

Market Analysis

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Summary and Recommended Investment Strategy.

While the economic recovery has yet to impact on corporate profitability, many shares still offer excellent value and strong medium to long term growth potential. Remain fully invested in the recommended shares.

Investment Outlook.

Most company announcements, informing investors of likely profits to December 2009, report below budget results or results in line with last year. Where is the economic recovery and improved corporate profitability? More importantly, does it matter at this stage?

Share prices have risen strongly from their low of March 2009. To guess at how share prices will react in the future, one first needs to decide *why* shares recovered so strongly in 2009:

One view is that share prices have risen anticipating (or over-anticipating?) the economic recovery. If the economy and corporate profits have failed to recover sufficiently, then perhaps share prices will fall back.

Another view is that share prices were just far too low in March 2009 and have simply rallied to normal (but much higher) lows reflecting an ordinary economic downturn. If this is the case, then share prices should remain relatively stable despite little or no improvement in company results at this stage.

The March 2009 lows clearly reflected excessive pessimism of a downturn “worse than the Great Depression”, with the (unrealistic) expectation that most companies would eventually fail. Today expectations are very different. Companies are surviving and making small profits, it is much easier to roll-over maturing bank debt or raise new equity capital and - even if the recovery is slow (as was always predicted) - most companies can now be expected to survive and eventually prosper.

So share prices may drift a little lower on disappointing profit results, but we are not heading back to the lows of 2009!

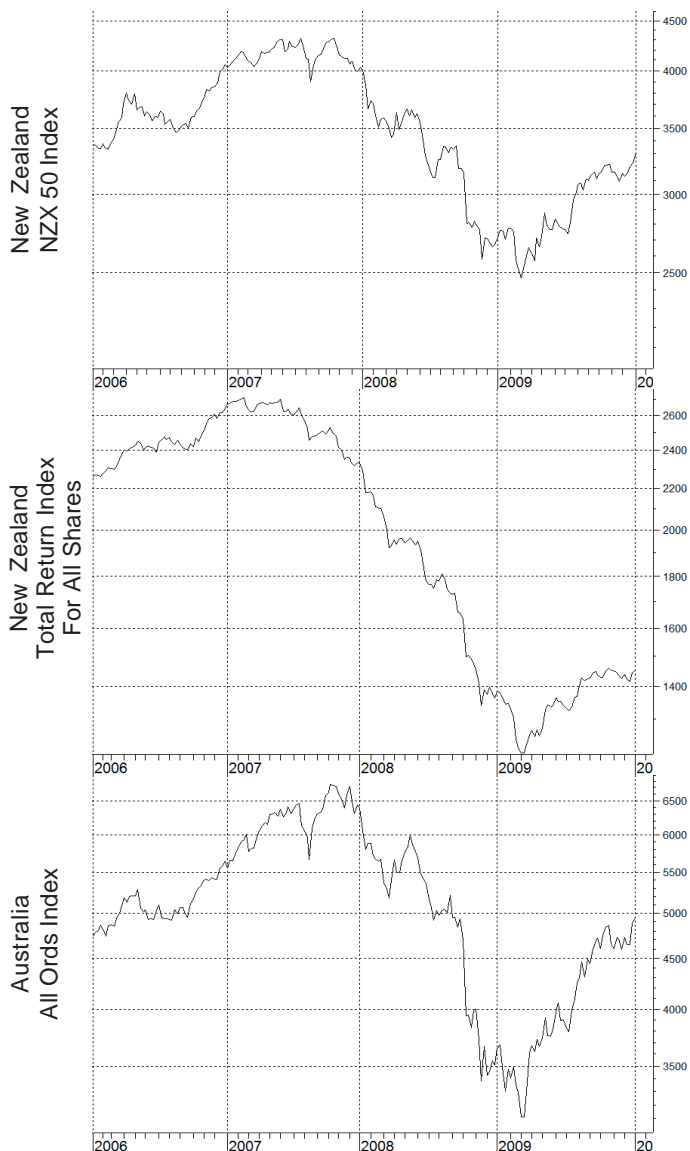
Furthermore, strong economic growth and booming corporate profits would be a signal for Central Banks to withdraw liquidity from the economy and financial markets. Weak economic growth and steady corporate profits remove that risk!

Another longer term danger is to believe that the economy and stockmarket rely solely upon Central Bank liquidity and Government

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Stockmarket Forecasts

	One-Month	One-Year
Australia:	86% (Bullish)	68% (Bullish)
New Zealand:	81% (Bullish)	61% (Bullish)



Recommended Investments

2009's Investment Returns

Our *Recommended Portfolio* outperformed the market strongly over the last year . . . up +49.4%, compared with only a +34.3% gain in the All Ordinaries Index, +20.6% gain in the NZX 50 Index and a +5.5% gain by the broad NZ market.

Over the last three years, our *Recommended Portfolio* is up +13.1%, while all the market indices are down - the All Ordinaries had a return of -10.9%, the NZX 50 Index was -17.6%, while the broad NZ market is down -45.6%.
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Portfolio of Recommended Investments

CURRENT ADVICE	Company	Code	Initial Recommendation - Date -	Price	Performance Forecast	Issued Shares (mil.)	Vola- tility Ratio	Price/ Sales Ratio	Price/ Earnings Ratio	Gross Dividend Yield	Recent Share Price	Cash Dividends Rec'd	Total Return %
<u>NZ Shares</u>													
HOLD	CDL Investments Ltd	CDI	12/01/99	25	E	243.4	1.5	15.17	39	Nil	27	17.9	+80%
HOLD+	Cavalier Corporation	CAV	05/12/95	156*	A	67.1	1.0	0.73	13	8.0	268	245.0	+229%
HOLD	Colonial Motor Company	CMO	10/11/92	150	A	27.9	0.5	0.15	14	8.2	262	353.8	+311%
HOLD	Lyttelton Port Company	LPC	12/12/00	150	B	102.3	0.6	2.91	24	2.9	240	73.3	+109%
BUY	Michael Hill Int'l Ltd	MHI	11/06/91	5*	C	382.5	0.9	0.68	16	4.0	73	27.9	+1918%
BUY	Nuplex Industries Ltd	NPX	11/02/97	523*	B	189.8	1.1	0.40	36	1.6	313	367.0	+30%
HOLD	Postie Plus Group	PPG	08/05/06	71	C	40.0	1.6	0.14	25	Nil	38	8.5	-35%
HOLD	Renaissance Corp	RNS	13/08/96	85*	B	44.9	1.9	0.06	3	18.7	24	53.9	-8%
HOLD	Smiths City Group	SCY	09/10/06	64	C	53.0	1.5	0.09	21	5.0	40	11.0	-20%
HOLD	South Port New Zealand	SPN	13/02/96	120	B	26.2	0.6	3.63	21	5.4	270	117.3	+223%
HOLD	Steel & Tube Holdings	STU	08/08/00	146	B	88.2	0.6	0.53	10	9.4	290	231.0	+257%
<u>Australian Shares</u> (ib Aust cents)													
HOLD+	AJ Lucas Group	AJL	13/05/03	120	B	64.9	0.5	0.57	23	3.7	438	41.0	+299%
BUY	Ammtec Ltd	AEC	11/01/10	257	B	25.5	0.6	1.18	10	6.2	257	Nil	
HOLD+	Atlas South Sea Pearl	ATP	14/05/96	73	C	120.1	2.0	0.73	NE	16.0	13	17.5	-59%
HOLD	Breville Group Ltd	BRG	13/11/06	171	A	129.5	0.7	0.51	14	3.2	170	16.0	+9%
HOLD	Campbell Brothers Ltd	CPB	12/10/99	389*	A	61.9	0.3	1.92	17	3.1	3191	484.0	+845%
BUY	Cardno Ltd	CDD	14/12/09	410	B	84.3	0.5	0.74	11	6.2	453	Nil	+10%
HOLD	Cellnet Group Ltd ¹	CLT	12/02/02	147*	C	76.8	1.3	0.27	NE	Nil	30	32.4	-50%
BUY	Challenger Wine Trust	CWT	12/01/09	30	C	170.3	1.4	1.53	NE	23.7	30	5.7	+19%
HOLD-	Charter Hall Group	CHC	06/04/09	30*	C	698.0	0.9	7.98	NE	7.1	70	1.0	+137%
HOLD	Circadian Technologies	CIR	10/02/04	188	E	45.2	0.9	10.25	NE	Nil	70	65.0	-28%
HOLD+	Clarius Group Ltd	CND	08/04/03	82*	C	79.7	0.9	0.18	29	Nil	80	65.5	+77%
BUY	CPT Global Ltd	CGO	10/03/08	88	B	36.8	0.7	0.79	16	5.8	95	7.3	+16%
HOLD	Devine Ltd	DVN	13/11/06	94	A	315.5	1.2	0.30	8	7.1	42	19.0	-35%
HOLD+	Ellex Medical Lasers	ELX	14/03/06	49	B	84.9	2.0	0.21	30	Nil	15	Nil	-69%
BUY	Fiducian Portfolio Ser	FPS	11/02/08	260	B	32.4	0.8	2.34	16	4.2	159	13.3	-34%
HOLD+	Iluka Resources Ltd	ILU	12/10/04	471	B	380.7	0.5	2.53	23	Nil	381	64.0	-6%
BUY	Integrated Research	IRI	14/01/08	40	A	166.8	1.0	2.03	11	7.7	52	7.0	+48%
HOLD	M2 Telecommunications	MTU	09/10/06	33	A	108.5	0.6	0.90	25	3.3	169	13.5	+453%
HOLD	Mnet Group ¹	MNZ			C	208.3	2.8	1.37	NE	Nil	7	Nil	
BUY	Melbourne IT	MLB	10/02/04	53	B	78.0	0.6	0.74	8	8.5	176	51.0	+327%
HOLD+	Photon Group Ltd	PGA	10/11/08	132*	B	154.3	0.6	0.27	7	7.8	160	11.8	+30%
HOLD+	Probiotec Ltd	PBP	11/02/08	116	B	47.1	0.6	1.26	12	1.4	233	5.8	+106%
HOLD+	Prophecy International	PRO	08/09/08	26	A	45.8	1.0	4.71	15	6.4	66	4.3	+170%
HOLD+	Ross Human Directions	RHD	14/08/01	92	A	83.5	1.2	0.08	8	4.6	38	34.3	-21%
BUY	Skilled Group Ltd	SKE	12/03/02	126	B	123.6	0.7	0.13	9	5.1	205	132.0	+167%
HOLD	Technology One Ltd	TNE	11/11/03	44	B	300.3	0.9	1.95	15	4.7	80	20.1	+126%
BUY	TFS Corporation Ltd	TFC	08/01/07	45	B	191.3	0.8	2.15	6	4.0	107	8.1	+155%
HOLD+	The Reject Shop Ltd	TRS	11/01/05	257	B	25.8	0.3	0.85	18	4.1	1351	181.5	+496%
BUY	Village Roadshow PREF	VRLPA	10/08/09	77	B	0.0	2.1	0.31	6	6.6	193	9.0	+162%

The average Total Return (i.e. both Capital Gains/Losses plus Dividends received) of all current investments from initial recommendation is +174.0%. This is equal to an average annual rate of +27.0%, based upon the length of time each position has been held.

The average annual rate of gain of ALL recommendations (both the 39 current and 147 closed out) is +30.5%, 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 Mnet Group (formerly Mercury Mobility) distributed to shareholders.

Recommended Investments

(Continued from Page 3)

New Zealand Shares

Colonial Motor Company is making a taxable bonus share issue to “distribute” imputation tax credits accumulated under the old company tax rate of 33%. From 1 April 2010, companies will only be able to attach imputation tax credits at the new company tax rate of 30%.

Under the issue, investors will receive one new share (valued at 260 cents, plus imputation tax credits of 128 cents) for every 5.75 shares currently held. These bonus shares are taxable income under NZ law, so taxpayers will need to declare the income of 388 cents (i.e. 260 cents plus the tax credit of 128 cents) and claim the imputation amount as a tax credit.

This notional distribution of income and tax credits clearly has value for investors with an annual income less than \$48,000 (i.e. with a marginal tax rate of 21%) as excess imputation tax credits can be used to pay tax on other income. On the other hand, investors with taxable income in excess of \$70,000 will be required to pay *additional personal tax* to bring this up to their marginal tax rate of 38%.

