

Market Analysis

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Inside Market Analysis

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Summary and Recommended Investment Strategy.

Stockmarkets are rising, driven by low valuations, liquidity in financial markets and investor psychology. This should continue for 6-18 months or longer, so remain fully invested in the recommended shares.

Investment Outlook.

The stockmarket recovery since March has been - and continues to be - driven by three major factors.

Firstly, share prices are recovering from an extreme of under-valuation driven by crowd psychology that was somehow expecting a Depression greater than the Great Depression of the 1930's! This newsletter repeatedly pointed out that share valuations were at levels not seen since the stockmarket lows of the 1970's and early 1980's, and we were very dubious about the new Great Depression as it was just too widely accepted without any discussion or supporting argument.

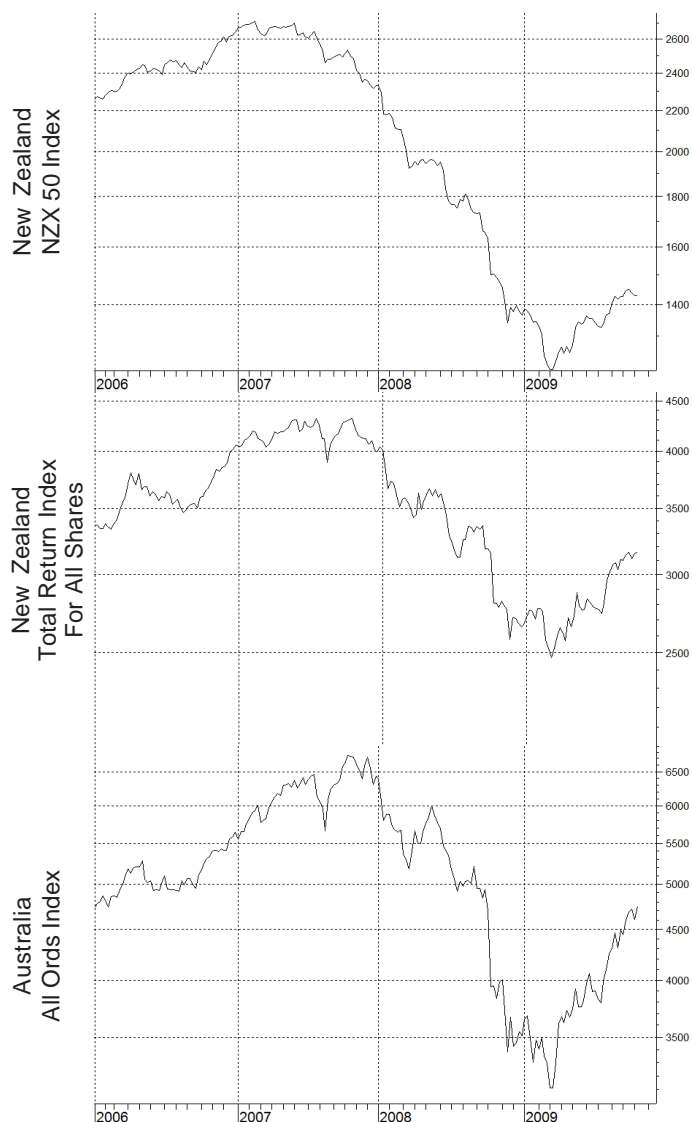
Economic *expectations* can be self-fulfilling, but can also be self-correcting. *If* enough people believe the economy is heading for a Depression, then governments will act with rescue plans and stimulation packages to ensure that those expectations do not become a reality. In the stockmarket things are even simpler: *Widely* held stockmarket expectations are *always* wrong. If people *expect* share prices to fall in the future then they will *already* have sold their own shares - and there will be no-one left to sell and push prices lower! So the stockmarket hits its low at what the late Sir John Templeton would call "The moment of maximum pessimism".

Secondly, share prices are benefiting from the billions of dollars that Central Banks have pumped into financial markets. Money can flow freely through financial markets, so pump in a billion dollars anywhere (i.e. to bail out a bank or support the mortgage market) and eventually the cash will show up in every stockmarket around the world. With the current recession - and only a slow economic recovery expected next year - this money will not be drawn off to finance new assets in the real economy (i.e. building new factories or new holiday homes) any time soon and will continue to inflate the value of financial assets such as shares!

Thirdly, investors remain very sceptical about this rally. We have seen several reports of Fund Managers, investment newsletters and (Continued on Page 16)

Stockmarket Forecasts

	One-Month	One-Year
Australia:	86% (Bullish)	75% (Bullish)
New Zealand:	70% (Bullish)	71% (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	P/E Ratio	Gross Yield		Performance Forecast	Price	Price/Sales Ratio	P/E Ratio	Gross Yield		Performance Forecast	Price	Price/Sales Ratio	P/E Ratio	Gross Yield	
AMP Limited	B	815	4.80	24	5.5	Jasons Media	D	55	0.80	11	4.1	Pumpkin Patch	B	195	0.79	NE	4.8	
AMP Onyx Mgmt	D	85	6.34	NE	8.1	Just Water Int.	C	35	0.82	17	15.7	Pyne Gould Corp	E	41	0.28	NE	Nil	
Abano Health	A	670	0.83	16	4.7	Kermadec Prop.	C	52	3.08	NE	9.6	Rakon Ltd	D	122	1.12	35	Nil	
Afco Holdings	E	37	0.20	NE	Nil	Kingfish Ltd	A	93	N/A	NE	4.8	Renaissance	C	24	0.06	3	18.7	
Air New Zealand	B	133	0.31	68	7.0	Kirkcaldie & St	B	240	0.53	21	6.2	Restaurant Brds	B	130	0.41	15	8.0	
Akd Int Airport	C	194	6.44	57	6.0	Kiwi Property	D	108	4.62	NE	8.4	Rubicon Limited	E	95	0.47	NE	Nil	
Allied Farmers	E	28	0.09	NE	Nil	Life Pharmacy	C	48	4.47	NE	8.4	Ryman Health	B	186	N/A	14	2.3	
Allied Work.	D	76	0.26	3	12.8	Lion Nathan Ltd	B	1369	3.50	29	2.8	Salvus Strat.	C	80	N/A	NE	Nil	
Apple Fields	D	5.0	1.48	3	Nil	Livestock Imp.	B	220	0.49	3	28.4	Sanford Limited	D	487	1.23	23	6.7	
Barramundi Ltd	B	75	N/A	NE	2.4	Lombard Group	D	6.1	0.80	NE	Nil	Satara Group	E	65	0.18	5	Nil	
Blis Technology	C	11	N/A	NE	Nil	Lytellton Port	C	260	3.15	26	2.7	Scvov Equities	C	1.5	N/A	NE	Nil	
Botry-Zen Ltd	E	1.8	9.00	NE	Nil	Mainfreight Grp	A	541	0.42	15	5.1	Scott Techt Ltd	A	101	0.85	8	13.3	
Briscoe Group	B	111	0.61	20	6.1	Marlin Global	B	87	N/A	14	3.3	Sealegs Corp	C	23	1.56	NE	Nil	
Broadway Ind	D	30	0.39	NE	Nil	Media Tech.	D	2.0	0.31	2	Nil	Seeka Kiwifruit	C	275	0.32	9	6.5	
Burger Fuel	D	31	3.48	NE	Nil	Methven Limited	A	169	0.82	11	10.4	Skellerup Hold.	C	53	0.44	9	6.7	
CDL Investments	E	27	N/A	39	Nil	Metro LifeCare	D	225	4.71	NE	Nil	Sky City Ltd	B	324	2.22	16	6.8	
CER Group Ltd	D	1.2	0.63	NE	Nil	Michael Hill	C	71	0.66	15	4.1	Sky Network TV	C	478	2.69	21	4.2	
Canty Bldg Soc.	B	300	0.99	18	4.0	Mid-Cap Index	C	216	N/A	NE	Nil	Smartpay NZ Ltd	B	3.5	0.26	NE	Nil	
Cavalier Corp	A	240	0.65	12	8.9	Millennium & C.	C	40	1.13	8	4.5	Smiths City	D	34	0.08	18	5.9	
Cavotec MSL	C	260	0.56	9	Nil	Mowbray Collect	C	100	2.67	NE	Nil	Sol. Dynamics	D	35	0.34	NE	Nil	
Charlie's Group	D	7.0	0.66	NE	Nil	NZ Experience	B	25	1.05	10	12.9	South Port NZ	A	290	3.90	23	5.0	
Col Motor Co	B	260	0.15	14	8.2	NZ Exchange Ltd	B	820	6.84	22	3.8	Speirs Group	C	46	0.42	NE	Nil	
Comvita	C	105	0.41	39	Nil	NZ Finance Hold	E	25	0.49	NE	Nil	Steel & Tube	B	307	0.56	10	8.8	
Connexion	E	10	0.68	NE	Nil	NZ Farming Sys.	E	46	4.59	NE	Nil	Sthn Travel	E	20	0.14	NE	Nil	
Contact Energy	C	591	1.27	29	6.8	NZ Oil & Gas	N/R	176	4.92	13	4.1	Tag Pacific Ltd	C	28	0.18	13	3.3	
Cynotech Hold.	E	13	0.75	6	14.9	NZ Refining Co	C	500	3.02	10	13.4	Taylor's Grp Ltd	A	218	0.75	12	8.5	
Delegat's Group	B	250	1.09	8	4.6	NZ Wine Company	A	225	1.56	15	2.5	TeamTalk Ltd	B	220	1.46	11	13.0	
Dominion Fin.	C	1.0	0.01	0.149	3	NZ Windfarms	E	53	N/A	NE	Nil	Telecom Corp	C	257	0.85	12	9.3	
Dorchester Pac	C	12	0.18	NE	Nil	NZ Wool Service	E	20	0.09	NE	Nil	Tenon Ltd	C	97	0.13	NE	Nil	
Eastern Hi-Fi	E	8.0	0.47	NE	Nil	NZSX 10 Fund	C	87	N/A	NE	Nil	Tourism Hold.	D	69	0.40	NE	Nil	
Ebos Group Ltd	A	590	0.21	15	6.1	NZSX 50 Port.	C	129	N/A	NE	Nil	Tower Limited	B	168	0.66	10	5.3	
F & P Health	B	302	3.35	25	6.1	NZX Aust MidCap	C	520	N/A	NE	Nil	Training Sol.	E	1.0	5.00	NE	Nil	
F & P Appliance	D	68	0.21	NE	Nil	Nat Property Tr	C	48	2.79	NE	10.4	Trust Power Ltd	C	748	3.00	22	6.6	
Finzsoft Sol'ns	D	13	0.14	NE	Nil	New Image Group	B	76	1.80	11	2.8	Turners & Grow.	D	136	0.24	10	11.0	
Fletcher Build.	B	817	0.70	14	5.8	Northland Port	C	185	N/A	28	4.2	Turners Auction	A	112	0.39	28	3.9	
Freightways Ltd	B	310	1.36	13	7.6	Nuplex Indust	C	237	0.30	27	2.1	VTL Group Ltd	C	1.5	0.01	0	Nil	
Genesis Res.	D	6.5	1.47	NE	Nil	Opus Intl Cons	D	150	N/A	NE	Nil	Vector Ltd	C	192	1.63	11	10.2	
Goodman Prop.	D	101	6.59	NE	10.3	Oyster Bay	C	235	1.80	14	4.3	WN Drive Tech.	E	9.4	2.77	NE	Nil	
Guinness Peat	C	87	0.39	NE	2.9	Ozzy (Tortis)	C	349	N/A	NE	Nil	Wakefield Hlth	B	920	1.51	13	4.1	
GuocoLeisure	B	59	1.30	8	2.7	PGG Wrightsons	E	61	0.15	NE	Nil	Warehouse Group	B	443	0.80	18	6.8	
Hallenstein G.	B	280	0.84	13	10.7	Pac Edge Bio.	D	19	N/A	NE	Nil	Widespread Port	N/R	17	N/A	NE	Nil	
Hellaby Hold.	A	165	0.17	16	5.2	Pike River Coal	E	116	N/A	NE	Nil	Windflow Tech.	E	124	0.47	NE	Nil	
Heritage Gold	N/R	2.6	N/A	NE	Nil	Plus SMS Hold.	D	0.5	0.36	NE	Nil	Wool Equities	E	8.9	N/A	NE	Nil	
Horizon Energy	C	340	2.80	16	7.5	Port Tauranga	C	680	6.34	20	5.7	World Index Fd	D	103	N/A	NE	Nil	
ING Property	C	81	3.99	NE	9.9	Postie Plus Grp	D	40	0.14	26	Nil	Xero Ltd	C	142	N/A	NE	Nil	
ING Med. Prop.	D	118	0.00	NE	7.2	Propertyfinance	D	10	0.16	NE	Nil	Zintel Comm.	B	30	0.39	7	14.9	
Infratil NZ	E	164	0.49	NE	5.7	Property F Ind.	D	119	7.79	NE	6.0	Ave of 142 Cos	C	171	0.00	6	5.0	
Inv Research Gr	D	1.8	0.69	NE	Nil	ProvencoCadmus	D	3.5	0.04	NE	Nil							
AGL Energy Ltd	B	1412	1.07	9	3.8	DUET Group	C	160	1.32	NE	15.1	New Hope Corp.	B	574	6.69	18	14.3	
AMP Ltd	B	679	4.70	23	5.6	David Jones	B	556	1.40	18	5.0	Newcrest Mining	B	3572	6.82	70	0.4	
ANZ Bank	A	2462	1.23	15	5.5	Deutsche Div Tr	C	131	6.10	14	7.1	News Corp.	C	1552	0.33	NE	1.0	
APA Group	A	302	1.59	19	3.9	Deutsche Ind Tr	C	196	6.49	12	8.1	Nib Holdings	A	128	0.77	27	5.8	
APN News Media	B	218	0.90	NE	10.3	Dexus Property	D	80	4.83	NE	9.1	Nufarm Limited	B	1159	1.13	19	2.8	
ASX Limited	A	3546	7.27	19	4.7	Djerriwarrh	C	412	N/A	NE	6.3	OM Holdings	A	170	1.41	7	3.8	
AWB Limited	A	122	0.07	5	7.4	Downer EDI Ltd	A	865	0.49	15	3.4	OZ Minerals Ltd	C	128	4.53	NE	3.9	
AXA Asia Pac	C	472	1.33	NE	3.9	East'n Star Gas	D	91	N/A	NE	Nil	Oil Search Ltd	B	677	6.65	23	1.7	
Abacus Property	C	44	4.80	NE	17.6	Emeco Holdings	A	82	0.97	39	4.9	Onesteel Ltd	B	318	0.58	18	3.1	
Adelaide Bright	B	270	1.46	12	5.6	Energy Resource	B	2528	9.57	22	1.1	Orica Ltd	B	2360	1.30	16	3.8	
Alumina Ltd	B	188	N/A	13	6.4	Energy World	E	49	6.42	NE	Nil	Origin Energy	B	1618	1.76	27	3.1	
Amalgamated Hld	B	519	0.95	10	6.2	Envestra	E	5	1.76	NE	13.8	Pacific Brands	B	193	1.91	NE	6.4	
Amcor Ltd	B	230	1.91	23	8.3	Equinox Min.	C	370	0.52	NE	Nil	Parsdale Energy	D	429	N/A	NE	Nil	
Andean Res.	C	232	N/A	NE	Nil	Extract Res.	C	929	N/A	NE	Nil	Panaut Ltd	C	50	5.08	NE	Nil	
Aneka Tambang	C	111	N/A	NE	10.8	Fairfax Media	C	172	1.55	NE	Nil	Panoramic Res.	C	258	N/A	NE	Nil	
Ansell Ltd	B	1026	1.03	12	2.7	Felix Resources	A	1675	4.36	12	3.2	Peet Ltd	B	194	3.23	18	3.6	
Aquarius Plat.	D	532	6.20	NE	Nil	Flight Centre	A	1497	0.87	39	0.6	Perpetual Ltd	A	3740	4.24	42	2.7	
Aquila Res.	C	775	N/A	NE	Nil	Fortescue Metal	C	377	5.13	19	Nil	Platinum Asset	A	584	N/A	26	3.4	
Argo Investment	C	670	N/A	NE	4.0	Foster's Group	B	561	2.31	25	4.9	Premier Invest	A	810	1.40	14	6.8	
Aristocrat Leis	A	538	2.27	24	4.5	G.U.D. Holdings	A	848	1.09	15	7.1	Primary Health	B	629	2.04	23	2.2	
Arrow Energy	C	426	N/A	8	Nil	GPT Group	C	66	3.20	NE	27.0	Q.B.E. Insur.	B	2280	N/A	19	5.5	
Asciano Group	D	169	0.69	NE	Nil	GWA Internat'l	B	270	1.19	17	6.7	Qantas Airways	B	297	0.46	57	2.0	
Atlas Iron Ltd	D	172	N/A	NE	Nil	Gloucester Coal	B	612	1.64	6	2.2	REA Group Ltd	A	768	5.82	NE	1.3	
Aust United In	B	743	N/A	54	3.4	Goodman Group	C	68	N/A	NE	14.3	Ramsay Health	A	1050	0.57	17	3.6	
Australand Prop	B	56	1.25	6	19.6	Goodman Fielder	B	175	0.96	13	6.0	Reece Australia	B	2303	1.52	24	2.2	
Austar Limited	C	126	N/A	NE	Nil	Guinness Peat	D	74	2.37	NE	2.8	Rio Tinto Ltd	B	6150	0.44	16	3.1	
Austal Ltd	B	270	1.91	25	2.2	Gujarat NRE Min	D	64	2.93	NE	Nil	S&P Min.	C	580	N/A	NE	Nil	
Aust Foundation	B	504	N/A	48	4.2	Gunns Ltd	B	115	0.99	14	3.5	S/Tracks ASX200B	B	4496	N/A	NE	4.0	
Aust Infra.	B	162	8.02	9	8.0	Harvey Norman	A	440	3.24	22	2.5	SAI Global Ltd	A	354	1.67	21	3.2	
Austereo Group	B	149	1.98	11	6.1	Healthscope	B	466	0.72	17	4.6	SP Ausnet	B	89	1.60	13	13.4	
Aust W'wide Exp	C	260	2.29	15	Nil	Henderson Group	C	247	N/A	NE	5.0	SP Telemedia	A	124	1.81	49	1.6	
BHP Billiton	C	3785	2.04	NE	2.7	I-SOFT Group	B	85	1.60	25	1.2	Salmat Ltd	B	410	0.73	19	5.4	
Bank of Q'land	A	1226	0.85	15	6.0	ING Office Fund	C	59	4.55	NE	16.4	Santos Ltd	B	1512	3.41	17	2.8	
Beach Petroleum	B	76	0.79	3	2.3	ING Indust Trt	B	64	2.47	NE	8.3	Seek Ltd	A	654	N/A	40	1.4	
Bendigo Bank	A	951	0.87	17	4.5	IOOF Holdings	B	550	3.42	80	0.7	Seven Network	B	623	9.54	NE	5.5	
Billabong Int'l	B	1172	1.76	19	3.8	Iluka Resources	C	391	2.60	24	Nil	Sigma Pharm.	B	101	0.30	11	6.9	
Biota Holdings	B	295	6.18	13	Nil	Incitec Pivot	C	290	1.21	6	4.5	Silex Systems	C	723	N/A	NE	Nil	
Bluescope Steel	C	300	0.53	NE	1.7	Independ. Group	B	453	5.09	32	0.7	Sims Metal Mgmt	C	2100	0.44	NE	1.8	
Boart Longyear	B	31	0.22	3	10.6	Infgen Energy	B	148	2.72	7	6.1	Sino Gold Min.	C	724	N/A	NE	Nil	
Boral Limited	A	563	0.68	24	2.3	Insurance Aust.	B	388</										

