltd	SKE	12/03/02	126	B	122.0	0.8	0.08	4	17.4	132	130.5	+108%
HOLD+	Technology One Ltd	TNE	11/11/03	44	B	298.9	0.9	2.18	14	5.1	81	17.2	+122%
BUY	TFS Corporation Ltd	TFC	08/01/07	45	A	187.3	0.9	2.85	7	3.8	104	5.2	+143%
HOLD+	The Reject Shop Ltd	TRS	11/01/05	257	B	25.7	0.4	0.81	17	4.3	1110	158.5	+394%

The average Total Return (i.e. both Capital Gains/Losses plus Dividends received) of all current investments from initial recommendation is +119.7%. This is equal to an average annual rate of +19.1%, based upon the length of time each position has been held.

The average annual rate of gain of ALL recommendations (both the 39 current and 144 closed out) is +28.4%, compared with a market gain of +4.7% (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 return includes 1½ shares in Mercury Mobility distributed to shareholders.

Recommended Investments

(Continued from Page 3)

Just as importantly, the company also reported an improvement in profit margins. The company continues to predict “a modest profit” for the full year.

Renaissance Corporation predicts that its first half profit (to 30 June) could be “down as much as 80%” but the business is seasonal and it expects the full year profit to be similar to 2008.

The company has negotiated new bank covenants but interest bearing debts of \$4.7 million in December 2007 are expected to reduce to zero in the third or fourth quarter of this year.

Smiths City Market reports sales down 5.7% to \$113.0 million for the second half year to 30 April. Highly competitive market conditions have also reduced margins, so the full year profit result (to be released later this month) “will be substantially down on last year”.

Trading conditions are expected to remain similar for the year to April 2010, but with “improvements in profitability” owing to reductions in operating costs and improved efficiencies.

Australian Shares

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

AJ Lucas Group has downgraded its revenue and profit forecasts for the current year owing to the weak economy, “poorly executed internal restructuring” and one-off non-recurring costs. It now predicts revenues of \$505 million (previously \$530-560 million) and earnings (before interest, tax and depreciation) of \$50-54 million (previously \$70-72 million).

The company reports that “restructuring is now proceeding effectively” and despite the “unsatisfactory” current year's performance expects a “substantial positive impact” on earnings in the year to June 2010. Some of the proceeds from the recent sale of Coal Seam Methane assets have been invested in other energy investments and it is also “actively involved in generating projects” in the water sector.

AJ Lucas Group



Atlas South Sea Pearl has expanded its value added wholesale jewellery manufacturing business with the appointment of a Hong Kong based company to manufacture its pearl jewellery. Sales have been made to at least five independent jewellery retailers from Australia, the UK and the United States.

Loose pearl sales are still depressed, down 30% compared with the same period last year. Retail jewellery sales are higher - owing to new store openings - but sales per store are down about 10%.

Breville Group has a new major shareholder after investment company **GUD Holdings** purchased 25,073,712 shares (19.4% of the company) off-market at 72 cents each (or \$18.1 million in total). The shares were sold by investment funds managed by **Harbinger Capital Partners**.

Campbell Brothers experienced 20.9% growth in revenues to \$920.4 million over the year to 31 March 2009, with profits up 49.2% to \$106,209,000 (200.3 cents per share). The final dividend will be 10 cents lower at 50 cents, but the annual dividend rate will be 5.3% higher at 100 cents.

The net operating cash surplus was 110% higher at \$166.7 million.

The company reports a “slower final quarter” but it is in a strong financial position and has reduced costs, reduced capital expenditure and downsized some operations to meet market conditions.

Campbell Brothers shares have more than doubled since their low of 864 cents in March this year - when, incredibly, investors were asking should they sell out to “cut losses” or to “buy back more cheaply at the bottom”! Nevertheless, at \$19.10 the shares trade on a Price/Earnings ratio of just 9½ and offer a Dividend Yield of 5.2%. Profits may ease in the current year (to March 2010) but should continue growing the following year. The current dividend is at least maintainable, covered 2.0 times by profits. Interest bearing debts maturing in November 2009 have been re-financed and extended and total debt levels are manageable. The business generates very strong cash flows which can finance future growth, debt repayment and dividend growth.

We are downgrading the shares to “Hold+” - as at current prices other recommended shares may be more attractive for new purchases and offer better short to medium term recovery potential - but Campbell Brothers shares still offer excellent value and this is a high quality growth company that we continue to see as a long term holding in our portfolio.

Campbell Brothers



Cellnet Group forecasts a second half loss of \$1.4-1.7 million - taking its annual loss to \$11.6-11.9 million. The company, however, has increased its surplus cash from \$10 million in December to over \$17 million (22 cents per share) and remains debt-free apart from normal trade creditors.

The directors are still considering how to use this cash and options include growing the existing business either internally or through acquisition, acquiring a completely

new business activity and/or a return of capital to shareholders or a share buy-back.

Charter Hall Group has announced a series of transactions which significantly improves its financial position and which has helped to strongly re-rate the market value of its units. The units have also been added to the ASX 200 index, which should increase interest from institutional investors.

Firstly, its *Core Plus Retail Fund* has agreed terms to sell \$47.5 million of properties, its *Diversified Property Fund* agreed to sales totalling \$18.5 million, the *Core Plus Office Fund* negotiated sales totalling \$65.0 million - all of which will be used to repay debt and reduce leverage. The group is seeking further sales to reduce debt levels. These sales, however, have resulted in a 12 cents *reduction* in net asset backing per Charter Hall Group unit to 97 cents.

Secondly, *Core Plus Office Fund* has negotiated a new 3-year \$370 million debt facility while *Core Plus Industrial Fund* has a new 3-year \$65 million facility. The loan-to-value covenant has been relaxed from 50% to 60%. These facilities continue to be non-recourse to investors - so there is no liability to Charter Hall Group (or other investors).

Thirdly, Charter Hall Group will raise \$73 million in new equity. \$24 million will be from the placement of 73 million stapled units to **Gandel Group** at 33 cents and \$49 million from a 2 for 7 non-renounceable cash issue to existing shareholders. Gandel Group will not directly participate in this cash issue, but will underwrite it. On the negative side, the placement to Gandel Group reduces net asset backing around 10%, while the cash issue will reduce it a further 15% to around 75 cents per unit.

Fourthly, Charter Hall Group will realise a further \$30 million in cash from selling down its investment in *Core Plus Office Fund* to Gandel Group. This will reduce its \$145 million (62% interest) to \$115 million (49% interest). This is in line with the group's normal operations where it may initially make a large investment to establish a new fund but ultimately seeks to reduce that to around 20-25% ownership. New outside investment in its property funds builds its recurring fees from assets under management.

Fifthly, Gandel Group will also invest \$15 million in Charter Hall Group's new unlisted *Special Situations Fund*. Again, new outside investment in managed funds builds recurring annual management fees and performance fees.

As a result of these transactions, Charter Hall Group will have no debt on its balance sheet and cash available for growth and expansion. "Look through" debt will reduce from 48.6% to a more manageable 34.1% and likely to fall further with future asset sales. Gandel Group's \$45 million investment in Charter Hall Group's property funds will help grow the group's funds management business. The only negative is the 31% decline in net asset backing to 75 cents, but over one-third of that was the (expected) decline in the market value of property investments.