We don't really know whether “distributing” excess imputation tax credits makes sense. Imputation tax credits clearly have significant value on the *real* distribution of annual cash dividends - but a taxable bonus issue distributes no cash to shareholders but may create an artificial tax liability for investors on higher tax rates.

More importantly, distributing surplus imputation tax credits in a way that has dubious value *could* leave a company short of imputation tax credits in the future. For example, during a period when a company was not profitable (i.e. so generated no new imputation tax credits) but still sought to maintain annual cash dividends. Another example would be a company that expands offshore in the future (e.g. Michael Hill International or Nuplex Industries) and which would soon run out of imputation tax credits to attach to annual cash dividends.

Colonial Motor Company



Of course, the NZ company tax rate of 30%, while the personal tax rate is 33% (above \$40,000) or 38% (above \$70,000) and the trust tax rate is 33% is extremely

poor tax policy and will lead to investment in tax avoidance rather than investment in income producing businesses. Furthermore, the 1st April 2008 cut in the NZ corporate tax rate from 33% to 30% has benefited only foreign investors (i.e. where their NZ tax drops from 33% to 30%) while NZ shareholders continue to pay tax at 33-38% (i.e. less at the company level but more at the personal level on dividends).

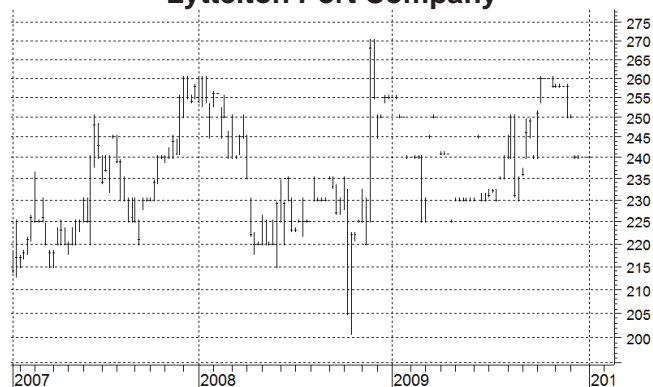
Lyttelton Port Company will not be releasing the long awaited *Antipodes* report on the possible merger with **Port Otago**. In most developed and emerging markets there are stock exchange disclosure rules that require the release of information that clearly *could* affect the value of a company's shares!

The company has disclosed its expectation that the first half profit will be down 38-44% to \$3.2-3.5 million, with the second half up 32-47% to \$5.8-6.5 million, to give an annual profit down just 1-10% at \$9-10 million.

The major impact on the shorter term results is the timing of maintenance expenses.

Lyttelton Port Company is also seeking resource consents to allow the deepening of its navigation channel by up to four metres and its extension by up to five kilometres. This would allow larger container ships to access the port at any time, *regardless of tides*. With consents *and* “when the time is right” the company “can begin work as soon as our customers require it” . . . but that is unlikely to be in the near future! The initial (i.e. “capital”) dredging would cost about \$25 million per metre of additional depth - so up to \$100 million for the full four metres - plus on-going annual maintenance dredging. To earn a return on this massive capital investment the port would need significantly higher volumes of larger container ships willing to pay higher fees for the convenience of faster turnarounds not delayed by low tides.

Lyttelton Port Company



Michael Hill International reports “improved trading conditions during the key Christmas” trading period.

In local currency terms, Canadian same store revenues fell 4.9% over the six months to 31 December, but total revenues were up 16.6%. With a weaker Canadian dollar that translated into a 7.0% gain in NZ dollars. United States revenues rose 30.9% (in US dollars) or

7.0% in NZ dollar terms.

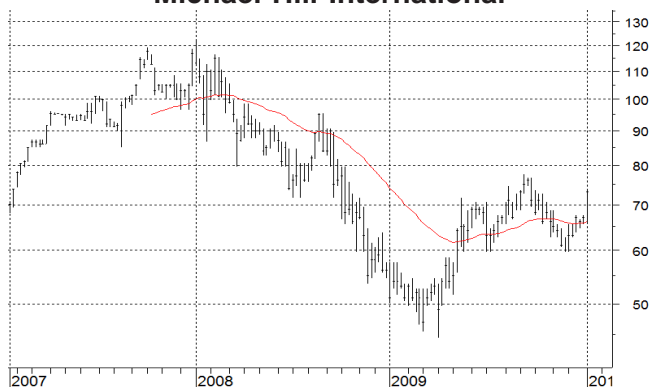
Australian same store sales increased 3.6%, with total Australian revenues up 6.0% (or 8.8% in NZ dollar terms). NZ same store revenues were up 5.4%, with total revenues up 5.5%. Total group revenues rose 7.9% to \$244.3 million.

Overall, the Australian business generated revenues of NZ\$163.4 million (67% of the group total), NZ stores \$52.3 million (21½%), Canada \$21.1 million (8½%) and the United States just \$7.5 million (3%).

The complete half year results will be released on 18 February - which we believe could show a significant improvement in profits. The company's net profit was \$19.5 million for the six months to December 2007 but fell to \$13.8 million in the six months to December 2008 owing to \$4.3 million of exchange fluctuations, US acquisition costs of \$1.0 million and four months of US trading losses of \$2.4 million.

The current half result will likely have further ongoing losses from its US operations - but significant benefits from last year's tax restructuring - possibly giving a net profit up 65-80% to around \$23-25 million (6-6½ cents per share) for the period. There should be a similar improvement in the net operating cash surplus (subject to wide fluctuations period to period owing to stock and debtor levels) but no imputation tax credits, although investors will likely be compensated for this by a higher cash dividend.

Michael Hill International



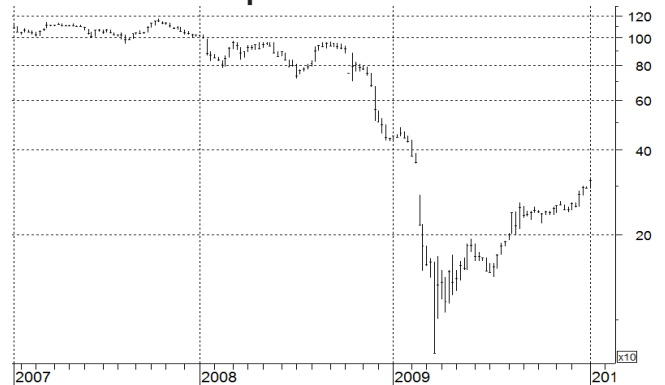
Nuplex Industries has upgraded its June 2010 forecast from earnings (before interest, tax and depreciation) of \$100-110 million to \$110-120 million. The net profit forecast has increased from \$34-44 million to \$45½-50 million (24-28 cents per share).

At 313 cents, that puts the shares on a prospective Price/Earnings ratio of 11-13 which looks reasonable.

Asian markets contributed 26% of earnings last year but with continued growth in sales volumes and profits could account for around *half* of group earnings this year.

We had previously failed to adjust Nuplex Industries in our *Recommended Portfolio* to reflect the consolidation of four shares into one new share in July 2009. This adjustment increases our cost (and historical dividends received) by a factor of four.

Nuplex Industries



Renaissance Corporation has appointed a new Chief Executive Officer, R Webb, who has some experience with start-up businesses, and most recently as Chairman and Founder of **Red Ocean**, an incubator of interactive start-ups, since 2006. That firm's most successful(?) venture was perhaps **Blue Freeway** which listed on the Australian stockmarket in late 2006 after an IPO at 100 cents. The shares peaked at 250 cents in 2007 - before collapsing in the recent economic downturn and being privatised by its major shareholder at 4 cents in mid-2009. At the peak Webb's shareholding was worth around \$15 million - but held in escrow until September 2008 by which time the share price had collapsed to 7 cents!

Nevertheless, this appointment should bring Renaissance Corporation some of the skills needed to expand and grow its smaller technology ventures.

Renaissance Corporation



Smiths City Market reports a 6.1% drop in revenues to \$107.1 million for the six months to 31 October 2009, but profits increased 24.1% to \$1,018,000 (1.9 cents per share). A steady interim dividend of 1.0 cent will be paid in February, plus imputation tax credits of 0.15 cents (nil last year).

The net operating cash surplus was \$3.9 million, up from just \$0.3 million in the same period last year.

Retail operations *lost* \$600,000 - compared with a profit of \$559,000 in the same period to December 2008 - but the **Finance** division lifted profits 10-fold to \$1,662,000.

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Recommended Investments

(Continued from Page 5)

“Big ticket” retailing is “the worst in 20 years” but the company has “held or increased market share”. A new store in Porirua and future expansion - subject to finding the right locations - in the Wellington region can utilise existing logistics for the **LV Martin** business “without increasing the group warehousing and delivery costs”. The company believes that “Wellington offers a great opportunity for growth”.

November trading has been “difficult” and December “marginally below last year”.

Smiths City Group



Australian Shares

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

AJ Lucas Group has agreed to sell its 15% interest in ATP651, a coal seam methane gas asset, to **Toyota Tsusho Corporation** for \$98.5 million - realising another one-off significant gain over its initial cost and development expenditure.

AJ Lucas Group



The proposed takeover of **Breville Group** by **GUD Holdings** will be opposed by the **Australian Competition and Consumer Commission**. At this stage GUD Holdings has extended its takeover offer until 5 February to allow it to study the ACCC's reasons for opposing the takeover.

The most likely outcome is that GUD Holdings will give up its acquisition ambitions and withdraw its takeover offer (i.e. with any shares offered to GUD Holdings returned to shareholders). Alternatively, GUD Holdings could seek to negotiate with the ACCC to find a solution

to that body's concerns about the reduction in competition caused by the takeover.

Breville Group



Charter Hall Group has indicated that it will pay a distribution of 1.6 cents for the six months to 31 December 2009.

Ellex Medical Lasers has announced poor sales in the second quarter which will result in the half year profit to 31 December 2009 being “materially lower” than the same period a year earlier. Presumably that means materially lower than the \$2.8 million trading profit and not materially lower than the \$0.8 million loss after market foreign exchange losses or materially lower than the \$23.2 million loss after writing off intangible assets!

The company reports revenues in Australia and Japan close to budget, but a decrease in Europe and the United States which will leave group revenues 20% below budget.

Ellex Medical Lasers



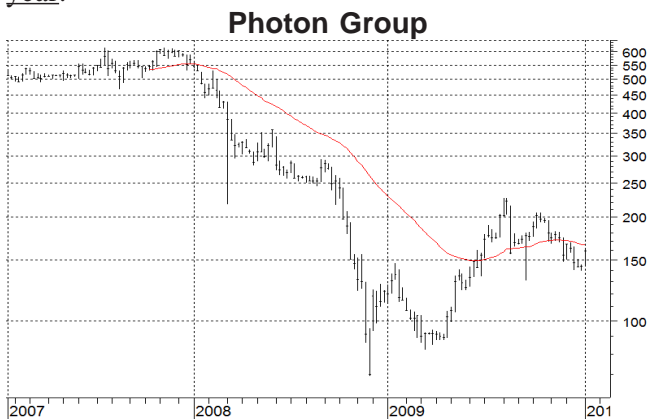
Photon Group's takeover offer has secured 91.3% of the shares in **Dark Blue Sea** and it will apply for compulsory acquisition of the remaining shares.

The company has also extended two debt facilities due in 2010. An undrawn \$38 million facility has been extended until April 2012 and a fully drawn \$120 million loan has been extended until October 2012. Two other debt facilities of \$122 million are due in 2011. Photon Group has relatively high debts but its ability to service these debts (and roll over facilities expiring over the next year) indicates little financial risk. The high debt levels

will leverage recovery potential and future growth into higher earnings per share growth.

The group's **Geekdom** subsidiary has sold its *Geekiversity* online education business which will result in a one-off loss of about \$5.5 million. The *Internet & E-commerce* division results will also be depressed by "continual investment in developing and commercialising new online applications" which are "not expected to generate significant earnings" until late in this financial year and in the year to June 2011.

The stronger Australian dollar also depresses earnings from the 35% of the business outside Australia. Nevertheless, Photon Group expects earnings (before interest, tax and depreciation and before the one-off loss on the sale of a business) to be in line with the previous year.



Prophecy International Holdings has completed its acquisition of **Promadis Pty** for \$560,000 in cash and 900,000 Prophecy International shares plus an earn out based upon future profits in excess of targets over the next three years.

