Twenty Eight Years of Independent Information and Unbiased Advice on the Australian and NZ Stockmarkets

Market Analysis

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Summary and Recommended Investment Strategy.

Remain fully invested in the recommended shares.

Investment Outlook.

The United States stockmarket has moved back towards its recovery highs . . . so investors' fears just last month that stockmarkets could fall to new lows have become a distant memory. Stockmarkets may be manic depressive, but individual investors really do need to avoid these irrational mood swings!

The Australian and New Zealand stockmarkets have moved ahead slightly.

The performance of individual company shares, as expected, have varied significantly. Some have dipped sharply, often without any significant justification, and probably represent good buying opportunities. Investors with cash can add to their shareholdings at attractive valuations.

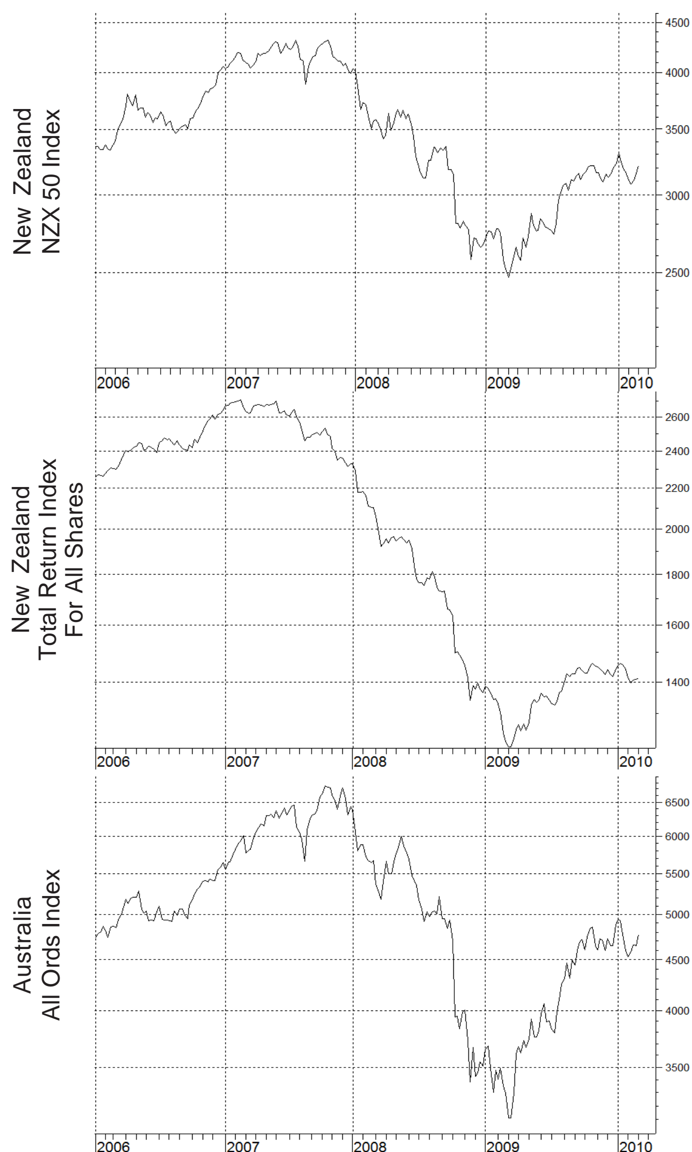
The current company profit results are mixed. This is not unexpected at this early stage in a slow economic recovery. Very few companies are losing significant amounts of cash or suffering huge losses, so the risk of company failure is low. Many are operating around break-even and, although that may not sound great, it does mean they have adapted to the depressed economic environment by lowering their operating costs to match depressed revenues. They are maintaining their cash position (and probably their business capacity) and are probably well placed to grow revenues and profits as the economic recovery continues.

It is always difficult to value companies that are not currently profitable, but for these companies the share valuations look low in terms of Price/Sales ratios. Profitable company shares generally trade on moderate Price/Earnings ratios and attractive Dividend Yields.

Being long term investors - not manic depressive share traders - our view on the stockmarket remains little changed from previous months! We continue to advise being 100% invested in the recommended shares.

Stockmarket Forecasts

	One-Month	One-Year
Australia:	**87%** (Bullish)	**59%** (Neutral)
New Zealand:	**75%** (Bullish)	**49%** (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.

Company	Performance Forecast	Price	Price/Sales Ratio	P/E Ratio	Gross Yield
AMP Limited	C	782	1.25	20	2.6
AMP Onyx Mgmt	D	77	5.75	NE	9.0
Abano Health.	C	545	0.68	13	5.8
Affco Holdings	E	38	0.17	8	Nil
Air New Zealand	B	131	0.30	66	7.1
Akd Int Airport	B	192	6.42	57	6.1
Allied Farmers	E	7.6	0.02	NE	Nil
Allied Work.	C	88	0.30	11	11.0
Apple Fields	D	5.0	2.56	NE	Nil
Barramundi Ltd	C	70	N/A	NE	2.5
Blis Technology	D	10	N/A	NE	Nil
Botry-Zen Ltd	E	1.2	6.00	NE	Nil
Briscoe Group	A	130	0.71	24	5.2
Broadway Ind	D	30	0.39	NE	Nil
Burger Fuel	C	41	4.61	NE	Nil
CDL Investments	E	26	N/A	50	1.1
CER Group Ltd	E	1.2	0.63	NE	Nil
Canty Bldg Soc.	C	300	0.99	18	4.0
Cavalier Corp	A	275	0.75	13	7.8
Cavotec MSL	C	271	0.68	17	1.1
Charlie's Group	D	9.7	0.91	NE	Nil
Col Motor Co	B	215	0.14	14	10.0
Comvita	B	180	0.71	66	Nil
Connexion	C	10	0.67	NE	Nil
Contact Energy	C	608	1.31	30	6.6
Cynotech Hold.	D	6.0	0.52	NE	Nil
Delegat's Group	B	192	0.84	6	6.0
Dominion Fin.	C	1.0	0.01	0	149.3
Dorchester Pac	E	10	0.15	NE	Nil
Eastern Hi-Fi	E	8.0	0.47	NE	Nil
Ebos Group Ltd	B	625	0.23	16	5.7
F & P Health.	B	332	3.69	27	5.6
F & P Appliance	E	63	0.19	NE	Nil
Finzsoft Sol'ns	C	17	0.18	NE	Nil
Fletcher Build.	B	810	0.69	14	5.8
Freightways Ltd	B	309	1.36	13	7.6
Genesis Res.	E	6.0	N/A	NE	Nil
Goodman Prop.	D	101	6.59	NE	10.3
Guinness Peat	C	92	0.42	NE	2.7
GuocoLeisure	C	63	1.39	8	2.5
Hallenstein G.	A	350	1.05	16	8.6
Hellaby Hold.	B	165	0.17	16	5.2
Heritage Gold *	N/R	2.7	N/A	NE	Nil
Horizon Energy	A	375	3.09	18	6.8
ING Property	C	76	3.74	NE	10.5
ING Med. Prop.	C	119	0.00	NE	7.1
Infratil NZ	C	168	0.50	NE	5.6
Inv Research Gr	D	1.4	0.54	NE	Nil
Jasons Media	C	55	0.80	11	4.1
Just Water Int.	C	30	0.70	14	18.3
Kathmandu Ltd	D	223	N/A	NE	Nil
Kermadec Prop.	D	48	2.84	NE	10.4
Kingfish Ltd	B	94	N/A	NE	4.8
Kirkcaldie & St	A	285	0.65	28	4.0
Kiwi Property	D	101	4.32	NE	9.0
Life Pharmacy	D	25	2.33	NE	Nil
Livestock Imp.	A	330	0.74	4	19.0
Lombard Group	E	6.1	0.80	NE	Nil
Lyttelton Port	B	240	2.91	24	2.9
Mainfreight Grp	A	600	0.47	17	4.6
Marlin Global	C	93	N/A	15	3.1
Media Tech.	C	4.0	0.63	4	Nil
Methven Limited	B	185	0.90	12	9.5
Metro. LifeCare	E	215	4.50	NE	Nil
Michael Hill	B	70	0.65	15	4.2
Mid-Cap Index	C	215	N/A	NE	Nil
Millennium & C.	B	43	1.38	12	4.0
Mowbray Collect	D	95	2.54	NE	Nil
NZ Exchange Ltd	C	196	6.54	21	4.0
NZ Experience	B	29	1.22	12	11.1
NZ Farming Sys.	E	40	3.99	NE	Nil
NZ Finance Hold	E	20	0.39	NE	Nil
NZ Oil & Gas *	N/R	157	4.39	11	4.5
NZ Refining Co	D	336	3.76	40	Nil
NZ Windfarms	D	41	8.37	NE	Nil
NZ Wool Service	D	18	0.08	NE	Nil
NZ Wine Company	B	183	1.27	12	3.1
NZSX 50 Port.	D	133	N/A	NE	Nil
NZSX 10 Fund	D	86	N/A	NE	Nil
NZX Aust MidCap	C	533	N/A	NE	Nil
Nat Property Tr	C	46	2.68	NE	10.9
New Image Group	E	35	0.83	5	6.1
Northland Port	B	175	N/A	27	4.5
Nuplex Indust	A	333	0.42	38	1.5
Opus Int'l Cons	D	170	N/A	NE	Nil
Oyster Bay	C	200	1.53	12	5.0
Ozzy (Tortis)	C	380	N/A	NE	Nil
PGG Wrightsons	E	59	0.15	NE	Nil
Pac Edge Bio.	D	25	N/A	NE	Nil
Pike River Coal	E	87	N/A	NE	Nil
Plus SMS Hold.	C	0.5	0.36	NE	Nil
Port Tauranga	B	693	6.47	21	5.6
Postie Plus Grp	C	40	0.14	26	Nil
Propertyfinance	E	3.0	0.05	NE	Nil
Property F Ind.	D	118	8.05	NE	7.7
ProvencoCadmus	D	3.5	0.04	NE	Nil
Pumpkin Patch	B	207	0.84	NE	4.5
Pyne Gould Corp	D	45	0.31	NE	Nil
Rakon Ltd	D	103	0.94	29	Nil
Renaissance	C	20	0.04	NE	Nil
Restaurant Brds	A	193	0.61	23	5.4
Rubicon Limited	D	100	0.50	NE	Nil
Ryman Health.	C	208	N/A	16	2.0
Salvus Strat.	D	70	N/A	NE	Nil
Sanford Limited	C	470	1.02	11	7.0
Satara Co-op	D	62	0.17	5	Nil
Savoy Equities	E	1.2	N/A	NE	Nil
Scott Tech. Ltd	C	122	1.11	NE	1.2
Sealegs Corp	E	19	1.29	NE	Nil
Seeka Kiwifruit	B	295	0.35	9	6.1
Skellerup Hold.	C	58	0.49	10	6.2
Sky City Ltd	B	329	2.26	16	6.7
Sky Network TV	B	508	2.86	22	3.9
Smartpay NZ Ltd	C	4.0	0.30	NE	Nil
Smiths City	B	36	0.08	19	5.6
Sol. Dynamics	C	55	0.54	NE	Nil
South Port NZ	A	258	3.47	21	5.7
Speirs Group	D	29	0.27	NE	Nil
Steel & Tube	B	264	0.48	9	10.3
Sthn Travel	C	15	0.11	NE	Nil
Tag Pacific Ltd	C	30	0.19	14	3.1
TeamTalk Ltd	A	225	1.49	12	12.7
Telecom Corp	B	225	0.75	10	10.7
Tenon Ltd	C	100	0.14	NE	Nil
Tourism Hold.	B	99	0.57	NE	Nil
Tower Limited	C	199	0.98	10	6.5
Training Sol.	E	0.1	5.00	NE	Nil
Trust Power Ltd	C	727	2.92	22	6.8
Turners Auction	A	145	0.56	12	11.8
Turners & Grow.	C	142	0.25	11	10.5
VTL Group Ltd	C	1.5	0.01	0	Nil
Vector Ltd	C	207	1.76	12	9.5
WN Drive Tech.	D	8.0	2.36	NE	Nil
Wakefield Hlth	B	704	1.16	10	5.3
Warehouse Group	B	395	0.71	16	7.6
Widespread Port*	N/R	19	N/A	NE	Nil
Windflow Tech.	E	130	0.49	NE	Nil
Wool Equities	C	14	N/A	NE	Nil
World Index Fd	D	111	N/A	NE	Nil
Xero Ltd	C	163	N/A	NE	Nil
Zintel Comm.	B	35	0.45	8	12.8
Ave of 141 Cos	**C**	157	0.00	6	4.6

