

# Market Analysis

Issue No. 452

www.stockmarket.co.nz

February 8, 2010

## Inside Market Analysis

AJ Lucas makes first half loss, but creates significant value from Energy investments ..... 4, 5  
 Nuplex, Cellnet and Devine report record sales ... 4, 5, 6  
 Charter Hall Group seeks to expand ..... 7

Ellex Medical launches new laser in Japan ..... 6  
 Probiotec makes two acquisitions ..... 7  
 Insider Trades ..... 8, 10, 11

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## Summary and Recommended Investment Strategy.

We do not believe stockmarkets will fall back to their March 2009 lows, so remain fully invested in the recommended shares. Any continued weakness would offer opportunities to realise cash on some more fully valued shares, which we can re-invest in new, under-valued growth companies.

## Investment Outlook.

For many people, “shares” are little more than a “derivative” - a security that trades on a market and fluctuates in value . . . which has little to do with the actual ownership of a share of a business. These traders tend to be *trend-followers*, wanting to buy when prices have risen (and going higher) and selling when prices have fallen (and dropping lower).

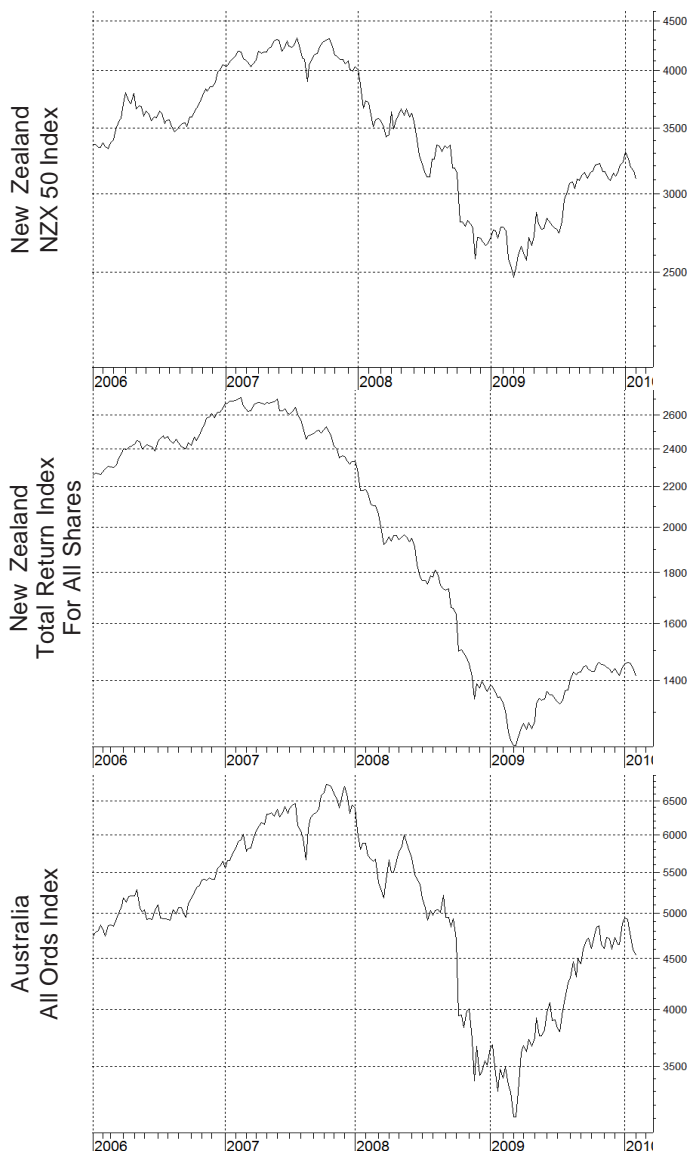
As long term *investors* we consider shares primarily as a part *ownership of a business*. We don't *trade* shares, but we buy them the same way we would buy a part ownership in any business. Over the long term, ownership of income producing businesses - which constantly *adapt* to changing social, economic and technological environments - offer the best investment returns. (Of course, individual businesses can fail, and individual performance can vary widely, so it is important to diversify widely.)

So we buy shares in attractive businesses. We don't look for shares that could be traded for a 10% or 20% gain, but for businesses that can grow 5-fold, 10-fold or 20-fold in value - and, over the years, many have. So we are not too concerned about random, short term fluctuations in *market* values. Our investment in NZ Refining increased 34-fold in value over ten years . . . so it is a good thing we didn't panic and sell (at a loss) when a year into that period the shares dropped 50% in the 1987 crash. Michael Hill International is up 19-fold over 19 years - despite suffering a 65% *drop* from 1992-1995, a 36% *decline* in early 2003 and a 62% *fall* in value during the recent market decline.

The Michael Hill experience (and similar share fluctuations) lead many investors to think how much more successful we could be by *trading* these major declines. Just sell out at the peak and buy back at the bottom and our Michael Hill International investment could be up 23-fold, not our 19-fold gain. An initial \$10,000 could have grown to \$2.3 million, instead of just \$190,000. Unfortunately, while hundreds of young and inexperienced traders think (Continued on Page 12)

### Stockmarket Forecasts

|              | One-Month     | One-Year      |
|--------------|---------------|---------------|
| Australia:   | 38% (Bearish) | 53% (Neutral) |
| New Zealand: | 52% (Neutral) | 50% (Neutral) |



# Performance Forecasts

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

|                   | Performance Forecast | Price | Price/Sales Ratio | 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                    | 775   | 4.56              | 23        | 5.8         | Inv Research Gr  | D                    | 1.0   | 0.38              | NE        | Nil         | Property F Ind.       | D                    | 112        | 7.33              | NE        | 6.4         |
| AMP Onyx Mgmt     | D                    | 73    | 5.45              | NE        | 9.5         | Jasons Media     | C                    | 55    | 0.80              | 11        | 4.1         | ProvencoCadmus        | D                    | 3.5        | 0.04              | NE        | Nil         |
| Abano Health      | B                    | 578   | 0.72              | 14        | 5.4         | Just Water Int.  | C                    | 32    | 0.75              | 15        | 17.2        | Pumpkin Patch         | C                    | 191        | 0.77              | NE        | 4.9         |
| Affco Holdings    | E                    | 38    | 0.17              | 8         | Nil         | Kathmandu Ltd    | E                    | 193   | N/A               | NE        | Nil         | Pyne Gould Corp       | D                    | 45         | 0.31              | NE        | Nil         |
| Air New Zealand   | C                    | 130   | 0.30              | 66        | 7.1         | Kermadec Prop.   | D                    | 52    | 3.08              | NE        | 9.6         | Rakon Ltd             | D                    | 98         | 0.90              | 28        | Nil         |
| Akd Int Airport   | C                    | 195   | 6.52              | 58        | 6.0         | Kingfish Ltd     | C                    | 92    | N/A               | NE        | 4.9         | Renaissance           | B                    | 24         | 0.06              | 3         | 18.7        |
| Allied Farmers    | E                    | 10    | 0.03              | NE        | Nil         | Kirkcaldie & St  | A                    | 300   | 0.68              | 29        | 3.8         | Restaurant Brds       | B                    | 173        | 0.54              | 20        | 6.0         |
| Allied Work.      | B                    | 88    | 0.30              | 11        | 11.0        | Kiwi Property    | D                    | 103   | 4.41              | NE        | 8.9         | Rubicon Limited       | D                    | 110        | 0.55              | NE        | Nil         |
| Apple Fields      | D                    | 5.0   | 2.56              | NE        | Nil         | Life Pharmacy    | D                    | 24    | 2.24              | NE        | Nil         | Ryman Health.         | B                    | 202        | N/A               | 15        | 2.1         |
| Barramundi Ltd    | C                    | 67    | N/A               | NE        | 2.6         | Livestock Imp.   | A                    | 331   | 0.74              | 4         | 18.9        | Salvus Strat.         | D                    | 70         | N/A               | NE        | Nil         |
| Blis Technology   | D                    | 11    | N/A               | NE        | Nil         | Lombard Group    | E                    | 6.1   | 0.80              | NE        | Nil         | Sanford Limited       | C                    | 465        | 1.01              | 11        | 7.1         |
| Botry-Zen Ltd     | E                    | 1.2   | 6.00              | NE        | Nil         | Lytelton Port    | B                    | 245   | 2.97              | 25        | 2.9         | Satara Co-op          | D                    | 66         | 0.18              | 5         | Nil         |
| Briscoe Group     | B                    | 136   | 0.74              | 25        | 4.9         | Mainfreight Grp  | A                    | 584   | 0.45              | 16        | 4.7         | Savoy Equities        | D                    | 1.2        | N/A               | NE        | Nil         |
| Broadway Ind      | D                    | 30    | 0.39              | NE        | Nil         | Marlin Global    | C                    | 85    | N/A               | 14        | 3.4         | Scott Tech. Ltd       | C                    | 135        | 1.23              | NE        | 1.1         |
| Burger Fuel       | C                    | 45    | 5.06              | NE        | Nil         | Media Tech.      | D                    | 4.0   | 0.63              | 4         | Nil         | Sealegs Corp          | D                    | 20         | 1.36              | NE        | Nil         |
| CDL Investments   | E                    | 25    | N/A               | 36        | Nil         | Methven Limited  | B                    | 170   | 0.82              | 11        | 10.3        | Seeka Kiwifruit       | B                    | 300        | 0.35              | 9         | 6.0         |
| CER Group Ltd     | E                    | 1.1   | 0.58              | NE        | Nil         | Metro. LifeCare  | E                    | 225   | 4.71              | NE        | Nil         | Skellerup Hold.       | C                    | 47         | 0.39              | 8         | 7.6         |
| Canty Bldg Soc.   | C                    | 300   | 0.99              | 18        | 4.0         | Michael Hill     | C                    | 68    | 0.63              | 15        | 4.3         | Sky City Ltd          | B                    | 322        | 2.21              | 16        | 6.9         |
| Cavalier Corp     | A                    | 278   | 0.76              | 14        | 7.7         | Mid-Cap Index    | C                    | 220   | N/A               | NE        | Nil         | Sky Network TV        | A                    | 477        | 2.68              | 21        | 4.2         |
| Cavotec MSL       | C                    | 270   | 0.58              | 9         | Nil         | Millennium & C.  | C                    | 43    | 1.21              | 8         | 4.2         | Smartpay NZ Ltd       | C                    | 4.3        | 0.32              | NE        | Nil         |
| Charlie's Group   | D                    | 9.4   | 0.88              | NE        | Nil         | Mowbray Collect  | D                    | 95    | 2.54              | NE        | Nil         | Smiths City           | C                    | 40         | 0.09              | 21        | 5.0         |
| Col Motor Co      | B                    | 225   | 0.15              | 14        | 9.5         | NZ Exchange Ltd  | B                    | 220   | 7.34              | 23        | 3.6         | Sol. Dynamics         | B                    | 55         | 0.54              | NE        | Nil         |
| Comvita           | B                    | 167   | 0.66              | 62        | Nil         | NZ Experience    | C                    | 25    | 1.05              | 10        | 12.9        | South Port NZ         | A                    | 280        | 3.76              | 22        | 5.2         |
| Connexion         | D                    | 10    | 0.67              | NE        | Nil         | NZ Farming Sys.  | E                    | 41    | 4.09              | NE        | Nil         | Speirs Group          | D                    | 25         | 0.23              | NE        | Nil         |
| Contact Energy    | C                    | 581   | 1.25              | 29        | 6.9         | NZ Finance Hold  | E                    | 20    | 0.39              | NE        | Nil         | Steel & Tube          | B                    | 280        | 0.51              | 9         | 9.7         |
| Cynotech Hold.    | C                    | 7.7   | 0.46              | 4         | 24.2        | NZ Oil & Gas     | N/R                  | 145   | 4.06              | 11        | 4.9         | Sthn Travel           | C                    | 19         | 0.14              | NE        | Nil         |
| Delegat's Group   | A                    | 266   | 1.16              | 9         | 4.3         | NZ Refining Co   | C                    | 381   | 2.68              | 9         | 17.6        | Tag Pacific Ltd       | C                    | 28         | 0.18              | 13        | 3.3         |
| Dominion Fin.     | C                    | 1.0   | 0.01              | 0.149.3   | Nil         | NZ Windfarms     | E                    | 45    | 9.18              | NE        | Nil         | TeamTalk Ltd          | A                    | 225        | 1.49              | 12        | 12.7        |
| Dorchester Pac    | C                    | 12    | 0.18              | NE        | Nil         | NZ Wool Service  | E                    | 16    | 0.07              | NE        | Nil         | Telecom Corp          | B                    | 231        | 0.77              | 11        | 10.4        |
| Eastern Hi-Fi     | E                    | 8.0   | 0.47              | NE        | Nil         | NZ Wine Company  | B                    | 202   | 1.40              | 14        | 2.8         | Tenon Ltd             | E                    | 85         | 0.12              | NE        | Nil         |
| Ebos Group Ltd    | B                    | 595   | 0.22              | 15        | 6.0         | NZSX 50 Port.    | C                    | 129   | N/A               | NE        | Nil         | Tourism Hold.         | B                    | 87         | 0.50              | NE        | Nil         |
| F & P Health.     | B                    | 339   | 3.77              | 28        | 5.5         | NZSX 10 Fund     | D                    | 83    | N/A               | NE        | Nil         | Tower Limited         | B                    | 195        | 0.96              | 10        | 6.6         |
| F & P Appliance   | E                    | 59    | 0.18              | NE        | Nil         | NZX Aust MidCap  | C                    | 525   | N/A               | NE        | Nil         | Training Sol.         | E                    | 0.1        | 5.00              | NE        | Nil         |
| Finzsch Sol'ns    | C                    | 17    | 0.18              | NE        | Nil         | Nat Property Tr  | C                    | 47    | 2.74              | NE        | 10.7        | Trust Power Ltd       | C                    | 734        | 2.95              | 22        | 6.7         |
| Fletcher Build.   | B                    | 752   | 0.64              | 13        | 6.3         | New Image Group  | D                    | 43    | 1.02              | 6         | 5.0         | Turners Auction       | B                    | 120        | 0.42              | 30        | 3.6         |
| Freightways Ltd   | A                    | 330   | 1.45              | 14        | 7.1         | Northland Port   | B                    | 189   | N/A               | 29        | 4.2         | Turners & Grow.       | C                    | 155        | 0.27              | 12        | 9.6         |
| Genesis Res.      | E                    | 6.9   | 1.56              | NE        | Nil         | Nuplex Indust    | A                    | 320   | 0.41              | 36        | 1.6         | VTI Group Ltd         | C                    | 1.5        | 0.01              | 0         | Nil         |
| Goodman Prop.     | C                    | 100   | 6.52              | NE        | 10.4        | Opus Intl Cons   | D                    | 161   | N/A               | NE        | Nil         | Vector Ltd            | C                    | 195        | 1.65              | 11        | 10.1        |
| Guinness Peat     | D                    | 84    | 0.38              | NE        | 3.0         | Oyster Bay       | C                    | 210   | 1.60              | 12        | 4.8         | WN Drive Tech.        | E                    | 7.7        | 2.27              | NE        | Nil         |
| GuocoLeisure      | C                    | 54    | 1.19              | 7         | 2.9         | Ozzy (Tortis)    | C                    | 345   | N/A               | NE        | Nil         | Wakefield Hlth        | B                    | 720        | 1.18              | 10        | 5.2         |
| Hallenstein G.    | A                    | 355   | 1.07              | 17        | 8.5         | PGG Wrightsons   | E                    | 61    | 0.15              | NE        | Nil         | Warehouse GroupB      | B                    | 375        | 0.68              | 15        | 8.0         |
| Hellaby Hold.     | B                    | 165   | 0.17              | 16        | 5.2         | Pac Edge Bio.    | D                    | 29    | N/A               | NE        | Nil         | Widespread Port*/N/R  | 1.6                  | N/A        | NE                | Nil       |             |
| Heritage Gold     | N/R                  | 2.7   | N/A               | NE        | Nil         | Pike River Coal  | E                    | 94    | N/A               | NE        | Nil         | Windflow Tech.        | D                    | 130        | 0.49              | NE        | Nil         |
| Horizon Energy    | B                    | 390   | 3.21              | 19        | 6.5         | Plus SMS Hold.   | C                    | 0.5   | 0.36              | NE        | Nil         | Wool Equities         | C                    | 13         | N/A               | NE        | Nil         |
| ING Property      | C                    | 77    | 3.79              | NE        | 10.4        | Port Tauranga    | B                    | 712   | 6.64              | 21        | 5.4         | World Index Fd        | D                    | 105        | N/A               | NE        | Nil         |
| ING Med. Prop.    | C                    | 118   | 0.00              | NE        | 7.2         | Postie Plus Grp  | C                    | 39    | 0.14              | 25        | Nil         | Xero Ltd              | C                    | 162        | N/A               | NE        | Nil         |
| Infratil NZ       | D                    | 162   | 0.49              | NE        | 5.8         | Propertyfinance  | E                    | 3.0   | 0.05              | NE        | Nil         | Zintel Comm.          | A                    | 35         | 0.45              | 8         | 12.8        |
|                   |                      |       |                   |           |             |                  |                      |       |                   |           |             | <b>Ave of 141 Cos</b> | <b>C</b>             | <b>157</b> | <b>0.00</b>       | <b>6</b>  | <b>4.9</b>  |
| AGL Energy Ltd    | B                    | 1382  | 1.05              | 9         | 3.9         | Dexus Property   | C                    | 84    | 5.08              | NE        | 8.7         | Oil Search Ltd        | B                    | 516        | 5.07              | 17        | 2.2         |
| AMP Ltd           | B                    | 615   | 4.26              | 21        | 6.2         | Djerriwarrah     | B                    | 434   | N/A               | NE        | 6.0         | Onesteel Ltd          | B                    | 313        | 0.57              | 18        | 3.2         |
| ANZ Bank          | B                    | 2090  | 3.40              | 34        | 4.9         | Downer EDI Ltd   | B                    | 802   | 0.45              | 14        | 3.6         | Orica Ltd             | A                    | 2418       | 1.17              | 16        | 4.0         |
| APA Group         | A                    | 321   | 1.69              | 20        | 3.6         | Energy Resource  | B                    | 1909  | 7.22              | 16        | 1.5         | Origin Energy         | B                    | 1618       | 1.76              | 27        | 3.1         |
| APN News Media    | B                    | 232   | 0.95              | NE        | 9.7         | Equinox Min.     | D                    | 360   | N/A               | NE        | Nil         | Pacific Brands        | C                    | 106        | 0.49              | NE        | 8.0         |
| ASX Limited       | A                    | 3503  | 7.18              | 19        | 4.7         | Extract Res.     | D                    | 730   | N/A               | NE        | Nil         | Paladin Energy        | E                    | 352        | N/A               | NE        | Nil         |
| AWE Limited       | B                    | 268   | 2.36              | 16        | Nil         | Fairfax Media    | C                    | 173   | 1.56              | NE        | 1.2         | Perpetual Ltd         | B                    | 3400       | 3.85              | 38        | 2.9         |
| AXA Asia Pac      | B                    | 645   | 1.82              | NE        | 2.9         | Flight Centre    | A                    | 1832  | 1.06              | 48        | 0.5         | Platinum Asset        | B                    | 534        | N/A               | 24        | 3.7         |
| Adelaide Bright   | A                    | 250   | 1.35              | 11        | 6.0         | Fortescue Metal  | B                    | 451   | 6.14              | 22        | Nil         | Premier Invest        | B                    | 810        | 1.40              | 14        | 6.8         |
| Alumina Ltd       | B                    | 156   | N/A               | 11        | 7.7         | Foster's Group   | B                    | 560   | 2.31              | 25        | 4.9         | Primary Health        | B                    | 546        | 1.77              | 20        | 2.6         |
| Amalgamated Hld   | A                    | 564   | 1.07              | 11        | 5.7         | GPT Group        | C                    | 60    | 2.91              | NE        | 29.7        | Q.B.E. Insur.         | B                    | 2211       | N/A               | 18        | 5.7         |
| Amcor Ltd         | B                    | 600   | 0.57              | 26        | 5.7         | GWA Internat'l   | B                    | 295   | 1.30              | 18        | 6.1         | Qantas Airways        | B                    | 280        | 0.44              | 54        | 2.1         |
| Aneka Tambang     | C                    | 112   | N/A               | NE        | 10.8        | Goodman Group    | C                    | 60    | N/A               | NE        | 16.1        | REA Group Ltd         | A                    | 913        | 6.92              | NE        | 1.1         |
| Ansell Ltd        | B                    | 1016  | 1.02              | 11        | 2.8         | Goodman Fielder  | B                    | 154   | 0.84              | 12        | 6.8         | Ramsay Health         | A                    | 1217       | 0.66              | 20        | 3.1         |
| Aquarius Plat.    | C                    | 670   | 7.81              | NE        | Nil         | Graincorp        | B                    | 591   | 0.68              | 19        | 1.2         | Reece Australia       | A                    | 2450       | 1.62              | 25        | 2.1         |
| Aquila Res.       | C                    | 814   | N/A               | NE        | Nil         | Guinness Peat    | C                    | 67    | 0.34              | NE        | 3.0         | Rio Tinto Ltd         | A                    | 6660       | 0.47              | 6         | 2.9         |
| Argo Investment   | C                    | 669   | N/A               | NE        | 4.0         | Harvey Norman    | B                    | 362   | 2.67              | 18        | 3.0         | Riversdale Min.       | B                    | 696        | N/A               | NE        | Nil         |
| Aristocrat Leis   | B                    | 435   | 1.83              | 20        | 5.5         | Healthscope      | B                    | 463   | 0.72              | 16        | 4.6         | S/Tracks ASX200B      | 4223                 | N/A        | NE                | 4.3       |             |
| Arrow Energy      | C                    | 343   | N/A               | 7         | Nil         | Henderson Group  | C                    | 215   | N/A               | NE        | 5.8         | SP Ausnet             | A                    | 90         | 1.62              | 13        | 13.2        |
| Asciano Group     | C                    | 173   | 0.71              | NE        | Nil         | ING Office Fund  | C                    | 60    | 4.59              | NE        | 16.2        | Santos Ltd            | B                    | 1320       | 2.98              | 15        | 3.2         |
| Austar United     | D                    | 124   | N/A               | NE        | Nil         | IOOF Holdings    | A                    | 540   | 3.36              | 78        | 0.7         | Seek Ltd              | B                    | 625        | N/A               | 38        | 1.5         |
| Australand Prop   | B                    | 45    | 1.00              | 5         | 24.4        | Iluka Resources  | B                    | 342   | 2.27              | 21        | Nil         | Seven Network         | B                    | 672        | N/A               | NE        | 5.1         |
| Aust Infra.       | B                    | 177   | 8.77              | 10        | 7.3         | Incitec Pivot    | A                    | 326   | 1.54              | NE        | 1.3         | Sigma Pharm.          | B                    | 92         | 0.27              | 10        | 7.7         |
| Aust Foundation   | B                    | 504   | N/A               | 48        | 4.2         | Infogen Energy   | B                    | 128   | 2.35              | 6         | 7.0         | Sims Metal Mgmt       | C                    | 2075       | 0.44              | NE        | 1.8         |
| BHP Billiton      | A                    | 3955  | 2.13              | NE        | 2.6         | Insurance Aust.  | B                    | 381   | 1.02              | 44        | 2.6         | Sonic Health          | B                    | 1443       | 1.84              | 32        | 4.0         |
| Bank of Q'land    | A                    | 1046  | 0.96              | 15        | 5.0         | Intoll Group     | C                    | 119   | N/A               | NE        | 16.8        | Soul Pattinson        | B                    | 1324       | 4.08              | 14        | 2.4         |
| Bendigo Bank      | A                    | 975   | 0.89              | 18        | 4.4         | Iress Mkt Tech   | A                    | 799   | 5.90              | 27        | 3.9         | Spark Infrastru       | A                    | 132        | 5.80              | NE        | 14.1        |
| Billabong Int'l   | A                    | 1036  | 1.56              | 17        | 4.3         | JB Hi-Fi Ltd     | A                    | 2010  | 0.93              | 23        | 2.2         | Stockland             | B                    | 390        | 4.81              | 5         | 8.7         |
| Bluescope Steel   | C                    | 256   | 0.45              | NE        | 2.0         | James Hardie     | B                    | 760   | 1.90              | 17        | Nil         | Straits Res.          | B                    | 133        | 1.77              | 8         | 7.2         |
| Boart Longyear    | B                    | 33    | 0.24              | 3         | 9.8         | Kardoon Gas      | D                    | 583   | N/A               | NE        | Nil         | Suncorp-Metway        | B                    | 906        | 0.77              | 32        | 4.4         |
| Boral Limited     | B                    | 551   | 0.67              | 23        | 2.4         | Kingsgate Cons.  | A                    | 851   | 7.17              | 25        | 1.8         | TPG Telecom Ltd       | A                    | 152        | 2.22              | 60        | 1.3         |
| Brambles Ltd      | B                    | 675   | 1.90              | 18        | 4.4         | Leighton Hold    | B                    | 3730  | 0.84              | 25        | 3.1         | Tabcorp Holding       | B                    | 710        | 1.02              | 8         | 9.2         |
| Brickworks Ltd    | B                    | 1213  | 2.72              | 5         | 3.2         | Lend Lease Grp   | C                    | 909   | 0.28              | NE        | 4.5         | Tatts Group Ltd       | B                    | 228        | 0.89              | 10        | 9.2         |
| C'with Prop Off.  | C                    | 95    | 5.82              | NE        | 9.1         | Lihir Gold Ltd   | C                    | 274   | 5.66              | 4         | Nil         | Telstra               | B                    | 339        | 1.70              | 11        | 8.3         |
| C.S.R. Ltd        | B                    | 169   | 0.49              | 13        | 4.4         | MAP Group        | B                    | 292   | 1.02              | 2         | 9.2         | Ten Network           | D                    | 152        | 1.75              | NE        | Nil         |
| CFS Retail Prop   | C                    | 188   | 8.44              | NE        | 6.7         | Macarthur Coal   | A                    | 953   | 3.49              | 14        | 1.4         | Toll Holdings         | B                    | 843        | 1.05              | 22        | 3.0         |
| CSL Limited       | B                    | 3155  | 3.75              | 16        | 2.2         | Macquarie C'WVdc | C                    | 64    | 4.54              | NE        | 10.9        | Tower Australia       | B                    | 236        | 1.00              | 18        | 2.2         |
| Caltex Australria | B                    | 893   | 0.10              | 13        | 4.0         | Macquarie Off.   | C                    | 30    | 3.94              | NE        | 12.5        | TransPacific In       | D                    | 119        | 0.44              | NE        | Nil         |
| Campbell Bros     | A                    | 2701  | 1.62              | 14        | 3.7         | Macquarie Group  | B                    | 5023  | 2.76              | 18        | 3.7         | Transfield Serv       | B                    | 385        | 0.47              | 13        | 3.1         |
| Carsales.com      | A                    | 448   | N/A               | 87        | 3.0         | Metcash Ltd      | B                    | 420   | 0.29              | 15        | 5.7         | Transurban Grp        | C                    | 522        | 5.92              | NE        |             |