Promadis owns several competitive software products "capable of significant growth" but acquired at a P/E ratio of just 4 times current profits. *Promadis Cardiology* provides patient medical records, heart and consultation modules, linked to a the *Promadis Practice Management System*. *Promadis Caseman and CSI* covers Forensic Science Laboratory and Police crime scene case management. *Promadis Births Deaths and Marriages* provides record keeping and statistics for Registry offices and *Promadis Business* provides software for financial



management, distribution, transport and manufacturing operations.

This acquisition will increase earnings per share by over 10% immediately based upon current profits from Promadis, while realising the "excellent growth available by taking the new products to world markets" via Prophecy International's existing partners could generate strong growth over the years ahead. The company also acquires new staff with "excellent technical skills" that can work on group projects.

Village Roadshow's successful buy-back of 46.1% of its preference shares is leading to that very favourable "tight scrip" situation - where the shares can appreciate rapidly and significantly, especially on any good news.

As we reported in November, a newspaper report suggested that "even fewer Village Roadshow shares available on market might possibly mean they will trade at an even deeper discount" to their fair valuation - while we held exactly the *opposite* expectation (i.e. that fewer shares will boost the valuation).

Over the last few days there have been no sell quotes on Village Roadshow preference shares - although a relatively large 303,750 shares (worth \$584,000) did trade on Friday, with sellers entering the market to take the bid quote. This *could* be the first sign of an imbalance of buyers and sellers - that is, no sellers after those who wanted to sell had already sold in the on-market buy-back.

The ordinary shares are also relatively tightly held, with 10% bought back in November and the major shareholder having a 67% interest.

While our investment in Village Roadshow has increased substantially in value over just a short period, this is not a situation in which to realise profits. This is an asset rich situation. The shares also trade at a low valuation relative to profits and dividends - while better management of its businesses could lead to strong growth in cashflows, profits and dividends. The company also has relatively high - but manageable - debt levels, that would leverage a small increase in operating performance into a greater rise in earnings per share. So there is significant upside potential from a number of areas - and the developing *tight scrip* situation just helps to increase the potential for further strong capital appreciation. "**Buy**" and **Hold** and let profits run!



Share Recommendation:

Buy Ammtec

BUY Ammtec (Code AEC).

Ammtec is a Western Australian company with laboratories providing metallurgical and mining testing services to the mining industry. This is a high margin business - as we have seen with Campbell Brothers - although currently suffering from the economic downturn and its impact on the mining sector. Ammtec shares trade on a relatively low valuation yet should be able to generate strong profit growth over the next several years from recent acquisitions and from new laboratory facilities that have significantly expanded its capacity and range of services.

Company History

This business was established in 1979 and incorporated and floated on the stockmarket in 1994 after an Initial Public Offering at 50 cents per share.

Recent Acquisitions and Expansion

In 2004, Ammtec invested in **Purity Systems Inc (PSI)**, a start-up US based business developing the use of resins in medical, food, petro-chemical, environmental and mining applications. Ammtec originally acquired a 25% equity interest plus an option to acquire a further 20%. The initial investment was around A\$50,000 with Ammtec also contributing a share of PSI's operating expenses.

Resin ion exchange was first discovered in 1845 and commercialised in 1913 using *styrene* resin. The PSI resins, developed by the **University of Montana**, last longer than styrene resins, without the drop off in capacity over time and can be recharged with the extraction of the target ions using a reversible chemical reaction.

In April 2007, Ammtec exercised its option, raising its holding in PSI to 45% and in August 2008 invested further capital to increase its equity interest to 68.5% - with the balance retained by the original founders. This took Ammtec's investment in PSI to about A\$4.3 million.

In August 2008 the group was offered US\$25 million for its 68.5% of PSI from a mining company wishing to use the technology for a specific mining project - but that sale was not completed as the purchaser was unable to secure project financing for the development of the ore body. This offer, however, could indicate the potential value of this investment.

In January 2009, Ammtec acquired a further 1.35% of PSI - taking its interest to 69.9% - for A\$418,576. Paying \$418,576 for 1.35% also implies a value of A\$21.7 million (or about 60 cents per Ammtec share) for its 69.9% interest. This compares with a book value (which is virtually all intangible assets) of about \$4.7 million.

PSI's technology was used in 2007 to help extract 300 tonnes of copper dissolved in pit water at **Redbank Mines' Sandy Flat** open pit.

The company sees "promising commercial prospects" treating waste streams from existing mining plants and environmental remediation. Some resin sales have been

made to the *South Australian Aqua Desalination Project* and it is being investigated for a Nickel project in Australia.

In February 2008 the group acquired West Australian engineering group **MARC Environmental Solutions** (later renamed Marc Technologies) for \$12 million (i.e. \$9 million initially and \$1 million over each of the next three years). This business designs laboratories for mining businesses and also supplies and installs dust extraction systems. We estimate that business was acquired on a Price/Earnings ratio of about 4½-5, but profitability fell sharply - down about 65% in the year to June 2009 - as the downturn caused many customers to halt major capital expenditure programs.

In the year to June 2008, Ammtec refurbished and upgraded its laboratory facilities at Balcatta. As well as adding some new services this increased capacity 3-5 fold in most areas.

In July 2009 the company paid \$3.45 million to purchase a property adjoining its four existing Balcatta facilities. Here it will build a new \$10 million laboratory for conducting large scale hydrometallurgical pilot plant testing for processing Nickel, Uranium and other base metals. This will be "the only facility of its type in Australia and is expected to generate significant interest from local and overseas projects".

Current Business

Ammtec currently generates 70% of revenues from metallurgical and mineral testing and 102% of group earnings (owing to losses in another division). Most of this work involves mining feasibility studies requiring bankable test data. Copper, Lead and Zinc minerals contributed 27% of revenues (up from 24% in 2008), Iron ore 27% (up from 21%) and Gold 24% (22% in 2008). Nickel contributed 11% of revenues (down from 24% in 2008) while the group's new service for Uranium contributed 4% of revenues. Other mineral testing accounted for 7% (previously 9%) of revenues.

This division generates 69% of revenues in Australia, with smaller operations in about 30 other countries.

Marc Technologies contributed about 30% of group revenues but only 12% of group earnings. Compared with the previous year (which included only four months of trading), profitability was down about 65% in this more cyclical business. This division, however, has expanded to include the supply of consumables, spare parts and service, plus increased marketing to diversify into the the oil and gas sector.

The PSI division contributed no significant revenues but *lost* \$1.54 million (about 15% of group earnings) from the on-going development of this business. PSI will require additional investment to develop and commercialise its technology - with operating losses continuing to depress Ammtec's results in the short term. PSI is "expected to generate revenues" in the year to June 2011.

Capital Raisings

Ammtec raised \$9.92 million from the placement of 3,100,000 shares at 320 cents in February 2008 to fund the acquisition of MARC Environmental Solutions. It also issued 1,337,928 shares in a Share Purchase Plan at 320 cents to raise a further \$4.28 million.

In July 2009 the company placed 6,216,212 shares at 185 cents to raise \$11.5 million and sold about 4,160,000 shares via a Share Purchase Plan at the same price to raise an additional \$7.7 million. This money will be used for the new hydrometallurgical laboratory.

Recent Results

For the year to June 2005 revenues grew 49.9% to \$17.4 million, with profits up 78.3% to \$3,596,119 (18.4 cents per share). The annual dividend was raised 38.9% to 12.5 cents.

The cash operating surplus was 22% higher at \$3.4 million.

Revenues grew 37.4% to \$23.8 million over the year to June 2006 and profits increased 56.2% to \$5,423,551 (27.1 cents per share). The annual dividend rate was lifted 76.0% to 22.0 cents.

The net operating surplus almost doubled (i.e. up 90%) to \$6.5 million.

For the year to June 2007, revenues grew a further 10.5% to \$26.4 million but profits slipped 10.6% to \$4,847,683 (23.6 cents per share). The dividend remained steady at 22.0 cents.

The net operating cash surplus was 6% lower at \$6.1 million.

For the year to June 2008, the company lifted revenues 33.9% to \$35.3 million. Profits increased 42.9% to \$6,926,843 (27.4 cents per share) and the annual dividend rate rose 13.6% to 25.0 cents.

The net cash operating surplus grew 31% to \$8.0 million.

For the June 2009 year, revenues were 47.2% higher at \$55.5 million although profits were virtually unchanged at \$6,885,373 (27.0 cents per share). The annual dividend rate was cut 4.0% to 24.0 cents.

The net operating cash surplus was 50% higher at \$12.1 million.

In July 2009 the company issued a further 10.4 million shares (to raise \$19.2 million to finance expansion) which has increased the issued capital 40.8% to around 35.9 million shares and this will dilute earnings per share in the short term.

For the six months to 31 December 2009, the group has forecast a profit of \$3 million (8½ cents per share). That is down 27% on the previous year's first half of \$4.1 million but a slight improvement on the second half result of \$2.8 million. The company reports "the current order book suggests that the metallurgical and minerals testing will be very strong in the second half to June 2010". The Marc Technologies business is "more directly linked to CAPEX projects" but if "some significant prospects and recently quoted work comes to fruition" then this division "will have a much stronger second half".

Investment Criteria

At 257 cents, Ammtec shares trade on a Price/Sales ratio of 1.18, a low Price/Earnings ratio of 10 and offer

an attractive current Dividend Yield of 6.2%. Current results will be diluted by the recent 41% increase in the issued capital - but this was to raise cash to finance further expansion, so revenues and profits should grow strongly over the next several years.

This is a business which earns high profit margins and a high return on Shareholders Equity. So the \$19 million in new equity, invested in new facilities to earn a return of perhaps 20-25%, would soon add around \$3½-5 million to net profits. That would lift annual profits 50-70% and increase earnings per share 7-20%.

The upgrade of existing facilities over the last two years has created surplus capacity, so work volumes, revenues and profits should all increase over the next several years as the mining sector recovers from the 2008/2009 downturn. Capacity was increased significantly, so there is the potential for strong organic growth from this source.

Profitability has also been depressed by the development and start-up losses from Purity Systems Inc which lost \$1.5 million or 6 cents per share last year. Achieving a break-even on this division would lift group earnings by 20-25%. While this division is still very high risk and in a development stage, medium to longer term this business *could* contribute \$4-6 million (11-17 cents per share) annually to group profits - potentially adding another 60-90% to group profits.

So profits could double or triple over the next 3-4 years.

The issued capital is 35,900,000 shares, giving a market capitalisation of \$92.3 million. That makes Ammtec a medium sized listed company.

The directors have a significant investment in Ammtec shares. The Chairman, D Macoboy, owns 100,000 shares and the Managing Director, R Smith, has 477,864 shares. The two Executive Directors, R Grogan and H Sheriff, have 375,328 shares and 161,686 shares, respectively. Two Non-executive directors do not own shares.

There have been two *insider* buys and one sell over the last year, plus directors took up shares in the July 2009 Share Purchase Plan and share placement. R Smith purchased 50,000 shares at 160 cents in January 2009, D Macoboy purchased 25,946 shares at 232 cents in August, while R Grogan sold 6000 shares at 263 cents in October.

Ammtec shares are relatively *neglected* by institutions, with less than ten owning only about 20% of the capital. The shares are not followed by stockbrokers (i.e. none publish profit forecasts).

The Relative Strength rating is +10.9%, ranked 40 (on a scale of 0-99), indicating that Ammtec shares are in an uptrend.

Summary and Recommendation

Ammtec has a niche market providing services for the mining sector in Australia and overseas which is capable of earning high profit margins, strong cashflows and a high return on Shareholders Equity.

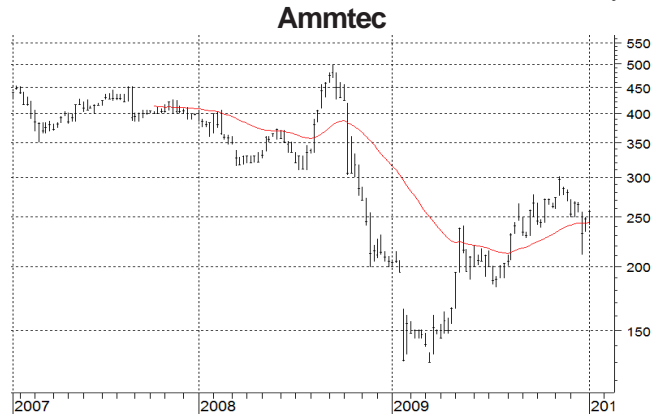
The company has significantly expanded its existing capacity and is currently building new facilities to further increase its growth potential. *(Continued on Page*

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BUY Ammtec*(Continued from Page 9)*

Profitability, however, has been hurt by the recent downturn in the mining industry, start-up losses with PSI and earnings per share will be diluted this year owing to the recent large capital raising (which will not start to contribute to profits until *next year*). These factors combine to provide the growth company “glitch” which can provide investors with the opportunity to buy into a quality growth company at a low valuation.

