

Market Analysis

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Inside Market Analysis

Ammtec rejects Takeover offer from Campbell Brothers 4
 Atlas South Sea Pearl buys competitor 5
 Cardno acquires three companies 5, 6

Integrated Research software to be distributed by major international payments company 7
 Probiotec expands UK distribution 7
 US institution makes a major investment in TFS Corporation's Indian Sandalwood plantations 8

Founder: James R Cornell (B.Com.)

Summary and Recommended Investment Strategy.

Remain fully invested in the recommended shares.

Investment Outlook.

Just a year ago we were all being told (probably by people who have never owned a share in their life and with little or no financial net worth) that the *Global Financial Crisis* (GFC) would lead to another Great Depression worse than the *real* Great Depression of the 1930's! Well, that didn't quite work out as they expected, did it?

Now we have "GFC 2.0" which we are informed will lead to . . . you guessed it . . . another Great Depression! We won't bring up inconvenient facts such as the global economy is actually *growing* (although not *as fast* as many people would like).

"GFC 2.0"? Who thinks up these names? It sounds like something that the marketing department of a news organisation would come up with to boost newspaper sales or Financial News TV subscriptions! But seriously, a sequel makes a lot of financial sense. You don't need to waste money on journalists, just pull up last year's script, cross out "Lehman Brothers" and "Sub-Prime Debt" and substitute "Greece" and "Sovereign Debt".

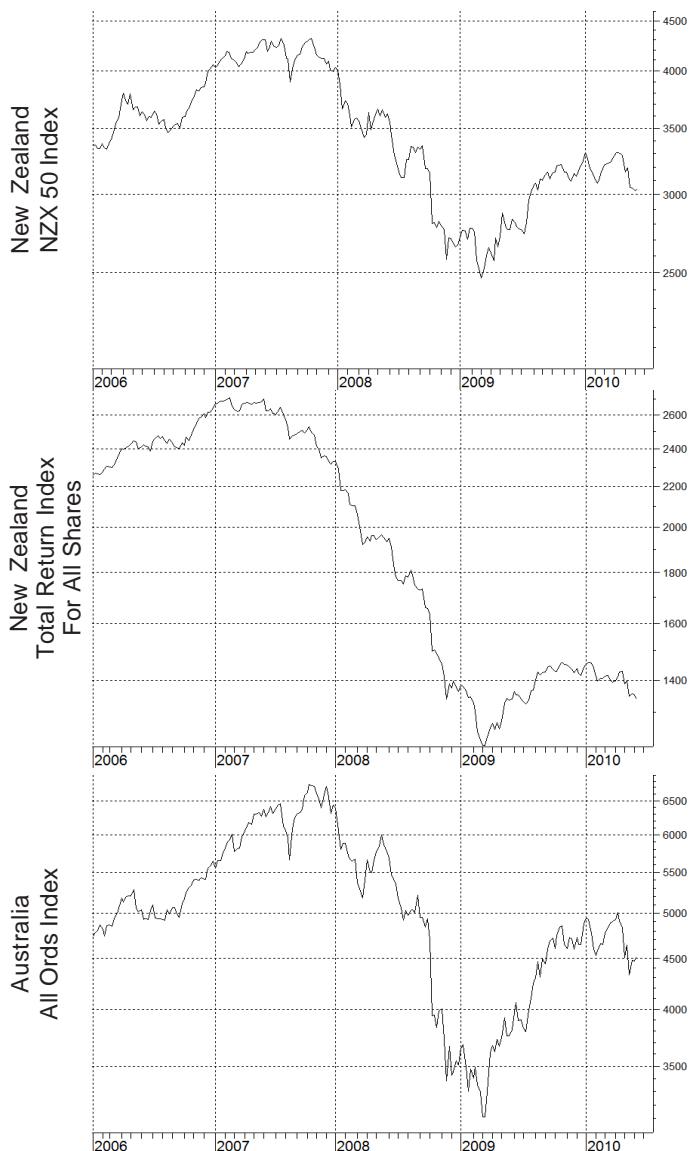
A Banking crisis or a Sovereign Debt crisis have historically happened about five times per decade - about every couple of years - so there is nothing new here. The current problem is just a little more widespread and a bit closer to home. Banks in emerging economies have largely avoided these problems and most emerging economies do not have large government debts or unfunded pension liabilities.

So, is it safe to venture out onto world stockmarkets? Perhaps we should ask: Is it *ever* safe . . . ? There are two important answers to that question:

Firstly, if you have some money or can save some money - and you want to build your investment wealth - then you have no choice! You won't get rich stuffing cash under your mattress or lending it at low interest rates - where its value will be eroded by income taxes and inflation. And are fixed interest investments with Finance Companies, Banks or Governments safe? If you want to build your wealth then you need to invest in shares. Shares are also the *(Continued on Page 12)*

Stockmarket Forecasts

	One-Month	One-Year
Australia:	74% (Bullish)	40% (Neutral)
New Zealand:	61% (Bullish)	35% (Bearish)



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.

	Forecast	Price	Price/Sales Ratio	P/E Ratio	Gross Yield		Forecast	Price	Price/Sales Ratio	P/E Ratio	Gross Yield		Forecast	Price	Price/Sales Ratio	P/E Ratio	Gross Yield
AMP Limited	C	700	1.12	18	2.9	Jasons Media	C	46	0.67	9	4.9	Pyne Gould Corp	E	44	0.30	NE	Nil
AMP Onyx Mgmt	D	71	5.30	NE	9.7	Just Water Int.	D	25	0.58	12	22.0	Rakon Ltd	D	90	1.19	NE	Nil
Abano Health	C	501	0.62	12	6.3	Kathmandu Ltd	C	191	N/A	NE	Nil	Renaissance	B	24	0.05	NE	Nil
Affco Holdings	E	37	0.17	7	Nil	Kermadec Prop.	D	45	3.06	NE	11.1	Restaurant Brds	A	235	0.72	12	7.6
Air New Zealand	B	117	0.27	59	7.9	Kingfish Ltd	A	86	N/A	3	11.2	Rubicon Limited	E	79	0.42	NE	Nil
Akd Int Airport	B	187	6.26	55	6.3	Kirkcaldie & St	A	275	0.62	27	4.2	Ryman Health	B	213	9.68	14	4.1
Allied Farmers	E	5.0	0.02	NE	Nil	Kiwi Property	D	91	3.90	NE	9.3	Salvus Strat.	C	75	N/A	NE	Nil
Allied Work.	C	80	0.30	10	8.0	Life Pharmacy	C	35	3.26	NE	Nil	Sanford Limited	C	424	0.92	10	7.7
Barramundi Ltd	C	67	N/A	NE	2.6	Lombard Group	E	3.0	0.40	NE	Nil	Satara Co-op	C	60	0.17	11	4.8
Blis Technology	E	9.5	7.25	NE	Nil	Lytelton Port	B	231	2.80	23	3.0	Savoy Equities	E	1.2	N/A	NE	Nil
Briscoe Group	A	123	0.63	12	8.1	Mainfreight Grp	A	611	0.53	17	4.3	Scott Tech. Ltd	C	118	1.18	NE	1.2
Broadway Ind	C	30	0.39	NE	Nil	Marlin Global	C	89	N/A	15	3.2	Sealegs Corp	D	20	1.64	NE	Nil
Burger Fuel	C	30	3.37	NE	Nil	Media Tech.	D	4.0	0.63	4	Nil	Seeka Kiwifruit	C	305	0.36	NE	9.4
CDL Investments	E	27	N/A	52	1.1	Methven Limited	B	165	0.85	14	9.5	Skellerup Hold.	B	68	0.57	11	5.3
CER Group Ltd	D	1.3	0.70	NE	Nil	Metro. LifeCare	E	200	4.18	NE	Nil	Sky Network TV	C	457	2.57	20	4.4
Canty Bldg Soc.	B	300	0.99	18	4.0	Michael Hill	B	70	0.65	15	4.2	Sky City Ltd	C	290	1.99	14	7.6
Cavalier Corp	B	250	0.68	12	8.6	Mid-Cap Index	C	211	N/A	NE	Nil	Smartpay NZ Ltd	D	3.3	0.71	NE	Nil
Cavotec MSL	B	265	0.67	17	1.1	Millennium & C.	C	42	1.35	12	4.1	Smiths City	C	32	0.07	17	6.3
Charlie's Group	E	8.2	0.77	NE	Nil	Mowbray Collect	E	80	2.42	NE	Nil	Sol. Dynamics	D	48	0.47	NE	Nil
Col Motor Co	A	215	0.14	14	10.0	NZ Experience	B	32	1.35	13	10.0	South Port NZ	B	258	3.47	21	5.7
Comvita	A	240	0.77	13	4.8	NZ Exchange Ltd	D	150	4.23	75	6.2	Speirs Group	D	35	0.32	NE	Nil
Connexion	C	10	0.67	NE	Nil	NZ Finance Hold	E	20	0.47	NE	Nil	Steel & Tube	B	240	0.44	8	11.3
Contact Energy	B	584	1.26	29	6.8	NZ Farming Sys.	E	45	4.49	NE	Nil	Sthn Travel	D	10	0.07	NE	Nil
Cynotech Hold.	D	5.0	0.44	NE	Nil	NZ Oil & Gas *	N/R	143	4.00	10	5.0	Tag Pacific Ltd	E	22	0.14	10	4.3
Delegat's Group	C	155	0.68	5	7.4	NZ Refining Co	C	327	3.66	39	Nil	TeamTalk Ltd	C	197	1.30	10	14.5
Dominion Fin.	C	1.0	0.01	0149	3.3	NZ Windfarms	E	23	4.69	NE	Nil	Telecom Corp	C	191	0.64	9	12.6
Dorchester Pac	C	15	0.32	NE	Nil	NZ Wine Company	C	140	0.97	9	4.1	Tenon Ltd	C	90	0.12	NE	Nil
Ebos Group Ltd	A	610	0.22	15	5.9	NZ Wool Service	D	31	0.14	NE	Nil	Tourism Hold.	D	83	0.48	NE	Nil
Ecoya Ltd	D	89	7.52	NE	Nil	NZSX 10 Fund	D	81	N/A	NE	Nil	Tower Limited	B	186	0.92	10	6.9
F & P Appliance	E	55	0.34	NE	Nil	NZSX 50 Port.	C	125	N/A	NE	Nil	Training Sol.	E	0.1	5.00	NE	Nil
F & P Health.	B	323	3.29	23	5.5	NZX Aust MidCap	C	499	N/A	NE	Nil	Trust Power Ltd	B	715	2.97	19	7.6
Finzsoft Sol'n	C	25	0.29	8	Nil	Nat Property Tr	C	53	3.64	NE	8.5	Turners & Grow.	C	141	0.25	17	7.1
Fletcher Build.	A	810	0.69	14	5.8	New Image Group	C	38	0.90	6	5.6	Turners Auction	A	140	0.54	12	12.2
Freightways Ltd	B	285	1.25	12	8.3	Northland Port	B	165	N/A	25	4.8	VTL Group Ltd	B	1.5	0.01	0	Nil
Genesis Res.	E	3.1	5.44	NE	Nil	Nuplex Indust	B	293	0.37	33	1.7	Vector Ltd	B	211	1.79	12	9.3
Goodman Prop.	D	92	5.95	NE	9.2	Opus Int'l Cons	D	162	N/A	NE	Nil	WN Drive Tech.	D	9.2	2.32	NE	Nil
Guinness Peat	D	67	0.46	NE	3.3	Oyster Bay	C	170	1.30	10	5.9	Wakefield Hlth	A	740	1.36	17	3.5
GuocoLeisure	C	53	1.17	7	3.0	Ozzy (Tortis)	C	342	N/A	NE	Nil	Warehouse Group	B	355	0.64	14	8.5
Hallenstein G.	A	345	1.04	16	8.7	PGG Wrightsons	E	56	0.14	NE	Nil	Widespread Port*/N/R	14	N/A	5	Nil	
Hellaby Hold.	B	165	0.17	16	5.2	Pac Edge Bio.	E	28	N/A	NE	Nil	Windflow Tech.	D	90	0.34	NE	Nil
Heritage Gold *	N/R	2.5	N/A	NE	Nil	Pike River Coal	D	95	N/A	NE	Nil	Wool Equities	C	17	N/A	NE	Nil
Horizon Energy	B	337	2.77	14	7.2	Port Tauranga	B	680	6.34	20	5.7	World Index Fd	C	105	N/A	NE	Nil
ING Med. Prop.	C	122	0.00	NE	7.0	Postie Plus Grp	C	37	0.13	24	Nil	Xero Ltd	D	145	N/A	NE	Nil
ING Property	D	70	4.84	NE	10.7	Property F Ind.	D	115	7.85	NE	7.9	Zintel Comm.	D	29	0.32	58	12.3
Infratil NZ	B	162	0.50	32	3.3	Propertyfinance	D	3.0	0.05	NE	Nil	Ave of 136 Cos	C	153	0.00	6	4.9
Inv Research Gr	E	1.1	0.42	NE	Nil	Pumpkin Patch	B	208	0.84	NE	4.5						