# Recommended Investments

A **Lyttelton Port Company** shareholder has complained to the **Securities Commission** over share buying by **Christchurch City Holdings (CCH)** in the period since a merger report was presented to the port company. CCH believes it can engage in this insider trading as it controls Lyttelton Port Company and "instructed the company" not to disclose to it any information about the merger report. Presumably it has also instructed the

company not to release the merger report to the stockmarket - which we believe breaches stock exchange "continuous disclosure" rules which require companies to promptly disclose any price sensitive information.

The **Pike River Coal** mine expects to export its first 20,000 tonnes of coal through the Lyttelton Port Company this month. A rockfall and 150 metres of faulted rock have delayed full production (Continued on Page 4)

## Portfolio of Recommended Investments

| CURRENT<br>ADVICE                        | Company                        | Initial Recommendation<br>Code | Initial Recommendation<br>- Date - | Initial Recommendation<br>Price | Performance<br>Forecast | Issued<br>Shares<br>(mil.) | Vola-<br>tility<br>Ratio | Price/<br>Sales<br>Ratio | Price/<br>Earnings<br>Ratio | Gross<br>Dividend<br>Yield | Recent<br>Share<br>Price | Cash<br>Dividends<br>Rec'd | Total<br>Return<br>% |
|--|--------------------------------|--------------------------------|------------------------------------|---------------------------------|-------------------------|----------------------------|--------------------------|--------------------------|-----------------------------|----------------------------|--------------------------|----------------------------|----------------------|
| <u>NZ Shares</u>                         |                                |                                |                                    |                                 |                         |                            |                          |                          |                             |                            |                          |                            |                      |
| HOLD                                     | CDL Investments Ltd            | CDI                            | 12/01/99                           | 25                              | E                       | 243.4                      | 1.5                      | 14.04                    | 36                          | Nil                        | 25                       | 17.9                       | +72%                 |
| HOLD+                                    | Cavalier Corporation           | CAV                            | 05/12/95                           | 156*                            | A                       | 67.1                       | 1.0                      | 0.76                     | 14                          | 7.7                        | 278                      | 245.0                      | +235%                |
| HOLD                                     | Colonial Motor Company         | CMO                            | 10/11/92                           | 128*                            | B                       | 32.7                       | 0.5                      | 0.15                     | 14                          | 9.5                        | 225                      | 301.3                      | +311%                |
| HOLD                                     | Lyttelton Port Company         | LPC                            | 12/12/00                           | 150                             | B                       | 102.3                      | 0.6                      | 2.97                     | 25                          | 2.9                        | 245                      | 73.3                       | +112%                |
| BUY                                      | Michael Hill Int'l Ltd         | MHI                            | 11/06/91                           | 5*                              | C                       | 382.5                      | 0.9                      | 0.63                     | 15                          | 4.3                        | 68                       | 27.9                       | +1818%               |
| BUY                                      | Nuplex Industries Ltd          | NPX                            | 11/02/97                           | 523*                            | A                       | 189.8                      | 1.1                      | 0.41                     | 36                          | 1.6                        | 320                      | 367.0                      | +31%                 |
| HOLD                                     | Postie Plus Group              | PPG                            | 08/05/06                           | 71                              | C                       | 40.0                       | 1.6                      | 0.14                     | 25                          | Nil                        | 39                       | 8.5                        | -33%                 |
| 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                             | A                       | 26.2                       | 0.6                      | 3.76                     | 22                          | 5.2                        | 280                      | 117.3                      | +231%                |
| HOLD                                     | Steel & Tube Holdings          | STU                            | 08/08/00                           | 146                             | B                       | 88.2                       | 0.6                      | 0.51                     | 9                           | 9.7                        | 280                      | 231.0                      | +250%                |
| <u>Australian Shares (in Aust cents)</u> |                                |                                |                                    |                                 |                         |                            |                          |                          |                             |                            |                          |                            |                      |
| HOLD+                                    | AJ Lucas Group                 | AJL                            | 13/05/03                           | 120                             | B                       | 64.9                       | 0.6                      | 0.40                     | 17                          | 5.1                        | 311                      | 41.0                       | +193%                |
| BUY                                      | Ammtec Ltd                     | AEC                            | 11/01/10                           | 257                             | A                       | 25.5                       | 0.6                      | 1.22                     | 10                          | 6.0                        | 265                      | Nil                        | +3%                  |
| HOLD+                                    | Atlas South Sea Pearl          | ATP                            | 14/05/96                           | 73                              | C                       | 120.1                      | 2.3                      | 0.58                     | NE                          | 20.0                       | 10                       | 17.5                       | -62%                 |
| HOLD                                     | Breville Group Ltd             | BRG                            | 13/11/06                           | 171                             | B                       | 129.5                      | 0.7                      | 0.51                     | 14                          | 3.2                        | 171                      | 16.0                       | +9%                  |
| HOLD                                     | Campbell Brothers Ltd          | CPB                            | 12/10/99                           | 389*                            | A                       | 61.9                       | 0.3                      | 1.62                     | 14                          | 3.7                        | 2701                     | 484.0                      | +719%                |
| BUY                                      | Cardno Ltd                     | CDD                            | 14/12/09                           | 410                             | B                       | 84.3                       | 0.5                      | 0.63                     | 9                           | 7.3                        | 383                      | Nil                        | -7%                  |
| HOLD                                     | Cellnet Group Ltd <sup>1</sup> | CLT                            | 12/02/02                           | 147*                            | C                       | 76.8                       | 1.3                      | 0.29                     | NE                          | Nil                        | 32                       | 32.4                       | -49%                 |
| BUY                                      | Challenger Wine Trust          | CWT                            | 12/01/09                           | 30                              | C                       | 170.3                      | 1.4                      | 1.51                     | NE                          | 24.1                       | 30                       | 5.7                        | +17%                 |
| HOLD-                                    | Charter Hall Group             | CHC                            | 06/04/09                           | 30*                             | B                       | 698.0                      | 0.9                      | 7.98                     | NE                          | 7.1                        | 70                       | 2.6                        | +142%                |
| HOLD                                     | Circadian Technologies         | CIR                            | 10/02/04                           | 188                             | E                       | 45.2                       | 0.9                      | 9.30                     | NE                          | Nil                        | 64                       | 65.0                       | -32%                 |
| HOLD+                                    | Clarius Group Ltd              | CND                            | 08/04/03                           | 82*                             | C                       | 79.7                       | 1.0                      | 0.16                     | 27                          | Nil                        | 74                       | 65.5                       | +70%                 |
| BUY                                      | CPT Global Ltd                 | CGO                            | 10/03/08                           | 88                              | B                       | 36.8                       | 0.9                      | 0.54                     | 11                          | 8.5                        | 65                       | 7.3                        | -18%                 |
| HOLD                                     | Devine Ltd                     | DVN                            | 13/11/06                           | 94                              | A                       | 315.5                      | 1.2                      | 0.28                     | 8                           | 7.5                        | 40                       | 19.0                       | -37%                 |
| HOLD+                                    | Ellex Medical Lasers           | ELX                            | 14/03/06                           | 49                              | C                       | 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                      | 2.28                     | 15                          | 4.4                        | 155                      | 13.3                       | -35%                 |
| HOLD+                                    | Iluka Resources Ltd            | ILU                            | 12/10/04                           | 471                             | B                       | 380.7                      | 0.5                      | 2.27                     | 21                          | Nil                        | 342                      | 64.0                       | -14%                 |
| BUY                                      | Integrated Research            | IRI                            | 14/01/08                           | 40                              | A                       | 166.8                      | 1.0                      | 1.88                     | 10                          | 8.3                        | 48                       | 7.0                        | +38%                 |
| HOLD                                     | M2 Telecommunications          | MTU                            | 09/10/06                           | 33                              | A                       | 108.5                      | 0.7                      | 0.79                     | 21                          | 3.7                        | 147                      | 13.5                       | +386%                |
| HOLD                                     | Mnet Group <sup>1</sup>        | MNZ                            |                                    |                                 | C                       | 208.3                      | 2.7                      | 1.37                     | NE                          | Nil                        | 7                        | Nil                        |                      |
| BUY                                      | Melbourne IT                   | MLB                            | 10/02/04                           | 53                              | B                       | 78.0                       | 0.6                      | 0.67                     | 8                           | 9.4                        | 160                      | 51.0                       | +298%                |
| HOLD+                                    | Photon Group Ltd               | PGA                            | 10/11/08                           | 132*                            | B                       | 154.3                      | 0.7                      | 0.20                     | 5                           | 10.4                       | 120                      | 11.8                       | -0%                  |
| HOLD+                                    | Probiotec Ltd                  | PBP                            | 11/02/08                           | 116                             | B                       | 47.1                       | 0.6                      | 1.17                     | 11                          | 1.5                        | 216                      | 5.8                        | +91%                 |
| HOLD+                                    | Prophecy International         | PRO                            | 08/09/08                           | 26                              | B                       | 45.8                       | 1.1                      | 3.86                     | 12                          | 7.9                        | 54                       | 4.3                        | +124%                |
| HOLD+                                    | Ross Human Directions          | RHD                            | 14/08/01                           | 92                              | A                       | 83.5                       | 1.2                      | 0.08                     | 8                           | 4.4                        | 40                       | 34.3                       | -19%                 |
| BUY                                      | Skilled Group Ltd              | SKE                            | 12/03/02                           | 126                             | B                       | 123.6                      | 0.7                      | 0.11                     | 8                           | 5.9                        | 177                      | 132.0                      | +145%                |
| HOLD                                     | Technology One Ltd             | TNE                            | 11/11/03                           | 44                              | B                       | 300.3                      | 0.9                      | 1.85                     | 14                          | 5.0                        | 76                       | 20.1                       | +117%                |
| BUY                                      | TFS Corporation Ltd            | TFC                            | 08/01/07                           | 45                              | B                       | 191.3                      | 0.8                      | 2.02                     | 5                           | 4.3                        | 100                      | 8.1                        | +140%                |
| HOLD+                                    | The Reject Shop Ltd            | TRS                            | 11/01/05                           | 257                             | B                       | 25.8                       | 0.3                      | 0.85                     | 19                          | 4.0                        | 1365                     | 181.5                      | +502%                |
| BUY                                      | Village Roadshow               | PREF                           | VRLPA10/08/09                      | 77                              | B                       | 224.9                      | 2.1                      | 0.32                     | 6                           | 6.3                        | 203                      | 9.0                        | +175%                |

