

Market Analysis

Issue No. 445

www.stockmarket.co.nz

July 13, 2009

Inside Market Analysis

Integrated Research reports strong licence sales and significant profit growth 4, 5

TFS Corporation experiences lower MIS sales but major institutional commitments for 2010 5

Insider Trades 8-12

Insiders Buy:

Runge Ltd 11, 12, 13

Bell Financial Group 13, 14

Metals Finance 14, 15

Founder: James R Cornell (B.Com.)

Summary and Recommended Investment Strategy.

Fears that stockmarkets will drop below their March lows appear unwarranted. Remain fully invested in the recommended shares. Buy on any weakness.

Investment Outlook.

Most world stockmarkets - including the Australian and New Zealand markets - hit their lows around March 2009 and then recovered strongly . . . but have slipped back over the last month. The question on everyone's mind seems to be "Is this a false rally and will shares fall to new lows?"

It is impossible to provide definitive evidence regarding such short term fluctuations but this situation does stand up to some intelligent analysis.

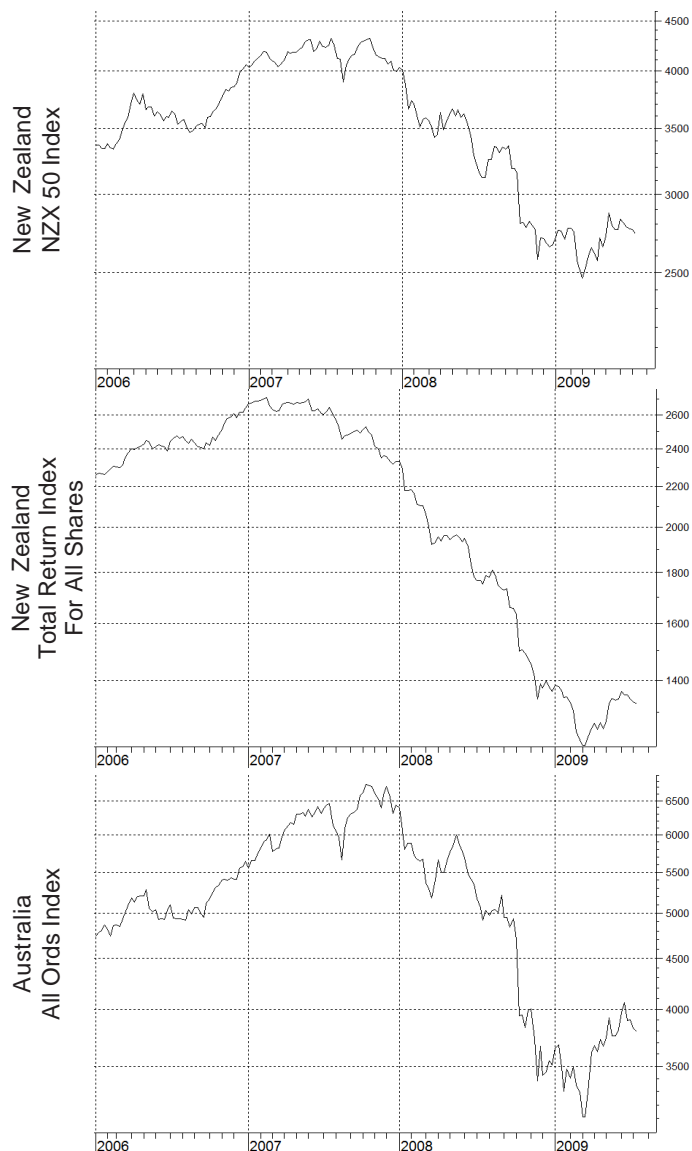
The main supporters of the "current share buyers are fools, and shares are heading to new lows" theory are the *doom and gloom* merchants and media writers. These groups are probably the *least* successful investors and, in fact, most would own few if any shares and have little on no investment wealth. If Warren Buffett was warning about shares then we might listen as Mr Buffett could have some relevant experience, knowledge and ability in the stockmarket. On the other hand, we see little value in the investment theories of people who have been unsuccessful at managing their own personal finances but who seek to make their living offering advice to others! Need we say more? We could argue about many of their statements (usually offered without evidence or supporting argument) but a common axiom is "You can't argue with a fool".

Regardless of where shares go in the short term, the fools are never the people who have saved and are investing to build some personal wealth. The fools are the people who go through life with no net assets, still thinking that (virtually bankrupt) governments will be able to provide superannuation and free healthcare when they hope to retire in 10 or 20 years!

Other people argue that "share prices have recovered but that the economy has not rebounded and probably become slightly worse, so" (tick, tick, tick, the penny drops) "share prices will fall back to earlier lows"! These people shouldn't give up their day job to become a professional investor, *(Continued on Page 16)*

Stockmarket Forecasts

	One-Month	One-Year
Australia:	61% (Bullish)	59% (Neutral)
New Zealand:	62% (Bullish)	68% (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	Company Name	Performance Forecast	Price	Price/Sales Ratio	PE Ratio	Gross Yield	Company Name	Performance Forecast	Price	Price/Sales Ratio	PE Ratio	Gross Yield	
AMP Limited	C	580	3.41	17	7.7	Jasons Media	B	75	1.09	15	3.0	Pumpkin Patch	A	151	0.69	9	8.9
AMP Onyx Mgmt	C	71	4.27	4	11.8	Just Water Int.	C	40	0.97	69	13.4	Pyne Gould Corp	B	180	0.74	4	19.1
Abano Health	A	500	0.93	15	5.4	Kermadec Prop.	D	43	2.55	NE	11.6	Rakon Ltd	D	148	1.36	42	Nil
Affco Holdings	E	42	0.22	NE	Nil	Kingfish Ltd	B	80	N/A	NE	5.6	Renaissance	C	28	0.07	3	16.0
Air New Zealand	B	88	0.20	4	14.4	Kirkcaldie & St	B	220	0.49	19	6.8	Restaurant Brds	B	101	0.32	12	10.3
Akd Int Airport	C	153	5.33	17	8.0	Kiwi Property	D	92	3.93	NE	9.9	Rubicon Limited	D	85	0.38	NE	Nil
Allied Farmers	E	28	0.05	16	Nil	Life Pharmacy	D	42	3.87	NE	Nil	Ryman Health.	B	159	8.57	12	2.7
Allied Work.	B	85	0.29	10	11.4	Lion Nathan Ltd	A	1435	3.66	30	2.7	Salvus Strat.	A	63	1.47	2	13.0
Apple Fields	D	4.0	1.18	2	Nil	Livestock Imp.	B	155	0.39	3	24.1	Sanford Limited	C	516	1.31	25	6.4
Barramundi Ltd	C	54	N/A	NE	Nil	Lombard Group	E	6.1	0.80	NE	Nil	Satara Co-op	D	66	0.18	5	Nil
Bliis Technology	E	4.0	5.00	NE	Nil	Lytelton Port	C	232	2.84	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	420	0.33	12	6.6	Scott Tech. Ltd	E	93	0.79	8	14.4
Briscoe Group	B	108	0.59	20	6.2	Marlin Global	D	79	N/A	NE	Nil	Sealegs Corp	E	12	0.82	NE	Nil
Broadway Ind	D	30	0.13	5	6.7	Media Tech.	E	3.5	0.55	4	Nil	Seeka Kiwifruit	B	230	0.27	7	7.8
Burger Fuel	E	32	3.60	NE	Nil	Methven Limited	B	131	0.64	9	13.4	Skellerup Hold.	D	57	0.34	NE	7.9
CDL Investments	E	19	N/A	28	Nil	Metro. LifeCare	C	182	2.73	NE	10.4	Sky City Ltd	C	265	1.41	12	12.1
CER Group Ltd	E	0.9	0.47	NE	Nil	Michael Hill	B	63	0.64	10	7.6	Sky Network TV	B	411	2.43	16	5.1
Canty Bldg Soc.	C	310	1.02	19	3.9	Mid-Cap Index	C	197	N/A	NE	Nil	Smartpay NZ Ltd	E	1.4	0.10	NE	Nil
Cavalier Corp	B	185	0.50	7	16.1	Millennium & C.	D	35	0.99	7	5.1	Smiths City	C	35	0.08	18	5.7
Cavotec MSL	D	300	0.65	10	Nil	Mowbray Collect	E	85	2.27	NE	Nil	Sol. Dynamics	B	40	0.34	NE	Nil
Charlie's Group	E	10	0.97	NE	Nil	NZ Experience	C	21	0.82	6	21.3	South Port NZ	C	203	3.47	21	7.0
Col Motor Co	B	242	0.13	9	14.2	NZ Exchange Ltd	A	715	5.96	19	4.4	Speirs Group	C	35	0.08	NE	Nil
Comvita	D	83	0.33	31	Nil	NZ Finance Hold	D	30	0.59	NE	Nil	Steel & Tube	C	276	0.48	11	10.3
Connexion	D	10	0.67	NE	Nil	NZ Farming Sys.	E	45	N/A	NE	Nil	Sthn Travel	C	18	0.08	4	25.6
Contact Energy	C	563	1.18	14	7.4	NZ Oil & Gas * N/R	152	N/A	25	Nil	Tag Pacific Ltd	D	16	0.10	1	5.9	
Cynotech Hold.	C	17	1.01	8	11.1	NZ Refining Co	B	690	4.16	13	9.7	Taylor's Grp Ltd	B	155	0.54	16	11.6
Delegat's Group	A	205	1.24	11	4.4	NZ Wine Company	B	173	1.40	16	6.0	TeamTalk Ltd	A	194	1.28	11	15.4
Dominion Fin.	C	1.0	0.01	0	149.3	NZ Windfarms	C	76	9.88	25	Nil	Telecom Corp	A	267	0.86	7	16.2
Dorchester Pac	C	9.0	0.13	NE	Nil	NZ Wool Service	D	35	0.17	17	Nil	Tenon Ltd	B	95	0.13	16	Nil
Eastern Hi-Fi	C	12	0.12	NE	Nil	NZSX 10 Fund	D	78	N/A	NE	Nil	Tourism Hold.	C	47	0.31	6	34.9
Ebos Group Ltd	B	520	0.28	15	6.6	NZSX 50 Port.	C	114	N/A	NE	Nil	Tower Limited	A	169	0.63	9	5.3
F & P Health.	C	285	3.17	23	6.5	NZX Aust MidCap	C	416	N/A	NE	Nil	Training Sol.	E	0.1	5.00	NE	Nil
F & P Appliance	E	66	0.20	NE	Nil	Nat Property Tr	D	38	2.21	NE	13.2	Trust Power Ltd	B	750	3.01	23	6.6
Finzsoft Sol'ns	E	30	0.31	NE	Nil	New Image Group	D	49	4.05	NE	Nil	Turners & Grow.	B	167	0.29	13	8.9
Fletcher Build.	C	655	0.46	7	10.9	Northland Port	B	202	7.16	9	8.1	Turners Auction	B	70	0.25	17	6.2
Freightways Ltd	B	285	1.13	11	9.8	Nuplex Indust	C	154	0.44	2	3.7	VTL Group Ltd	C	1.5	0.01	0	Nil
Genesis Res.	C	10	2.27	NE	Nil	Opus Int'l Cons	D	115	N/A	NE	Nil	Vector Ltd	C	201	1.70	14	9.8
Goodman Prop.	D	91	5.94	NE	11.4	Oyster Bay	C	250	1.42	8	Nil	WN Drive Tech.	E	14	4.13	NE	Nil
Guinness Peat	E	65	0.29	NE	3.8	Ozzy (Tortois)	C	281	N/A	NE	Nil	Wakefield Hlth	A	950	1.56	13	3.9
GuocoLeisure	C	40	0.84	31	13.1	PGG Wrightsons	C	105	0.25	4	22.7	Warehouse Group	B	370	0.65	10	7.1
Hallenstein G.	A	256	0.76	7	20.4	Pac Edge Bio.	E	11	N/A	NE	Nil	Widespread Port*	N/R	20	N/A	NE	Nil
Hellaby Hold.	C	119	0.11	3	11.8	Pike River Coal	D	113	N/A	NE	Nil	Windflow Tech.	D	155	3.82	NE	Nil
Heritage Gold *	N/R	2.2	N/A	NE	Nil	Plus SMS Hold.	D	0.5	0.36	NE	Nil	Wool Equities	D	8.3	0.09	NE	Nil
Horizon Energy	B	319	2.63	15	8.0	Port Tauranga	B	610	5.49	19	6.1	World Index Fd	D	100	N/A	NE	Nil
ING Property	D	66	3.25	NE	12.1	Postie Plus Grp	C	36	0.11	NE	Nil	Xero Ltd	C	138	N/A	NE	Nil
ING Med. Prop.	C	116	6.67	19	8.4	Propertyfinance	D	10	0.08	NE	Nil	Zintel Comm.	A	23	0.30	5	19.5
Infratil NZ	C	167	0.50	NE	5.6	Property F Ind.	C	119	7.79	NE	6.0	Ave of 142 Cos	C	156	0.22	5	6.7
Inv Research Gr	D	2.9	1.12	NE	Nil	ProvencoCadmus	E	6.9	0.09	NE	Nil						
ABB Grain Ltd	A	893	0.68	31	2.4	David Jones	A	432	1.00	14	6.3	OM Holdings	B	126	1.05	5	5.2
AGL Energy Ltd	B	1370	1.12	19	3.9	Deutsche Ind Tr	A	196	6.49	12	8.1	OZ Minerals Ltd	C	88	3.11	NE	5.7
AMP Ltd	B	472	3.27	16	8.1	Deutsche Div Tr	A	131	6.10	14	7.1	Oil Search Ltd	B	519	5.10	17	2.2
ANZ Bank	A	1603	0.80	10	8.5	Dexus Property	C	71	3.06	5	16.9	Onesteel Ltd	B	243	0.31	10	8.8
APA Group	A	267	1.42	19	4.0	Djerriwarh	B	387	N/A	12	6.7	Orica Ltd	A	1946	1.07	13	4.6
APN News Media	B	140	0.57	NE	16.1	Downer EDI Ltd	B	529	0.31	10	4.8	Origin Energy	B	1387	1.47	33	1.8
ASX Limited	A	3369	9.38	16	5.7	East'n Star Gas	D	86	N/A	NE	Nil	Pacific Brands	A	90	0.23	4	19.0
AXA Asia Pac	B	367	1.04	NE	5.0	Energy World	B	59	9.51	42	Nil	Paladin Energy	C	440	N/A	NE	Nil
Adelaide Bright	A	212	1.15	10	7.1	Energy Resource	B	2149	8.13	18	1.3	Panaust Ltd	C	33	3.30	NE	Nil
Alumina Ltd	B	132	N/A	9	9.1	Envestra	B	46	1.17	2	20.9	Perpetual Ltd	A	2650	2.24	8	12.5
Amalgamated Hld	B	435	0.91	6	6.9	Equinox Min.	C	244	N/A	NE	Nil	Platinum Asset	A	389	7.71	13	6.2
Amcor Ltd	B	508	0.46	16	6.7	Extract Res.	C	618	N/A	NE	Nil	Primary Health	A	524	2.99	NE	5.2
Andean Res.	C	180	N/A	NE	Nil	Fairfax Media	C	115	0.64	5	17.4	Q.B.E. Insur.	B	1974	N/A	16	6.4
Aneka Tambang	C	100	N/A	NE	12.0	Felix Resources	A	1390	6.19	14	3.8	Qantas Airways	B	193	0.23	4	18.2
Ansell Ltd	B	850	0.93	11	3.1	Flight Centre	A	870	0.60	6	9.9	REA Group Ltd	B	552	4.51	31	Nil
Aquarius Plat.	B	395	1.11	4	12.1	Fortescue Metal	D	340	N/A	NE	Nil	Ramsay Health	A	1090	0.71	21	3.0
Aquila Res.	C	530	N/A	NE	Nil	Foster's Group	B	499	2.10	86	5.3	Reece Australia	B	1870	1.29	16	3.0
Aristocrat Leis	B	356	1.50	16	6.7	GPT Group	C	51	2.49	NE	34.7	Rio Tinto Ltd	B	4836	0.34	4	3.9
Arrow Energy	C	323	N/A	NE	Nil	GWA Internat'l	B	229	0.99	14	8.5	Riversdale Min.	C	568	N/A	NE	Nil
Asciano Group	C	137	0.39	NE	33.7	Goodman Fielder	B	130	0.64	62	10.4	S/Tracks ASX200B	B	3544	N/A	NE	9.8
Australand Prop	A	48	0.97	5	23.2	Goodman Group	B	41	0.80	1	77.8	SP Ausnet	B	75	1.36	11	15.8
Aust United In	B	600	N/A	13	4.2	Guinness Peat	D	53	0.26	NE	3.9	Salmat Ltd	B	350	0.68	25	5.3
Austar United	D	86	N/A	NE	Nil	Guns Ltd	B	91	0.45	6	11.0	Santos Ltd	B	1330	3.00	15	3.2
Aust Infra.	C	125	8.72	6	13.2	Harvey Norman	B	305	2.27	9	4.6	Seek Ltd	A	397	5.44	15	4.7
Aust W'wide Exp	C	245	1.35	4	Nil	Healthscope	B	433	0.71	16	4.5	Seven Network	B	524	9.40	8	6.5
Aust Foundation	B	434	N/A	10	4.8	Henderson Group	C	190	N/A	NE	6.6	Sigma Pharm.	B	113	0.32	12	6.2
Austereo Group	B	150	1.97	11	6.7	I-SOFT Group	C	65	1.48	37	Nil	Silex Systems	C	602	N/A	NE	Nil
BHP Billiton	B	3265	1.84	7	2.2	ING Office Fund	C	46	2.97	3	23.4	Sims Metal Mgmt	A	2413	0.34	6	5.0
Bank of Q'land	A	909	0.62	11	8.0	Iluka Resources	C	275	1.83	17	Nil	Sino Gold Min.					