Recommended Investments

The report on merger options for **Lyttelton Port Company** and **Port Otago** has been delayed from mid-October until late November. Right from the beginning, the report was expected to consider *merging the operating companies* while the actual port assets would be split off and owned by the local bodies. This will therefore involve a lot of "related party" transactions. Port Otago is wholly owned by the **Otago Regional Council**, while Lyttelton Port Company is 78.1% owned

(via a holding company) by the **Christchurch City Council** - which has clearly demonstrated hostility to the minority public shareholders in what it clearly views as *its* port company!

What worries us is that the Christchurch City Council has previously sought to take full control of Lyttelton Port Company - which would have allowed it to push through changes without any sort of public disclosure or scrutiny! Of course, any merger or *(Continued on Page 4)*

Portfolio of Recommended Investments

CURRENT ADVICE	Company	Code	Initial Recommendation - Date - Price	Performance Forecast	Issued Shares (mil.)	Vola- tility Ratio	Price/ Sales Ratio	Price/ Earnings Ratio	Gross Dividend Yield	Recent Share Price	Cash Dividends Rec'd	Total Return %
NZ Shares												
HOLD	CDL Investments Ltd	CDI	12/01/99 25	E	243.4	1.4	15.17	39	Nil	27	17.9	+80%
HOLD+	Cavalier Corporation	CAV	05/12/95 156*	A	67.1	0.8	0.65	12	8.9	240	238.0	+206%
HOLD	Colonial Motor Company	CMO	10/11/92 150	B	27.9	0.5	0.15	14	8.2	260	344.8	+303%
HOLD	Lyttelton Port Company	LPC	12/12/00 150	C	102.3	0.7	3.15	26	2.7	260	69.9	+120%
BUY	Michael Hill Int'l Ltd	MHI	11/06/91 5*	C	382.5	0.9	0.66	15	4.1	71	27.9	+1878%
HOLD+	Nuplex Industries Ltd	NPX	11/02/97 131*	C	189.8	0.7	0.30	27	2.1	237	98.1	+156%
HOLD	Postie Plus Group	PPG	08/05/06 71	D	40.0	1.4	0.14	26	Nil	40	8.5	-32%
HOLD	Renaissance Corp	RNS	13/08/96 85*	C	44.9	1.8	0.06	3	18.7	24	53.9	-8%
HOLD	Smiths City Group	SCY	09/10/06 64	D	53.0	1.6	0.08	18	5.9	34	11.0	-30%
HOLD	South Port New Zealand	SPN	13/02/96 120	A	26.2	0.7	3.90	23	5.0	290	117.3	+239%
HOLD	Steel & Tube Holdings	STU	08/08/00 146	B	88.2	0.8	0.56	10	8.8	307	231.0	+268%
TENDER	Taylors Group Ltd	TAY	09/11/99 102	A	24.3	0.7	0.75	12	8.5	218	99.0	+211%
Australian Shares (in Aust cents)												
HOLD+	AJ Lucas Group	AJL	13/05/03 120	A	64.9	0.6	0.64	26	3.3	489	41.0	+342%
HOLD+	Atlas South Sea Pearl	ATP	14/05/96 73	C	120.1	2.1	0.70	NE	16.7	12	17.5	-60%
HOLD	Breville Group Ltd	BRG	13/11/06 171	A	129.5	0.7	0.63	17	2.6	209	16.0	+32%
HOLD	Campbell Brothers Ltd	CPB	12/10/99 389*	A	53.0	0.3	1.62	14	3.6	2810	439.0	+735%
HOLD	Cellnet Group Ltd ¹	CLT	12/02/02 147*	D	76.8	1.4	0.27	NE	Nil	30	32.4	-49%
BUY	Challenger Wine Trust	CWT	12/01/09 30	C	170.3	1.3	1.69	NE	21.5	33	2.4	+18%
HOLD-	Charter Hall Group	CHC	06/04/09 30*	C	698.0	1.0	7.35	NE	7.7	65	1.0	+118%
HOLD	Circadian Technologies	CIR	10/02/04 188	E	45.2	0.9	10.54	NE	Nil	72	65.0	-27%
BUY	Clarius Group Ltd	CND	08/04/03 82*	B	79.7	0.9	0.21	34	Nil	94	65.5	+94%
BUY	CPT Global Ltd	CGO	10/03/08 88	A	36.8	0.8	0.69	14	6.6	83	7.3	+3%
HOLD+	Devine Ltd	DVN	13/11/06 94	C	315.5	1.1	0.32	9	6.6	46	19.0	-31%
HOLD+	Ellex Medical Lasers	ELX	14/03/06 49	B	84.9	1.8	0.26	37	Nil	19	Nil	-62%
BUY	Fiducian Portfolio Ser	FPS	11/02/08 260	B	32.4	0.9	2.36	16	4.2	160	13.3	-33%
HOLD	Iluka Resources Ltd	ILU	12/10/04 471	C	380.7	0.6	2.60	24	Nil	391	64.0	-3%
BUY	Integrated Research	IRI	14/01/08 40	A	166.8	1.1	1.62	9	9.6	42	7.0	+21%
HOLD	M2 Telecommunications	MTU	09/10/06 33	A	108.5	0.7	0.75	20	3.9	141	13.5	+368%
HOLD	Mercury Mobility ¹	MMY		C	105.3	2.7	1.56	NE	Nil	8	Nil	
BUY	Melbourne IT	MLB	10/02/04 53	B	78.0	0.6	0.68	8	9.2	163	51.0	+303%
HOLD+	Photon Group Ltd	PGA	10/11/08 132*	B	154.3	0.6	0.34	9	6.2	202	11.8	+62%
HOLD+	Probiotec Ltd	PBP	11/02/08 116	A	47.1	0.6	1.36	13	1.3	251	5.8	+121%
BUY	Prophecy International	PRO	08/09/08 26	A	45.8	1.1	4.14	13	7.3	58	4.3	+139%
HOLD+	Ross Human Directions	RHD	14/08/01 92	A	83.5	1.3	0.07	7	5.2	34	34.3	-26%
BUY	Skilled Group Ltd	SKE	12/03/02 126	A	123.6	0.7	0.12	8	5.5	192	1.5	+54%
HOLD	Technology One Ltd	TNE	11/11/03 44	B	298.9	0.9	2.14	14	5.2	79	17.2	+119%
BUY	TFS Corporation Ltd	TFC	08/01/07 45	B	191.3	0.9	1.93	5	4.5	96	5.2	+124%
HOLD+	The Reject Shop Ltd	TRS	11/01/05 257	B	25.8	0.4	0.79	17	4.3	1265	181.5	+463%
HOLD+	Village Roadshow PREF	VRLPA	10/08/09 77	B	224.9	0.7	0.23	4	9.1	140	Nil	+82%

The average Total Return (i.e. both Capital Gains/Losses plus Dividends received) of all current investments from initial recommendation is +169.9%.

This is equal to an average annual rate of +26.3%, based upon the length of time each position has been held.

The average annual rate of gain of ALL recommendations (both the 38 current and 146 closed out) is +30.1%, compared with a market gain of +4.8% (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 of Mercury Mobility distributed to shareholders.

Recommended Investments

(Continued from Page 3)

restructuring that benefits all shareholders *and* which is in the national interest (i.e. benefits port *users*) will almost certainly be approved by the minority shareholders. The wider economy would suffer if Council owned trusts sought to extract huge monopoly rents from the wider community for the use of their port infrastructure assets!

The Lyttelton Port Company minority public shareholders may therefore need to aggressively exercise their voting rights on any merger proposal - not just to protect our own rights as shareholders but also to shoulder the greater responsibility for ensuring that strategic port assets are dealt with in an appropriate manner! The Councils are "related parties", so cannot force through a merger or restructuring - but the unrelated minority shareholders are the only *independent* people who get to vote on this issue.

Perhaps some import/export businesses that use Lyttelton Port or Port Otago should buy a few shares now to get a voice in this matter?

Michael Hill International has revealed a new charcoal grey shop format at its Queen Street store which it will eventually roll out over its 250 stores in NZ, Australia, Canada and the United States. Four of the Chicago stores will convert to the new format shortly.

The company is still aiming to grow to 1000 stores and as part of its branding strategy will launch two fragrance products next year. Just as long as the company hasn't forgotten about its attempt to expand into shoes!

Postie Plus lifted revenues 2.5% for the year to 2 August 2009 and returned to a small profit of \$615,000 (1.5 cents per share), up from a *trading loss* of \$5.1 million the previous year. No dividend will be paid.

There was a net operating cash surplus of \$341,000 down from a cash surplus of \$5.3 million last year.

The company had 103 stores at balance date, 79 *Postie+* apparel stores and 24 *Baby City* children's wear and equipment stores. A new concept store has since been opened in Botany, Auckland and another will open soon in Westfield Manukau.

The company believes that growth in market share and gains from restructuring place it in "a stronger position for the summer season" and with "the prospect of the current quarter bringing an end to the two year recession". Sales over the first two months of the new financial year are ahead of the previous year.

This year Postie Plus will seek to "minimise the customary first half loss and to maximise its earnings in the second half".

Renaissance Corporation reports that a new point of sales system in MagnumMac "brought to light legacy stock and systems issues which have impacted overall earnings". Presumably these stock or accounting errors amount to around \$1.0-1.3 million as the company reports "good growth in sales" but has downgraded its full year pre-tax profit forecast from \$1.7-2.0 million to just \$700,000.

Australian Shares

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

Breville Group has become the target of a full takeover offer from listed GUD Holdings which is offering one GUD Holdings share for every four Breville Group

shares. The offer is conditional on obtaining a controlling 50.1% shareholding in Breville Group, but GUD Holdings already owns 19.4% of the company and institutions holding a further 28.0% have agreed to accept the offer (in the absence of a superior offer being made), so obtaining a controlling interest should not be a problem.

At the current price of 848 cents per GUD Holdings share, this offer values Breville Group shares at 212 cents. That is a 41.3% premium to Breville Group's share price of 150 cents before the offer. A premium of 41.3% is usually more than sufficient to guarantee the success of a takeover.

The takeover was only announced Friday and the timetable has yet to be announced.