The average Total Return (i.e. both Capital Gains/Losses plus Dividends received) of all current investments from initial recommendation is +153.4%. This is equal to an average annual rate of +24.1%, based upon the length of time each position has been held.

The average annual rate of gain of ALL recommendations (both the 39 current and 147 closed out) is +29.3%, compared with a market gain of +4.7% (by the SRC Total Return Index).

CURRENT ADVICE is either Buy, Hold+, Hold, Hold- or Sell. Hold+ indicates the most attractive shares not rated as Buy. Hold- indicates relatively less attractive issues.

\* Initial Recommendation Prices adjusted for Share Splits, Bonus and Cash Issues.

## Recommended Investments

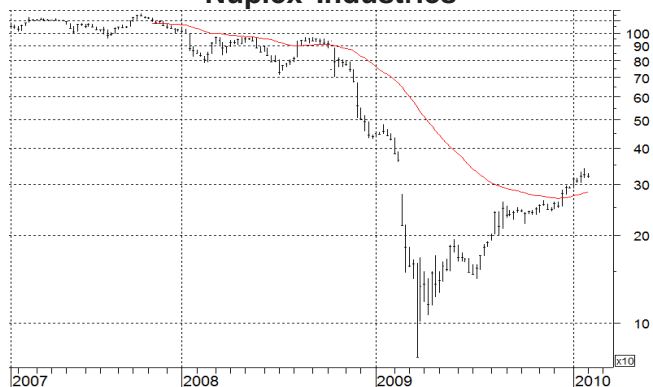
(Continued from Page 3)

until the September 2010 quarter, but the initial shipment will be from coal extracted by equipment developing the mine.

**Nuplex Industries** has again upgraded its current year profit forecasts after “solid” trading in November and December. The company has raised its earnings forecast (before interest, tax and depreciation) by \$10-15 million to \$120-135 million for the year to June 2010. The net profit forecast has been raised \$5-10 million to \$50-60 million (28-34 cents per share).

At 320 cents, Nuplex Industries shares trade at 9½-11½ times this year's forecast profit - which is starting to look cheap.

### Nuplex Industries



**Smiths City Group** has leased premises and will open its second Wellington store, next to Trentham mall, in March. The group plans to open two further stores in the region, utilising its existing distribution network.

### Smiths City Market



**South Port NZ** has reported a 9.7% increase in revenues to \$10.5 million for the six months to 31 December 2009. Trading profits, however, fell 17.7% to \$1,648,000 (6.3 cents per share). A steady interim dividend of 4.5 cents (plus full imputation tax credits) will be paid.

The net operating cash surplus was 59% lower at \$1.0 million.

Cargo volumes were down 8.2% to 984,000 tonnes.

The company expects its full year profit to be around \$3.5 million (13-13½ cents per share), up about 6% on the previous year.

South Port NZ has recently purchased a 16.45 hectare site and existing buildings (formerly used by **Fisher & Paykel Appliances**) and will build additional dry and

cool stores to expand its warehousing facilities for dairy exports. The **Fonterra Edendale** facility recently installed a \$212 million, 27 tonnes/hour drier and will become the world's largest milk powder production plant capable of producing 150,000 tonnes per season.

Future growth could also result from major projects being considered in the Southland region: **Solid Energy** and **Ravensdown** are considering a \$1,500 million lignite-to-nitrogen fertiliser plant. Development *could* start as early as 2014, with urea fertiliser produced for domestic and export markets. This joint venture is also considering a “much larger project” to produce diesel from the “extensive lignite resources”.

Solid Energy and US based **GTL Energy** are investigating building a coal briquettes manufacturing plant at Mataura, 10km east of the *New Vale* coal mine. 500 tonnes of lignite was recently shipped to the United States for commercial trials.

At 280 cents - a P/E/Earnings ratio of 22 and a gross Dividend Yield of 5.2% - South Port NZ shares are looking a little expensive and perhaps anticipating potential growth from offshore oil exploration or onshore growth in dairy, forestry and energy projects in Southland. Nevertheless, this is a sound niche business, with strong cashflow and low debt levels, so for now we are happy to “Hold”.

### Australian Shares

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

**AJ Lucas Group** has experienced poor operating results for the half year to December 2009 - and will not pay an interim dividend - but expects a significant improvement in the current half year to June 2010. It has also made significant progress with its investments.

The company expects to *lose* around \$8 million (before interest and depreciation) for the period to December 2009. It has also suffered a non-recurring loss of \$5.6 million on a contract dispute and decided to provide \$4.5 million for the resolution of other disputes.

The drilling division suffered from the on-going upgrade of **Mitchell Drilling**'s equipment and integration of that business but “this is now nearly complete” with an improvement in productivity. Market uncertainty in 2009 led to “irregular work” and unscheduled maintenance also depressed margins. This situation, however, should improve in the current half year: The division has tendered for “record levels” of Coal Seam Gas (CSG) projects in Queensland plus an increased demand to remove gas from coal fields. The drilling division now has “a full order book for calendar 2010” and should produce a “substantially improved operating result” in the current half year.

The construction and infrastructure division experienced a slow start to CSG and LNG projects “affecting financial results” and difficulties on a pipeline project have reduced profits by \$6 million. This division expects that the second half will be “much stronger as projects already awarded get underway”.

Overall, AJ Lucas Group is forecasting second half earnings (before interest, depreciation and tax) of over \$30 million.

The company has also made significant financial progress with its investments. As reported last month,

the company sold its 15% interest in ATP651 for \$98.5 million (152 cents per share) - realising a \$93.5 million capital gain!

AJ Lucas Group is also close to finalising a co-investor in **Cuadrilla Resources** which will provide that company with “significant cash reserves” to fund its continued exploration over the next 2-3 years. AJ Lucas Group has \$52.4 million (81 cents per AJ Lucas share) invested in Cuadrilla Resources and will bring in an equal shareholder (with founding shareholders retaining a minority interest). The value of the new investment will be “substantially in excess of Lucas' book cost”. This transaction will indicate the market value of this investment, but under accounting rules this will not be counted as profit at this time. AJ Lucas Group expects to retain its investment in Cuadrilla Resources for at least another 2-3 years.

AJ Lucas Group also has \$81.8 million (126 cents) invested in the **Monument County** project (of which \$25.2 million was invested this financial year). This is a minority interest in a large, “highly prospective hydrocarbon” area in East Texas requiring complicated extraction techniques. Under accounting rules, AJ Lucas Group, is required to write off all of this investment although this “does not in any way reflect the company's view as to the realisable value of this investment” which the group hopes to realise “this financial year”.

The company has ceased further involvement in the **Arawn Grizzly** prospect and written off its \$8 million investment.

So AJ Lucas Group's investments in Cuadrilla Resources and Monument County have a book value of \$52.4 million (81 cents per share) and a cost of \$134.2 million (206 cents per share) but are likely worth considerably more. The transaction to bring in an equal shareholder (expected by mid-February) will demonstrate the value of the Cuadrilla Resources investment, while plans to sell the Monument County interest will realise the group's investment . . . and perhaps a significant capital gain.

At 311 cents, the market capitalisation of AJ Lucas Group is \$202 million. That is less than the cost price of its two major energy investments (which are likely worth considerably more) and places little value on its drilling, construction and infrastructure business!

#### AJ Lucas Group



**Breville Group** has upgraded its forecast for earnings (before interest, depreciation and tax) for the six months

to December 2009 from \$25.1 million to \$30 million. The company reports “performance in November and particularly in December was well ahead of expectations”.

For the full year the company now expects earnings of \$43-46 million, up from its earlier forecast of \$38.7 million and actual 2009 result of \$33.6 million.

**GUD Holdings** has allowed its takeover offer for Breville Group to lapse, owing to opposition from the ACCC.

**Cellnet Group** has reported record revenues for December “significantly higher than any previous months throughput” even when the company was distributing IT products. The first half profit is now expected to be \$850,000 to \$1.0 million (1.1-1.3 cents per share) with the full year's profit around \$1.4-1.5 million (1.9-2.0 cents per share).

The company also has around \$20 million (26 cents per share) for investment in new businesses or to return to shareholders.

**Challenger Wine Trust** reported an 8.6% drop in revenues to \$15.7 million for the half year to 31 December 2009 and operating profits 13.3% lower at \$7,298,000 (4.3 cents per share). The trust will pay a 30.9% lower interim distribution of 3.25 cents.

The net operating cash surplus was 21% lower at \$7.9 million.

The trust believes that up to 30,000 hectares (i.e. about 20% of the total land planted in grape vines) will be removed over the next 2-3 years. The main impact is likely to fall upon “smaller, less efficient vineyards” and contract grape growers (i.e. where contracts are cancelled or not renewed). The average vineyard in Australia is around 19 hectares and the trust believes that “size of operations is the key to survival” with vineyards greater than 50 hectares offering economies of scale and lower costs of production. 94% of Challenger Wine Trust properties are over 50 hectares and most are larger than 100 hectares. 95% of the trust's properties are leased to wine companies, with just 5% to contract growers.

The trust is also predicting a final distribution of 3.75 cents for the year to 30 June, making an annual payout of 7.0 cents. This, however, is being financed through a dividend re-investment scheme (which does dilute the issued capital) with cash being used to continue to reduce debt levels.

For non-Australian investors, the 3.25 cents interim dividend will consist of 3.081 cents of Australian income subject to foreign withholding tax of 15% (or for investors in some countries, 30%), 0.026 cents of interest subject to 10% foreign withholding tax and 0.143 cents of foreign income (not subject to withholding tax). NZ resident investors can claim this foreign withholding tax as a tax credit against NZ income tax and are not taxed upon the high cash income but subject to the significantly lower 5% “Fair Dividend Rate” tax.

Challenger Wine Trust units remain depressed in value - so offer a very high income yield (i.e. 23.7% at the indicated 7.0 cents annual payout) and should appreciate strongly in value over the next 2-3 years. “Buy”. (Continued on Page 6)

## Recommended Investments

(Continued from Page 5)

### Challenger Wine Trust



**Charter Hall Group** is holding discussions with **Macquarie Group** regarding the acquisition of the property management contracts for listed **Macquarie CountryWide Trust** and listed **Macquarie Office Trust**.

The group also reports that its *Charter Hall Opportunity Fund No 4* (i.e. a property development trust) has negotiated the sale of its 50% interest in the recently completed office and retail property at **275 George Street** for \$166 million to Singapore based **K-REIT Asia**. The remaining 50% is held by the *Charter Hall Core Plus Office Fund*. Charter Hall Group will continue to manage this property.

Charter Hall Group has published property revaluations for its four main funds showing just a \$10.3 million decline in market values on \$1966 million of property investments. That is a quarterly decline of 0.52% - which the group believes shows that "property asset valuations are stabilising".

**CPT Global** reports continued "difficult trading conditions" which will result in a *loss* for the half year to December 2009. The company is in discussions with an increasing number of prospective international clients, but "converting these prospects into long term clients" is "time consuming" and the timing of revenues uncertain.

The company remains "positive about the outlook" for the current half year.

At June 2009, CPT Global was debt-free with cash in the bank, so one unprofitable half year period does not threaten the survival of the company. At worst the company will suspend dividend payments until profitability improves. This company has a strong niche business - helping major companies improve the performance and minimise the costs of their mainframe computers - with strong growth potential as CPT Global seeks to expand its client base and range of services. The global financial crisis has distracted major financial institutions with more important short term considerations (i.e. survival), but to survive in the long term all businesses need to continuously seek to improve performance and lower costs. This is what CPT Global does - better and cheaper than its potential competitors. In the long run, higher quality, lower cost businesses will prosper while lower quality, higher cost businesses will fail. This is why we consider CPT Global an attractive long term growth investment.

### CPT Global



**Devine** reports strong residential land and house and land package sales over the six months to December 2009. The company sold over 1100 residential sites (up over 100% on the same period a year earlier). On 700 (up 70%) of these sites Devine will also build houses.

The company also reports a further 165 pre-sales - worth \$84.9 million - at its **Hamilton Harbour** joint venture. That brings pre-sales to 377 apartments worth \$196.6 million, of which 317 are unconditional and the purchasers have paid a 10% deposit.

**Ellex Medical Lasers** has released its new *Integre Yellow* laser photocoagulator at the Annual Meeting of the Japanese Society of Ophthalmic Surgeons. The laser will be released in the US, European and Australian markets later this year.

The 561nm yellow laser "creates a more gentle retinal burn" compared with the traditional 514/532nm green laser when used to treat eye diseases such as diabetic retinopathy, with improved patient comfort.

The company believes this product will "cement Ellex's position as the leading ophthalmic technology provider in Japan".

### Ellex Medical Lasers



**Fiducian Portfolio Services** reports December quarterly cash receipts of \$6.4 million and a cash operating surplus of \$690,000. Cash on hand at 31 December 2009 was \$8.1 million.

**Mnet Group** (formerly Mercury Mobility) has reported revenues of \$1,215,000 for the December quarter but an operating cash deficit of \$795,000. The company started the quarter with cash of \$806,000 and received \$526,000 from the merger with m.Net Corporation, but now holds just \$537,000.

The group notes that the significant cash outflow resulted from considerable one-off merger costs and

redundancy payments (totalling \$592,000) as well as office relocation expenses (\$50,000). The merger and redundancies have resulted in a “considerable reduction” in the group's operating cost base.

**Photon Group** expects its first half earnings (before interest, depreciation and tax) to be about 8% lower at \$37 million. The net profit is expected to be “in line” with the \$9.5 million to December 2008 . . . but that would leave earnings per share about 40% lower at 5.3 cents owing to the increase in issued capital. Based upon its 50% dividend payout ratio policy the interim dividend could be 50-58% lower at 2.5-3.0 cents.