AGL Energy Ltd	B	1486	1.13	9	3.6	Crown Ltd	B	813	2.73	25	4.6	OM Holdings	B	165	2.88	30	1.2
AMP Ltd	B	567	0.99	16	2.8	DUET Group	C	171	1.40	NE	14.1	OZ Minerals Ltd	D	102	5.23	NE	Nil
ANZ Bank	A	2304	3.75	38	4.4	David Jones	B	445	1.12	14	6.3	Oil Search Ltd	B	589	N/A	51	1.5
APA Group	A	360	1.89	23	3.3	Deutsche Div Tr	A	131	6.10	14	7.1	Onesteele Ltd	B	306	0.56	18	3.3
APN News Media	A	226	1.31	15	1.8	Dexus Property	C	83	4.98	NE	8.8	Orica Ltd	A	2599	1.26	17	3.7
ASX Limited	A	3079	6.31	17	5.4	Jerriswarrah	C	395	N/A	NE	6.6	Origin Energy	B	1553	1.68	26	3.2
AWE Limited	B	213	1.88	13	Nil	Downer EDI Ltd	B	446	0.25	8	6.5	Pacific Brands	C	92	0.43	NE	9.2
AXA Asia Pac	A	570	1.93	17	3.2	Energy Resource	B	1391	3.40	10	2.8	Paladin Energy	D	395	N/A	NE	Nil
Adelaide Bright	A	272	1.75	75	5.0	Equinox Min.	C	437	N/A	NE	Nil	Panaust Ltd	C	48	3.57	65	Nil
Alumina Ltd	C	157	N/A	NE	1.3	Extract Res.	D	700	N/A	NE	Nil	Perpetual Ltd	B	3084	3.50	35	3.2
Amalgamated Hld	A	570	1.08	11	5.6	Fairfax Media	C	146	1.32	NE	1.4	Platinum Asset	B	500	N/A	22	4.0
Ancor Ltd	B	631	0.60	27	5.4	Flight Centre	A	1744	1.01	46	0.5	Premier Invest	B	618	1.07	11	8.9
Ancian Res.	C	333	N/A	NE	Nil	Fortescue Metal	C	411	5.60	20	Nil	Primary Health	B	391	1.27	14	3.6
Aneka Tambang	B	120	N/A	NE	10.0	Foster's Group	B	576	2.37	25	4.7	Q.B.E. Insur.	B	1910	1.13	10	6.7
Ansell Ltd	A	1270	1.27	14	2.2	GPT Group	B	278	9.44	44	1.6	Qantas Airways	B	241	0.38	47	2.5
Aquarius Plat.	C	627	7.31	NE	Nil	GWA Internat'l	B	325	1.43	20	5.5	REA Group Ltd	A	1024	7.77	NE	1.0
Aquila Res.	D	872	N/A	NE	Nil	Gloucester Coal	A	1241	3.32	12	1.1	Ramsay Health	A	1472	0.80	24	2.6
Argo Investment	C	593	N/A	NE	4.6	Goodman Fielder	B	135	0.74	10	7.8	Reece Australia	A	2434	1.61	25	2.1
Aristocrat Leis	C	406	2.38	NE	5.9	Goodman Group	C	66	N/A	NE	14.6	Rio Tinto Ltd	B	6910	0.85	8	0.7
Arrow Energy	B	488	N/A	10	Nil	Graincorp	B	565	0.65	18	1.3	Riversdale Min.	C	1027	N/A	NE	Nil
Asciano Group	D	158	0.65	NE	Nil	Harvey Norman	B	342	2.52	17	3.2	S/Tracks ASX200A	A	4280	N/A	NE	4.3
Austar United	C	102	1.89	22	Nil	Healthscope	A	534	0.83	19	4.0	SP Ausnet	A	83	1.67	11	9.7
Australand Prop	B	244	2.05	NE	2.0	Henderson Group	A	228	3.63	72	4.8	Santos Ltd	B	1350	5.15	26	3.1
Aust Infra.	B	175	8.64	10	7.4	Hutchison Tel.	C	9.5	1.61	NE	Nil	Seek Ltd	A	745	N/A	45	1.2
Aust Foundation	B	482	N/A	46	4.4	ING Office Fund	C	58	4.44	NE	16.8	Seven Network	A	741	N/A	NE	4.6
BHP Billiton	B	3858	2.08	NE	2.6	IOOF Holdings	A	611	3.80	89	0.7	Sims Metal Mgmt	C	1869	0.39	NE	2.0
Bank of Q'land	A	1133	1.04	16	4.6	Iluka Resources	B	500	3.57	NE	Nil	Sonic Health	B	1080	1.38	24	5.3
Bendigo Bank	A	891	0.81	16	4.8	Incitec Pivot	B	297	1.40	NE	1.5	Soul Pattinson	B	1284	3.95	14	2.5
Billabong Int'l	A	970	1.46	16	4.6	Insurance Aust.	B	346	0.93	40	2.9	Spark Infrastru	B	114	4.13	10	11.9
Bluescope Steel	C	228	0.40	NE	2.2	Intoll Group	C	109	N/A	NE	18.4	Stockland	B	394	4.86	5	8.6
Boart Longyear	D	282	1.18	NE	Nil	Iress Mkt Tech	A	883	6.38	26	3.9	Straits Res.	B	123	1.64	8	7.8
Boral Limited	B	530	0.64	22	2.5	JB Hi-Fi Ltd	B	1967	0.91	22	2.2	Suncorp-Metway	B	835	0.71	30	4.8
Bradken Ltd	A	702	0.73	14	5.3	James Hardie	C	690	2.27	NE	Nil	TPG Telecom Ltd	A	215	3.14	86	0.9
Brambles Ltd	B	615	1.73	16	4.9	Kardoon Gas	C	754	N/A	NE	Nil	Tabcorp Holding	B	665	0.95	8	9.8
Brickworks Ltd	B	1230	2.75	5	3.2	Kingsgate Cons.	A	997	8.40	29	1.5	Tatts Group Ltd	B	231	0.90	11	9.1
C.W.R. Prop Off.	C	97	5.94	NE	8.9	Leighton Hold	B	3158	0.71	21	3.6	Telstra	B	319	1.60	11	8.8
C.S.R. Ltd	B	168	0.68	15	5.1	Lend Lease Grp	C	754	0.24	NE	5.4	Ten Network	D	175	2.02	NE	Nil
CFS Retail Prop	C	199	8.94	NE	6.3	Lihir Gold Ltd	A	422	8.21	50	0.5	Toll Holdings	B	586	0.73	16	4.3
CSL Limited	B	3377	4.02	18	2.1	MApp Group	C	285	4.37	NE	7.4	Tower Australia	B	219	0.95	17	2.4
Catex Austrlia	A	1079	0.16	9	2.3	Macarthur Coal	B	1160	4.24	18	1.1	Transfield Serv	B	341	0.42	11	3.5
Campbell Bros	A	2933	2.24	25	3.4	Macquarie Group	B	4472	2.32	15	4.2	Transurban Grp	C	449	5.14	NE	4.9
Carsales.com	A	485	N/A	94	2.7	Metcash Ltd	B	426									