By improving its balance sheet and "look through" debt levels, the group is in a much stronger financial position so the units should continue to be re-rated to a smaller discount to net asset value. The market may

even start to factor in some value for its Funds Management business!

We would recommend that shareholders take up their entitlement to the non-renounceable cash issue. The deadline is 18 June, but shareholders paying by BPAY need to do so by 10 June. This is a very tight deadline and requires immediate attention. Taking up the new units at 33 cents - when the market value is now 58 cents (i.e. an immediate 75% gain on the new investment) - will help to further boost our returns from our recent purchase of Charter Hall Group units.

We believe that Charter Hall Group units could continue to be re-rated further in the short to medium term, so investors should let their profits run at this stage, although we are downgrading the units to a "Hold" owing to the recent appreciation in the unit price. At current prices **Challenger Wine Trust** (and possibly some other more soundly financed property trusts) offer a better investment, trading at a greater discount to net asset value and offering a higher income yield.

Investors should take up the new units at 33 cents but we wouldn't buy further Charter Hall Group units on-market at this time. "Hold".

Charter Hall Group



Clarius Group is predicting a net profit of \$2.7-3.3 million (4¾-5¾ cents per share) for the current year to June 2009 - but that is *before* non-recurring one-off costs and an asset impairment charge.

Since November the company has downsized and reduced operating costs by \$7.0 million on an annualised basis - but at an initial one-off cost of \$1.7 million (before tax). Focus on cash collections has had "a positive impact on cashflows".

The permanent recruitment business (which previously generated about one-third of profits) is down 50%, while the contracting business is down 10%.

This is a very cyclical business, so has suffered in the recent downturn but should recover very strongly over the next few years when the economy eventually recovers.

Iluca Resources expects a 5-6 weeks delay in production from *Murray Basin* Stage II owing to "an unexpected delay" in the fabrication and delivery of structural frames to hold part of the pre-concentrator plant. This will contribute to a 5% increase in capital costs (i.e. by around \$10-11 million) to keep contractors on site longer.

Final approval has been obtained for the \$420 million *Jacinth-Ambrosia Project* which is "ahead of schedule and within budget". The first heavy mineral concentrate is now expected in early 2010, (*Continued on Page 6*)

Recommended Investments

(Continued from Page 5)

ahead of the initial schedule of mid-2010.

Iluka Resources has sold its 187 million **Consolidated Rutile** shares to **Unimin** for \$84 million. That is a profit of \$24 million but owing to available capital losses the company “does not expect a significant tax expense”.

International All Sports has agreed to be acquired by **Sportsbet Pty** via a *scheme of arrangement* under which shareholders will be paid 60 cents per share in early October. Sportsbet itself has recently become a subsidiary of Irish based **Paddy Power plc**, the largest online betting and gaming company in Ireland and with significant operations in the United Kingdom.

Although subject to some conditions, there is close to a 100% chance of this takeover being completed and shareholders receiving *at least* 60 cents. A *scheme of arrangement* requires approval by only 75% of votes to become binding on all shareholders, compared with a takeover that requires that investors with 90% of the shares accept the offer. Nevertheless, there is always a small chance of a second (or third) party making a competing bid and potentially a bidding war that can drive prices 20-100% higher.

So while “get rich quick” investors will hate to hold on to these shares for another four months to probably only receive 60 cents - when they could sell on-market tomorrow and get 58 cents (to re-invest elsewhere) - the “get very rich a bit slower” investor will do better to wait for full value in four months or to profit strongly in the small number of cases where a competitive bidding situation arises. It is seldom a good idea to sell - or to quickly accept an offer - in a takeover situation. The last investors to sell usually get the best price.

International All Sports has also sold its loss making **Canbet** business for \$1 million. This will result in a one-off write-down of \$12 million - but removes a major loss making business which has largely offset the positive earnings of the company's Australian business. Canbet lost \$3.7 million in the six months to December 2008, reducing group net profits to just \$1.3 million for that period. The sale makes International All Sports a simpler, mainly Australian based and profitable company.

“Hold” at this stage.

International All Sports



M2 Telecommunications has (subject to conditions) agreed to acquire the small and medium business (SMB) assets and associated intellectual property of **Commander Communications** (in receivership) for \$19 million in cash plus the value of inventories. Part of

this will be paid on completion of the purchase and part will be a deferred settlement.

The company will take over all SMB customer contracts, generating in excess of \$100 million of revenues annually from fixed line, mobile and data services. It will also acquire all brands, proprietary operating systems, software, plant and equipment, but no network infrastructure.

The acquisition is expected to increase M2 Telecommunication's earnings per share by “in excess of 50%” for the year to June 2010 - which we estimate to equal a net profit of \$4.5-5.0 million (before interest costs relating to this acquisition) and the company expects “earnings to improve further in subsequent years”. That values this acquisition on a Price/Earnings ratio of just 4.

As this newsletter has pointed out since the Telecommunications boom of the 1990's, Telecommunications *network* companies are not an attractive business for investors owing to falling prices which do not allow the operators to earn a reasonable return on their investment in network infrastructure. So companies like **Telecom NZ** and **Telstra** have been (and will continue to be) disappointing investments over the medium to long term. The most attractive option for investors are businesses operating a “virtual network” - buying in services from actual network operators and re-selling to end users. Network service costs therefore tend to fall in line with the decline in prices charged to end users (i.e. so profit margins remain relatively steady even though there is a long term decline in real prices for services) and there is no massive investment in network infrastructure (i.e. which quickly depreciates in value and earns lower returns as prices fall). A “virtual network” operator succeeds (or fails!) upon its ability to run the business (i.e. win and retain customers and efficiently manage all aspects of the business). M2 Telecommunications appears to be able to do this effectively and with a very small market share there is plenty of room to grow internally and through the acquisition of less efficient competitors.

M2 Telecommunications shares have risen in response to its latest acquisition announcement but the shares still trade at a low valuation *and* the business offers good medium to long term growth. So M2 Telecommunications shares remain an attractive “Buy” for further long term growth (and a high and increasing income).

M2 Telecommunications



Mercury Brands has reached agreement for the early repayment of its \$6.0 million of convertible notes

for \$575,000 in cash plus 9.3 million options to buy shares at 2 cents.

Prophecy International has signed a Memorandum of Understanding with **Computer Sciences Corporation** “to work together to develop joint business opportunities in Utilities billing” and “finalise formal teaming and alliance agreements”. There are potentially very significant benefits from a very small software company (i.e. Prophecy International with just A\$6 million in annual revenues) entering a relationship with a very large IT consulting and professional services business (i.e. Computer Sciences with annual revenues of around US\$17 billion).

Computer Sciences will “recommend the *basis2* product suite” to Utility companies and generate new sales leads. Typically in this situation the revenues are split roughly equally between the company supplying the software and the IT consultant managing the installation. The success of this alliance could therefore have a very significant impact on a small company like Prophecy International. Just \$12 million in new sales (i.e. about \$6 million for each partner), for example, would add an insignificant 0.03% to Computer Sciences' total revenues but double Prophecy's revenues - and probably increase profits 3-4 fold! So the potential benefits from this arrangement for Prophecy International could be huge!