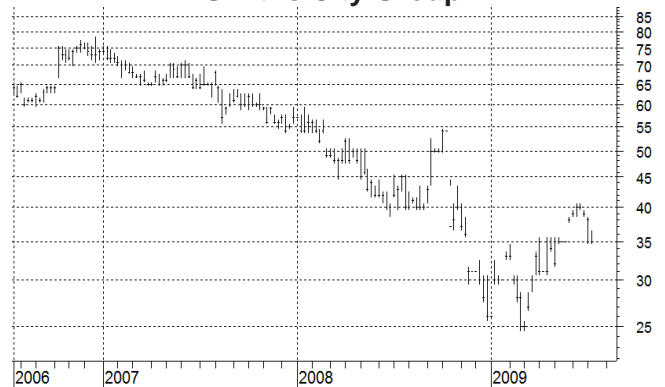
Recommended Investments

Smiths City Group revenues fell 10.0% to \$227.1 million for the year to 30 April 2009. Profits were down 71.5% to \$1,016,000 (1.9 cents per share). A final, unimputed dividend of 1.0 cent, makes the annual payout 55.6% lower at 2.0 cents.

The cash operating surplus, however, rose 80% to \$7.4million.

(Continued on Page 4)

Smiths City Group



Portfolio of Recommended Investments

CURRENT ADVICE	Company	Initial Recommendation Code	Recommendation Date	Price	Performance Forecast	Issued Shares (mil.)	Volatility Ratio	Price/Sales Ratio	Price/Earnings Ratio	Gross Dividend Yield	Recent Share Price	Cash Dividends Rec'd	Total Return %
NZ Shares													
HOLD	CDL Investments Ltd	CDI	12/01/99	25	E	243.4	1.6	10.67	28	Nil	19	17.9	+48%
HOLD+	Cavalier Corporation	CAV	05/12/95	156*	B	67.1	0.8	0.50	7	16.1	185	230.0	+166%
HOLD	Colonial Motor Company	CMO	10/11/92	150	B	27.9	0.5	0.13	9	14.2	242	344.8	+291%
HOLD	Lytelton Port Company	LPC	12/12/00	150	C	102.3	0.7	2.84	23	3.3	232	69.9	+101%
BUY	Michael Hill Int'l Ltd	MHI	11/06/91	5*	B	382.5	0.9	0.64	10	7.6	63	26.4	+1688%
BUY	Nuplex Industries Ltd	NPX	11/02/97	131*	C	163.4	0.8	0.44	2	3.7	154	89.6	+86%
HOLD	Postie Plus Group	PPG	08/05/06	71	C	40.0	1.4	0.11	NE	Nil	36	8.5	-37%
HOLD	Renaissance Corp	RNS	13/08/96	85*	C	44.9	1.6	0.07	3	16.0	28	53.9	-4%
HOLD	Smiths City Group	SCY	09/10/06	64	C	53.0	1.5	0.08	18	5.7	35	11.0	-28%
HOLD	South Port New Zealand	SPN	13/02/96	120	C	26.2	0.8	3.47	21	7.0	203	108.3	+159%
HOLD	Steel & Tube Holdings	STU	08/08/00	146	C	88.2	0.8	0.48	11	10.3	276	222.0	+241%
HOLD+	Taylors Group Ltd	TAY	09/11/99	102	B	24.3	0.7	0.54	16	11.6	155	92.0	+142%
Australian Shares (in Aust cents)													
BUY	AJ Lucas Group	AJL	13/05/03	120	B	59.3	0.7	0.42	13	2.3	302	35.5	+181%
HOLD+	Atlas South Sea Pearl	ATP	14/05/96	73	C	120.1	2.2	0.57	NE	20.2	10	17.5	-62%
HOLD	Breville Group Ltd	BRG	13/11/06	171	A	129.5	0.9	0.26	5	12.1	87	14.5	-41%
HOLD+	Campbell Brothers Ltd	CPB	12/10/99	406*	A	53.0	0.3	1.15	10	5.0	1989	457.6	+503%
HOLD	Cellnet Group Ltd ¹	CLT	12/02/02	147*	C	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	1.46	4	33.6	28	2.4	+1%
HOLD	Charter Hall Group	CHC	06/04/09	30*	A	532.3	1.2	2.01	3	29.3	43	Nil	+43%
HOLD	Circadian Technologies	CIR	10/02/04	188	D	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	0.11	3	25.0	64	68.5	+54%
BUY	CPT Global Ltd	CGO	10/03/08	88	A	36.9	1.1	0.38	10	10.9	46	4.3	-43%
HOLD+	Devine Ltd	DVN	13/11/06	94	B	285.7	1.1	0.23	4	17.4	46	19.0	-31%
HOLD+	Ellex Medical Lasers	ELX	14/03/06	49	C	102.8	2.1	0.18	5	Nil	14	Nil	-72%
BUY	Fiducian Portfolio Ser	FPS	11/02/08	260	B	32.8	0.9	1.49	7	10.3	126	10.3	-48%
HOLD	Iluka Resources Ltd	ILU	12/10/04	471	C	380.7	0.7	1.83	17	Nil	275	64.0	-28%
BUY	Integrated Research	IRI	14/01/08	40	B	166.5	1.1	1.67	11	8.0	38	4.5	+5%
HOLD	Int'l AllSports	IAS	11/02/03	180	C	66.4	1.1	0.84	NE	Nil	58	4.0	-66%
BUY	M2 Telecommunications	MTU	09/10/06	33	A	78.9	0.9	0.51	11	7.0	71	10.5	+147%
HOLD	Mercury Brands Ltd	MCB	08/02/05	93	D	310.9	6.1	0.02	NE	Nil	2	7.0	-91%
HOLD	Mercury Mobility	MMY			C	105.0	3.0	0.81	NE	Nil	5		
HOLD	Melbourne IT	MLB	10/02/04	53	B	78.0	0.6	0.72	8	8.8	170	51.0	+317%
HOLD+	Photon Group Ltd	PGA	10/11/08	140	A	102.8	0.6	0.25	6	15.2	188	6.0	+38%
BUY	Probiotec Ltd	PBP	11/02/08	116	A	46.6	0.6	1.40	15	1.3	198	3.8	+74%
BUY	Prophecy International	PRO	08/09/08	26	A	45.1	1.1	4.09	12	7.5	53	2.0	+112%
HOLD	Ross Human Directions	RHD	14/08/01	92	A	83.5	1.7	0.03	4	20.6	17	33.3	-45%
BUY	Skilled Group Ltd	SKE	12/03/02	126	C	122.0	0.8	0.08	4	19.2	120	130.5	+99%
HOLD+	Technology One Ltd	TNE	11/11/03	44	B	298.9	0.9	2.30	15	4.8	85	17.2	+132%
BUY	TFS Corporation Ltd	TFC	08/01/07	45	A	187.3	0.8	3.27	8	3.3	120	5.2	+177%
HOLD+	The Reject Shop Ltd	TRS	11/01/05	257	B	25.7	0.4	0.84	18	4.1	1160	158.5	+413%

The average Total Return (i.e. both Capital Gains/Losses plus Dividends received) of all current investments from initial recommendation is +120.2%. This is equal to an average annual rate of +19.0%, 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 +28.3%, compared with a market gain of +4.6% (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)

Australian Shares

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

AJ Lucas Group's Southern SeaWater Alliance consortium has received a signed contract to build and operate Perth's second desalination plant for the state owned **Water Corporation**. The consortium, in which AJ Lucas Group holds a 19% share, will begin construction of the \$955 million plant immediately, with commissioning scheduled for 2011. The consortium will also operate and maintain the desalination plant for 25 years.