Recommended Investments

Michael Hill International is to close eight of the 17 stores acquired in the United States in July 2008, retaining nine stores in the greater Chicago area. The stores will be closed before the end of June, with closure costs (i.e. lease terminations and staff entitlements) of US\$1.8 million. The remaining nine stores will be refurbished immediately (Continued on Page 4)



Portfolio of Recommended Investments

CURRENT ADVICE	Company	Code	Initial Recommendation - Date -	Price	Performance Forecast	Issued Shares (mil.)	Vola- tility Ratio	Price/ Sales Ratio	Price/ Earnings Ratio	Gross Dividend Yield	Recent Share Price	Cash Dividends Rec'd	Total Return %
<u>NZ Shares</u>													
HOLD+	CDL Investments Ltd	CDI	12/01/99	25	E	243.4	1.5	12.74	52	1.1	27	29.9	+128%
HOLD+	Cavalier Corporation	CAV	05/12/95	156*	B	67.1	1.0	0.68	12	8.6	250	249.0	+220%
HOLD	Colonial Motor Company	CMO	10/11/92	128*	A	32.7	0.5	0.14	14	10.0	215	307.3	+308%
HOLD	Lytelton Port Company	LPC	12/12/00	150	B	102.3	0.6	2.80	23	3.0	231	74.8	+104%
BUY	Michael Hill Int'l Ltd	MHI	11/06/91	5*	B	382.5	0.9	0.65	15	4.2	70	29.4	+1888%
HOLD+	Nuplex Industries Ltd	NPX	11/02/97	523*	B	189.8	1.1	0.37	33	1.7	293	377.0	+28%
HOLD	Postie Plus Group	PPG	08/05/06	71	C	40.0	1.6	0.13	24	Nil	37	8.5	-36%
HOLD	Renaissance Corp	RNS	13/08/96	85*	B	44.2	1.8	0.05	NE	Nil	24	53.9	-8%
HOLD	Smiths City Group	SCY	09/10/06	64	C	53.0	1.6	0.07	17	6.3	32	12.0	-31%
HOLD	South Port New Zealand	SPN	13/02/96	120	B	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	0.44	8	11.3	240	234.5	+225%
<u>Australian Shares</u> (in Aust cents)													
BUY	AJ Lucas Group	AJL	13/05/03	120	B	64.9	0.6	0.34	14	6.0	265	41.0	+155%
BUY	Ammtec Ltd	AEC	11/01/10	257	A	25.5	0.5	1.54	12	4.8	335	6.5	+33%
HOLD+	Atlas South Sea Pearl	ATP	14/05/96	73	D	89.2	2.0	1.61	NE	Nil	13	17.5	-59%
HOLD	Breville Group Ltd	BRG	13/11/06	171	A	129.5	0.6	0.63	17	2.6	211	22.0	+36%
HOLD	Campbell Brothers Ltd	CPB	12/10/99	389*	A	63.0	0.3	2.24	25	3.4	2933	484.0	+778%
BUY	Cardno Ltd	CDD	14/12/09	410	B	84.3	0.5	0.64	10	7.2	390	14.0	-1%
HOLD	Cellnet Group Ltd ¹	CLT	12/02/02	147*	C	76.8	1.3	0.27	NE	Nil	31	32.4	-53%
BUY	Challenger Wine Trust	CWT	12/01/09	30	C	170.3	1.6	1.12	NE	32.3	22	5.7	-8%
HOLD-	Charter Hall Group	CHC	06/04/09	30*	C	977.3	0.9	7.57	NE	7.6	65	2.6	+125%
HOLD+	Circadian Technologies	CIR	10/02/04	188	C	45.2	1.0	8.78	NE	Nil	60	65.0	-34%
HOLD+	Clarius Group Ltd	CND	08/04/03	82*	C	79.7	1.0	0.14	24	Nil	66	65.5	+60%
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*	A	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	2.0	0.20	28	Nil	14	Nil	-71%
BUY	Fiducian Portfolio Ser	FPS	11/02/08	260	B	32.4	0.8	1.93	13	5.2	131	17.0	-43%
BUY	Finbar Group Ltd	FRI	12/04/10	106	A	141.8	0.8	2.41	7	7.5	93	Nil	-12%
HOLD+	Iluka Resources Ltd	ILU	12/10/04	471	B	418.7	0.5	3.57	NE	Nil	500	64.0	+20%
BUY	Integrated Research	IRI	14/01/08	40	B	166.8	1.1	1.54	8	10.1	40	9.0	+21%
HOLD	M2 Telecommunications	MTU	09/10/06	33	A	108.5	0.6	0.96	26	3.1	180	18.5	+500%
Hold	Mnet Group ¹	MNZ			C	208.3	3.9	0.66	NE	Nil	3.4	Nil	
BUY	Melbourne IT	MLB	10/02/04	53	A	79.0	0.6	0.87	10	6.8	221	59.0	+428%
HOLD	Photon Group Ltd	PGA	10/11/08	132*	B	154.3	0.8	0.17	4	12.3	102	11.8	-14%
BUY	Probiotec Ltd	PBP	11/02/08	116	B	47.1	0.7	0.75	7	2.4	138	7.3	+25%
HOLD+	Prophecy International	PRO	08/09/08	26	B	45.8	1.2	2.93	9	10.4	41	6.3	+82%
HOLD+	Ross Human Directions	RHD	14/08/01	92	A	83.5	1.2	0.07	7	5.0	35	35.8	-23%
HOLD	Skilled Group Ltd	SKE	12/03/02	126	B	123.6	0.8	0.07	5	9.5	111	132.0	+93%
HOLD	Technology One Ltd	TNE	11/11/03	44	A	300.3	0.8	1.94	15	4.7	79	20.1	+125%
BUY	TFS Corporation Ltd	TFC	08/01/07	45	B	191.3	0.8	1.80	5	4.7	90	9.4	+120%
HOLD+	The Reject Shop Ltd	TRS	11/01/05	257	A	25.8	0.3	1.01	22	3.4	1613	220.5	+613%
BUY	Village Roadshow PREF	VRLPA	10/08/09	77	B	224.9	0.6	0.30	7	5.9	217	9.0	+194%

The average Total Return (i.e. both Capital Gains/Losses plus Dividends received) of all current investments from initial recommendation is +155.6%. This is equal to an average annual rate of +23.8%, based upon the length of time each position has been held.

The average annual rate of gain of ALL recommendations (both the 40 current and 147 closed out) is +29.1%, compared with a market gain of +4.4% (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 GGroup includes 1½ shares on Mnet Group distributed to shareholders.

Recommended Investments

(Continued from Page 3)

to bring them to the company's "latest global concept".

In other markets Michael Hill International continues to expand strongly, with plans to open 15 new stores over the next year.

Postie Plus Group reports "challenging market conditions" but has managed to lift revenues 4.3% to \$26.5 million for the quarter ended 30 April while maintaining profit margins. Revenues for the first nine months of the current financial year are up 7.0% at \$80.6 million.

The group plans to open two new *Postie* stores during the current quarter, expanding the chain to 81 stores.

Postie Plus Group



Renaissance Corporation's restructuring will involve expanding the business beyond its current operations in education and retailing. The company plans to diversify into vocational and online training and to develop its own intellectual property and technology for network appliances and applications. The company may also become involved in incubating small technology start-up businesses.

Renaissance Corporation



Australian Shares

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

AJ Lucas Group reports its drilling fleet is operating "at close to full capacity" and at "significantly improved margins".

Associate company **Cuadrilla Resources** has applied for exploration licences over 2.5 million acres in the UK, Netherlands, Spain and Central Europe and to date been awarded licences in excess of 1.1 million acres. Its new drilling rig will begin drilling at the *Bowland Shale* prospect on 1 July, and will target three

separate zones in this 4,000 feet thick shale formation. First results are expected to be released in early 2011.

At current prices around 265 cents AJ Lucas Group shares trade for little more than the value of the company's two major energy investments, Cuadrilla Resources worth about 100 cents per AJ Lucas share and the **Monument County** project worth around 126 cents per share. That places little value on its income producing, dividend paying, drilling and pipeline businesses! At around last year's lows, we would not expect the share price to move significantly lower. In fact, AJ Lucas Group's financial position has improved significantly over the last year - realising a significant \$93.5 million gain on a previous \$5.0 million energy investment and arranging US\$58.0 million (A\$64.5 million) of external financing for Cuadrilla Resources from a new equity partner. There was, unfortunately, a large *trading* loss in the first half - but trading should now have returned to profitability.

We are therefore upgrading AJ Lucas Group shares to a "Buy".

AJ Lucas Group



Ammtec has received a takeover offer from **Campbell Brothers** of 335 cents per share in cash for each Ammtec share or two Campbell Brothers shares for every 17 Ammtec shares (which, with Campbell Brothers shares currently at \$29.33 is worth about 345 cents per Ammtec share).

The Ammtec directors quickly recommended rejecting this takeover which they believe undervalues Ammtec, especially with the increase in earnings expected from *next* year - and further growth in subsequent years - as a result of expansion and new investments made over the last year.

Profits will be lower in the current year, but Ammtec forecasts a net profit of \$11.1-12.9 million (30.4-35.4 cents per share) for the year to June 2011. That values the takeover (and the current share price) at just 10-11 times expected 2011 profits.

The takeover is conditional on 90% acceptances - which is unlikely given the directors rejection - so could only succeed if Campbell Brothers was to increase its offer. As attractive as a short term gain may be, we would prefer to hold Ammtec as a long term growth investment as that is how to build significant wealth from the stockmarket!



Atlas South Sea Pearl has completed the acquisition of a ten year old pearl farm for \$635,000 - which it estimates to be “30-40% of the replacement value of the assets” acquired. This business has been successful producing and selling pearl oysters, but has lacked the technical and management expertise to produce quality pearls. Atlas expects to be able to “deliver major pearl quality and volume improvements” once it takes control of this business.