Company	Performance Forecast	Price	Price/Sales Ratio	P/E Ratio	Gross Yield
AGL Energy Ltd	B	1447	1.10	9	3.7
AMP Ltd	B	597	1.05	17	2.7
ANZ Bank	A	2383	3.88	39	4.3
APA Group	A	343	1.80	22	3.4
APN News Media	A	233	1.35	15	1.7
ASX Limited	A	3591	7.36	20	4.6
AWE Limited	A	267	2.36	16	Nil
AXA Asia Pac	A	633	2.14	19	2.9
Adelaide Bright	A	239	1.54	66	5.6
Alumina Ltd	C	164	N/A	NE	1.2
Amalgamated Hld	A	564	1.07	11	5.7
Amcor Ltd	B	591	0.56	25	5.8
Andean Res.	C	274	N/A	NE	Nil
Aneka Tambang	C	114	N/A	NE	10.6
Ansell Ltd	A	1174	1.17	13	2.4
Aquarius Plat.	C	662	7.72	NE	Nil
Aquila Res.	C	1055	N/A	NE	Nil
Argo Investment	C	651	N/A	NE	4.1
Aristocrat Leis	C	423	2.48	NE	5.7
Arrow Energy	C	348	N/A	7	Nil
Asciano Group	C	184	0.75	NE	Nil
Austar United	D	115	N/A	NE	Nil
Australand Prop	C	49	2.06	NE	10.2
Aust Infra.	B	192	9.48	11	6.8
Aust Foundation	B	508	N/A	48	4.1
BHP Billiton	B	4250	2.29	NE	2.4
Bank of Q'land	A	1137	1.04	16	4.6
Bendigo Bank	A	990	0.90	18	4.3
Billabong Int'l	A	1066	1.60	18	4.2
Bluescope Steel	C	267	0.47	NE	1.9
Boart Longyear	D	32	1.32	NE	Nil
Boral Limited	B	545	0.66	23	2.4
Bradken Ltd	B	695	0.72	14	5.3
Brambles Ltd	B	727	2.05	19	4.1
Brickworks Ltd	B	1225	2.74	5	3.2
C'wth Prop Off.	C	99	6.10	NE	8.7
C.S.R. Ltd	B	169	0.49	13	4.5
CFS Retail Prop	C	191	8.60	NE	6.5
CSL Limited	B	3568	4.24	19	2.0
Caltex Austrlia	B	1063	0.16	9	2.4
Campbell Bros	A	2880	1.73	15	3.5
Carsales.com	A	511	N/A	99	2.6
Centennial Coal	A	394	1.66	21	5.3
Chal Financial	C	402	1.11	NE	3.1
Chart H Office	C	29	3.81	NE	12.9
Chart H Retail	C	59	4.18	NE	11.9
Coal & Allied	B	8108	3.00	12	6.3
CocaCola Amatil	B	1128	1.86	19	3.9
Cochlear Ltd	B	6559	5.29	28	2.7
Com'wealth Bank	A	5510	2.25	18	4.1
Computershare	A	1200	3.58	21	1.8
ConnectEast Grp	D	42	6.70	NE	Nil
Cons Media Hold	B	314	6.14	5	1.9
Crown Ltd	B	828	2.78	26	4.5
DUET Group	C	185	1.52	NE	13.0
David Jones	B	499	1.26	16	5.6
Deutsche Div Tr	A	131	6.10	14	7.1
Dexus Property	C	83	5.02	NE	8.8
Djerriwarrh	B	440	N/A	NE	5.9
Downer EDI Ltd	B	808	0.46	14	3.6
Energy Resource	B	1792	4.38	13	2.2
Equinox Min.	D	380	N/A	NE	Nil
Extract Res.	D	740	N/A	NE	Nil
Fairfax Media	C	172	1.55	NE	1.2
Flight Centre	A	1974	1.15	52	0.5
Fortescue Metal	B	478	6.51	23	Nil
Foster's Group	B	536	2.21	24	5.1
GPT Group	B	60	N/A	47	7.6
GWA Internat'l	A	321	1.41	20	5.6
Goodman Group	C	60	N/A	NE	16.1
Goodman Fielder	B	150	0.82	11	7.0
Graincorp	B	627	0.72	20	1.2
Guinness Peat	C	69	0.34	NE	3.0
Harvey Norman	B	401	2.96	20	2.7
Healthscope	B	421	0.65	15	5.1
Henderson Group	C	210	N/A	NE	5.9
Hutchison Tel.	C	12	1.95	NE	Nil
ING Office Fund	C	63	4.86	NE	15.3
IOOF Holdings	A	639	3.98	93	0.6
Iluka Resources	B	370	2.46	23	Nil
Incitec Pivot	B	356	1.68	NE	1.2
Infigen Energy	B	130	2.39	6	6.9
Insurance Aust.	B	406	1.09	46	2.5
Intoll Group	D	120	N/A	NE	16.7
Iress Mkt Tech	A	829	6.12	28	3.7
JB Hi-Fi Ltd	B	2017	0.93	23	2.2
James Hardie	B	750	1.87	17	Nil
Kardoon Gas	D	701	N/A	NE	Nil
Kingsgate Cons.	B	915	7.71	27	1.6
Leighton Hold	A	3930	0.88	27	2.9
Lend Lease Grp	C	866	0.28	NE	4.7
Lihir Gold Ltd	C	291	5.66	34	0.8
MAp Group	B	334	1.16	3	8.1
Macarthur Coal	A	1169	4.28	18	1.1
Macquarie Group	B	4806	2.64	17	3.8
Metcash Ltd	B	414	0.29	14	5.8
Milton Corp.	B	1750	N/A	31	4.5
Minara Resource	E	79	2.17	NE	Nil
Mineral Res.	B	712	3.41	20	2.7
Mirvac Group	C	158	2.62	NE	5.1
Monadelphous Gr	A	1470	1.12	17	5.0
Mt Gibson Iron	A	170	4.22	43	Nil
Murchison Metal	B	255	N/A	NE	Nil
Nat'l Aust Bank	A	2650	1.64	21	5.5
Navitas Ltd	A	506	3.68	35	2.8
New Hope Corp.	B	446	5.20	14	18.4
Newcrest Mining	B	3397	6.49	66	0.4
News Corp.	B	1806	0.38	NE	0.8
Nufarm Limited	B	903	0.74	25	3.0
OM Holdings	B	176	1.46	7	3.7
OZ Minerals Ltd	C	113	3.99	NE	4.4
Oil Search Ltd	B	524	N/A	45	1.7
Onesteel Ltd	B	361	0.66	21	2.8
Orica Ltd	A	2525	1.23	17	3.8
Origin Energy	B	1648	1.79	27	3.0
Pacific Brands	C	118	0.55	NE	7.2
Paladin Energy	E	356	N/A	NE	Nil
Panaust Ltd	D	50	5.08	NE	Nil
Perpetual Ltd	B	3670	4.16	41	2.7
Platinum Asset	B	572	N/A	25	3.5
Premier Invest	B	822	1.42	15	6.7
Primary Health	B	407	1.32	15	3.4
Q.B.E. Insur.	B	2050	N/A	17	6.1
Qantas Airways	B	277	0.43	54	2.2
REA Group Ltd	A	1040	7.89	NE	1.0
Ramsay Health	A	1287	0.70	21	3.0
Reece Australia	A	2500	1.65	26	2.0
Rio Tinto Ltd	B	7501	0.92	8	0.7
Riversdale Min.	B	833	N/A	NE	Nil
S/Tracks ASX200	A	4515	N/A	NE	4.0
SP Ausnet	A	93	1.69	13	12.7
Santos Ltd	B	1343	5.12	26	3.1
Seek Ltd	A	748	N/A	45	1.2
Seven Network	A	776	N/A	NE	4.4
Sigma Pharm.	B	90	0.27	10	7.8
Silex Systems	D	585	N/A	NE	Nil
Sims Metal Mgmt	C	2048	0.43	NE	1.9
Sonic Health	B	1335	1.70	30	4.3
Soul Pattinson	B	1293	3.98	14	2.5
Spark Infrastru	B	125	5.49	NE	14.9
Stockland	B	417	5.14	6	8.2
Straits Res.	B	129	1.71	8	7.4
Suncorp-Metway	B	869	0.73	31	4.6
TPG Telecom Ltd	B	152	2.22	61	1.3
Tabcorp Holding	B	693	0.99	8	9.4
Tatts Group Ltd	B	240	0.94	11	8.8
Telstra	B	291	1.46	10	9.6
Ten Network	C	172	1.99	NE	Nil
Toll Holdings	B	715	0.89	19	3.5
Tower Australia	B	256	1.09	20	2.1
Transurban Grp	C	526	5.97	NE	4.2
TransPacific In	D	138	0.51	NE	Nil
Transfield Serv	B	416	0.51	14	2.9
UGL Limited	A	1492	0.52	17	4.3
Virgin Blue	C	69	0.44	NE	Nil
Wesfarmers Ltd	B	3271	0.74	25	3.4
Westfield Group	C	1224	6.85	NE	7.7
Western Areas	E	485	N/A	NE	Nil
Westpac Banking	A	2675	4.70	62	4.3
West Aust News	A	734	3.73	18	4.5
Whitehaven Coal	A	465	3.87	24	1.8
Woodside Petrol	A	4452	5.23	18	3.0
Woolworths Ltd	A	2805	0.69	19	3.7
Worley Group	A	2459	1.02	15	3.8
Wotif.com Hold.	A	740	N/A	35	2.4
Zimplats Hold.	B	1221	8.81	42	Nil
Ave of 1909 Cos	**C**	152	0.13	13	2.6

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Recommended Investments

NZ's "Fair Dividend" Rate Tax

We shall discuss this tax next month, as the FDR tax payable for the coming tax year (to March 2011) will be determined by the starting market value of shares held on 1 April 2010.

There will be a few changes to the All Ordinaries Index - which will change how some individual shares are taxed *in the new tax year*. **M2 Telecommunications** and **Probiotec**, for example, will enter the All Ordinaries Index, so *next year* investors will pay income tax on the actual dividends paid. For the *current year* (to 31 March 2010) both companies were subject to the FDR tax. For MTU that "fair dividend" was 2.475 cents (i.e. 5% of the starting share price of 49½ cents), which is significantly less than the actual dividends of 8.0 cents. For PBP the "fair dividend" was 7.725 cents compared with actual dividends of 3.5 cents.

High yielding **Challenger Wine Trust** and **Village Roadshow preference** shares are coming out of the All Ordinaries index, although *(Continued on Page 4)*

Portfolio of Recommended Investments

CURRENT ADVICE	Company	Code	Initial Recommendation - Date -	Initial Recommendation Price	Performance Forecast	Issued Shares (mil.)	Volatility Ratio	Price/ Sales Ratio	Price/ Earnings Ratio	Gross Dividend Yield	Recent Share Price	Cash Dividends Rec'd	Total Return %
	NZ Shares												
HOLD+	CDL Investments Ltd	CDI	12/01/99	25	E	243.4	1.5	12.26	50	1.1	26	17.9	+76%
HOLD+	Cavalier Corporation	CAV	05/12/95	156*	A	67.1	1.0	0.75	13	7.8	275	245.0	+233%
HOLD	Colonial Motor Company	CMO	10/11/92	128*	B	32.7	0.5	0.14	14	10.0	215	301.3	+303%
HOLD	Lyttelton Port Company	LPC	12/12/00	150	B	102.3	0.6	2.91	24	2.9	240	73.3	+109%
BUY	Michael Hill Int'l Ltd	MHI	11/06/91	5*	B	382.5	0.9	0.65	15	4.2	70	27.9	+1858%
BUY	Nuplex Industries Ltd	NPX	11/02/97	523*	A	189.8	1.1	0.42	38	1.5	333	367.0	+34%
HOLD	Postie Plus Group	PPG	08/05/06	71	C	40.0	1.6	0.14	26	Nil	40	8.5	-32%
HOLD	Renaissance Corp	RNS	13/08/96	85*	C	44.2	2.0	0.04	NE	Nil	20	53.9	-14%
HOLD	Smiths City Group	SCY	09/10/06	64	B	53.0	1.5	0.08	19	5.6	36	12.0	-25%
HOLD	South Port New Zealand	SPN	13/02/96	120	A	26.2	0.6	3.47	21	5.7	258	121.8	+216%
HOLD	Steel & Tube Holdings	STU	08/08/00	146	B	88.2	0.7	0.48	9	10.3	264	231.0	+239%
	Australian Shares (in Aust cents)												
HOLD+	AJ Lucas Group	AJL	13/05/03	120	B	64.9	0.6	0.37	15	5.7	283	41.0	+170%
BUY	Ammtec Ltd	AEC	11/01/10	257	B	25.5	0.6	1.18	10	6.2	257	Nil	+0%
HOLD+	Atlas South Sea Pearl	ATP	14/05/96	73	C	120.1	2.1	0.67	NE	17.4	12	17.5	-60%
HOLD	Breville Group Ltd	BRG	13/11/06	171	B	129.5	0.6	0.55	15	3.0	185	16.0	+18%
HOLD	Campbell Brothers Ltd	CPB	12/10/99	389*	A	61.9	0.3	1.73	15	3.5	2880	484.0	+765%
BUY	Cardno Ltd	CDD	14/12/09	410	B	84.3	0.5	0.65	10	7.0	400	14.0	+1%
HOLD	Cellnet Group Ltd	CLT	12/02/02	147*	C	76.8	1.3	0.30	NE	Nil	33	32.4	-55%
BUY	Challenger Wine Trust	CWT	12/01/09	30	C	170.3	1.4	1.53	NE	23.7	30	5.7	+19%
HOLD-	Charter Hall Group	CHC	06/04/09	30*	B	977.3	0.9	7.57	NE	7.6	65	2.6	+125%
HOLD	Circadian Technologies	CIR	10/02/04	188	E	45.2	1.0	7.83	NE	Nil	54	65.0	-37%
HOLD+	Clarius Group Ltd	CND	08/04/03	82*	C	79.7	1.0	0.15	25	Nil	69	65.5	+63%
BUY	CPT Global Ltd	CGO	10/03/08	88	B	36.8	0.9	0.50	10	9.2	60	7.3	-24%
BUY	Devine Ltd	DVN	13/11/06	84*	B	552.1	1.4	0.20	5	11.8	26	16.9	-50%
HOLD+	Ellex Medical Lasers	ELX	14/03/06	49	C	84.9	1.9	0.24	34	Nil	17	Nil	-65%
BUY	Fiducian Portfolio Ser	FPS	11/02/08	260	B	32.4	0.8	2.11	14	4.7	143	17.0	-38%
HOLD+	Iluka Resources Ltd	ILU	12/10/04	471	B	380.7	0.5	2.46	23	Nil	370	64.0	-8%
BUY	Integrated Research	IRI	14/01/08	40	B	166.8	1.1	1.68	9	9.3	43	9.0	+30%
HOLD-	M2 Telecommunications	MTU	09/10/06	33	A	108.5	0.6	0.94	25	3.1	175	13.5	+471%
BUY	Melbourne IT	MLB	10/02/04	53	B	79.0	0.6	0.72	9	8.3	182	51.0	+339%
HOLD+	Photon Group Ltd	PGA	10/11/08	132*	B	154.3	0.7	0.19	5	11.2	112	11.8	-7%
BUY	Probiotec Ltd	PBP	11/02/08	116	B	47.1	0.6	0.96	9	1.8	177	7.3	+59%
HOLD+	Prophecy International	PRO	08/09/08	26	B	45.8	1.1	3.64	11	8.3	51	6.3	+120%
HOLD+	Ross Human Directions	RHD	14/08/01	92	A	83.5	1.3	0.07	7	5.3	33	35.8	-25%
HOLD+	Skilled Group Ltd	SKE	12/03/02	126	B	123.6	0.7	0.11	8	5.9	178	132.0	+146%
HOLD	Technology One Ltd	TNE	11/11/03	44	B	300.3	0.9	1.79	14	5.1	73	20.1	+112%
BUY	TFS Corporation Ltd	TFC	08/01/07	45	B	191.3	0.8	1.81	5	4.7	90	8.1	+118%
HOLD+	The Reject Shop Ltd	TRS	11/01/05	257	A	25.8	0.3	0.99	21	3.5	1580	181.5	+585%
BUY	Village Roadshow PREF	VRLPA	10/08/09	77	B	224.9	2.1	0.35	7	5.8	220	9.0	+197%

The average Total Return (i.e. both Capital Gains/Losses plus Dividends received) of all current investments from initial recommendation is %+157.3%
This is equal to an average annual rate of +24.4%, 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 o +4.7% (by the SRC Total Return Index).
CURRENT ADVICE is either Buy, Hold+, Hold, Hold- or Sell. Hold+ indicates the most attractive shares not rated as Buy. Hold- indicates relatively less attractive issues.
* Initial Recommendation Prices adjusted for Share Splits, Bonus and Cash Issues.
(1) Cellnet Group includes 1½ shares in Mnet Group distributed to shareholders.