AJ Lucas Group



Cellnet Group has sold its IT distribution business in both Australia and New Zealand. These sales will release around \$3 million in working capital but “have a negligible impact on earnings”.

Cellnet Group



Challenger Wine Trust reports that continuing problems in the Australian wine industry - reduced wine exports, lower wine prices, an over-supply of grapes and the large number of vineyards for sale - have depressed the market value of its properties by around \$38 million (about 14%) over the last year.

There is no immediate impact upon revenues, cashflows or profits as most of its vineyards are leased beyond 2011 at which time the situation will have significantly improved. Lower property valuations, however, put pressure on its loan covenants. As previously discussed, the trust has sold a few small properties to raise cash for debt repayment and will pursue further sales where “discussions with several interested parties are ongoing”.

It has also cut its quarterly distributions in half to 1.2 cents per unit (about 50% of earnings), allowing it to

repay debt with retained profits and other net cash operating surpluses.

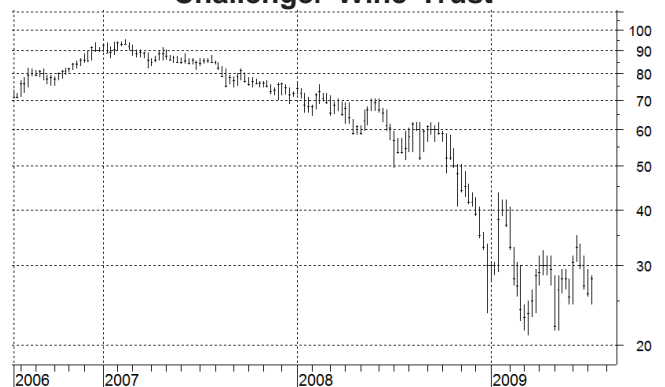
The mark-to-market liability on interest rate swaps has improved from \$21.7 million at December 2008 to just \$8 million at 30 June 2009. Partly this is a result of the rise in long term interest rates (which reverses the previous mark-to-market liability caused when interest rates fell) and partly as the trust “proactively reset some out-of-the money interest rate swaps”. Resetting the swaps would involve paying a sum of money now but fixing the interest rate at lower levels. The cash spend now to reduce its mark-to-market liability will earn a return through lower cash payments for interest over the life of its loans (i.e. so increase cashflows and profits in the future).

Challenger Wine Trust “continues to generate strong cash flows” and has announced a 1.2 cents per unit distribution for the June 2009 quarter - being around half of its earnings. The units traded ex-entitlement on 24 June and the distribution will be paid on 17 August.

The current problems in the wine industry create some risks - but also offer us the opportunity to buy into this trust at significantly discounted prices to even the current depressed market value of its property investments. Only *half* of its income is being distributed (with the balance creating value by repaying debts and other liabilities) but a 1.2 cents per quarter distribution still offers a very high 17.1% current income yield (with significant tax advantages for NZ investors owing to the *Fair Dividend* tax assessing income at just 5%).

Over the next few years, income distributions should return to around a 100% payout (i.e. at least double), property values stabilise and recover, and the market value of the units should be significantly re-rated in value!

Challenger Wine Trust



Charter Hall Group has continued to rapidly reduce the debt levels in its managed trusts through asset sales. The *Diversified Property Fund* has achieved 75% of its planned assets sales, realising \$31.75 million towards its targeted \$50 million in sales. The *Core Plus Retail Fund* has reduced debt to less than 40%, while the *Core Plus Office Fund's* debt levels have fallen to around 50%.

Integrated Research shares jumped 38% on Friday to 37½ cents after disclosing its June 2009 annual result (to be released on 13 August) will show “significant growth in profits” compared with the previous year. The

company reports “strong second half new license sales in both IP Telephony and HP-Nonstop products”, plus the improvement in the exchange rate since last year.

Companies will not make this type of disclosure for profit changes of less than 15% and “significant growth” clearly means well above that level.

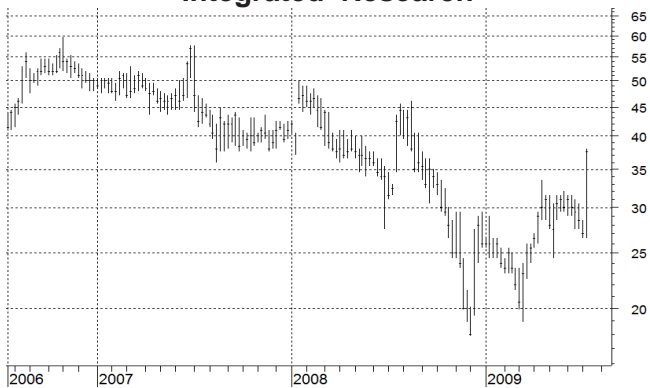
The company's last period of particularly strong new licence sales was the half year to December 2007 when it earned a profit of \$4.2 million. The six months to June 2009 *could* be even better owing to the company's expansion in IP Telephony *plus* an improvement in the US\$/A\$ exchange rate. So the second half profit *may* be at least \$5-6 million.

The first half year to December 2008 was down 31.4% to \$2,890,000 so the annual profit could be around 37-54% higher at \$7.9-8.9 million (4.7-5.3 cents per share).

Integrated Research is debt-free and had cash of \$11.2 million (6.7 cents per share) at December 2008, so will likely distribute 80-90% of its profits. That could see the final dividend increased to 2½-3 cents, lifting the annual dividend rate to 4-4½ cents.

Even after Friday's large percentage jump in the share price, achieving that result would value Integrated Research shares at a Price/Earnings ratio of just 7-8 and a Dividend Yield of 11-12%. That is still far too cheap!

Integrated Research



M2 Telecommunications has completed the acquisition of businesses from **Commander Communications** and has also acquired the *One Stream Data Network Business* which will contribute a further \$10 million annually in recurring revenues.

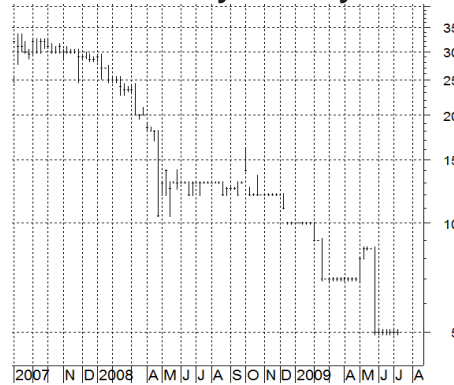
M2 Telecommunications



Mercury Mobility has reported a cash operating surplus in the June 2009 quarter, but down on the same

period a year earlier. Receipts were 29% lower at \$1.7 million and the surplus 46% lower at \$134,000. Cash on hand has fallen 24% to \$1,175,000 over the last year.

Mercury Mobility



TFS Corporation has made announcements which are a little confusing but appear to show some slowing in *Managed Investment Scheme* sales but plans to increase growth in the coming 2009/10 year.

MIS sales to 30 June were 675 hectares, down 24% on the 808 hectares sold in 2008 and down 27% on the 930 hectares it was earlier “confident” of selling. MIS revenues were down 15% owing to an increase in prices. The company planned to develop 950 hectares, so may have retained ownership of 275 hectares - which could prove an attractive investment.

The company has also announced “an application for 350 hectares” (worth \$35 million) of its 2010 plantings (likely to be settled in April 2010) from new institutional sales. These sales will be through *Beyond Carbon Trust*, a new trust established by TFS Corporation to market Indian Sandalwood plantations to institutional investors. This will be packaged slightly differently to the existing MIS sales. There will be no on-going annual management fees - with these fees and insurance costs *added* to a higher initial sales price. Investors through *Beyond Carbon Trust* will also purchase the land (at market values), rather than lease it from TFS Corporation as with the MIS sales. *Beyond Carbon Trust* will also seek to buy \$15 million worth of existing 4-10 year old trees.

Capitalising annual expenses into a high initial purchase price, plus additional investment to buy the land, will minimise cash expenses for *Beyond Carbon Trust*, while the purchase of existing 4-10 year old trees should allow it to distribute some cash to investors from 2014.

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 Cur. rent Chg. 0-99 4-WkRank 15 days below following Price to NTA Return on Equity Volatility Price to Earnings Dividend Sales Market Price Cap'n

UNDER-VALUED SHARES: Lowest Price/Sales, Yld>0, RelStrength>0

Company	Share Price	Cur. rent Chg. 0-99	4-WkRank	15 days below following	Price to NTA	Return on Equity	Volatility	Price to Earnings	Dividend	Sales	Market Price Cap'n		
SmithsCity	35	+6.1	+4.3	15	0-0	-0.4	2	1.5	18	5.7	0.08	19	
AirNewZealand	88	+2.5	-2.0	29	1-1	6	0.6	14	1.0	4	14.4	0.20	930
TurnersAuction	70	+9.5	-1.5	10	4-0	-0.9	5	0.9	17	6.2	0.25	19	
EbosGroupLtd	520	+7.9	+1.8	12	0-0	1	1.7	11	0.5	15	6.6	0.28	245
AlliedWork.	85	+5.2	+4.0	19	0-0	1	1.3	12	1.0	10	11.4	0.29	22
Turners&Grow.	167	+2.0	+7.4	31	1-0	2	0.6	5	0.7	13	8.9	0.29	168
ZintelComm.	23	+6.7	+7.6	13	1-0	-1.0	20	1.9	5	19.5	0.30	12	
RestaurantBrds	101	+23.4	+0.3	3	10-0	2	2.6	22	0.8	12	10.3	0.32	98
FletcherBuild.	655	+5.3	+0.1	18	1-5	6	1.2	17	0.7	7	10.9	0.46	3,297
TaylorGrpLtd	155	+10.6	-1.5	8	0-0	-1.3	8	0.7	16	11.6	0.54	38	
BriscoeGroup	108	+12.2	+6.3	7	0-0	3	1.9	10	0.8	20	6.2	0.59	229
TowerLimited	169	+4.2	+7.1	22	0-0	5	1.2	13	0.9	9	5.3	0.63	320
MethvenLimited	131	+0.7	+3.8	37	1-0	3	1.5	17	1.0	9	13.4	0.64	87
MichaelHill	63	+5.1	+5.5	19	0-0	2	2.6	28	0.9	10	7.6	0.64	241
WarehouseGroup	370	+1.0	+1.7	35	0-2	9	3.4	34	0.7	10	7.1	0.65	1,151
PumpkinPatch	151	+10.6	+5.4	8	1-3	3	2.3	25	0.9	9	8.9	0.69	252
HallensteinG.	256	+4.4	+2.3	22	2-0	2	2.3	32	0.6	7	20.4	0.76	153
TelecomCorp	267	+1.1	+3.4	33	0-5	13	1.8	26	0.7	7	16.2	0.86	4,875
AbanoHealth.	500	+5.0	+2.9	20	0-0	1	2.1	14	0.8	15	5.4	0.93	115