The company estimates this acquisition will pay for itself within three years (i.e. it is being acquired at a P/E ratio of about 3) but its real value will be to allow Atlas South Sea Pearl to increase pearl production volumes by 50% in four years - with similar increases in group revenues and profits.

Atlas South Sea Pearl



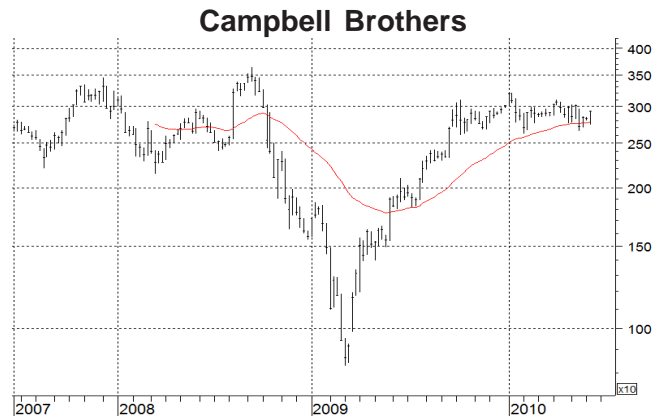
Campbell Brothers experienced a 10.3% drop in revenues to \$825.5 million for the year to 31 March 2010. Net profits were 29.1% lower at \$75,301,000 while earnings per share were 40.3% lower at 119.6 cents - mainly as a result of a cash issue to help finance acquisitions which made little contribution to profits in the last year. The final dividend will be 10.0% higher at 55.0 cents, making a steady 100.0 cents annual dividend rate.

The net operating cash surplus was 40.3% lower at \$99.6 million.

At \$29.33, Campbell Brothers shares look expensive on a Price/Earnings ratio of 25, but this is a combination of cyclically low earnings and recent new acquisitions. While we are often sceptical of broker forecasts, they predict 2011 earnings per share around 53% higher at 183 cents. That would improve the P/E to 16.

In addition to its current takeover offer for **Ammtec**,

Campbell Brothers has acquired Sydney based **BV Pharma**.



Cardno has made one small Australian acquisition and two large US acquisitions: The group has acquired Victoria based **Australian Underground Services Pty** for \$7 million (i.e. \$6 million now plus a further \$1 million if profit targets are achieved) which will be 75% in cash and 25% in shares. This is an attractive acquisition being purchased on a Price/Earnings ratio of about 5½ times and with the potential for strong growth. Cardno will use the expertise of its Florida based Cardno TBE to expand the existing utility detection and mapping services of Australian Underground Services and also expand throughout Australia.

Cardno is also buying US based **ENTRIX Holdings Company** and **Environmental Resolutions Inc.** ENTRIX is a consulting business involved in water resource management, environmental risk management, facility permitting and compliance, and natural resources economics. Annual revenues of around US\$95 million are earned mainly from major oil and gas companies, power utilities and chemical companies. The company has international branches in Canada, Ecuador and Peru.

Environmental Resolutions is an environmental soil and ground-water remediation firm working for oil and gas companies to clean up sites contaminated with hydrocarbon residuals. The business generates annual revenues of US\$40 million and is seeking to expand in Canada, Europe and Australia.

Cardno will pay around US\$106.3 million (including deferred consideration and earn outs), with about 85% in cash and 15% in shares. This equals a low Price/Sales ratio of about 0.70 but fairly high Price/Earnings ratio of around 12½.

The environmental consulting industry is expected to grow around 9% per annum over the next five years, so both businesses should have good growth potential. Cardno also expects “significant added value through cross selling” opportunities.

The cash for these acquisitions will be raised from existing facilities, but Cardno is considering “equity raising options” to reduce that debt and to allow further acquisitions. That possible capital raising may involve a small pro-rata issue to existing shareholders.

(Continued on Page 6)

Recommended Investments

(Continued from Page 5)

Cardno



Challenger Wine Trust reports that the *Wine Growers' Association* estimates that grape prices have fallen 30-40% this year! That doesn't *directly* impact the trust or its income as its properties are leased on long term contracts to wine companies - but it has further depressed the current market values of its vineyards. These valuations are expected to drop 9% during the current half year.

The company estimates that net operating cashflows to 30 June 2010 will remain strong at \$14.0 million (7.3 cents per unit), but will pay a final distribution of 1.0 cent in cash, with the remaining \$6 million retained to reduce debt and comply with bank covenants.

The dividend re-investment plan will not operate for the final distribution, which will take the annual payout to 4.25 cents.

Challenger Wine Trust's long term leases and strong cashflow will enable the trust to survive the current downturn in the wine industry although - as we have said earlier - cashflow needs to be diverted from cash distributions to debt reduction in the short term. Once this downturn ends - and vineyard values stop declining - the trust will be able to again distribute close to 100% of its operating cashflows (i.e. around 7 cents per share).

Challenger Wine Trust



Charter Hall Group has announced two major property purchases for its managed funds. *Core Retail Fund* and *Charter Hall Retail REIT* will together acquire a 50% interest in a sub-regional shopping centre for \$33 million, at an initial yield of 8.75%. *Core Retail Fund* will also acquire an \$11.2 million investment property (yielding 8.6%) with a nine year lease. This

property adjoins an existing property investment which, in the long term, will provide a retail redevelopment opportunity.

Charter Hall Group



Devine has announced the acquisition of a 57 hectare site at the township of Gawler, 35 km north of Adelaide, which will be developed into a \$240 million, 800 home masterplanned estate. The land is being acquired under a long term development agreement with staged payments to the owner over the life of the project, so Devine has no upfront capital outlay to acquire the land. Rezoning for residential use is expected later this year, with the first sections to be released on the market in mid 2011.

Devine



Finbar Group has agreed to sell the partially restored building at 134 Whatley Crescent to the **City of Bayswater** for \$4.3 million. The building and an underutilised 1.5 hectare site was acquired in 2006 and part of the land was used for the 112 apartment *Horizon* project which was completed in 2009.

Finbar Group



Integrated Research has signed a strategic partnership with **ACI Worldwide**, a leading global provider of payments solutions to more than 750 customers including 40 of the world's largest 100 banks. ACI Worldwide will immediately begin selling Integrated Research's *PROGNOSIS* to monitor its payments software and also to monitor banks' HP NonStop and other systems.

This is the sort of partnership deal which could have a significant impact upon a company like Integrated Research. Software is an economies of scale business and this partnership will provide a new source of revenue and marketing of Integrated Research's software to ACI's existing customers. New software sales involve few additional costs, so most of any new revenues will flow straight into Integrated Research's net profits!

There was some strange trading in Integrated Research shares last Friday. At the market open, almost 200,000 shares traded down 3 cents at 35 cents, despite the general market opening stronger. The price quotes then improved, but with no further trades until the last half hour of trading when a total of around 42,000 shares traded at higher prices - ending the day up 1½ cents (on the previous day's close) at 39½ cents. This situation looks like a computer generated sell order - for example, a "stop-loss" sell order - triggered at the market open and immediately matched against the small number of bids at prices down to 35 cents where all the trades were matched and executed. With that sell order executed, there were no further sellers and trading eventually returned to equilibrium near the close of business.

This situation highlights the danger of using automatic "stop loss" orders. Computer generated trades may work in shares where there are tens of millions of dollars of trading each day, but certainly not in a situation where one seller (or a few similar sellers) account for 80% of the daily turnover! The computer sought to match that sell order against existing bids, resulting in trades at 35 cents. A "limit" order could probably have executed the trades at the previous day's close of 38 cents. Releasing those shares into the market in small quantities could have resulted in even better prices.

A lot of newsletters and advisers suggest that "stop loss" orders are an important part of their investment strategy. Our *experience* (and yes, we have been doing this for a while and do have a bit of money invested in shares) is that "stop losses" are not helpful. This is especially true in periods of high volatility (as at present) where random fluctuations can get you sold out of shares at low prices, only for prices to bounce back the next day or the next week. Automatic "stop losses" are also probably never suitable for medium sized and smaller company shares which can be inactively traded, especially in a market dip - which, of course, is when they get triggered! A "stop loss" triggered at 38 cents becomes an order to sell at market - which in the example above was executed at 35 cents, after which the shares bounced back to end the day at 39½ cents.

Integrated Research



Melbourne IT has acquired 100% ownership of its joint venture search engine marketing business, **Advantate**, by acquiring the 50% interest held by **Fairfax Digital**.

Melbourne IT



Probiotec expects to lift UK revenues by A\$12-20 million next year (i.e. to June 2011) owing to two new distribution agreements. **SuperDrug** will progressively launch *Celebrity Slim* products into its 900 stores from May 2010. This product is currently distributed through **Rowlands** pharmacy's 520 stores and through over 200 stores of **Numark** pharmacy (with another 100 stores to stock the product within six months).

The company has also rebranded its *Biosource* products as *BioRemedies* for the European market and these will be distributed through the 520 **Rowlands** pharmacy stores and in the Republic of Ireland via a major wholesaler.

Probiotec



Technology One's profits have recovered over the six months to 31 March 2010, (Continued on Page 8)

Recommended Investments

(Continued from Page 7)

up 47.5% to \$5,716,000 (1.9 cents per share). Revenues were up 5.9% to \$59.2 million. The interim dividend will be 51.1% higher at 1.33 cents.

The net operating cash surplus was \$9.1 million, up from a small *deficit* in the same period a year earlier.

The company expects its full year profit to be ahead 10-15%, but has potential to grow strongly over the medium to longer term. Profit margins have reduced over the last decade - partly as a result of new product development (which is fully expensed as incurred) and also as the result of the costs of expansion into the larger United Kingdom market. Technology One will seek to "substantially improve margins over the next five years".

Despite new product development, Technology One's two main software products (i.e. Financials and Business Intelligence) still contribute 61% of revenues and 90% of profits. Newer products should make up a larger percentage of future revenues and "substantially grow the contribution to profits" over the next five years.