As in any takeover, there is no rush to accept. This takeover will likely be successful for the reasons already discussed, but there is always the potential for a competing bid. The final acceptance date - which is usually extended - will probably be *after* our 9 November newsletter and we shall give our advice after we have studied the investment merits of accepting and retaining the GUD Holdings shares. Alternatively we could look at selling the Breville Group shares on-market, or accepting the takeover and then selling the GUD Holdings shares.

There appears to be some logic in the merger - which is always a bonus! Both companies design, manufacture and distribute small houseware appliances. A full merger would expand the product range, with cost savings in manufacturing, distribution and marketing. GUD Holdings *Sunbeam* appliances would gain access to Breville Group's established markets in the United States and Canada. A full merger could lead to the elimination of overhead and head office expenses.

This merger benefits Breville Group shareholders more than GUD Holdings shareholders. Breville Group shareholders receive a 41% capital gain on the takeover and a 172% increase in expected dividend income, yet receive GUD Holdings shares so fully participate in any future growth of the merged company.

Campbell Brothers is making a cash issue to raise \$196.6 million, offering shareholders one new share at \$22.00 for every six shares already held. The company already has a strong balance sheet, but this new equity will reduce gearing from 34% to under 10% - giving the company "the financial flexibility to pursue further strategic opportunities".

The shares traded ex-entitlement to the cash issue on 6 October and the "rights" to the new shares will trade on-market until 26 October. Payment for the new shares is due by 2 November.

Campbell Brothers did intend to make a 56 cents per share (\$42 million) takeover offer for Pearlstreet (a company involved in industrial non-destructive testing), but that has been rejected by the directors and unlikely to proceed.

Campbell Brothers has made many acquisitions over the years but the company realises that acquisitions do not create shareholder wealth. Acquisitions, however, allow the company to expand into new countries (and form the base for rolling out new laboratories) or new markets (i.e. acquiring new expertise and technology, which can then be duplicated throughout its existing

global laboratory network). So the company does not seek growth through acquisition which creates no shareholder value but *strategic* acquisitions which lead to *organic* growth of its business.

This is how Campbell Brothers has become an 8-bagger investment in our portfolio in just ten years!

By the way, we really hate it when some investment guru says “Nowadays *long term* is three months”. They simply lack the foresight to seek out strategic share investments that could increase 5-10 fold over 5-10 years. This newsletter certainly doesn't get everything right - but we have always *tried* to find shares with the potential to increase *many fold in value over many years* - and have succeeded often enough that these very successful investments have lifted our overall portfolio returns and created significant investment wealth.

What an investor should do with the Campbell Brothers cash issue will depend upon their individual circumstances. An investor with spare cash and not over-weighted in Campbell Brothers shares should probably take up the issue and buy the new shares. On the other hand, an investor without the cash and already over-weighted in Campbell Brothers shares may choose to simply sell the “rights” on-market and realise a small amount of our gain on this very successful investment.

Campbell Brothers



Cellnet Group will begin an on-market buy-back from 12 October, initially seeking to re-purchase up to 7.7 million shares or 10% of its capital but at the AGM it will ask shareholders to approve the re-purchase of up to 20.0 million shares or 26% of the capital.

The company has cash of about 30 cents per share, so if it can re-purchase shares at that price then the cash asset backing of the remaining shares will stay at 30 cents, while their ownership of Cellnet Group's remaining business will increase (as the issued capital decreases).

Net asset backing is around 42 cents and this buy-back and reduction in the issued capital should help improve the share price closer to that value. “Hold” for further re-rating.

Charter Hall Group recently sold \$30 million of existing *Core Plus Office Fund* units (at a 20% discount to net asset value) to **Gandel Group** as part of its financial restructuring announced in May. Other investors in that fund have exercised pre-emptive rights to acquire units under the same terms, so Charter Hall Group will realise a further \$30 million in cash (and a \$9 million loss) and reduce its holding in this fund to just 17%.

Gandel Group will also subscribe a further \$30 million

to acquire new units in the *Core Plus Office Fund*. New investment in its managed portfolio funds will increase Charter Hall Group's annual management fees and grow the value of its funds management business.

Clarius Group received applications of \$14.3 million - including applications in excess of a shareholder's basic entitlement - for the \$12.2 million of shares offered. The excess applications will be scaled back, based upon each investor's shareholding at the record date.

Interests associated with this newsletter applied for about 190% of our basic entitlement, with no scaling back. That suggests that either (1) few shareholders applied for additional shares or (2) a large number of shareholders failed to either sell their rights on-market or to take up their entitlement under this issue.

In this situation, the company will sell only those shares not taken up by other investors, so typically we would expect any excess entitlement to be only 5-20% of your basic entitlement. An issue at a significant discount to the market *and* where investors can sell the “rights” would typically have fewer shares available for excess entitlements - so the high level available here is surprising.

Obviously, investors with excess cash available in these situations could apply for excess shares and, at worst, it will be returned after a week or two. If, however, you needed to sell some other shares to take up your basic entitlement, then it wouldn't be wise to apply for a large number of excess shares.

Devine is seeking to sell its 4061m² *French Quarter* development site (plus fully costed development plans) in the Brisbane CBD in order to focus upon other projects. The company expects a “competitive bidding process” with interest from overseas parties.

Photon Group is bidding 30 cents per share, seeking to acquire full ownership of listed **Dark Blue Sea**. Photon Group already owns 30.55% of the company and the second largest shareholder, **Huon Capital** with 14.25%, has agreed to accept the bid in the absence of a higher offer. Only another 5.3% is needed to reach a controlling 50.1% shareholding when the takeover becomes largely unconditional.

Probiotec has made an institutional placement of 6.5 million shares at 255 cents per share. 4.7 million of these were new shares, raising \$12.0 million in cash for the company, while existing shareholders sold 1.8 million shares (for \$4.6 million) to realise some of the gains on their investment.

Probiotec has a strong balance sheet, with \$17 million of undrawn credit facilities (and could perhaps negotiate further borrowings), so it probably doesn't need to raise this additional capital. It is, however, often wise to raise additional capital when the share price is high and the business is performing well, rather than to run up high debt levels which could be significantly more expensive to re-finance if the business hits a glitch at some stage in the future.

The company will use the new cash to “expand manufacturing operations to meet increased demand, both international and domestically” which will likely produce a very high return on the additional capital investment (i.e. *increase* earnings per share), to “improve the group's supply chain” and “take advantage of strategic opportunities”.

(Continued on Page 6)

Recommended Investments

(Continued from Page 5)

Several directors and senior managers reduced their investments in Probiotec in this placement. While we prefer to see insiders buying rather than selling, there are possibly several good reasons why insiders have realised some of their profits. Quite likely these people have all or most of their share investments in this one company and they may have borrowed to finance their initial investment in the company. Selling some of a shareholding which has increased significantly in value - to reduce debt or diversify one's shareholdings is the correct investment decision for the individuals involved.

This newsletter has previously asked "Why take advice from an investment adviser who has failed to successfully manage his own investment wealth?". Similarly, if insiders make the correct *personal* financial decisions, then we can be more confident that they will also make the correct financial decisions when managing our company!

The Managing Director sold 900,000 shares - or 11.2% of his shareholding - to retain 7,135,954 shares which is 13.6% of the company. Another director sold 500,000 shares or 27.5% of his holding and a third sold 200,000 shares or 53.0%.

Skilled Group received applications totalling \$22.6 million under its Share Purchase Plan and the directors

raised the amount of shares offered from \$10 million to \$14.5 million (9.67 million shares).

All applicants were given at least the minimum entitlement of 666 shares for \$999, or the actual application (up to the maximum of 10,000 shares for \$15,000) up to their original holding on the record date. Investors with less than 10,000 shares on the record date had applications scaled back to a maximum of their original shareholding. So an investor with 2000 shares applying for 10,000 new shares will have been scaled back to 2000 new shares.

Village Roadshow has been unsuccessful at negotiating the sale of its US\$45 million loan to 40.9% owned **Village Roadshow Entertainment Group** to a third party. Village Roadshow Entertainment Group will be seeking additional funding in the future, which will probably include further loans from its shareholders.

Village Roadshow has completed the sale of its Greek film businesses, realising \$80 million in cash and an after tax profit of \$20 million.

The group has also decided not to exercise an option to purchase **Aussie World** on the Sunshine Coast in Queensland. After a full review, the company considers that the "potential returns do not justify the level of investment" necessary to turn this into a world class water park when compared with other investment opportunities.

Share Recommendation: Mercury Brands

We are writing-off our investment in Mercury Brands. The company is close to worthless (but not dead) and the shares are currently suspended (but the company is seeking to lift that suspension). There is, however, little value in these shares which we are writing-off from our portfolio at nil value.

Over the last month, Mercury Brands was unable to complete a planned equity raising, leaving the *operating* subsidiary, Mercury Brands Group, unable to pay its debts as they fell due. The directors of the listed holding company (i.e. Mercury Brands) therefore appointed a voluntary administrator to the operating company.

The Commonwealth Bank of Australia then appointed a receiver to both the operating company and the holding company. The receiver negotiated the sale of the operating company's assets including brands to a third party, **Australian Horizon Trading**, for cash and on-going royalties. The operating company, Mercury Brands Group, will receive royalties of 5% of sales of its own brands and 2% of sales from the transfer of third party brands. Cash from the asset sales - and on-going royalties over the next few years - will completely repay the bank debts, and the bank has removed its receiver.

The operating subsidiary is back under the control of the voluntary administrator who will seek a settlement with other creditors - to also be paid from future royalty streams.

The listed holding company is under the control of the board of directors and seeking to have the stock exchange suspension of its shares reversed. Presumably the

assets of this company are now (1) extensive tax losses and (2) any residual value in the brand royalties (after the bank and creditors have been paid off).

To have any value for *existing* shareholders, Mercury Brands will need to be used to make a "reverse takeover" of a company seeking a "back door" listing on the stock exchange. This simply involves a company seeking to list on the stock exchange, but wishing to avoid the legal and other costs of an initial listing (and perhaps the public scrutiny involved in publishing a prospectus with those inconvenient disclosures) getting Mercury Brands to take it over in a scrip bid. This *could* give the new company access to Mercury Brands tax losses plus a quick and easy stock exchange listing.

Given, however, that Mercury Brands shares have little or no value, such a "reverse takeover" would likely be preceded by the consolidation of Mercury Brands shares. For example, 100 existing shares could be consolidated into 1 new share (or perhaps even 1000 shares into 1 new share).

Even in this situation, the net value to current Mercury Brands shareholders would be very small. Quite possibly the company's shares will not have their suspension lifted and will be delisted. The company will likely linger on for many years - owing to potential value in future brand royalties - but largely as a non-operating company and with no real value.

Either way, we are writing the shares off now at nil value and will remove this share from our portfolio.

Share Recommendation: Accept Taylors Group Takeover Offer

ACCEPT Taylors Group Takeover Offer

Spotless Group has increased its offer for Taylors Group from 208 cents to 225 cents. That price coincides with the minimum amount that this newsletter suggested last month would be a “fair price”. This is a “final offer” so cannot be further increased.

Over the last month, Spotless Group has only been able to lift their potential holding from 66.01% to 77.35% and has already extended the closing date from 22 October to 5 November (and may be extended again). This not only gives Spotless Group more time to try to achieve its target of 90% ownership (and compulsory acquisition of the remaining shares) but also delays by another two weeks the date at which it will need to pay shareholders for the shares!

While we are not particularly concerned about the success or otherwise of this takeover as we would be quite happy to remain shareholders of Taylors Group - at this slightly higher price of 225 cents would recommend accepting the takeover offer and we shall look to re-invest the cash in other opportunities.

Shareholders should therefore accept the takeover offer, but note that this will not become unconditional until Spotless Group reaches 90%. As subscribers to this newsletter probably own a significant holding in Taylors Group this could now be achieved fairly quickly.

As extremely boring as we find Independent Advisor's reports, it was interesting to note that this one states that “Taylors is a mature company with limited growth potential, which has consistently under performed the NZX50 Index” over the last four years. That is, of course, completely contrary to our *real money* investment in Taylors Group shares over the last *ten* years when the shares significantly *outperformed* the NZX50 Index!

Over the last few years Taylors Group has had to renegotiate and renew its long term health contracts, absorb higher energy costs and higher labour costs (owing to statutory changes to holiday pay), and incur higher interest and depreciation costs from modernisation to improve efficiency. So it is perhaps no wonder that the shares have *underperformed* recently despite being an excellent long term investment!

Having successfully negotiated those lean years - and with perhaps some fat years immediately ahead (and who knows better than the major shareholder which controls the business), is it any wonder that Spotless Group is now seeking to take full ownership of Taylors Group?

The two independent directors have recommended the offer and will accept for their shareholdings. Well, that is, one of them (a QC) will accept for his relatively insignificant 4000 share holding and the other doesn't own a single share in our company. We do prefer it when the directors' *capital* investment in the company is more than just slightly greater than the annual dividend *income* we receive from the company, so when we re-invest this cash we shall probably be looking for a company where the directors' interests are more closely aligned with those of the public shareholders!

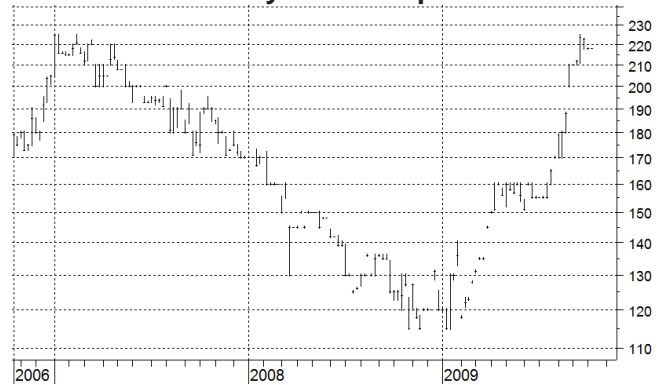
Summary and Recommendation

We recommend that investors accept the higher takeover offer of 225 cents. The business is competitive, and generates a good cashflow which has rewarded shareholders well over the longer term. This is a sound, income producing business. Nevertheless, the company is controlled by its major shareholder - who has run Taylors Group fairly but *could* become more hostile to NZ minority shareholders.

The long term trend is for NZ investors to sell successful companies overseas and it is difficult to resist that trend when local investors have little interest in Taylors Group. With little investor interest the shares do lack marketability. Even the independent directors (earning \$25,000/year each in fees) have little or no equity interest in the business.

We can probably find even better share investments for the decade ahead and we shall probably need to re-invest this cash overseas - but at least the NZ dollar is at a high against the Australian dollar and other currencies!