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Recommended Investments

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as these are not ordinary shares they are already subject to the lower 5% "fair dividend" rate tax.

New Zealand Shares

CDL Investments New Zealand recorded revenues of just $5.1 million for the year to 31 December 2009. That is up 19.2% on the previous year, but still very depressed. The net profit was 24.9% *lower* at $1,264,000 (0.5 cent per share). The company will reinstate an annual dividend of 0.2 cent (plus full imputation tax credits), after paying no dividend for the 2008 year.

The company will also pay a special dividend of 1.0 cent.

The business traded at a small cash surplus of $316,000 which is a significant improvement on the $3.4 million *deficit* in 2008.

CDL Investments' residential section development business is clearly very depressed, but the company has successfully adapted and downsized its activities to match the market. The company is debt-free and has $5.5 million of cash in the bank. It is generating some sales and profits, plus a small operating cash surplus.

The shares have a net asset backing (at book value) of 37.8 cents, but the company's property assets, shown in the balance sheet at $87.0 million, have a market value of $171.6 million. That gives a net asset value (at market value) of 72.6 cents per share.

CDL Investments

Cavalier Corporation reports a 14.3% drop in revenues to $112.8 million for the half year to 31 December 2009. Net profits were down 5.7% at $7,014,000 (10.4 cents per share). A steady second interim dividend of 4.0 cents (plus tax credits) maintains the first half dividend at 7.0 cents.

The net operating cash surplus improved sharply, up 93% to $15.0 million.

Cavalier Corporation

Cavalier Corporation has slightly raised its full year forecast, narrowing its forecast range from $13.5-15.5 million to $14.5-15.5 million, up 6-13%.

Colonial Motor Company's revenues for the half year to 31 December were 19.1% lower at $214.3 million, with profits down 7.0% at $2,594,000 (7.9 cents per share, adjusted for the recent bonus issue). The interim dividend will be raised 17.4% to 6.0 cents per share (plus full imputation tax credits).

The net operating cash surplus was down 28% - but still very strong - at $8.5 million.

Colonial Motor Company

Lyttelton Port Company reports first half revenues down 2.4% at $42.1 million, while profits were down 35.0% to $3,677,000 (3.6 cents per share). A steady 1.5 cents interim dividend (plus full tax credits) will be paid.

The net operating cash surplus dropped 44% to $5.3 million.

As we reported in January, this first half decline in profits simply reflects the earlier expenditure on annual maintenance, with the full year result expected to be similar to the year to 30 June 2009.

Lyttelton Port Company has met with its major shareholder, **Christchurch City Holdings**, to brief it on details of the potential merger with **Port Otago**. This newsletter believes that potentially price sensitive information should be disclosed to *all* shareholders!

Michael Hill International lifted revenues by 7.8% to $245.5 million over the half year to 31 December 2009. Trading profits grew 61.1% to $22,299,000 (5.8 cents per share) and the interim dividend will be raised 50.0% to 1.5 cents (with no imputation tax credits for NZ residents, but full franking credits for Australian investors).

The netcash surplus was down 6% at $14.1 million.

This is a very good performance despite "difficult trading conditions". The company will continue to focus upon "improving existing store performance and controlling costs".

Michael Hill International

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Nuplex Industries experienced a 10.1% decline in revenues to $714.7 million over the half year to 31 December 2009, but profits recovered and grew almost 6-fold to $34,631,000 (18.2 cents per share). This is "an all time record half year profit". A 10.0 cents interim dividend (nil a year ago) will be paid (with no NZ imputation tax credits but 80% Australian franking credits).

The net operating cash surplus remained strong, growing 22% to $53.9 million.

The company's "significant exposure to China and Southeast Asia has provided growth, while most mature markets remain depressed".

Nuplex Industries established its first manufacturing plant in China at Foshan in 2004, acquiring a second plant at Suzhou in 2005. The company is now seeking to triple capacity at Suzhou which will make it the group's largest manufacturing facility in the world.

The manufacturing operation established in Vietnam in 1997 is about to go through its fourth major expansion.

Nuplex Industries is not only looking to Asia for low cost manufacturing but plans to establish a new Research and Technology centre, perhaps in China or Singapore. This emerging trend is extremely significant - perhaps not for Nuplex Industries but certainly for your (and your children's or grandchildren's) financial future. See our article on Page 13-14.

Postie Plus Group reports first half revenues (to 31 January 2010) up 9.25%. Full details will be announced on 9 March.

Renaissance Corporation lifted revenues 2.7% to $194.8 million for the full year to 31 December 2009, but traded at a *loss* of $1,328,000 (*minus* 3.0 cents per share), compared with a *trading* profit of $3.1 million in 2008. No dividend will be paid for the year.

The business, however, did generate an operating cash surplus of $5.1 million (a *deficit* of $6.1 million in 2008).

The company plans to change its balance date from 31 December to 30 September "to improve the company's ability to *forecast* earnings". The company earns most of its revenue in the December quarter, so this will move most of its business to the *first* quarter each year, rather than the *last* quarter. This quarter will, of course, be as unpredictable as ever, but once the company knows how it has done in this important first quarter it will then be able to accurately "predict" its full year result.

Details for restructuring the business will be disclosed to shareholders this month - and, hopefully, will involve a bit more substance than the change of balance date proposal!

Steel & Tube Holdings experienced a 30.4% drop in revenues to $190.6 million for the half year to 31 December 2009. Profits were down 84.7% to $3,173,000 (3.6 cents per share). The interim dividend will be cut 65.0% to 3.5 cents.

This half yearly report compares the recent low of the economic cycle with boom conditions experienced during the first half of last year.

The cash operating surplus, however, improved significantly to $27.3 million, compared with a *deficit* of $8.8 million a year earlier.

The company reports "early signs that conditions may be slowly improving".

Australian Shares

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

AJ Lucas Group's half year accounts are difficult to analyse owing to large energy investment gains and losses. The sale of ATP651 realised $98.5 million in revenues and a pre-tax gain of $93.5 million, while the group's further investment of $25.4 million in the Monument Project needs to be written off as an expense under accounting rules - even though the company expects to realise the Monument investment this year for "an amount substantially in excess" of cost.

Trading performance, however, was clearly very poor for the half year to 31 December 2009. Revenues fell 43.3% to $166.1 million and the *trading* loss (as far as we can calculate) appears to be around $28.1 million (*minus* 43.0 cents per share). No interim dividend will be paid.

The cash operating *deficit* was $1.9 million, compared with a small surplus in the period a year earlier.

As indicated last month, AJ Lucas Group expects "a much stronger second half".

AJ Lucas Group has received a commitment from a group of energy-focused private equity funds managed by **Riverstone Holdings LLC** to subscribe US$58.0 million of new capital in **Cuadrilla Resources Holdings**. This will give both AJ Lucas Group and the Riverstone funds a 36.0% equity in Cuadrilla Resources, with the remaining 28.0% held by management and employees.

AJ Lucas Group has invested A$52.4 million in Cuadrilla Resources and this transaction now indicates that has a value of US$58.0 million - or about A$64.5 million (or 100 cents per AJ Lucas share) - but no adjustment will be made in the value of this investment in the company's accounts.

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Recommended Investments

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This cash injection will be “sufficient to fund the drilling and exploration program for the next three years”, so Cuadrilla Resources will no longer need additional financing from AJ Lucas Group.

Ammtec reported an 18.2% drop in revenues to $24.6 million for the six months to 31 December 2009. Profits were 33.3% lower at $2,628,679 but earnings per share were 53% lower at 7.2 cents owing to the increase in the issued capital. The interim dividend, however, is being raised 8.3% to 6.5 cents.

The net cash operating surplus was 4% lower at $4.9 million.

The increased dividend - despite lower profits and the increased capital - reflects the directors belief that the business will improve strongly in the second half and over the next few years as new facilities are completed.

Ammtec

Atlas South Sea Pearl reports revenues down 48.0% to $6.9 million for the year to 31 December 2009. There was a net *loss* of $7,749,545 (*minus* 6.2 cents per share). No dividend will be paid. That loss consists mainly of the non-cash write down in the market value of oysters of $6.3 million, reflecting the currently depressed state of the pearl market.

The net operating cash *deficit* was only about $0.6 million.

During 2009 the company seeded 381,000 oysters - down slightly on the 430,000 in 2008.

Atlas South Sea Pearl

Breville Group's revenues were 3.8% lower for the half year to December 2009, but net profits increased 42.6% to $15,348,000 (11.9 cents per share). If not for takeover response costs of $2.9 million (after tax), profits would have been up 69.9% at $18,296,000.

The interim dividend is being raised 50.0% to 6.0 cents.

There was a net operating cash surplus of $13.8 million, up strongly from a $19.9 million *deficit* a year earlier.

Campbell Brothers is predicting its full year profit to 31 March 2010 will be around $75 million (119 cents per share), down 29% on the previous year. The annual dividend rate is forecast at 100 cents.

The company expects no contribution from the recently acquired **Pearlstreet** and **Ecowise** businesses, owing to integration and restructuring costs, but “both are expected to contribute strongly” in the March 2011 year.

Campbell Brothers

Cardno reports revenues 13.9% lower at $228.6 million for the six months to 31 December 2009. Profits were down a similar 12.1% to $16,051,000 while earnings per share were down 21.9% to 18.9 cents. A steady 14.0 cents interim dividend will be paid.

The net operating cash surplus improved 2% to $17.0 million.

Cardno has also announced the acquisition of **ITC Group**, an Australian building services consulting engineering firm involved in electrical, mechanical and specialist engineering services. Cardno will pay $20.4 million (i.e. $14.6 million in cash and 1,394,000 shares issued at 416 cents each) for this business which generates $20 million in annual fee revenues with “excellent opportunity for further growth through cross selling” with existing Cardno businesses.

Cardno

Cellnet Group reports an 18.9% drop in revenues to $44.0 million for the six months to 31 December 2009 and returned to profitability, earning a net profit of $930,000 (1.2 cents per share). No interim dividend will be paid.

There was a small net operating cash *deficit* of $637,000.

As previously reported, the full year profit is expected to be around $1.4-1.5 million (1.9-2.0 cents per share).

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The company also holds $19.7 million in cash (26 cents per share) and is debt-free.

Charter Hall Group has agreed to acquire the Property Management business from **Macquarie** and investments in the property trusts it will manage for $297 million (plus transaction costs of about $13 million). Of this, $108 million will be for the property management business and $189 million for the property trust investments.

These investments are $111 million in **Macquarie Office Trust** (which has been renamed Charter Hall Office REIT), $69 million in **Macquarie CountryWide Trust** (now Charter Hall Retail REIT) and $9 million in **Macquarie Direct Property Fund**.

This is being financed via a placement of 121 million shares at 70 cents (i.e. $85 million) to Macquarie who will become a 10% shareholder in Charter Hall Group. A further 35.7 million shares at 70 cents (i.e. raising $25 million) were placed with institutions and the group is making a 2 for 5 non-renounceable cash issue at 65 cents to existing shareholders to raise $195 million.

As we notified subscribers in an email, we did NOT wish to significantly increase our investment in Charter Hall Group, so sold some existing shares at 70 cents to finance the new shares at 65 cents. That way we were able to realise some value from this cash issue without needing to commit new cash to Charter Hall Group.

The final payment date was 5 March.

The Property Management business is being acquired at about 7.7 times forecast earnings (before interest and tax) for the year to June 2011. That's a reasonable valuation and Charter Hall Group predicts it will lift forecast 2011 earnings per share by 18%, from 4.26 cents to 5.03 cents.

For the year to 31 December 2009, Charter Hall Group reports revenues down 12.9% to $31.3 million. Overall the group *lost* $65,800,000 (*minus* 9.4 cents per share) owing to a $65.2 million drop in property values and a $15.3 million impairment in the value of goodwill. The *underlying* profit was 32.0% lower at $14,200,000 (2.0 cents per share). An interim distribution 59.6% lower at 1.60 cents per stapled unit will be paid.

The net operating cash surplus was 47% lower at $11.3 million.

The group reports that the property market has "improved over the last six months" with "increased demand and transaction activity" indicating that "property values have likely bottomed in Australia". The full year underlying earnings per share is still forecast at around 4.1 cents, with an annual distribution of 3.0-3.2 cents.

Clarius Group recorded a 15.8% drop in revenues to $132.3 million for the half year to 31 December. Profits were up 11.2% to $1,079,000 (1.5 cents per share), which is still a depressed level. No interim dividend will be paid.

The net cash operating *deficit* (which reverses in the second half year) was $4.1 million, an improvement on the $5.3 million deficit a year earlier.

At 31 December the company held cash of $1.5 million and had interest bearing debts of $4.6 million, but expects to be debt-free by 30 June 2010.

CPT Global suffered a 13.2% drop in revenues to $18.8 million for the half year to 31 December, but operated at a *loss* of $856,000 (*minus* 2.3 cents per share), compared with a profit of $1,044,000 in the same period a year earlier. No interim dividend will be paid.

The business, however, still managed to generate a small cash surplus - down 90% to $154,000 - and has just $1.6 million of debt and $1.2 million of cash.

Devine has made an institutional share placement of 47.2 million shares at 25 cents to raise $11.8 million. That was a massive 37.5% discount to the market value of 40 cents so, not surprisingly, this placement was "significantly over-subscribed". Also not surprisingly, a placement at this low price significantly depressed the shares, which quickly fell to trade around 27-28 cents! Where do these companies get their corporate advice?

Devine is also making a 3 for 4 non-renounceable cash issue to existing shareholders at 20 cents per share. Payment must be made by 22 March. This will raise $54.4 million.

Given that the Devine share price is very depressed - and this is a heavily discounted cash issue - investors should endeavour to take up their entitlements to these new shares!

For the half year to 31 December 2009, Devine reported a 55.5% increase in revenues to $300.6 million but profits fell 89.5% to just $1,221,000 (0.4 cent per share). No interim dividend will be paid - but the company's forecasts suggest that a 2.2 cents final dividend is likely.

The net operating cash surplus was 80% higher at $74.9 million.

The company believes its underlying profit was $14,424,000 (4.6 cents per share), with $13.2 million of one-off losses exiting major development projects. The divisional results confirm this with earnings of $17.0 million from *Housing & Land* and a loss of $13.8 million on *Property Development* *(Continued on Page 8)*

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(and corporate overheads and taxes of $2.0 million).

Devine

Ellex Medical Lasers has returned to profitability despite difficult trading conditions. Revenues were down 16.3% to $25.5 million for the half year to 31 December, but there was a profit of $1,229,000 (1.4 cents per share). Ellex Medical Laser has never paid dividends and needs to retain cash to finance growth and expansion.