At worst, the partnership will generate little or no sales and have no significant impact (i.e. nothing will change). There is, however, good potential for increased sales which would add strongly to Prophecy International's revenues, profits and dividends. If very successful, this type of deal *could* lead to Computer Science Corporation seeking to takeover Prophecy International (at a significant premium to its current market value).

Investors may remember how **JNA Telecommunications** developed new internet switching equipment in 1998 and began negotiations with a number of major international companies to form a strategic alliance to accelerate sales growth. Two of those companies, **Lucent Technologies** and **Cisco**, indicated an interest in buying the company, with Lucent offering a 50% premium to market (after the shares had *already* risen 5-fold from their 1996 lows). Of course, there is no indication that a takeover will happen here - but there is no downside risk to this type of partnership deal but unlimited potential benefits!

Prophecy International



Skilled Group's Offshore Marine Services has entered a joint venture with Singapore based **Ezion Holdings** and Hong Kong based **PBSea-Tow** to supply

marine vessels and labour to the **Gorgon Project** (a **Chevron, ExxonMobil** and **Shell** joint venture) to develop the *Greater Gorgon* gas field 130-200km north-west of Western Australia. The field contains 40 trillion ft³ of gas and is Australia's largest undeveloped gas field. The joint venture contract is worth around \$350 million in revenues over three years, starting in the third quarter of this year.

Technology One reports a 13.0% growth in revenues to \$55.9 million for the six months to 31 March 2009, but profits fell 44.4% to \$3,876,000 (1.3 cents per share). The interim dividend will be 47.3% lower at 0.88 cents.

There was a cash operating *deficit* of \$546,000 compared with a surplus of \$1.1 million in the first half of last year.

Investors should note, however, that the company expects the full year profit to be 10-15% higher than 2008 and to at least maintain last year's annual dividend rate of 4.12 cents.

The first half profit decline is a result of rapid expansion and the growth in operating expenses, including significant expenses for Research & Development. Operating expenses should be steady in the second half, plus a reduction to more normal levels of expenditure on R&D.

TFS Corporation has entered into a joint venture which will significantly advance its growth plans to become a vertically integrated business involved in value-added processing *and* which also helps ensure the continued growth of its existing very profitable managed plantation business.

A joint venture company will be established between the **Emirates Investment Group LLC** (with 51% ownership) and TFS Corporation (49%), with each party making an initial investment of US\$175,000 with future development - including a distillation plant - expected to be "largely self-funding".

The joint venture will be granted exclusive distribution rights to TFS Corporation group products in the Middle East, North Africa and Pakistan.

Subject to a feasibility study, the joint venture will build an Indian Sandalwood distillation plant by the end of 2012, capable of initially processing 12.5 tonnes of Indian Sandalwood oil annually and able to be upgraded to an annual capacity of 50 tonnes of oil.

TFS Corporation will supply the JV with up to 25% of its annual harvest of plantation timber at normal commercial prices.

The Emirates Investment Group has committed to promote investment from the Middle East in at least 200 hectares of new Indian Sandalwood plantations annually, for a fee equivalent to that paid on MIS units sold in Australia. This will help ensure the continued growth of TFS Corporation's existing plantation business, with around 20% of new funds coming from a new group of investors. It also minimises funding risks by diversifying the source of new funds away from tax-driven investment by Australian investors.

Potentially this joint venture could become very important to the successful growth of TFS Corporation's business. It brings in a partner with the contacts to quickly establish markets in (Continued on Page 8)

Recommended Investments

(Continued from Page 7)

the Middle East and also brings in a new source of capital to invest in the group's managed plantations.

Just as TFS Corporation seeks to be a vertically integrated business (i.e. growing the trees and processing through to value added products) this is a vertically integrated joint venture with the Emirates Investment Group sourcing new capital to establish new plantations to grow TFS Corporation's existing business as well as purchasing timber at harvest, processing and marketing the end products to consumers.