Technology One



TFS Corporation has announced two additional projects that will add to revenues and profits: Firstly, an undisclosed but "AAA rated" US institution will invest in 180 hectares of Indian Sandalwood plantations to be planted in this financial year. This is in addition to the 500 hectares the company expects to sell through its Beyond Carbon trust and the 500 hectares it expects to sell through *Managed Investment Schemes*. This sale will be worth about \$20 million to TFS Corporation (i.e. from upfront payments to acquire the land and for establishing the plantation, plus annual payments for management). TFS Corporation can also earn performance bonuses based upon revenues received at the time of harvest (plus fees - to be taken from the harvest proceeds - for harvesting and marketing).

The institution also has an option to purchase a further 180 hectares each year for the next five years - potentially generating up to \$120 million in revenues for TFS Corporation and significantly expanding its business!

The company also plans to establish Australian Sandalwood plantations which will be sold to investors as *Managed Investment Schemes*. This is a much lower value project, with 0.25 hectare woodlots selling for \$3,900 plus GST (plus annual management fees), requiring less specialised plantation management and knowledge. To be based in the Western Australian wheatbelt, the

establishment and management of these plantations will be outsourced to **WA Sandalwood Plantations Pty**, under the supervision of the company.

Effectively TFS Corporation is using its legal and marketing skills to establish a second *MIS* which will ultimately provide raw material for its **Mt Romance** processing business.

The project will offer up to 1,000 hectares (worth \$15.6 million), subject to minimum subscriptions of 250 hectares (worth \$3.9 million) for the project to proceed.

TFS Corporation



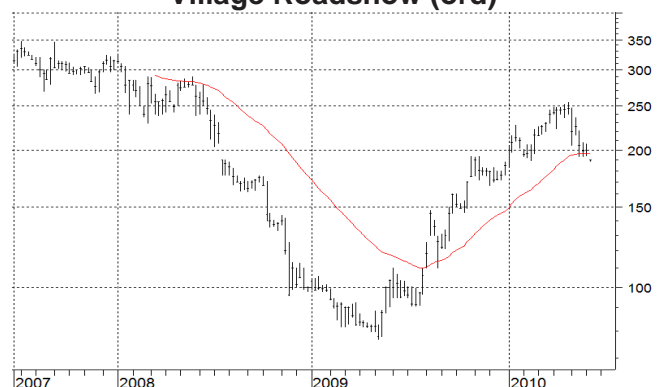
Village Roadshow has announced that its 40.89% owned **Village Roadshow Pictures** has obtained a new, three year, US\$1000 million film financing facility (i.e. a US\$500 million term loan and US\$500 million revolving credit facility) to replace its existing US\$900 million facility.

Village Roadshow still remains liable under a number of guarantees to Village Roadshow Pictures and its other owners, plus is required to advance a further US\$17.5 million loan to Village Roadshow Pictures, taking its loan to that associate to US\$62.5 million.

Owing to this additional loan, it is likely that the directors will not recommend a final dividend (and no interim dividend was paid) for the year to June 2010 (all of which, of course, will be reviewed in August when the directors will make their final decision).

Our Class A Preference shares, however, are entitled to a minimum 10.175 cents annual dividend, so if no dividend is declared in August 2010 then it will accumulate (i.e. become payable at a later date along with future dividends), so the most likely outcome is that at some stage in 2011 the directors would declare a "2010 ordinary dividend" of 7.175 and a Class A "2010 dividend" of 10.175 cents - followed some time later by the "2011 dividends".

Village Roadshow (ord)



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- rent	4-Wk Chg.	Rank	0-99	Shares Following Buy/Sell	Price NTAEquity	Return on Equity	Vola-til-ity	PriceDivi- Ratio	PriceEarn.dend Yield	PriceSales Ratio	Market Cap'n	Company	Share Price	Cur- rent	4-Wk Chg.	Rank	0-99	Shares Following Buy/Sell	Price NTAEquity	Return on Equity	Vola-til-ity	PriceDivi- Ratio	PriceEarn.dend Yield	PriceSales Ratio	Market Cap'n
UNDER-VALUED SHARES: Lowest Price/Sales, Yld>0, RelStrength>0														OVER-VALUED SHARES: Highest Price/Sales Ratios, Relative Strength<0													
Hellaby Hold.	165	+2.7	-1.4	21	11-0	-	1.0	6	1.3	16	5.2	0.17	84	Property F Ind.	115	-0.3	-0.4	44	0-0	-	1.0	-	0.4	NE	7.9	7.85	247
Ebos Group Ltd	610	+4.6	-2.2	13	0-3	1	1.8	12	0.4	15	5.9	0.22	299	Blis Technology	10	-0.2	-2.4	43	0-1	-	9.5	-	1.7	NE	Nil	7.25	14
Air New Zealand	117	+1.6	-4.0	30	0-10	1	0.8	1	0.9	59	7.9	0.27	1,248	Goodman Prop.	92	-2.6	-1.7	58	0-2	-	0.9	-	0.5	NE	9.2	5.95	790
Seeka Kiwifruit	305	+2.7	+0.3	22	3-0	-	0.7	1	0.4	119	9.4	0.36	44	AMP Onyx Mgmt	71	-2.8	-0.7	60	1-0	-	0.7	-	0.4	NE	9.7	5.30	708
Nuplex Indust	293	+6.1	-6.6	11	6-0	1	1.1	3	1.1	33	1.7	0.37	556	ING Property	70	-1.2	-1.2	53	1-0	-	0.7	-	0.4	NE	10.7	4.84	378
Infratil NZ	162	+1.1	-0.6	32	6-1	-	1.0	3	0.8	32	3.3	0.50	920	NZ Windfarms	23	-27.2	-4.1	94	0-0	-	0.2	-	1.2	NE	Nil	4.69	18
Mainfreight Grp	611	+8.0	-1.9	6	0-5	-	2.0	12	0.5	17	4.3	0.53	602	NZ Farming Sys.	45	-6.8	+4.2	79	0-2	-	0.4	-	0.6	NE	Nil	4.49	110
Turners Auction	140	+13.7	-6.0	4	2-0	-	1.9	16	0.6	12	12.2	0.54	38	NZ Exchange Ltd	150	-9.5	-3.5	84	0-2	-	1.9	3	0.6	75	6.2	4.23	181
Skellerup Hold.	68	+12.9	+1.3	5	1-0	-	1.3	11	1.1	11	5.3	0.57	128	Metro. LifeCare	200	-3.9	-0.6	66	0-0	-	0.6	-	0.5	NE	Nil	4.18	245
Kirkcaldie & St	275	+2.1	-2.2	25	0-0	-	1.2	4	0.5	27	4.2	0.62	28	NZ Oil & Gas	143	-3.9	-1.5	67	1-0	-	1.1	11	0.4	10	5.0	4.00	555