BEST PERFORMING SHARES: Strongest Shares, P/E<20, P/S<1.0

Company	Share Price	Cur. rent Chg. 0-99	4-WkRank	15 days below following	Price to NTA	Return on Equity	Volatility	Price to Earnings	Dividend	Sales	Market Price Cap'n		
TenonLtd	95	+31.1	+5.0	1	0-0	1	0.4	2	0.8	16	Nil	0.13	64
RestaurantBrds	101	+23.4	+0.3	3	10-0	2	2.6	22	0.7	12	10.3	0.32	98
BriscoeGroup	108	+12.2	+6.3	7	0-0	3	1.9	10	0.6	20	6.2	0.59	229
PumpkinPatch	151	+10.6	+5.4	8	1-3	3	2.3	25	0.8	9	8.9	0.69	252
TaylorGrpLtd	155	+10.6	-1.5	8	0-0	-1.3	8	0.6	16	11.6	0.54	38	
TurnersAuction	70	+9.5	-1.5	10	4-0	-0.9	5	0.6	17	6.2	0.25	19	
EbosGroupLtd	520	+7.9	+1.8	12	0-0	1	1.7	11	0.4	15	6.6	0.28	245
ZintelComm.	23	+6.7	+7.6	13	1-0	-1.0	20	1.5	5	19.5	0.30	12	
SmithsCity	35	+6.1	+4.3	15	0-0	-0.4	2	1.2	18	5.7	0.08	19	
FletcherBuild.	655	+5.3	+0.1	18	1-5	6	1.2	17	0.6	7	10.9	0.46	3,297
AlliedWork.	85	+5.2	+4.0	19	0-0	1	1.3	12	0.8	10	11.4	0.29	22
MichaelHill	63	+5.1	+5.5	19	0-0	2	2.6	28	0.6	10	7.6	0.64	241
AbanoHealth.	500	+5.0	+2.9	20	0-0	1	2.1	14	0.7	15	5.4	0.93	115
HallensteinG.	256	+4.4	+2.3	22	2-0	2	2.3	32	0.5	7	20.4	0.76	153
TowerLimited	169	+4.2	+7.1	22	0-0	5	1.2	13	0.8	9	5.3	0.63	320
MediaTech.	4	+3.1	-6.9	26	0-0	-12.5	-	2.8	4	Nil	0.55	3	
AirNewZealand	88	+2.5	-2.0	29	1-1	6	0.6	14	0.8	4	14.4	0.20	930
Turners&Grow.	167	+2.0	+7.4	31	1-0	2	0.6	5	0.5	13	8.9	0.29	168
TelecomCorp	267	+1.1	+3.4	33	0-5	13	1.8	26	0.6	7	16.2	0.86	4,875
WarehouseGroup	370	+1.0	+1.7	35	0-2	9	3.4	34	0.6	10	7.1	0.65	1,151

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

Company	Share Price	Cur. rent Chg. 0-99	4-WkRank	15 days below following	Price to NTA	Return on Equity	Volatility	Price to Earnings	Dividend	Sales	Market Price Cap'n		
PGGWrightsons	105	-6.2	+0.5	62	11-4	4	0.6	15	0.6	4	22.7	0.25	304
HallensteinG.	256	+4.4	+2.3	22	2-0	2	2.3	32	0.4	7	20.4	0.76	153
PyneGouldCorp	180	-13.5	+3.4	82	1-0	-0.7	17	0.6	4	19.1	0.74	177	
TelecomCorp	267	+1.1	+3.4	33	0-5	13	1.8	26	0.6	7	16.2	0.86	4,875
CavalierCorp	185	-3.4	+2.4	55	0-0	4	1.5	21	0.6	7	16.1	0.50	124
AirNewZealand	88	+2.5	-2.0	29	1-1	6	0.6	14	0.7	4	14.4	0.20	930
GuocoLeisure	40	-0.3	+5.5	40	13-0	-0.4	1	0.8	31	13.1	0.84	547	
INGProperty	66	-4.7	+3.4	57	5-0	2	0.6	-	0.5	NE	12.1	3.25	350
SkyCityLtd	265	-5.0	-0.0	59	3-0	8	2.7	23	0.7	12	12.1	1.41	1,249
AMPOnyxMgmt	71	-11.6	-0.6	79	2-0	3	0.5	11	0.6	4	11.8	4.27	708

Company Share Price Cur. rent Chg. 0-99 4-WkRank 15 days below following Price to NTA Return on Equity Volatility Price to Earnings Dividend Sales Market Price Cap'n

INSIDER BUYING: Most Insider Buying, Relative Strength>0

Company	Share Price	Cur. rent Chg. 0-99	4-WkRank	15 days below following	Price to NTA	Return on Equity	Volatility	Price to Earnings	Dividend	Sales	Market Price Cap'n		
RestaurantBrds	101	+23.4	+0.3	3	10-0	2	2.6	22	0.5	12	10.3	0.32	98
RubiconLimited	85	+6.0	+8.9	15	6-0	-1.0	-	0.5	NE	Nil	0.38	212	
TurnersAuction	70	+9.5	-1.5	10	4-0	-0.9	5	0.5	17	6.2	0.25	19	
PortTauranga	610	+1.0	+4.7	33	3-0	4	1.3	7	0.4	19	6.1	5.49	817
PikeRiverCoal	113	+5.3	+9.3	17	2-0	4	1.4	-	0.8	NE	Nil	N/A	356
SkyNetworkTV	411	+2.6	+0.8	28	2-0	7	1.4	8	0.3	16	5.1	2.43	1,599
HallensteinG.	256	+4.4	+2.3	22	2-0	2	2.3	32	0.4	7	20.4	0.76	153
AfcoHoldings	42	+5.9	+1.1	16	4-2	-0.8	0	0.7	175	Nil	0.22	212	
INGMed.Prop.	116	+2.6	+0.5	29	1-0	2	0.9	5	0.5	19	8.4	6.67	162
MethvenLimited	131	+0.7	+3.8	37	1-0	3	1.5	17	0.7	9	13.4	0.64	87

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

Company	Share Price	Cur. rent Chg. 0-99	4-WkRank	15 days below following	Price to NTA	Return on Equity	Volatility	Price to Earnings	Dividend	Sales	Market Price Cap'n		
NorthlandPort	202	-12.9	+0.9	81	0-0	-0.5	6	0.4	9	8.1	7.16	88	
GoodmanProp.	91	-6.4	+4.3	63	0-0	3	0.9	-	0.5	NE	11.4	5.94	769
AkdIntAirport	153	-6.4	-0.5	63	0-1	7	1.0	6	0.6	17	8.0	5.33	1,870
BlisTechnology	4	-13.1	-1.3	81	0-0	-3.0	-	1.8	NE	Nil	5.00	6	
AMPOnyxMgmt	71	-11.6	-0.6	79	2-0	3	0.5	11	0.5	4	11.8	4.27	708
WNDriveTech.	14	-8.1	-0.0	67	0-0	-2.9	-	1.0	NE	Nil	4.13	60	
KiwiProperty	92	-6.5	+0.8	64	0-0	3	0.8	-	0.5	NE	9.9	3.93	719
LifePharmacy	42	-2.0	+1.3	47	0-0	-0.8	0	0.9	467	Nil	3.87	28	
WindflowTech.	155	-17.8	+2.2	86	0-0	-2.2	-	0.4	NE	Nil	3.82	13	
BurgerFuel	32	-6.6	+4.1	65	0-0	-3.7	-	0.8	NE	Nil	3.60	17	
SouthPortNZ	203	-1.6	-0.4	45	0-0	1	2.0	9	0.5	21	7.0	3.47	53
AMP Limited	580	-2.5	+1.1	51	0-0	-4.8	28	0.6	17	7.7	3.41	11,559	
INGProperty	66	-4.7	+3.4	57	5-0	2	0.6	-	0.4	NE	12.1	3.25	350
F&PHealth.	285	-2.4	-0.9	51	1-3	6	7.1	30	0.4	23	6.5	3.17	1,452
LyteltonPort	232	-2.1	-1.2	49	0-0	2	1.9	8	0.4	23	3.3	2.84	237
Metro.LifeCare	182	-17.0	+5.2	86	0-0	-0.3	-	0.3	NE	10.4	2.73	159	
HorizonEnergy	319	-0.3	+0.3	40	0-0	1	1.6	11	0.2	15	8.0	2.63	80
KermadecProp.	43	-8.2	+2.0	69	1-0	-0.5	-	0.7	NE	11.6	2.55	34	
MowbrayCollect	85	-6.8	-7.3	66	0-2	-2.2	-	0.3	NE	Nil	2.27	9	
NatPropertyTr	38	-6.1	+3.0	61	0-0	2	0.5	-	0.6	NE	13.2	2.21	73

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

Company	Share Price	Cur. rent Chg. 0-99	4-WkRank	15 days below following	Price to NTA	Return on Equity	Volatility	Price to Earnings	Dividend	Sales	Market Price Cap'n		
Charlie'sGroup	10	-58.3	+0.0	98	0-0	-1.9	-	1.3	NE	Nil	0.97	29	
NuplexIndust	154	-36.5	+4.8	95	2-0	4	2.8	-	0.4	2	3.7	0.44	252
NZFarmingSys.	45	-21.2	-3.1	91	13-0	-0.5	-	0.7	NE	Nil	N/A	110	
WindflowTech.	155	-17.8	+2.2	86	0-0	-2.2	-	0.3	NE	Nil	3.82	13	
Metro.LifeCare	182	-17.0	+5.2	86	0-0	-0.3	-	0.3	NE	10.4	2.73	159	
Comvita	83	-16.6	+4.0	85	3-0	-0.4	1	0.6	31	Nil	0.33	23	
SealegsCorp	12	-16.4	+7.0	84	0-0	-1.9	-	1.6	NE	Nil	0.82	9	
BlisTechnology	4	-13.1	-1.3	81	0-0	-3.0	-	1.7	NE	Nil	5.00	6	
NorthlandPort	202	-12.9	+0.9	81	0-0	-0.5	6	0.4	9	8.1	7.16	88	
NZFinanceHold	30	-12.5	+2.4	80	1-0	-1.3	-	0.6	NE	Nil	0.59	23	
SkellerupHold.	57	-11.8	+0.7	79	6-0	2	1.6	2	0.8	104	7.9	0.34	75
AMPOnyxMgmt	71	-11.6	-0.6	79	2-0	3	0.5	11	0.4	4	11.8	4.27	708
Millennium&C.	35	-10.2	+4.6	75	0-0	-0.3	4	0.5	7	5.1	0.99	122	
NZWineCompany	173	-10.2	+2.3	74	0-0	-0.7	5	0.3	16	6.0	1.40	15	
GuinnessPeat	65	-9.8	+3.2	73	0-2	2	0.4	-	0.6	NE	3.8	0.29	1,013
CDLInvestments	19	-9.1	-0.1	72	0-0	-0.5	2	0.6	28	Nil	N/A	46	
CantyBldgSoc.	310	-8.5	-0.5	70	0-2	-0.7	4	0.2	19	3.9	1.02	37	

INSIDER SELLING: Most Insider Selling, Relative Strength<0

Company	Share Price	Cur. rent Chg. 0-99	4-WkRank	15 days below following	Price to NTA	Return on Equity	Volatility	Price to Earnings	Dividend	Sales	Market Price Cap'n
MainfreightGrp	420	-2.6	+2.1	52	0-14	5					

“Insider” Trades in Australian Shares

The table below shows the number of Purchases and Sales of a company's shares by its Directors over the last twelve months (excluding “Neutral” situations where the number of Buyers and Sellers were equal). Shares where many “insiders” have been buying can outperform the market for up to two years, while shares where many “insiders” have sold can under-perform for a similar period.