TFS Corporation



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

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

Company	Share Price	STRENGTH RATING				Insider Buying Buy-Sell	Insider Selling Buy-Sell	Brokers Following	Price to NTA	Return on Equity	Volatility	Price-Dividend Ratio	Dividend Yield	Price-Sales Ratio	Market Cap'n
		Cur-4 Wk	Rank	0-99	Chg.										
UNDER-VALUED SHARES: Lowest Price/Sales, Yld>0, RelStrength>0															
Air New Zealand	104	+3.7	+5.9	12	2-1	6	0.7	14	0.9	5	12.2	0.24	1,100		
Allied Work.	70	+0.8	-2.7	23	1-0	1	1.0	12	1.1	9	13.9	0.24	18		
Turners Auction	75	+10.3	+8.4	6	3-0	-	1.0	5	0.8	19	5.8	0.26	21		
Ebos Group Ltd	505	+5.8	+1.7	9	0-0	1	1.6	11	0.5	14	6.8	0.27	237		
Restaurant Brds	99	+21.4	+7.8	2	8-0	2	2.6	22	0.9	12	10.6	0.31	96		
Fletcher Build.	695	+3.9	+5.0	10	1-5	6	1.3	17	0.7	7	10.3	0.49	3,498		
Taylor's Grp Ltd	151	+11.6	+3.6	5	0-0	-	1.3	8	0.7	16	11.9	0.52	37		
Briscoe Group	100	+3.0	+9.6	16	0-0	3	1.7	10	0.8	18	6.7	0.55	212		
Pumpkin Patch	135	+3.6	+8.0	13	1-2	3	2.0	25	1.0	8	10.0	0.62	225		
Hallenstein G.	250	+0.7	+4.7	24	2-0	2	2.3	32	0.6	7	20.9	0.74	149		
Abano Health.	520	+0.7	+3.1	24	0-0	1	2.2	14	0.7	15	5.2	0.97	120		
BEST PERFORMING SHARES: Strongest Shares, P/E<20, P/S<1.0															
Restaurant Brds	99	+21.4	+7.8	2	8-0	2	2.6	22	0.7	12	10.6	0.31	96		
Tenon Ltd	105	+20.3	+19.6	3	0-0	1	0.4	2	0.8	18	Nil	0.14	70		
Taylor's Grp Ltd	151	+11.6	+3.6	5	0-0	-	1.3	8	0.6	16	11.9	0.52	37		
Media Tech.	5	+10.8	-2.2	6	0-0	-	17.9	-	2.4	5	Nil	0.79	4		
Turners Auction	75	+10.3	+8.4	6	3-0	-	1.0	5	0.6	19	5.8	0.26	21		
Ebos Group Ltd	505	+5.8	+1.7	9	0-0	1	1.6	11	0.4	14	6.8	0.27	237		
Fletcher Build.	695	+3.9	+5.0	10	1-5	6	1.3	17	0.6	7	10.3	0.49	3,498		
Air New Zealand	104	+3.7	+5.9	12	2-1	6	0.7	14	0.7	5	12.2	0.24	1,100		
Pumpkin Patch	135	+3.6	+8.0	13	1-2	3	2.0	25	0.8	8	10.0	0.62	225		
Briscoe Group	100	+3.0	+9.6	16	0-0	3	1.7	10	0.6	18	6.7	0.55	212		
Allied Work.	70	+0.8	-2.7	23	1-0	1	1.0	12	0.9	9	13.9	0.24	18		
Hallenstein G.	250	+0.7	+4.7	24	2-0	2	2.3	32	0.5	7	20.9	0.74	149		
Abano Health.	520	+0.7	+3.1	24	0-0	1	2.2	14	0.7	15	5.2	0.97	120		
INCOME SHARES: Highest Yields, Capitalisation > NZ\$100million															
Hallenstein G.	250	+0.7	+4.7	24	2-0	2	2.3	32	0.4	7	20.9	0.74	149		
PGG Wrightsons	131	-8.8	+8.8	61	13-4	4	0.8	15	0.6	5	18.2	0.31	379		
Pyne Gould Corp	200	-18.6	+5.5	83	1-0	-	0.7	17	0.6	4	17.2	0.82	196		
Telecom Corp	261	-3.0	+2.3	39	0-5	13	1.7	26	0.6	7	16.6	0.84	4,765		
Cavalier Corp	193	-7.6	+6.2	59	0-0	4	1.5	21	0.6	7	15.5	0.52	129		
ING Property	58	-8.8	+1.6	63	5-0	2	0.5	-	0.6	NE	13.8	2.86	307		
Goodman Prop.	85	-11.5	+1.5	72	0-0	3	0.8	-	0.6	NE	12.2	5.54	719		
Guoco Leisure	43	-7.6	+9.7	58	12-0	-	0.4	1	0.8	33	12.2	0.91	588		
Air New Zealand	104	+3.7	+5.9	12	2-1	6	0.7	14	0.6	5	12.2	0.24	1,100		
Sky City Ltd	276	-5.2	+2.5	50	3-0	8	2.8	23	0.7	12	11.6	1.47	1,301		
INSIDER BUYING: Most Insider Buying, Relative Strength >0															
Restaurant Brds	99	+21.4	+7.8	2	8-0	2	2.6	22	0.5	12	10.6	0.31	96		
Turners Auction	75	+10.3	+8.4	6	3-0	-	1.0	5	0.5	19	5.8	0.26	21		
Xero Ltd	124	+29.2	+14.2	1	3-0	-	21.7	-	0.8	NE	Nil	N/A	109		
Cynotech Hold.	18	+3.8	+2.3	11	2-0	-	1.4	17	1.2	8	10.4	1.09	19		
Hallenstein G.	250	+0.7	+4.7	24	2-0	2	2.3	32	0.4	7	20.9	0.74	149		
Sky Network TV	440	+1.1	+1.7	22	2-0	7	1.4	8	0.3	18	4.7	2.60	1,712		
Affco Holdings	47	+3.4	+6.6	15	4-2	-	0.9	0	0.7	196	Nil	0.25	238		
ING Med. Prop.	119	+2.1	+0.2	19	1-0	2	1.0	5	0.5	19	8.2	6.85	167		
Ryman Health.	160	+2.3	+7.1	17	1-0	4	2.0	16	0.6	12	2.7	8.62	796		
Allied Work.	70	+0.8	-2.7	23	1-0	1	1.0	12	0.7	9	13.9	0.24	18		
INSIDER SELLING: Most Insider Selling, Relative Strength <0															
Mainfreight Grp	435	-5.6	+7.3	51	0-9	5	1.5	12	0.5	12	6.3	0.34	428		
Telecom Corp	261	-3.0	+2.3	39	0-5	13	1.7	26	0.5	7	16.6	0.84	4,765		
Steel & Tube	289	-3.8	+1.9	43	0-4	4	1.0	8	0.5	11	9.8	0.51	255		
TeamTalk Ltd	192	-0.3	-1.0	29	0-2	-	1.8	18	0.4	10	15.5	1.27	39		
Warehouse Group	377	-1.2	+3.1	33	0-2	9	3.4	34	0.5	10	6.9	0.67	1,172		
Canty Bldg Soc.	350	-8.7	-0.6	61	0-2	-	0.8	4	0.2	21	3.4	1.16	42		
F & P Health.	315	-0.9	-2.8	32	1-3	6	7.9	30	0.4	26	5.9	3.50	1,605		
Rakon Ltd	156	-6.9	+12.5	56	1-3	3	1.4	3	0.8	44	Nil	1.43	200		
Guinness Peat	71	-14.1	+5.7	80	0-1	2	0.4	-	0.6	NE	3.5	0.32	1,107		