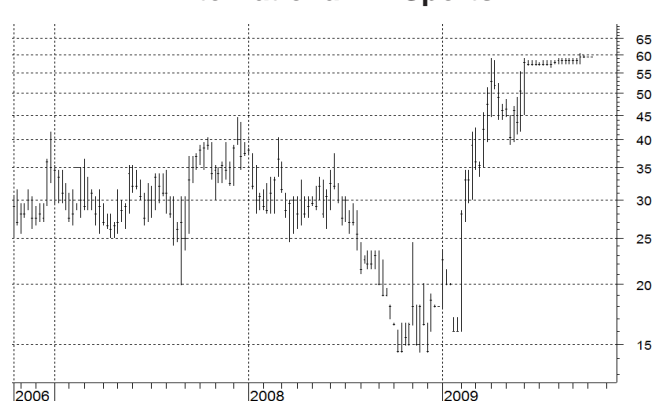
Taylors Group



International All Sports Taken Over

We have also removed **International All Sports** from our recommended portfolio following its acquisition by **Sportsbet** via a scheme of arrangement. Investors will have received 60 cents per share in cash.

International All Sports



Readers Ask . . .

Question: Is it possible to get a bit more comment on the NZ market and NZ shares? I still have a reasonable amount of my portfolio in NZ shares to provide a retirement income.

Question: We have recently sold a property and want to put part of that - about \$200,000 - into lower risk, income producing NZ shares to build up a revenue stream for when we retire in about nine years. Most of our current portfolio is in Australia.

I would like to put some in listed property trusts. What do you think of that strategy and do you have any recommendations?

Answer: There are a number of issues in those questions.

Firstly, should you invest for retirement income in the country in which you live? Most people would probably say "Yes", but there are *better* reasons to invest offshore!

Secondly, are there suitable investment opportunities in NZ? Is "investor protection" adequate?

But first, this newsletter seeks to find the *best* share investments to build investment wealth for both subscribers and our own portfolio from long term investment. We focus our attention on finding shares with the potential to increase many-fold in value over many-years. Overall our portfolio is probably over-weighted in NZ shares - so we are probably heading for less - not more - NZ content in the years ahead.

We do not have the time nor the space to comment on every share or investment situation and when we do, some readers consider that a defacto recommendation and buy - even when that is not our intention.

In the years after this newsletter sold its **Brierley Investments** shares in 1984 (for a 342% gain over our initial recommendation price) we were widely considered to be "anti-Brierley" by that company's great number of fans - until they eventually lost most of their capital and fell silent.

In 1986 and 1987 when we warned against high-flying investment companies we lost a lot of subscribers, but we are here to help investors build long term investment wealth, not maximise short term newsletter subscription revenues, so we tell it as we see it - whether or not that is what subscribers really want to hear at the time!

When this newsletter warned about the unfavourable economics of Telecommunications companies like **Telstra** and **Telecom NZ** we were accused of being "anti-Telecom", but Telecom NZ shares have lost over 72% of their value over the last decade.

So, when we warn about shortcomings in the NZ capital markets in general and the NZ stockmarket in particular (as we have at times over the last 28 years) then our objectives are (1) to try to make people take notice and improve the system (although after almost three decades we *are* getting a little disillusioned about this ever happening) and (2) to inform NZ investors of the risks and opportunities to enable them to make

informed decisions.

Of course, we shall probably *now* be accused of being "anti-NZ" - especially as we have moved from living in that high tax, low temperature country to a low tax "tropical paradise"!

Retirement Income

Most people earn retirement income from many sources which may include Government Superannuation (from the NZ government), private superannuation (from a NZ institution or NZ company), property rental income (from a NZ resident or NZ business), interest (from a NZ bank and/or NZ companies) and dividends (from shares).

As always, it is a good idea to diversify, but the NZ government, NZ institutions, NZ companies, NZ renters, NZ banks and NZ companies, however, are all subject to the same domestic economic risks and geographic risks. New Zealand lies on a major fault zone and the economy is also dependent upon agriculture and international trade. A new volcano (Auckland is built on top of twenty) or a major earthquake, unfavourable weather, agricultural pest or disease, or an international conflict or pandemic which temporarily closes borders and disrupts trade - could have a major impact on economic activity, lower tax revenues, further stretch the government's ability to fund significantly higher expenses and depress the NZ dollar exchange rate!

All of the NZ sources of retirement income would be at risk in a crisis. Investing in Australian shares to earn dividend income from overseas is the easiest way to diversify some of your country-specific economic and geographic risk. Many investors, of course, are happy to just ignore risk . . . but isn't that what led to the recent financial crisis?

Similarly, an Australian investor (or an investor resident in any other country) should consider earning some or all of their retirement dividend income from a second country to diversify their income streams.

For people with a truly international perspective, the standard rule is to have a passport from country A (i.e. probably where you were born), live in country B (i.e. where you wish to reside) and invest your money in country C - or, given that capital markets are global - in countries C, D, E and F (i.e. where your money is safe and where it can earn you the best returns).

The one argument *in favour* of NZ shares is access to the imputation tax credits on NZ dividends. On high yielding shares, however, the *Fair Dividend Rate* tax offers tax advantages for Australian shares - taxing the NZ investor at just a 5% FDR which may be significantly lower than actual dividend yields currently available!

Investment Opportunities

Before the 1987 crash there were almost 300 companies listed on the NZ stock exchange (some of which were perhaps rather dubious) but that quickly dropped to around 140 companies. The post-crash credit squeeze and contraction in bank lending forced both good and bad companies to fail. The number of listed companies has not increased over the last two decades (and many of the

current listed NZ companies are still rather dubious).

There are over 1900 companies listed on the Australian Stock Exchange - so there are almost 13½ times as many potential investment opportunities across the Tasman.

By capitalisation the Australian stockmarket is 48 times larger than NZ - so the average Australian company is perhaps four-times larger than the average NZ company. Even in Australia there are many companies that are too small and too inactively traded to even be *considered* as a recommendation - but in NZ there are probably less than 20-30 shares that we could even consider (and these are the large, mature companies which are not the best long term investments). So we have the choice of angering NZ investors by not recommending NZ shares - or angering them by recommending a share that might jump 20-30% on low volumes where they would probably not be able to acquire a meaningful investment.

NZ is a very small country in the global economy, yet very few NZ companies have succeeded in expanding internationally. Michael Hill International and Nuplex Industries are the exceptions. In contrast, many Australian companies run successful global businesses. We don't know why this is so. A "domestic-only growth company" is an oxy-moron as a company restricted to just the NZ economy will quickly reach the limits of growth. Australia has five times the population and seven times the GDP, so even a domestic-only Australian company has 5-7 times the growth potential of a domestic-only NZ company. Look how The Reject Shop's shares have grown 392% over the last 4¾ years in our portfolio while shares of a virtually identical business, The Warehouse Group, are up only 19%. Or, The Reject Shop is up 6½-fold since listing 5½ years ago while The Warehouse is up 3½-fold since listing 15 years ago!

Over the years, far too many NZ companies have fallen under the control of "high profile", narcissistic individuals and often become involved in related party transactions that seldom benefit the minority shareholders. NZ investors, however, rush to support these "smart money" individuals - but invariably the companies under-perform and often end up in receivership or worth a small fraction of their peak value. This has happened *too many* times over our 38 years of experience investing in NZ shares! Partly we believe this is a result of poor investor protection and inadequate disclosure in NZ.

Investor protection from the NZ Exchange or the Securities Commission (or whoever else responsibility can be passed off to) is, in our opinion, grossly inadequate for a developed country. "Emerging" markets have better investor protection as they know this is the only way to encourage companies to list and to attract foreign capital. Go to the NZX website (www.nzx.com - and why isn't that www.nzx.co.nz? - What's so wrong with a .co.nz domain name?). Click on "NZX customers" where you will find that *investors* don't rate a mention. This market exists to service the needs of *listed companies* and *brokers*. (And that "need", dear reader, is to *extract* cash from investors!)

A year ago this newsletter complained about misrepresentations by brokers, working for the major shareholder, about moves to delist Lyttelton Port Company and "the small man being frozen out". The NZ Exchange legal department confirmed that these statements did not breach the exchange's misnamed "Duty of Care" rules!! Frankly, we don't think *anything* would ever breach those rules! It is still a *Wild West* out there . . . so perhaps that isn't the best place to invest and risk your capital - especially for retired investors!

Is this a good time to mention NZ Finance companies? Probably not, as there is never a good time to mention them! Many NZ finance companies appear to have been little more than a front to raise money from naive investors, which was on-lent in related party transactions to finance high risk property development! When these problems came to light, the public investors have voted for a moratorium, leaving the existing bad management in place! This is simply avoiding facing up to the loss of most of their capital - at least for a few more years. (Or perhaps investors will later vote for a second moratorium, further delaying reality).

Unfortunately, the "unsophisticated" NZ investors who *repeatedly* accept this dishonesty and mismanagement - plus a non-existent or ineffective regulatory system - sets a minimum standard of NZ corporate ethics! This all means that the risk of loss is high and the odds are stacked against the public investors on the New Zealand financial markets.

The NZ stockmarket makes up just 0.06% of the world's total stockmarket capitalisation. 99.94% of potential investment opportunities are *outside* NZ. The NZ stockmarket is *smaller* than the Philippines, Peru, Egypt, or Morocco. Successful NZ companies don't list on the NZ stockmarket, they sell out to foreign owners! Successful NZ companies *already* listed on the NZ stockmarket also regularly get taken over by foreign companies.

New Zealand Income Shares

While the two investors above have asked about income shares, many of our recommended shares offer high yields. Often the best shares to buy are those that are both *under-valued* and offer *growth* potential. Although we might buy under-valued growth shares owing to the potential for capital growth, these shares also often offer both a high current income yield and income growth over future years - so are also the best investments for investors requiring income.

Investors who bought Campbell Brothers in 1999 are currently enjoying a 24.6% income yield based upon their initial purchase price. Melbourne IT yields 28.3% on our cost price, The Reject Shop pays 21.4% based upon our cost and Micheal Hill returns 50% of our initial cost in dividends each year! This is the way to build a high retirement income - not no-growth Property shares that return 8-10% per annum, but with little or no annual growth in those income payments!

For an income share (with good growth potential) can you do better than a company like Integrated Research? A current yield over 10% (and only 5% taxable under the FDR tax rules), with cash in (Continued on Page 10)

Readers Ask . . .*(Continued from Page 9)*

the bank and no debt, plus recurring revenues and cashflows?

NZ shares like Cavalier Corporation, Colonial Motors, Steel & Tube and (soon to be taken over) Taylors Group have also offered good income yields - plus some capital and income growth over the medium to long term.

A spread of other shares like **Hallenstein Glasson**, **Restaurant Brands** and **Methven** could also be considered.

Listed Property trusts could also be considered by investors seeking high *current* income. Over the medium to long term these will be better than money in the bank (earning just 5-6½%), but probably offering less *income growth* or *capital appreciation* than other shares. Property trusts could be suitable for *part* of a diversified portfolio and provide a high current income yield, but other shares will also be needed to provide *income growth* and *capital growth* for investors planning to still be around for more than a decade or two.

We would suggest investments in **AMP Office Trust** (which owns Auckland and Wellington office buildings), **ING Medical Properties**, **Kiwi Income Properties** (retail and office properties) and **Property For Industry** (mainly factories and other industrial properties).

For our couple nine years away from retirement we would point out the life expectancy at age 55 in New Zealand is around 25-30 years for the male and 30-35 years for the female. So while you may need to generate retirement income in less than 10 years, you still have an investment horizon that stretches out 25-35 years (assuming you plan to spend all of your capital) or longer (if you live longer than average and/or if you would like to leave some of your capital to your children or grandchildren). A high current income, with little growth, will be significantly eroded in value over the next 20 years (i.e. by 32%, with inflation at 2% p.a. or by 55% with inflation at 4% p.a.) which *could* leave a person short of income and capital during the last decade or so of retirement!

Australian Cash Issues and Share Purchase Plans

The main problem for a NZ investor in Australian shares is the short deadline for many cash issues and share purchase plans. By the time the Entitlement letter is delivered to NZ addresses, there is often insufficient time to mail it back to the share registry in Australia.

Investors without an Australian cheque account can obtain an Australian dollar cheque from any NZ bank. Just ask for an "Australian dollar bank draft" which will simply be an Australian dollar cheque drawn on your bank's account with an Australian bank. The cost of this is usually about NZ\$25 (plus the bank has a 1-1½% foreign exchange margin built into the NZ dollar value of the Australian dollars being purchased). A cheque to pay for the shares, however, can take 5-7 days to mail back to Australia - which will be rejected if it arrives *after* the closing date for the share issue.

This newsletter has contacted several Australian companies about their tight deadlines or delays in printing and mailing entitlement letters to NZ. The directors *do* have the discretion to change the deadlines for an issue. So a friendly email to the company, stating you are a shareholder who would like to support the issue, but that the paperwork hasn't arrived and the deadline is looming *could* encourage the directors to extend the deadline.

Perhaps in response to such contact, Atlas South Sea Pearl extended the deadline to their cash issue earlier this year, while Clarius Group gave us their bank account details for a telegraphic transfer (which can be made from any NZ bank account, either at your bank or via

internet banking). We distributed those details to subscribers in an email and the company also emailed those details to all of their NZ shareholders. This, however, is very unusual.

The other way to pay for new shares is electronically via BPAY. There is no reason why your local NZ bank does not provide this service - making a BPAY payment from their Australian bank account in the same way that they can write you an Australian dollar cheque - but they do not.

If an investor has significant Australian investments and wants to be able to take up cash issues and share purchase plans, then it is really necessary to obtain an Australian dollar bank account with an Australian institution that will give access to BPAY via internet banking.

An Australian bank account is also useful for having dividends direct credited and available for re-investing in Australia.

NZ investors can open an Australian Cash Management Account with Macquarie Bank which offers BPAY and cheque writing, but does require maintaining a minimum balance of around A\$5000. But most savings or cheque accounts with any Australian institution should also provide these services.

Opening such accounts - as a NZ resident - can, however, be difficult! If you have successfully opened an Australian bank account recently, let us know the details and we shall share that information with other subscribers.