The cash operating surplus was 40% higher at $2.9 million.

Direct selling experienced just a 10% drop in revenues to $18.9 million, with earnings down 2% to $3.3 million, while sales through distributors were down 31% to $6.5 million, with earnings down 38%.

Ellex Medical Laser is a very small, emerging growth company - so does involve high risks. The company, however, is bringing new products to market - unlike most of it competitiors - and steadily building its global market share. Ellex Medical Lasers is the second largest company in its sector, with about a 20% global market share, but this specialist laser market is still spread between more than half a dozen competitors. Some rationalisation - perhaps a merger between Ellex Medical Lasers and a competitor, or some smaller competitors withdrawing from this market or failing - would certainly help improve profitability and growth potential!

The shares trade on a low valuation - an historical Price/Sales ratio of 0.24 and a Price/Earnings ratio of about 6 times this year's possible profits - so this high risk, high potential growth investment remains an attractive part of a diversified share portfolio.

Ellex Medical Lasers

Fiducian Portfolio Services has reported revenues of $11.3 million for the half year to December 2009, down 4.9% on the same period a year ago. The net profit was down 8.0% at $1,850,000 (5.7 cents per share). A steady 3.75 cents interim dividend will be paid.

The net operating cash surplus was up 30% to $1.6 million.

Fiducian Portfolio Services

Iluka Resources suffered a 35.6% drop in revenues to $576.0 million for the year to 31 December, owing to the short term downturn in demand. Overall the group *lost* $108.6 million (*minus* 25.9 cents per share), including $67.6 million of impairment charges (i.e. writing down the value of mineral deposits) and $22.9 million of profits from discontinued operations. No dividend will be paid.

Overall the business still generated a *positive* cash surplus of $77.4 million (down 67%).

Iluka Resources

Integrated Research's revenues were 8.2% lower at $18.1 million for the half year to December 2009. The net profit slipped 6.5% to $2,703,000 (1.6 cents per share). A steady interim dividend of 1.5 cents - plus a special dividend of 0.5 cent - will be paid.

The net operating cash surplus dipped 55% to $708,000.

Revenues for the company's IP Telephony products grew 77%.

Integrated Research

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M2 Telecommunications - helped by earlier acquisitions - lifted revenues 115.4% for the half year to 31 December 2009. The net profit was up 156.4% at $8,187,000 while earnings per share are up 80.5% to 7.4 cents. The interim dividend will be 100.0% higher at 5.0 cents.

The net operating cash surplus was only up 21% to $5.6 million.

The company predicts full year revenues up 90-100% at $380-400 million, profits up 95-105% at $14.5-15.5 million. Earnings per share should be 90-100% higher at 13.2-14.0 cents, with the annual dividend 73% higher at about 9.5 cents.

While that is a very good performance, the share price has recovered and grown very strongly over the last twelve months, up 240% from around 51 cents to 175 cents. At this price a 9.5 cents annual dividend will yield 5.4% and the Price/Earnings ratio would be 12½-13.

That is not so expensive that we should sellout completely, but neither is it particularly cheap. The company has built up debts (albeit at only a modest level) partially funding acquisitions and the growth in operating cash surplus is less than expected. The company is introducing a dividend re-investment plan - which is a slight negative as it indicates the need to at least partially finance dividends by issuing new shares which will at least slightly dilute future earnings per share growth.

None of this is of *major* concern, but the shares are looking more fully valued and future growth rates may slow. Given that many other shares trade at depressed valuations, there is some sense in realising at least *partial* profits on our M2 Telecommunications investment - which is up 5½ fold over 3½ years - to provide cash to finance other share purchases.

The inclusion of M2 Telecommunications in the All Ordinaries index may help boost the share price as index funds acquire an initial shareholding and as the company is "discovered" by other institutional investors.

Mnet Group's revenues were 2.5% higher at $2.9 million for the half year to 31 December. The *loss* increased 52.6% to $963,887 (*minus* 0.5 cent per share), but depressed by the recent merger costs.

The net cash operating *deficit* (again boosted by one-off merger costs) was $1.2 million.

Mnet Group has been awarded a *Tomorrow IP Grant* of $100,000 by the South Australian government to help develop the company's *Campaign Mobile* software-as-a-service mobile marketing platform.

Melbourne IT has produced a good result for the year to 31 December 2009 - and promises the potential for further strong growth in the years ahead.

Revenues for the year were up 7.5% to $200.1 million and, despite earlier predicting profits could fall to about $15 million, the net profit grew 3.8% to $16,808,000 (21.4 cents per share). A final 8.0 cents dividend will make a steady 15.0 cents annual dividend rate.

The net operating cash surplus was down 11%, but still a very strong $23.6 million.

Starting this month, Melbourne IT plans to spend $25 million developing its *Integrated Web Services* and *Operational Support Systems*. These IT projects will enable the company to sell customers its full range of services across all business units and all countries while improving infrastructure stability and allow it to manage a greater range of products and services.

Much of this development cost will be capitalised, although $3.9 million will be expensed in the 2010 results. This new expense will initially offset an expected "strong rise" in earnings, resulting in just "modest" growth in the net profit over the current financial year. The company is then predicting "robust net profit growth to return in 2011".

At 181½ cents, Melbourne IT shares are still 57% below their mid-2007 peak and trade on Price/Earnings ratio of 8½ and offer a Dividend Yield of 8.3%. That is an attractive, low valuation for a company with the potential for steady, but above average growth, over the medium to long term. We continue to rate Melbourne IT shares a "Buy" for current income, income growth *and* capital appreciation!

Photon Group recorded revenues 9.7% lower at $300.7 million for the six months to 31 December 2009. *Trading* profits were up 2.1% to $9,673,000 but earnings per share were down 41.3% to 5.4 cents owing to the increase in the issued capital. The interim dividend will be 50.0% lower at 3.0 cents.

Non-recurring costs, acquisition costs and an asset impairment charge took the bottom line result to a profit of $2.9 million.

The net cash surplus from operations was $16.6 million, up 109%.

Earnings from the *Strategic Intelligence* division rose 47% to $7.3 million, while *Integrated Communications & Digital* earnings were 74% higher at $9.4 million. *Field Marketing* earnings dipped 14% to $12.9 million, *Internet & E-Commerce* fell 52% to $5.8 million, while *Specialised Communications* lifted earnings 3% to $7.7 million. *(Continued on Page 10)*

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The company is focused upon organic growth and expansion into new markets. It also predicts a "better result" for the second half.

Photon Group

Probiotec recorded a 14.4% drop in revenues to $39.8 million for the half year to 31 December - mainly as the *previous* year's revenue was boosted by the sale of initial stocks to retailers in the United Kingdom. Profits increased 46.1% to $6,233,880 (11.9 cents per share). The interim dividend is being raised 20.0% to 1.5 cents per share.

The net operating cash surplus was 38% higher at $3.2 million.

Probiotec has reached agreement for two of its weight loss products to be distributed throughout Asia by four major retailers. Product launches are scheduled from March to June 2010.

Probiotec

Prophecy International Holdings' revenues fell 10.4% to $2.5 million for the half year to 31 December 2009, while profits were down 77.8% to just $296,082 (0.6 cent per share). A steady 2.0 cents unfranked dividend will be paid.

The net operating cash surplus was just 26.4% lower at $714,445.

The company "expects to see an improved second half for revenue and profits".

Prophecy International has improved its relationship with the US giant **Computer Sciences Corporation**, upgrading their *Memorandum of Understanding* to a *Global Alliance Reseller Agreement*. Computer Sciences Corporation sees "significant competitive advantages in the global mid market segment" for Prophecy International's *basis2* software and the current agreement gives it non-exclusive rights to sell software licences to any utility business, for any service in any country.

Ross Human Directions' suffered a 9.5% decline in revenues to $184.4 million for the half year to December 2009, but managed to lift profits 22.1% to $2,813,000 (3.4 cents per share). The interim dividend will be raised 100.0% to 1.5 cents.

The net operating cash surplus was down 48% but still very high at $5.4 million.

Earnings for the *Recruitment* division fell 35% to $2.2 million while *Non-Recruitment* (i.e. technology consulting, payroll outsourcing, etc) lifted earnings 22% to $3.6 million. The focus on working capital and debt reduction saved over $1 million in interest costs.

Ross Human Directions

Skilled Group's recent half year report to December 2009 shows a significant decline on the same period a year earlier. but that prior period was "the strongest performance for Skilled Group in its history" and profitability fell sharply in the second half to June 2009 - which is now "showing an improving trend".

For the recent period, revenues fell 20.9% to $844.5 million, while profits were down 79.0% to just $4,506,000 (2.8 cents per share). The company will not pay an interim dividend this year.

The business continues to generate strong net operating cash surpluses, although 71% lower than last year at $14.6 million.

Skilled Group

TFS Corporation's results remain highly seasonal - making the first half result meaningless and possibly

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misleading! Current and historical results have also been restated for a major accounting change, as previously discussed.

For the record, reported revenues fell 23.7% to $22.4 million and profits were down 88.4% to $983,000 (0.4 cents per share). The interim dividend will remain steady at 1.25 cents per share.

The net operating cash *deficit* increased 12-fold to $26.7 million (although compared with a very small first half deficit last year).

We *could* discuss the figures that make up this result at great length - except that would probably just be a waste of time and space as TFS Corporation conducts virtually all of its financial business in the second half and the current numbers are largely meaningless.

For the full year the company expects its "cash" profits to be up over 10%, but the issued capital has increased about 18% over the year, so "cash" earnings per share should be relatively unchanged. Last year the company also earned 24% of its total profit from the revaluation of plantation assets - without which total earnings per share could be down about 25%.

Total plantation sales should "at least equal" the 1025 hectares sold last year, with institutional sales through *Beyond Carbon* up from 350 hectares to over 500 hectares.

The one figure that we feel does warrant discussion in the half year result is the cash operating deficit which includes the costs of developing the *Kingston Rest* property (i.e. about $15 million) "completely paid for before client funds have been received". This reflects the "strength" of the company's "business model".

TFS Corporation

The Reject Shop lifted revenues 13.0% to $250.5 million for the six months to 31 December, while profits increased 21.7% to $18,942,000 (72.9 cents per share). The interim dividend will be raised 21.9% to 39.0 cents.

The net operating cash surplus was up 92% to $38.5 million.

During the half year the company opened 23 new stores and closed one, giving it 192 stores. Four new stores will open in the second half.

The company expects its full year profit to be around $22.0-22.5 million - up 16-18% for the year. The second half result will be partially depressed by opening costs for the new Queensland Distribution Centre, plus higher interest costs to finance higher stock levels during the transition from servicing the stores from one distribution centre to two. This will give the group the infrastructure to service over 400 stores - more than twice the current size of the business!

The Reject Shop

Village Roadshow's revenues from continuing operations were unchanged at $663.1 million for the half year to 31 December 2009, but *trading* profits recovered 143.8% to $41,600,000. The issued capital was reduced 25.8% in the recent buy-back, so earnings per share increased over three-fold to 24.9 cents. The company will not pay an interim dividend at this stage but must pay at least 10.175 cents annually on the Preference shares (or at least 3.0 cents more than on the ordinary shares, whichever is greater).

In addition there were one-off gains totalling a further $26.0 million after tax.

The net operating cash surplus was up 30% to $116.4 million. This business does generate very high cashflows which can be used to finance growth, repay debt or buy back shares.

Australian based Village Roadshow and Hong Kong based **Golden Harvest Group** have used their Singapore based joint venture to acquire an undisclosed "cornerstone investment" in Singapore based **RGM Group**. RGM Group also plans to list on the Australian stockmarket, via a "reverse takeover" from the listed shell company **Biosignal**. RGM Group has two divisions, a *Talent Management Agency* (which represents many Australian artists and collects fees from representing these acting, directing and writing clients) and a *Content Development* business (involved as executive producer of film and television projects globally, funded by third parties, on which it collects service fees).

Village Roadshow (ord)

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"Neglect" Ratings of Australian Shares

"Neglected" Shares = 1-4 Brokers, "Moderately Followed" Shares = 5-10 Brokers, "Widely Followed" Shares = 11 or more Brokers.

Company	No. of Brokers Following Company	Market Capital-isation (NZ$ Mill.)
AGL Energy Ltd	2	6,476
AJ Lucas	2	184
AMP Ltd	1	12,094
ANZ Bank	6	59,683
APA Group	3	1,710
APN Property	1	40
APN News Media	1	1,387
ARB Corporation	1	368
ASG Group Ltd	1	165
ASX Limited	3	6,147
AWB Limited	2	385
AWE Limited	5	1,391
AXA Asia Pac	3	13,085
Abacus Property	3	642
Adcorp Aust.	1	11
Adelaide Bright	6	1,516
Aevum Ltd	1	150
Alesco Corp Ltd	3	438
Alumina Ltd	4	4,002
Amadeus Energy	1	44
Amcor Ltd	2	7,194
Ansell Ltd	3	1,599
Aquarius Plat.	1	2,973
Aquila Res.	3	2,627
Aristocrat Leis	2	2,256
Arrow Energy	4	2,527
Asciano Group	3	2,237
Aspen Group Ltd	2	281
Atlas Iron Ltd	2	727
Ausdrill Ltd	2	353
Ausenco Ltd	4	360
Austar United	2	1,465
Austin Eng.	2	210
Aust Infra.	2	1,105
Aust Pharm. Ind	2	140
Aust Agricult.	1	369
Avoca Resources	4	514
BHP Billiton	6	%142,633
BT Invest Mgmt	2	378
Bank of Q'land	3	2,272
Beach Energy	1	741
Becton Prop Grp	1	17
Bendigo Bank	3	3,306
Billabong Int'l	2	2,687
Blackmores Ltd	2	340
Bluescope Steel	3	4,867
Boart Longyear	2	1,445
Boom Logistics	2	108
Boral Limited	5	3,231
Bradken Ltd	6	882
Brambles Ltd	2	10,192
Breville Group	1	240
Brickworks Ltd	3	1,628
Bunnings W/hse	3	767
C'wth Prop Off.	1	1,842
C.S.R. Ltd	4	2,546
CFS Retail Prop	1	4,708
CSL Limited	3	21,381
Cabcharge Ltd	2	717
Caltex Austrlia	3	2,870
Campbell Bros	3	1,782
Cardno Ltd	2	337
Carnarvon Pet.	3	342
Cash Converters	2	173
Chandler McLeod	1	106
Charter Hall GR	1	635
Clarius Group	1	55
Clive Peeters	1	48
Coca Cola Amatil	4	8,440
Cochlear Ltd	3	3,676
Cockatoo Coal	1	185
Codan Ltd	1	219
Com'wealth Bank	6	83,290
Computershare	3	6,668
ConnectEast Grp	3	1,609
Cooper Energy	2	142
Corp Express	2	713
Count Financial	1	340
Crane Group	4	662
Cromwell Group	1	492
Crown Ltd	2	6,280
DWS Adv Bus Sol	2	210
David Jones	3	2,498