In addition there will be the \$5.5 million non-recurring loss on the sale of a business (as reported last month) plus an accounting write-down of \$3.2 million relating to the recent acquisition of **Dark Blue Sea**.

Earnings for the full year to 30 June 2010 will be similar to 2009, but earnings per share will be about 36% lower at 16 cents owing to the increased issued capital. That could result in the annual dividend being 36% lower at 8.0 cents per share.

At 120 cents, Photon Group shares are trading at 7½ times this year's profits and even at a significantly lower dividend will yield around 6.7%. The drop in earnings per share is not a great result, but perhaps acceptable in difficult market conditions. This is a cyclical business, so profits will be depressed at present (offset by interest savings with the new capital used to repay interest bearing debt) but should recover strongly with the eventual upturn in economic activity.

**Photon Group**



**Probiotec** has acquired the remaining 49.999% of **Australian Dairy Proteins** - a joint venture established in May 2002 - taking its ownership to 100%.

Australian Dairy Proteins produces the dairy protein fractions Lactoferrin and the world's only dairy based high purity Immunoglobulins from whey. The business recently obtained approval from the **Therapeutics Goods Administration** to use these Immunoglobulins as an active ingredient in pharmaceuticals, is currently undertaking a number of human clinical trials and plans “a range of exciting, unique new pharmaceutical products”.

Owing to a shortage of whey, Australian Dairy Products has “historically operated at below optimal levels with high per unit production costs” but is currently

negotiating with five major dairy groups for a secure supply of larger whey volumes. If this business can manufacture and sell its current production capacity then it will “contribute a material increase in the earnings” for the group.

Probiotec has also signed an agreement to acquire four sports nutrition brands, *Redbak*, *Black Widow*, *Lady Bird* and *Natural Health Supplements* plus distribution arrangements, plant and equipment and inventory. Probiotec will pay \$1.8 million in cash plus up to a further \$800,000 subject to achieving future sales levels. No details of revenues or profits are given except that the directors “believe the payback period” will be “less than three years” (i.e. equal to a low Price/Earnings ratio of about 3).

This acquisition will “open a major new distribution channel of health food stores for the company's existing products”. There are 2000 health food stores in Australia and Probiotec currently has limited distribution in this market.

**Probiotec**



**Prophecy International** expects its half year profit to December 2009 to be about 63% lower at \$490,000 (1.0 cent per share) but to maintain a 2.0 cents interim dividend.

Exchange rate movements account for \$500,000 of the decline, with the additional Research & Development of \$300,000 making up the balance. The company expenses R&D as incurred, but this investment has “expanded product capabilities” so should contribute to higher revenues and profits in the future.

**Ross Human Directions** expects its first half profit to improve 19-24% to \$2.75-2.85 million (3.3-3.4 cents per share).

**Ross Human Directions**



# 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 Rent Chg. | 0-99  | Insider Buy-2 Months | Relative Strength | Price to NTA | Return on Equity | Volatility | Price Earnings Ratio | Dividend Yield | Price Sales Ratio | Market Cap'n    | Company  | Share Price  | Cur-4-Wk Rent Chg. | 0-99  | Insider Buy-2 Months | Relative Strength | Price to NTA | Return on Equity | Volatility | Price Earnings Ratio | Dividend Yield | Price Sales Ratio | Market Cap'n |       |     |
| <b>UNDER-VALUED SHARES:</b> Lowest Price/Sales, Yld>0, RelStrength>0 |             |                    |       |                      |                   |              |                  |            |                      |                |                   |                 | <b>INSIDER BUYING:</b> Most Insider Buying, Relative Strength>0                      |  |                    |       |                      |                   |              |                  |            |                      |                |                   |              |       |     |
| Smiths City  | 40          | +1.3               | +0.9  | 50                   | 0-0               | - 0.5        | 2                | 1.5        | 21                   | 5.0            | 0.09              | 21              | Restaurant Brds  | 173  | +28.2              | -4.9  | 2                    | 11-0              | - 4.5        | 22               | 0.4        | 20                   | 6.0            | 0.54              | 168          |       |     |
| Col Motor Co   | 225         | +2.0               | -2.2  | 47                   | 7-0               | - 0.5        | 4                | 0.5        | 14                   | 9.5            | 0.15              | 74              | GuocoLeisure   | 54   | +15.1              | -4.7  | 10                   | 10-0              | - 0.5        | 7                | 0.7        | 7                    | 2.9            | 1.19              | 739          |       |     |
| Hellaby Hold.  | 165         | +12.5              | -4.8  | 11                   | 8-0               | - 1.0        | 6                | 1.3        | 16                   | 5.2            | 0.17              | 84              | Comvita  | 167  | +22.9              | +6.6  | 4                    | 9-0               | - 0.8        | 1                | 0.6        | 62                   | Nil            | 0.66              | 47           |       |     |
| Tag Pacific Ltd  | 28          | +17.6              | -7.3  | 8                    | 0-0               | - 0.7        | 5                | 1.8        | 13                   | 3.3            | 0.18              | 19              | Scott Tech. Ltd  | 135  | +16.6              | +6.1  | 9                    | 8-0               | - 2.0        | 1                | 0.5        | 145                  | 1.1            | 1.23              | 38           |       |     |
| Ebos Group Ltd   | 595         | +3.8               | -1.1  | 37                   | 0-2               | 1            | 1.8              | 12         | 0.4                  | 15             | 6.0               | 2291            | Hellaby Hold.  | 165  | +12.5              | -4.8  | 11                   | 8-0               | - 1.0        | 6                | 1.0        | 16                   | 5.2            | 0.17              | 84           |       |     |
| Turners & Grow.  | 155         | +0.3               | -0.6  | 56                   | 1-0               | - 0.5        | 5                | 0.7        | 12                   | 9.6            | 0.27              | 155             | Col Motor Co   | 225  | +2.0               | -2.2  | 47                   | 7-0               | - 0.5        | 4                | 0.3        | 14                   | 9.5            | 0.15              | 74           |       |     |
| Allied Work.   | 88          | +5.7               | +2.4  | 27                   | 0-0               | - 1.3        | 12               | 0.9        | 11                   | 11.0           | 0.30              | 23              | Zintel Comm.   | 35   | +22.8              | -0.4  | 5                    | 6-0               | - 1.6        | 20               | 1.1        | 8                    | 12.8           | 0.45              | 18           |       |     |
| Air New Zealand  | 130         | +3.6               | -1.1  | 37                   | 0-2               | 1            | 0.9              | 1          | 0.9                  | 66             | 7.1               | 0.30            | 1,386  | Tourism Hold.  | 87                 | +18.7 | +3.1                 | 6                 | 4-0          | - 0.5            | - 0.7      | NE                   | Nil            | 0.50              | 85           |       |     |
| Seeka Kiwifruit  | 300         | +11.3              | -0.6  | 15                   | 3-0               | - 0.7        | 7                | 0.4        | 9                    | 6.0            | 0.35              | 38              | Nuplex Indust  | 320  | +11.3              | +5.6  | 14                   | 4-0               | 1            | 1.2              | 3          | 0.9                  | 36             | 1.6               | 0.41         | 607   |     |
| Guinness Peat  | 84          | +3.3               | -0.6  | 39                   | 0-6               | - 0.5        | - 1              | NE         | 3                    | 0.38           | 1,309             | Sky City Ltd    | 322  | +3.0   | -2.2               | 42    | 3-0                  | 1                 | 2.5          | 16               | 0.5        | 16                   | 6.9            | 2.21              | 1,852        |       |     |
| Nuplex Indust  | 320         | +11.3              | +5.6  | 14                   | 4-0               | 1            | 1.2              | 3          | 1.1                  | 36             | 1.6               | 0.41            | 607  | <b>OVER-VALUED SHARES:</b> Highest Price/Sales Ratios, Relative Strength<0 |                    |       |                      |                   |              |                  |            |                      |                |                   |              |       |     |
| Turners Auction  | 120         | +17.6              | -7.3  | 8                    | 2-0               | - 1.6        | 5                | 0.6        | 30                   | 3.6            | 0.42              | 33              | NZ Windfarms   | 45   | -20.2              | +1.2  | 90                   | 0-0               | - 0.4        | - 1.1            | NE         | Nil                  | 9.18           | 35                |              |       |     |
| Zintel Comm.   | 35          | +22.8              | -0.4  | 5                    | 6-0               | - 1.6        | 20               | 1.6        | 8                    | 12.8           | 0.45              | 18              | AMP Onyx Mgmt  | 73   | -4.4               | -2.1  | 70                   | 1-0               | - 0.7        | - 0.4            | NE         | 9.5                  | 5.45           | 728               |              |       |     |
| Mainfreight Grp  | 584         | +8.1               | -1.2  | 22                   | 0-7               | - 2.0        | 12               | 0.6        | 16                   | 4.7            | 0.45              | 575             | NZ Farming Sys.  | 41   | -6.4               | +1.6  | 76                   | 3-1               | - 0.4        | - 0.7            | NE         | Nil                  | 4.09           | 100               |              |       |     |
| Restaurant Brds  | 173         | +28.2              | -4.9  | 2                    | 11-0              | - 4.5        | 22               | 0.6        | 20                   | 6.0            | 0.54              | 168             | Trust Power Ltd  | 734  | -1.3               | -0.6  | 62                   | 0-3               | - 1.6        | 7                | 0.3        | 22                   | 6.7            | 2.95              | 2,314        |       |     |
| Michael Hill   | 68          | +0.4               | +1.5  | 55                   | 1-1               | 1            | 1.7              | 12         | 0.9                  | 15             | 4.3               | 0.63            | 260  | NZ Refining Co   | 381                | -13.1 | -0.7                 | 85                | 0-0          | - 1.6            | 18         | 0.3                  | 9              | 17.6              | 2.68         | 1,067 |     |
| Fletcher Build.  | 752         | +3.2               | -2.4  | 40                   | 2-12              | 1            | 1.5              | 12         | 0.5                  | 13             | 6.3               | 0.64            | 4,546  | Mowbray Collect  | 95                 | -2.6  | -0.4                 | 65                | 0-0          | - 2.5            | - 0.4      | NE                   | Nil            | 2.54              | 10           |       |     |
| Kirkcaldie & St  | 300         | +10.4              | +1.1  | 18                   | 0-0               | - 1.3        | 4                | 0.5        | 29                   | 3.8            | 0.68              | 30              | WN Drive Tech.   | 8  | -18.5              | +0.3  | 88                   | 7-0               | - 1.6        | - 1.2            | NE         | Nil                  | 2.27           | 33                |              |       |     |
| Abano Health.  | 578         | +2.3               | -3.5  | 46                   | 0-0               | - 2.3        | 17               | 0.7        | 14                   | 5.4            | 0.72              | 134             | Life Pharmacy  | 24   | -17.8              | -4.1  | 87                   | 0-0               | - 0.4        | 0                | 0.9        | 269                  | Nil            | 2.24              | 16           |       |     |
| Livestock Imp.   | 331         | +33.1              | +3.2  | 1                    | 0-0               | - 0.6        | 14               | 0.4        | 4                    | 18.9           | 0.74              | 111             | <b>WORST PERFORMING SHARES:</b> Weakest Shares, P/S Ratio>0.25, Yield< Twice Average |  |                    |       |                      |                   |              |                  |            |                      |                |                   |              |       |     |
| <b>BEST PERFORMING SHARES:</b> Strongest Shares, P/E<20, P/S<1.0     |             |                    |       |                      |                   |              |                  |            |                      |                |                   |                 | Charlie's Group  | 9  | -58.3              | +0.0  | 97                   | 1-0               | - 2.1        | - 1.3            | NE         | Nil                  | 0.88           | 28                |              |       |     |
| Livestock Imp.   | 331         | +33.1              | +3.2  | 1                    | 0-0               | - 0.6        | 14               | 0.4        | 4                    | 18.9           | 0.74              | 111             | Pyne Gould Corp  | 45   | -30.4              | +4.3  | 96                   | 7-1               | - 0.2        | - 0.8            | NE         | Nil                  | 0.31           | 311               |              |       |     |
| Zintel Comm.   | 35          | +22.8              | -0.4  | 5                    | 6-0               | - 1.6        | 20               | 1.3        | 8                    | 12.8           | 0.45              | 18              | NZ Windfarms   | 45   | -20.2              | +1.2  | 90                   | 0-0               | - 0.4        | - 1.0            | NE         | Nil                  | 9.18           | 35                |              |       |     |
| Tag Pacific Ltd  | 28          | +17.6              | -7.3  | 8                    | 0-0               | - 0.7        | 5                | 1.4        | 13                   | 3.3            | 0.18              | 19              | WN Drive Tech.   | 8  | -18.5              | +0.3  | 88                   | 7-0               | - 1.6        | - 1.1            | NE         | Nil                  | 2.27           | 33                |              |       |     |
| Hellaby Hold.  | 165         | +12.5              | -4.8  | 11                   | 8-0               | - 1.0        | 6                | 1.1        | 16                   | 5.2            | 0.17              | 84              | Life Pharmacy  | 24   | -17.8              | -4.1  | 87                   | 0-0               | - 0.4        | 0                | 0.8        | 269                  | Nil            | 2.24              | 16           |       |     |
| Tower Limited  | 195         | +12.2              | +2.0  | 13                   | 2-0               | 1            | 1.2              | 12         | 0.8                  | 10             | 6.6               | 0.96            | 497  | Windflow Tech.   | 130                | -9.9  | +3.1                 | 84                | 0-0          | - 1.0            | - 0.4      | NE                   | Nil            | 0.49              | 16           |       |     |
| Seeka Kiwifruit  | 300         | +11.3              | -0.6  | 15                   | 3-0               | - 0.7        | 7                | 0.3        | 9                    | 6.0            | 0.35              | 38              | Rakon Ltd  | 98   | -9.6               | +0.2  | 83                   | 0-1               | - 0.9        | 3                | 0.7        | 28                   | Nil            | 0.90              | 125          |       |     |
| Cavalier Corp  | 278         | +9.3               | +0.5  | 20                   | 0-0               | 1            | 2.1              | 16         | 0.9                  | 14             | 7.7               | 0.76            | 186  | Wakefield Hlth   | 720                | -9.1  | -3.1                 | 82                | 0-1          | 1                | 1.1        | 11                   | 0.2            | 10                | 5.2          | 1.18  | 102 |
| Mainfreight Grp  | 584         | +8.1               | -1.2  | 22                   | 0-7               | - 2.0        | 12               | 0.5        | 16                   | 4.7            | 0.45              | 575             | Jasons Media   | 55   | -9.0               | +2.2  | 81                   | 0-0               | - 3.3        | 30               | 0.6        | 11                   | 4.1            | 0.80              | 11           |       |     |
| Methven Limited  | 170         | +6.1               | -1.8  | 27                   | 1-2               | - 2.0        | 17               | 0.8        | 11                   | 10.3           | 0.82              | 113             | NZ Finance Hold  | 20   | -7.8               | -3.5  | 79                   | 1-0               | - 0.9        | - 0.6            | NE         | Nil                  | 0.39           | 15                |              |       |     |
| Allied Work.   | 88          | +5.7               | +2.4  | 27                   | 0-0               | - 1.3        | 12               | 0.7        | 11                   | 11.0           | 0.30              | 23              | Cavotec MSL  | 270  | -6.7               | +1.6  | 77                   | 0-0               | - 7.0        | 78               | 0.5        | 9                    | Nil            | 0.58              | 172          |       |     |
| Ebos Group Ltd   | 595         | +3.8               | -1.1  | 37                   | 0-2               | 1            | 1.8              | 12         | 0.3                  | 15             | 6.0               | 0.22            | 291  | NZ Farming Sys.  | 41                 | -6.4  | +1.6                 | 76                | 3-1          | - 0.4            | - 0.6      | NE                   | Nil            | 4.09              | 100          |       |     |
| Fletcher Build.  | 752         | +3.2               | -2.4  | 40                   | 2-12              | 1            | 1.5              | 12         | 0.4                  | 13             | 6.3               | 0.64            | 4,546  | Northland Port   | 189                | -5.6  | +1.9                 | 75                | 0-0          | - 0.6            | 2          | 0.4                  | 29             | 4.2               | N/A          | 78    |     |
| Abano Health.  | 578         | +2.3               | -3.5  | 46                   | 0-0               | - 2.3        | 17               | 0.6        | 14                   | 5.4            | 0.72              | 134             | Skellerup Hold.  | 47   | -5.2               | -2.6  | 74                   | 1-0               | 1            | 0.9              | 11         | 0.7                  | 8              | 7.6               | 0.39         | 89    |     |
| Col Motor Co   | 225         | +2.0               | -2.2  | 47                   | 7-0               | - 0.5        | 4                | 0.4        | 14                   | 9.5            | 0.15              | 74              | Kathmandu Ltd  | 193  | -5.0               | -2.0  | 74                   | 0-0               | -            | -                | - 0.5      | NE                   | Nil            | N/A               | 386          |       |     |
| Media Tech.  | 4           | +1.3               | +17.0 | 49                   | 0-0               | - 14.3       | - 2.5            | 4          | Nil                  | 0.63           | 3                 | Pike River Coal | 94   | -4.8   | -2.4               | 72    | 1-0                  | - 1.3             | - 0.8        | NE               | Nil        | N/A                  | 332            |                   |              |       |     |
| Michael Hill   | 68          | +0.4               | +1.5  | 55                   | 1-1               | 1            | 1.7              | 12         | 0.7                  | 15             | 4.3               | 0.63            | 260  | Oyster Bay   | 210                | -4.7  | -0.1                 | 71                | 0-0          | - 0.3            | 3          | 0.3                  | 12             | 4.8               | 1.60         | 19    |     |
| Turners & Grow.  | 155         | +0.3               | -0.6  | 56                   | 1-0               | - 0.5        | 5                | 0.6        | 12                   | 9.6            | 0.27              | 155             | Steel & Tube   | 280  | -4.4               | -1.0  | 71                   | 0-4               | - 1.6        | 17               | 0.4        | 9                    | 9.7            | 0.51              | 247          |       |     |
| <b>INCOME SHARES:</b> Highest Yields, Capitalisation>NZ\$100million  |             |                    |       |                      |                   |              |                  |            |                      |                |                   |                 | AMP Onyx Mgmt  | 73   | -4.4               | -2.1  | 70                   | 1-0               | - 0.7        | - 0.4            | NE         | 9.5                  | 5.45           | 728               |              |       |     |
| Livestock Imp.   | 331         | +33.1              | +3.2  | 1                    | 0-0               | - 0.6        | 14               | 0.3        | 4                    | 18.9           | 0.74              | 111             | <b>INSIDER SELLING:</b> Most Insider Selling, Relative Strength<0                    |  |                    |       |                      |                   |              |                  |            |                      |                |                   |              |       |     |
| NZ Refining Co   | 381         | -13.1              | -0.7  | 85                   | 0-0               | - 1.6        | 18               | 0.3        | 9                    | 17.6           | 2.68              | 1,067           | PGGWrightsons  | 61   | -19.1              | +2.7  | 89                   | 1-10              | 1            | 0.5              | - 0.5      | NE                   | Nil            | 0.15              | 193          |       |     |
| ING Property   | 77          | +4.6               | -2.7  | 33                   | 1-0               | - 0.7        | - 0.5            | NE         | 10.4                 | 3.79           | 408               | Steel & Tube    | 280  | -4.4   | -1.0               | 71    | 0-4                  | - 1.6             | 17           | 0.4              | 9          | 9.7                  | 0.51           | 247               |              |       |     |
| Telecom Corp   | 231         | -4.0               | -0.3  | 69                   | 1-4               | 1            | 1.6              | 15         | 0.4                  | 11             | 10.4              | 0.77            | 4,302  | Trust Power Ltd  | 734                | -1.3  | -0.6                 | 62                | 0-3          | - 1.6            | 7          | 0.3                  | 22             | 6.7               | 2.95         | 2,314 |     |
| Goodman Prop.  | 100         | +4.1               | -2.0  | 36                   | 0-1               | - 0.9        | - 0.5            | NE         | 10.4                 | 6.52           | 845               | Telecom Corp    | 231  | -4.0   | -0.3               | 69    | 1-4                  | 1                 | 1.6          | 15               | 0.4        | 11                   | 10.4           | 0.77              | 4,302        |       |     |
| Methven Limited  | 170         | +6.1               | -1.8  | 27                   | 1-2               | - 2.0        | 17               | 0.7        | 11                   | 10.3           | 0.82              | 113             | Tenon Ltd  | 85   | -0.6               | -1.0  | 60                   | 0-2               | - 0.3        | - 0.6            | NE         | Nil                  | 0.12           | 57                |              |       |     |
| Vector Ltd   | 195         | -1.3               | +0.4  | 62                   | 2-0               | 1            | 1.0              | 9          | 0.5                  | 11             | 10.1              | 1.65            | 1,864  | Wakefield Hlth   | 720                | -9.1  | -3.1                 | 82                | 0-1          | 1                | 1.1        | 11                   | 0.2            | 10                | 5.2          | 1.18  | 102 |
| Turners & Grow.  | 155         | +0.3               | -0.6  | 56                   | 1-0               | - 0.5        | 5                | 0.5        | 12                   | 9.6            | 0.27              | 155             | Rakon Ltd  | 98   | -9.6               | +0.2  | 83                   | 0-1               | - 0.9        | 3                | 0.6        | 28                   | Nil            | 0.90              | 125          |       |     |
| AMP Onyx Mgmt  | 73          | -4.4               | -2.1  | 70                   | 1-0               | - 0.7        | - 0.5            | NE         | 9.5                  | 5.45           | 728               | Sanford Limited | 465  | -3.9   | +0.7               | 68    | 0-1                  | 1                 | 0.8          | 7                | 0.2        | 11                   | 7.1            | 1.01              | 435          |       |     |
| Kiwi Property  | 103         | +0.5               | -1.9  | 55                   | 0-1               | - 0.9        | - 0.5            | NE         | 8.9                  | 4.41           | 805               |                 |  |  |                    |       |                      |                   |              |                  |            |                      |                |                   |              |       |     |