We recommend Ammtec shares for investors seeking long term capital appreciation - although they also offer an attractive current income yield.



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

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

Company	Share Price	Current Price	4-Wk Rank	Change %	Strength	Price to P/E	Return on Equity	Volatility	Dividend Yield	Price to Sales	Price to Book	Market Cap
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UNDER-VALUED SHARES: Lowest Price/Sales, Yld>0, RelStrength>0

SmithsCity	40	+0.4	+2.9	56	0-0	-0.5	2	1.5	21	5.0	0.09	21	
ColMotorCo	262	+4.2	+0.3	45	7-0	-0.6	4	0.5	14	8.2	0.15	73	
TagPacificLtd	27	+25.0	-10.6	4	0-0	-0.6	5	1.8	13	3.5	0.17	19	
HellabyHold.	169	+17.3	-8.5	8	8-0	-1.0	6	1.3	16	5.1	0.18	86	
EbosGroupLtd	586	+4.9	-2.4	40	0-2	1	1.8	12	0.4	15	6.1	287	
Turners&Grow.	150	+0.9	+2.1	55	1-0	-0.5	5	0.8	11	10.0	0.26	150	
AlliedWork.	80	+3.3	+0.1	48	0-0	-1.2	12	1.0	10	12.1	0.27	21	
AirNewZealand	120	+6.9	-3.8	29	0-7	1	0.8	1	0.9	61	7.7	1,279	
SeekaKiwifruit	315	+11.8	+2.0	15	3-0	-0.7	7	0.4	10	5.7	0.37	40	
NuplexIndust	313	+5.7	+5.1	36	4-0	1	1.2	3	1.1	36	1.6	0.40	594
GuinnessPeat	90	+3.9	-2.4	46	0-6	-0.5	-	1.1	NE	2.8	0.41	1,403	
TurnersAuction	125	+24.9	-6.4	5	2-0	-1.7	5	0.6	31	3.5	0.44	34	
MainfreightGp	578	+9.4	-1.0	19	0-7	-2.0	12	0.6	16	4.8	0.45	569	
ZintelComm.	40	+23.2	+0.2	6	5-0	-1.8	20	1.6	9	11.2	0.52	20	
RestaurantBrds	174	+33.1	+1.6	2	11-0	-4.6	22	0.6	20	6.0	0.55	169	
Kirkcaldie & St	272	+9.4	+1.8	20	0-0	-1.2	4	0.5	27	4.2	0.62	27	
BriscoeGroup	125	+8.6	-0.4	23	0-0	-2.2	10	1.0	23	5.4	0.68	265	
FletcherBuild.	832	+5.6	-3.3	36	2-12	1	1.7	12	0.5	14	5.6	0.71	5,029
LivestockImp.	320	+29.9	+8.8	4	0-0	-0.6	14	0.4	4	19.5	0.71	107	
CavalierCorp	268	+8.8	-1.6	22	0-0	1	2.1	16	1.0	13	8.0	0.73	180

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

LivestockImp.	320	+29.9	+8.8	4	0-0	-0.6	14	0.4	4	19.5	0.71	107	
TagPacificLtd	27	+25.0	-10.6	4	0-0	-0.6	5	1.4	13	3.5	0.17	19	
ZintelComm.	40	+23.2	+0.2	6	5-0	-1.8	20	1.3	9	11.2	0.52	20	
HellabyHold.	169	+17.3	-8.5	8	8-0	-1.0	6	1.1	16	5.1	0.18	86	
SeekaKiwifruit	315	+11.8	+2.0	15	3-0	-0.7	7	0.3	10	5.7	0.37	40	
Hallenstein G.	330	+11.2	+0.6	16	0-0	-3.5	23	0.4	15	9.1	0.99	197	
MainfreightGp	578	+9.4	-1.0	19	0-7	-2.0	12	0.5	16	4.8	0.45	569	
CavalierCorp	268	+8.8	-1.6	22	0-0	1	2.1	16	0.9	13	8.0	0.73	180
Methven Limited	167	+7.9	-3.2	26	1-2	-1.9	17	0.8	11	10.5	0.81	111	
Abano Health.	622	+5.8	-5.1	35	0-0	-2.5	17	0.6	15	5.0	0.77	145	
Fletcher Build.	832	+5.6	-3.3	36	2-12	1	1.7	12	0.4	14	5.6	0.71	5,029
EbosGroupLtd	586	+4.9	-2.4	40	0-2	1	1.8	12	0.3	15	6.1	0.21	287
WarehouseGroup	411	+4.2	-1.9	43	3-1	1	4.0	24	0.4	17	7.3	0.74	1,279
ColMotorCo	262	+4.2	+0.3	45	7-0	-0.6	4	0.3	14	8.2	0.15	73	
AlliedWork.	80	+3.3	+0.1	48	0-0	-1.2	12	0.7	10	12.1	0.27	21	
Turners&Grow.	150	+0.9	+2.1	55	1-0	-0.5	5	0.6	11	10.0	0.26	150	

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

LivestockImp.	320	+29.9	+8.8	4	0-0	-0.6	14	0.3	4	19.5	0.71	107
NZ Refining Co	365	-12.4	+0.6	83	0-0	-1.5	18	0.4	8	18.4	2.57	1,022
Methven Limited	167	+7.9	-3.2	26	1-2	-1.9	17	0.7	11	10.5	0.81	111
ING Property	79	+7.3	-2.8	27	1-0	-0.7	-	0.5	NE	10.1	3.89	418
Turners&Grow.	150	+0.9	+2.1	55	1-0	-0.5	5	0.5	11	10.0	0.26	150
VectorLtd	201	-1.7	+1.7	62	2-0	1	1.0	9	0.5	12	9.8	1,921
Goodman Prop.	108	+6.1	+0.3	34	0-1	-1.0	-	0.5	NE	9.6	7.05	913
Telecom Corp	259	-3.6	-0.2	69	1-4	1	1.8	0.4	12	9.3	0.86	4,823
Hallenstein G.	330	+11.2	+0.6	16	0-0	-3.5	23	0.3	15	9.1	0.99	197
AMP Onyx Mgmt	78	-2.3	-2.4	64	1-0	-0.8	-	0.5	NE	8.9	5.82	778

Company	Share Price	Current Price	4-Wk Rank	Change %	Strength	Price to P/E	Return on Equity	Volatility	Dividend Yield	Price to Sales	Price to Book	Market Cap
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INSIDER BUYING: Most Insider Buying, Relative Strength > 0

RestaurantBrds	174	+33.1	+1.6	2	11-0	-4.6	22	0.4	20	6.0	0.55	169	
GuocoLeisure	64	+19.8	-6.2	7	10-0	-0.6	7	0.6	8	2.5	1.41	876	
Hellaby Hold.	169	+17.3	-8.5	8	8-0	-1.0	6	1.0	16	5.1	0.18	86	
Comvita	145	+16.4	+3.0	8	8-0	-0.7	1	0.7	54	Nil	0.57	41	
ColMotorCo	262	+4.2	+0.3	45	7-0	-0.6	4	0.3	14	8.2	0.15	73	
Scott Tech.Ltd	135	+10.5	+7.1	18	6-0	-2.0	1	0.5	145	1.1	1.23	38	
ZintelComm.	40	+23.2	+0.2	6	5-0	-1.8	20	1.0	9	11.2	0.52	20	
Tourism Hold.	93	+15.6	+2.6	11	4-0	-0.5	-	0.7	NE	Nil	0.54	91	
Nuplex Indust	313	+5.7	+5.1	36	4-0	1	1.2	3	0.9	36	1.6	0.40	594
SkyCityLtd	345	+5.2	-0.4	39	3-0	1	2.7	16	0.5	17	6.4	2.37	1,984

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

NZ Windfarms	44	-21.4	-1.2	90	0-0	-0.4	-	1.1	NE	Nil	8.98	35
AMP Onyx Mgmt	78	-2.3	-2.4	64	1-0	-0.8	-	0.4	NE	8.9	5.82	778
NZ Farming Sys.	50	-8.0	+4.3	78	3-1	-0.5	-	0.6	NE	Nil	4.99	122
TrustPower Ltd	728	-0.7	-0.5	57	0-3	-1.6	7	0.3	22	6.8	2.92	2,295
Life Pharmacy	30	-13.6	-7.8	85	0-0	-0.5	0	0.8	337	Nil	2.80	20
Mowbray Collect	99	-2.1	+1.7	62	0-0	-2.6	-	0.4	NE	Nil	2.64	11
NZ Refining Co	365	-12.4	+0.6	83	0-0	-1.5	18	0.3	8	18.4	2.57	1,022
WNDriveTech.	9	-18.7	+1.6	90	7-0	-1.8	-	1.2	NE	Nil	2.54	37

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

Charlie's Group	9	-58.3	+0.0	97	1-0	-2.0	-	1.4	NE	Nil	0.85	26	
Pyne Gould Corp	47	-34.7	+2.7	97	7-1	-0.3	-	0.7	NE	Nil	0.32	324	
NZ Windfarms	44	-21.4	-1.2	90	0-0	-0.4	-	1.0	NE	Nil	8.98	35	
WNDriveTech.	9	-18.7	+1.6	90	7-0	-1.8	-	1.1	NE	Nil	2.54	37	
Life Pharmacy	30	-13.6	-7.8	85	0-0	-0.5	0	0.8	337	Nil	2.80	20	
WindflowTech.	135	-13.0	+2.2	85	0-0	-1.0	-	0.4	NE	Nil	0.51	16	
Jasons Media	55	-11.3	+1.8	83	0-0	-3.3	30	0.6	11	4.1	0.80	11	
Rakon Ltd	116	-9.8	+0.2	81	0-1	-1.1	3	0.6	33	Nil	1.06	148	
Cavotec MSL	265	-8.3	-0.4	79	0-0	-6.9	78	0.5	9	Nil	0.57	169	
NZ Farming Sys.	50	-8.0	+4.3	78	3-1	-0.5	-	0.6	NE	Nil	4.99	122	
Northland Port	180	-7.5	+0.3	77	0-0	-0.6	2	0.4	28	4.4	N/A	74	
Wakefield Hlth	748	-6.1	-3.9	74	0-1	1	1.2	11	0.2	10	5.0	123	106
Canty Bldg Soc.	305	-5.6	+0.2	74	2-1	-0.7	4	0.3	18	3.9	1.01	37	
Sanford Limited	475	-4.7	+0.4	72	0-1	1	0.8	7	0.2	11	6.9	1.03	445
Oyster Bay	230	-4.6	+0.7	71	0-0	-0.4	3	0.2	13	4.3	1.76	21	
NZ Finance Hold	25	-4.3	+1.2	70	1-0	-1.1	-	0.6	NE	Nil	0.49	19	

INSIDER SELLING: Most Insider Selling, Relative Strength < 0.5

PGGWrightsons	61	-21.8	+3.1	91	1-10	1	0.5	-	0.5	NE	Nil	0.15	193
Steel & Tube	290	-3.4	-2.3	69	0-4	-1.7	17	0.4	10	9.4	0.53	256	
TrustPower Ltd	728	-0.7	-0.5	57	0-3	-1.6	7	0.3	22	6.8	2.92	2,295	
Telecom Corp	259	-3.6	-0.2	69	1-4	1	1.8	15	0.4	12	9.3	0.86	4,823
Wakefield Hlth	748	-6.1	-3.9	74	0-1	1	1.2	11	0.2	10	5.0	1.23	106
Rakon Ltd	116	-9.8	+0.2	81	0-1	-1.1	3	0.6	33	Nil	1.06	148	
Sanford Limited	475	-4.7	+0.4	72	0-1	1	0.8	7	0.2	11	6.9	1.03	445