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

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

STRENGTH RATING													STRENGTH RATING																			
Company	Share Price	Cur-Price	4-WkChg.	WkRank	0-99	Buy-Sell	Inside	Follow	Price	Return	Vola-	Price	Divi-	Price	Return	Vola-	Price	Divi-	Price	Market												
							Buy	Following	NTA	to til-	Equity	ity	Ratio	Yield	Ratio					Cap'n												
OVER-VALUED SHARES: Highest Price/Sales Ratios, Relative Strength < 0																																
Wilson Inv Fund	57	-2.9	+5.2	38	0-0	-	0-7		7	0.4	11	8.8	9.81	69	Solimar Energy	4	-35.0	+2.0	93	0-0	-	-	-1.8	NE	Nil	N/A	6					
Cue Energy Res.	15	-3.5	+9.5	40	0-0	-	1-9		-	1.0	NE	Nil	9.74	94	Nupower Res.	3	-34.7	+2.7	93	0-0	-	-	-1.7	NE	Nil	9.71	7					
Avexa Limited	13	-9.9	+13.2	55	0-0	2	3.1		-	1.0	NE	Nil	9.54	76	Eden Energy Ltd	7	-34.5	-0.3	93	1-1	-	-	-1.3	NE	Nil	N/A	9					
Pac Environment	40	-6.3	-4.4	48	2-0	-	4.4		-	0.9	NE	Nil	9.48	31	Mintails Ltd	5	-34.3	+5.8	93	6-0	-	-	-1.9	NE	Nil	1.52	26					
European Gas	14	-30.0	-2.1	89	3-0	-			-	0.9	NE	Nil	9.31	27	Mikoh Corp.	4	-33.5	+1.5	92	1-0	-	4.0	-	1.4	NE	Nil	N/A	10				
Quest Minerals	7	-1.7	+6.8	35	1-0	-	6.5		-	1.4	NE	Nil	9.15	5	Oilx Ltd	17	-33.1	+0.1	92	1-0	-	-	-	1.4	NE	Nil	N/A	22				
Intermoco Ltd	2	-1.7	+14.7	35	4-0	-			-	2.2	NE	Nil	8.95	22	Austral Gold	8	-33.1	-12.1	92	0-0	-	-	-	1.2	NE	Nil	N/A	6				
Medical Corp	2	-12.4	+6.3	61	0-0	-	1.2		-	2.3	NE	Nil	8.89	6	Admiralty Res.	3	-32.9	+6.2	92	1-1	-	-	-	1.9	NE	Nil	N/A	24				
Metal Storm Ltd	3	-16.2	-3.8	69	0-0	-			-	1.7	NE	Nil	8.89	20	Centaurus Res.	52	-32.4	+11.2	91	1-0	-	-	-	0.8	NE	Nil	N/A	12				
Clime Capital	80	-4.0	+4.4	41	0-0	-	0.9		-	0.4	NE	Nil	8.74	30	Ausmelt Ltd	36	-31.9	+9.9	91	0-0	-	-	-	0.7	3	11.1	0.62	14				
Primeag Aust.	112	-5.2	+2.9	45	2-0	2	0.8	1	0.5	86	NE	Nil	8.64	168	Aviva Corp Ltd	10	-31.8	+5.5	91	0-0	-	-	-	1.0	NE	Nil	N/A	7				
Universal Res.	2	-18.4	+20.2	73	0-0	-			-	2.2	NE	Nil	8.59	10	Ottoman Energy	8	-31.7	+2.8	91	1-0	-	-	-	1.1	NE	Nil	N/A	28				
Gujarat NRE Min	56	-24.4	+6.5	83	8-0	-	1.0	2	0.7	49	NE	Nil	8.59	395	Nimrod Res.	9	-31.6	+7.9	90	0-0	-	-	-	1.0	NE	Nil	N/A	14				
Monto Minerals	6	-8.4	+2.1	52	0-0	-			-	1.1	NE	Nil	8.57	19	Moly Mines Ltd	42	-31.6	+6.8	90	0-1	1	-	-	0.4	NE	Nil	N/A	26				
Bounty Oil Gas	3	-2.5	+5.5	37	1-0	-	1.5		-	2.0	NE	Nil	8.20	7	Optiscan Image	5	-31.1	+5.1	90	0-0	-	2.5	-	1.2	NE	Nil	2.04	6				
Magellan Fin Gp	51	-2.1	+10.5	36	9-0	-			-	0.7	12	NE	8.07	73	Auzex Resources	19	-30.6	+3.6	89	0-0	-	-	-	1.0	NE	Nil	N/A	5				
Aurora Sand Div	110	-3.6	+0.2	40	0-0	-	1.0	9	0.3	11	7.2	7.76	40	Tamaya Res.	1	-30.5	+3.9	89	1-0	-	-	-	2.7	2	Nil	0.31	15					
Hyperion Flag.	121	-6.1	+0.9	47	11-4	-	1.1	10	0.3	10	7.0	7.75	33	Environ. Clean	2	-30.4	+3.3	89	1-0	-	-	-	2.0	NE	Nil	N/A	6					
Bunnings Whse	165	-1.4	+0.8	34	3-0	5	0.9	0	0.3	717	8.0	7.58	497	Connxion Ltd	4	-30.3	-0.6	89	0-0	-	4.2	-	1.5	NE	Nil	2.41	6					
Rubik Financial	7	-9.6	+5.3	55	0-0	-	0.7	-	1.0	NE	Nil	7.58	17	European Gas	14	-30.0	-2.1	89	3-0	-	-	-	0.9	NE	Nil	9.31	27					
Carindale Prop	345	-3.0	+2.2	38	0-0	1	57.5	-	0.3	6	7.4	7.33	242	Indo Mines Ltd	18	-29.9	+0.8	89	0-0	-	-	-	0.7	NE	Nil	N/A	13					
Aust Enh Income	590	-6.7	+2.4	49	0-0	-	1.1	-	0.3	NE	11.9	7.22	19	Emerson Stewart	9	-29.6	+5.2	89	1-0	-	0.9	6	1.3	14	Nil	1.06	11					
WCP Resources	4	-11.7	+7.7	59	0-0	-			-	1.8	NE	Nil	7.00	6	Aneka Tambang	100	-29.5	+3.9	89	1-0	-	-	-	1.0	NE	12.0	N/A	1,908				
Island Sky Aust	22	-5.1	-1.8	44	0-0	-			-	0.8	110	NE	6.92	28	Maximus Res	3	-29.2	+2.5	88	1-0	-	-	-	1.6	NE	Nil	4.49	8				
CFS Retail Prop	162	-9.2	+1.1	54	0-0	10	0.8	14	0.5	5	7.4	6.84	3,674	Patrys Ltd	9	-29.1	+7.6	88	0-0	-	1.0	-	1.2	NE	Nil	N/A	13					
Bonaparte Diam.	7	-3.1	+7.3	39	0-0	-			-	1.2	NE	Nil	6.81	11	Tyrian Diagnost	3	-29.0	+6.5	88	0-0	-	1.4	-	1.9	NE	Nil	2.69	6				
MCC Contrarian	44	-5.7	+4.5	46	0-0	-	0.7	-	0.4	NE	Nil	6.75	108	MYO Australia	14	-28.9	+9.2	88	8-1	-	-	-	1.1	NE	Nil	N/A	44					
Elixir Petrol.	6	-20.5	+9.8	77	0-0	-			-	1.3	NE	Nil	6.68	5	Com Ops Limited	5	-28.4	+0.3	87	4-0	-	2.5	-	1.2	2	Nil	0.32	6				
Deutsche Ind Tr	196	+0.0	+0.0	30	0-0	-	1.2	10	0.2	12	8.1	6.49	663	East'd Medical	4	-27.8	+1.1	87	0-0	-	0.4	-	1.4	NE	Nil	0.74	11					
Contango Cap P.	35	-2.8	-0.8	38	0-1	-	0.7	-	0.7	NE	9.3	6.42	35	Minerals Corp.	1	-27.7	-1.0	87	6-0	-	0.5	-	3.9	NE	Nil	1.04	12					
Progen Pharm.	81	-2.1	+1.2	36	0-0	-	0.7	-	0.8	NE	Nil	6.24	49	Rabinov Prop Tr	50	-27.6	+4.5	87	0-0	-	0.5	-	0.4	NE	12.5	1.19	26					
Forest Place Gr	116	-6.5	-1.2	48	1-0	-	0.5	22	0.5	2	Nil	6.21	96	Range Resources	6	-26.9	+11.9	86	0-0	-	-	-	1.0	NE	Nil	N/A	11					
Ramelius Res.	59	-2.7	+1.7	38	0-0	-			-	0.7	13	8.0	6.19	92	Nexus Energy	30	-26.6	+1.9	86	4-0	3	-	-	0.8	4	Nil	3.02	158				
Deutsche Div Tr	131	+0.0	+0.0	30	0-0	-	1.1	8	0.2	14	7.1	6.10	1,306	Quest Petroleum	1	-26.4	+2.1	85	0-0	-	-	-	3.0	NE	Nil	N/A	21					
Goldsearch Ltd	3	-7.5	+11.0	50	0-0	-			-	1.9	NE	Nil	6.10	7	Elk Petroleum	12	-26.3	+0.5	85	3-0	-	-	-	1.2	NE	Nil	2.23	7				
Adv Share Reg.	22	-15.4	+0.5	67	1-0	-	2.4	18	1.0	13	6.8	6.09	9	Herald Resource	51	-25.9	+6.9	85	1-0	-	-	-	0.7	NE	Nil	N/A	103					
Van Eyk Blue AP	708	-3.4	+0.7	40	0-0	-	1.0	6	0.3	16	9.7	6.02	38	Northern Energy	46	-25.6	+4.9	85	1-0	-	-	-	0.8	NE	Nil	N/A	31					
Labtech Systems	14	-2.1	+3.3	36	2-2	-	13.5	73	1.1	18	Nil	5.90	13	Overland Res.	13	-25.5	+1.0	84	0-0	-	-	-	0.8	NE	Nil	N/A	7					
De Grey Mining	3	-13.1	+8.8	62	1-0	-			-	1.9	NE	Nil	5.86	7	INSIDER SELLING: Most Insider Selling, Relative Strength < 0																	
Agenix Limited	2	-19.4	+3.6	74	0-0	-	0.9	-	2.3	NE	Nil	5.86	7	Hitech Energy	3	-12.0	-1.8	60	0-7	-	-	-	-1.4	290	Nil	N/A	13					
Jervis Mining	1	-16.8	+6.2	70	0-0	-			-	3.9	NE	Nil	5.78	15	Western Areas	494	-2.0	+8.2	36	3-10	10	5.6	-	0.5	NE	Nil	N/A	828				
Fermiscon Hold.	15	-22.1	+0.8	79	0-0	-	2.5	-	1.2	NE	Nil	5.75	22	Hunter Hall Int	520	-5.6	+11.2	46	8-15	2	3.8	49	0.4	8	14.9	2.61	133					
Sterling Biofl	10	-1.3	+9.9	34	0-0	-	0.5	-	1.0	NE	Nil	5.71	7	Sonic Health	1131	-8.3	+1.5	52	0-5	15	-	-	0.3	15	4.6	1.58	3,772					
Heron Resources	21	-12.6	+8.6	61	4-0	-			-	0.8	NE	Nil	5.63	42	Bank of Q'land	869	-11.2	+5.4	58	0-4	14	1.4	14	0.3	10	8.4	0.59	1,303				
Occupational Md	23	-12.2	+6.6	60	0-1	-			-	0.8	NE	Nil	5.61	9	Seven Network	559	-5.2	+0.7	45	0-3	12	0.6	7	0.2	8	6.1	N/A	1,152				
Novogen Ltd	75	-20.8	+6.7	77	2-0	-	1.7	-	0.6	NE	Nil	5.47	73	CVC Limited	60	-10.5	+10.1	56	0-3	-	0.5	1	0.4	90	10.0	3.33	103					
Gateway Mining	7	-8.6	-1.1	53	0-0	-			-	1.1	117	Nil	5.38	7	Tatts Group Ltd	252	-2.9	-2.6	38	0-3	13	-	-	0.4	12	3.8	1.03	3,189				
Cochlear Ltd	5736	-3.8	+0.8	41	1-0	13	54.1	-	0.2	28	2.6	5.29	3,185	Henderson Group	177	-0.3	+0.7	32	0-3	10	-	-	0.5	NE	7.0	N/A	3,451					
Sundance Energy	9	-23.1	+9.4	81	2-0	-			-	1.2	NE	Nil	5.25	14	Bendigo Bank	630	-19.8	+1.5	75	1-4	16	1.5	18	0.3	8	9.2	0.60	1,730				
WORST PERFORMING SHARES: Weakest Shares, P/S Ratio > 0.25, Yield < Twice Average																																
Albidon Ltd	4	-55.1	+0.3	99	1-0	-			-	1.5	NE	Nil	1.44																			