“Insider” Indicators

Last 5 wks: 65.7% Buyers

Last 13 wks: 71.0% Buyers

Company	Insider Buyers-Sellers	Company	Insider Buyers-Sellers	Company	Insider Buyers-Sellers	Company	Insider Buyers-Sellers	Company	Insider Buyers-Sellers
A.P.Eagers	12-0	Aura Energy Ltd	1-0	Brickworks Ltd	2-0	Cogstate Ltd	6-0	Elk Petroleum	3-0
AAQ Holdings	3-0	Aurium Res.	2-0	Brickworks Inv.	5-0	Collection Hse	7-0	Ellex Medical	1-0
ADG Gbl Supply	1-0	Aurora Oil Gas	1-0	Brierty Ltd	4-0	Colorpak Ltd	1-0	Embelton Ltd	2-0
AGL Energy Ltd	1-0	Aurox Resources	6-0	Brockman Res.	2-1	Colonial Res.	2-0	Emeco Holdings	4-1
ANZ Bank	7-0	Ausdrill Ltd	2-0	Buderim Ginger	2-0	Comwealth Bank	1-0	Emerald Oil & G	0-1
APAGroup	6-0	Ausenco Ltd	2-0	Buka Gold Ltd	1-0	ComOps Limited	4-0	Emerson Stewart	1-0
APN Property	10-0	Australand Prop	1-0	Bunnings W/hse	3-0	Comet Resources	1-0	Emerg. Leaders	2-0
APN News Media	0-2	Aust Power Gas	5-1	Buru Energy Ltd	4-0	Commquest Ltd	5-0	Emmerson Res.	1-0
APN Euro Prop.	2-0	Austock Group	2-0	C'wth Prop Off.	1-0	ComputerCORP	4-0	Empired Ltd	1-0
ARB Corporation	0-1	Aust Leaders Fd	1-0	C.S.R. Ltd	2-0	Computershare	0-9	Empire Sec.	1-0
ASG Group Ltd	2-0	Aust Education	3-0	CBD Energy Ltd	1-0	Compass Hotel	4-0	Ernu Nickel NL	1-0
ASX Limited	0-2	Aust Gold Ltd	1-0	CBH Resources	1-0	Compass Res	3-0	Enerji Ltd	1-0
AV Jennings	2-0	Austbrokers	1-0	CI Resources	3-0	Condor Nickel	4-0	Ent Media & Tel	1-0
AWB Limited	3-0	Aust Infra.	6-0	CMA Corporation	1-0	Connxion Ltd	0-1	Entek Energy	7-0
AXA Asia Pac	1-0	Aust Mines Ltd	2-0	CMI Limited	16-0	Conquest Mining	7-0	Enterprise Met.	5-0
Abacus Property	5-0	Aust Agricult.	1-0	CO2 Group Ltd	6-0	Cons Media Hold	1-0	Entellect Soln	1-0
Aberdeen Leader	4-0	Aust W'wide Exp	0-1	CPI Group	1-0	Contango Cap P.	0-1	Envestra	2-0
Accent Res.	0-1	Aust Foundation	1-0	CPT Global Ltd	0-1	Contango Micro.	1-0	Envirogold Ltd	3-0
AcruX Ltd	0-1	Austin Eng.	1-0	CSG Ltd	4-1	Cool or Cosy	4-0	Environm't Grp	1-0
Actinogen Ltd	1-0	Aust Pharm. Ind	4-0	CSL Limited	2-0	Coonawarra Aust	1-0	Environ. Clean	1-0
Activex Ltd	1-0	Auth Invest Fd	1-0	CTI Logistics	2-0	Cooper Energy	0-1	Envirozel Ltd	11-0
Ad Braking Tech	1-0	Auto Technology	2-0	CVCLimited	0-3	Coote Indust.	5-0	Equatorial Coal	1-0
Adavale Res.	4-0	Automotive Hold	2-0	Cabcharge Ltd	3-2	Copper Strike	1-0	Equity Trustees	1-0
Adelaide Bright	0-1	Avalon Minerals	2-0	Calliden Group	1-0	Coretrack Ltd	2-0	Equinox Min.	5-0
Adtrans Group	17-0	Avastra Sleep	1-0	Caltex Australia	0-1	Corp Express	3-0	Essa Australia	1-0
Adultshop.com	1-0	Avita Medical	2-0	Cape Range Wire	4-0	Corvette Res.	2-0	Essential Pet.	1-0
Adv Share Reg.	1-0	Avoca Resources	2-0	Cape Lambert IO	8-1	Count Financial	4-0	Ethane Pipeline	2-0
Adv Surgical	1-0	Avonlea Mineral	1-0	Capital Mining	0-1	Coventry Group	11-0	European Gas	3-0
Adv. Magnesium	2-0	Axiom Property	3-0	Capital Health	1-0	Credit Corp	10-2	Eurogold Ltd	3-0
Advance Energy	1-0	Azumah Res.	1-0	Carbon Energy	2-0	Cromwell Group	11-0	Every Day Mine	3-1
Advanced Engine	2-0	B & B Infrastr.	1-0	Carbine Res.	1-0	Crusader Res.	1-0	Everest Fin Grp	1-0
African Energy	5-0	B&B Japan Prop.	6-0	Carbon Con	5-0	CuDeco Ltd	7-0	Excalibur Min.	1-0
Ainsworth Game	4-0	BC Iron Ltd	1-0	Cardno Ltd	3-0	Customers Ltd	8-0	Extract Res.	3-2
Albidon Ltd	1-0	BHP Billiton	3-0	Carlton Invest	0-1	D'Aguiar Gold	1-0	Eyecare Partner	2-0
Alchemia Ltd	2-0	BSA Ltd	3-0	Camavale Res.	2-0	DKN Financial	1-0	Ezenet Limited	2-0
Ale Property	5-1	Bandanna Energy	1-0	Carpentaria Exp	1-0	DUET Group	3-0	F.F.I. Holdings	1-0
Alesco Corp Ltd	7-0	Bank of Q'land	0-5	Caspian Oil & G	2-0	DVM Intern'l	1-0	FKP Limited	3-0
Allico Hit Ltd	1-0	Bannerman Res.	3-2	Catalpa Res.	1-0	DWS Adv Bus Sol	1-0	Fairfax Media	3-1
Allied Gold Ltd	3-0	Bassari Res.	1-0	Cedar Woods Prp	2-1	Danks Holdings	1-0	Fantastic Hold.	2-0
Alliance Res.	0-1	Bass St Oil Coy	1-0	Centennial Coal	1-0	Data 3 Ltd	0-1	Farm Pride Food	4-0
Allomak Ltd	1-0	Bass Metals Ltd	1-0	Cent West Gold	1-0	Datadot Tech.	1-0	Fat Prophets	1-3
Altera Capital	1-0	Batavia Mining	4-1	Centaurus Res.	1-0	David Jones	1-0	Felix Resources	1-0
Altium Limited	3-0	Bathurst Res.	5-0	Centamin Egypt	2-0	De Grey Mining	1-0	Fiducian P Serv	3-0
Alumina Ltd	3-0	Beacon Minerals	2-0	Chal Wine Trust	1-0	Deep Yellow Ltd	0-3	Finbar Group	10-0
Amadeus Energy	3-0	Beaconsfield Gl	2-0	Chal Div Prop	2-0	Devine	4-0	Firestone En.	1-0
Amalgamated Hld	5-1	Bell Financial	13-0	Chal Gold	7-0	Dexion Ltd	4-0	Firstfolio Ltd	2-0
Ambertech Ltd	1-0	Belmont Hold.	1-0	Chalice Gold	7-0	Diatreme Res.	8-0	Flat Glass Ind.	3-0
Ammtec Ltd	1-0	Bendigo Bank	1-4	Chameleon Min.	3-0	Dioro Explor.	1-0	Fleetwood Corp	0-2
Ampella Mining	1-0	Bentley Capital	2-0	Chandler McLeod	1-0	Diploma Group	1-0	Flight Centre	4-0
Analytica Ltd	0-3	Beyond Int'l	2-0	Charter Pacific	5-0	Charter Inv	3-0	Fluorotechnics	1-0
Andean Res.	3-2	Bigair Group	1-0	Chesser Res.	1-0	Djeriwarrah	3-0	Focus Minerals	3-0
Aneka Tambang	1-0	Billabong Int'l	4-2	Cheviot K Vine.	1-0	Dolomatrix Intl	2-0	Forest Place Gr	1-0
Anglo Australia	8-1	Biota Holdings	2-0	Cheviot Bridge	2-0	Domino's Pizza	0-4	Forest Ent Aust	1-0
Anglo Pacific	9-0	Black Fire En.	3-0	China Y Copper	1-0	Dominion Mining	0-10	Forge Group Ltd	1-0
Antares Energy	2-0	Blackmores Ltd	2-0	China Century	8-2	Downer EDI Ltd	4-0	Fortescue Metal	0-3
Anteo Diagnost.	3-0	Blackthorn Res.	4-0	Choiseul Inv.	1-0	Dragon Mining	1-0	Forte Energy NL	4-0
Antisense T.	1-0	Black Range Min	0-1	Chrome Corp Ltd	4-0	Dragon Mountain	2-0	Freedom Nut'l	5-0
Anvil Mining	3-0	Bluescope Steel	6-1	Circadian Tech	2-0	Drake Resources	1-0	Freshtel Hold.	0-1
Apex Minerals	1-0	Bluglass Ltd	1-0	Citigold Corp	1-0	Drillsearch	1-0	Funtastic Ltd	1-0
Aquarius Plat.	2-0	Boart Longyear	7-1	Clancy Explor.	2-0	Drummond Gold	1-0	Future Corp	3-0
Arafura Res.	2-3	Boom Logistics	2-0	Clarius Group	2-0	Dulhunty Power	1-0	G.U.D. Holdings	2-0
Arafura Pearls	5-0	Boral Limited	1-0	Clean Seas Tuna	1-0	Dyesol Ltd	2-0	GBST Holdings	5-2
Arana Thera.	2-0	Botswana Metals	4-0	Clever Com Aust	2-0	E & A Limited	3-0	GEO Property	3-0
Argent Minerals	1-0	Boulder Steel	2-0	Clime Inv Mgmt	9-0	E-Bet Limited	5-0	GPT Group	1-0
Argo Investment	0-2	Bounty Mining	2-0	Clinuvel Pharm.	1-0	E-pay Asia Ltd	1-0	GWA Internat'l	2-1
Argo Explor.	0-1	Bounty Oil Gas	1-0	Clough Limited	4-0	Eagle Eye Metal	1-0	Gage Road Brew.	1-0
Artist & Enter.	0-4	Bow Energy Ltd	12-0	Clover Corp.	2-0	Eagle Nickel	1-0	Galaxy Res.	1-0
Ascent Pharm.	5-0	Bradken Ltd	6-0	Coal of Africa	3-0	Early Learning	2-0	Galileo Japan	6-0
Aspen Group Ltd	2-1	Brain Resource	1-0	Cobar Cons Res.	1-0	East'n Star Gas	0-1	Garratt's Ltd	2-0
Aspermont Ltd	1-0	Brambles Ltd	3-0	Cochlear Ltd	1-0	East Energy Res	2-0	Gas2Grid Ltd	1-0
Astra Capital	1-0	Brandfill	9-0	Cockatoo Ridge	1-0	Eastern Corp	1-0	Gateway Mining	1-0
Atlas Iron Ltd	3-2	Bravura Sol.	2-0	Cockatoo Coal	1-0	East Coast Min.	1-0	GeneraBio.	3-0
Atomic Res. Ltd	1-0	Breakaway Res.	1-0	Codan Ltd	7-0	Eftel Ltd	4-0	Geodynamics Ltd	1-0
Augustus Min.	5-0	Breville Group	4-0	Coffey Int'l	2-0	Electrometals	5-0	Gindalbie Met.	3-0