Briscoe Group	123	+3.1	-2.7	18	3-0	-	2.0	16	1.0	12	8.1	0.63	261	Kiwi Property	91	-3.0	-1.7	62	0-1	-	0.8	-	0.4	NE	9.3	3.90	735
Michael Hill	70	+2.8	-1.5	20	4-1	1	1.8	12	0.9	15	4.2	0.65	268	NZ Refining Co	327	-7.2	+1.3	82	1-0	-	1.7	4	0.3	39	Nil	3.66	916
Cavotec MSL	265	+0.3	+0.1	40	0-0	-	0.6	4	0.7	17	1.1	0.67	177	Kermadec Prop.	45	-3.1	-0.7	63	0-0	-	0.5	-	0.6	NE	11.1	3.06	38
Cavalier Corp	250	+0.7	-4.1	36	1-0	1	1.9	16	1.0	12	8.6	0.68	168	Trust Power Ltd	715	-0.8	-0.1	49	0-1	-	1.6	8	0.3	19	7.6	2.97	2,256
Fletcher Build.	810	+3.2	-0.9	17	4-8	2	1.7	12	0.5	14	5.8	0.69	4,896	Lyttelton Port	231	-1.3	-1.0	54	0-0	-	1.8	8	0.4	23	3.0	2.80	236
Restaurant Brds	235	+25.2	-0.5	1	5-0	-	4.7	40	0.5	12	7.6	0.72	229	Mowbray Collect	80	-7.0	-1.5	81	0-0	-	2.1	-	0.4	NE	Nil	2.42	9
Comvita	240	+30.9	+0.4	0	9-0	-	1.0	8	0.8	13	4.8	0.77	65	W N Drive Tech.	9	-4.9	+6.2	73	9-0	-	2.0	-	1.1	NE	Nil	2.32	52
Pumpkin Patch	208	+7.3	-2.0	7	0-1	1	3.9	2	0.7	196	4.5	0.84	347	WORST PERFORMING SHARES: Weakest Shares, P/S Ratio>0.25, Yield< Twice Average													
Tower Limited	186	+2.2	-2.1	23	2-0	1	1.2	12	0.9	10	6.9	0.92	474	Charlie's Group	8	-58.3	+0.0	97	1-0	-	1.8	-	1.4	NE	Nil	0.77	24
BEST PERFORMING SHARES: Strongest Shares, P/E<20, P/S<1.0														Cynotech Hold.	5	-30.8	+2.5	96	0-0	-	0.5	-	1.4	NE	Nil	0.44	6
Comvita	240	+30.9	+0.4	0	9-0	-	1.0	8	0.7	13	4.8	0.77	65	NZ Windfarms	23	-27.2	-4.1	94	0-0	-	0.2	-	1.2	NE	Nil	4.69	18
Restaurant Brds	235	+25.2	-0.5	1	5-0	-	4.7	40	0.4	12	7.6	0.72	229	Windflow Tech.	90	-19.4	-2.6	92	0-0	-	0.7	-	0.5	NE	Nil	0.34	11
Media Tech.	4	+13.8	-5.7	3	0-0	-	14.3	-	2.5	4	Nil	0.63	3	New Image Group	38	-17.7	+2.6	92	7-2	-	4.0	71	0.9	6	5.6	0.90	89
Turners Auction	140	+13.7	-6.0	4	2-0	-	1.9	16	0.6	12	12.2	0.54	38	Delegat's Group	155	-17.5	-2.7	91	0-0	-	1.1	22	0.4	5	7.4	0.68	156
Skellerup Hold.	68	+12.9	+1.3	5	1-0	-	1.3	11	0.9	11	5.3	0.57	128	Pyne Gould Corp	44	-14.9	+2.5	89	10-2	-	0.2	-	0.8	NE	Nil	0.30	304
Mainfreight Grp	611	+8.0	-1.9	6	0-5	-	2.0	12	0.5	17	4.3	0.53	602	Oyster Bay	170	-9.8	-1.1	86	0-0	-	0.3	3	0.3	10	5.9	1.30	15
Ebos Group Ltd	610	+4.6	-2.2	13	0-3	1	1.8	12	0.3	15	5.9	0.22	299	Rakon Ltd	90	-9.7	+0.8	85	0-1	-	0.9	-	0.7	NE	Nil	1.19	172
Fletcher Build.	810	+3.2	-0.9	17	4-8	2	1.7	12	0.4	14	5.8	0.69	4,896	NZ Exchange Ltd	150	-9.5	-3.5	84	0-2	-	1.9	3	0.6	75	6.2	4.23	181
Briscoe Group	123	+3.1	-2.7	18	3-0	-	2.0	16	0.8	12	8.1	0.63	261	NZ Finance Hold	20	-8.0	+2.0	83	0-0	-	1.1	-	0.6	NE	Nil	0.47	15
Michael Hill	70	+2.8	-1.5	20	4-1	1	1.8	12	0.6	15	4.2	0.65	268	NZ Refining Co	327	-7.2	+1.3	82	1-0	-	1.7	4	0.3	39	Nil	3.66	916
Hellaby Hold.	165	+2.7	-1.4	21	11-0	-	1.0	6	1.1	16	5.2	0.17	84	Mowbray Collect	80	-7.0	-1.5	81	0-0	-	2.1	-	0.4	NE	Nil	2.42	9
Tower Limited	186	+2.2	-2.1	23	2-0	1	1.2	12	0.8	10	6.9	0.92	474	NZ Wine Company	140	-7.0	-1.3	80	0-0	-	0.6	6	0.5	9	4.1	0.97	12
Cavalier Corp	250	+0.7	-4.1	36	1-0	1	1.9	16	0.9	12	8.6	0.68	168	NZ Farming Sys.	45	-6.8	+4.2	79	0-2	-	0.4	-	0.6	NE	Nil	4.49	110
Cavotec MSL	265	+0.3	+0.1	40	0-0	-	0.6	4	0.6	17	1.1	0.67	177	Abano Health.	501	-5.8	-0.2	77	0-0	-	2.0	17	0.6	12	6.3	0.62	116
INCOME SHARES: Highest Yields, Capitalisation>NZ\$100 million														Sanford Limited	424	-5.8	-0.5	76	0-1	1	0.7	7	0.2	10	7.7	0.92	397
Telecom Corp	191	-9.6	-2.0	84	1-3	1	1.3	15	0.5	9	12.6	0.64	3,557	Northland Port	165	-5.2	+0.1	76	0-0	-	0.5	2	0.4	25	4.8	N/A	68
ING Property	70	-1.2	-1.2	53	1-0	-	0.7	-	0.5	NE	10.7	4.84	378	Allied Work.	80	-5.0	-1.8	75	1-0	-	1.1	11	0.5	10	8.0	0.30	21
AMP Onyx Mgmt	71	-2.8	-0.7	60	1-0	-	0.7	-	0.5	NE	9.7	5.30	708	Heritage Gold	3	-5.0	-0.5	74	0-0	-	0.8	-	2.2	NE	Nil	N/A	9
Methven Limited	165	-1.7	-2.1	55	1-2	-	2.1	15	0.7	14	9.5	0.85	110	INSIDER SELLING: Most Insider Selling, Relative Strength<0													
Kiwi Property	91	-3.0	-1.7	62	0-1	-	0.8	-	0.5	NE	9.3	3.90	735	PGGWrightsons	56	-12.2	+1.0	87	0-6	1	0.5	-	0.5	NE	Nil	0.14	177
Vector Ltd	211	+3.3	+0.3	17	3-2	1	1.0	9	0.5	12	9.3	1.79	2,017	Guinness Peat	67	-0.8	-3.8	50	0-5	-	0.6	-	0.7	NE	3.3	0.46	1,196
Goodman Prop.	92	-2.6	-1.7	58	0-2	-	0.9	-	0.5	NE	9.2	5.95	790	Goodman Prop.	92	-2.6	-1.7	58	0-2	-	0.9	-	0.4	NE	9.2	5.95	790
Hallenstein G.	345	+4.0	-2.9	15	0-0	-	3.7	23	0.3	16	8.7	1.04	206	NZ Farming Sys.	45	-6.8	+4.2	79	0-2	-	0.4	-	0.6	NE	Nil	4.49	110
Cavalier Corp	250	+0.7	-4.1	36	1-0	1	1.9	16	0.8	12	8.6	0.68	168	TeamTalk Ltd	197	-2.8	-2.3	60	0-2	-	1.9	18	0.4	10	14.5	1.30	40
Nat Property Tr	53	+2.8	+1.7	20	0-0	-	0.8	-	0.6	NE	8.5	3.64	102	NZ Exchange Ltd	150	-9.5	-3.5	84	0-2	-	1.9	3	0.6	75	6.2	4.23	181
INSIDER BUYING: Most Insider Buying, Relative Strength>0														Telecom Corp	191	-9.6	-2.0	84	1-3	1	1.3	15	0.4	9	12.6	0.64	3,557
Hellaby Hold.	165	+2.7	-1.4	21	11-0	-	1.0	6	1.0	16	5.2	0.17	84	Trust Power Ltd	715	-0.8	-0.1	49	0-1	-	1.6	8	0.3	19	7.6	2.97	2,256
Comvita	240	+30.9	+0.4	0	9-0	-	1.0	8	0.6	13	4.8	0.77	65	Rubicon Limited	79	-1.4	-4.8	54	0-1	-	0.9	-	0.4	NE	Nil	0.42	225
Guoco Leisure	53	+0.7	-4.9	36	9-0	-	0.5	7	0.7	7	3.0	1.17	725	Rakon Ltd	90	-9.7	+0.8	85	0-1	-	0.9	-	0.6	NE	Nil	1.19	172
Scott Tech. Ltd	118	+7.7	-0.6	7	7-0	-	1.7	1	0.5																		