## "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: 81.8% Buyers

Last 13 wks: 49.1% 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                    |
| Air New Zealand | 2-0                    | GuocoLeisure    | 10-0                   | NZ Oil & Gas    | 1-0                    | Ryabon Limited  | 0-1                    | Tower Limited   | 2-0                    |
| Canty Bldg Soc. | 0-7                    | Hellaby Hold.   | 8-0                    | New Image Group | 2-4                    | Ryman Health.   | 2-1                    | Trust Power Ltd | 0-3                    |
| Charlie's Group | 2-1                    | ING Property    | 1-0                    | Nuplex Indust   | 4-0                    | Sanford Limited | 0-1                    | Turners Auction | 2-0                    |
| Col Motor Co    | 1-0                    | Infratil NZ     | 4-0                    | PGGWrightsons   | 1-10                   | Scott Tech. Ltd | 8-0                    | Turners & Grow. | 1-0                    |
| Comvita         | 7-0                    | Just Water Int. | 5-0                    | Pike River Coal | 1-0                    | Seeka Kiwifruit | 3-0                    | Vector Ltd      | 2-0                    |
| Ebos Group Ltd  | 9-0                    | Kermadec Prop.  | 1-0                    | Plus SMS Hold.  | 0-1                    | Skellerup Hold. | 1-0                    | WN Drive Tech.  | 7-0                    |
| F & P Health.   | 0-2                    | Kiwi Property   | 0-1                    | Port Tauranga   | 3-0                    | Sky City Ltd    | 3-0                    | Wakefield Hlth  | 0-1                    |
| Fletcher Build. | 0-7                    | Mainfreight Grp | 0-1                    | Pumpkin Patch   | 0-4                    | Steel & Tube    | 0-4                    | Warehouse Group | 3-1                    |
| Genesis Res.    | 2-12                   | Methven Limited | 1-2                    | Pyne Gould Corp | 7-1                    | TeamTalk Ltd    | 0-3                    | Xero Ltd        | 3-0                    |
| Goodman Prop.   | 1-0                    | NZ Exchange Ltd | 0-2                    | Rakon Ltd       | 0-1                    | Telecom Corp    | 1-4                    | Zintel Comm.    | 6-0                    |
|                 | 0-1                    | NZ Farming Sys. | 3-1                    | Renaissance     | 1-0                    | Tenon Ltd       | 0-2                    |                 |                        |