Company	No. of Brokers Following Company	Market Capital-isation (NZ$ Mill.)
Decmil Group	1	166
Dexus Property	2	3,902
Dominion Mining	5	273
Domino's Pizza	2	367
Downer EDI Ltd	4	2,675
East'n Star Gas	2	522
Elders Limited	3	107
Emeco Holdings	3	423
Energy Resource	5	3,418
Envestra	2	699
FKP Limited	2	266
Fairfax Media	1	4,034
Fantastic Hold.	1	394
Fleetwood Corp	4	413
Flexicorp Ltd	2	338
Flight Centre	3	1,968
Fortescue Metal	5	14,780
Foster's Group	4	10,337
G.U.D. Holdings	4	612
GPT Group	2	5,520
GWA Internat'l	4	957
Gindalbie Met.	2	543
Gloucester Coal	2	799
Goodman Group	1	3,106
Goodman Fielder	2	2,026
Graincorp	4	1,243
Gunns Ltd	3	498
Harvey Norman	3	4,260
Hast Div Util	2	613
Hastie Group	4	378
Healthscope	4	1,083
Hills Indust.	1	554
Horizon Oil Ltd	3	349
Hunter Hall Int	1	170
I-SOFT Group	3	552
IMD Group	5	118
ING Indust Trt	1	516
ING Office Fund	1	1,138
IOOF Holdings	4	1,468
IiNet	4	332
Iluka Resources	4	1,409
Incitec Pivot	4	5,741
Independ. Group	5	476
Industrea Ltd	3	333
Insurance Aust.	2	8,410
Int Research	1	72
Intoll Group	2	2,714
Intrepid Mines	1	116
Invocare Ltd	3	646
Iress Mkt Tech	3	1,010
JB Hi-Fi Ltd	5	2,163
Jabiru Metals	4	146
James Hardie	3	3,242
Kagara Ltd	4	395
Kingsgate Cons.	7	880
Leighton Hold	4	11,710
Lend Lease Grp	1	4,863
Lihir Gold Ltd	5	6,892
Lycopodium Ltd	1	128
Lynas Corp Ltd	2	254
MAp Group	2	6,262
Mac Services	4	425
MacMahon Hold	5	543
Macarthur Coal	3	2,973
Macquarie Group	1	14,600
Marion Energy	2	14
Marybor'gh Suga	1	88
MaxiTRANS	3	74
McPherson's Ltd	1	211
Mermaid Marine	4	481
Metcash Ltd	5	3,167
Minara Resource	5	923
Mincor Resource	5	332
Mineral Deposit	2	569
Mineral Res.	2	884
Mirabela Nickel	3	291
Mirvac Group	1	4,394
Mitchell Comm.	2	247
Molopo Energy	1	234
Monadelphous Gr	7	1,263
Mosaic Oil NL	1	58
Mt Gibson Iron	3	1,823
Nanosonics Ltd	1	94

Company	No. of Brokers Following Company	Market Capital-isation (NZ$ Mill.)
Nat'l Aust Bank	4	54,276
Navitas Ltd	4	1,732
Neptune Marine	3	141
New Hope Corp.	4	3,642
Newcrest Mining	7	16,419
News Corp.	1	14,421
Nexus Energy	3	148
Nick Scali Ltd	1	131
Nido Petroleum	1	131
Nomad Building	3	34
Nufarm Limited	3	1,969
OZ Minerals Ltd	5	3,512
Oakton Limited	3	275
Oil Search Ltd	3	6,810
Onesteel Ltd	3	4,786
Orica Ltd	4	9,089
Origin Energy	4	14,410
Pacific Brands	3	1,099
Panaust Ltd	2	880
Panoramic Res.	3	492
Patties Foods	1	176
Peet Ltd	1	618
Perilya Mines	1	312
Perpetual Ltd	2	1,560
Petsec Energy	1	43
Pipe Networks	1	349
Platinum Asset	2	3,209
Platinum Aust	1	199
Po Valley Ener.	1	133
Premier Invest	3	1,208
Primary Health	6	1,753
Pro Maintenance	4	395
Q.B.E. Insur.	3	18,056
Qantas Airways	2	6,274
RCR Tomlinson	2	114
Ramsay Health	4	2,256
Reckon Limited	1	253
Redflex Holding	2	179
Resolute Mining	2	352
Retail Food Grp	2	279
Ridley Corp.	3	339
Rio Tinto Ltd	4	45,518
Riversdale Min.	2	1,560
Roc Oil Company	2	209
SAI Global Ltd	3	554
SDI Limited	1	30
SMS Mgmt & Tech	2	472
SP Ausnet	2	2,902
STW Comm Group	1	299
Salmat Ltd	2	690
Santos Ltd	2	11,172
Sedgman Ltd	1	286
Seek Ltd	5	2,511
Selectharvest	3	173
Service Stream	2	77
Seven Network	1	1,476

Company	No. of Brokers Following Company	Market Capital-isation (NZ$ Mill.)
Sigma Pharm.	4	1,050
Sims Metal Mgmt	3	3,732
Skilled Group	2	220
Slater & Gordon	2	179
Sonic Health	5	5,126
Soul Pattinson	1	3,086
Spark Infrastru	2	1,256
Spec Fashion	2	255
Spotless Group	2	650
St Barbara Ltd	4	488
Sth Cross Elect	1	152
Sth Cross Media	1	764
Stockland	2	9,937
Straits Res.	2	1,404
Strike Energy	1	76
Structural Syst	1	28
Suncorp-Metway	3	10,927
SuperCheap Auto	3	537
Swick Min Serv	1	70
TFS Corporation	1	172
Tabcorp Holding	2	4,184
Talent2 Int'l	1	172
Tap Oil	2	148
Tassal Group	2	214
Tatts Group Ltd	3	3,048
Technology One	2	219
Telstra	5	36,209
Ten Network	1	1,798
Terramin Aust	2	62
The Reject Shop	5	408
Toll Holdings	5	4,973
Tower Australia	3	925
Tox Free Sol.	3	204
Transurban Grp	4	6,739
Transfield S In	1	244
Transfield Serv	3	1,719
UGL Limited	4	2,452
UXC Limited	3	102
VDM Group Ltd	2	80
Valad Property	1	195
Viridis Clean E	1	29
Vision Group	2	45
WHK Group Ltd	1	295
Wattyl Ltd	2	74
Webjet NL	1	176
Wellcom Group	1	86
Wesfarmers Ltd	5	37,848
Westfield Group	2	28,247
Western Areas	8	867
Westpac Banking	4	78,672
West Aust News	3	1,559
Whitehaven Coal	2	1,894
Woodside Petrol	3	33,697
Woolworths Ltd	5	34,517
Worley Group	5	5,969
Wotif.com Hold.	5	1,542

"Neglect" Ratings of NZ Shares

Company	No. of Brokers Following Company	Market Capital-isation (NZ$ Mill.)
Air New Zealand	1	1,397
Akd Int Airport	1	2,499
Cavalier Corp	1	184
Contact Energy	1	3,560
Ebos Group Ltd	1	306
F & P Health.	2	1,692
F & P Appliance	1	366
Fletcher Build.	2	4,896
Michael Hill	1	268
Nuplex Indust	1	632
PGG Wrightsons	1	186

Company	No. of Brokers Following Company	Market Capital-isation (NZ$ Mill.)
Pumpkin Patch	1	345
Ryman Health.	1	1,035
Sanford Limited	1	440
Sky City Ltd	1	1,892
Sky Network TV	1	1,977
Telecom Corp	1	4,190
Tower Limited	1	507
Vector Ltd	1	1,978
Wakefield Hlth	1	100
Warehouse Group	1	1,229

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Globalisation of Skilled and Professional Occupations

The recent announcement by Nuplex Industries that it is planning to establish a Research & Technology centre in Asia highlights an emerging trend that will have significant economic impacts over the decades ahead.

In the past, Asia and other emerging economies have been seen as a source of cheap unskilled or semi-skilled labour. Over the last 40 years, that has decimated unskilled jobs - and unskilled wages - in developed economies, mainly as manufacturing activities have moved offshore.

But Asia is no longer just a massive supply of low cost, semi-skilled labour. There are now more trained engineers, doctors, teachers, etc, in India than there are in the United States. Developing economies have educated at least some of their populations and are now emerging as a massive source of *lower cost, highly skilled* labour.

With globalisation, many of these skilled people will move to developed countries in search of work. More likely, however, global businesses will simply start outsourcing more highly skilled jobs to emerging countries.

In the past we have seen skilled jobs - research and development, finance, marketing - performed by skilled, highly paid people in developed countries while only the unskilled jobs (i.e. in manufacturing) were outsourced to low cost developing countries. Today, there is a rapidly growing pool of skilled professionals in developing countries - and as global companies start outsourcing, or moving skilled jobs offshore, this will decimate and lower real incomes for skilled workers and professionals in developed countries.

A good education (leading to a skilled/professional job) is no longer enough to protect a person from globalisation. Companies can now employ a *better* trained person from India or Vietnam or Singapore for half the salary! In fact, rather than import foreign skilled labour, companies will move many of the skilled head office functions offshore.

The long term impact is that the real incomes of skilled workers and professionals in developed countries will fall over the decades ahead, just as the real incomes of unskilled workers in developed countries have fallen over the last 40 years.

People and countries can resist this change - just as they fought (expensively and unsuccessfully) to protect semi-skilled manufacturing jobs, but the availability of lower cost skilled workers in developing countries will ultimately drive down skilled incomes globally.

Winners and Losers: The Global Re-Distribution of "National Income"

As in the past, people can draw a line in the sand and try to keep back the tide - or accept that change will happen and adapt to benefit from those changes. If skilled labour costs are about to fall - lowering the incomes of skilled workers - then who will benefit? The answer (as with the drop in unskilled labour costs) is (1) consumers and (2) companies.

Lower labour costs will result in lower production costs. Moving unskilled and semi-skilled manufacturing to lower cost developing countries has lowered the cost of cars, microwave ovens, computers, etc. (Quality is a separate issue. Consumers don't accept unsafe cars but for some reason do accept computers that crash!) Lower costs for skilled labour will further reduce costs in these businesses *and* in more skilled service industries. Your doctor's, dentist's and lawyer's hourly charge-out rate will likely fall significantly in real (i.e. inflation adjusted) terms over the decades ahead!

The main benefits, however, will accrue to businesses and their owners/shareholders. Economics students learn at high school that the National Income of a country (or of the whole world) is represented by the total value of the goods and services produced and that this equals the total amount paid out as wages, profits, rents and interest. Wages are, of course, the return on labour, while profits, rents and interest are the returns on capital.

If the returns on labour fall - and this has *already* happened to unskilled labour and is about to spread to skilled labour - then the returns on capital will rise. In the future, total wages will account for a smaller share of national incomes, while profits will earn a larger share.

Adapting to Change

What does this mean for individuals? Firstly, whether you are a doctor or a dentist or a lawyer, then it is not enough to work for someone else as just an employee. Over time, your employer will be able to hire other doctors or dentists or lawyers to do your job at a lower real cost, so your real income will likely decline steadily. At the very least you need to invest in your own practice or become an owner/partner in the business. Your *income as an owner* will therefore tend to increase to offset the decline in your *income as an employee*.

Secondly, increasing returns to capital makes a strong case for share ownership. Workers - even highly skilled workers - will become *relatively* poorer (i.e. less well paid) while owners/shareholders will enjoy a higher percentage of the national income in the decades ahead.

Summary and Recommendation

Globalisation has re-shaped the world economy over the last 40 years and this process is far from complete. In the past, living in a developed or undeveloped country, being uneducated or well educated, or having an unskilled or skilled job, probably determined whether you are classified as "living in poverty" *(Continued on Page 14)*