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

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

STRENGTH RATING													STRENGTH RATING														
Company	Share Price	Cur-4 Wk Chg.	4-Wk Rank	Wk Rank	Rel. Strength	Price to NTAE	Return on Equity	Vola-ity	Price Ratio	Dividend Yield	Price to Sales	Market Cap'n	Company	Share Price	Cur-4 Wk Chg.	4-Wk Rank	Wk Rank	Rel. Strength	Price to NTAE	Return on Equity	Vola-ity	Price Ratio	Dividend Yield	Price to Sales	Market Cap'n		
UNDER-VALUED SHARES: Lowest Price/Sales, Yld>0, RelStrength>0													INSIDER BUYING: Most Insider Buying, Relative Strength>0														
HellabyHold.	165	+28.7	+4.0	4	14-0	-1.0	6	0.8	16	5.2	0.17	84	VectorLtd	192	-3.4	-0.5	67	2-0	1	0.9	9	0.7	11	10.2	1.63	1,835	
TagPacificLtd	28	+12.2	+14.8	19	0-0	-0.7	5	2.1	13	3.3	0.18	19	INGProperty	81	+13.9	+4.7	16	1-0	-	0.7	-	0.5	NE	9.9	3.99	429	
EbosGroupLtd	590	+10.6	+0.3	24	0-0	1	1.8	12	0.5	15	6.1	0.21	289	TelecomCorp	257	+2.2	-1.1	52	1-1	1	1.8	15	0.6	12	9.3	0.85	4,786
AlliedWork.	76	+7.4	-3.4	36	0-0	-	1.1	12	1.1	9	12.8	0.26	20	CavalierCorp	240	+19.2	+6.6	8	0-0	1	1.8	16	0.6	12	8.9	0.65	161
AirNewZealand	133	+13.3	+7.0	18	0-7	1	0.9	1	0.9	68	7.0	0.31	1,418	KiwiProperty	108	+3.7	+3.5	47	0-0	-	0.9	-	0.6	NE	8.4	4.62	844
SeekaKiwifruit	275	+9.2	+2.2	30	2-0	-	0.6	7	0.4	9	6.5	0.32	35	OVER-VALUED SHARES: Highest Price/Sales Ratios, Relative Strength<0													
ZintelComm.	30	+19.8	+5.7	7	1-0	-	1.4	20	1.7	7	14.9	0.39	15	Metro.LifeCare	225	-2.8	+5.2	66	0-0	-	0.6	-	0.3	NE	Nil	4.71	276
GuinnessPeat	87	+5.1	+6.5	44	0-4	-	0.5	-	1.0	NE	2.9	0.39	1,356	NZFarmingSys.	46	-16.8	+1.8	88	4-1	-	0.4	-	0.8	NE	Nil	4.59	112
TurnersAuction	112	+27.6	+10.6	5	4-0	-	1.5	5	0.7	28	3.9	0.39	31	BurgerFuel	31	-7.4	-0.5	79	0-0	-	3.5	-	0.9	NE	Nil	3.48	16
RestaurantBrds	130	+15.8	+1.8	12	10-0	-	3.4	22	0.8	15	8.0	0.41	126	NZRefiningCo	500	-11.0	-5.9	84	0-0	-	2.0	21	0.4	10	13.4	3.02	1,200
MainfreightGrp	541	+6.8	+5.1	38	0-9	-	1.9	12	0.6	15	5.1	0.42	533	HorizonEnergy	340	-1.7	+1.8	64	0-0	-	1.7	11	0.2	16	7.5	2.80	85
LivestockImp.	220	+2.2	+5.7	51	0-0	-	0.4	14	0.7	3	28.4	0.49	74	WNVDriveTech.	9	-20.4	-3.7	90	4-0	-	2.0	-	1.2	NE	Nil	2.77	40
InfratilNZ	164	+0.6	-1.0	57	5-0	-	1.1	-	1.0	NE	5.7	0.49	853	MowbrayCollect	100	-11.4	+4.4	85	0-2	-	2.6	-	0.3	NE	Nil	2.67	11
Kirkcaldie&St	240	+0.7	+1.6	56	0-0	-	1.1	5	0.4	21	6.2	0.53	24	WORST PERFORMING SHARES: Weakest Shares, P/S Ratio>0.25, Yield<Twice Average													
Steel&Tube	307	+6.9	+1.8	38	0-4	-	1.8	17	0.8	10	8.8	0.56	271	Charlie'sGroup	7	-58.3	-0.0	98	1-0	-	1.5	-	1.5	NE	Nil	0.66	21
BriscoeGroup	111	+16.1	-1.2	11	0-0	-	1.9	10	0.8	20	6.1	0.61	235	PyneGouldCorp	41	-28.9	-8.8	93	6-0	-	0.2	-	0.7	NE	Nil	0.28	283
CavalierCorp	240	+19.2	+6.6	8	0-0	1	1.8	16	0.8	12	8.9	0.65	161	WNVDriveTech.	9	-20.4	-3.7	90	4-0	-	2.0	-	1.2	NE	Nil	2.77	40
TowerLimited	168	+5.4	-0.7	42	2-0	1	1.2	13	1.0	10	5.3	0.66	418	WindflowTech.	124	-18.5	-0.3	90	0-0	-	0.9	-	0.4	NE	Nil	0.47	15
MichaelHill	71	+7.8	+0.3	33	0-1	1	1.8	12	0.9	15	4.1	0.66	272	NZFarmingSys.	46	-16.8	+1.8	88	4-1	-	0.4	-	0.8	NE	Nil	4.59	112
FletcherBuild.	817	+13.7	+4.3	17	0-6	1	1.7	12	0.7	14	5.8	0.70	4,938	NZFinanceHold	25	-11.5	-1.6	86	1-0	-	1.1	-	0.6	NE	Nil	0.49	19
BEST PERFORMING SHARES: Strongest Shares, P/E<20, P/S<1.0													MowbrayCollect	100	-11.4	+4.4	85	0-2	-	2.6	-	0.3	NE	Nil	2.67	11	
HellabyHold.	165	+28.7	+4.0	4	14-0	-	1.0	6	0.6	16	5.2	0.17	84	NuplexIndust	237	-9.2	+10.2	82	3-0	1	0.9	3	0.4	27	2.1	0.30	450
Taylor'sGrpLtd	218	+22.0	+6.8	6	0-0	-	1.8	14	0.5	12	8.5	0.75	53	NorthlandPort	185	-8.4	+0.4	81	0-0	-	0.6	2	0.4	28	4.2	N/A	76
ZintelComm.	30	+19.8	+5.7	7	1-0	-	1.4	20	1.4	7	14.9	0.39	15	JasonsMedia	55	-7.9	-5.0	80	0-0	-	3.3	30	0.7	11	4.1	0.80	11
CavalierCorp	240	+19.2	+6.6	8	0-0	1	1.8	16	0.6	12	8.9	0.65	161	CantyBldgSoc.	300	-7.4	+1.7	79	2-2	-	0.7	4	0.2	18	4.0	0.99	36
AbanoHealth.	670	+18.5	+4.5	9	0-0	-	2.7	17	0.6	16	4.7	0.83	156	BurgerFuel	31	-7.4	-0.5	79	0-0	-	3.5	-	0.8	NE	Nil	3.48	16
ScottTech.Ltd	101	+16.8	-0.2	10	4-0	-	1.4	17	0.6	8	13.3	0.85	25	NZWindfarms	53	-7.1	-6.4	77	0-0	-	0.5	-	1.0	NE	Nil	N/A	42
RestaurantBrds	130	+15.8	+1.8	12	10-0	-	3.4	22	0.6	15	8.0	0.41	126	CavotecMSL	260	-5.4	-1.3	74	0-0	-	6.8	78	0.5	9	Nil	0.56	165
FletcherBuild.	817	+13.7	+4.3	17	0-6	1	1.7	12	0.6	14	5.8	0.70	4,938	RakonLtd	122	-5.1	-2.7	73	1-2	-	1.1	3	0.9	35	Nil	1.12	156
TagPacificLtd	28	+12.2	+14.8	19	0-0	-	0.7	5	1.8	13	3.3	0.18	19	SanfordLimited	487	-4.8	-1.1	72	0-0	1	0.9	4	0.2	23	6.7	1.23	456
MethvenLimited	169	+12.0	+3.6	20	1-2	-	1.9	17	0.8	11	10.4	0.82	113	OysterBay	235	-4.1	-0.3	70	0-0	-	0.4	3	0.3	14	4.3	1.80	21
EbosGroupLtd	590	+10.6	+0.3	24	0-0	1	1.8	12	0.4	15	6.1	0.21	289	INSIDER SELLING: Most Insider Selling, Relative Strength<0													
HallensteinG.	280	+9.3	+1.9	29	0-0	-	3.0	23	0.5	13	10.7	0.84	167	MowbrayCollect	100	-11.4	+4.4	85	0-2	-	2.6	-	0.3	NE	Nil	2.67	11
SeekaKiwifruit	275	+9.2	+2.2	30	2-0	-	0.6	7	0.3	9	6.5	0.32	35	PGGWrightsons	61	-24.6	-4.5	92	2-4	1	0.5	-	0.6	NE	Nil	0.15	193
MichaelHill	71	+7.8	+0.3	33	0-1	1	1.8	12	0.6	15	4.1	0.66	272	RakonLtd	122	-5.1	-2.7	73	1-2	-	1.1	3	0.9	35	Nil	1.12	156
AlliedWork.	76	+7.4	-3.4	36	0-0	-	1.1	12	0.9	9	12.8	0.26	20														
Steel&Tube	307	+6.9	+1.8	38	0-4	-	1.8	17	0.7	10	8.8	0.56	271														
MainfreightGrp	541	+6.8	+5.1	38	0-9	-	1.9	12	0.6	15	5.1	0.42	533														
WarehouseGroup	443	+6.5	+1.8	39	3-2	1	4.3	24	0.6	18	6.8	0.80	1,379														
TowerLimited	168	+5.4	-0.7	42	2-0	1	1.2	13	0.8	10	5.3	0.66	418														
LivestockImp.	220	+2.2	+5.7	51	0-0	-	0.4	14	0.5	3	28.4	0.49	74														
INCOME SHARES: Highest Yields, Capitalisation>NZ\$100million																											
NZRefiningCo	500	-11.0	-5.9	84	0-0	-	2.0	21	0.4	10	13.4	3.02	1,200														
Turners&Grow.	136	-0.7	-4.3	62	1-0	-	0.5	5	0.5	10	11.0	0.24	136														
HallensteinG.	280	+9.3	+1.9	29	0-0	-	3.0	23	0.4	13	10.7	0.84	167														
MethvenLimited	169	+12.0	+3.6	20	1-2	-	1.9	17	0.7	11	10.4	0.82	113														
GoodmanProp.	101	+5.4	+1.6	43	0-0	-	0.9	-	0.6	NE	10.3	6.59	854														

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.