# 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.

| Company   | Share Price | Current Price | 4-Wk Rank | STRENGTH RATING | Price to NTA | Return on Equity | Volatility | Price/Earn. Ratio | Dividend Yield | Price/Sales Ratio | Market Cap'n | Company | Share Price   | Current Price                                   | 4-Wk Rank | STRENGTH RATING | Price to NTA | Return on Equity | Volatility | Price/Earn. Ratio | Dividend Yield | Price/Sales Ratio | Market Cap'n |      |      |        |     |
|---|-------------|---------------|-----------|-----------------|--------------|------------------|------------|-------------------|----------------|-------------------|--------------|---------|---|---|-----------|-----------------|--------------|------------------|------------|-------------------|----------------|-------------------|--------------|------|------|--------|-----|
| <b>OVER-VALUED SHARES:</b> Highest Price/Sales Ratios, Relative Strength < 0            |             |               |           |                 |              |                  |            |                   |                |                   |              |         |   |   |           |                 |              |                  |            |                   |                |                   |              |      |      |        |     |
| Millennium Min.   | 3           | -4.9          | -11.5     | 77              | 0-0          | -                | -          | -2.0              | NE             | Nil               | N/A          | 10      | AutoTechnology  | 5   | -20.5     | -0.3            | 95           | 2-0              | -          | 5.0               | -              | 1.4               | NE           | Nil  | N/A  | 12     |     |
| IntecLtd  | 1           | -5.4          | -0.2      | 78              | 0-0          | -                | 1.1        | -3.3              | NE             | Nil               | N/A          | 9       | Metals Aust.  | 1   | -20.0     | +0.1            | 95           | 0-0              | -          | -                 | -              | 3.1               | NE           | Nil  | 5.79 | 7      |     |
| Cockatoo Coal   | 35          | -0.4          | +0.6      | 65              | 0-0          | 1                | -          | -0.6              | NE             | Nil               | 9.70         | 166     | Marathon Res.   | 40  | -19.9     | -5.6            | 95           | 0-1              | -          | -                 | -              | 0.8               | NE           | Nil  | N/A  | 30     |     |
| Circadian Tech  | 64          | -4.7          | -1.8      | 76              | 2-0          | -                | 0.7        | -0.5              | NE             | Nil               | 9.30         | 29      | Axiom Property  | 4   | -19.9     | -6.7            | 95           | 2-0              | -          | 0.6               | -              | 1.6               | NE           | Nil  | N/A  | 15     |     |
| First Aust Res.   | 5           | -0.9          | +7.1      | 66              | 0-0          | -                | -          | -1.5              | NE             | Nil               | 9.29         | 28      | Strategic Min.  | 2   | -19.6     | -3.4            | 95           | 0-0              | -          | -                 | -              | 2.0               | NE           | Nil  | N/A  | 7      |     |
| Polartech Inc   | 7           | -9.0          | +2.2      | 84              | 0-0          | -                | 7.1        | -1.5              | NE             | Nil               | 8.77         | 17      | Navigator Res   | 13  | -19.5     | -2.4            | 95           | 4-0              | -          | -                 | -              | 1.0               | NE           | Nil  | N/A  | 19     |     |
| Calzادا Ltd   | 3           | -0.1          | +1.7      | 63              | 0-0          | -                | 0.6        | -2.0              | NE             | Nil               | 8.75         | 8       | Oklo Uranium  | 4   | -19.2     | -5.1            | 95           | 0-0              | -          | -                 | -              | 1.6               | NE           | Nil  | N/A  | 5      |     |
| Mineral Commod.   | 4           | -25.5         | -3.0      | 97              | 1-0          | -                | -          | -1.8              | NE             | Nil               | 8.37         | 5       | Mundo Minerals  | 19  | -19.0     | -5.9            | 95           | 0-1              | -          | -                 | -              | 0.9               | NE           | Nil  | 0.95 | 27     |     |
| Victoria Petrol   | 26          | -8.2          | -2.8      | 83              | 1-0          | -                | -          | -0.7              | NE             | Nil               | 8.25         | 96      | Axiom Mining  | 3   | -19.0     | +3.6            | 95           | 0-0              | -          | -                 | -              | 1.7               | NE           | Nil  | N/A  | 6      |     |
| Pacrim Energy   | 1           | -1.6          | +0.6      | 68              | 5-0          | -                | -          | -3.4              | NE             | Nil               | 8.18         | 8       | Indago Res.   | 26  | -19.0     | +4.5            | 94           | 0-0              | -          | -                 | -              | 1.0               | NE           | Nil  | N/A  | 16     |     |
| Caspian Oil & G   | 1           | -18.2         | -2.1      | 94              | 0-0          | -                | -          | -3.2              | NE             | Nil               | 7.86         | 11      | Azum Int'l Ltd  | 10  | -18.6     | +3.6            | 94           | 0-0              | -          | -                 | -              | 1.1               | NE           | Nil  | 1.86 | 11     |     |
| King Solomon M.   | 7           | -6.2          | -16.2     | 79              | 2-0          | -                | -          | -1.2              | NE             | Nil               | 7.78         | 6       | Equities & Free   | 28  | -18.5     | +0.6            | 94           | 1-0              | -          | 0.7               | -              | 0.6               | NE           | Nil  | 0.50 | 7      |     |
| Forest Place Gr   | 85          | -13.7         | -0.3      | 90              | 0-0          | -                | 0.3        | 3                 | 0.5            | 12                | 7.69         | 70      | Caspian Oil & G   | 1   | -18.2     | -2.1            | 94           | 0-0              | -          | -                 | -              | 2.9               | NE           | Nil  | 7.86 | 11     |     |
| Energy Resource   | 1909        | -3.5          | -3.6      | 73              | 0-0          | 2                | -          | -0.3              | 16             | 1.5               | 7.22         | 3,641   | Metal Storm Ltd   | 2   | -17.9     | -6.5            | 94           | 1-0              | -          | -                 | -              | 2.2               | NE           | Nil  | 4.72 | 10     |     |
| Imperial Corp.  | 1           | -12.9         | -5.0      | 89              | 0-0          | -                | -          | -4.9              | NE             | Nil               | 7.14         | 8       | OilEx Ltd   | 12  | -17.7     | -13.4           | 93           | 1-0              | -          | -                 | -              | 1.2               | NE           | Nil  | N/A  | 21     |     |
| AGENIX Limited  | 2           | -2.6          | +0.8      | 71              | 0-0          | -                | 0.9        | -2.4              | NE             | Nil               | 7.08         | 7       | Orion Petroleum   | 8   | -17.1     | -3.7            | 93           | 0-0              | -          | -                 | -              | 1.1               | NE           | Nil  | N/A  | 12     |     |
| Aurora Sand Div   | 103         | -2.2          | -1.5      | 70              | 0-0          | -                | 0.9        | -0.3              | NE             | 1.0               | 6.98         | 46      | Gas2Grid Ltd  | 4   | -16.9     | -6.5            | 93           | 0-0              | -          | -                 | -              | 1.4               | NE           | Nil  | N/A  | 5      |     |
| NSX Limited   | 18          | -3.5          | -4.5      | 73              | 9-1          | -                | 3.5        | -0.8              | NE             | Nil               | 6.64         | 16      | Aust Zircon NL  | 3   | -16.8     | +3.4            | 93           | 0-0              | -          | -                 | -              | 1.7               | NE           | Nil  | 1.19 | 12     |     |
| European Gas  | 10          | -10.3         | -1.3      | 86              | 2-0          | -                | -          | -1.2              | NE             | Nil               | 6.55         | 19      | Energy World  | 28  | -16.8     | -4.6            | 93           | 1-0              | -          | -                 | -              | 0.6               | NE           | Nil  | 3.64 | 429    |     |
| Deutsche Ind Tr   | 196         | +0.0          | +0.0      | 62              | 0-0          | -                | 1.2        | 10                | 0.2            | 12                | 8.1          | 6.49    | 663   | Sylvania Res.                                   | 87        | -16.8           | +1.0         | 93               | 0-0        | -                 | -              | -                 | 0.5          | NE   | Nil  | N/A    | 153 |
| Universal Res.  | 2           | -4.8          | -3.0      | 76              | 0-0          | -                | -          | -2.9              | NE             | Nil               | 6.35         | 7       | Samson Oil/Gas  | 2   | -16.7     | +9.2            | 93           | 0-0              | -          | -                 | -              | 2.3               | NE           | Nil  | 0.43 | 22     |     |
| Deutsche Div Tr   | 131         | +0.0          | +0.0      | 62              | 0-0          | -                | 1.1        | 8                 | 0.3            | 14                | 7.1          | 6.10    | 1,306   | Pepinini Min.                                   | 19        | -16.6           | -7.4         | 93               | 0-2        | -                 | -              | -                 | 1.0          | NE   | Nil  | N/A    | 12  |
| Metals Aust.  | 1           | -20.0         | +0.1      | 95              | 0-0          | -                | -          | -3.4              | NE             | Nil               | 5.79         | 7       | Aspermont Ltd   | 13  | -16.4     | +0.0            | 93           | 1-0              | -          | -                 | -              | 0.9               | NE           | Nil  | 1.29 | 30     |     |
| Cougar Metals   | 2           | -21.8         | -10.9     | 96              | 0-0          | -                | -          | -2.6              | NE             | Nil               | 5.60         | 5       | Admiralty Res.  | 1   | -16.1     | +0.9            | 92           | 1-0              | -          | -                 | -              | 2.6               | NE           | Nil  | N/A  | 15     |     |
| Pie Networks  | 1           | -8.2          | +2.1      | 83              | 0-0          | -                | -          | -3.5              | NE             | Nil               | 5.56         | 5       | Sunshine Heart  | 3   | -16.1     | -3.5            | 92           | 1-0              | -          | 3.2               | -              | 1.7               | NE           | Nil  | N/A  | 9      |     |
| Eastern Corp  | 29          | -13.9         | -6.2      | 90              | 1-0          | -                | -          | -0.7              | NE             | Nil               | 5.19         | 26      | Barra Resources   | 8   | -15.8     | -5.4            | 92           | 0-0              | -          | -                 | -              | 1.4               | NE           | Nil  | N/A  | 21     |     |
| Oil Search Ltd  | 516         | -1.0          | -3.2      | 66              | 2-0          | 2                | -          | -0.3              | 17             | 2.2               | 5.07         | 5,778   | Marine Produce  | 3   | -15.8     | -2.3            | 92           | 0-0              | -          | 0.6               | -              | 1.5               | NE           | Nil  | 0.80 | 7      |     |
| New Hope Corp.  | 434         | -3.6          | -0.4      | 73              | 4-2          | 3                | 1.3        | 10                | 0.3            | 14                | 18.9         | 5.06    | 3,544   | Nimrod Res.                                     | 4         | -15.4           | -9.0         | 92               | 0-0        | -                 | -              | -                 | 1.4          | NE   | Nil  | 4.47   | 6   |
| Morning Star  | 14          | -5.6          | -1.4      | 78              | 0-0          | -                | 2.0        | -0.9              | NE             | Nil               | 5.00         | 15      | Thomas Bryson   | 35  | -15.3     | -1.5            | 92           | 0-0              | -          | -                 | -              | 0.7               | 5            | 2.9  | 0.28 | 24     |     |
| Jervois Mining  | 0           | -8.5          | -3.7      | 84              | 1-0          | -                | -          | -5.3              | NE             | Nil               | 5.00         | 15      | <b>INSIDER SELLING:</b> Most Insider Selling, Relative Strength < 0 |   |           |                 |              |                  |            |                   |                |                   |              |      |      |        |     |
| Raisama Ltd   | 40          | -5.2          | -3.9      | 77              | 0-0          | -                | 2.9        | -0.7              | NE             | Nil               | 4.99         | 95      | Dominion Mining   | 298   | -8.3      | -1.4            | 83           | 0-11             | 3          | 2.8               | 29             | 0.4               | 10           | 4.7  | 2.73 | 307    |     |
| Novogen Ltd   | 53          | -9.2          | +2.9      | 85              | 0-0          | -                | 1.9        | -0.6              | NE             | Nil               | 4.86         | 54      | Western Areas   | 406   | -2.1      | -2.0            | 69           | 0-9              | 3          | 6.8               | -              | 0.3               | NE           | Nil  | N/A  | 726    |     |
| Aeris Tech Ltd  | 11          | -8.6          | -3.8      | 84              | 0-0          | -                | 10.5       | -1.0              | NE             | Nil               | 4.82         | 10      | Minemakers Ltd  | 41  | -2.7      | +7.0            | 71           | 0-6              | -          | -                 | -              | 0.6               | NE           | Nil  | N/A  | 16     |     |
| Medivac Ltd   | 1           | -8.5          | -3.2      | 84              | 1-0          | -                | -          | -3.7              | NE             | Nil               | 4.74         | 7       | Liq Natural Gas   | 70  | -3.6      | -12.7           | 73           | 0-5              | -          | -                 | -              | 0.6               | NE           | Nil  | N/A  | 118    |     |
| Metal Storm Ltd   | 2           | -17.9         | -6.5      | 94              | 1-0          | -                | -          | -2.4              | NE             | Nil               | 4.72         | 10      | Panoramic Res.  | 172   | -1.8      | -6.4            | 69           | 0-4              | 3          | 1.4               | -              | 0.6               | NE           | Nil  | N/A  | 351    |     |
| Nimrod Res.   | 4           | -15.4         | -9.0      | 92              | 0-0          | -                | -          | -1.5              | NE             | Nil               | 4.47         | 6       | Alliance Res.   | 53  | -9.1      | -0.2            | 84           | 0-3              | -          | -                 | -              | 0.6               | NE           | Nil  | N/A  | 141    |     |
| Primeag Aust.   | 103         | -2.3          | +0.4      | 70              | 3-0          | -                | 0.8        | -0.5              | NE             | Nil               | 4.32         | 154     | Eromanga H/C  | 11  | -4.7      | -2.8            | 76           | 0-3              | -          | -                 | -              | 0.9               | NE           | Nil  | N/A  | 20     |     |
| Gateway Mining  | 6           | -9.5          | -4.8      | 85              | 1-0          | -                | -          | -1.3              | 92             | Nil               | 4.23         | 6       | I-SOFT Group  | 60  | -3.6      | -5.1            | 73           | 0-2              | 2          | -                 | -              | 1.0               | 17           | 1.7  | 1.13 | 608    |     |
| Maximus Res   | 3           | -7.8          | -3.0      | 82              | 4-0          | -                | -          | -1.8              | NE             | Nil               | 4.20         | 7       | Island Sky Aust   | 9   | -22.9     | -2.6            | 96           | 0-2              | -          | 1.1               | 2              | 1.0               | 47           | Nil  | 2.95 | 16     |     |
| LBT Innovations   | 9           | -13.3         | -4.0      | 89              | 3-1          | -                | 9.1        | 34                | 1.2            | 27                | Nil          | 4.08    | 9   | Heemskirk Cons.                                 | 39        | -9.7            | -1.3         | 86               | 0-2        | -                 | 0.5            | -                 | 0.5          | NE   | 2.6  | 0.92   | 30  |
| CO2 Group Ltd   | 20          | -6.2          | -21.5     | 79              | 0-1          | -                | 4.9        | 6                 | 1.0            | 89                | Nil          | 4.03    | 60  | Pepinini Min.                                   | 19        | -16.6           | -7.4         | 93               | 0-2        | -                 | -              | -                 | 1.0          | NE   | Nil  | N/A    | 12  |
| CSL Limited   | 3155        | -1.5          | +0.1      | 68              | 0-1          | 2                | 4.2        | 26                | 0.2            | 16                | 2.2          | 3.75    | 18,906  | Camaron Pet.                                    | 50        | -1.7            | -0.8         | 69               | 0-2        | 2                 | 7.1            | 76                | 0.5          | 9    | Nil  | 3.39   | 342 |
| Energy World  | 28          | -16.8         | -4.6      | 93              | 1-0          | -                | -          | -0.7              | NE             | Nil               | 3.64         | 429     | Linc Energy Ltd   | 138   | -4.9      | +0.1            | 76           | 0-2              | -          | -                 | -              | 0.5               | NE           | Nil  | N/A  | 575    |     |
| Superwoman Grp  | 1           | -11.7         | -1.2      | 88              | 0-0          | -                | -          | -2.8              | NE             | Nil               | 3.51         | 28      | Sims Metal Mgmt   | 2075  | -1.5      | +1.6            | 68           | 1-3              | 2          | 2.6               | -              | 0.2               | NE           | 1.8  | 0.44 | 3,781  |     |
| Camaron Pet.  | 50          | -1.7          | -0.8      | 69              | 0-2          | 7.1              | 76         | 0.6               | 9              | Nil               | 3.39         | 342     | Woolworths Ltd  | 2567  | -0.9      | -2.2            | 66           | 1-3              | 4          | 16.7              | 97             | 0.2               | 17           | 4.1  | 0.64 | 31,588 |     |
| AAQ Holdings  | 15          | -1.6          | +0.5      | 68              | 0-0          | -                | 0.9        | -0.9              | NE             | Nil               | 3.27         | 13      | Slater & Gordon   | 156   | -1.5      | -0.7            | 68           | 1-3              | 1          | 2.0               | 20             | 0.4               | 10           | 2.7  | 1.65 | 170    |     |
| Progen Pharm.   | 62          | -11.0         | +2.6      | 87              | 0-0          | -                | 0.6        | -0.6              | NE             | Nil               | 3.10         | 15      | Mundo Minerals  | 19  | -19.0     | -5.9            | 95           | 0-1              | -          | -                 | -              | 0.9               | NE           | Nil  | 0.95 | 27     |     |
| Metals X Ltd  | 11          | -7.7          | -2.3      | 82              | 0-0          | -                | -          | -1.1              | NE             | Nil               | 3.03         | 103     | Pike River Coal   | 72  | -6.0      | -2.6            | 79           | 0-1              | -          | 1.0               | -              | 0.5               | NE           | Nil  | N/A  | 254    |     |
| Santos Ltd  | 1320        | -3.7          | -2.7      | 73              | 1-1          | 1                | -          | -0.3              | 15             | 3.2               | 2.98         | 10,807  | Macquarie DDR   | 9   | -4.6      | -1.3            | 76           | 0-1              | -          | 0.2               | -              | 1.0               | NE           | Nil  | 0.49 | 85     |     |
| Chal K Japan Tr   | 85          | -0.0          | +0.0      | 63              | 0-0          | -                | -          | -0.5              | NE             | 7.6               | 2.96         | 129     | Karmelsonix Ltd   | 3   | -9.3      | -8.0            | 85           | 0-1              | -          | -                 | -              | 1.7               | NE           | Nil  | N/A  | 16     |     |
| <b>WORST PERFORMING SHARES:</b> Weakest Shares, P/S Ratio > 0.25, Yield < Twice Average |             |               |           |                 |              |                  |            |                   |                |                   |              |         |   |   |           |                 |              |                  |            |                   |                |                   |              |      |      |        |     |
| Albidon Ltd   | 4           | -36.5         | +3.5      | 99              | 0-0          | -                | -          | -1.6              | NE             | Nil               | 1.44         | 6       | CO2 Group Ltd   | 20  | -6.2      | -21.5           | 79           | 0-1              | -          | 4.9               | 6              | 0.9               | 89           | Nil  | 4.03 | 60     |     |
| Baraka Petrol.  | 1           | -31.9         | +3.3      | 98              | 0-1          | -                | -          | -4.2              | NE             | Nil               | N/A          | 9       | Quantum Energy  | 13  | -22.6     | -3.2            | 96           | 0-1              | -          | 6.5               | -              | 0.9               | 4            | Nil  | 1.25 | 132    |     |
| Clean Seas Tuna   | 24          | -28.6         | +1.4      | 98              | 0-0          | -                | 0.4        | -0.7              | NE             | Nil               | 1.59         | 49      | Adacel Tech.  | 43  | -0.3      | -3.2            | 64           | 0-1              | -          | 2.0               | 38             | 0.5               | 5            | Nil  | 0.64 | 35     |     |
| Marion Energy   | 11          | -28.4         | +1.4      | 98              | 0-0          | 2                | -          | -1.0              | NE             | Nil               | N/A          | 26      | Swick Min Serv  | 42  | -0.6      | -5.1            | 65           | 0-1              | 1          | 1.0               | 3              | 0.7               | 35           | Nil  | 0.87 | 74     |     |
| Carpethian Res.   | 4           | -27.1         | -0.2      | 98              | 0-0          | -                | -          | -1.7              | NE             | Nil               | 2.95         | 10      | Chal Wine Trust   | 30  | -4.0      | -2.0            | 74           | 0-1              | -          | 0.6               | -              | 0.6               | NE           | 24.1 | 1.51 | 50     |     |
| Nexbis Ltd  | 16          | -26.2         | +0.4      | 98              | 3-0          | -                | 1.2        | 81                | 0.9            | 1                 | Nil          | 1.02    | 67  | <b>Total Return Index for All Listed Shares</b> |           |                 |              |                  |            |                   |                |                   |              |      |      |        |     |
| Mineral Commod.   | 4           | -25.5         | -3.0      | 97              | 1-0          | -                | -          | -1.7              | NE             | Nil               | 8.37         | 5       | Jan 11  | 1456.66   | Jan 18    | 1466.57         |              |                  |            |                   |                |                   |              |      |      |        |     |
| Acuvax Ltd  | 2           | -24.8         | +2.5      | 97              | 1-0          | -                | -          | -2.2              | NE             | Nil               | N/A          | 10      | Jan 12  | 1460.36   | Jan 19    | 1468.33         |              |                  |            |                   |                |                   |              |      |      |        |     |
| Aviva Corp Ltd  | 7           | -24.7         | +2.5      | 97              | 0-0          | -                | -          | -1.2              | NE             | Nil               | N/A          | 5       | Jan 13  | 1461.08   | Jan 20    | 1469.09         |              |                  |            |                   |                |                   |              |      |      |        |     |
| Corum Group Ltd   | 3           | -24.4         | -1.3      | 97              | 1-0          | -                | -          | -1.9              | NE             | Nil               | 0.31         | 6       | Jan 14  | 1462.62   | Jan 21    | 1462.71         |              |                  |            |                   |                |                   |              |      |      |        |     |
| Webfirm Group   | 3           | -24.3         | +2.2      | 97              | 0-0          | -                | 3.4        | -1.6              | NE             | Nil               | 0.49         | 9       | Jan 15  | 1462.14   | Jan 22    | 1458.81         |              |                  |            |                   |                |                   |              |      |      |        |     |
| Island Sky Aust   | 9           | -22.9         | -2.6      | 96              | 0-2          | -                | 1.1        | 2                 | 1.0            | 47                | Nil          | 2.95    | 16  | Jan 25  | 1453.18   | Feb 1           | 1436.81      |                  |            |                   |                |                   |              |      |      |        |     |
| Quantum Energy  | 13          | -22.6         | -3.2      | 96              |              |                  |            |                   |                |                   |              |         |   |   |           |                 |              |                  |            |                   |                |                   |              |      |      |        |     |