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

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

STRENGTH RATING													STRENGTH RATING														
Company	Share Price	Cur-4-WkChg.	0-99	Rank	Rel	Volatility	Return	Volatility	Price	Dividend	Price	Market	Company	Share Price	Cur-4-WkChg.	0-99	Rank	Rel	Volatility	Return	Volatility	Price	Dividend	Price	Market		
												Cap'n													Cap'n		
UNDER-VALUED SHARES: Lowest Price/Sales, Yld>0, RelStrength>0													BEST PERFORMING SHARES: Strongest Shares, P/E<20, P/S<1.0														
AustPharm.Ind	69	+6.2	-9.7	51	5-0	1	0.8	9	1.0	10	2.9	0.05	178	AsianCentreLD	11	+173.0	-571.2	0	0-0	-	-	1.7	1	19.0	0.15	70	
AustLeadersFd	115	+8.2	-5.6	46	2-0	-	0.9	10	0.7	9	4.3	0.06	78	SpecFashion	157	+53.8	-7.6	5	4-0	2	15.7	-	0.7	13	Nil	0.53	299
RossHumanDir.	38	+22.7	-7.2	22	2-0	-	1.7	22	1.2	8	4.6	0.08	32	TMAGroupOfCo	3	+53.0	+20.1	6	1-0	-	3.3	27	2.8	12	Nil	0.73	38
ScottCorpLtd	25	+10.0	-7.5	42	0-0	-	0.7	8	1.4	9	4.0	0.11	16	BrevilleGroup	170	+51.1	-23.6	6	5-0	1	3.5	25	0.5	14	3.2	0.51	220
ChandlerMcLeod	24	+39.0	+4.7	9	2-0	1	5.9	-	1.7	NE	6.4	0.11	96	KonektLimited	12	+49.0	+6.7	6	0-1	-	-	-	1.4	7	Nil	0.26	8
DexionLtd	45	+10.6	-1.4	40	2-0	-	-	-	1.1	4	18.0	0.12	57	VitaGroup	29	+48.6	-16.2	6	3-0	-	-	-	1.0	8	Nil	0.14	41
NamoiCotton	49	+1.8	+0.5	61	2-0	-	0.5	7	1.0	7	8.2	0.12	47	ComOpsLimited	15	+45.3	-10.1	7	3-0	-	3.6	60	1.3	6	Nil	0.92	17
AdtransGroup	345	+19.5	+1.2	26	7-1	-	1.5	12	0.4	13	4.6	0.13	86	SolocoLtd	11	+41.4	-28.0	8	0-0	-	2.8	23	1.9	12	2.3	0.79	22
MesbonChinaN.	10	+0.4	-2.8	64	0-0	-	0.3	1	2.4	22	20.0	0.13	13	LongreachGroup	4	+41.3	+12.7	9	0-0	-	1.8	26	2.7	7	Nil	0.69	10
SkilledGroup	205	+13.0	-6.4	36	1-0	1	-	-	0.7	9	5.1	0.13	253	ZicomGroup	28	+40.4	+1.4	9	1-0	-	1.3	23	1.3	6	2.2	0.43	57
AmbitionGroup	33	+22.9	-6.2	22	1-0	-	2.5	-	1.2	NE	4.5	0.14	21	CreditCorp	280	+40.2	-5.2	9	10-3	-	1.7	16	0.4	11	1.4	0.80	124
LindsayAust	22	+8.0	-1.7	47	0-0	-	1.1	13	1.4	8	7.3	0.15	33	MacquarieCTel	510	+37.0	-0.0	11	0-0	-	2.1	15	0.4	14	Nil	0.41	104
AsianCentreLD	11	+173.0	-571.2	0	0-0	-	-	-	2.3	1	19.0	0.15	70	McPherson'sLtd	327	+36.3	-9.0	11	3-0	1	-	-	0.3	12	Nil	0.64	230
EmpiredLtd	12	+18.8	-20.9	27	1-0	-	-	-	2.2	10	6.3	0.17	6	CoventryGroup	240	+36.1	-0.3	11	6-0	-	0.7	4	0.6	17	Nil	0.23	95
KLMGroupLtd	47	+69.2	-4.4	3	1-0	-	2.6	10	1.3	27	2.2	0.17	28	DecmilGroup	142	+36.1	-22.6	11	1-0	1	7.9	47	0.5	17	Nil	0.58	167
AutomotiveHold	240	+26.1	-2.9	18	0-0	-	3.5	15	0.7	22	5.8	0.18	542	Pro-PacPack	28	+35.7	+9.3	11	2-0	-	3.5	24	0.9	15	1.8	0.45	34
WatpacLtd	154	+1.0	-3.3	63	1-0	-	1.0	19	0.8	5	6.8	0.19	185	ITXGroup	123	+35.1	+2.1	12	0-0	-	5.6	65	0.6	9	4.9	0.42	62
PMP Limited	77	+16.4	-0.5	30	3-0	-	1.1	-	0.9	NE	3.9	0.19	258	BerkleeLtd	53	+34.4	-5.7	12	0-0	-	0.6	15	0.7	4	Nil	0.67	7
Tel.PacificLtd	12	+29.1	+12.5	16	0-0	-	2.0	41	2.3	5	6.7	0.19	12	XtekLtd	4	+31.0	-3.6	14	2-0	-	1.0	25	2.5	4	Nil	0.25	3
E & A Limited	32	+0.9	-6.8	63	2-0	-	-	-	1.7	38	4.7	0.19	21	BSA Ltd	32	+30.8	+1.6	15	1-0	-	10.7	-	0.9	8	6.3	0.26	64
A.P. Eagers	1200	+18.7	+1.2	27	4-0	-	1.4	13	0.2	11	3.7	0.21	360	Autodoom Limited	8	+30.5	-10.8	15	0-0	-	0.7	19	2.4	3	Nil	0.05	4
RCR Tomlinson	100	+19.5	-25.8	26	1-1	2	1.2	13	0.8	9	2.5	0.21	125	GLG Corporation	40	+29.5	+8.4	15	0-0	-	0.9	8	0.8	11	Nil	0.12	30
AmbertechLtd	51	+5.5	-0.5	53	4-0	-	0.9	10	1.1	9	6.9	0.22	16	CPTGlobalLtd	95	+29.5	-11.3	15	0-1	-	4.3	27	0.5	16	5.8	0.79	35
MerchantHouse	18	+11.0	+3.8	39	0-0	-	0.6	10	1.8	6	5.7	0.22	16	FirstfollioLtd	6	+29.4	-4.1	15	2-2	-	-	-	2.3	8	Nil	0.55	37
BoomLogistics	46	+0.1	-2.3	66	0-0	2	0.5	-	1.2	NE	2.2	0.23	156	Tel.PacificLtd	12	+29.1	+12.5	16	0-0	-	2.0	41	1.7	5	6.7	0.19	12
BriertyLtd	40	+13.4	-13.0	36	0-0	-	1.2	19	1.2	6	3.8	0.24	43	LegendCorp.	19	+29.1	+10.7	16	1-0	-	3.2	35	1.2	9	Nil	0.45	41
TagPacific	23	+16.0	-6.9	31	0-0	-	0.7	4	1.6	18	3.3	0.24	21	Netcomm Limited	28	+28.8	-37.9	16	0-0	-	2.5	52	1.0	5	Nil	0.36	28
UXC Limited	84	+8.1	-14.1	46	0-0	2	27.8	-	0.9	13	4.2	0.25	181	VillageRoad.	200	+28.4	-2.8	16	1-0	-	-	-	0.5	6	4.9	0.32	449
Data 3 Ltd	885	+19.1	-0.1	27	0-1	-	7.6	55	0.4	14	5.6	0.26	136	AusdrillLtd	215	+26.6	-6.5	18	0-0	2	1.2	13	0.5	9	5.1	0.74	376
Hastie Group	199	+6.7	-8.2	50	4-0	2	-	-	0.6	8	6.0	0.26	466	ManacomCorp.	47	+25.5	-6.0	19	1-0	-	15.5	-	0.9	7	3.2	0.34	20
SupplyNetwork	42	+18.1	-1.1	28	1-0	-	1.0	14	1.1	7	7.1	0.26	11	QRSciencesHold	7	+23.6	-16.6	21	3-0	-	1.4	9	2.0	15	Nil	0.57	10
BSA Ltd	32	+30.8	+1.6	15	1-0	-	10.7	-	1.2	8	6.3	0.26	64	SilverChefLtd	160	+23.3	-6.5	21	1-0	-	1.8	24	0.5	8	8.8	0.77	32
KrestaHoldings	22	+14.5	-1.8	33	4-0	-	1.4	16	1.6	9	4.5	0.27	31	RossHumanDir.	38	+22.7	-7.2	22	2-0	-	1.7	22	0.9	8	4.6	0.08	32
SpotlessGroup	297	+7.7	+0.6	47	2-0	2	-	-	0.5	15	3.7	0.27	650	LyccopodiumLtd	304	+22.6	-6.9	22	2-1	1	3.3	40	0.3	8	8.2	0.80	118
MaxiTRANS	39	+12.1	-12.7	38	4-0	3	1.2	7	1.2	17	2.6	0.28	71	XRF Scientific	17	+21.8	-10.5	23	3-0	-	1.7	21	1.3	8	4.4	0.91	16
BoartLongyear	40	+14.2	+2.7	34	0-0	2	-	-	1.4	3	8.2	0.28	1,183	GlobalCom Serv	102	+21.4	-2.9	24	0-0	-	2.2	28	0.7	8	6.4	0.99	85
DiplomaGroup	35	+17.5	-16.5	29	3-0	-	5.8	28	1.5	21	2.9	0.29	42	Downer EDI Ltd	907	+20.9	-5.6	24	1-0	4	4.2	26	0.4	16	3.2	0.51	3,003
LendLeaseGrp	999	+7.4	-5.7	48	0-0	1	2.4	-	0.3	NE	4.1	0.31	4,571	NewlandRes.	2	+20.3	-26.4	25	0-0	-	-	-	3.3	1	Nil	0.20	8
MetcashLtd	444	+2.8	-1.6	59	1-2	4	34.2	-	0.5	15	5.4	0.31	3,396	RHGLtd	54	+19.7	-13.7	26	0-1	-	0.7	51	1.0	1	Nil	0.23	175
ProMaintenance	382	+10.8	-9.9	40	0-0	3	7.5	55	0.5	14	3.8	0.31	458	AdtransGroup	345	+19.5	+1.2	26	7-1	-	1.5	12	0.3	13	4.6	0.13	86
W'boolCheese	348	+8.4	+14.7	45	2-0	1	1.5	-	0.4	NE	0.6	0.32	139	RCR Tomlinson	100	+19.5	-25.8	26	1-1	2	1.2	13	0.6	9	2.5	0.21	125
Village Road.	200	+28.4	-2.8	16	1-0	-	-	-	0.6	6	4.9	0.32	449	TTAHoldings	9	+19.5	+5.1	26	0-0	-	1.3	19	1.7	7	Nil	0.28	13
CoffeyInt'l	220	+4.3	-2.4	55	2-0	-	-	-	0.6	16	5.9	0.33	270	Data 3 Ltd	885	+19.1	-0.1	27	0-1	-	7.6	55	0.3	14	5.6	0.26	136
HGL Limited	111	+10.4	-3.3	41	1-0	-	1.5	-	0.7	NE	11.0	0.34	59	Saferoads Hold.	84	+19.0	-4.1	27	6-0	-	2.3	15	0.8	15	Nil	0.38	22
ManacomCorp.	47	+25.5	-6.0	19	1-0	-	15.5	-	1.2	7	3.2	0.34	20	LogicamsLtd	94	+18.9	-5.0	27	0-0	-	3.6	49	0.7	7	5.9	0.67	34
GazalCorp	139	+9.7	-3.6	42	1-0	-	2.3	19	0.6	12	5.8	0.35	84	EmpiredLtd	12	+18.8	-20.9	27	1-0	-	-	-	1.6	10	6.3	0.17	6
MacMahonHold	66	+6.1	-6.3	51	2-0	4	1.8	6	1.0	29	2.3	0.35	481	A.P. Eagers	1200	+18.7	+1.2	27	4-0	-	1.4	13	0.2	11	3.7	0.21	360
JoyceCorp.	47	+0.1	+4.4	66	1-0	-	0.7	11	1.0	6	3.																