Company	Insider Buyers-Sellers	Company	Insider Buyers-Sellers	Company	Insider Buyers-Sellers	Company	Insider Buyers-Sellers	Company	Insider Buyers-Sellers
GippslandLtd	0-1	IntegraMining	2-0	MarbletendGrp	2-0	Olympia Res.	1-0	RegionalExp.	2-1
GlengarryRes.	4-0	InternocoLtd	4-0	MarengoMining	5-0	OncardInt'l	1-0	RenisonCons	3-0
GlobalProperty	1-0	Intl All Sports	1-0	MarionEnergy	1-0	OrbitalCorp	6-0	RepolLtd	1-0
GlobalMiningI	1-0	IntrapowerLtd	1-2	MatrixMetals	1-0	OrientalTech.	1-0	Res & InvestNL	1-0
GlobalPetrol.	4-2	IntrepidMines	1-0	MatrixviewLtd	1-0	OriginEnergy	5-4	ResonanceHlth	4-0
GlobalNickel	1-0	InventisLtd	3-0	MatsaResources	2-0	OrionPetroleum	2-0	ResourceGener.	2-0
GloucesterCoal	7-0	IpernicaLtd	1-0	MaverickEnergy	3-0	OrocobreLtd	0-1	ReverseCorp	0-1
GoldenState	1-0	IressMktTech	4-1	MaxiTRANS	2-0	OropaLimited	6-0	RewardMinerals	7-0
GoldminexRes.	0-1	IronOreHold.	2-0	MaximusRes	1-0	OttomanEnergy	1-0	RichmondMining	1-0
GoldLinkIncome	1-0	IronMountain	5-0	McMillanShake.	0-1	OverFiftyGrp	2-0	RidleyCorp.	10-0
GoldenWestRes	5-2	IronRoadLtd	1-0	McPherson'sLtd	4-0	PMacGregorInv	2-0	RioTintoLtd	1-0
GondwanaRes.	0-1	JBHi-FiLtd	0-3	MecResources	0-3	PMPLimited	1-2	RiversdaleMin.	0-2
GoodmanFielder	3-0	JVGlobalLtd	4-0	MedicalDevInt	5-0	PPKGroupLtd	8-0	RobustResource	1-0
GoodmanGroup	2-0	JamesHardie	1-0	MedicalTherapy	1-0	PacEnvironment	2-0	RocOilCompany	5-2
Graincorp	2-0	JatoilLimited	1-0	MelbourneIT	8-0	Pac.Enviromin	1-0	RockBuildSoc.	0-3
GrandGulfEn.	3-0	JetsetTravel	2-0	MerchantHouse	2-0	PacificOreLtd	4-0	RocklandsRich.	1-0
GrangeResource	1-0	JindaleeRes.	1-0	MercuryBrands	3-0	PacrimEnergy	3-0	RossHumanDir.	1-0
GraynicMetals	4-0	JoyceCorp.	1-0	MermaidMarine	0-1	PanPacificPet	7-0	RoxResources	1-0
GreencrossLtd	1-0	JumbuckEnter.	5-0	MetalsAust.	1-0	PanaxGeotherm.	3-0	RoyalResources	2-0
GreenlandMin.	5-0	K&SCorporation	1-0	MetalStormLtd	1-0	PanaustLtd	0-2	RoyalcoRes.	1-0
GreencapLtd	1-0	K2AssetMgmt	4-0	MetalsFinance	10-0	PanoramicRes.	2-3	RubiconRes.	2-0
GryphonMineral	2-0	KLMGroupLtd	1-0	MetcashLtd	0-1	PaperlinXLtd	4-0	RungeLtd	15-0
GtWesternExp.	1-0	KaroonGas	1-3	MeteoriteRes.	1-0	ParagonCare	2-0	RuralausInvest	4-0
GuinnessPeat	0-2	KentorGoldLtd	1-0	MetgascoLtd	0-2	PattiesFoods	3-0	RuralcoHold.	8-1
GujaratNREMin	8-0	KeyPetroleum	1-0	MikohCorp.	1-0	PearlstreetLtd	2-1	RusinaMining	3-0
GullewaLtd	1-0	KeyBridgeCap'l	1-0	MillepedeInt'l	2-0	PelorusProp.	5-0	SAIGlobalLtd	1-0
GunnsLtd	5-0	KeycorpLtd	1-0	MiltonCorp.	0-1	PenriceSoda	4-0	SPAusnet	0-1
GunsonRes.	2-0	KingSolomonM.	2-0	MinaraResource	6-0	PeopleBankAust	2-0	SPTeimedia	8-0
HGLLimited	1-0	KipMcGrathEC	2-0	MincorResource	1-0	PepininiMin.	0-1	STWCommGroup	1-0
HalcygenPharm.	1-0	KoonHoldings	6-0	MindaxLimited	22-0	PerpetualLtd	3-0	SaferoadsHold.	3-0
HannansReward	3-0	KorabResources	1-0	MineralsCorp.	6-0	PerseusMining	0-2	SalmatLtd	4-0
HastingsHi-Yld	4-0	KorvestLtd	2-0	MinemakersLtd	1-2	PharmaxisLtd	1-0	Sam'sSeafood	1-0
HastieGroup	8-0	KrestaHoldings	6-0	MineralCommod.	4-0	PharmaustLtd	2-1	SamsonOil/Gas	2-0
HavilahRes.	1-0	KrucibleMetals	1-0	MintailsLtd	6-0	PhileoAust.	1-0	SandfireRes.	1-0
HawthornRes.	0-1	KuthEnergyLtd	4-0	MirvacGroup	1-3	PhoenixCopper	2-0	SaracenMineral	1-0
HeadlineGroup	7-0	L&MPetroleum	1-0	MitchellComm.	5-0	PhotonGroup	5-0	SavcorGroup	9-1
Healthscope	4-3	LabtechSystems	0-2	MobyOil&Gas	2-0	PikeRiverCoal	2-0	Scantech	1-0
HedleyL&GProp	1-0	LakesOilNL	2-0	MolopoAust	1-0	PlatinumAust	0-1	SedgmanLtd	4-1
HelixResources	5-0	LandmarkWhite	3-0	MolyMinesLtd	0-1	PlatinumCap'l	2-0	SegueResources	1-0
HendersonGroup	0-3	LaserbondLtd	1-0	MonadelphousGr	3-0	PlatsearchNL	1-0	SelectHarvest	3-0
HeraldResource	1-0	LegacyIronOre	3-0	Morn.StarGold	2-0	PlutonResource	3-0	ServiceStream	3-0
HeronResources	2-0	LegendMining	1-0	MorningStar	0-1	PolarisMetals	4-0	ServcorpLtd	1-0
HeximaLtd	1-0	LeightonHold	7-3	MosaicOilNL	0-1	PortBouvard	7-0	SevenNetwork	2-3
HighlandPac.	1-0	LendLeaseCorp	1-0	MtBurgessMin.	1-0	PraemiumLtd	3-0	SignatureMetal	6-0
HillEndGold	2-0	LibertyRes.	2-0	MtGibsonIron	1-0	PrairieDowns	2-0	SilverSwanGrp	2-0
HillgroveRes.	2-1	LihirGoldLtd	3-0	MundoMinerals	0-1	PremierInvest	3-0	SilverLakeRes	1-0
HillsIndust.	2-0	LincEnergyLtd	0-6	NGMResources	5-0	PrimeagAust.	2-0	SilverChefLtd	1-0
HitechEnergy	0-7	LiontownRes.	3-0	NRWHoldings	9-0	PrimeRetirePr	1-0	SinoGoldMin.	0-3
HodgesRes.	2-0	LionSelection	5-1	NagambieMining	1-0	PrimeMediaGrp	6-0	SinovusMining	1-0
HorizonOilLtd	1-0	LiqNaturalGas	0-1	NamoiCotton	1-0	PrimaryHealth	19-5	SkilledGroup	1-0
HositechLtd	1-0	LittleWorldB.	6-0	NanosonicsLtd	2-0	ProMedicusLtd	1-0	Slater&Gordon	0-4
HudsonRes.Ltd	7-0	LivingLeisure	0-1	Nat'lAustBank	2-1	ProbiotecLtd	1-0	SomnomedLtd	3-0
HunterHallInt	8-15	LodestoneEn.	1-0	NatasaMining	3-0	ProphecyInt'l	2-1	SonicHealth	0-5
HydrotechInt'l	1-0	LogicamsLtd	1-0	NationalHire	5-0	ProsperityRes.	1-0	SoulPattinson	10-0
HydrometCorp.	0-3	LudowiciLtd	5-0	NavitasLtd	2-0	ProtoResources	9-5	SouthernGold	2-0
HyperionFlag.	9-4	Lumacom	4-0	NewHopeCorp.	8-0	PrymeOil&Gas	2-0	SparkInfrastru	0-1
HyroLimited	2-0	LuminusSystems	0-2	NewcrestMining	1-0	PublicHoldings	6-0	SpecFashion	4-0
I-SOFTGroup	0-1	LycopodiumLtd	3-0	NeweraUranium	1-0	QldTrustees	6-0	SpitfireRes.	5-0
IMMedicalLtd	2-1	LynasCorpLtd	1-0	NewhavenHotels	2-1	Q-MastorLtd	5-0	SpotlessGroup	4-0
IMDGroup	7-0	MCMEntertain.	1-0	NexusEnergy	6-0	QRSciencesHold	5-0	StBarbaraLtd	1-2
IMF(Aust)Ltd	0-1	MDSFinancial	3-0	NibHoldings	4-0	QRXPharmaLtd	2-0	StagingConnect	2-0
IMXResources	5-0	MEOAustralia	9-0	NidoPetroleum	1-2	QantasAirways	2-1	StarpharmaHold	3-0
INGOfficeFund	1-2	MMCContrarian	1-0	NiplatsAust.	1-0	QldMiningCorp	1-0	SthAmerIron	1-0
ISSGroupLtd	0-2	MOKO.mobiLtd	1-0	NoniBLimited	4-0	QuantumEnergy	3-0	SthCrossElect	2-0
ITLLimited	2-0	MacServices	0-1	NorfolkGroup	1-0	QuayMagnesium	1-0	SthBoulderMin	1-0
ITXGroup	1-0	Mac.HarbourM.	1-0	NorthernEnergy	1-0	QuestMinerals	1-0	StirlingMin.	1-0
IconEnergy	2-1	MacMahonHold	4-0	NorthernIron	3-0	QuickstepHold.	0-1	StirlingRes.	4-0
IconResources	2-0	MacarthurCook	2-0	NorthAustDiam	3-1	RCRTomlinson	2-0	StirlingProd.	1-0
liNet	2-1	MacarthurCoal	3-0	NorthernMining	0-1	REAGroupLtd	0-2	Stockland	1-0
IlukaResources	1-0	MacminSilver	0-1	NorthwestEnergy	1-0	RHGLtd	0-1	StraitsRes.	0-2
ImageResources	3-0	MacquarieMedia	7-0	NovogenLtd	1-0	RIMCapitalLtd	3-0	Strat.Energy	1-0
ImmuronLtd	0-1	MacquarieGroup	0-1	NithQldMetals	0-1	RNYPropertyTr	2-0	StrikeRes.	2-0
ImpactMinerals	1-0	MacquarieDDR	4-0	NufarmLimited	2-0	RRAustralia	1-0	StructuralSyst	3-0
ImpedimedLtd	1-0	MacquarieAir.	2-0	NusepLtd	3-0	RamsayHealth	0-2	StyleLimited	4-0
ImpressEnergy	9-0	MacquarieInfra	2-0	OBJLimited	0-3	RawsonRes.	0-2	Suncorp-Metway	1-0
IncitecPivot	4-0	MacquarieC'Wde	1-0	OMHoldings	2-0	RazorRiskTech	5-0	SundanceEnergy	2-0
IndMinerals	4-0	MagellanPetrol	1-0	OMLimited	1-0	RealBrands	3-0	SundanceRes.	1-0
Independ.Group	2-4	MagellanFinGp	11-0	OZMineralsLtd	4-1	RedHillIron	16-0	SunlandGroup	1-0
IndiaResources	2-0	MagellanFlag.	7-0	OaksHotel	3-0	Red5Ltd	1-0	SunshineHeart	1-0
IndustreaLtd	5-0	MagnaMetals	3-0	OaktonLimited	3-0	RedForkEnergy	2-0	SunsetEnergy	2-0
InfigenEnergy	0-1	MagneticRes.	3-0	OccupationalMd	0-1	RedflexHolding	3-2	SunvestCorp	1-0
Infomedialtd	2-0	MalagasyMin.	2-0	OceanCapital	1-0	ReeceAustralia	1-0	SupplyNetwork	1-0
InnaminckaPet.	1-0	ManasResources	1-0	OilBasinsLtd	1-0	ReedResources	5-0	SwickMinServ	5-0
InsuranceAust.	2-0	MantleMining	4-0	OilxLtd	1-0	RegalResources	2-0	SymexHoldings	14-0
InterminRes	3-0	MarathonRes.	0-1	OldfieldsHold	2-0	RegisResources	8-0	SyndicatedMet.	1-0