OVER-VALUED SHARES: Highest Price/Sales Ratios, Relative Strength < 0													INSIDER SELLING: Most Insider Selling, Relative Strength < 0														
Company	Share Price	Cur. rent	4-WkRk Chg.	0-99	Insider Buy-Sell	Brokers Following	Price to NTA	Return on Equity	Vola-til-ity	Price/Earn. Ratio	Dividend Yield	Price/Sales Ratio	Market Cap'n	Company	Share Price	Cur. rent	4-WkRk Chg.	0-99	Insider Buy-Sell	Brokers Following	Price to NTA	Return on Equity	Vola-til-ity	Price/Earn. Ratio	Dividend Yield	Price/Sales Ratio	Market Cap'n
OVER-VALUED SHARES: Highest Price/Sales Ratios, Relative Strength < 0													INSIDER SELLING: Most Insider Selling, Relative Strength < 0														
Imperial Corp.	1	-3.2	-1.0	76	0-0	-	-	-	4.1	NE	Nil	N/A	11	Golden State	5	-27.2	-2.8	96	1-0	-	-	-	2.2	NE	Nil	N/A	9
Cockatoo Coal	36	-7.2	-2.9	83	0-0	1	-	-	0.6	NE	Nil	9.97	171	Golden Gate Pet	5	-27.0	+3.2	96	0-0	-	-	-	1.6	NE	Nil	2.20	12
Orion Gold NL	5	-4.0	+12.1	77	0-0	-	-	-	1.4	NE	Nil	9.81	7	B&B Power	8	-26.6	+1.8	96	0-0	-	-	-	1.2	NE	Nil	N/A	57
Buru Energy Ltd	19	-4.9	+3.7	79	2-0	-	-	-	1.1	NE	Nil	9.60	31	Empowernet Int.	1	-26.5	+6.2	96	0-0	-	-	-	2.9	NE	Nil	2.97	24
Forest Place Gr	100	-6.0	+1.3	81	0-0	-	0.4	3	0.6	15	Nil	9.04	83	Auto Technology	5	-26.2	-3.3	96	2-1	-	5.0	-	1.7	NE	Nil	N/A	12
Norwest Energy	3	-11.7	+14.7	88	1-0	-	-	-	2.1	NE	Nil	8.80	23	Admiralty Res.	2	-25.9	+1.4	96	0-1	-	-	-	2.5	NE	Nil	N/A	16
Polartech	7	-20.1	+1.2	94	0-0	-	7.1	-	1.6	NE	Nil	8.77	17	Pac Environment	22	-25.9	-5.3	96	1-0	-	-	-	1.0	NE	Nil	2.58	17
Monto Minerals	6	-2.8	+0.8	75	0-0	-	-	-	1.2	NE	Nil	8.57	19	Mintails Ltd	4	-25.8	+3.8	96	5-0	-	0.2	-	2.1	NE	Nil	1.29	22
Medical Corp	2	-2.3	+2.5	74	0-0	-	1.2	-	2.5	NE	Nil	8.52	6	KeyBridge Cap'l	10	-24.9	+7.9	95	0-0	-	0.2	-	1.4	NE	Nil	N/A	17
Metals Aust.	2	-14.0	-17.2	90	0-0	-	-	-	3.3	NE	Nil	7.89	10	Compass Res	15	-24.2	+3.9	95	0-0	-	0.3	-	1.0	NE	Nil	N/A	19
Ipernica Ltd	8	-2.3	+1.8	74	1-0	-	1.5	-	1.5	NE	Nil	7.81	24	TransPacific	172	-23.6	+2.5	95	5-2	-	-	-	0.7	NE	Nil	0.63	1,400
Aurora Sand Div	112	-0.8	+1.3	71	0-0	-	1.0	-	0.4	NE	0.9	7.62	50	Tyrian Diagnost	3	-22.6	+1.3	95	1-0	-	2.5	-	2.1	NE	Nil	3.47	6
Jivois Mining	35	-13.3	+0.4	90	0-0	-	-	-	4.3	NE	Nil	7.50	18	Centaurus Res.	30	-22.4	+2.0	95	1-0	-	-	-	0.9	NE	Nil	N/A	7
Metal Storm Ltd	3	-17.1	-0.1	92	1-0	-	-	-	2.1	NE	Nil	7.22	16	Aust Zircon NL	3	-22.3	-4.5	95	0-0	-	-	-	1.8	NE	Nil	1.19	12
AGENIX Limited	2	-7.5	+1.9	83	0-0	-	0.9	-	2.5	NE	Nil	7.08	7	Pac. Enviromin	2	-21.7	+4.4	94	4-0	-	1.5	-	2.6	NE	Nil	N/A	6
Deutsche Ind Tr	196	+0.0	+0.0	67	0-0	-	1.2	10	0.2	12	8.1	6.49	663	Analytica Ltd	2	-21.4	-2.0	94	0-3	-	-	-	2.2	NE	Nil	N/A	6
Lihir Gold Ltd	313	-1.7	+1.6	72	3-0	2	2.4	54	0.6	4	Nil	6.47	6,845	Ottoman Energy	7	-20.8	+2.0	94	1-0	-	-	-	1.2	NE	Nil	N/A	73
Deutsche Div Tr	131	+0.0	+0.0	67	0-0	-	1.1	8	0.3	14	7.1	6.10	1,306	Polartech	7	-20.1	+1.2	94	0-0	-	7.1	-	1.5	NE	Nil	8.77	17
C'wth Prop Off.	98	-0.2	+4.4	68	1-0	1	0.8	-	0.4	NE	8.8	6.00	1,814	TZ Limited	96	-20.0	+3.7	94	4-0	-	-	-	1.0	NE	Nil	2.34	37
Island Sky Aust	19	-6.5	+1.3	82	0-2	-	2.3	3	0.9	93	Nil	5.82	23	ICS Global Ltd	9	-19.5	-4.7	94	0-0	-	-	-	1.3	NE	Nil	3.47	13
Connect East Grp	35	-6.1	+5.3	81	0-0	2	-	-	0.7	NE	Nil	5.58	1,340	Indo Mines Ltd	17	-19.2	+2.4	93	0-0	-	-	-	0.8	NE	Nil	N/A	12
Aurora Oil Gas	27	-3.7	+11.2	77	0-0	-	-	-	1.1	NE	Nil	5.43	44	Galileo Japan	6	-18.9	+6.8	93	3-0	-	0.1	-	1.3	NE	0.4	0.25	26
Spark Infrastru	116	-2.3	+1.4	74	0-1	2	0.7	1	0.6	123	16.0	5.10	1,165	Everest Fin Grp	7	-18.9	+5.8	93	1-0	-	0.8	59	1.3	1	Nil	0.53	17
Maximus Res	4	-14.3	+6.0	90	2-0	-	-	-	1.8	NE	Nil	5.07	9	Fluorotechnics	42	-18.8	+2.6	93	1-0	-	8.4	-	0.9	NE	Nil	3.58	12
Ramelius Res.	47	-10.4	+0.3	87	0-0	-	-	-	0.8	11	1.1	4.88	73	Gulf Mines Ltd	5	-18.8	-2.8	93	0-0	-	-	-	1.8	NE	Nil	N/A	5
Dexus Property	80	-2.7	+3.8	75	0-0	1	0.8	-	0.5	NE	9.1	4.83	3,761	Matrixview Ltd	9	-18.5	-3.0	93	1-0	-	-	-	1.1	NE	Nil	N/A	36
Transurban Grp	412	-3.7	+1.5	76	0-0	1	1.5	-	0.2	NE	5.3	4.67	5,279	Queste Comm's	13	-18.1	+9.3	93	0-0	-	0.3	-	0.8	NE	4.0	0.34	6
Pro Medicus Ltd	76	-1.8	+2.6	73	1-0	-	9.5	71	0.6	13	4.6	4.65	76	Aspermont Ltd	16	-17.6	-3.4	93	1-0	-	-	-	0.9	NE	Nil	1.59	37
Pelorus Prop.	18	-5.2	+1.7	80	2-0	-	-	-	1.0	NE	Nil	4.53	66	Monaro Mining	9	-17.5	+4.4	93	1-0	-	-	-	1.3	NE	Nil	N/A	9
PPK Group Ltd	38	-7.2	+7.3	83	9-0	-	0.6	2	0.5	40	6.7	4.47	22	Catrx Ltd	36	-17.2	+1.2	92	0-0	-	1.5	-	0.6	NE	Nil	N/A	17
Primeag Aust.	103	-4.9	+2.7	80	2-0	-	0.8	-	0.6	NE	Nil	4.32	154	Metal Storm Ltd	3	-17.1	-0.1	92	1-0	-	-	-	1.9	NE	Nil	7.22	16
Aspen Group Ltd	53	-0.4	+12.0	69	2-1	2	0.8	-	0.6	NE	17.0	4.20	295	Eyecare Partner	11	-16.9	-2.6	92	1-0	-	-	-	1.1	11	Nil	0.54	15
Cabcharge Ltd	569	-5.2	+2.3	80	0-2	1	2.6	23	0.3	11	6.0	3.93	685	Electrometals	3	-16.5	-0.7	92	4-0	-	2.5	-	2.1	NE	Nil	0.76	5
Elk Petroleum	20	-3.7	-0.8	76	1-0	-	-	-	1.1	NE	Nil	3.88	12	AED Oil Ltd	64	-16.1	-0.8	92	0-0	-	0.4	15	0.7	3	Nil	0.68	98
Carpathian Res.	5	-29.8	-6.1	97	0-0	-	-	-	1.7	NE	Nil	3.88	13	Viralytics Ltd	3	-16.1	-1.2	92	0-0	-	-	-	1.6	NE	Nil	N/A	9
CSL Limited	3182	-0.2	+1.8	68	2-1	2	4.2	26	0.3	17	2.2	3.78	19,068	Grange Resource	30	-16.0	-2.4	92	1-0	-	-	-	0.7	NE	Nil	N/A	63
Dominion Mining	410	-4.5	-1.9	78	0-10	3	3.9	29	0.6	14	3.4	3.75	422	Minerals Corp.	0	-15.7	+4.0	91	3-0	-	-	-	4.9	NE	Nil	1.90	13
Metals X Ltd	13	-0.7	+4.3	70	0-0	-	-	-	1.2	NE	Nil	3.61	122	Minemakers Ltd	40	-15.6	-2.8	91	1-3	-	-	-	0.7	NE	Nil	N/A	16
Fluorotechnics	42	-18.8	+2.6	93	1-0	-	8.4	-	0.9	NE	Nil	3.58	12	WORST PERFORMING SHARES: Weakest Shares, P/S Ratio > 0.25, Yield < Twice Average													
Clean Seas Tuna	54	-6.2	-3.0	81	1-0	-	1.0	-	0.5	NE	Nil	3.55	108	Baraka Petrol.	1	-49.0	-9.5	99	0-0	-	-	-	3.7	NE	Nil	N/A	12
ICS Global Ltd	9	-19.5	-4.7	94	0-0	-	-	-	1.4	NE	Nil	3.47	13	Albidon Ltd	4	-48.9	+1.9	99	1-0	-	-	-	1.6	NE	Nil	1.44	6
Tyrian Diagnost	3	-22.6	+1.3	95	1-0	-	2.5	-	2.3	NE	Nil	3.47	6	Fermiscan Hold.	4	-33.0	-1.2	98	0-0	-	-	-	1.9	NE	Nil	1.38	5
Daatadot Tech.	8	-15.3	+20.8	91	0-0	-	8.2	-	1.3	NE	Nil	3.46	28	Sth Amer Iron	7	-32.4	+1.0	98	2-0	-	0.6	-	1.3	NE	Nil	N/A	7
AAQ Holdings	15	-4.8	+1.3	79	0-0	-	0.9	-	1.0	NE	Nil	3.27	13	Hydrotech Int'l	1	-31.0	+3.7	97	0-0	-	1.1	-	3.0	NE	Nil	N/A	5
Neuren Pharm.	3	-3.5	+2.8	76	0-0	-	2.9	-	2.1	NE	Nil	3.26	7	Sam's Seafood	2	-30.2	+9.5	97	0-0	-	-	-	2.1	NE	Nil	N/A	10
GPT Group	66	-0.6	+7.8	70	1-0	1	0.9	-	0.6	NE	27.0	3.20	5,852	Carpathian Res.	5	-29.8	-6.1	97	0-0	-	-	-	1.6	NE	Nil	3.88	13
Nexus Energy	32	-12.6	+2.1	89	5-1	1	-	-	0.8	NE	Nil	3.12	207	Trinity Group	13	-29.7	+1.1	97	10-1	-	0.3	-	1.0	NE	Nil	0.57	29
Aust Ren. Fuels	1	-2.4	-0.0	74	0-0	-	1.1	-	3.4	NE	Nil	3.06	6	RIM Capital Ltd	6	-29.7	+3.7	97	0-0	-	2.0	-	1.2	NE	Nil	N/A	5
Progen Pharm.	60	-13.9	-3.2	90	0-0	-	0.5	-	0.8	NE	Nil	3.00	15	Windimurra Van.	17	-28.8	+3.9	97	0-0	-	-	-	0.9	NE	Nil	N/A	17
Empowernet Int.	1	-26.5	+6.2	96	0-0	-	-	-	3.2	NE	Nil	2.97	24	Marion Energy	17	-27.7	-1.3	97	1-0	2	-	-	0.8	NE	Nil	N/A	43
													Spark Infrastru	116	-2.3	+1.4	74	0-1	2	0.7	-	0.8	NE	Nil	N/A	6	
													Aust W wide Exp	260	-0.4	+1.7	69	1-2	3	1.4	9	0.5	15	Nil	2.29	1,354	

Amcom Telecommunications Options

This newsletter has informally recommended **Amcom Telecommunications** options in our quarterly *Warrant/Option Analysis* and there has been a development that improves the potential for these options. The options have an expiry date of 31 December 2009 at an exercise price of 17 cents.

Amcom Telecommunications has an issued capital of 538.9 million shares plus the 271.9 million options. This is a relatively high number of options and with the shares trading around the exercise price over recent months, there has been uncertainty over the level of options that would be exercised and the resulting cash holding of the company and its issued capital.

The company has announced an agreement to repurchase 81 million options at 4 cents per option (\$3.2 million) from the largest option holder and arranged to have the exercise of 150 million options (out of the remaining 190.9 million options) underwritten by a broker (to raise at least \$25.5 million).

This will reduce the fully diluted capital by 10% and with the exercise of at least 150 million options the issued capital will be 688.9-729.8 million shares with net cash receipts of \$22-29 million.

The net result of these two transactions has reduced uncertainty and could help the share (and option) price appreciate over the next 2½ months!

Some option holders may be planning to exercise the options and retain the shares as a long term investment - but many will likely wish to realise their existing investment rather than commit a large amount of new cash. In that case, an investor needs to consider *when* to sell the options on-market.

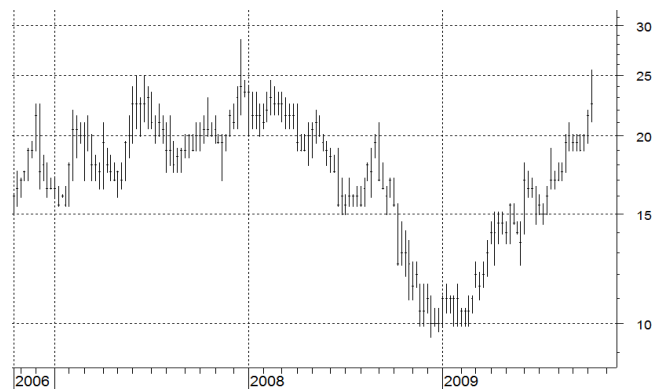
The current buy-back and underwriting agreements could see the shares appreciate further over the next few months - which would result in a further significant

increase in the value of these options. On the other hand, there may be a large volume of on-market selling in December (i.e. ahead of the exercise/expiry date) and the options may trade at a large discount to their intrinsic value!

When is best to sell therefore requires guessing at market fluctuations, but perhaps aiming to sell around late-November/early-December giving the shares and options another 6-8 weeks to possibly appreciate further in value. Investors with a large number of options should also consider selling in 3-4 transactions spaced over the next few months. It is also probably a good idea to realise some value from a partial sale if prices move towards new highs.

The shares are currently quoted at 22-22½ cents (giving an intrinsic value of 5-5½ cents for the options). The options will likely trade at a small discount to this intrinsic value and are currently quoted at 4.8-5.2 cents. Every 1 cent (4½%) fluctuation in the share price will result in a similar 1 cent (or about 20%) fluctuation in the value of the options.

Amcom Telecommunications



“Insider” Trades in NZ 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: 60.0% Buyers
Last 13 wks: 66.2% Buyers

Company	Insider Buyers-Sellers	Company	Insider Buyers-Sellers	Company	Insider Buyers-Sellers	Company	Insider Buyers-Sellers	Company	Insider Buyers-Sellers
AMP Onyx Mgmt	1-0	GuocoLeisure	13-0	NZ Finance Hold	1-0	Renaissance	2-0	TenonLtd	0-2
AffcoHoldings	4-2	HellabyHold.	14-0	NZ Farming Sys.	4-1	RestaurantBrds	10-0	Tourism Hold.	3-1
Air New Zealand	0-7	INGProperty	1-0	NewImageGroup	1-3	RubiconLimited	6-1	TowerLimited	2-0
Charlie'sGroup	1-0	Infratil NZ	5-0	Nuplex Indust	3-0	Ryman Health.	2-0	Trust Power Ltd	0-2
Col Motor Co	8-0	Just Water Int.	6-0	PGGWrightsons	2-4	Scott Tech. Ltd	4-0	Turners & Grow.	1-0
Comvita	5-0	KermadecProp.	1-0	Pike River Coal	1-0	SeekaKiwiFruit	2-0	TurnersAuction	4-0
F & P Health.	0-4	MainfreightGrp	0-9	Plus SMS Hold.	0-1	SkellerupHold.	5-0	VectorLtd	2-0
F & P Appliance	1-2	MethvenLimited	1-2	Port Tauranga	3-0	Sky City Ltd	3-0	WN Drive Tech.	4-0
FletcherBuild.	0-6	MichaelHill	0-1	Pumpkin Patch	1-3	Sky Network TV	2-0	Wakefield Hlth	0-2
Genesis Res.	1-0	MowbrayCollect	0-2	PyneGouldCorp	6-0	Steel & Tube	0-4	WarehouseGroup	3-2
GuinnessPeat	0-4	NZ Exchange Ltd	0-1	Rakon Ltd	1-2	TeamTalkLtd	0-3	Zintel Comm.	1-0