Company	Share Price	Cur. rent	4-Wk Chg.	Rank 0-99	Insider Buys	Problems Following	Price/NTA	Return on Equity	Vola-ity	Price/Dividend Ratio	Price/Earnings Yield	Price/Dividend Ratio	Price/Earnings Yield	Price/Dividend Ratio	Price/Earnings Yield
INCOMESHARES: Highest Yields, Capitalisation >A\$250 million															
GPT Group	61	-0.5	-2.9	70	1-0	1	0.9	-0.6	NE	29.3	2.95	5,406			
HastDiv Util	116	+2.8	+3.1	59	0-0	1	0.6	-0.6	NE	24.2	2.34	492			
Australand Prop	53	+8.0	-5.2	47	1-0	-	0.6	10	0.6	6	21.0	1.17	1,514		
Aspen Group Ltd	50	+13.0	-5.8	36	0-0	2	0.7	-0.7	NE	18.0	3.97	278			
46	+9.0	-1.1	44	3-0	2	0.7	-0.6	NE	17.0	4.96	687				
New Hope Corp.	489	-3.2	-5.9	77	4-2	3	1.5	10	0.3	15	16.8	5.70	3,993		
ING Office Fund	63	+5.8	-1.0	52	1-0	1	0.6	-0.5	NE	15.3	4.86	1,138			
Goodman Group	65	+3.3	-2.6	58	2-2	1	0.8	-0.7	NE	15.0	N/A	3,339			
Envestra	54	+2.7	-2.9	59	2-0	1	-	-0.6	2	13.6	1.80	699			
Chal Div Prop	50	+5.4	-0.7	53	2-0	-	0.6	8	0.6	8	13.4	3.42	427		
Macquarie Infra	150	-3.5	-1.2	77	1-0	1	0.9	-0.4	NE	13.4	N/A	3,381			
Ale Property	228	+7.4	+0.8	48	4-2	-	0.7	9	0.3	9	13.2	4.06	300		
Spark Infrastru	143	+8.4	+3.5	45	0-0	2	0.8	1	0.5	152	13.0	6.29	1,437		
DUET Group	186	+4.1	+2.3	56	0-1	-	1.1	-0.4	NE	13.0	1.53	1,598			
SP Ausnet	92	+2.4	+0.4	60	0-1	2	1.0	8	0.5	13	12.9	1.67	2,871		
Cromwell Group	74	+12.3	-1.5	37	6-0	1	1.0	-0.5	NE	12.2	3.74	520			
Macquarie Off.	32	+8.2	-3.4	46	0-0	1	0.6	-0.8	NE	11.9	4.14	1,444			
Macquarie CWide	60	+7.4	-7.6	48	0-0	1	0.8	-0.5	NE	11.7	4.26	879			
Chal Infra Fund	176	+6.4	+0.8	51	0-0	1	-	-0.4	NE	11.4	1.22	592			
Aneka Tambang	106	-3.7	+0.5	78	1-0	-	-	-0.8	NE	11.4	N/A	2,022			
Transfield S In	109	+4.2	+3.1	56	0-0	1	0.8	6	0.6	13	11.0	1.56	294		
ING Indust Trt	50	+8.0	-16.8	47	2-0	1	0.5	-0.6	NE	10.6	1.93	567			
STW Comm Group	79	+4.3	-7.1	55	1-0	1	-	-0.6	9	10.1	0.53	282			
APN News Media	234	+16.3	-2.0	30	4-2	1	-	-0.3	NE	9.6	0.96	1,377			
Tabcorp Holding	709	-0.2	-0.2	69	2-0	2	-	-0.2	8	9.2	1.02	4,280			
INSIDER BUYING: Most Insider Buying, Relative Strength >0															
Patties Foods	140	+23.8	+5.5	21	19-0	1	6.1	35	0.4	17	3.2	1.08	194		
Mindax Limited	50	+15.3	+5.2	32	18-0	-	-	-0.5	NE	Nil	N/A	65			
Magellan Fin Gp	91	+15.3	-3.4	32	13-1	-	1.4	-0.5	NE	Nil	N/A	133			
PPK Group Ltd	44	+10.4	+2.8	41	11-0	-	0.7	2	0.7	47	5.7	5.24	26		
CuDeco Ltd	528	+23.3	-20.6	21	10-0	-	-	-0.5	NE	Nil	N/A	501			
Ridley Corp.	115	+9.8	-3.5	42	10-0	2	1.4	5	0.4	27	6.1	0.43	352		
Cazaly Res Ltd	26	+8.2	-5.7	46	9-0	-	-	-0.9	NE	Nil	N/A	22			
National Hire	203	+10.5	-3.9	40	9-0	-	0.9	7	0.4	12	Nil	2.82	301		
Chalice Gold	46	+42.4	-11.1	8	9-0	-	-	-0.9	NE	Nil	N/A	33			
CSGLtd	218	+46.4	+1.5	7	9-0	-	-	-0.5	16	2.1	1.94	383			
Primary Health	584	+4.0	-3.2	57	14-5	5	-	-0.2	21	2.4	1.89	2,516			
Clime Inv Mgmt	43	+15.6	-1.4	31	8-0	-	1.1	-0.7	NE	0.8	7.48	22			
CMI Limited	70	+12.7	-1.8	37	9-1	-	0.5	-0.6	NE	Nil	0.27	24			
Ind Minerals	10	+12.5	-17.5	37	7-0	-	-	-1.3	NE	Nil	N/A	1			
Red Hill Iron	390	+20.3	+4.7	25	7-0	-	-	-0.5	NE	Nil	N/A	159			
Macarthur Coal	1205	+20.0	-0.9	25	7-0	4	3.0	16	0.2	18	1.1	4.41	3,065		
Cape Range Ltd	1	+38.7	-26.0	9	7-0	-	-	-4.2	NE	Nil	N/A	5			
Lion Selection	193	+23.0	-5.8	22	7-0	-	1.3	-0.5	NE	Nil	4.89	158			
NSX Limited	22	+1.0	-3.3	63	8-1	-	4.3	-0.9	NE	Nil	8.15	20			
Credit Corp	280	+40.2	-5.2	9	10-3	-	1.7	16	0.3	11	1.4	0.80	124		
Amalgamated Hld	577	+11.4	-0.5	39	6-0	-	1.3	12	0.2	11	5.5	1.09	903		

"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: 50.0% Buyers
 Last 13 wks: 52.2% 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	Guinness Peat	0-6	NZ Finance Hold	1-0	Restaurant Brds	11-0	Tourism Hold.	4-0
Afco Holdings	3-1	Guoco Leisure	10-0	NZ Oil & Gas	1-0	Rubicon Limited	0-1	Tower Limited	2-0
Air New Zealand	0-7	Hellaby Hold.	8-0	New Image Group	2-4	Ryman Health.	2-1	Trust Power Ltd	0-3
Canty Bldg Soc.	2-1	ING Property	1-0	Nuplex Indust	4-0	Sanford Limited	0-1	Turners Auction	2-0
Charlie's Group	1-0	Infratil NZ	4-0	PGGWrightsons	1-10	Scott Tech. Ltd	6-0	Turners & Grow.	1-0
Col Motor Co	7-0	Just Water Int.	5-0	Pike River Coal	1-0	Seeka Kiwifruit	3-0	Vector Ltd	2-0
Comvita	8-0	Kermadec Prop.	1-0	Plus SMS Hold.	0-1	Skellerup Hold.	1-0	WN Drive Tech.	7-0
Ebos Group Ltd	0-2	Kiwi Property	0-1	Port Tauranga	3-0	Sky City Ltd	3-0	Wakefield Hlth	0-1
F & P Health.	0-7	Mainfreight Grp	0-7	Pumpkin Patch	0-4	Steel & Tube	0-4	Warehouse Group	3-1
Fletcher Build.	2-12	Methven Limited	1-2	Pyne Gould Corp	7-1	TeamTalk Ltd	0-3	Xero Ltd	3-0
Genesis Res.	1-0	NZ Exchange Ltd	0-2	Rakon Ltd	0-1	Telecom Corp	1-4	Zintel Comm.	5-0
Goodman Prop.	0-1	NZ Farming Sys.	3-1	Renaissance	1-0	Tenon Ltd	0-2		