# “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: 71.4% Buyers

Last 13 wks: 75.2% 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 Education   | 1-0                    | CTI Logistics    | 1-0                    | Cryosite Ltd    | 2-0                    | Ferraus Ltd      | 1-2                    |
| A.P. Eagers     | 4-0                    | Aust Leaders Fd  | 3-0                    | Cabcharge Ltd    | 0-2                    | CuDeco Ltd      | 9-0                    | Fiducian P Serv  | 3-0                    |
| A1 Minerals Ltd | 0-3                    | Aust Ethical In  | 0-1                    | Cadence Capital  | 7-1                    | Customers Ltd   | 3-0                    | Finbar Group     | 6-1                    |
| AED Oil Ltd     | 3-0                    | Australand Prop  | 1-0                    | Calliden Group   | 1-0                    | Cyclopharm Ltd  | 6-1                    | Firestone En.    | 0-1                    |
| AMA Group Ltd   | 4-0                    | Austin Eng.      | 0-1                    | Caltex Australia | 0-1                    | Cytosia Ltd     | 1-0                    | Flat Glass Ind.  | 2-1                    |
| AMP Ltd         | 1-0                    | Austbrokers      | 1-0                    | Campbell Bros    | 1-3                    | DKN Financial   | 1-0                    | Flight Centre    | 4-0                    |
| ANZ Bank        | 3-1                    | Austral Gold     | 0-1                    | Cape Lambert R.  | 2-0                    | DMC Mining Ltd  | 1-0                    | Flinders Mines   | 2-3                    |
| APAGroup        | 6-0                    | Aust Agricult.   | 1-0                    | Cape Range Ltd   | 7-0                    | DUET Group      | 0-1                    | Focus Minerals   | 1-0                    |
| APN Property    | 3-0                    | Aust Power Gas   | 2-0                    | Capital Mining   | 0-2                    | DVM Intern'l    | 1-0                    | Forest Ent Aust  | 2-0                    |
| APN Euro Prop.  | 1-0                    | Aust Enh Income  | 2-0                    | Capral Limited   | 1-0                    | Datamotion A/P  | 0-3                    | Fortescue Metal  | 0-2                    |
| APN News Media  | 4-2                    | Aust Pharm. Ind  | 5-0                    | Carbine Res.     | 1-0                    | Data 3 Ltd      | 0-1                    | Forte Energy NL  | 2-0                    |
| ARB Corporation | 1-0                    | Aust Bauxite     | 1-0                    | Carbon Energy    | 1-3                    | David Jones     | 1-0                    | Foster's Group   | 2-0                    |
| ASX Limited     | 2-3                    | Aust Foundation  | 2-0                    | Carbon Con       | 4-0                    | De Grey Mining  | 1-0                    | Fox Resources    | 2-0                    |
| AV Jennings     | 1-0                    | Auto Technology  | 2-1                    | Cardno Ltd       | 2-0                    | Decmil Group    | 1-0                    | Freedom Nut'l    | 2-0                    |
| AWB Limited     | 3-0                    | Avalon Minerals  | 2-0                    | Carnegie Wave E  | 0-1                    | Deep Yellow Ltd | 2-1                    | Frigite Ltd      | 4-0                    |
| AWE Limited     | 1-2                    | Avonlea Mineral  | 1-0                    | Camaron Pet.     | 0-2                    | Dexion Ltd      | 2-0                    | Funtastic Ltd    | 5-0                    |
| AXA Asia Pac    | 1-0                    | Axiom Property   | 2-0                    | Carnavale Res.   | 4-0                    | Diatreme Res.   | 12-0                   | Future Corp      | 3-0                    |
| Abacus Property | 3-0                    | Azumah Res.      | 1-0                    | Carpentaria Exp  | 1-0                    | Diploma Group   | 3-0                    | GME Resources    | 1-0                    |
| Aberdeen Leader | 2-5                    | Azure Minerals   | 2-0                    | Carsales.com     | 1-0                    | Discovery Metal | 0-1                    | GPT Group        | 1-0                    |
| Accent Res.     | 0-1                    | BHP Billiton     | 5-3                    | Cash Converters  | 1-0                    | Dolomatrix Intl | 2-0                    | GWA Internat'l   | 2-0                    |
| Acclaim Explor  | 1-0                    | BKI Invest Coy   | 2-0                    | Castle Minerals  | 0-1                    | Domino's Pizza  | 1-0                    | Garratt's Ltd    | 6-0                    |
| Actinogen Ltd   | 1-0                    | BSA Ltd          | 1-0                    | Cazaly Res Ltd   | 11-0                   | Dominion Mining | 0-11                   | Gateway Mining   | 1-0                    |
| Acuvax Ltd      | 1-0                    | BT Invest Mgmt   | 0-2                    | Cedar Woods Prp  | 2-1                    | Downer EDI Ltd  | 1-0                    | Gazal Corp       | 1-0                    |
| Adacel Tech.    | 0-1                    | Bandanna Energy  | 2-0                    | Cellmid Ltd      | 1-0                    | Dragon Mountain | 1-0                    | General Mining   | 1-0                    |
| Adelaide Bright | 0-1                    | Bank of Q'land   | 0-1                    | Cellnet Group    | 0-2                    | Drillsearch     | 4-0                    | GeneraBio.       | 2-0                    |
| Admiralty Res.  | 1-0                    | Baraka Petrol.   | 0-1                    | Cellestis Ltd    | 0-1                    | Drummond Gold   | 3-0                    | Genesis Res Ltd  | 1-0                    |
| Adtrans Group   | 7-1                    | Bass Metals Ltd  | 1-0                    | Cent West Gold   | 1-0                    | Dulhunty Power  | 4-0                    | Gindalbie Met.   | 1-0                    |
| Adv. Magnesium  | 1-0                    | Batavia Mining   | 0-1                    | Centaurus Res.   | 1-0                    | Dynasty Metals  | 1-0                    | Gippsland Ltd    | 0-4                    |
| Ainsworth Game  | 3-0                    | Bauxite Res.     | 0-2                    | Cent. Asia Res.  | 1-0                    | E & A Limited   | 2-0                    | Gladiator Res.   | 1-0                    |
| Alchemia Ltd    | 1-0                    | Bell Financial   | 5-0                    | Ceramic Fuel C.  | 2-0                    | E-Bet Limited   | 5-0                    | Glengary Res.    | 3-0                    |
| Ale Property    | 4-2                    | Belmont Hold.    | 1-0                    | Chal Wine Trust  | 0-1                    | E-Com Multi Ltd | 1-0                    | Global Petrol.   | 2-3                    |
| Alesco Corp Ltd | 1-0                    | Bendigo Bank     | 2-1                    | Chal Financial   | 4-2                    | E-pay Asia Ltd  | 3-0                    | Global Nickel    | 1-0                    |
| Alkane Explor.  | 0-2                    | Bentley Capital  | 3-0                    | Chalice Gold     | 7-0                    | EVZ Ltd         | 6-0                    | Global Mining I  | 1-0                    |
| Alliance Res.   | 0-3                    | Beyond Int'l     | 1-0                    | Chal Div Prop    | 2-0                    | Early Learning  | 4-1                    | Global Master F  | 1-0                    |
| Allied Brands   | 2-1                    | Bigair Group     | 2-0                    | Chandler McLeod  | 2-0                    | East'n Star Gas | 1-2                    | Globe Int'l Ltd  | 3-0                    |
| Allied Gold Ltd | 2-0                    | Billabong Int'l  | 1-2                    | Charter Pacific  | 4-0                    | East Energy Res | 1-0                    | Global Property  | 1-0                    |
| Altera Capital  | 1-0                    | Biopharmacia Ltd | 0-1                    | Charter Hall GR  | 0-4                    | Eastern Corp    | 1-0                    | Gold One Int'l   | 1-0                    |
| Altium Limited  | 6-0                    | Bioprospects     | 0-1                    | Cheviot Bridge   | 3-0                    | East Coast Min. | 1-0                    | Golden West Res  | 0-2                    |
| Alumina Ltd     | 3-0                    | Biota Holdings   | 3-0                    | China Century    | 3-2                    | Echo Resources  | 2-0                    | Golden State     | 1-0                    |
| Amalgamated Hld | 6-0                    | Blackthorn Res.  | 4-0                    | Chrysalis Res.   | 4-0                    | Eden Energy Ltd | 1-0                    | Golden Rim Res.  | 1-0                    |
| Ambertech Ltd   | 3-0                    | Black Range Min  | 0-1                    | Circadian Tech   | 2-0                    | Elders Limited  | 3-0                    | Gondwana Res.    | 0-2                    |
| Ambition Group  | 1-0                    | Blackmores Ltd   | 2-0                    | Clarius Group    | 2-0                    | Electrometals   | 2-0                    | Goodman Fielder  | 4-0                    |
| Amcor Ltd       | 1-0                    | Black Fire Min.  | 2-0                    | Clever Com Aust  | 4-0                    | Elemental Min.  | 1-0                    | Gowling Brothers | 1-0                    |
| Amex Resources  | 1-0                    | Blue Energy Ltd  | 0-1                    | Clime Inv Mgmt   | 8-0                    | Ellex Medical   | 1-0                    | Graincorp        | 2-0                    |
| Ampella Mining  | 1-0                    | Bluescope Steel  | 4-1                    | Clime Capital    | 1-0                    | Embelton Ltd    | 1-0                    | Graynic Metals   | 5-0                    |
| Anaeco Limited  | 1-0                    | Boral Limited    | 1-0                    | Clinuvel Pharm.  | 2-0                    | Emeco Holdings  | 2-0                    | Greenland Min.   | 3-0                    |
| Analytica Ltd   | 0-2                    | Botswana Metals  | 3-0                    | Cluff Resource   | 2-1                    | Emerson Stewart | 1-0                    | Greencap Ltd     | 1-0                    |
| Andean Res.     | 0-3                    | Boulder Steel    | 2-0                    | Coca Cola Amatil | 0-1                    | Emerg. Leaders  | 2-0                    | Growthpoint Pro  | 5-0                    |
| Aneka Tambang   | 1-0                    | Bounty Mining    | 2-0                    | Codan Ltd        | 1-0                    | Emerald Oil & G | 0-1                    | Gt Western Exp.  | 5-0                    |
| Antares Energy  | 6-0                    | Bow Energy Ltd   | 4-0                    | Coffey Int'l     | 2-0                    | Empire Sec.     | 1-0                    | Guinness Peat    | 0-5                    |
| Anteo Diagnost. | 4-1                    | Bowen Energy     | 1-0                    | Cogstate Ltd     | 4-0                    | Empire Ltd      | 1-0                    | Gujarat NRE Min  | 1-0                    |
| Apollo Minerals | 2-0                    | Bradken Ltd      | 3-4                    | Collection Hse   | 5-1                    | Empire Beer Grp | 3-0                    | HFA Holdings     | 0-1                    |
| Aquarius Plat.  | 1-0                    | Brain Resource   | 1-0                    | Colonial Res.    | 1-0                    | Emu Nickel NL   | 2-0                    | HGL Limited      | 1-0                    |
| Aquila Res.     | 0-2                    | Brambles Ltd     | 3-0                    | Colorpak Ltd     | 3-0                    | Eneabba Gas Ltd | 1-0                    | Hampton Hill     | 2-0                    |
| Arafura Res.    | 0-3                    | Breville Group   | 5-0                    | ComOps Limited   | 3-0                    | Enerji Ltd      | 1-0                    | Hannans Reward   | 3-0                    |
| Aragon Res.     | 1-0                    | Brickworks Ltd   | 2-1                    | Compass Hotel    | 3-0                    | Energy One Ltd  | 4-0                    | Harvey Norman    | 1-2                    |
| Ardent Leisure  | 3-0                    | Brockman Res.    | 1-2                    | Computershare    | 0-8                    | Energy World    | 1-0                    | Hastie Group     | 2-0                    |
| Argo Explor.    | 0-1                    | Buccaneer En.    | 2-0                    | Condor Nickel    | 1-0                    | Entek Energy    | 6-0                    | Hastings Hi-Yld  | 1-0                    |
| Argo Investment | 0-2                    | Buderim Ginger   | 1-0                    | ConnXion Vent.   | 2-1                    | Enterprise Met. | 5-0                    | Havilah Res.     | 1-0                    |
| Argonaut Res.   | 1-0                    | Buka Gold Ltd    | 1-0                    | Conquest Mining  | 1-0                    | Envestra        | 2-0                    | Hawthorn Res.    | 0-1                    |
| Ascent Pharm.   | 2-0                    | Bunnings W/hse   | 1-0                    | Cons Media Hold  | 1-0                    | Envirogold Ltd  | 2-0                    | Headline Group   | 2-0                    |
| Asciano Group   | 3-0                    | Burleson Energy  | 3-0                    | Contango Micro.  | 2-0                    | Equities & Free | 1-0                    | Healthscope      | 6-3                    |
| Ashburton Min.  | 0-1                    | Buru Energy Ltd  | 1-0                    | Contango Cap P.  | 0-1                    | Eromanga H/C    | 0-3                    | Healthzone Ltd   | 2-1                    |
| Aspermont Ltd   | 1-0                    | Buxton Res.      | 1-0                    | Cool or Cosy     | 3-0                    | Ethane Pipeline | 3-0                    | Heartware Inc.   | 0-1                    |
| Astra Capital   | 4-0                    | C'wth Prop Off.  | 1-0                    | Cooper Energy    | 0-1                    | Eurogold Ltd    | 1-0                    | Heemskirk Cons.  | 0-2                    |
| Atlas Iron Ltd  | 0-1                    | C.S.R. Ltd       | 1-0                    | Cordlife Ltd     | 1-0                    | European Gas    | 2-0                    | Helicon Group    | 1-0                    |
| Atlas SSP Pearl | 5-1                    | CBH Resources    | 3-0                    | Coretrack Ltd    | 1-0                    | Everest Fin Grp | 2-0                    | Henderson Group  | 0-3                    |
| Atom Energy Ltd | 2-0                    | CL Asset Hold.   | 1-0                    | Corp Express     | 3-0                    | Excalibur Min.  | 1-4                    | Heron Resources  | 3-0                    |
| Atomic Res. Ltd | 1-0                    | CMA Corporation  | 1-0                    | Corum Group Ltd  | 1-0                    | Extract Res.    | 3-0                    | Hexima Ltd       | 1-0                    |
| Atticus Res.    | 2-0                    | CMI Limited      | 7-1                    | Corvette Res.    | 1-0                    | EyeCare Partner | 2-0                    | Highland Pac.    | 0-1                    |
| Audax Resources | 1-0                    | CO2 Group Ltd    | 0-1                    | Country Road     | 0-1                    | Ezenet Limited  | 1-0                    | Hill End Gold    | 2-0                    |
| Augur Resources | 0-1                    | CPT Global Ltd   | 0-1                    | Coventry Group   | 6-0                    | FKP Limited     | 1-0                    | Hills Indust.    | 2-0                    |
| Augustus Min.   | 1-0                    | CSG Ltd          | 8-0                    | Credit Corp      | 10-3                   | Fantastic Hold. | 2-0                    | Hodges Res.      | 1-0                    |
| Aurium Res.     | 1-0                    | CSL Limited      | 0-1                    | Cromwell Group   | 6-0                    | Fat Prophets    | 2-0                    | 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                    | Lodestone En.   | 1-0                    | Northern Mining    | 1-6                    | Rabinov Prop Tr | 1-0                    | TNG Limited     | 0-1                    |
| Hostech Ltd     | 1-0                    | London City Eq. | 1-0                    | Norwest Energy     | 1-0                    | Ramelius Res.   | 0-1                    | TPL Corporation | 0-2                    |
| Hudson Res. Ltd | 2-0                    | Ludowici Ltd    | 3-0                    | Nth Qld Metals     | 0-1                    | Ramsay Health   | 2-1                    | TSV Holdings    | 1-0                    |
| Hunter Hall Int | 0-2                    | Lumacom         | 5-0                    | Nthn Star Res.     | 2-0                    | Razor Risk Tech | 5-0                    | Tabcorp Holding | 1-0                    |
| Hutchison Tel.  | 0-1                    | Lycopodium Ltd  | 2-1                    | Nupower Res.       | 1-0                    | Red Hill Iron   | 6-0                    | Talent2 Int'l   | 7-1                    |
| Hydromet Corp.  | 0-1                    | Lynas Corp Ltd  | 2-4                    | Nusep Ltd          | 2-0                    | Red River Res.  | 0-1                    | Tamawood Ltd    | 2-0                    |
| Hyro Limited    | 2-1                    | M2 Telecom. Grp | 0-2                    | OBJ Limited        | 0-4                    | Red Sky Energy  | 1-0                    | Tanami Gold NL  | 1-0                    |
| I-SOFT Group    | 0-2                    | MCM Entertain.  | 1-0                    | ORHLimited         | 4-0                    | Redflex Holding | 0-1                    | Tap Oil         | 0-2                    |
| ICS Global Ltd  | 1-0                    | MDS Financial   | 2-0                    | ORT Ltd            | 1-0                    | Reed Resources  | 1-0                    | Tassal Group    | 5-1                    |
| IMD Group       | 1-0                    | MEO Australia   | 3-0                    | OZ Minerals Ltd    | 2-0                    | Refresh Group   | 4-0                    | Techniche Ltd   | 1-0                    |
| IMF (Aust) Ltd  | 0-3                    | MMC Contrarian  | 1-0                    | Oakton Limited     | 4-0                    | Regal Resources | 2-0                    | Tectonic Res.   | 1-0                    |
| ING Indust Trt  | 2-0                    | MOKO.mobi Ltd   | 1-0                    | Objective Corp.    | 2-0                    | Regional Exp.   | 0-1                    | Telezon Limited | 5-1                    |
| IOOF Holdings   | 2-1                    | Mac. Harbour M. | 1-0                    | Oceania Capital    | 2-0                    | Regis Resources | 1-0                    | Telstra         | 1-0                    |
| ITL Limited     | 1-0                    | MacMahon Hold   | 2-0                    | Oil Search Ltd     | 2-0                    | Renison Cons    | 2-0                    | Terrain Mineral | 6-0                    |
| Icon Resources  | 1-0                    | Macarthur Coal  | 6-0                    | Oil Basins Ltd     | 2-0                    | Resonance Hlth  | 2-0                    | Thakral Holding | 2-0                    |
| Icon Energy     | 2-1                    | Macquarie DDR   | 0-1                    | Oilex Ltd          | 1-0                    | Reverse Corp    | 1-0                    | The Reject Shop | 1-0                    |
| Ideas Intern'l  | 1-0                    | Macquarie C Tel | 0-1                    | Onesteel Ltd       | 1-2                    | Reward Minerals | 5-1                    | Thinksmart Ltd  | 4-2                    |
| iiNet           | 6-1                    | Macquarie Group | 1-2                    | Optiscan Image     | 1-0                    | Richmond Mining | 1-0                    | Tianshan Gold.  | 3-0                    |
| Image Resources | 6-0                    | Magellan Fin Gp | 13-1                   | Orbital Corp       | 1-0                    | Ridley Corp.    | 10-0                   | Tiaro Coal Ltd  | 2-0                    |
| Immuron Ltd     | 0-1                    | Magellan Petrol | 1-0                    | Orchid Capital     | 1-0                    | Rio Tinto Ltd   | 1-0                    | Tidewater Inv   | 6-0                    |
| Impact Minerals | 1-0                    | Magnetic Res.   | 5-0                    | Orica Ltd          | 1-2                    | Riversdale Min. | 3-2                    | Tishman Speyer  | 4-0                    |
| Impedimed Ltd   | 1-0                    | Malagasy Min.   | 1-0                    | Oriental Tech.     | 2-0                    | Robust Resource | 1-0                    | Tissue Therapy  | 1-0                    |
| Impress Energy  | 7-0                    | Manacomm Corp.  | 1-0                    | Origin Energy      | 1-5                    | Roc Oil Company | 1-0                    | Top End Uranium | 1-0                    |
| Imugene Ltd     | 2-0                    | Mantra Res.     | 0-1                    | Orocobre Ltd       | 0-1                    | Rock Build Soc. | 0-3                    | Tox Free Sol.   | 0-1                    |
| Ind Minerals    | 9-0                    | Marathon Res.   | 0-1                    | Ottoman Energy     | 2-0                    | Ross Human Dir. | 2-0                    | Traffic Tech.   | 3-0                    |
| Independ. Group | 0-5                    | Marengo Mining  | 2-0                    | Over Fifty Grp     | 2-0                    | Royal Resources | 1-0                    | Trafford Res.   | 1-4                    |
| India Resources | 1-0                    | Marmota Energy  | 1-0                    | P MacGregor Inv    | 3-0                    | Royalco Res.    | 1-0                    | TransPacific In | 3-2                    |
| Industrea Ltd   | 4-1                    | Marybor'gh Suga | 1-0                    | PMP Limited        | 3-0                    | Rubicon Res.    | 1-0                    | Tranzact Fin.   | 2-0                    |
| Infigen Energy  | 0-1                    | Matsa Resources | 5-0                    | PPK Group Ltd      | 11-0                   | Run Corporation | 1-0                    | Transit Hold.   | 6-2                    |
| Infomedica Ltd  | 2-0                    | Maxi TRANS      | 4-0                    | PTB Group Ltd      | 1-0                    | Runge Ltd       | 5-0                    | Transfield Serv | 6-0                    |
| Innaminka Pet.  | 1-0                    | Maximus Res     | 4-0                    | Pac. Environmin    | 1-0                    | Ruralco Hold.   | 6-0                    | Treasury Group  | 5-0                    |
| Insurance Aust. | 1-0                    | McMillan Shake. | 0-1                    | Pacific Brands     | 1-0                    | S/Tracks Prop.  | 1-0                    | Trinity Group   | 5-0                    |
| Int Research    | 1-0                    | McPherson's Ltd | 3-0                    | Pacrim Energy      | 5-0                    | SP Ausnet       | 0-1                    | Triton Gold Ltd | 1-0                    |
| Intermoco Ltd   | 1-2                    | Mec Resources   | 0-4                    | Palamedia Ltd      | 3-0                    | STW Comm Group  | 1-0                    | Troy Resources  | 2-5                    |
| Intermin Res    | 2-0                    | Medical Dev Int | 7-0                    | Paladin Energy     | 1-2                    | Saferoads Hold. | 3-0                    | Trust Company   | 1-0                    |
| Integra Mining  | 3-2                    | Medivac Ltd     | 1-0                    | Pan Pacific Pet    | 4-1                    | Salmat Ltd      | 1-0                    | Truscott Mining | 4-0                    |
| Intrepid Mines  | 1-0                    | Media Group Int | 1-0                    | Panaust Ltd        | 1-3                    | Sandfire Res.   | 2-4                    | Tyrian Diagnost | 1-0                    |
| Intrapower Ltd  | 1-0                    | Melbourne IT    | 3-0                    | Panoramic Res.     | 0-4                    | Saracen Mineral | 1-0                    | U308 Ltd        | 1-0                    |
| Inventis Ltd    | 3-0                    | Mercury Brands  | 2-0                    | Paragon Care       | 5-0                    | Savcor Group    | 2-1                    | Un. Biosensors  | 3-0                    |
| Invocare Ltd    | 1-0                    | Mermad Marine   | 0-5                    | Paradigm Gold      | 1-0                    | Scantech        | 1-0                    | Undercoverwear  | 1-0                    |
| Ior Group Ltd   | 1-0                    | Metals Finance  | 2-0                    | Patties Foods      | 19-0                   | Sedgman Ltd     | 4-2                    | Unilife Medical | 2-0                    |
| Ipermica Ltd    | 1-0                    | Metal Storm Ltd | 1-0                    | Peel Explor.       | 2-0                    | Seek Ltd        | 0-1                    | United Overseas | 1-0                    |
| Iress Mkt Tech  | 0-1                    | Metallica Min.  | 2-0                    | Pelorus Prop.      | 1-0                    | Select harvest  | 5-0                    | United Minerals | 0-1                    |
| Iron Ore Hold.  | 1-0                    | Metcash Ltd     | 1-2                    | Penrice Soda       | 3-0                    | Seven Network   | 4-2                    | Uramet Minerals | 2-0                    |
| Iron Mountain   | 4-0                    | Meteoritic Res. | 2-0                    | Pepinini Min.      | 0-2                    | Shearer (John)  | 0-1                    | Venus Resources | 2-1                    |
| Ironbark Gold   | 3-0                    | Metgasco Ltd    | 0-2                    | Perilya Mines      | 1-0                    | Sierra Mining   | 0-1                    | Verus Investm't | 2-0                    |
| Island Sky Aust | 0-2                    | Metrocoal Ltd   | 2-0                    | Perpetual Ltd      | 2-0                    | Sietel Ltd      | 2-0                    | Vesture Limited | 0-1                    |
| JB Hi-Fi Ltd    | 0-5                    | Midas Resources | 1-0                    | Perseus Mining     | 0-3                    | Signature Metal | 2-0                    | Victoria Petrol | 1-0                    |
| Jackgreen Ltd   | 1-0                    | Mindax Limited  | 14-0                   | Pharmaxis Ltd      | 0-1                    | Silver Chef Ltd | 1-0                    | Victory West M. | 1-0                    |
| Jervois Mining  | 1-0                    | Minemakers Ltd  | 0-6                    | Phileo Aust.       | 1-0                    | Silver Swan Grp | 0-1                    | Virax Holdings  | 0-1                    |
| Joyce Corp.     | 1-0                    | Minerals Corp.  | 1-0                    | Photon Group       | 3-2                    | Sims Metal Mgmt | 1-3                    | Vita Group Ltd  | 3-0                    |
| Jumbuck Enter.  | 1-0                    | Mineral Commod. | 1-0                    | Physologica Ltd    | 1-0                    | Skilled Group   | 1-0                    | Vita Life Sci.  | 4-0                    |
| Jupiter Energy  | 1-0                    | Mineral Deposit | 0-2                    | Pike River Coal    | 0-1                    | Slater & Gordon | 1-3                    | Vmoto Ltd       | 3-0                    |
| Jupiter Mines   | 0-3                    | Mining Projects | 1-0                    | Pioneer Res.       | 2-1                    | Sonic Health    | 0-2                    | Voyager Res Ltd | 2-0                    |
| K&S Corporation | 1-0                    | Mintails Ltd    | 2-0                    | Pluton Resource    | 6-0                    | Soul Pattinson  | 5-0                    | Vulcan Res.     | 2-0                    |
| K2 Asset Mgmt   | 2-0                    | Mint Wireless   | 1-0                    | PortBouvard        | 6-0                    | Southern Gold   | 2-1                    | W'bool Cheese   | 2-0                    |
| Kagara Ltd      | 2-1                    | Mirabela Nickel | 0-1                    | Prairie Downs      | 2-0                    | Spec Fashion    | 4-0                    | WAM Active Ltd  | 6-0                    |
| Kardoon Gas     | 0-3                    | Monaro Mining   | 2-0                    | Premium Invest.    | 0-1                    | Sphere Minerals | 0-1                    | WAM Capital Ltd | 0-1                    |
| Karmelsonix Ltd | 0-1                    | Monadelphous Gr | 1-0                    | Mooter Infra.      | 1-0                    | Spitfire Res.   | 3-0                    | WHK Group Ltd   | 1-0                    |
| Kasbah Resource | 2-1                    | Mom. Star Gold  | 0-2                    | Primary Health     | 14-4                   | Spotless Group  | 2-0                    | Wasabi Energy   | 2-0                    |
| Kentor Gold Ltd | 5-0                    | Mosaic Oil NL   | 0-1                    | Prime Retire Pr    | 1-0                    | St Barbara Ltd  | 3-1                    | Watpac Ltd      | 1-0                    |
| KeyBridge Cap'l | 1-0                    | Mt Gibson Iron  | 2-0                    | Primeag Aust.      | 3-0                    | Staging Connect | 2-0                    | Wattyl Ltd      | 5-0                    |
| Keycorp Ltd     | 2-0                    | Mt Magnet South | 0-1                    | Pro Medicus Ltd    | 2-0                    | Sth Amer Iron   | 2-0                    | Wavenet Int'l   | 5-0                    |
| Kingsgate Cons. | 0-3                    | Mundo Minerals  | 0-1                    | Pro-Pac Pack.      | 2-0                    | Sth Hemi Mining | 1-0                    | Webjet NL       | 0-5                    |
| King Solomon M. | 2-0                    | My Net Fone Ltd | 2-0                    | Probiotec Ltd      | 0-4                    | Sth Cross Elect | 1-0                    | Webster Ltd     | 3-0                    |
| Kip McGrath EC  | 3-0                    | NRW Holdings    | 2-0                    | Probiotics Ltd     | 4-0                    | Sth Boulder Min | 2-0                    | Wellcom Group   | 4-0                    |
| Konekt Limited  | 0-1                    | NSX Limited     | 9-1                    | Promesa Ltd        | 1-0                    | Sthn Uranium    | 4-0                    | Wentworth Hold. | 2-0                    |
| Koon Holdings   | 5-0                    | Nagambie Mining | 2-0                    | Prophecy Int'l     | 3-6                    | Stirling Res.   | 12-0                   | Westfarmers Ltd | 3-2                    |
| Korvest Ltd     | 1-0                    | Namoi Cotton    | 2-0                    | Public Holdings    | 1-0                    | Strat. Energy   | 2-0                    | Westfield Group | 3-0                    |
| Kresta Holdings | 4-0                    | Nat'l Aust Bank | 2-0                    | Pulse Health       | 1-0                    | Strategic Poole | 1-0                    | Western Uranium | 1-0                    |
| Krucible Metals | 3-0                    | Natasa Mining   | 1-0                    | Q Ltd              | 1-0                    | Straits Res.    | 0-1                    | Western Desert  | 1-0                    |
| Kuth Energy Ltd | 2-0                    | National Hire   | 9-0                    | Q'ld Trustees      | 3-0                    | Structural Syst | 1-0                    | Western Areas   | 0-9                    |
| LBT Innovations | 3-1                    | Navitas Ltd     | 0-2                    | Q-Mastor Ltd       | 1-0                    | Style Limited   | 4-0                    | Westpac Banking | 0-2                    |
| Lachlan Star    | 2-0                    | Navigator Res   | 4-0                    | QRSciences Hold    | 3-0                    | Suncorp-Metway  | 2-1                    | White Canyon Ur | 4-0                    |
| Laconia Res.    | 1-0                    | New Hope Corp.  | 4-2                    | QRXPharma Ltd      | 1-0                    | Sundance Energy | 1-0                    | Whitefield Ltd  | 1-0                    |
| Lakes Oil NL    | 3-0                    | New Standard En | 2-0                    | Quantum Energy     | 0-1                    | Sundance Res.   | 1-0                    | Whitehaven Coal | 1-0                    |
| Lefroy Res.     | 4-0                    | New Guinea En.  | 0-1                    | Quay Magnesium     | 0-1                    | Sunshine Heart  | 1-0                    | Wide Bay Aust.  | 2-0                    |
| Legacy Iron Ore | 1-0                    | NewSat Ltd      | 1-0                    | Quest Investm't    | 1-0                    | Sunvest Corp    | 1-0                    | Willmott Forest | 4-0                    |
| Legend Mining   | 1-0                    | Newcrest Mining | 3-0                    | Quest Minerals     | 3-0                    | Supply Network  | 1-0                    | Wilson HTM Inv. | 3-0                    |
| Legend Corp.    | 1-0                    | Newhaven Hotels | 2-1                    | Questickstep Hold. | 0-1                    | Swick Min Serv  | 0-1                    | Wolf Minerals   | 1-0                    |
| Leighton Hold   | 3-4                    | Nexbis Ltd      | 3-0                    | RCG Corporation    | 0-1                    | Symex Holdings  | 1-0                    | Woolworths Ltd  | 1-3                    |
| Liberty Res.    | 3-2                    | Nexus Energy    | 3-1                    | REA Group Ltd      | 0-2                    | Syndicated Met. | 1-0                    | Worley Group    | 2-0                    |
| Lihir Gold Ltd  | 3-0                    | Nido Petroleum  | 0-2                    | RER Group Ltd      | 0-1                    | Syrah Resources | 1-0                    | Wotif.com Hold. | 0-2                    |
| Linc Energy Ltd | 0-2                    | Niplats Aust.   | 2-0                    | RHG Ltd            | 0-1                    | TMA Group of Co | 1-0                    | XRF Scientific  | 2-0                    |
| Lion Selection  | 7-0                    | Noni B Limited  | 4-0                    | RP Data Ltd        | 0-1                    |                 |                        | Xtek Ltd        | 2-0                    |
| Liontown Res.   | 1-0                    |                 |                        |                    |                        |                 |                        | YTC Resources   | 1-0                    |
| Liq Natural Gas | 0-5                    |                 |                        |                    |                        |                 |                        | Yellow Rock Res | 2-0                    |
| Little World B. | 1-0                    |                 |                        |                    |                        |                 |                        | Zicom Group     | 1-0                    |