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

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

Company	Share Price	STRENGTH RATING Cur-rent	4-Wk Chg.	Rank 0-99	Insider Buy-Sell	Brokers Following	Price to NTA	Return on Equity	Vola-tility	Price Earn. Ratio	Divi-dend Yield	Price Sales Ratio	Market Cap'n
UNDER-VALUED SHARES: Lowest Price/Sales, Yld>0, Rel Strength>0													
Smiths City	36	+5.0	+3.7	27	0-0	-	0.4	2	1.5	19	5.6	0.08	19
Col Motor Co	215	+0.8	-1.2	48	7-0	-	0.5	4	0.5	14	10.0	0.14	70
Hellaby Hold.	165	+8.9	-3.6	16	8-0	-	1.0	6	1.3	16	5.2	0.17	84
Tag Pacific Ltd	30	+14.7	-2.9	9	0-0	-	0.7	5	1.7	14	3.1	0.19	21
Ebos Group Ltd	625	+4.1	+0.4	31	0-2	1	1.9	12	0.4	16	5.7	0.23	306
Allied Work.	88	+5.3	-0.4	26	0-0	-	1.3	12	0.9	11	11.0	0.30	23
Air New Zealand	131	+4.0	+0.4	32	0-7	1	0.9	1	0.9	66	7.1	0.30	1,397
Seeka Kiwifruit	295	+7.1	-4.1	22	3-0	-	0.7	7	0.4	9	6.1	0.35	37
Guinness Peat	92	+3.3	+0.1	34	0-6	-	0.5	-	1.1	NE	2.7	0.42	1,434
Nuplex Indust	333	+16.2	+4.9	8	4-0	1	1.2	3	1.1	38	1.5	0.42	632
Zintel Comm.	35	+20.0	-2.7	4	6-0	-	1.6	20	1.6	8	12.8	0.45	18
Mainfreight Grp	600	+7.5	-0.6	22	0-7	-	2.1	12	0.5	17	4.6	0.47	591
Turners Auction	145	+16.1	-1.5	8	2-0	-	2.0	16	0.6	12	11.8	0.56	40
Restaurant Brds	193	+25.9	-2.3	1	11-0	-	5.1	22	0.6	23	5.4	0.61	187
Kirkcaldie & St	285	+9.8	-0.6	14	0-0	-	1.2	4	0.5	28	4.0	0.65	28
Michael Hill	70	+2.9	+2.6	38	1-1	1	1.8	12	0.9	15	4.2	0.65	268
Fletcher Build.	810	+2.7	-0.5	39	2-12	2	1.7	12	0.5	14	5.8	0.69	4,896
Briscoe Group	130	+9.8	+0.9	15	0-0	-	2.3	10	1.0	24	5.2	0.71	276
Livestock Imp.	330	+26.0	-7.1	1	0-0	-	0.6	14	0.5	4	19.0	0.74	111
Cavalier Corp	275	+9.7	+0.4	15	0-0	1	2.1	16	1.0	13	7.8	0.75	184
BEST PERFORMING SHARES: Strongest Shares, P/E<20, P/S<1.0													
Livestock Imp.	330	+26.0	-7.1	1	0-0	-	0.6	14	0.4	4	19.0	0.74	111
Zintel Comm.	35	+20.0	-2.7	4	6-0	-	1.6	20	1.3	8	12.8	0.45	18
Media Tech.	4	+18.7	+17.3	6	0-0	-	14.3	-	2.5	4	Nil	0.63	3
Turners Auction	145	+16.1	-1.5	8	2-0	-	2.0	16	0.4	12	11.8	0.56	40
Tag Pacific Ltd	30	+14.7	-2.9	9	0-0	-	0.7	5	1.4	14	3.1	0.19	21
Tower Limited	199	+9.9	-2.3	13	2-0	1	1.3	12	0.8	10	6.5	0.98	507
Cavalier Corp	275	+9.7	+0.4	15	0-0	1	2.1	16	0.9	13	7.8	0.75	184
Hellaby Hold.	165	+8.9	-3.6	16	8-0	-	1.0	6	1.1	16	5.2	0.17	84
Methven Limited	185	+7.9	+1.9	19	1-2	-	2.1	17	0.7	12	9.5	0.90	123
Mainfreight Grp	600	+7.5	-0.6	22	0-7	-	2.1	12	0.5	17	4.6	0.47	591
Seeka Kiwifruit	295	+7.1	-4.1	22	3-0	-	0.7	7	0.3	9	6.1	0.35	37
Delegat's Group	192	+6.7	-3.7	23	0-0	-	1.4	22	0.5	6	6.0	0.84	193
Allied Work.	88	+5.3	-0.4	26	0-0	-	1.3	12	0.7	11	11.0	0.30	23
Smiths City	36	+5.0	+3.7	27	0-0	-	0.4	2	1.2	19	5.6	0.08	19
Ebos Group Ltd	625	+4.1	+0.4	31	0-2	1	1.9	12	0.3	16	5.7	0.23	306
Michael Hill	70	+2.9	+2.6	38	1-1	1	1.8	12	0.7	15	4.2	0.65	268
Fletcher Build.	810	+2.7	-0.5	39	2-12	2	1.7	12	0.4	14	5.8	0.69	4,896
Col Motor Co	215	+0.8	-1.2	48	7-0	-	0.5	4	0.4	14	10.0	0.14	70
INCOME SHARES: Highest Yields, Capitalisation>NZ$100 million													
Livestock Imp.	330	+26.0	-7.1	1	0-0	-	0.6	14	0.3	4	19.0	0.74	111
Telecom Corp	225	-4.7	-0.7	73	1-4	1	1.5	15	0.4	10	10.7	0.75	4,190
ING Property	76	+2.9	-1.7	39	1-0	-	0.7	-	0.5	NE	10.5	3.74	403
Turners & Grow.	142	-0.5	-0.8	53	1-0	-	0.5	5	0.5	11	10.5	0.25	142
Goodman Prop.	101	+2.5	-1.5	41	0-2	-	0.9	-	0.5	NE	10.3	6.59	854
Vector Ltd	207	-0.8	+0.5	54	2-0	1	1.0	9	0.5	12	9.5	1.76	1,978
Methven Limited	185	+7.9	+1.9	19	1-2	-	2.1	17	0.7	12	9.5	0.90	123
Kiwi Property	101	-0.1	-0.6	53	0-1	-	0.9	-	0.5	NE	9.0	4.32	789
AMP Onyx Mgmt	77	-4.2	+0.2	70	1-0	-	0.8	-	0.5	NE	9.0	5.75	768
Hallenstein G.	350	+11.2	+0.3	13	0-0	-	3.7	23	0.3	16	8.6	1.05	209

Company	Share Price	STRENGTH RATING Cur-rent	4-Wk Chg.	Rank 0-99	Insider Buy-Sell	Brokers Following	Price to NTA	Return on Equity	Vola-tility	Price Earn. Ratio	Divi-dend Yield	Price Sales Ratio	Market Cap'n
INSIDER BUYING: Most Insider Buying, Relative Strength>0													
Restaurant Brds	193	+25.9	-2.3	1	11-0	-	5.1	22	0.4	23	5.4	0.61	187
Guoco Leisure	63	+11.9	-3.1	11	9-0	-	0.6	7	0.6	8	2.5	1.39	862
Scott Tech. Ltd	122	+16.7	+0.1	7	9-0	-	1.8	1	0.5	131	1.2	1.11	35
Comvita	180	+24.3	+1.4	2	9-0	-	0.8	1	0.6	66	Nil	0.71	51
Hellaby Hold.	165	+8.9	-3.6	16	8-0	-	1.0	6	1.0	16	5.2	0.17	84
Col Motor Co	215	+0.8	-1.2	48	7-0	-	0.5	4	0.3	14	10.0	0.14	70
Zintel Comm.	35	+20.0	-2.7	4	6-0	-	1.6	20	1.1	8	12.8	0.45	18
Tourism Hold.	99	+22.9	+4.2	3	4-0	-	0.5	-	0.7	NE	Nil	0.57	97
Nuplex Indust	333	+16.2	+4.9	8	4-0	1	1.2	3	0.9	38	1.5	0.42	632
Sky City Ltd	329	+1.1	-1.9	46	3-0	1	2.6	16	0.5	16	6.7	2.26	1,892
OVER-VALUED SHARES: Highest Price/Sales Ratios, Relative Strength<0													
NZ Windfarms	41	-15.4	+4.8	87	0-0	-	0.4	-	1.1	NE	Nil	8.37	32
AMP Onyx Mgmt	77	-4.2	+0.2	70	1-0	-	0.8	-	0.4	NE	9.0	5.75	768
Metro. LifeCare	215	-0.8	-2.5	55	0-0	-	0.6	-	0.5	NE	Nil	4.50	263
NZ Oil & Gas	157	-1.6	-2.6	62	1-0	-	1.2	11	0.3	11	4.5	4.39	609
Kiwi Property	101	-0.1	-0.6	53	0-1	-	0.9	-	0.4	NE	9.0	4.32	789
NZ Farming Sys.	40	-7.5	-1.0	80	3-1	-	0.4	-	0.7	NE	Nil	3.99	98
NZ Refining Co	336	-14.8	-1.7	86	0-0	-	1.7	4	0.3	40	Nil	3.76	941
Trust Power Ltd	727	-1.4	-0.1	61	0-3	-	1.6	7	0.3	22	6.8	2.92	2,292
Lyttelton Port	240	-1.0	-1.2	58	0-0	-	1.9	8	0.3	24	2.9	2.91	245
Mowbray Collect	95	-2.7	-0.1	67	0-0	-	2.5	-	0.4	NE	Nil	2.54	10
WN Drive Tech.	8	-17.6	+0.9	89	7-0	-	1.7	-	1.2	NE	Nil	2.36	34
Life Pharmacy	25	-21.4	-3.7	92	0-0	-	0.5	0	0.9	281	Nil	2.33	17
WORST PERFORMING SHARES: Weakest Shares, P/S Ratio>0.25, Yield<Twice Average													
Charlie's Group	10	-58.3	+0.0	97	1-0	-	2.1	-	1.3	NE	Nil	0.91	29
Pyne Gould Corp	45	-27.1	+3.3	95	7-1	-	0.2	-	0.8	NE	Nil	0.31	311
Cynotech Hold.	6	-26.1	-7.6	95	0-0	-	0.6	-	1.3	NE	Nil	0.52	7
Life Pharmacy	25	-21.4	-3.7	92	0-0	-	0.5	0	0.8	281	Nil	2.33	17
WN Drive Tech.	8	-17.6	+0.9	89	7-0	-	1.7	-	1.1	NE	Nil	2.36	34
NZ Windfarms	41	-15.4	+4.8	87	0-0	-	0.4	-	1.0	NE	Nil	8.37	32
NZ Refining Co	336	-14.8	-1.7	86	0-0	-	1.7	4	0.3	40	Nil	3.76	941
NZ Finance Hold	20	-10.5	-2.8	84	1-0	-	0.9	-	0.6	NE	Nil	0.39	15
Rakon Ltd	103	-10.4	-0.8	83	0-1	-	1.0	3	0.7	29	Nil	0.94	132
Wakefield Hlth	704	-10.4	-1.3	83	0-1	1	1.1	11	0.2	10	5.3	1.16	100
Windflow Tech.	130	-9.6	+0.3	82	0-0	-	1.0	-	0.4	NE	Nil	0.49	16
New Image Group	35	-8.3	-10.5	81	2-4	-	3.7	71	0.9	5	6.1	0.83	82
NZ Farming Sys.	40	-7.5	-1.0	80	3-1	-	0.4	-	0.6	NE	Nil	3.99	98
Jasons Media	55	-7.1	+1.9	79	0-0	-	3.3	30	0.6	11	4.1	0.80	11
Oyster Bay	200	-6.3	-1.6	77	0-0	-	0.3	3	0.3	12	5.0	1.53	18
Pike River Coal	87	-6.3	-1.5	76	1-0	-	1.2	-	0.9	NE	Nil	N/A	307
Cavotec MSL	271	-6.0	+0.8	75	0-0	-	0.7	4	0.5	17	1.1	0.68	181
Northland Port	175	-5.1	+0.4	74	0-0	-	0.5	2	0.4	27	4.5	N/A	72
Kathmandu Ltd	223	-4.3	+0.6	71	0-0	-	-	-	0.5	NE	Nil	N/A	446
Canty Bldg Soc.	300	-4.3	-0.1	71	2-1	-	0.7	4	0.3	18	4.0	0.99	36
INSIDER SELLING: Most Insider Selling, Relative Strength<0													
PGG Wrightsons	59	-16.1	+3.0	88	1-10	1	0.5	-	0.5	NE	Nil	0.15	186
Steel & Tube	264	-5.1	-0.7	74	0-4	-	1.6	17	0.4	9	10.3	0.48	233
Trust Power Ltd	727	-1.4	-0.1	61	0-3	-	1.6	7	0.3	22	6.8	2.92	2,292
Telecom Corp	225	-4.7	-0.7	73	1-4	1	1.5	15	0.4	10	10.7	0.75	4,190
New Image Group	35	-8.3	-10.5	81	2-4	-	3.7	71	0.9	5	6.1	0.83	82
Wakefield Hlth	704	-10.4	-1.3	83	0-1	1	1.1	11	0.2	10	5.3	1.16	100
Rakon Ltd	103	-10.4	-0.8	83	0-1	-	1.0	3	0.6	29	Nil	0.94	132
Kiwi Property	101	-0.1	-0.6	53	0-1	-	0.9	-	0.4	NE	9.0	4.32	789
Sanford Limited	470	-4.1	-0.1	69	0-1	1	0.8	7	0.2	11	7.0	1.02	440

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(i.e. an income under US$1 per day) or as a "high net worth" individual (i.e. with over US$1 million in financial assets).

In the future, your country of residency, level of education and occupation could be less important in determining your income than whether you are a business owner/shareholder or a simply a "wage slave".

Shares may be "risky, volatile assets" but we consider a diversified share portfolio as the most important "must have" *qualification* for financial success in a changing economic environment.

If you have a high paid job doing Research & Development for Nuplex Industries, then change could leave you without a job next year. If you own Nuplex Industries shares then any changes ahead could have a more favourable impact upon your financial circumstances.