Company	Insider Buyers-Sellers	Company	Insider Buyers-Sellers	Company	Insider Buyers-Sellers	Company	Insider Buyers-Sellers	Company	Insider Buyers-Sellers
SynergyEquity	1-0	TempletonGloba	0-1	Transit Hold.	5-0	VerticonGroup	1-0	West Aust Metal	2-0
SynergyMetals	2-0	Ten Network	0-1	TransfieldServ	2-0	Victory West M.	1-0	WesternAreas	3-10
SyngasLtd	1-0	Terrain Mineral	2-0	Tranzact Fin.	11-0	Victoria Petrol	2-0	WestpacBanking	0-1
SyrahResources	1-0	Terramin Aust	1-0	TreasuryGroup	6-0	Village Road.	6-0	Whitehaven Coal	3-0
TFSCorporation	6-3	Thakral Holding	2-0	Trinity Group	12-1	Virax Holdings	3-0	White Energy Co	0-1
TNG Limited	5-0	The Reject Shop	0-1	Trojan Equity	2-0	Virgin Blue	1-0	White Canyon Ur	3-0
TSV Holdings	1-0	Thinksmart Ltd	8-0	Troy Resources	3-2	Vita Group Ltd	4-0	White Cliff Nkl	3-0
TZ Limited	6-0	Thomas & Coffey	1-0	Truscott Mining	4-0	Vmoto Ltd	1-0	Wide Bay Aust.	3-0
Tabcorp Holding	3-0	Thundelarra Exp	4-0	Trust Company	5-0	WAM Active Ltd	1-0	Willmott Forest	6-0
Talent2 Int'l	7-1	Tiaro Coal Ltd	2-0	U308 Ltd	1-0	WDS Limited	5-1	Wilson HTM Inv.	6-0
Talisman Mining	2-0	Tiger Resources	1-0	Un. Biosensors	3-0	WHL Energy	1-0	Windimurra Van.	1-0
Tamawood Ltd	3-0	Timbercorp Prim	1-0	Undercoverwear	1-0	Watpac Ltd	1-0	Windy Knob Res.	2-0
Tanami Gold NL	1-0	Timbercorp	3-0	United Orogon	1-0	Wattyl Ltd	2-1	Wolf Minerals	2-0
Tandou Ltd	4-0	Tishman Speyer	9-0	United Minerals	1-0	Wavenet Int'l	8-0	Woodside Petrol	1-0
Tap Oil	0-3	Toll Holdings	1-0	United Overseas	1-0	Webjet NL	0-1	Woolworths Ltd	1-0
Tasmanian Perp	2-0	Top End Uranium	3-0	Uramet Minerals	2-0	Webspy Limited	1-0	Worley Group	2-0
Tasman Resource	1-0	Toro Energy Ltd	2-0	Uranex NL	3-0	Webster Ltd	1-0	Wotif.com Hold.	0-1
Tassal Group	2-1	Total Staffing	2-0	Uranio Ltd	1-0	Wellcom Group	4-0	Wrigdways Aust	1-0
Tatts Group Ltd	0-3	Tower Australia	0-2	Uranium Equitie	2-0	Wentworth Hold.	2-0	XRF Scientific	6-0
Tawana Resource	1-0	Tox Free Sol.	0-1	Uscom Limited	1-0	Wesfarmers Ltd	1-2	YTC Resources	1-0
Techniche Ltd	1-0	Trafalgar Corp.	1-0	VDM Group Ltd	2-0	Western Plains	1-0	Yellow Rock Res	2-0
Tectonic Res.	1-0	Traffic Tech.	2-0	Valad Property	9-0	Westfield Group	1-0	Zedex Minerals	1-0
Telezon Limited	3-0	Transfield S In	3-0	Venus Resources	3-0	West Wits Min.	1-0	Zicom Group	5-0
Telstra	1-0	TransPacific In	2-0			Western Desert	1-0		

Insider Buying and Selling

Although no stockmarket indicator is infallible, a large number of insider buy (or sell) trades in a share is one of the most reliable indicators of future share price performance. *Insiders* - with their intimate knowledge of the company - are the most knowledgeable investors and best able to assess both the *value* of the company's shares and its *recovery and growth* potential.

Numerous studies in many markets have demonstrated the value of *insider* trading data. Interestingly - and contrary to all that research - at least two investment advisory services in Australia/NZ have recently discontinued following *insider* data. We understand very well how time consuming it is to search through stock exchange announcements from almost 2000 listed companies each week to source this information! While other *newsletter writers* may be able to run their business without this *insider* data, we are primarily *stockmarket investors* and we shall not be managing our investment portfolio without this valuable *insider* information!

28 years ago we established this newsletter to provide the information and advice needed to manage our own

Runge Ltd (code RUL).

This company was formed in 1977 but only listed on the stockmarket in May 2008 after offering 50.2 million shares (40% being new shares, 60% sold by existing investors) at 100 cents each. Over the last year there have been numerous *insider* buys by four directors who already had very large investments in the company. That is what we would call a very significant amount of *insider* buying!

investments, but which wasn't available elsewhere. It would seem that little has changed over the last three decades - except that our investment portfolio has grown around 500-fold in value - so our need for this information is significantly greater!!

Investors should note that if too many investors followed any piece of stockmarket information then it can become less valuable at predicting *future* price changes - as the market would quickly reflect that information into current share prices.

That, however, is not something we need to worry about! *Fewer* newsletters are monitoring *insider* trades, so *fewer* investors are basing investment decisions upon this data. This will tend to make *insider* data even more valuable as the market ignores this valuable information (which is difficult to collect and collate), and misprices shares (i.e. under-values shares that *insiders* are buying and over-values shares that *insiders* are selling).

Discussed below are three companies with significant *insider* buying which we believe warrant a closer look by investors.

Runge is a Technology and Consulting company for mining companies. The Technology division provides software to help mining companies plan and efficiently manage their mine operations. As with other software businesses, this generates revenues from initial licence sales, implementation and training fees and then recurring annual maintenance fees. The Consulting division provides mine planning advice to mining companies, their financiers and other service providers. *(Continued on Page 12)*

Insider Buying: Runge Ltd

(Continued from Page 11)

Historically the company has generated organic revenue growth in excess of 20% per annum and profit margins (before interest, depreciation and tax) of around 20%. The business is not capital intensive, generates a high return and has no net debt (i.e. cash of \$8.1 million slightly exceeds interest bearing debts of \$7.4 million).

In the current economic and mining sector downturn, Runge is experiencing a change in its business mix similar to that experienced during other periods of change. Large initial software sales fell 31% in the half year to December 2008 as mining companies deferred major capital investment, but consulting services revenues increased 55% as miners seek to adapt to the changing environment. As the cycle progresses the company expects that demand for consulting services will soften but that software sales will recover.

The software business, of course, has higher *fixed* costs than the consulting business, so fluctuations in software sales have a much greater impact on the group's net profit.

For the year to June 2008, revenues rose 62.8% to \$63.4 million, with profits up 6.2% to \$5,943,000 (4.8 cents per share). That result, however, included significant costs relating to a proposed trade sale of the business (which did not proceed) and the Initial Public Offering costs. "Pro-forma" profits (i.e. adjusted for these items) were reported as \$8,024,000 (6.5 cents per share). A final 1.5 cents dividend was paid. The business generated an operating cash surplus of \$5.9 million.

For the half year to December 2008, revenues were 42.5% higher at \$43.9 million, while profits rose 49.0% to \$4,666,000 (3.8 cents per share) and a 2.0 cents interim dividend was paid. The cash operating surplus was \$3.9 million (compared with a *deficit* of \$2.6 million in the same period of the previous year).

The 2008 prospectus forecast a profit of \$10.3 million for the June 2009 year and an annual dividend rate of 5.0 cents. Although the company announced a \$2 million software licence sale in early June it will fall short of achieving this 2009 profit and dividend forecast owing to other large software sales being deferred.

The shares initially traded up to 125 cents (i.e. a 25% premium to their IPO) but quickly fell to a low of 32 cents in February this year, *over-anticipating* the actual downturn in this business. Since then the shares have doubled in value and we would expect further volatility but an overall continuation of this recovery.

Over the last year there have been 15 *insider* buys

on-market (and no sells), from four different directors, all of whom already had large investments in the company. Usually one would expect *large* shareholders in this situation to be selling, realising some of their major investment asset to finance lifestyle expenditure or to diversify their investment portfolio. So this buying shows strong confidence in the company from directors who probably have most of their net wealth *already* invested in this business.

The Chairman, VP Gauci, purchased 64,000 shares around 75 cents in October 2008 and a further 100,000 shares at 50 cents in December 2008, lifting his shareholding to 665,000 shares.

The Managing Director, A Kinnane, purchased 25,000 shares at 72 cents in October 2008, 65,000 shares at 49 cents and 30,000 shares at 45 cents in December 2008, plus a further 61,000 shares around 43-48 cents in February and then 75,000 shares at 48-50 cents and 40,000 shares at 47 cents in March . . . lifting his shareholding to 1,081,171 shares or 8.1% of the company.

Executive Director, C Larsen, purchased 40,000 shares at 45 cents and 113,000 shares at 47 cents in December, plus 21,293 shares at 47 cents and 28,707 shares at 46 cents in March to lift his holding to 4,636,568 shares (3.7% of the company).

Founder and non-executive director, I Runge, bought 118,000 shares in November at prices around 70-73 cents, plus 62,306 shares at 49 cents and 101,250 shares at 45-47 cents in December to increase his holding to 15,928,389 shares (or 12.8% of the company).

The issued capital consists of 124,080,000 shares which currently trade at 61½ cents to give a total market capitalisation of \$76.3 million. Runge shares were added to the All Ordinaries index in March 2009.

Summary and Recommendation

Although experiencing a downturn along with the Resource sector, Runge could prove an excellent long term investment. We have long believed that the best way to invest in the Resource sector is via non-capital intensive companies that provide *services* (i.e. like Campbell Brothers) rather than directly through capital intensive mining companies which are directly exposed to fluctuating commodity prices, rapidly depreciating equipment and depleting mines.

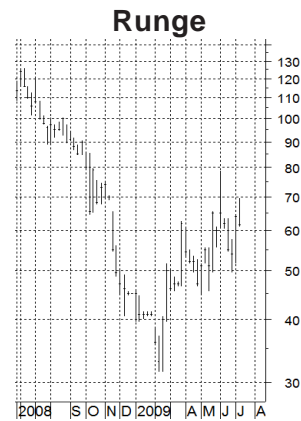
Runge's Technology division has the attractive economics of a software business (i.e. make once, sell multiple times) and the ability to earn high margins and a high return on investment.

The Consulting division provides both the knowledge to produce better mining software plus counter-cyclical

revenues and profits to offset downturns in the sector.

While profits to June 2009 will be below profit forecasts, the share price fell to a low in February this year and is now anticipating the recovery and growth of the business.

We are not formally recommending Runge shares, but they could be attractive for an investor seeking medium to long term growth.



Bell Financial Group (BFG).

This is a large stockbroking group - and readers of this newsletter probably already know that stockbroking is a very cyclical business which is, well, not too buoyant at the moment.

Funds Management and Stockbroking firms are currently experiencing sharp falls in profits - perhaps trading at little better than break-even levels - and their share prices are severely depressed. So this *could* be a good time for some counter-cyclical share buying in these sectors. That, at least, is what the directors of Bell Financial Group are currently doing!

This company - whose main business is stockbroker **Bell Potter Securities** - listed on the stockmarket in late 2007 following the initial public offering of 43.9 million shares (19.3% of the company) at 200 cents per share.

In September 2008 the group acquired another stockbroker, **Southern Cross Equities**, paying an initial sum of \$36.5 million (i.e. \$18.2 million in cash and 14.6 million shares at 125 cents). Subject to performance benchmarks, Bell Financial Group will make three annual payments of \$18.2 million in cash and 14.6 million shares, taking the total consideration to \$145.8 million (based upon a share value of 125 cents). That agreement was modified this month (although the actual details haven't been disclosed) to allow a larger percentage of the current depressed revenues to be paid to staff but reducing the total purchase consideration to a maximum of \$114.8 million.

For the year to 31 December 2008, revenues fell 23.4% to \$175.7 million, while profits of \$14,437,000 (6.0 cents per share) were down 59% on "pro-forma" (i.e. adjusted for items related to restructuring for the IPO) profits of \$35.3 million. The annual dividend rate was 5.0 cents. The net operating cash surplus was \$90.1 million (although this figure is misleading, boosted by a net \$99 million of "receipts from customers" relating to the repayment of margin loans).

Stockbroking commissions fell 27% to \$111 million over the year, while Capital Markets revenues (i.e. underwriting, etc) fell 81% to under \$9 million.

The current financial year (i.e. to December 2009) had an "extremely difficult start" in January and the first half of February, with an improvement in the second half of the quarter. The March 2009 quarter resulted in a "small unaudited pre-tax profit" (i.e. slightly better than break-even), although revenues should have improved in the June quarter.

Net tangible assets are \$63 million (26 cents per share) consisting mainly of cash of \$52 million (21 cents per share).

The directors, however, have made 13 on-market buys over the last year.

Executive Chairman, C Bell, bought 87,500 shares at 105 cents and 100,000 shares at 90 cents in August last year, 74,851 shares at 68-70 cents in October, 100,000 shares at 55-60 cents in December and 56,600 shares at 44½ cents in March 2009. That gives him direct ownership of 1,333,414 shares plus an indirect ownership in a further 31,264,862 shares (a total of 13.5% of the company).

Managing Director, A Provan, has made on-market purchases of 87,500 shares at 105 cents in August 2008, 74,851 shares at 90 cents in October, 52,500 shares at 62 cents in November, 50,000 shares at 60 cents in December and 56,600 shares at 44½ cents in March, lifting his direct holding to 2,479,337 ordinary shares, plus 31,264,862 shares held indirectly (totalling 13.9% of the company).

Executive Director, B Potts, acquired 100,000 shares on-market at 47 cents in April and a further 100,000 shares at 50 cents in May. He owns 2,479,337 shares plus up to 6.8 million shares (subject to performance criteria) relating to the acquisition of Southern Cross Equities.