“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: 75.6% Buyers

Last 13 wks: 75.1% 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	Cadence Capital	7-1	DKN Financial	1-0	Forest Ent Aust	2-0
A.P. Eagers	4-0	Australand Prop	1-0	Calliden Group	1-0	DMC Mining Ltd	1-0	Forte Energy NL	2-0
AED Oil Ltd	3-0	Austin Eng.	0-1	Caltex Australia	0-1	DUET Group	0-1	Fortescue Metal	0-2
AMA Group Ltd	4-0	Austbrokers	1-0	Campbell Bros	1-3	DVM Intern'l	1-0	Foster's Group	2-0
AMP Ltd	1-0	Austral Gold	0-1	Cape Lambert R.	2-0	Datamotion A/P	0-3	Fox Resources	2-0
ANZ Bank	3-1	Aust Agricul.	1-0	Cape Range Ltd	7-0	Data 3 Ltd	0-1	Freedom Nut'l	3-0
APAGroup	6-0	Aust Power Gas	2-0	Capital Mining	0-2	David Jones	1-0	Frigrite Ltd	4-0
APN Property	3-0	Aust Enh Income	1-0	Capral Limited	1-0	De Grey Mining	1-0	Funtastic Ltd	5-0
APN Euro Prop.	1-0	Aust Pharm. Ind	5-0	Carbon Con	4-0	Decmil Group	1-0	Future Corp	3-0
APN News Media	4-2	Austex Oil Ltd	2-1	Carbine Res.	1-0	Deep Yellow Ltd	2-1	GME Resources	1-0
ARB Corporation	1-0	Aust Bauxite	1-0	Carbon Energy	1-3	Dexion Ltd	2-0	GPT Group	1-0
ASX Limited	2-3	Aust Foundation	1-0	Cardno Ltd	2-0	Diatreme Res.	12-0	GWA Internat'l	2-0
AV Jennings	1-0	Auto Technology	2-1	Carnegie Wave E	0-1	Diploma Group	3-0	Galaxy Res.	1-0
AWB Limited	3-0	Avalon Minerals	2-0	Camavale Res.	4-0	Discovery Metal	0-1	Garratt's Ltd	6-0
AWE Limited	1-2	Avonlea Mineral	1-0	Camavon Pet.	0-3	Dolomatrix Intl	2-0	Gateway Mining	1-0
AXA Asia Pac	1-0	Axiom Property	2-0	Carpentaria Exp	2-0	Dominion Mining	0-10	Gazal Corp	1-0
Abacus Property	3-0	Azumah Res.	1-0	Carsales.com	1-0	Domino's Pizza	1-0	General Mining	1-0
Aberdeen Leader	2-5	Azure Minerals	2-0	Cash Converters	1-0	Downer EDI Ltd	1-0	Genesis Res Ltd	1-0
Accent Res.	0-1	BHP Billiton	5-3	Castle Minerals	0-1	Dragon Mountain	1-0	Genera Bio.	2-0
Acclaim Explor	1-0	BKI Invest Coy	2-0	Cazaly Res Ltd	9-0	Drillsearch	4-0	Gindalbie Met.	1-0
Actinogen Ltd	1-0	BSA Ltd	1-0	Cedar Woods Prp	2-1	Drummond Gold	3-0	Gippsland Ltd	0-3
Acuvax Ltd	1-0	BT Invest Mgmt	0-2	Cellestis Ltd	0-1	Dulhunty Power	2-0	Gladiator Res.	1-0
Adacel Tech.	0-1	Bandanna Energy	2-0	Cellmid Ltd	1-0	Dynasty Metals	1-0	Glengarry Res.	3-0
Adelaide Bright	0-1	Bank of Q'land	0-2	Cellnet Group	0-2	E & A Limited	2-0	Global Petrol.	4-2
Admiralty Res.	1-0	Baraka Petrol.	0-1	Cent West Gold	1-0	E-Bet Limited	5-0	Global Nickel	1-0
Adtrans Group	7-1	Bass Metals Ltd	1-0	Cent. Asia Res.	1-0	E-pay Asia Ltd	3-0	Global Mining I	1-0
Adultshop.com	1-0	Bassari Res.	1-0	Centamin Egypt	0-1	EVZ Ltd	6-0	Globe Int'l Ltd	3-0
Adv. Magnesium	1-0	Bauxite Res.	0-2	Ceramic Fuel C.	2-0	Early Learning	4-1	Global Master F	1-0
Ainsworth Game	3-0	Bell Financial	5-0	Chal Financial	4-2	East Energy Res	1-0	Global Property	1-0
Alchemia Ltd	1-0	Belmont Hold.	1-0	Chalice Gold	9-0	East Coast Min.	1-0	Golden West Res	0-2
Ale Property	4-2	Bendigo Bank	2-1	Chal Div Prop	2-0	East'n Star Gas	1-2	Gold One Int'l	1-0
Alesco Corp Ltd	4-0	Bentley Capital	3-0	Chal Wine Trust	0-1	Eastern Corp	1-0	Golden Rim Res.	1-0
Alkane Explor.	0-2	Beyond Int'l	1-0	Chandler McLeod	2-0	Echo Resources	1-0	Golden State	1-0
Alliance Res.	0-3	Bigair Group	2-0	Charter Pacific	4-0	Eden Energy Ltd	1-0	Gondwana Res.	0-2
Allied Brands	2-1	Billabong Int'l	1-2	Charter Hall GR	0-4	Elders Limited	3-0	Goodman Fielder	4-0
Allied Gold Ltd	2-0	Biopharmacia Ltd	0-1	Cheviot Bridge	3-0	Electrometals	2-0	Graincorp	2-0
Altera Capital	1-0	Bioprosects	0-1	China Century	4-2	Elemental Min.	1-0	Graynic Metals	5-0
Altium Limited	6-0	Biota Holdings	2-0	Chrysalis Res.	4-0	Ellex Medical	1-0	Greencap Ltd	1-0
Alumina Ltd	3-0	Blackmores Ltd	2-0	Circadian Tech	2-0	Embelton Ltd	1-0	Greenland Min.	3-0
Amalgamated Hld	6-0	Blackthorn Res.	4-0	Clarius Group	2-0	Emeco Holdings	2-0	Growthpoint Pro	5-0
Ambertech Ltd	4-0	Black Range Min	0-1	Clever Com Aust	4-0	Emerald Oil & G	0-1	Gt Western Exp.	4-0
Ambition Group	1-0	Black Fire Min.	2-0	Clime Inv Mgmt	8-0	Emerson Stewart	1-0	Guinness Peat	0-5
Amtcor Ltd	1-0	Bluescope Steel	4-1	Clime Capital	1-0	Emerg. Leaders	2-0	Gujarat NRE Min	2-0
Ammtec Ltd	2-1	Blue Energy Ltd	0-1	Clinuvel Pharm.	2-0	Emmerson Res.	1-0	HFA Holdings	0-1
Ampella Mining	1-0	Boral Limited	1-0	Coca Cola Amatil	0-1	Empire Beer Grp	1-0	HGL Limited	1-0
Analytica Ltd	0-3	Botswana Metals	4-0	Codan Ltd	2-0	Empire Ltd	1-0	Hampton Hill	2-0
Andean Res.	0-3	Boulder Steel	2-0	Coffey Int'l	2-0	Empire Sec.	1-0	Hannans Reward	3-0
Aneka Tambang	1-0	Bounty Oil Gas	1-0	Cogstate Ltd	4-0	Emu Nickel NL	2-0	Harvey Norman	1-2
Anglo Australia	3-1	Bounty Mining	2-0	Collection Hse	5-1	Eneabba Gas Ltd	1-0	Hastie Group	4-0
Antares Energy	5-0	Bow Energy Ltd	3-0	Colorpak Ltd	3-0	Energy One Ltd	3-0	Hastings Hi-Yld	1-0
Anteo Diagnost.	3-0	Bowen Energy	1-0	Colonial Res.	1-0	Enerji Ltd	1-0	Havilah Res.	1-0
Anvil Mining	2-1	Bradken Ltd	3-4	ComOps Limited	3-0	Energy World	1-0	Hawthorn Res.	0-1
Apollo Minerals	2-0	Brain Resource	1-0	Compass Hotel	3-0	Entek Energy	5-0	Headline Group	2-0
Aquarius Plat.	1-0	Brambles Ltd	3-0	Computershare	0-8	Enterprise Met.	5-0	Healthzone Ltd	2-1
Aquila Res.	0-2	Breville Group	5-0	Condor Nickel	1-0	Envestra	2-0	Healthscope	6-3
Arafura Res.	1-3	Brickworks Ltd	2-1	ConnXion Vent.	2-1	Envirogold Ltd	2-0	Heartware Inc.	0-1
Ardent Leisure	3-0	Brockman Res.	1-2	Conquest Mining	1-0	Eromanga H/C	0-3	Heemskirk Cons.	0-2
Argo Explor.	0-1	Buccaneer En.	2-0	Cons Media Hold	1-0	Ethane Pipeline	3-0	Helicon Group	1-0
Argo Investment	0-2	Buderim Ginger	1-0	Contango Cap P.	0-1	Eurogold Ltd	1-0	Henderson Group	0-3
Argonaut Res.	1-0	Buka Gold Ltd	1-0	Contango Micro.	2-0	European Gas	2-0	Heron Resources	3-0
Ascent Pharm.	2-0	Bunnings W/hse	1-0	Cool or Cosy	3-0	Everest Fin Grp	2-0	Hexima Ltd	1-0
Asciano Group	3-0	Burleson Energy	3-0	Cooper Energy	0-1	Excalibur Min.	1-3	Highland Pac.	0-1
Ashburton Min.	0-1	Buru Energy Ltd	1-0	Coote Indust.	1-0	Extract Res.	3-0	Hill End Gold	2-0
Aspermont Ltd	1-0	Buxton Res.	1-0	Cordlife Ltd	1-0	Eyecare Partner	2-0	Hills Indust.	2-0
Astra Capital	4-0	C'wth Prop Off.	1-0	Coretrack Ltd	1-0	Ezenet Limited	1-0	Hodges Res.	1-0
Atlas Iron Ltd	0-1	C.S.R. Ltd	1-0	Corp Express	3-0	FKP Limited	1-0	Homeloans Ltd	2-0
Atlas SS Pearl	2-1	CBH Resources	3-0	Corum Group Ltd	1-0	Fantastic Hold.	2-0	Horizon Oil Ltd	1-0
Atom Energy Ltd	2-0	CL Asset Hold.	1-0	Corvette Res.	1-0	Fat Prophets	2-0	Hostech Ltd	1-0
Atomic Res. Ltd	1-0	CMA Corporation	1-0	Country Road	0-1	Ferraus Ltd	1-2	Hudson Res. Ltd	3-0
Atticus Res.	2-0	CMI Limited	9-1	Coventry Group	6-0	Fiducian P Serv	3-0	Hunter Hall Int	0-2
Audax Resources	1-0	CO2 Group Ltd	0-1	Credit Corp	10-3	Finbar Group	6-1	Hutchison Tel.	0-1
Augur Resources	0-1	CPT Global Ltd	0-1	Cromwell Group	6-0	Firestone En.	0-1	Hydromet Corp.	0-1
Augustus Min.	1-0	CSG Ltd	9-0	Cryosite Ltd	2-0	Flat Glass Ind.	2-1	Hyro Limited	2-1
Anium Res.	1-0	CSL Limited	0-1	CuDeco Ltd	10-0	Flight Centre	4-0	I-SOFT Group	0-2
Aust Education	1-0	CTI Logistics	1-0	Customers Ltd	3-0	Flinders Mines	2-3	ICS Global Ltd	1-0
Aust Leaders Fd	2-0	Cabcharge Ltd	0-2	Cyclopharm Ltd	6-1	Focus Minerals	1-0	IMD Group	1-0