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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	STRENGTH RATING Cur-rent	4-Wk Chg.	Rank 0-99	Insider Buy-Sell	Brokers Following	Price to NTA	Return on Equity	Vola-til-ity	Price Earn. Ratio	Divi-dend Yield	Price Sales Ratio	Market Cap'n
UNDER-VALUED SHARES: Lowest Price/Sales, Yld>0, Rel Strength>0													
Aust Leaders Fd	119	+3.6	-1.4	42	3-0	-	0.9	10	0.7	9	4.2	0.06	80
Ross Human Dir.	33	+12.2	-4.9	21	2-0	-	1.5	22	1.2	7	5.3	0.07	28
Chandler McLeod	26	+38.6	+0.3	4	2-0	1	6.5	-	1.6	NE	5.8	0.12	106
Dexion Ltd	48	+4.1	-0.8	40	2-0	-	-	-	1.0	4	16.7	0.12	62
Adtrans Group	355	+15.0	-1.6	17	7-1	-	1.5	12	0.4	13	4.5	0.13	89
Scott Corp Ltd	30	+9.3	-2.0	26	0-0	-	0.8	8	1.3	11	3.3	0.13	19
Asian Centre LD	10	+16.8	-34.0	15	0-0	-	-	-	2.3	1	20.0	0.15	67
Lindsay Aust	22	+4.3	-3.5	40	0-0	-	1.1	13	1.4	8	7.4	0.15	32
Automotive Hold	229	+15.0	-5.2	17	0-0	-	3.3	15	0.7	21	6.1	0.17	517
Empired Ltd	13	+7.4	-0.8	31	1-0	-	-	-	2.1	11	5.8	0.18	6
PMP Limited	75	+12.3	-4.3	21	3-0	-	1.1	-	0.9	NE	4.0	0.19	252
Tag Pacific	18	+3.4	-6.8	43	0-0	-	0.6	4	1.7	14	4.2	0.19	17
RCR Tomlinson	91	+1.6	-7.1	48	1-2	2	1.1	13	0.8	8	2.7	0.19	114
Merchant House	16	+13.5	+0.7	19	0-0	-	0.5	10	1.8	5	6.5	0.20	15
Brierty Ltd	34	+2.2	-4.2	46	2-0	-	1.1	19	1.3	6	4.4	0.21	37
Tel.Pacific Ltd	13	+9.7	-7.9	26	1-0	-	2.2	41	2.2	5	6.2	0.21	13
Hastie Group	162	+2.6	-1.6	45	2-0	4	-	-	0.7	6	7.4	0.21	378
Koon Holdings	29	+10.2	-2.4	24	5-0	-	0.9	31	1.2	3	2.7	0.22	24
A.P. Eagers	1250	+20.0	+0.7	13	4-0	-	1.5	13	0.2	12	3.5	0.22	375
BSA Ltd	27	+18.0	-10.4	14	1-0	-	9.0	-	1.3	7	7.4	0.22	54
Supply Network	36	+2.6	-10.2	45	1-0	-	0.8	14	1.1	6	8.3	0.23	9
Data 3 Ltd	813	+12.2	-5.2	21	0-2	-	7.0	55	0.4	13	6.2	0.24	125
Ambertech Ltd	60	+5.6	+0.8	36	3-0	-	1.1	10	1.0	10	5.8	0.26	18
Spotless Group	297	+8.8	+1.0	28	1-0	2	-	-	0.5	15	3.7	0.27	650
Lend Lease Grp	866	+3.8	-1.0	42	0-0	1	2.1	-	0.4	NE	4.7	0.28	4,863
Manaccom Corp.	38	+2.1	-9.7	46	1-0	-	12.7	-	1.2	6	3.9	0.28	16
Maxi TRANS	41	+2.8	-2.0	44	4-0	3	1.3	7	1.1	18	2.4	0.29	74
Zicom Group	22	+27.9	-13.4	8	2-0	-	1.0	23	1.8	4	2.8	0.34	45
Village Road.	215	+22.6	-3.1	10	0-0	-	-	-	0.6	7	4.5	0.34	483
Guinness Peat	69	+1.3	+0.2	49	0-5	-	0.8	-	0.8	NE	3.0	0.34	972
Gazal Corp	140	+3.4	-2.6	42	1-0	-	2.3	19	0.6	12	5.7	0.35	85
HGL Limited	114	+7.0	-2.7	32	1-0	-	1.6	-	0.7	NE	10.6	0.35	61
WAM Active Ltd	98	+7.1	-1.2	32	6-0	-	0.8	3	1.0	23	2.1	0.37	15
ITX Group	109	+24.1	-8.7	10	0-0	-	5.0	65	0.8	8	5.5	0.37	55
Embelton Ltd	476	+11.8	-3.9	22	2-0	-	1.2	12	0.3	10	3.5	0.38	10
News Corp.	1806	+10.0	+1.4	25	0-0	1	-	-	0.2	NE	0.8	0.38	14,421
GEO Property	21	+11.3	-0.8	23	0-0	-	0.6	-	1.5	NE	9.8	0.39	88
MacMahon Hold	74	+7.3	+2.9	31	1-0	5	2.0	6	0.9	33	2.0	0.40	543
W'bool Cheese	450	+40.6	+19.1	4	2-0	-	1.9	-	0.4	NE	0.4	0.41	180
Waterco Ltd	100	+10.9	-1.4	23	0-0	-	0.7	6	0.8	13	3.0	0.41	30
Ridley Corp.	110	+7.1	-1.3	32	10-0	3	1.3	5	0.7	26	6.4	0.41	339
Diploma Group	50	+14.1	+5.2	18	3-0	-	8.3	28	1.3	30	2.0	0.42	60
Qantas Airways	277	+6.2	-0.9	34	0-0	2	1.2	2	0.4	54	2.2	0.43	6,274
Downer EDI Ltd	808	+8.4	-5.7	29	1-0	4	3.7	26	0.4	14	3.6	0.46	2,675
Hills Indust.	271	+9.2	+4.8	27	1-0	1	1.9	3	0.6	58	3.7	0.46	554
Nat'l Can	120	+2.8	-1.3	44	0-0	-	0.6	4	0.7	17	3.3	0.46	80
Kresta Holdings	38	+35.0	+12.5	5	4-0	-	2.4	16	1.3	15	2.6	0.46	54
Landmark White	40	+5.6	-1.1	36	0-0	-	4.4	-	1.1	NE	5.0	0.47	11
K&S Corporation	299	+5.9	-1.5	35	1-0	-	1.6	14	0.4	12	4.0	0.47	209
Redcape Prop.	34	+0.9	-4.1	50	1-0	-	0.3	-	1.3	NE	11.9	0.49	53
Colorpak Ltd	48	+7.1	-1.7	32	2-0	-	3.7	53	1.0	7	6.3	0.49	39
CPT Global Ltd	60	+0.4	-13.5	52	0-1	-	2.7	27	0.9	10	9.2	0.50	22
Sunland Group	79	+1.2	+0.9	49	0-0	-	0.7	-	0.9	NE	3.8	0.50	253
Transfield Serv	416	+6.3	-2.9	34	6-0	3	-	-	0.5	14	2.9	0.51	1,719
Alesco Corp Ltd	470	+1.1	-3.3	49	0-0	3	9.6	-	0.7	NE	1.5	0.51	438
UGL Limited	1492	+5.8	+0.8	35	0-0	4	-	-	0.4	17	4.3	0.52	2,452
Corp Express	425	+1.3	+0.3	49	3-0	2	26.6	-	0.4	11	6.2	0.52	713
SDI Limited	25	+1.1	-4.5	49	0-0	1	1.4	15	1.4	10	1.2	0.53	30
Schaffer Corp	640	+9.2	-2.6	27	0-0	-	1.8	22	0.3	8	7.0	0.53	90
Saunders Int'l	38	+7.5	-1.6	31	0-0	-	1.9	21	1.2	9	7.9	0.54	30
Pacific Brands	118	+1.2	-4.2	49	1-0	3	-	-	1.0	NE	7.2	0.55	1,099
Pro-Pac Pack.	34	+22.9	-6.1	10	2-0	-	4.3	24	1.2	18	1.5	0.55	41
Breville Group	185	+5.1	-15.0	37	4-0	1	3.8	25	0.6	15	3.0	0.55	240
Amcor Ltd	591	+7.7	-1.6	30	1-0	2	3.7	14	0.3	25	5.8	0.56	7,194
Rock Build Soc.	265	+5.0	+1.8	37	0-3	-	1.4	12	0.5	12	7.0	0.57	52
Beyond Int'l	75	+10.5	+2.0	24	1-0	-	1.8	17	0.9	10	6.7	0.59	45
Wrigdways Aust	250	+7.7	-2.7	30	0-0	-	11.9	99	0.5	12	6.8	0.64	80
SuperCheap Auto	504	+5.5	-6.2	36	0-0	3	7.3	44	0.5	17	3.6	0.65	537
BEST PERFORMING SHARES: Strongest Shares, P/E<20, P/S<1.0													
Forge Group Ltd	238	+51.7	-22.1	3	0-0	-	5.1	49	0.6	10	1.3	0.96	163
TTA Holdings	9	+37.6	+1.9	5	0-0	-	1.2	19	1.7	6	Nil	0.26	12
Kresta Holdings	38	+35.0	+12.5	5	4-0	-	2.4	16	1.0	15	2.6	0.46	54
Macquarie C Tel	515	+34.8	-2.2	5	0-1	-	2.1	15	0.4	14	Nil	0.41	105
GLG Corporation	39	+34.3	-0.1	6	0-0	-	0.9	8	0.8	11	Nil	0.12	29
Konekt Limited	13	+32.7	-6.7	6	1-1	-	-	-	1.3	8	Nil	0.28	9
TMA Group of Co	3	+32.5	-20.7	6	1-0	-	2.7	27	3.1	10	Nil	0.60	31
Legend Corp.	17	+32.3	-0.0	6	1-0	-	2.8	35	1.2	8	Nil	0.41	37
Credit Corp	290	+31.8	-8.1	6	11-3	-	1.8	16	0.4	11	1.4	0.82	128
Spec Fashion	134	+29.9	-13.2	7	3-0	2	13.4	-	0.7	11	Nil	0.46	255
Zicom Group	22	+27.9	-13.4	8	2-0	-	1.0	23	1.4	4	2.8	0.34	45
Odyssey Gaming	4	+27.9	-22.6	8	0-0	-	0.7	4	2.5	17	Nil	0.12	1
Firstfolio Ltd	6	+27.1	-6.7	8	2-2	-	-	-	2.1	9	Nil	0.62	42
Ideas Intern'l	32	+26.1	+8.0	9	1-0	-	-	-	0.9	6	Nil	0.61	4
Coventry Group	218	+24.5	-9.8	9	6-0	-	0.7	4	0.6	16	Nil	0.20	86
Longreach Group	3	+24.4	-11.9	10	0-0	-	1.6	26	2.8	6	Nil	0.62	9
ITX Group	109	+24.1	-8.7	10	0-0	-	5.0	65	0.7	8	5.5	0.37	55
Pro-Pac Pack.	34	+22.9	-6.1	10	2-0	-	4.3	24	0.8	18	1.5	0.55	41
Village Road.	215	+22.6	-3.1	10	0-0	-	-	-	0.5	7	4.5	0.34	483
Saferoads Hold.	88	+21.6	-2.8	11	3-0	-	2.4	15	0.7	16	Nil	0.40	23
Patties Foods	127	+20.9	-7.3	12	22-0	1	5.5	35	0.5	16	3.5	0.98	176
A.P. Eagers	1250	+20.0	+0.7	13	4-0	-	1.5	13	0.2	12	3.5	0.22	375
Decmil Group	141	+19.6	-3.6	13	1-0	1	7.8	47	0.5	17	Nil	0.57	166
Logicamms Ltd	105	+18.1	+2.5	14	0-0	-	4.0	49	0.7	8	5.2	0.74	38
Autodom Limited	9	+18.0	+2.7	14	0-0	-	0.7	19	2.3	4	Nil	0.05	5
BSA Ltd	27	+18.0	-10.4	14	1-0	-	9.0	-	1.0	7	7.4	0.22	54
Collection Hse	78	+17.3	+2.1	14	5-1	-	0.9	10	0.5	10	6.3	0.74	76
Ausdrill Ltd	202	+17.2	-4.1	15	0-0	2	1.2	13	0.6	9	5.4	0.69	353
Asian Centre LD	10	+16.8	-34.0	15	0-0	-	-	-	1.7	1	20.0	0.15	67
ComOps Limited	12	+16.5	-13.9	15	3-0	-	3.0	60	1.4	5	Nil	0.77	14
Vita Group Ltd	29	+16.3	-13.2	16	3-0	-	-	-	1.0	8	Nil	0.14	41
McPherson's Ltd	300	+15.8	-8.9	16	3-0	1	-	-	0.3	11	Nil	0.59	211
Adtrans Group	355	+15.0	-1.6	17	7-1	-	1.5	12	0.3	13	4.5	0.13	89
Lycopodium Ltd	331	+14.2	-3.6	18	2-1	1	3.6	40	0.3	9	7.6	0.87	128
Dragon Mining	9	+13.7	-7.8	19	0-0	-	-	-	1.8	9	Nil	0.92	64
Merchant House	16	+13.5	+0.7	19	0-0	-	0.5	10	1.3	5	6.5	0.20	15
NRW Holdings	140	+12.9	-13.3	20	2-0	-	3.0	32	0.7	9	1.4	0.69	350
Undercoverwear	35	+12.8	-1.2	20	1-0	-	3.5	34	0.8	10	5.7	0.67	17
Data 3 Ltd	813	+12.2	-5.2	21	0-2	-	7.0	55	0.3	13	6.2	0.24	125
Ross Human Dir.	33	+12.2	-4.9	21	2-0	-	1.5	22	0.9	7	5.3	0.07	28
Embelton Ltd	476	+11.8	-3.9	22	2-0	-	1.2	12	0.3	10	3.5	0.38	10
Rio Tinto Ltd	7501	+11.4	-3.3	22	1-0	4	-	-	0.3	8	0.7	0.92	45,518
Waterco Ltd	100	+10.9	-1.4	23	0-0	-	0.7	6	0.6	13	3.0	0.41	30
Regional Exp.	124	+10.6	+0.5	24	0-1	-	1.2	19	0.6	6	Nil	0.56	140
Beyond Int'l	75	+10.5	+2.0	24	1-0	-	1.8	17	0.7	10	6.7	0.59	45
Koon Holdings	29	+10.2	-2.4	24	5-0	-	0.9	31	0.9	3	2.7	0.22	24
QRSciences Hold	7	+9.9	-6.4	25	3-0	-	1.4	9	1.9	15	Nil	0.57	10
Noni B Limited	140	+9.8	+1.6	25	3-0	-	4.4	22	0.6	20	Nil	0.38	45
Tel.Pacific Ltd	13	+9.7	-7.9	26	1-0	-	2.2	41	1.6	5	6.2	0.21	13
Scott Corp Ltd	30	+9.3	-2.0	26	0-0	-	0.8	8	0.9	11	3.3	0.13	19
Schaffer Corp	640	+9.2	-2.6	27	0-0	-	1.8	22	0.3	8	7.0	0.53	90
Korvest Ltd	560	+9.2	-4.6	27	0-0	-	1.7	19	0.4	9	6.1	0.77	48
Spotless Group	297	+8.8	+1.0	28	1-0	2	-	-	0.4	15	3.7	0.27	650
Bendigo Bank	990	+8.6	+1.5	28	2-1	3	2.5	14	0.3	18	4.3	0.90	3,306
Solco Ltd	10	+8.6	-10.7	28	0-0	-	2.5	23	1.9	11	2.5	0.72	20
Downer EDI Ltd	808	+8.4	-5.7	29	1-0	4	3.7	26	0.4	14	3.6	0.46	2,675
Xtek Ltd	3	+8.4	-11.9	29	3-0	-	0.8	25	2.8	3	Nil	0.19	3
Ascent Pharm.	26	+8.3	+0.0	29	2-0	-	6.5	92	1.2	7	Nil	0.62	65
iiNet	220	+7.9	+3.7	30	6-1	4	-	-	0.4	13	3.6	0.79	332
Selectharvest	439	+7.9	+1.8	30	5-0	3	2.8	27	0.3	10	2.7	0.70	173
Wrigdways Aust	250	+7.7	-2.7	30	0-0	-	11.9	99	0.4	12	6.8	0.64	80
Saunders Int'l	38	+7.5	-1.6	31	0-0	-	1.9	21	0.9	9	7.9	0.54	30
Empired Ltd	13	+7.4	-0.8	31	1-0	-	-	-	1.6	11	5.8	0.18	6
Colorpak Ltd	48	+7.1	-1.7	32	2-0	-	3.7	53	0.7	7	6.3	0.49	39
Bradken Ltd	695	+6.7	-4.5	33	2-4	6	5.3	39	0.5	14	5.3	0.72	882
Tamawood Ltd	270	+6.4	-0.2	33	2-0	-	2.5	23	0.3	11	7.8	0.75	102
Transfield Serv	416	+6.3	-2.9	34	6-0	3	-	-	0.5	14	2.9	0.51	1,719
K&S Corporation	299	+5.9	-1.5	35	1-0	-	1.6	14	0.3	12	4.0	0.47	209
INCOME SHARES: Highest Yields, Capitalisation>A$250 million													
New Hope Corp.	446	-2.2	+1.4	64	4-2	4	1.3	10	0.3	14	18.4	5.20	3,642
Abacus Property	43	+1.8	-2.2	47	3-0	3	0.7	-	0.6	NE	18.2	4.63	642
Aspen Group Ltd	51	+3.1	-4.2	44	0-0	2	0.7	-	0.6	NE	17.8	4.00	281
Intoll Group	120	-6.3	-1.7	74	0-0	2	0.7	-	0.4	NE	16.7	N/A	2,714
Goodman Group	60	+1.1	-0.2	50	1-2	1	0.7	-	0.7	NE	16.1	N/A	3,106
ING Office Fund	63	+3.6	-0.7	42	0-0	1	0.6	-	0.5	NE	15.3	4.86	1,138
Spark Infrastru	125	+8.8	-0.3	27	0-0	2	0.7	1	0.5	132	14.9	5.49	1,256
Ale Property	219	+4.7	-1.6	38	4-2	-	0.7	9	0.3	8	13.7	3.90	288
Envestra	54	+1.0	+0.6	50	1-0	2	-	-	0.6	2	13.6	1.80	699
DUET Group	185	+4.0	-0.8	41	0-1	-	1.1	-	0.4	NE	13.0	1.52	1,589
Chart H Office	29	+1.8	-2.4	47	0-0	-	0.6	-	0.8	NE	12.9	3.81	1,329
Cromwell Group	70	+2.6	-5.0	45	5-0	1	0.9	-	0.5	NE	12.9	3.54	492
SP Ausnet	93	+3.5	+1.4	42	0-1	2	1.0	8	0.4	13	12.7	1.69	2,902
Chal Div Prop	55	+4.5	+0.5	39	2-0	-	0.6	8	0.6	8	12.3	3.73	466
Chal Infra Fund	164	-0.7	-4.3	59	0-0	-	-	-	0.4	NE	12.2	1.13	552
Chart H Retail	59	+2.8	-0.5	44	0-0	-	0.8	-	0.5	NE	11.9	4.18	864
ING Indust Trt	46	+0.1	-0.8	53	2-0	1	0.5	-	0.6	NE	11.6	1.76	516