Non-executive director, C Coleman, purchased 112,000 shares at 90 cents in October, lifting his holding to 1,772,283 shares. *(Continued on Page 14)*

Insider Buying: Bell Financial Group

(Continued from Page 13)

The total issued capital is 242,210,523 shares. Trading at 70 cents, the market capitalisation is \$170 million.

The shares hit a low of 37 cents in February and have steadily almost doubled in value since then. The Relative Strength rating is +5.0%, ranked 34 (on a scale of 0-99).

Summary and Recommendation

We are not formally recommending Bell Financial Group but these shares could prove to be an excellent recovery situation, capable of paying high dividends when the stockmarket recovers. Stockbroking is a very cyclical business - with little or no profits or significant assets at the bottom of a downturn, but capable of earning high cash returns in more buoyant market conditions.

As with other very cyclical businesses, investors need to take that leap of faith and buy when the business has no profits and pays little or no dividend. *Insider*

Metals Finance (code MFC).

This is a small micro-cap business involved in mineral extraction. *Insiders* have been actively buying shares which are trading for significantly less than the value of its cash, a share investment and mineral projects.

The company has just changed its domicile from Canada to Australia and changed its name from Metals Finance Corporation to Metals Finance Ltd.

The issued capital is 64,950,589 shares, trading at 8.5 cents to give the company a total market capitalisation of just \$5.5 million.

Its assets far exceed this value. The latest quarterly cash statement (as at the 31 May 2009) shows cash of \$8,691,000 (13.4 cents per share). It has short term interest bearing debts of \$560,585 and \$3,500,000 of convertible notes maturing in October 2010. The conversion price is 50 cents per share or repayment in cash . . . so will almost certainly be repaid in cash! That gives the company net cash on hand of \$4,630,415 or 7.1 cents per share.

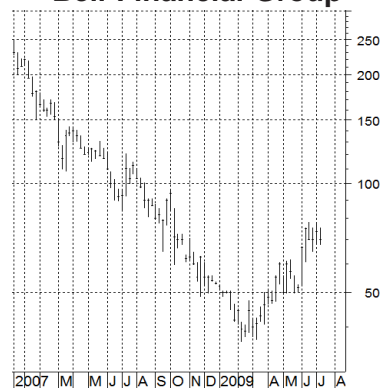
In November 2008, the company purchased 20,611,900 shares in listed **Bass Metals** (code BSM) for \$1,855,000 or 9 cents per share. Metals Finance hopes to become involved in joint processing ventures with Bass Metals, but also sees the shares as undervalued. Bass Metals is also a cash rich company with cash of \$5.4 million or 5.2 cents per Bass Metals share. Bass Metals' share price has appreciated over recent months and at 20 cents Metal Finance's shareholding in this company now has a market value of \$4.1 million or 6.3 cents per Metals Finance share.

Metals Finance has just one project in production. This is the **Palabora Project** joint venture between

buying and the share price trend are therefore a couple of important indicators to assess value and time purchases.

When the business is booming and growth potential looks unlimited - that will be the time for investors to seriously think about selling stockbroking shares and taking profits!!

Bell Financial Group



South African copper miner **Palabora Mining** (which is controlled by **Rio Tinto**) and **Metals Finance Africa** (which is 50% owned by Metals Finance). This project is producing high purity nickel sulphate from bleed solution from Palabora Mining's copper refinery. Product sales are funding operating expenses and should repay total capital costs of A\$3.6 million to Metals Finance Africa over the 2010 and 2011 financial years, followed by profit shares totalling around an estimated A\$10.5 million through until June 2014 (when full ownership of the project goes to Palabora Mining). The cashflow projections are, of course, sensitive to fluctuations in the value of nickel (which has been recovering in value recently). So the parent company, Metals Finance, should receive over \$7 million in cash (10.8 cents per share) over the next five years. Even if future cash flows are heavily discounted the present value of this revenue stream must be around \$4-5 million (6.2-7.7 cents per share).

The company has a number of other projects close to progressing:

The **Lucky Break** nickel laterite project is a joint venture with listed **Metallic Minerals**. An initial project was confirmed but delayed in 2008 owing to the high cost of sulphuric acid and then the fall in the nickel price. A new project has been designed to improve the economics of the venture. This is viable at current nickel and acid prices. Annual production would be scaled back from 1700 tonnes to 1000 tonnes annually, but the capital costs have been reduced to just one-third of the original project. Acid consumption (per pound of nickel produced) will be lower and the new project will produce higher value nickel metal rather than lower value nickel

carbonate/nickel hydroxide. The company is updating quotes for the revised equipment and processing, as well as negotiating acid supply and product sales agreements.

There is no commitment to proceed with the Lucky Break project at this stage, but at current prices the company estimates the project would have a net present value of around \$20 million and a 70% per annum internal rate of return. Proceeding with this venture could therefore add around \$10 million (15 cents per share) to the present value of Metals Finance.

The **Chambishi Copper Colbalt** project is a joint venture between **Chambishi Copper Mine** in Zambia and Metals Finance Africa (MFA). Under the terms of the agreement, MFA will finance a feasibility study by November 2009 (which is expected in “mid-2009”) into processing two million tonnes of refinery residue containing copper and cobalt (plus a further 20,000 tonnes produced monthly by the refinery) and four million tonnes of copper and cobalt bearing slag. At current prices this material contains close to US\$1 billion worth of copper and cobalt.

MFA then has the option to fully finance a recovery plant with 95% of the operating surplus initially being applied to repay this cost, after which MFA will receive 47.5% of the operating surplus over the life of the project.

Preliminary studies indicate the potential to recover around 75% of the metals through low concentration acid leaching and Metals Finance Africa is examining the potential for a stage development to initially process 240,000 tonnes annually, with cashflows then helping to finance the capital cost of expansion to 480,000 tonnes annually and then expanding the operation to process one million tonnes annually.

Results to date “have been positive and indicate significant potential value for MFA and, consequently, Metals Finance at current metal prices”.

Metals Finance Africa is also investigating a fully owned **Iron Pigment Project** to produce high quality iron pigment for the construction and paint industries. The company has an agreement with a large South African manufacturer to purchase pigment (if the project proceeds) and is currently seeking a suitable source of iron rich feedstock. The capital cost would be “relatively low” at \$3-5 million. A feasibility study is expected around mid-2009 with “potential for rapid implementation”.

The **Hasavu Gold Project** is a joint venture with the owners of an alluvial gold deposit (1.8 million tonnes at 4.8 grams/tonne) in Arizona, the United States of America. If Metals Finance manages and finances a pilot test, detailed feasibility study and development of the project

then it will earn a priority 90% share of the project surplus to repay its study and development costs and then 34% of future surpluses. Metal Finance is evaluating results from a recent bulk sampling program before making a decision whether to proceed further with this project.

There have been 10 *insider* share buys on-market over the last year. Executive Director, PA Treasure, purchased 121,000 shares at 14 cents in August 2008 (plus four other purchases of under \$10,000 which we consider too small to count) to lift his holding to 2,668,187 shares (4.1% of the company).

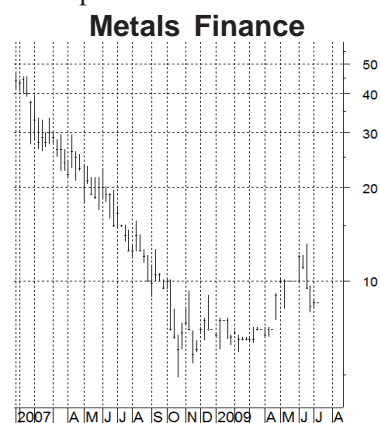
Non-executive director, GG Hill, purchased 688,500 shares at 10.1 cents and 311,500 shares at 10.6 cents in September 2008, 500,000 shares at 10 cents, 350,000 shares at 7.9 cents and 654,350 shares at 6.8 cents in October and 800,000 shares at 7.5 cents in December. This year a further 279,500 shares were bought at 6.4-6.5 cents in February 2009 and 266,654 shares at 6.8 cents in April. There were also two other small purchases over the year. Those purchases increased his holding to 4,654,350 shares (7.2% of the company).

A third director, who has since retired, purchased 811,500 shares at 10.2-10.3 cents in October 2008.

Summary and Recommendation

Unlike most resources companies, Metals Finance, is not involved in exploration or ownership of tenements or mineral deposits. Instead it seeks to enter joint ventures with the owners of these assets, offering its ability to *plan* and *finance* the processing of refinery waste or mineral deposits. Expertise in these areas, plus the ability to select attractive projects, *could* build an attractive niche business with revenues from early projects providing the finance for later projects and the eventual payment of dividends.

The company and its business are not without risks, but at 8½ cents the shares are trading well below the value of its cash, shares and potential value of its projects. So this could be an attractive, asset-rich, speculative recovery/growth situation for investors looking for an exposure to the resource sector.



Investment Outlook

(Continued from Page 1)

fund manager, economist or to compete in IQ competitions . . . as we believe there is a major error in that logic: Share prices anticipate the economic recovery by 3-6 months, so as shares started rising in late March then the economy will probably bottom out around late June to September/October. So the rally since March would be perfectly correct if the economy continued to decline through to about September/October this year! Furthermore, economic statistics are reported with a lag of 6-9 months, so a recovery starting in September 2009 wouldn't show up in statistics until perhaps March to June 2010. By then the perfectly correct stockmarket recovery would be 12-15 months old.

So owing to the stockmarket anticipation and lag in statistics, the economic situation tells us *nothing* about the validity or otherwise of the recent rally. Economic arguments in favour of shares falling to new lows are based on false logic!

Most real investors probably know that *current* shares reflect *expectations* about the *future*. Although the human mind has a habit of forgetting its past errors, think back to the investment expectations of last March. At the time, this newsletter was despairing over the lack of intelligent life on this planet! We received emails stating "I wonder if we are making a mistake by staying in the market" and "My husband and father in law have decided that it is time to sell all the shares and stop further losses as things are getting so very bad". A couple of investors wanted to sell Campbell Brothers around \$8-9 to "buy back at the bottom"! Investors appear to have forgotten that March 2009 was a period of mass hysteria!

With such widespread pessimistic *expectations* that the global economy was heading for something worse than the Great Depression, that companies would fail and share prices would fall further, world stockmarkets were at panic selling lows.

Investor *expectations* may still be pessimistic, but have improved considerably since March. The pessimists now talk of a "deep and long" recession and "slow recovery", not of something "worse than the Great Depression". So with improved expectations we should continue to see share valuations above their March lows.

Finally, share price movements are driven by the actions of investors. After the panic of February/March 2009 anyone who was going to sell out of the stockmarket probably has already - so there is no-one left to sell. Those of us that held on are here for the coming recovery - even though there will be a few bumps along the road. There is also a lot of cash sitting on the sidelines, so when prices dip it will likely bring out *buyers*, not *sellers*.

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
Smiths City Market	1.00	07-08	14-08	Nil
<u>Australian Shares</u>				
Challenger Wine Trust	1.20	24-06	17-08	

Total Return Index for All Listed Shares

Jun 8	1374.56		
Jun 9	1360.63		
Jun 10	1360.46		
Jun 11	1351.21		
Jun 12	1353.64		
Jun 15	1360.39	Jun 22	1352.26
Jun 16	1352.50	Jun 23	1345.20
Jun 17	1355.31	Jun 24	1340.80
Jun 18	1355.24	Jun 25	1346.65
Jun 19	1354.59	Jun 26	1342.24
Jun 29	1342.17	Jul 6	1328.80
Jun 30	1340.11	Jul 7	1328.47
Jul 1	1338.80	Jul 8	1324.90
Jul 2	1337.05	Jul 9	1325.36
Jul 3	1332.22	Jul 10	1324.51

Next Issue:

The next issue of *Market Analysis* will be emailed in four weeks time on Monday August 10, 2009.

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

MARKET ANALYSIS is published 12 times per year by Securities Research Company Limited, P.O. Box 34-162, Birkenhead, Auckland. Subscribe online at www.stockmarket.co.nz or www.australia-stockmarket.com or email james@stockmarket.co.nz.

Readers are advised that they should not assume that every recommendation made in the future will be profitable or equal the performance of recommendations made in the past. A summary of all prior recommendations is published on the website. The information presented has been obtained from original and published sources believed to be reliable, but its accuracy cannot be guaranteed.

The entire contents are copyright. Reproduction in whole or part is strictly forbidden without the approval of the publisher.