“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.)
AMP Onyx Mgmt	3	758	Fletcher Build.	6	3,498	Michael Hill	2	264	Skellerup Hold.	2	78
Abano Health.	1	120	Freightways Ltd	4	383	NZ Exchange Ltd	3	225	Sky City Ltd	8	1,301
Air New Zealand	6	1,100	Goodman Prop.	3	719	NZ Refining Co	2	1,680	Sky Network TV	7	1,712
Akd Int Airport	7	1,980	Guinness Peat	2	1,107	Nat Property Tr	2	69	South Port NZ	1	54
Allied Work.	1	18	Hallenstein G.	2	149	Nuplex Indust	4	275	Steel & Tube	4	255
Briscoe Group	3	212	Hellaby Hold.	2	38	PGG Wrightsons	4	379	Telecom Corp	13	4,765
Cavalier Corp	4	129	Horizon Energy	1	80	Pike River Coal	4	378	Tenon Ltd	1	70
Cavotec MSL	4	213	ING Property	2	307	Port Tauranga	4	821	Tourism Hold.	3	48
Col Motor Co	1	65	ING Med. Prop.	2	167	Property F Ind.	3	244	Tower Limited	5	341
Contact Energy	6	3,345	Infratil NZ	1	884	Pumpkin Patch	3	225	Trust Power Ltd	4	2,475
Delegat's Group	3	206	Kiwi Property	3	727	Rakon Ltd	3	200	Turners & Grow.	2	171
Ebos Group Ltd	1	237	Lytelton Port	2	235	Restaurant Brds	2	96	Vector Ltd	3	2,090
F & P Health.	6	1,605	Mainfreight Grp	5	428	Ryman Health.	4	796	Wakefield Hlth	1	130
F & P Appliance	3	401	Methven Limited	3	86	Sanford Limited	3	528	Warehouse Group	9	1,172