## Investment Outlook

(Continued from Page 1)

they will be able to make massive fortunes from trading (i.e. just scan any of the share trading forums on the internet), few - if any - have been able to successfully apply this in real time with real money over the medium to long term! There is a Wall Street adage that "There are no rich chartists" and, in fact, we have yet to meet any rich traders!

As *investors* seeking to make longer term investments in good businesses, we do not ignore stockmarket fluctuations - but we do not let them *dictate* investment decisions. If we buy shares to obtain ownership of a good business at an attractive valuation then we don't simply sell because the market price of the shares drops 20%.

The investment environment is constantly changing, so we constantly re-assess our investments. On a stockmarket dip, traders - who bought because the shares were going up - will change their mind and sell as the shares are now going down. If we bought to acquire a share in a high quality, growth business at a sound valuation, then a fluctuation in market value shouldn't change our investment decision.

Market fluctuations and trends, however, can help to time individual share purchases and sales. Shares with high Relative Strength (i.e. rising in value faster than the market) tend to perform better than shares with low strength. At any time we may be monitoring a number of companies as potential future investments - and factors such as Relative Strength will help determine which are the most attractive buys at any time.

Major market fluctuations also offer potential to switch between individual shares that become relatively over-valued or under-valued. As we hold a well diversified spread of shares there will often be some shares in our portfolio that are looking a little expensive. And we will own some shares (and be monitoring other potential investments) which can become under-valued. General market fluctuations have different impacts on individual shares - and will usually push some shares to extremes of over-valuation or under-valuation. This creates opportunities to sell some of the more over-valued shares and re-invest in some of the more under-valued shares which offer better potential for *future* returns.

If the current period of market weakness were to extend further then it would likely offer extremely attractive opportunities to realise some fully valued shares and re-invest in some very under-valued situations! The Australian and New Zealand stockmarkets are about half way between their 2007 highs and their March 2009 lows. Falling back to the March 2009 lows would probably require re-selling those fears of a Depression worse than the Great Depression. Doom and gloom predictions are always popular . . . but that might be too much to ask of the doom merchants.

Despite a lack of impact in current corporate profitability, things have improved significantly since March 2009. A year ago it was virtually impossible to re-finance bank loans. Most companies can now easily roll over maturing bank debt. Nuplex Industries - a year ago experienced some debt problems and described as a "dead man walking" by one fund manager - is now predicting record levels of profitability and cashflows!

A year ago it was extremely difficult to raise new equity finance. Companies making cash issues needed to significantly discount the new shares - and could expect the market value of their shares to plunge sharply. Over the last 6-9 months it has been far easier for companies to raise additional capital and many have taken the opportunity to do so to repay debt and strengthen their balance sheets. This has significantly reduced the risk of corporate failure (i.e. where the shares would likely become worthless), but in an economic environment of little growth has tended to dilute earnings per share and, in the short term, erode some apparent value.

If we could choose, we would have the stockmarket drop back to its March 2009 lows. There would be some drop in the market value of our share portfolio . . . but just imagine a second opportunity to acquire shares at those extremely low values! Of course, you will never get exactly what you want on the stockmarket (and it seldom repeats what has just happened). Investment is never that easy! So we continue to believe in our forecast of last month - that "share prices may drift lower on disappointing profit results but are not heading back to the lows of 2009".

That being the case we recommend that investors remain fully invested in the recommended shares. Surplus cash (from savings and dividends) can be used to buy further shares in the current weakness. Over the next few months we may also realise a few of our more fully valued shares to raise cash for investment in new, more under-valued investment opportunities that emerge.

## Dividend\$

| Company                  | Cents per Share | Ex-Date | Pay-able | Tax Credit |
|--------------------------|-----------------|---------|----------|------------|
| AMP Office Trust         | 1.523           | 18-02   | 25-02    | 0.241      |
| Kiwi Income Properties   | 3.75            | -       | -        | Full       |
| Smiths City Group        | 1.00            | 05-02   | 12-02    | 0.15       |
| South Port NZ            | 3.25            | 19-02   | 03-03    | Full       |
| <u>Australian Shares</u> |                 |         |          |            |
| Challenger Wine Trust    | 3.25            | 23-12   | 09-02    |            |
| Charter Hall Group       | 1.60            | 23-12   | 26-02    |            |

## Next Issue:

The next issue of *Market Analysis* will be emailed in four weeks time on Monday March 8, 2010.

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

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

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