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	STRENGTH_RATING										Share Price	Cur-0-99	4-Wk Rank	Volatility	Price-to-Earnings	Return on Equity	Volatility	Price-to-Earnings	Dividend Yield	Price-to-Sales	Market Cap'n	
	Share Price	Cur-0-99	4-Wk Rank	Volatility	Price-to-Earnings	Return on Equity	Volatility	Price-to-Earnings	Dividend Yield	Price-to-Sales												Market Cap'n
OVER-VALUED SHARES: Highest Price/Sales Ratios, Relative Strength < 0																						
WCPResources	5	-10.4	-1.4	72	0-0	-	-	-1.5	NE	Nil	N/A	8										
GPT Group	278	-3.0	-1.0	52	1-0	3	3.9	9	0.3	44	1.6	9.44	5,158									
Millennium Min.	3	-12.6	-1.5	77	0-0	-	-	-2.0	NE	Nil	9.41	9										
Orion Petroleum	5	-15.0	-1.8	82	0-0	-	-	-1.4	NE	Nil	9.30	8										
Quest Minerals	4	-5.2	-8.8	59	3-0	-	-	-1.8	NE	Nil	9.21	6										
Un. Biosensors	138	-3.4	-5.8	54	0-0	-5.1	-	-0.6	NE	Nil	9.11	217										
Mineral Commod.	4	-14.8	+5.6	82	4-0	-	-	-1.7	NE	Nil	9.07	6										
Ipernica Ltd	9	-11.4	-8.3	74	0-0	-1.7	-	-1.2	NE	Nil	8.85	27										
Polartechincs	7	-3.0	+0.9	52	0-0	-7.1	-	-1.5	NE	Nil	8.77	17										
Alcyone Res Ltd	2	-19.3	-2.0	89	0-0	-	-	-2.0	NE	Nil	8.52	11										
Sun Resources	6	-12.7	-4.5	77	0-0	-	-	-1.4	NE	Nil	8.51	10										
Calzada Ltd	3	-3.1	-5.8	53	1-0	-0.5	-	-2.0	NE	Nil	8.44	8										
Cellestis Ltd	301	-7.1	-1.5	64	0-1	-13.1	37	0.4	35	1.0	8.38	289										
Uscom Limited	40	-18.1	-4.4	87	0-0	-6.7	-	-0.5	NE	Nil	8.33	16										
Victoria Petrol	26	-6.0	+0.4	61	2-0	-	-	-0.7	NE	Nil	8.10	94										
Woodside Petrol	4522	-0.7	-0.3	44	1-1	4	4.0	21	0.3	19	2.4	8.08	35,147									
Patrys Ltd	12	-6.1	-6.8	62	0-0	-1.9	-	-1.2	NE	Nil	7.99	21										
Cougar Metals	3	-6.3	+9.1	62	1-0	-	-	-2.2	NE	Nil	7.78	7										
Metals Finance	7	-10.4	-7.6	72	3-0	-0.3	-	-1.2	NE	Nil	7.74	5										
MOKO.mobi Ltd	7	-13.9	-4.3	80	1-0	-7.0	-	-1.5	NE	Nil	7.69	6										
Oilex Ltd	9	-28.1	+2.2	96	0-0	-	-	-1.5	NE	Nil	7.59	15										
NSX Limited	20	-2.8	+1.1	51	8-1	-	-	-0.8	NE	Nil	7.58	18										
Axiom Property	2	-21.4	-0.5	92	0-0	-0.4	-	-2.2	NE	Nil	7.50	9										
Clancy Expor.	15	-0.7	-2.2	44	0-0	-	-	-1.0	NE	Nil	7.25	7										
Forest Place Gr	80	-8.2	+0.6	67	0-0	-0.3	3	0.5	12	Nil	7.23	66										
Metal Storm Ltd	1	-29.0	-3.0	96	2-0	-	-	-3.1	NE	Nil	7.14	8										
Marion Energy	3	-41.2	-0.9	99	1-0	-	-	-1.9	NE	Nil	7.11	7										
Agenix Limited	2	-0.8	+0.2	44	0-0	-0.9	-2.4	NE	Nil	7.08	7											
Sino Securities	33	-19.4	-2.4	89	0-0	-	-	-0.6	NE	Nil	7.07	23										
Comet Ridge Ltd	19	-13.5	-2.4	79	0-0	-	-	-0.8	NE	Nil	6.91	30										
Aurora Sand Div	102	-3.0	-0.1	52	0-0	-0.9	-0.3	NE	1.0	6.91	45											
Newcrest Mining	3435	-0.3	-0.3	42	3-0	8	3.8	6	0.2	67	0.4	6.56	16,603									
Deutsche Ind Tr	196	+0.0	+0.0	89	0-0	-1.2	10	0.2	12	8.1	6.49	663										
Caspian Oil & G	1	-16.7	+2.3	35	2-0	-	-	-3.5	NE	Nil	6.43	9										
Pacrim Energy	1	-10.0	-2.8	71	4-0	-	-	-3.8	NE	Nil	6.36	8										
Strike Energy	23	-0.3	-2.6	42	0-1	-	-	-0.8	NE	Nil	6.35	64										
ASX Limited	3079	-3.7	-3.6	54	2-3	4	11.6	69	0.3	17	5.4	6.31	5,271									
Connect East Grp	40	-0.1	-2.9	41	1-0	4	-	-0.6	NE	Nil	6.30	1,513										
Avexa Limited	3	-24.3	-13.5	94	0-0	-1.0	-	-1.8	NE	Nil	6.25	20										
Deutsche Div Tr	131	+0.0	+0.0	39	0-0	-1.1	8	0.3	14	7.1	6.10	1,306										
C'wth Prop Off.	97	-0.4	-0.5	42	0-0	2	0.8	-0.4	NE	8.9	5.94	1,796										
Aevum Ltd	116	-7.0	+0.4	64	0-0	1	0.6	-0.6	NE	3.4	5.73	148										
AMP Cap China	71	-12.8	-2.1	77	0-0	-0.5	7	0.6	7	11.9	5.66	225										
Wasabi Energy	1	-3.6	-1.3	54	3-0	-	-	-2.9	NE	Nil	5.65	12										
Drillsearch	5	-2.8	-7.1	51	6-0	-1.3	-	-1.7	NE	Nil	5.56	86										
Heron Resources	20	-9.5	-4.9	70	3-0	-	-	-0.9	NE	Nil	5.49	41										
Santos Ltd	1350	-2.7	-0.8	51	0-0	2	-	-0.3	26	3.1	5.15	11,230										
Transurban Grp	449	-3.0	-3.8	52	4-0	5	1.6	-0.2	NE	4.9	5.14	6,276										
Hastings HI-Yld	119	-0.0	-2.4	40	0-0	-0.7	7	0.5	10	15.4	5.03	131										
Jervois Mining	0	-9.9	-0.2	71	2-0	-	-	-5.3	NE	Nil	5.00	15										
WORST PERFORMING SHARES: Weakest Shares, P/S Ratio > 0.25, Yield < Twice Average																						
Marion Energy	3	-41.2	-0.9	99	1-0	-	-	-1.8	NE	Nil	7.11	7										
Enerji Ltd	4	-38.3	-1.5	99	1-0	-	-	-1.7	NE	Nil	N/A	19										
Antisense T.	1	-37.3	-9.9	99	0-0	-1.4	-	-2.5	NE	Nil	N/A	8										
Clean Seas Tuna	11	-35.4	+1.3	98	0-0	-0.2	-	-0.9	NE	Nil	0.70	21										
Po Valley Ener.	38	-34.7	-11.1	98	3-1	-	-	-0.6	NE	Nil	N/A	36										
Cathrx Ltd	20	-31.1	+2.7	97	0-0	-0.9	-	-0.8	NE	Nil	N/A	20										
Baraka Petrol.	0	-30.7	+0.3	97	0-1	-	-	-5.6	NE	Nil	N/A	5										
Nullarbor Hold	40	-30.7	-6.9	97	0-0	-	-	-1.0	NE	Nil	N/A	30										
Liq Natural Gas	40	-30.7	-0.8	97	0-4	-	-	-0.7	NE	Nil	N/A	68										
Chem Genex Pharm	32	-30.2	-6.7	97	0-0	-6.3	-	-0.6	NE	Nil	N/A	89										
Bannerman Res.	32	-29.9	-0.6	97	1-0	-	-	-0.8	NE	Nil	N/A	64										
Innamincka Pet.	7	-29.8	-1.8	97	0-0	-	-	-1.7	NE	Nil	N/A	11										
Metal Storm Ltd	1	-29.0	-3.0	96	2-0	-	-	-2.9	NE	Nil	7.14	8										
Oilex Ltd	9	-28.1	+2.2	96	0-0	-	-	-1.4	NE	Nil	7.59	15										
Mundo Minerals	11	-27.5	+1.3	96	0-0	-	-	-1.1	NE	Nil	0.57	24										
Nexbis Ltd	11	-27.1	-1.5	96	7-0	-0.8	81	1.0	1	Nil	0.73	48										
White Canyon Ur	11	-26.3	-4.3	95	2-0	-	-	-1.0	NE	Nil	N/A	21										
Com Ops Limited	6	-25.9	-12.4	95	1-0	-1.4	44	1.2	3	Nil	0.34	6										
Xiaoxiao Educat	14	-25.7	-2.8	95	0-0	-	-	-1.2	NE	Nil	N/A	16										
Imugene Ltd	4	-24.9	-0.1	94	2-0	-2.0	23	1.4	9	Nil	1.77	6										
Nthn Uranium	7	-24.7	-4.8	94	0-0	-	-	-1.0	NE	Nil	N/A	6										
Admiralty Res.	1	-24.7																				