"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: 69.5% Buyers

Last 13 wks: 69.4% Buyers

Company	Insider Buyers-Sellers	Company	Insider Buyers-Sellers	Company	Insider Buyers-Sellers	Company	Insider Buyers-Sellers	Company	Insider Buyers-Sellers
A-Cap Resources	0-1	Aust Ethical In	0-1	Calliden Group	1-0	Cyclopharm Ltd	4-2	Flight Centre	4-0
A.P. Eagers	8-0	Australand Prop	1-0	Caltex Australia	0-1	DKN Financial	1-0	Flinders Mines	2-1
ADG Gbl Supply	1-0	Aust Leaders Fd	1-0	Campbell Bros	0-1	DUET Group	2-0	Fluorotechnics	1-0
AGL Energy Ltd	1-0	Aust Agricult.	1-0	Cape Lambert IO	8-0	DVM Intern'l	1-0	Forest Ent Aust	2-0
AMP Ltd	1-0	Aust Power Gas	1-0	Cape Range Wire	8-0	DWS Adv Bus Sol	1-0	Forge Group Ltd	1-0
ANZ Bank	4-1	Aust Foundation	1-0	Capital Mining	0-1	Danks Holdings	1-0	Forte Energy NL	4-0
APA Group	5-0	Austbrokers	1-0	Capital Intel.	0-1	Data 3 Ltd	0-1	Fortescue Metal	0-3
APN Property	7-0	Aust Infra.	3-0	Carbine Res.	1-0	Datamotion A/P	0-1	Foster's Group	1-0
APN News Media	1-2	Aust Pharm. Ind	5-0	Carbon Con	3-0	David Jones	1-0	Fox Resources	0-1
APN Euro Prop.	1-0	Aust W'wide Exp	1-2	Cardno Ltd	2-0	De Grey Mining	1-0	Freedom Hold'l	4-0
ASX Limited	1-2	Automotive Hold	1-0	Carnarvon Pet.	0-4	Decmil Group	1-0	Freshtel Ltd.	0-1
AV Jennings	2-0	Auto Technology	2-1	Carnavale Res.	2-0	Deep Yellow Ltd	1-3	Frigrite Ltd	2-0
AWB Limited	3-0	Avalon Minerals	2-0	Carpentaria Exp	2-0	Devine	4-0	Funtastic Ltd	4-0
AXA Asia Pac	1-0	Avita Medical	1-0	Catalpa Res.	1-0	Dexion Ltd	2-0	Future Corp	3-0
Abacus Property	3-0	Avoca Resources	1-0	Cazaly Res Ltd	5-0	Diatreme Res.	12-0	G.U.D. Holdings	2-0
Aberdeen Leader	1-2	Avonlea Mineral	1-0	Cedar Woods Prp	2-1	Diploma Group	3-0	GBST Holdings	5-2
Accent Res.	0-1	Axiom Property	2-0	Cellnet Group	0-1	Djerriwarrh	2-0	GEO Property	2-0
Actinogen Ltd	1-0	Azure Minerals	2-0	Centamin Egypt	1-0	Dolomatrix Intl	4-0	GME Resources	1-0
Activex Ltd	1-0	BC Iron Ltd	1-0	Centennial Coal	1-0	Dominion Mining	0-10	GPT Group	1-0
Adacel Tech.	0-1	Bandanna Energy	2-0	Centaurus Res.	1-0	Domino's Pizza	1-0	GWA Internat'l	2-1
Adavale Res.	3-0	Bank of Q'land	0-5	Cent West Gold	1-0	Downer EDI Ltd	3-0	Galaxy Res.	1-0
Adelaide Bright	0-1	Bannerman Res.	0-1	Ceramic Fuel C.	2-0	Dragon Mining	1-0	Galileo Japan	3-0
Admiralty Res.	0-1	Bassari Res.	1-0	Chal Div Prop	1-0	Drillsearch	1-0	Garratt's Ltd	2-0
Adtrams Group	14-1	Bass St Oil Coy	1-0	Chalice Gold	9-0	Drummond Gold	2-0	Gas2Grid Ltd	1-0
Adultshop.com	1-0	Bass Metals Ltd	1-0	Chal Wine Trust	0-1	Dulhunty Power	1-0	Gateway Mining	1-0
Adv Share Reg.	1-0	Batavia Mining	2-1	Chandler McLeod	2-0	Dynasty Metals	1-0	Gazal Corp	1-0
Adv. Magnesium	1-0	Beaconsfield GI	1-0	Charter Pacific	6-0	E & A Limited	3-0	Genera Bio.	2-0
African Energy	4-0	Bell Financial	10-0	Charter Hall GR	2-4	E-Bet Limited	4-0	Geodynamics Ltd	1-0
Ainsworth Game	4-0	Belmont Hold.	1-0	Chesser Res.	1-0	Early Learning	3-0	Gindalbie Met.	3-0
Albidon Ltd	1-0	Bentley Capital	2-0	Cheviot Bridge	2-0	East'n Star Gas	0-2	Gippsland Ltd	0-1
Alchemia Ltd	2-0	Beyond Int'l	2-0	China Y Copper	1-0	Eastern Corp	1-0	Glengarry Res.	3-0
Ale Property	5-2	Bigair Group	1-0	China Century	5-2	East Coast Min.	3-0	Global Petrol.	4-2
Alesco Corp Ltd	4-0	Billabong Int'l	4-2	Chrome Corp Ltd	6-0	East Energy Res	1-0	Global Master F	1-0
Alkane Explor.	0-2	Biopharmica Ltd	0-1	Chrysalis Res.	3-0	Eden Energy Ltd	1-0	Global Nickel	1-0
Allied Gold Ltd	3-0	Biota Holdings	2-0	Circadian Tech	2-0	Eftel Ltd	1-0	Global Property	1-0
Alliance Res.	0-2	Blackthorn Res.	4-0	Citigold Corp	1-0	Elders Limited	1-0	Global Health	0-1
Allied Brands	0-1	Blackmores Ltd	2-0	Clancy Expor.	1-0	Electrometals	4-0	Global Mining I	1-0
Allomak Ltd	1-0	Black Range Min	0-1	Clarius Group	2-0	Elk Petroleum	1-0	Gloucester Coal	7-0
Altera Capital	2-0	Black Fire En.	2-0	Clean Seas Tuna	1-0	Ellex Medical	1-0	Gold One Int'l	1-0
Altium Limited	6-0	Blue Energy Ltd	0-1	Clever Com Aust	2-0	Embelton Ltd	2-0	Golden State	1-0
Alumina Ltd	3-0	Bluescope Steel	6-1	Clime Inv Mgmt	7-0	Emeco Holdings	1-0	Gondwana Res.	0-2
Amadeus Energy	2-0	Boart Longyear	7-0	Clinovel Pharm.	2-0	Emerson Stewart	1-0	Goodman Group	2-1
Amalgamated Hld	5-0	Boom Logistics	1-0	Clough Limited	3-0	Emerg. Leaders	1-0	Goodman Fielder	4-0
Ambertech Ltd	2-0	Boral Limited	1-0	Clover Corp.	2-0	Emerald Oil & G	0-1	Graincorp	2-0
Ambition Group	1-0	Botswana Metals	4-0	Coal of Africa	3-0	Emmerson Res.	1-0	Grand Gulf En.	2-0
Amcom Telecom.	2-1	Boulder Steel	2-0	Cobar Cons Res.	1-0	Empire Beer Grp	1-0	Grange Resource	1-0
Ammtec Ltd	2-0	Bounty Oil Gas	1-0	CocaCola Amatil	0-1	Empire Sec.	1-0	Graynic Metals	5-0
Ampella Mining	1-0	Bounty Mining	2-0	Codan Ltd	4-0	Empired Ltd	1-0	Greenland Min.	6-0
Analytica Ltd	0-3	Bow Energy Ltd	5-0	Coffey Int'l	2-0	Enjeri Ltd	1-0	Greencap Ltd	1-0
Andean Res.	1-0	Bowen Energy	1-0	Cogstate Ltd	5-0	Energy One Ltd	1-0	Growthpoint Pro	4-0
Anglo Australia	8-1	Bradken Ltd	5-2	Collection Hse	10-1	Energy World	1-0	Gt Western Exp.	4-0
Anglo Pacific	6-1	Brain Resource	1-0	Colonial Res.	2-0	Enterprise Met.	6-0	Guinness Peat	0-4
Antares Energy	5-0	Brambles Ltd	3-0	Colorpak Ltd	3-0	Entek Energy	8-0	Gujarat NRE Min	4-0
Anteo Diagnost.	3-0	Brandrill	9-0	Com'wealth Bank	1-0	Envestra	2-0	Gullewa Ltd	1-0
Antisense T.	1-0	Bravura Sol.	2-0	ComOps Limited	4-0	Envirogold Ltd	1-0	Gunns Ltd	2-0
Anvil Mining	2-1	Breville Group	5-0	Compass Hotel	3-0	Envirozel Ltd	9-0	Gunson Res.	1-0
Apex Minerals	1-0	Brickworks Inv.	4-0	Computershare	0-8	Equatorial Coal	1-0	HFA Holdings	0-1
Apollo Minerals	1-0	Brickworks Ltd	2-1	ComputerCORP	3-0	Equinox Min.	3-0	HGL Limited	1-0
Aquarius Plat.	1-0	Brierty Ltd	3-0	Condor Nickel	2-0	Eromanga H/C	0-3	Halcygen Pharm.	1-0
Aquila Res.	0-1	Brockman Res.	1-2	Conquest Mining	5-0	Essa Australia	1-0	Hannans Reward	1-0
Arafura Pearls	1-0	Buderim Ginger	1-0	Cons Media Hold	2-0	Ethane Pipeline	3-0	Harvey Norman	1-2
Arafura Res.	2-3	Buka Gold Ltd	1-0	Contango Cap P.	0-1	European Gas	3-0	Hastings Hi-Yld	1-0
Argonaut Res.	1-0	Bunnings W/hse	3-0	Contango Micro.	2-0	Eurogold Ltd	1-0	Hastie Group	7-0
Argo Investment	0-2	Buru Energy Ltd	2-0	Cool or Cosy	3-0	Every Day Mine	2-0	Hawthorn Res.	0-1
Argo Explor.	0-1	C'wth Prop Off.	1-0	Cooper Energy	0-1	Everest Fin Grp	1-0	Headline Group	7-0
Artist & Enter.	0-2	C.S.R. Ltd	2-0	Coote Indust.	4-0	Excalibur Min.	1-0	Healthscope	6-3
Ascent Pharm.	3-0	CBD Energy Ltd	1-0	Copper Strike	1-0	Extract Res.	2-0	Hedley L&G Prop	1-0
Aspen Group Ltd	2-1	CBH Resources	1-0	Corelife Ltd	1-0	Eyecare Partner	1-0	Heemskirk Cons.	0-1
Aspermont Ltd	1-0	CI Resources	3-0	Coretrack Ltd	2-0	Ezenet Limited	2-0	Helix Resources	1-0
Astra Capital	4-0	CMA Corporation	1-0	Corp Express	3-0	F.F.I. Holdings	1-0	Henderson Group	0-3
Atlas Iron Ltd	0-2	CMI Limited	12-1	Corvette Res.	1-0	FKP Limited	3-0	Herald Resource	1-0
Atom Energy Ltd	1-0	CO2 Group Ltd	2-0	Count Financial	4-0	Fairfax Media	3-1	Heron Resources	2-0
Atomic Res. Ltd	1-0	CPI Group	1-0	Country Road	0-1	Fantastic Hold.	2-0	Hexima Ltd	1-0
Atticus Res.	2-0	CPT Global Ltd	0-1	Coventry Group	9-0	Farm Pride Food	2-0	Highland Pac.	1-0
Augustus Min.	3-0	CSG Ltd	6-0	Credit Corp	8-2	Fat Prophets	1-3	Hill End Gold	2-0
Augur Resources	0-1	CSL Limited	2-1	Cromwell Group	8-0	Felix Resources	1-0	Hillgrove Res.	2-1
Aunum Res.	2-0	CTI Logistics	1-0	Crown Ltd	0-1	Fiducian P Serv	2-0	Hills Indust.	2-0
Aurox Resources	5-0	CVC Limited	0-2	Cryosite Ltd	2-0	Finbar Group	8-1	Hitech Energy	0-9
Ausenco Ltd	1-0	Cabcharge Ltd	0-2	CuDeco Ltd	9-0	Firestone En.	1-0	Hodges Res.	2-0
Aust Education	2-0	Cadence Capital	3-0	Customers Ltd	8-0	Flat Glass Ind.	3-1	Homeloans Ltd	2-0