Company	Insider Buyers-Sellers	Company	Insider Buyers-Sellers	Company	Insider Buyers-Sellers	Company	Insider Buyers-Sellers	Company	Insider Buyers-Sellers
IMF (Aust) Ltd	0-3	MDSFinancial	2-0	Nusep Ltd	2-0	Red Hill Iron	7-0	Tabcorp Holding	2-0
ING Indust Trt	2-0	MEO Australia	3-0	OBJ Limited	0-4	Red Fork Energy	1-0	Talent2 Int'l	7-1
ING Office Fund	1-0	MMC Contrarian	1-0	ORHLimited	3-0	Redflex Holding	0-1	Tamawood Ltd	2-0
IIOF Holdings	2-1	MOKO.mobiLtd	1-0	ORZ Ltd	1-0	Reed Resources	1-0	Tanami Gold NL	1-0
ITL Limited	1-0	Mac. Harbour M.	1-0	OZ Minerals Ltd	2-0	Refresh Group	2-0	Tap Oil	0-1
Icon Resources	1-0	MacMahon Hold	2-0	Oaks Hotel	4-3	Regal Resources	2-0	Tassal Group	5-1
Icon Energy	2-1	Macarthur Coal	7-0	Oakton Limited	4-0	Regis Resources	1-0	Techniche Ltd	1-0
Ideas Intern'l	1-0	Macquarie DDR	0-1	Objective Corp.	2-0	Regional Exp.	0-1	Tectonic Res.	1-0
IiNet	6-1	Macquarie Group	1-2	Oceania Capital	2-0	Renison Cons	2-0	Telezon Limited	4-1
Image Resources	4-0	Macquarie Infra	1-0	Oil Basins Ltd	2-0	Resonance Hlth	2-0	Telstra	1-0
Immuron Ltd	0-1	Magellan Fin Gp	13-1	Oil Search Ltd	2-0	Reverse Corp	1-0	Terrain Mineral	6-0
Impact Minerals	1-0	Magellan Petrol	1-0	Oilex Ltd	1-0	Reward Minerals	6-0	Thakral Holding	2-0
Impedimed Ltd	1-0	Magnetic Res.	4-0	Oncard Int'l	1-0	Richmond Mining	1-0	The Reject Shop	1-0
Impress Energy	6-0	Malagasy Min.	1-0	Onsteel Ltd	1-2	Ridley Corp.	10-0	Thinksmart Ltd	4-2
Imugene Ltd	2-0	Manacomm Corp.	1-0	Orbital Corp	1-0	Rio Tinto Ltd	1-0	Tianshan Gold.	2-0
Ind Minerals	7-0	Mantra Res.	0-1	Orchid Capital	1-0	Riversdale Min.	3-2	Tiaro Coal Ltd	2-0
Independ. Group	0-5	Marathon Res.	0-1	Orica Ltd	1-2	Robust Resource	1-0	Tidewater Inv	6-0
India Resources	1-0	Marengo Mining	3-0	Oriental Tech.	2-0	Roc Oil Company	1-0	Tishman Speyer	5-0
Industree Ltd	4-1	Marmota Energy	1-0	Origin Energy	1-5	Rock Build Soc.	0-3	Tissue Therapy	1-0
Infigen Energy	0-1	Marybor'gh Suga	1-0	Orocobre Ltd	0-1	Rocklands Rich.	1-2	Top End Uranium	1-0
Infomedia Ltd	2-0	Matrixview Ltd	1-0	Ottoman Energy	2-0	Ross Human Dir.	2-0	Tox Free Sol.	0-1
Innaminka Pet.	1-0	Matsa Resources	5-0	Over Fifty Grp	2-0	Royal Resources	1-0	Trafford Res.	0-4
Insurance Aust.	1-0	Maxi TRANS	4-0	P MacGregor Inv	3-0	Royalco Res.	1-0	Traffic Tech.	3-0
Int Research	1-0	Maximus Res	3-0	PMP Limited	3-0	Rubicon Res.	1-0	TransPacific In	3-2
Integra Mining	3-2	McMillan Shake.	0-1	PPK Group Ltd	11-0	Rubicon Group	2-0	Tranzact Fin.	3-0
Intermin Res	2-0	McPherson's Ltd	3-0	PTB Group Ltd	1-0	Run Corporation	1-0	Transit Hold.	6-1
Intermoco Ltd	1-2	Mec Resources	0-4	Pac Environment	1-0	Runge Ltd	5-0	Transfield Serv	6-0
Intrapower Ltd	1-0	Media Group Int	1-0	Pac. Enviromin	1-0	Ruralco Hold.	6-0	Treasury Group	5-0
Intrepid Mines	1-0	Medical Dev Int	7-0	Pacific Brands	1-0	S/Tracks Prop.	1-0	Trinity Group	5-0
Inventis Ltd	3-0	Medivac Ltd	1-0	Pacrim Energy	2-0	SP Ausnet	0-1	Triton Gold Ltd	1-0
Invocare Ltd	1-0	Melbourne IT	3-0	Palamedia Ltd	3-0	STW Comm Group	1-0	Troy Resources	2-4
Ior Group Ltd	1-0	Mercury Brands	2-0	Paladin Energy	1-2	Saferoads Hold.	6-0	Truscott Mining	4-0
Ipermica Ltd	1-0	Mermaid Marine	0-5	Pan Pacific Pet	4-1	Salmat Ltd	1-0	Trust Company	1-0
Iress Mkt Tech	0-1	Metallica Min.	2-0	Panaust Ltd	1-3	Sandfire Res.	2-3	Tyrian Diagnost	1-0
Iron Ore Hold.	2-0	Metals Finance	3-0	Panoramic Res.	0-4	Saracen Mineral	1-0	U308 Ltd	1-0
Ironbark Gold	3-0	Metal Storm Ltd	1-0	Paradigm Gold	1-0	Savcor Group	2-1	Un. Biosensors	3-0
Iron Mountain	4-0	Metcash Ltd	1-2	Paragon Care	5-0	Scantech	1-0	Undercoverwear	1-0
Island Sky Aust	0-2	Meteoric Res.	1-0	Patties Foods	19-0	Sedgman Ltd	4-2	Unilife Medical	2-0
JB Hi-Fi Ltd	0-5	Metgasco Ltd	0-2	Peel Explor.	1-0	Seek Ltd	0-1	United Overseas	1-0
Jackgreen Ltd	1-0	Metrocoal Ltd	2-0	Pelorus Prop.	1-0	Selectharvest	5-0	United Minerals	0-1
Jervois Mining	1-0	Midas Resources	1-0	Penrice Soda	3-0	Seven Network	4-2	Uramet Minerals	2-0
Joyce Corp.	1-0	Mindax Limited	18-0	Pepinnini Min.	0-2	Shearer (John)	0-1	VDM Group Ltd	0-1
Jumbuck Enter.	1-0	Mineral Commod.	1-0	Perilya Mines	1-0	Sierra Mining	0-1	Venus Resources	2-0
Jupiter Energy	1-0	Mineral Deposit	0-2	Perpetual Ltd	2-0	Sietel Ltd	2-0	Verus Investm't	2-0
Jupiter Mines	0-3	Minemakers Ltd	0-5	Perseus Mining	0-3	Signature Metal	3-0	Victory West M.	1-0
K&S Corporation	1-0	Minerals Corp.	1-0	Pharmast Ltd	1-0	Silver Swan Grp	0-1	Village Road.	1-0
K2 Asset Mgmt	2-0	Mintails Ltd	2-0	Pharmaxis Ltd	0-1	Silver Chef Ltd	1-0	Virax Holdings	0-1
KLM Group Ltd	1-0	Mint Wireless	1-0	Phileo Aust.	1-0	Silver Lake Res	1-0	Vita Group Ltd	3-0
Kagara Ltd	2-1	Mirabela Nickel	0-1	Pike River Coal	0-1	Sims Metal Mgmt	1-2	Vita Life Sci.	4-0
Kardoon Gas	0-3	Mitchell Comm.	1-0	Pluton Resource	6-0	Skilled Group	1-0	Vmoto Ltd	3-0
Karmelsonix Ltd	0-1	Monaro Mining	2-0	Po Valley Ener.	1-2	Slater & Gordon	1-3	Voyager Res Ltd	2-0
Kasbah Resource	2-1	Monadelphous Gr	1-0	Port Boulevard	6-0	Sonic Health	0-2	Vulcan Res.	2-0
Kentor Gold Ltd	5-0	Mooter Media	1-0	Prairie Downs	2-0	Soul Pattinson	5-0	W'bool Cheese	2-0
KeyBridge Cap'l	1-0	Morn. Star Gold	1-2	Premium Invest.	0-1	Southern Gold	2-1	WAM Capital Ltd	0-1
Keycorp Ltd	2-0	Mortgage Choice	1-0	Prime Infra.	1-0	Spec Fashion	4-0	WAM Active Ltd	6-0
King Solomon M.	2-0	Mosaic Oil NL	0-1	Primary Health	14-5	Sphere Minerals	0-1	WHK Group Ltd	1-0
Kingsgate Cons.	1-3	Mt Gibson Iron	2-0	Primeag Aust.	3-0	Spitfire Res.	3-0	WHL Energy	2-1
Kip McGrath EC	3-0	Mt Magnet South	0-1	Prime Retire Pr	1-0	Spotless Group	2-0	Wasabi Energy	2-0
Konekt Limited	0-1	Mundo Minerals	0-1	Pro Medicus Ltd	2-0	St Barbara Ltd	3-1	Watpac Ltd	1-0
Koon Holdings	5-0	My Net Fone Ltd	2-0	Pro-Pac Pack.	2-0	Staging Connect	2-0	Wattyl Ltd	5-0
Korvest Ltd	1-0	NGM Resources	1-0	Probiomics Ltd	4-0	Sth Boulder Min	2-0	Wavenet Int'l	5-0
Kresta Holdings	4-0	NRW Holdings	2-0	Probiotec Ltd	0-4	Sth Cross Elect	1-0	Webjet NL	0-3
Krucible Metals	3-0	NSX Limited	8-1	Promesa Ltd	1-0	Sth Amer Iron	2-0	Webster Ltd	3-0
Kuth Energy Ltd	3-0	Nagambie Mining	2-0	Prophecy Int'l	3-6	Sthn Uranium	4-0	Wellcom Group	4-0
LBT Innovations	3-1	Namoi Cotton	2-0	Prosperity Res.	1-0	Stirling Prod.	1-0	Wentworth Hold.	2-0
Lachlan Star	1-0	Nat'l Aust Bank	2-0	Proto Resources	1-5	Stirling Res.	10-0	Wesfarmers Ltd	3-2
Laconia Res.	1-0	Natasa Mining	1-0	Public Holdings	1-0	Stokes (Aust)	1-0	Western Uranium	1-0
Lakes Oil NL	3-0	National Hire	9-0	Q Ltd	1-0	Straits Res.	0-1	Westfield Group	3-0
Lefroy Res.	3-0	Navitas Ltd	0-2	Q'Id Trustees	3-0	Strategic Poole	1-0	Western Areas	0-9
Legacy Iron Ore	1-0	Navigator Res	4-0	Q-Mastor Ltd	1-0	Strat. Energy	2-0	Westpac Banking	0-2
Legend Mining	1-0	New Standard En	2-0	QRSciences Hold	3-0	Structural Syst	1-0	Western Desert	1-0
Legend Corp.	1-0	New Hope Corp.	4-2	QRXPharma Ltd	1-0	Style Limited	4-0	Whitehaven Coal	1-0
Leighton Hold	3-4	New Guinea En.	0-1	Qld Mining Corp	1-0	Suncorp-Metway	2-1	White Canyon Ur	3-0
Liberty Res.	3-2	NewSat Ltd	1-0	Quantum Energy	0-1	Sundance Energy	1-0	Whitefield Ltd	1-0
Lihir Gold Ltd	3-0	Newcrest Mining	3-0	Quay Magnesium	0-1	Sundance Res.	1-0	White Cliff Nkl	3-0
Linc Energy Ltd	0-2	Newhaven Hotels	3-1	Quest Investm't	1-0	Sunshine Heart	1-0	Wide Bay Aust.	2-0
Liontown Res.	4-0	Nexbis Ltd	3-0	Quest Minerals	3-0	Sunvest Corp	1-0	Willmott Forest	4-0
Lion Selection	7-0	Nexus Energy	3-1	Quickstep Hold.	0-1	Supply Network	1-0	Wilson HTM Inv.	3-0
Liq Natural Gas	0-4	Nido Petroleum	0-2	RCG Corporation	0-1	Swick Min Serv	2-1	Wolf Minerals	1-0
Little World B.	1-0	Niplats Aust.	1-0	REA Group Ltd	0-2	Symex Holdings	1-0	Woolworths Ltd	1-3
Lodestone En.	1-0	Nomad Building	1-4	RER Group Ltd	0-1	Syndicated Met.	1-0	Worley Group	2-0
London City Eq.	1-0	Noni B Limited	4-0	RHG Ltd	0-1	Syrah Resources	1-0	Wotif.com Hold.	0-2
Ludowici Ltd	3-0	Northern Mining	0-6	RP Data Ltd	0-1	TMA Group of Co	1-0	XRF Scientific	3-0
Lumacom	5-0	Norwest Energy	1-0	Rabinov Prop Tr	1-0	TNG Limited	0-1	Xtek Ltd	2-0
Lycopodium Ltd	2-1	Nth Qld Metals	0-1	Ramelius Res.	0-1	TPL Corporation	0-2	YTC Resources	1-0
Lynas Corp Ltd	1-4	Nthn Star Res.	2-0	Ramsay Health	2-1	TSV Holdings	1-0	Yellow Rock Res	2-0
M2 Telecom. Grp	0-2	Nupower Res.	1-0	Razor Risk Tech	5-0	TZ Limited	1-0	Zedex Minerals	1-0
MCM Entertain.	1-0			Red Sky Energy	1-0			Zicom Group	1-0

Investment Outlook*(Continued from Page 1)*

stimulus spending. That leads to the false reasoning that governments will soon reverse these steps, send the world economy back into recession and that share prices will collapse. So should you sell everything now and bury gold in the back garden? Many people have done that over the centuries - but it has never been a good strategy!

Liquidity was to offset the break-down in bank lending (and this can inflate share prices to create a boom - which is not yet the case!). Extra government spending simply offsets a drop in demand in the private sector which would otherwise lead to a spiral of higher unemployment, less private spending and more business failures.

What about the problem of increasing government debt levels? Debts are financial claims *between* individuals, businesses, governments and countries, so higher debts accumulating in the government sector must be balanced by an equal and opposite *improvement* in the financial health of the private sector (which is accumulating savings or repaying its debts).

Overall, the world cannot be a net debtor. Every dollar of debt is someone else's dollar of savings. If a government "prints money" and spends it then that money ends up in someone's pocket or bank account (and spending it further helps to keep the economy ticking over nicely and transfers that money to another person).

Some people argue that "paper money is worthless"

and can be destroyed by inflation. Perhaps . . . but when inflation destroys the value of cash savings it also destroys the value of debt - keeping the system in balance. Inflation is therefore really just a *transfer of wealth* from creditors (i.e. usually the private sector) to debtors (i.e. usually the public sector) - or just another form of taxation!

If governments were smart enough to step forward at the brink of disaster to save the world from the 2008/9 downturn then it doesn't make sense to expect them to reverse policy *before* private consumption and private investment recover, and to throw the economy back into the bottomless pit of Depression.

Eventually private consumption and investment will recover and that will be matched with a decline in government stimulus spending.

The economic situation may be uncertain, but that is a favourable situation. When the economy looks "healthy" then we are usually near the end of a boom - and share prices are usually high and heading lower in the future. "Muddling through" and managing crises is a more normal economic situation - which usually coincides with favourable future returns from the stockmarket.

Despite the depressed economic conditions, we can still find plenty of undervalued shares of good quality companies, which are trading profitably and with good growth potential. In a situation of just slow global economic recovery and growth, these shares can still yield far above average investment returns. Remain fully invested in the recommended shares.

Dividend \$

Company	Cents per Share	Ex-Date	Pay-able	Tax Credit
Jason Travel Media	1.50	15-01	29-01	Full
Kiwi Income Properties	3.75	-	-	Full
Smiths City Group	1.00	05-02	12-02	0.15
Tower Corporation	9.00	15-01	02-02	Full
<u>Australian Shares</u>				
Challenger Wine Trust	3.25	23-12	09-02	
Charter Hall Group	1.60	23-12	26-02	

Total Return Index for All Listed Shares

Dec 14	1420.88	Dec 21	1411.68
Dec 15	1407.33	Dec 22	1428.93
Dec 16	1408.74	Dec 23	1430.36
Dec 17	1413.72	Dec 24	1432.52
Dec 18	1417.30	Dec 25	Holiday
Dec 28	Holiday	Jan 4	Holiday
Dec 29	1435.00	Jan 5	1449.41
Dec 30	1436.55	Jan 6	1451.06
Dec 31	1442.06	Jan 7	1454.09
Jan 1	Holiday	Jan 8	1455.29

Next Issue:

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