“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	219	AusencoLtd	8	373	BrickworksLtd	3	1,725	Coffey Int'l	3	251
ABBGrainLtd	15	1,559	AustralandProp	4	789	BunningsW/hse	5	497	CollectionHse	1	46
AEDOilLtd	2	147	AustEducation	2	37	C'wth Prop Off.	9	1,267	Com'wealthBank	16	48,125
AGLEnergyLtd	14	6,340	AustalLimited	5	478	C.S.R. Ltd	13	2,167	Computershare	13	5,029
AJLucas	5	154	AustarUnited	12	930	CBHResources	2	128	ConnectEastGrp	10	663
AMPLtd	14	9,705	Austbrokers	5	197	CFSRetailProp	10	3,674	ConsMediaHold	11	1,635
ANZBank	16	33,263	AustInfra.	7	676	CPIGroup	1	9	ConsRutile	2	163
APAGroup	10	1,302	AustVintage	2	33	CSGLtd	3	149	CooperEnergy	1	110
APNProperty	2	27	AustW'wideExp	14	1,295	CSLLimited	13	15,951	CorpExpress	4	617
APNNewsMedia	11	897	AustereoGroup	13	560	CabchargeLtd	11	780	CountFinancial	4	342
APNEuroProp.	3	36	AustAgriclt.	4	404	CaledonRes.	1	207	CoventryGroup	2	42
ARBCorporation	3	236	AustPharm.Ind	9	179	CallidenGroup	1	83	CraneGroup	12	701
ASGGroupLtd	2	89	AustinEng.	1	82	CaltexAustralia	8	3,483	CreditCorp	4	63
ASXLimited	14	6,384	AutomotiveHold	2	252	CampbellBros	8	1,013	CronwellGroup	3	400
AWBLimited	14	452	AvexaLimited	2	76	CardnoLtd	3	246	CrownLtd	12	5,311
AXAAsiaPac	13	6,563	AvocaResources	5	367	CarindaleProp	1	241	DKNFinancial	1	66
AbacusProperty	6	213	B & B Infrastr.	3	202	CarnarvonPet.	2	546	DUETGroup	8	1,219
AcruLtd	3	209	B&BJapanProp.	4	203	Cash Converters	1	121	DWS Adv Bus Sol	4	108
AdamusResource	1	47	B&BPower	3	76	Catalpa Res.	1	49	Data3Ltd	2	94
AdcorpAust.	2	14	BHPBilliton	15	128,135	CentrebetInt'l	4	99	DavidJones	14	1,885
AdelaideBright	11	1,293	BTInvestMgmt	5	304	CentroProperty	1	83	Devine	1	130
AdityaBirla	2	188	BankofQ'land	14	1,303	CentroRetail	2	240	DexionLtd	2	27
AevumLtd	3	127	BannermanRes.	1	178	ChalDivProp	4	231	DexusProperty	8	2,113
AlchemiaLtd	1	61	BeaconsfieldGl	1	54	ChalInfraFund	4	544	DominionMining	5	514
AleProperty	1	195	BeachPetroleum	7	886	ChalFinancial	10	1,420	Domino'sPizza	8	203
AlescoCorpLtd	11	341	BectonPropGrp	4	30	ChandlerMcLeod	1	44	DownerEDILtd	12	1,603
AluminaLtd	14	3,710	BendigoMining	2	141	CharterHallGR	5	309	East'n Star Gas	4	537
AmadeusEnergy	2	67	BendigoBank	16	1,730	ChemGenexPharm	2	113	EircornHoldings	1	182
AmcorLtd	12	4,161	BillabongInt'l	12	2,059	CitadelResGrp	1	66	EldersLimited	6	230
AmcomTelecom.	1	92	BiotaHoldings	2	221	ClariGroup	5	38	EmecoHoldings	10	338
AmmtecLtd	1	51	BlackmoresLtd	4	278	CleanSeasTuna	2	87	EnergyResource	11	5,108
AnsellLtd	11	1,145	BluescopeSteel	12	3,967	ClinuvelPharm.	1	105	EnergyDevelop.	4	235
AquariusPlat.	3	1,645	BoartLongyear	9	262	ClivePeeters	1	20	Envestra	7	611
AquilaRes.	3	851	BoomLogistics	6	60	CloughLimited	3	488	EquityTrustees	2	118
AristocratLeis	10	1,685	BoralLimited	12	2,493	Coal&Allied	3	7,445	EthanePipeline	1	53
ArrowEnergy	6	2,121	BowEnergyLtd	1	124	CocaColaAmatil	12	6,245	EverestFinGrp	1	15
AscianoGroup	8	985	BradkenLtd	9	431	CochlearLtd	13	3,185	ExcoResources	1	65
AspenGroupLtd	3	169	BramblesLtd	13	8,315	CockatooCoal	1	206	FKPLimited	6	211
AtlasIronLtd	4	349	BrevilleGroup	5	132	CodanLtd	3	97	FairfaxMedia	13	3,051
AusdrillLtd	2	172				CoeurD'Alene	1	110			

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.)
FantasticHold.	7	258	Lindsay Aust	1	27	PacificBrands	12	721	SnowballGroup	1	53
FelixResources	10	2,805	Little World B.	1	89	PaladioGroup	1	66	SonicHealth	15	3,772
FleetwoodCorp	7	325	LycopodiumLtd	4	54	PanaustLtd	7	562	SoulPattinson	1	2,410
FlexicorpLtd	3	174	Lynas Corp Ltd	2	259	PanoramicRes.	7	464	SparkInfrastru	7	1,170
FlightCentre	7	842	Mac Services	4	170	PaperlinXLtd	9	355	SpecFashion	4	80
FortescueMetal	9	8,899	MacMahonHold	7	203	PattiesFoods	2	94	Sphere Invest.	1	108
Foster's Group	12	9,708	MacarthurCook	1	7	PeetLtd	2	474	SpotlessGroup	10	467
FuntasticLtd	2	28	MacarthurCoal	12	1,487	PerniceSoda	1	42	StBarbaraLtd	3	313
G.R.D. NL	2	78	MacquarieInfra	6	3,269	PerilyaMines	3	85	Sth Cross Elect	1	97
G.U.D. Holdings	9	359	MacquarieAir.	11	4,022	PerpetualLtd	14	1,258	Stockland	10	4,664
GBSTHoldings	1	37	MacquarieGroup	10	11,204	PetsecEnergy	2	55	Straits Res.	2	1,989
GPTGroup	10	4,735	MacquarieOff.	8	490	PharmaxisLtd	5	496	Strike OilLtd	1	62
GWAInternat'l	9	723	MacquarieLeis.	8	309	Phosphagenics	1	103	Structural Syst	1	42
Gale Pacific	1	14	MacquariesC&I	4	1,244	PhotonGroup	5	146	Suncorp-Metway	11	7,212
GalleoJapan	1	35	MacquarieC'Wde	8	618	PipeNetworks	6	221	SundanceRes.	2	260
GeodynamicsLtd	1	281	MacquarieMedia	5	326	PlanBGroup	1	49	SunlandGroup	2	218
GindalbieMet.	2	346	MacquarieDDR	6	125	PlatinumAust	3	237	SuperCheapAuto	7	352
GlobeInt'lLtd	1	9	MarionEnergy	2	91	PlatinumAsset	7	2,356	SwickMin Serv	2	60
GloucesterCoal	9	575	Marybor'ghSuga	1	57	Po Valley Ener.	2	64	Sylvania Res.	3	236
GoodmanFielder	10	1,815	MaxiTRANS	3	30	Premier Invest	3	476	TFSCorporation	2	195
GoodmanGroup	8	611	McMillanShake.	1	199	PrimaryHealth	16	2,022	TabcorpHolding	14	3,811
Graincorp	11	478	McPherson'sLtd	3	93	PrimeagAust.	2	168	Talent2Int'l	2	100
GrangeResource	1	69	MelbourneIT	5	141	PrimeMediaGrp	7	176	TapOil	6	207
GreatSouthern	1	40	MermaidMarine	5	302	ProMaintenance	12	263	TassalGroup	9	306
GunnsLtd	8	695	MesoblastLtd	1	99	ProMedicusLtd	1	72	TattsGroupLtd	13	3,189
HFAHoldings	1	56	MetcashLtd	15	3,266	Q.B.E. Insur.	14	16,427	TechnologyOne	4	241
Harvey Norman	13	3,272	MinaraResource	10	1,039	QantasAirways	9	4,149	Telstra	17	39,818
Hastie Group	9	259	MincorResource	5	310	RCR Tomlinson	2	62	TenNetwork	12	934
Hast Div Util	3	314	MineralDeposit	4	363	REAGroupLtd	5	744	TerraminAust	2	74
Healthscope	16	977	Mineral Res.	3	460	RNY Property Tr	1	26	ThakralHolding	1	134
HeartwareInc.	3	264	MirabelaNickel	7	374	RP Data Ltd	3	63	TheRejectShop	12	285
Heemskirk Cons.	2	39	Mirvac Ind Trt	1	32	RRAustralia	3	97	ThinksmartLtd	2	49
Henderson Group	10	3,451	MirvacREIT	1	220	RamsayHealth	14	1,887	Timbercorp	2	15
Hills Indust.	4	312	MirvacGroup	9	1,325	ReckonLimited	5	167	TishmanSpeyer	7	86
Horizon OilLtd	3	128	MitchellComm.	4	161	RedForkEnergy	1	61	TollHoldings	13	4,505
Hunter Hall Int	2	133	MolopoAust	2	227	RedflexHolding	4	194	TowerAustralia	5	918
Hutchison Tel.	6	83	MolyMinesLtd	1	26	ReeceAustralia	1	1,917	Tox Free Sol.	3	132
I-SOFT Group	4	684	MonadelphousGr	10	910	ReefCasino Trt	1	49	Transfield S In	4	267
IMDGroup	5	100	MortgageChoice	5	109	RegisResources	1	63	TransurbanGrp	12	5,117
IMF (Aust) Ltd	1	229	MosaicOilNL	1	90	ResoluteMining	4	228	Transfield Serv	11	1,097
ING Real Estate	2	26	MtGibsonIron	5	760	RetailFoodGrp	3	156	TreasuryGroup	3	110
ING Indust Trt	6	315	MundoMinerals	1	42	Reverse Corp	4	62	TrinityGroup	2	43
ING Office Fund	9	1,002	MurchisonMetal	3	616	Ridley Corp.	7	253	TrustCompany	2	166
IOOFHoldings	9	281	NKWEPlatinum	2	63	RioTintoLtd	14	33,115	TuttBryantGrp	1	89
IiNet	6	250	NRWHoldings	4	207	Riversdale Min.	14	1,202	UXCLimited	2	112
IluKa Resources	11	1,302	NanosonicsLtd	2	92	RivercityM'way	3	155	Un. Biosensors	1	182
ImpedimedLtd	2	67	Nat'l Aust Bank	15	36,761	Roc Oil Company	9	423	UnitedGroup	11	1,664
IncitecPivot	14	3,311	Navitas Ltd	7	940	RockBuild Soc.	1	47	VDMGroupLtd	2	29
Independ. Group	7	523	NeptuneMarine	3	119	Ross Human Dir.	1	18	ValadProperty	3	137
IndophilRes.	2	186	NewHopeCorp.	4	3,671	RuralcoHold.	2	107	VillageRoad.	1	225
IndustreaLtd	2	217	NewcrestMining	16	14,841	SAIGlobalLtd	8	401	VirginBlue	9	342
InfigenEnergy	6	841	NewsCorp.	7	42,603	SDILimited	1	27	Viridis Clean E	4	40
InnaminkaPet.	1	36	Nexus Energy	3	158	SMSMgmt&Tech	9	200	VisionGroup	6	50
InsuranceAust.	13	6,704	NibHoldings	4	435	SP Ausnet	10	2,496	W'boolCheese	2	79
IntResearch	1	52	Nick Scali Ltd	2	50	SPTelemedia	2	260	WDSLimited	3	139
IntrepidMines	2	150	NidoPetroleum	2	135	STWCommGroup	6	223	WHKGroupLtd	7	241
Invocare Ltd	12	565	NomadBuilding	5	77	SalmatLtd	6	594	WatpacLtd	1	133
IressMkt Tech	13	859	NorthernIron	2	219	SantosLtd	13	12,281	Wattyl Ltd	7	41
JB Hi-Fi Ltd	13	1,427	Nufarm Limited	12	1,981	SavcorGroup	1	19	WebjetNL	3	97
JabiruMetals	3	131	OMHoldings	2	633	SedgmanLtd	3	183	WellcomGroup	2	69
JamesHardie	10	1,889	OZMineralsLtd	15	2,762	SeekLtd	16	1,268	WesfarmersLtd	13	25,308
JumbuckEnter.	2	20	OaksHotel	2	92	Selectharvest	4	112	WestfieldGroup	11	20,196
K&SCorporation	3	166	Oakton Limited	10	149	ServcorpLtd	2	231	WesternAreas	10	828
K2AssetMgmt	1	76	OilSearchLtd	11	6,361	ServiceStream	2	72	WestpacBanking	16	50,716
KagaraLtd	8	256	OnesteelLtd	11	3,312	SevenNetwork	12	1,152	WestAustNews	15	896
KardoonGas	2	791	OrchardIndust.	1	52	SigmaPharm.	16	905	WhitehavenCoal	4	1,176
Kingsgate Cons.	9	611	OricaLtd	14	7,471	SilexSystems	2	868	Wide Bay Aust.	1	221
KorvestLtd	1	34	OriginEnergy	14	13,212	SimsMetalMgmt	12	4,154	WoodsidePetrol	14	29,777
LeightonHold	13	7,321	OrotonGroup	4	135	SinoGoldMin.	9	1,827	WoolworthsLtd	13	32,011
LendLeaseCorp	8	2,963	Over Fifty Grp	1	24	SkilledGroup	3	161	WorleyGroup	11	5,513
LihirGoldLtd	16	6,845	PMPLimited	6	136	Slater&Gordon	2	176	Wotif.comHold.	13	924