“Neglect” Ratings of Australian Shares

“Neglected” Shares = 10 Broker, “Moderately Followed” Shares = 2-3 Brokers, “Widely Followed” Shares = 4 or more Brokers.

Company	No. of Brokers Following	Market Capitalisation (NZ\$ Mill.)	Company	No. of Brokers Following	Market Capitalisation (NZ\$ Mill.)	Company	No. of Brokers Following	Market Capitalisation (NZ\$ Mill.)	Company	No. of Brokers Following	Market Capitalisation (NZ\$ Mill.)
AGL Energy Ltd	4	6,650	Cockatoo Coal	1	197	Leighton Hold	5	9,410	SDI Limited	1	21
AJ Lucas	1	172	Codan Ltd	2	231	Lend Lease Grp	1	4,234	SMS Mgmt & Tech	3	375
AMP Ltd	2	11,487	Com'wealth Bank	4	79,359	Lihir Gold Ltd	7	9,994	SP Ausnet	3	2,232
ANZ Bank	6	57,705	Computershare	3	6,346	Lycopodium Ltd	1	124	STW Comm Group	1	354
APA Group	4	1,795	ConnectEast Grp	4	1,513	MApp Group	2	5,304	Salmat Ltd	2	623
APN News Media	1	1,345	Cooper Energy	2	118	Mac Services	4	371	Santos Ltd	2	11,230
ARB Corporation	1	394	Corp Express	2	962	MacMahon Hold	5	393	Sedgman Ltd	2	270
ASG Group Ltd	2	188	Count Financial	1	285	Macarthur Coal	3	2,950	Seek Ltd	5	2,501
ASX Limited	4	5,271	Crane Group	4	650	Macquarie Group	1	15,408	Select harvest	3	149
AWB Limited	3	365	Cromwell Group	1	461	Marybor'gh Suga	1	81	Service Stream	2	67
AWE Limited	3	1,109	Crown Ltd	3	6,166	Maxi TRANS	2	49	Sigma Pharm.	6	578
AXA Asia Pac	4	11,782	DWS Adv Bus Sol	2	156	McPherson's Ltd	1	178	Sims Metal Mgmt	3	3,406
Abacus Property	3	589	David Jones	4	2,228	Mermaid Marine	4	452	Skilled Group	2	137
Adelaide Bright	6	1,725	Decmil Group	3	175	Metcash Ltd	6	3,262	Slater & Gordon	2	173
Aevum Ltd	1	148	Dexus Property	3	3,878	Minara Resource	4	742	Sonic Health	6	4,147
Alesco Corp Ltd	3	257	Domino's Pizza	2	360	Mincor Resource	3	341	Soul Pattinson	1	3,064
Alumina Ltd	3	3,819	Dominion Mining	5	285	Mineral Res.	2	925	Spark Infrastru	3	1,171
Amadeus Energy	1	36	Downer EDI Ltd	6	1,477	Mineral Deposit	2	465	Spec Fashion	3	200
Amtcor Ltd	3	7,681	East'n Star Gas	2	583	Mirabela Nickel	1	268	Spotless Group	2	501
Ansell Ltd	3	1,729	Elders Limited	4	66	Mirvac Group	2	3,836	St Barbara Ltd	4	723
Aquarius Plat.	1	2,816	Emeco Holdings	5	341	Mitchell Comm.	2	268	Sth Cross Elect	1	132
Aquila Res.	2	2,172	Energy Resource	4	2,653	Molopo Energy	1	195	Sth Cross Media	1	670
Aristocrat Leis	2	2,166	Envestra	3	654	Monadelphous Gr	7	1,125	Stockland	3	9,389
Arrow Energy	3	3,544	FKP Limited	2	268	Mosaic Oil NL	1	52	Straits Res.	1	1,344
Asciano Group	4	1,926	Fairfax Media	1	3,434	Mt Gibson Iron	3	1,650	Strike Energy	1	64
Aspen Group Ltd	2	256	Fantastic Hold.	1	246	Nanosonics Ltd	1	102	Structural Syst	1	27
Atlas Iron Ltd	2	660	Fleetwood Corp	4	467	Nat'l Aust Bank	4	50,610	Suncorp-Metway	4	10,499
Ausdrill Ltd	2	331	Flexicorp Ltd	2	318	Navitas Ltd	4	1,379	SuperCheap Auto	3	589
Ausenco Ltd	4	269	Flight Centre	3	1,738	Neptune Marine	3	67	Swick Min Serv	1	61
Austar United	2	1,278	Fortescue Metal	5	12,708	New Hope Corp.	4	3,633	TFS Corporation	1	171
Austin Eng.	3	230	Foster's Group	3	11,109	Newcrest Mining	8	16,603	Tabcorp Holding	2	4,015
Aust Infra.	2	1,006	G.U.D. Holdings	4	512	News Corp.	1	14,637	Talent2 Int'l	1	178
Aust Pharm. Ind	3	116	GPT Group	3	5,158	Nexus Energy	3	181	Tap Oil	2	139
Aust Agricult.	1	397	GWA Internat'l	4	969	Nick Scali Ltd	1	113	Tassal Group	3	206
Avoca Resources	5	639	Gindalbie Met.	2	553	Nido Petroleum	1	210	Tatts Group Ltd	3	2,934
BHP Billiton	5	129,478	Gloucester Coal	1	1,017	Nomad Building	3	19	Technology One	2	237
BT Invest Mgmt	2	299	Goodman Fielder	2	1,829	Nufarm Limited	3	1,518	Telstra	5	39,693
Bank of Q'land	3	2,264	Goodman Group	2	3,417	OZ Minerals Ltd	7	3,184	Ten Network	1	1,824
Beach Energy	1	757	Graincorp	6	1,121	Oakton Limited	3	196	Terramin Aust	1	92
Becton Prop Grp	1	10	Gunns Ltd	3	402	Oil Search Ltd	3	7,654	The Reject Shop	5	416
Bendigo Bank	3	2,975	Harvey Norman	3	3,633	Onesteel Ltd	4	4,057	Toll Holdings	6	4,076
Billabong Int'l	2	2,445	Hastie Group	4	337	Orica Ltd	6	9,355	Tower Australia	3	904
Blackmores Ltd	2	367	Hast Div Util	3	651	Origin Energy	5	13,579	Tox Free Sol.	3	182
Bluescope Steel	4	4,156	Healthscope	5	1,373	Pacific Brands	4	857	Transfield Serv	5	1,409
Boart Longyear	2	1,293	Hills Indust.	1	481	Panaust Ltd	2	1,393	Transfield S In	1	256
Boom Logistics	1	134	Horizon Oil Ltd	2	355	Panoramic Res.	2	439	Transurban Grp	5	6,276
Boral Limited	5	3,142	Hunter Hall Int	1	145	Patties Foods	1	161	UGL Limited	5	2,178
Bradken Ltd	7	891	I-SOFT Group	2	248	Peet Ltd	2	615	UXC Limited	3	100
Brambles Ltd	3	8,621	IMD Group	5	143	Perilya Mines	1	207	VDM Group Ltd	2	66
Breville Group	1	273	ING Indust Trt	1	425	Perpetual Ltd	3	1,311	Valad Property	2	197
Brickworks Ltd	3	1,634	ING Office Fund	2	1,039	Platinum Asset	4	2,805	Viridis Clean E	1	12
Bunnings W/hse	3	787	IOOF Holdings	5	1,404	Premier Invest	3	908	Vision Group	2	26
C'wth Prop Off.	2	1,796	liNet	5	411	Primary Health	7	1,684	WHK Group Ltd	1	266
C.S.R. Ltd	5	2,537	Iluka Resources	3	2,094	Pro Maintenance	4	306	Wattyl Ltd	2	108
CFS Retail Prop	2	4,893	Incitec Pivot	5	4,789	Q.B.E. Insur.	4	18,752	Webjet NL	2	145
CSL Limited	4	20,236	Independ. Group	3	525	Qantas Airways	3	5,459	Wellcom Group	1	67
Cabcharge Ltd	2	621	Industrea Ltd	3	285	RCR Tomlinson	3	112	Wesfarmers Ltd	6	33,347
Caltex Australia	3	2,913	Insurance Aust.	3	7,167	Ramsay Health	4	2,580	Westfield Group	3	29,678
Campbell Bros	3	1,847	Int Research	1	66	Reckon Limited	1	272	West Aust News	3	1,381
Cardno Ltd	2	329	Intoll Group	3	2,454	Redflex Holding	2	238	Westpac Banking	4	68,908
Carmarvon Pet.	3	229	Invocare Ltd	4	614	Resolute Mining	2	361	Western Areas	7	706
Cash Converters	2	149	Iress Mkt Tech	3	1,093	Retail Food Grp	2	261	Whitehaven Coal	1	1,877
Chandler McLeod	2	98	JB Hi-Fi Ltd	5	2,110	Ridley Corp.	3	348	Woodside Petrol	4	35,147
Charter Hall GR	1	635	Jabiru Metals	2	138	Rio Tinto Ltd	4	41,932	Woolworths Ltd	6	34,013
Clarius Group	1	52	James Hardie	4	2,998	Riversdale Min.	2	1,923	Worley Group	5	5,697
CocaCola Amatil	3	8,784	Kagara Ltd	4	234	Roc Oil Company	1	250	Wotif.com Hold.	6	1,146
Cochlear Ltd	4	4,282	Kingsgate Cons.	7	958	SAI Global Ltd	3	600			

Investment Outlook

(Continued from Page 1)

only real hedge against future economic uncertainty and technological or political change. Companies are best suited to *adapt* to the ever changing environment.

Of course, you need to avoid stupid mistakes: You need to diversify over many companies because some will fail along the way! That has always been the case . . . and always will be. You also need to avoid leverage or margin or using borrowed money which makes you vulnerable and can result in forced sales in a crisis when prices are at their lowest.

So you will need to work out a medium term strategy for saving and investing and making your first \$100,000 - knowing that you may temporarily lose \$30,000 of that in some future crisis (GFC 10.0?). Then turn that remaining \$70,000 into your first \$1,000,000 - and expect to lose perhaps \$300,000 in another unexpected stockmarket crisis. Stick at this long enough and you might make \$10 million - which means you will be wealthy enough to perhaps lose \$3 million in some future crisis! Of course, you can avoid all of those losses by remaining poor . . . but you will be better off having a share portfolio large enough to fluctuate in value by millions of dollars!

Secondly, forecasting the future of share prices is particularly difficult. In fact, a major financial crisis, when everyone is pessimistic and the outlook is the darkest is usually the very best time to be buying shares!!! So if you buy shares in periods of economic prosperity and growth, and sell when there is talk of crisis and depression, then you will almost certainly be buying near the market high and selling near the market low! The media is the *worst* forecaster of the economy and stockmarket.

A little bit of common sense can help too! You are not buying an economy but individual shares, so have a look at whether those individual shares offer investment value. During the Technology boom, the shares of many

Total Return Index for All Listed Shares

May 10	1388.97		
May 11	1401.51		
May 12	1390.76		
May 13	1397.55		
May 14	1399.56		
May 17	1385.84	May 24	1357.06
May 18	1378.26	May 25	1346.08
May 19	1373.25	May 26	1351.02
May 20	1372.00	May 27	1355.09
May 21	1349.26	May 28	1358.69
May 31	1357.62	Jun 7	Holiday
Jun 1	1357.67	Jun 8	1333.71
Jun 2	1352.60	Jun 9	1336.21
Jun 3	1354.01	Jun 10	1337.71
Jun 4	1354.10	Jun 11	1341.21

unprofitable companies sold at 10 or 100 times revenues. Frankly, common sense should have told people that even if the economy grew strongly and these companies were extremely successful, shares bought at 10 or 100 times revenues would probably never produce a reasonable return on their initial cost. In fact, few of those companies were even moderately successful. Most failed! (Of course, those of us who expressed such views at the time were ridiculed for "not understanding internet economics" - while perhaps understanding it only too well!)

Today we would suggest that investors look at a company like Integrated Research (and others). At 39½ cents this debt-free company's shares trade on a Price/Earnings ratio of 8½ and offer a Dividend Yield of 10.1%. The company has cash in the bank of \$10.1 million (6.0 cents per share) and good growth potential for its software. Whatever *might* happen to the global economy or Sovereign debt or the US dollar, doesn't that seem like a good share in which to invest a small part of your wealth?

Why lend your money to a government with *negative* cashflows (i.e. operating at a deficit) and probably a negative net worth (i.e. if future pension liabilities are included)? It is no surprise that there is a Sovereign debt crisis! Surely it will be better to invest in a range of profitable companies like Integrated Research which have strong cashflows from their business, intellectual property and cash in the bank?

Dividends

Company	Cents per Share	Ex-Date	Pay-able	Tax Credit
Allied Workforce	4.50	18-06	25-06	Full
Comvita	6.00	18-06	25-06	Full
F&P Healthcare	7.00	25-06	09-07	Full
Goodman Property	2.125	10-06	24-06	Nil
Horizon Energy	9.00	15-06	25-06	3.8571
Infratil	3.75	11-06	25-06	Full
ING Property Trust	1.875	-	-	-
Kingfish	2.26	04-06	18-06	-
Kiwi Income Properties	3.75	04-06	23-06	0.25
Mainfreight Group	10.00	16-07	23-07	Full
Methven Ltd	5.50	25-06	30-06	2.3571
Restaurant Brands	8.00	11-06	25-06	Full
Ryman Healthcare	3.40	11-06	25-06	Full
Seeka Kiwifruit	10.00	18-06	29-06	Full
TrustPower	19.00	28-05	11-06	Full
Wakefield Healthcare	10.00	18-06	25-06	Full
<u>Australian Shares</u>				
TechnologyOne	1.33	31-05	18-06	
TFSCorporation	1.25	31-05	18-06	

Next Issue:

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