Company	Insider Buyers-Sellers	Company	Insider Buyers-Sellers	Company	Insider Buyers-Sellers	Company	Insider Buyers-Sellers	Company	Insider Buyers-Sellers
Horizon Oil Ltd	1-0	Lumacom	5-0	Novogen Ltd	1-0	Reed Resources	3-0	Tatts Group Ltd	0-3
Hostech Ltd	1-0	Lycopodium Ltd	3-1	Nth Qld Metals	0-1	Refresh Group	1-0	Techniche Ltd	1-0
Hudson Res. Ltd	7-0	Lynas Corp Ltd	1-0	Nthn Star Res.	2-0	Regal Resources	2-0	Telezon Limited	5-0
Hunter Hall Int	3-10	M2 Telecom. Grp	0-1	Nufarm Limited	1-0	Regis Resources	5-0	Telstra	1-0
Hutchison Tel.	0-1	MCM Entertain.	1-0	Nupower Res.	1-0	Regional Exp.	0-1	Terrain Mineral	2-0
Hydromet Corp.	0-2	MDS Financial	3-0	Nusep Ltd	2-0	Renison Cons	2-0	Terramin Aust	1-0
Hyperion Flag.	7-4	MEO Australia	5-0	OBJ Limited	0-3	Resonance Hlth	0-3	Thakral Holding	1-0
Hyro Limited	2-1	MMC Contrarian	1-0	OM Holdings	2-0	Resource Gener.	2-0	Thinksmart Ltd	6-2
I-SOFT Group	0-1	MOKO.mobi Ltd	1-0	ORH Limited	1-0	Reward Minerals	8-0	Thomas & Coffey	0-1
IM Medical Ltd	0-1	Mac. Harbour M.	1-0	OZ Minerals Ltd	4-1	Richmond Mining	1-0	Thundelarra Exp	3-0
IMD Group	5-0	MacMahon Hold	5-0	Oakton Limited	4-0	Ridley Corp.	15-0	Tiaro Coal Ltd	2-0
IMF (Aust) Ltd	0-2	Macarthur Coal	9-0	Objective Corp.	2-0	Rio Tinto Ltd	1-0	Tidewater Inv	4-0
IMX Resources	2-0	Macquarie Media	6-0	Oceania Capital	2-0	Roc Oil Company	3-0	Tiger Resources	1-0
ING Office Fund	1-0	Macquarie Group	0-2	Oil Basins Ltd	2-0	Rock Build Soc.	0-3	Timbercorp Prim	1-0
ING Indust Trt	1-0	Macquarie Infra	1-0	Oilex Ltd	1-0	Rocklands Rich.	1-0	Timbercorp	3-0
IOOF Holdings	2-1	Magellan Fin Gp	16-1	Oldfields Hold	1-0	Ross Human Dir.	2-0	Tishman Speyer	9-0
ITL Limited	2-0	Magellan Flag.	4-0	Oncard Int'l	1-0	Royalco Res.	1-0	Toll Holdings	1-0
Icon Resources	1-0	Magellan Petrol	1-0	Orbital Corp	4-0	Royal Resources	0-1	Top End Uranium	3-0
liNet	4-1	Magna Metals	2-0	Oriental Tech.	2-0	Rubicon Res.	1-0	Toro Energy Ltd	2-0
Iluka Resources	1-0	Magnetic Res.	3-0	Origin Energy	4-5	Runge Ltd	15-0	Total Staffing	1-0
Image Resources	4-0	Malagasy Min.	2-0	Orion Petroleum	2-0	Ruralaus Invest	3-0	Tower Australia	0-2
Immuron Ltd	0-1	Manacomm Corp.	1-0	Orocobre Ltd	0-1	Ruralco Hold.	9-1	Traffic Tech.	2-0
Impact Minerals	1-0	Mantle Mining	2-1	Oropa Limited	3-0	Rusina Mining	2-0	Trafalgar Corp.	1-0
Impedimed Ltd	1-0	Marathon Res.	0-1	Ottoman Energy	1-0	SP Ausnet	0-1	Trafford Res.	1-3
Impress Energy	5-0	Marbletred Grp	2-0	Over Fifty Grp	2-0	SP Telemedia	8-0	Tranzact Fin.	4-0
Imugene Ltd	2-0	Marengo Mining	6-0	P MacGregor Inv	3-0	STW Comm Group	1-0	Transfield Serv	7-0
Incitec Pivot	4-0	Marion Energy	1-0	PMP Limited	2-1	Saferoads Hold.	5-0	Transfield S In	2-0
Ind Minerals	8-0	Matrixview Ltd	1-0	PPK Group Ltd	9-0	Salinas Energy	2-0	TransPacific In	5-2
Independ. Group	0-5	Matsa Resources	3-0	Pac Environment	1-0	Salmat Ltd	1-0	Transit Hold.	5-1
India Resources	1-0	Maximus Res	2-0	Pac. Environin	4-0	Samson Oil/Gas	2-0	Treasury Group	6-0
Industrea Ltd	4-0	Maxi TRANS	3-0	Pacific Brands	1-0	Saracen Mineral	1-0	Trinity Group	10-1
Infigen Energy	0-1	McMillan Shake.	0-1	Pacrim Energy	3-0	Scavim Group	3-1	Troy Resources	3-4
Infomedia Ltd	2-0	McPherson's Ltd	2-0	Palamedia Ltd	3-0	Scantech	1-0	Truscott Mining	4-0
Infnaminka Pet.	1-0	Mec Resources	0-4	Pan Pacific Pet	6-1	Sedgman Ltd	5-2	Trust Company	4-0
Insurance Aust.	2-0	Medivac Ltd	1-0	Panax Geotherm.	2-0	Segue Resources	1-0	Tyrian Diagnost	1-0
Int Research	1-0	Medical Dev Int	5-0	Panaust Ltd	0-2	Select harvest	6-0	U308 Ltd	1-0
Integra Mining	3-0	Melbourne IT	8-0	Panoramic Res.	1-4	Service Stream	3-0	Un. Biosensors	3-0
Intermin Res	1-0	Merchant House	2-0	Paperlin X Ltd	3-0	Servcorp Ltd	1-0	Undercoverwear	1-0
Intl All Sports	1-0	Mercury Brands	2-0	Paradigm Gold	1-0	Seven Network	2-3	United Overseas	1-0
Intrepid Mines	1-0	Mermaid Marine	0-1	Paragon Care	3-0	Shearer (John)	0-1	United Orogen	1-0
Intrapower Ltd	1-0	Metal Storm Ltd	1-0	Patties Foods	11-0	Sietel Ltd	1-0	Uramet Minerals	2-0
Inventis Ltd	3-0	Metals Finance	6-0	Pearlstreet Ltd	1-0	Signature Metal	4-0	Uranex NL	3-0
Invocare Ltd	1-0	Metcash Ltd	1-2	Peel Explor.	1-0	Silver Lake Res	1-0	Uranium Equitie	2-0
Ipernica Ltd	1-0	Meteoric Res.	1-0	Pelorus Prop.	2-0	Silver Chef Ltd	1-0	VDM Group Ltd	2-0
Iress Mkt Tech	2-1	Metgasco Ltd	0-2	Penrice Soda	4-0	Sims Metal Mgmt	3-2	Valad Property	8-0
Iron Ore Hold.	1-0	Mikoh Corp.	1-0	PeopleBank Aust	2-0	Sino Gold Min.	0-2	Venus Resources	3-0
Iron Mountain	5-0	Millepede Int'l	1-0	Pepinnini Min.	0-1	Skilled Group	1-0	Verticon Group	1-0
Iron Road Ltd	1-0	Mindax Limited	22-0	Perpetual Ltd	3-0	Slater & Gordon	0-4	Verus Investm't	2-0
Ironbank Gold	1-0	Mineral Commod.	2-0	Perseus Mining	0-3	Somnomed Ltd	3-0	Victory West M.	1-0
Island Sky Aust	0-2	Minerals Corp.	3-0	Pharmaust Ltd	2-1	Sonic Health	0-5	Victoria Petrol	2-0
JB Hi-Fi Ltd	0-5	Minemakers Ltd	1-3	Phileo Aust.	1-0	Soul Pattinson	10-0	Village Road.	6-0
JV Global Ltd	1-0	Mintails Ltd	5-0	Phoenix Copper	2-0	Southern Gold	2-0	Virax Holdings	0-1
James Hardie	2-1	Mirabela Nickel	0-1	Photon Group	5-2	Spark Infrastru	0-1	Virgin Blue	1-0
Jetset Travel	2-0	Mirvac Group	2-3	Pike River Coal	0-1	Spec Fashion	7-0	Vita Group Ltd	4-0
Jindalee Res.	1-0	Mitchell Comm.	5-0	Pioneer Res.	1-0	Spitfire Res.	4-0	Vita Life Sci.	2-0
Joyce Corp.	1-0	Moby Oil & Gas	2-0	Platinum Cap'l	2-0	Spotless Group	2-0	Vmoto Ltd	3-0
Jumbuck Enter.	5-0	Molopo Aust	1-0	Platinum Aust	2-0	St Barbara Ltd	3-0	W'bool Cheese	2-0
Jupiter Mines	0-2	Moly Mines Ltd	0-1	Platsearch NL	1-0	Staging Connect	2-0	WAM Capital Ltd	0-1
Jupiter Energy	1-0	Monadelphous Gr	2-0	Pluton Resource	2-0	Sth Boulder Min	2-0	WDS Limited	4-1
K&S Corporation	1-0	Monaro Mining	1-0	Port Bouvard	7-0	Sth Cross Elect	1-0	WHK Group Ltd	1-0
K2 Asset Mgmt	4-0	Mooter Media	1-0	Prairie Downs	2-0	Sth Amer Iron	2-0	Wasabi Energy	1-0
KLM Group Ltd	1-0	Morn. Star Gold	1-0	Premier Invest	1-0	Sthn Uranium	2-0	Watpac Ltd	1-0
Kagara Ltd	0-1	Mortgage Choice	1-0	Primeag Aust.	2-0	Stirling Res.	10-0	Wattly Ltd	4-1
Kardoon Gas	1-3	Mosaic Oil NL	0-1	Prime Media Grp	4-0	Stirling Prod.	1-0	Wavenet Int'l	8-0
Karmelsonix Ltd	0-1	Mt Gibson Iron	1-0	Prime Retire Pr	1-0	Stokes (Aust)	1-0	Webjet NL	0-1
Kasbah Resource	2-1	Mt Magnet South	0-1	Primary Health	18-6	Straits Res.	0-2	Webster Ltd	2-0
Kentor Gold Ltd	3-0	Mundo Minerals	0-1	Pro Medicus Ltd	1-0	Strat. Energy	1-0	Wellcom Group	4-0
Key Petroleum	1-0	NGM Resources	2-0	Probiomics Ltd	3-0	Strategic Poole	1-0	Wentworth Hold.	2-0
Keycorp ltd	2-0	NRW Holdings	9-0	Probiotec Ltd	1-3	Structural Syst	1-0	Wesfarmers Ltd	3-2
King Solomon M.	2-0	NSX Limited	1-2	Prophesy Int'l	3-5	Stuart Petrol.	1-0	Westfield Group	2-0
Kingsgate Cons.	2-1	Nagambie Mining	2-0	Prosperity Res.	1-0	Style Limited	1-0	Western Desert	1-0
Kip McGrath EC	4-0	Namoi Cotton	3-0	Public Holdings	3-0	Suncorp-Metway	2-1	Western Areas	1-12
Koon Holdings	7-0	Nanosonics Ltd	1-0	Q'ld Trustees	4-0	Sundance Energy	2-0	Western Plains	1-0
Korab Resources	1-0	Nat'l Aust Bank	2-1	Q-Mastor Ltd	4-0	Sundance Res.	1-0	West Aust Metal	2-0
Korvest Ltd	2-0	Natasa Mining	3-0	QRSciences Hold	4-0	Sunset Energy	2-0	Westpac Banking	0-1
Kresta Holdings	3-0	National Hire	7-0	QRXPharma Ltd	1-0	Sunshine Heart	2-0	Whitefield Ltd	1-0
Krucible Metals	1-0	Navigator Res	3-0	Qantas Airways	1-0	Sunvest Corp	1-0	Whitehaven Coal	4-0
Kuth Energy Ltd	3-0	New Hope Corp.	8-2	Qld Mining Corp	1-0	Supply Network	2-0	White Cliff Nkl	3-0
L&M Petroleum	1-0	New Guinea En.	0-1	Quantum Energy	3-1	Swick Min Serv	5-1	White Energy Co	0-1
Labtech Systems	1-2	New Standard En	1-0	Quay Magnesium	1-0	Symex Holdings	9-0	White Canyon Ur	3-0
Lakes Oil NL	3-0	NewSat Ltd	1-0	Quest Minerals	3-0	Syndicated Met.	1-0	Wide Bay Aust.	2-0
Legacy Iron Ore	1-0	Newcrest Mining	4-0	RCG Corporation	0-1	Synergy Metals	2-0	Willmott Forest	6-0
Legend Mining	1-0	Newhaven Hotels	3-1	RCR Tomlinson	2-0	Syngas Ltd	1-0	Wilson HTM Inv.	3-0
Leighton Hold	6-3	Nexbis Ltd	3-0	REA Group Ltd	0-3	Syrah Resources	1-0	Wolf Minerals	1-0
Lend Lease Corp	1-0	Nexus Energy	5-1	RHG Ltd	0-1	TFS Corporation	4-2	Woodside Petrol	1-0
Liberty Res.	4-2	Nib Holdings	3-0	RNY Property Tr	2-0	TNG Limited	3-1	Woolworths Ltd	2-0
Lihir Gold Ltd	3-0	Nido Petroleum	0-2	RP Data Ltd	0-1	TSV Holdings	1-0	Worley Group	3-0
Linc Energy Ltd	0-5	Niplats Aust.	1-0	Ramsay Health	1-2	TZ Limited	4-0	Wotif.com Hold.	0-1
Lion Selection	5-1	Nomad Building	2-4	Razor Risk Tech	5-0	Tabcorp Holding	2-0	Wrigdways Aust	1-0
Liontown Res.	3-0	Noni B Limited	4-0	Real Brands	2-0	Talent2 Int'l	7-1	XRF Scientific	4-0
Liq Natural Gas	0-2	Norfolk Group	1-0	Red 5 Ltd	1-0	Talisman Mining	1-0	Xtek Ltd	1-0
Little World B.	4-0	Northern Energy	1-0	Red Fork Energy	2-0	Tamawood Ltd	3-0	YTC Resources	1-0
Lodestone En.	1-0	Northern Mining	0-4	Red Hill Iron	13-0	Tanami Gold NL	1-0	Yellow Rock Res	2-0
London City Eq.	1-0	Northern Iron	3-0	Redflex Holding	3-1	Tandou Ltd	4-0	Zedex Minerals	1-0
Ludowici Ltd	4-0	North Aust Diam	3-1	Reece Australia	1-0	Tap Oil	0-1	Zicom Group	5-0
		Norwest Energy	1-0			Tassal Group	6-1		

Investment Outlook*(Continued from Page 1)*

investors selling shares in June to hold cash ahead of the expected correction. You remember, that widely expected July 2009 correction when stockmarkets actually rallied very strongly! During September we have seen numerous reports (in our junk email, on the internet, in newspapers and even on the NZX website!) of investment “experts” predicting another major stockmarket crash in October 2009!

We would refer readers to our comment above about “Widely held stockmarket expectations are always wrong”. As long as there are a lot of investors, sitting on the sidelines holding cash and waiting for a correction or crash so that they can buy in at the bottom - then the stockmarket will push up to new recovery highs. Share prices will fluctuate, but on every dip there will be investors over-weighted with cash who step forward and buy, so prices won't fall far. This situation is summarised by a Wall Street adage which we have quoted before: “A Bull Market climbs a wall of worry”.

The good news for stockmarket investors (provided that you are fully invested in shares, not left on the sidelines holding cash and missing the party) is that none of this will change any time soon. Stockmarkets could continue to rally strongly for another 6-18 months, perhaps much longer, without a significant correction.

Share prices have risen strongly but still offer good value. Central Banks have made no noticeable efforts to withdraw liquidity from financial markets and, in fact, the popular doom and gloom view is that there are more problems out there that will need further government money! That *would* be like pouring more taxpayer funded petrol on our stockmarket bonfire! And we don't see any signs of the investment “experts” or small investors changing their pessimistic views any time soon!

We couldn't ask for a *better* environment for stockmarket investment.

Dividend\$

Company	Cents per Share	Ex-Date	Pay-able	Tax Credit
Auckland Int'l Airport	4.45	16-10	23-10	Full
Cavalier Corporation	8.00	02-10	16-10	Full
Colonial Motor Company	9.00	16-10	27-10	Full
Delegat's Group	8.00	09-10	23-10	Full
Fletcher Building	14.00	25-09	10-10	3.0
GuocoLeisure	S\$0.015	-	18-11	Nil
Hallenstein Glasson	11.00	04-12	11-12	Full
Lyttelton Port Company	3.40	16-10	29-10	Full
Michael Hill International	1.50	02-10	17-10	Nil
New Image	1.00	-	-12	
Nuplex Industries	5.00	02-10	16-10	Nil
Nuplex Industries special	3.50	02-10	16-10	Nil
Oyster Bay	10.00	30-10	13-11	Nil
Pumpkin Patch	3.50	08-10	22-10	Full
South Port NZ	9.00	25-09	03-11	Full
Tag Pacific	A\$0.0075	18-09	16-10	
TeamTalk	10.00	30-10	06-11	Full
Warehouse Group	5.50	06-11	18-11	Full
Warehouse Group special	10.00	06-11	18-11	Full

Australian Shares

Breville Group	1.50	14-09	13-10
CPT Global	3.00	22-09	12-10
M2 Telecommunications	3.00	09-10	30-10
Melbourne IT	7.00	14-09	16-10
Skilled Group	1.50	29-09	14-10
TFSCorporation	3.00	26-11	22-12
The Reject Shop	23.00	22-09	12-10
Village Roadshow pref.	9.00	12-11	02-12

Total Return Index for All Listed Shares

Sep 14	1440.18	Sep 21	1450.60
Sep 15	1436.76	Sep 22	1450.28
Sep 16	1438.34	Sep 23	1455.03
Sep 17	1437.14	Sep 24	1444.56
Sep 18	1447.55	Sep 25	1437.39
Sep 28	1436.99	Oct 5	1429.72
Sep 29	1437.28	Oct 6	1433.28
Sep 30	1435.80	Oct 7	1436.45
Oct 1	1439.99	Oct 8	1431.13
Oct 2	1428.91	Oct 9	1429.19

Next Issue:

The next issue of *Market Analysis* will be emailed in four weeks time on Monday November 9, 2009.

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

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