Investment Outlook

(Continued from Page 1)

A slow economic recovery - rather than a sudden boom and easy access to borrowing - is also the ideal economic environment for better quality companies to grow relative to their less efficient competitors.

The recession and financial market crisis (and current recovery) will transfer significant wealth from "bad" investors (i.e. who have given up and sold out cheaply) to "good" investors (i.e. who can continue to acquire under-valued shares). It will also transfer significant wealth from "bad" businesses (i.e. that have too much debt or are inefficient) to "good" businesses (i.e. that can capture market share or acquire competitors cheaply). No-one likes the short term pain of a credit crisis, recession or stockmarket decline, but over the medium to long term these are part of the process that transfers wealth to intelligent investors!

Remain fully invested in the recommended shares.

Dividend\$

Company	Cents per Share	Ex-Date	Pay-able	Tax Credit
Allied Workforce	3.00	10-07	24-07	Full
Briscoes Group	3.50	09-04	01-08	Full
F & P Healthcare	7.00	19-06	06-07	Full
Goodman Property Trust	2.47916	04-06	18-06	0.1556162
Horizon Energy	4.90	12-06	26-06	Full
Infratil	3.75	-	-	-
ING Medical Properties	2.125	02-06	16-06	Nil
Kingfish	3.00	05-06	19-06	Full
Kiwi Income Properties	4.00	08-06	24-06	0.52
Methven Ltd	5.50	19-06	30-06	Full
National Property Trust	1.2898	19-06	03-07	Nil
Restaurant Brands	4.00	12-06	26-06	Full
Ryman Healthcare	2.85	12-06	26-06	Nil
TrustPower	17.00	29-05	08-06	3.8571
TrustPower special	10.00	29-05	08-06	Nil
Wakefield Health	15.00	19-06	26-06	Full
Zintel	1.00	-	-	-

Australian Shares

Campbell Brothers	50.00	05-06	01-07
TFS Corporation	1.25	01-06	19-06

Total Return Index for All Listed Shares

May 11	1353.13	May 18	1344.31
May 12	1351.58	May 19	1352.93
May 13	1353.53	May 20	1350.28
May 14	1343.90	May 21	1350.39
May 15	1343.85	May 22	1336.65
May 25	1342.49	Jun 1	Holiday
May 26	1331.32	Jun 2	1351.01
May 27	1334.23	Jun 3	1359.77
May 28	1327.25	Jun 4	1359.80
May 29	1341.27	Jun 5	1363.97

Current Issues

CASH ISSUES

	Ratio	Price	Ex-Date	Appln Date
F&P Appliances	1:1	41	05-06	23-06

Next Issue:

The next issue of *Market Analysis* will be emailed in five weeks time on Monday July 13, 2009.

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

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