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Company	Share Price	STRENGTH RATING Current	STRENGTH RATING 4-Wk Chg.	Rank 0-99	Insider Buy-Sell	Brokers Following	Price to NTA	Return on Equity	Volatility	Price Earn. Ratio	Dividend Yield	Price Sales Ratio	Market Cap'n
Aneka Tambang	114	-1.6	+2.0	61	1-0	-	-	-	0.8	NE	10.6	N/A	2,175
Australand Prop	49	-0.1	-2.5	55	1-0	-	0.5	-	0.6	NE	10.2	2.06	1,413
Ardent Leisure	142	+7.4	-3.1	31	4-0	-	1.2	-	0.5	NE	10.1	0.93	342
Hast Div Util	124	+6.3	+1.7	34	0-0	2	0.6	-	0.6	NE	9.7	4.54	613
Telstra	291	-1.8	-2.4	63	1-0	5	9.1	93	0.3	10	9.6	1.46	36,209
Tabcorp Holding	693	-1.1	-0.8	60	0-0	2	-	-	0.2	8	9.4	0.99	4,184
Dexus Property	83	+2.7	-0.4	45	0-0	2	0.8	-	0.5	NE	8.8	5.02	3,902
Tatts Group Ltd	240	-2.8	+0.1	65	1-0	3	-	-	0.4	11	8.8	0.94	3,048
INSIDER BUYING: Most Insider Buying, Relative Strength > 0													
Patties Foods	127	+20.9	-7.3	12	22-0	1	5.5	35	0.4	16	3.5	0.98	176
Magellan Fin Gp	91	+12.9	-0.8	20	13-1	-	1.4	-	0.5	NE	Nil	N/A	133
Mindax Limited	45	+5.8	-5.2	35	11-0	-	-	-	0.5	NE	Nil	N/A	58
Cazaly Res Ltd	36	+25.2	+6.0	9	11-0	-	-	-	0.8	NE	Nil	N/A	30
Ridley Corp.	110	+7.1	-1.3	32	10-0	3	1.3	5	0.4	26	6.4	0.41	339
Amalgamated Hld	564	+6.9	-1.6	32	9-0	-	1.3	12	0.2	11	5.7	1.07	883
PPK Group Ltd	45	+10.2	-0.9	24	9-0	-	0.7	2	0.6	48	5.6	5.36	26
National Hire	200	+1.0	-4.3	50	9-0	-	0.9	7	0.4	12	Nil	2.78	297
CSG Ltd	180	+29.4	-11.4	7	8-0	-	-	-	0.6	14	2.5	1.60	315
Credit Corp	290	+31.8	-8.1	6	11-3	-	1.8	16	0.3	11	1.4	0.82	128
APA Group	343	+6.3	-0.7	34	7-0	3	2.9	13	0.2	22	3.4	1.80	1,710
Garratt's Ltd	50	+10.7	-4.1	23	7-0	-	3.8	33	0.5	12	Nil	1.19	20
Image Resources	85	+15.1	+0.3	17	7-0	-	-	-	0.7	NE	Nil	N/A	63
Cape Range Ltd	1	+0.1	-12.0	53	7-0	-	-	-	4.3	NE	Nil	N/A	4
Chalice Gold	40	+7.2	-19.5	32	7-0	-	-	-	0.9	NE	Nil	N/A	29
Cadence Capital	76	+4.9	-3.6	38	8-1	-	0.9	-	0.6	NE	2.6	N/A	21
Bell Financial	116	+11.1	-9.1	23	6-0	-	4.3	42	0.6	10	6.9	1.36	281
WAM Active Ltd	98	+7.1	-1.2	32	6-0	-	0.8	3	0.6	23	2.1	0.37	15
Macarthur Coal	1169	+17.1	-0.5	15	6-0	3	2.9	16	0.2	18	1.1	4.28	2,973
Tidewater Inv	30	+12.3	-6.7	21	6-0	-	1.6	-	0.7	NE	Nil	2.06	7
Terrain Mineral	5	+6.2	-20.0	34	6-0	-	-	-	1.7	NE	Nil	N/A	6
Antares Energy	69	+73.4	-1.8	2	6-0	-	-	-	0.7	208	Nil	N/A	126
Clime Inv Mgmt	43	+9.9	-4.8	25	6-0	-	1.1	-	0.7	NE	0.8	7.39	21
Entek Energy	22	+21.0	-7.8	12	6-0	-	-	-	0.9	34	Nil	6.45	37
Transfield Serv	416	+6.3	-2.9	34	6-0	3	-	-	0.4	14	2.9	0.51	1,719
Coventry Group	218	+24.5	-9.8	9	6-0	-	0.7	4	0.6	16	Nil	0.20	86
Talent2 Int'l	136	+6.1	-4.4	34	7-1	1	11.3	-	0.5	NE	Nil	0.75	172
Adtrans Group	355	+15.0	-1.6	17	7-1	-	1.5	12	0.2	13	4.5	0.13	89
Healthscope	421	+1.3	-3.4	49	8-2	4	70.2	-	0.2	15	5.1	0.65	1,083
Kentor Gold Ltd	13	+22.9	-22.1	10	5-0	-	-	-	1.4	NE	Nil	N/A	12
Growthpoint Pro	180	+0.7	+2.8	51	5-0	-	5.3	-	0.4	NE	1.8	1.13	62
Soul Pattinson	1293	+6.0	-2.4	35	5-0	1	1.3	10	0.2	14	2.5	3.98	3,086
Selectharvest	439	+7.9	+1.8	30	5-0	3	2.8	27	0.2	10	2.7	0.70	173
Wavenet Int'l	11	+33.7	-30.5	6	5-0	-	0.8	1	1.7	55	Nil	5.68	6
Wattyl Ltd	87	+4.5	-10.0	39	5-0	2	0.8	-	0.4	NE	Nil	0.19	74
Funtastic Ltd	21	+3.6	-6.2	42	5-0	-	4.2	-	0.9	NE	Nil	0.09	35
Matsa Resources	38	+42.3	-7.1	4	5-0	-	-	-	0.9	NE	Nil	N/A	60
Koon Holdings	29	+10.2	-2.4	24	5-0	-	0.9	31	0.6	3	2.7	0.22	24
Cromwell Group	70	+2.6	-5.0	45	5-0	1	0.9	-	0.4	NE	12.9	3.54	492
Magnetic Res.	46	+87.0	+21.7	1	5-0	-	-	-	0.7	NE	Nil	N/A	27
Paragon Care	3	+10.4	+1.5	24	5-0	-	3.0	-	2.0	NE	Nil	6.00	7
Vmoto Ltd	14	+16.1	-15.5	16	5-0	-	14.0	-	1.1	NE	Nil	1.03	50
Gt Western Exp.	14	+27.3	-31.4	8	5-0	-	-	-	1.0	NE	Nil	N/A	8
Treasury Group	600	+5.5	+0.6	36	5-0	-	2.8	10	0.3	28	3.3	N/A	138
Red Hill Iron	350	+16.1	-6.0	16	5-0	-	-	-	0.5	NE	Nil	N/A	143
Cyclopharm Ltd	11	+7.5	+1.8	31	6-1	-	2.2	21	1.1	11	Nil	1.72	19
Finbar Group	107	+10.2	+1.6	24	6-1	-	1.9	24	0.4	8	6.5	2.78	152
IiNet	220	+7.9	+3.7	30	6-1	4	-	-	0.3	13	3.6	0.79	332
Kip McGrath EC	38	+9.5	-2.7	26	4-0	-	-	-	0.7	6	5.3	1.30	8
A.P. Eagers	1250	+20.0	+0.7	13	4-0	-	1.5	13	0.1	12	3.5	0.22	375
Kresta Holdings	38	+35.0	+12.5	5	4-0	-	2.4	16	0.7	15	2.6	0.46	54
Vita Life Sci.	23	+14.1	+0.1	18	4-0	-	3.8	12	1.0	32	Nil	0.78	13
Clever Com Aust	6	+20.2	-8.7	12	4-0	-	6.4	27	1.4	24	Nil	0.54	8
Wellcom Group	220	+4.1	-3.6	40	4-0	1	5.0	39	0.4	13	5.5	1.09	86
Chrysalis Res.	27	+6.3	-6.0	34	4-0	-	-	-	0.9	NE	Nil	N/A	11
Blackthorn Res.	79	+58.3	-23.6	2	4-0	-	-	-	0.6	NE	Nil	N/A	606
Intermin Res	18	+6.8	-2.2	32	4-0	-	-	-	1.1	NE	Nil	5.14	17
Dulhunty Power	4	+4.3	-1.4	40	4-0	-	0.9	-	2.0	NE	Nil	0.25	5
AMA Group Ltd	6	+6.4	+2.5	34	4-0	-	-	-	1.4	NE	Nil	0.23	10
Flight Centre	1974	+22.7	-4.6	10	4-0	3	10.3	20	0.2	52	0.5	1.15	1,968
Drillsearch	7	+25.7	-20.5	9	4-0	-	1.8	-	1.6	NE	Nil	8.11	126
Goodman Fielder	150	+2.1	-1.3	46	4-0	2	-	-	0.4	11	7.0	0.82	2,026
Tishman Speyer	38	+7.3	-0.2	31	4-0	-	0.7	-	0.6	NE	Nil	0.64	127
Oakton Limited	305	+6.8	-9.0	33	4-0	3	-	-	0.6	19	0.7	1.42	275
Refresh Group	8	+1.2	-0.2	49	4-0	-	1.3	-	1.3	NE	Nil	0.85	5
Cool or Cosy	11	+3.1	-4.4	43	4-0	-	-	-	1.2	NE	Nil	0.79	7
Energy One Ltd	15	+33.2	-0.5	6	4-0	-	-	-	1.1	NE	Nil	1.51	3
Ardent Leisure	142	+7.4	-3.1	31	4-0	-	1.2	-	0.5	NE	10.1	0.93	342
Ludowici Ltd	285	+18.5	-0.7	14	4-0	-	1.2	2	0.3	53	2.8	1.52	243
Truscott Mining	9	+7.4	-10.7	31	4-0	-	-	-	1.5	NE	Nil	N/A	5

D i v i d e n d $

Company	Cents per Share	Ex-Date	Payable	Tax Credit
Air New Zealand	3.00	15-03	26-03	Full
Auckland Int'l Airport	3.75	17-03	31-03	Full
CDL Investments	0.20	20-04	14-05	Full
CDL Investments special	1.00	20-04	14-05	Full
Cavalier Corporation	4.00	05-03	19-03	Full
Colonial Motor Company	6.00	01-04	12-04	Full
Fletcher Building	14.00	31-03	21-04	3.00
Freightways	7.00	12-03	31-03	Nil
ING Properties	2.012	05-03	19-03	0.137
Kiwi Income Properties	3.75	-	-	Full
Lyttelton Port Company	1.50	19-03	26-03	Full
Michael Hill International	1.50	25-03	01-04	Nil
Millennium & Copthorne	1.20	07-05	14-05	Full
Northland Port	2.50	26-02	05-03	Full
Nuplex Industries	10.00	18-03	01-04	Nil
Property For Industry	2.425	08-03	18-03	0.439
Pumpkin Patch	4.50	08-04	22-04	Full
Skellerup Holdings	2.00	19-03	31-03	Full
Sky Citny Entertainment	8.00	19-03	01-04	Full
South Port NZ	4.50	19-02	03-03	Full
Steel & Tube Holdings	3.50	12-03	31-03	Full
Telecom NZ	6.00	26-02	12-03	Nil
Turners Auctions	7.00	23-03	30-03	Full
Australian Shares				
Ammtec	6.50	01-04	30-04	
Breville Group	6.00	12-03	01-04	
Cardno	14.00	05-03	26-03	
Fiducian Portfolio Serv	3.75	25-02	15-03	
Integrated Research	1.50	22-02	12-03	
Integrated Research spec	0.50	22-02	12-03	
M2 Telecommunications	5.00	16-03	14-04	
Melbourne IT	8.00	17-03	15-04	
Photon Group	3.00	15-03	30-03	
Probiotec	1.50	26-02	18-03	
Prophecy International	2.00	23-02	17-03	
Ross Human Directions	1.50	01-03	26-03	
TFS Corporation	1.25	31-05	18-06	
The Reject Shop	39.00	25-03	19-04	

Total Return Index for All Listed Shares

Date	Index	Date	Index
Feb 8	1408.38	Feb 15	1389.48
Feb 9	1404.69	Feb 16	1396.53
Feb 10	1404.94	Feb 17	1401.14
Feb 11	1399.61	Feb 18	1404.63
Feb 12	1398.39	Feb 19	1407.24
Feb 22	1405.81	Mar 1	1406.65
Feb 23	1406.56	Mar 2	1411.15
Feb 24	1402.33	Mar 3	1408.08
Feb 25	1413.91	Mar 4	1412.54
Feb 26	1408.34	Mar 5	1413.11

Next Issue:

The next issue of *Market Analysis* will be emailed in five weeks time on Monday April 12, 2010.

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