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

Market Analysis

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Inside Market Analysis

Reject slightly improved Ammtec takeover offer 5
Second Bidder shows interest in acquiring Ross Human Directions 10
Vote AGAINST Village Roadshow conversion 11,12
Ellex Medical Lasers profit recovers strongly 7
Neglect Ratings of NZ and Australian shares 14,15

Founder: James R Cornell (B.Com.)

Summary and Recommended Investment Strategy.

Remain fully invested in the recommended shares.

Investment Outlook.

Stockmarkets dipped in August as investors continued to worry at a "double-dip" recession, then rallied as those fears diminished.

Recessions are never followed by a "strong economic recovery" - except in hindsight. In real time, *every* recovery looks tentative and uncertain.

Many shares offer excellent value and our stockmarket Forecasts are favourable short term and at least neutral longer term - so we shall remain fully invested in equities.

Stockmarket Forecasts

	One-Month	One-Year
Australia:	**79%** (Bullish)	**54%** (Neutral)
New Zealand:	**79%** (Bullish)	**48%** (Neutral)

Performance Forecasts

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

	Performance Forecast	Price	Price/Sales Ratio	P/E Ratio	Gross Yield
AMP Limited	C	633	1.01	16	3.2
AMP Onyx Mgmt	D	75	5.42	NE	9.4
Abano Health.	C	530	0.62	NE	5.7
Affco Holdings	D	37	0.17	7	Nil
Air New Zealand	B	127	0.33	17	7.9
Akd Int Airport	B	206	6.89	61	5.7
Allied Farmers	D	3.4	0.01	NE	Nil
Allied Work.	B	88	0.33	11	7.3
Barramundi Ltd	A	73	N/A	5	11.7
Blis Technology	C	11	8.55	NE	Nil
Briscoe Group	B	125	0.64	13	8.0
Broadway Ind	C	30	0.39	NE	Nil
Burger Fuel	C	38	2.63	NE	Nil
CDL Investments	E	28	N/A	54	1.0
CER Group Ltd	E	0.5	0.27	NE	Nil
Canty Bldg Soc.	C	275	1.03	28	Nil
Cavalier Corp	A	276	0.85	11	9.3
Cavotec MSL	C	279	0.70	18	1.1
Charlie's Group	D	9.2	0.86	11	Nil
Col Motor Co	A	235	0.18	15	9.1
Comvita	A	195	0.62	11	5.9
Connexion	C	10	0.67	NE	Nil
Contact Energy	B	574	1.62	22	6.2
Cynotech Hold.	E	3.0	0.25	NE	Nil
Delegat's Group	C	175	0.80	41	6.5
Dominion Fin.	D	1.0	0.01	0	149.3
Dorchester Pac	E	10	0.22	NE	Nil
Ebos Group Ltd	A	675	0.25	15	6.6
Ecoya Ltd	E	80	6.76	NE	Nil
F & P Appliance	E	53	0.33	NE	Nil
F & P Health.	B	293	2.98	21	6.0
Finzsoft Sol'ns	B	32	0.37	10	Nil
Fletcher Build.	B	825	0.74	18	4.3
Freightways Ltd	B	303	1.42	16	6.6
Genesis Res.	D	4.2	7.37	NE	Nil
Goodman Prop.	D	96	6.21	NE	8.9
Guinness Peat	E	63	0.43	NE	3.5
GuocoLeisure	C	60	1.55	12	2.6
Hallenstein G.	A	390	1.17	18	7.7
Hellaby Hold.	B	175	0.66	29	6.5
Heritage Gold	* N/R	2.5	N/A	NE	Nil
Horizon Energy	A	363	2.98	15	6.7
ING Med. Prop.	C	125	6.31	24	7.6
ING Property	D	72	4.98	NE	10.4
Infratil NZ	B	173	0.53	34	3.1
Inv Research Gr	E	1.1	0.42	NE	Nil
Jasons Media	D	40	0.54	14	8.9
Just Water Int.	E	17	0.43	NE	Nil
Kathmandu Ltd	D	164	N/A	NE	Nil
Kermadec Prop.	D	48	3.26	NE	10.4
Kingfish Ltd	A	92	N/A	3	10.4
Kirkcaldie & St	A	265	0.60	26	4.3
Kiwi Property	D	98	4.20	NE	8.7
Life Pharmacy	C	35	3.26	NE	Nil
Lombard Group	D	3.0	0.40	NE	Nil
Lyttelton Port	B	242	2.83	27	2.6
Mainfreight Grp	A	699	0.61	19	3.8
Marlin Global	B	91	N/A	9	2.2
Media Tech.	E	3.0	0.41	NE	Nil
Methven Limited	B	167	0.86	14	9.4
Metro. LifeCare	C	195	3.80	4	Nil
Michael Hill	B	69	0.59	10	5.8
Mid-Cap Index	D	210	N/A	NE	Nil
Millennium & C.	C	41	1.32	12	4.2
Mowbray Collect	E	75	2.27	NE	Nil
NZ Experience	B	37	1.30	9	9.7
NZ Exchange Ltd	D	150	4.23	75	6.2
NZ Finance Hold	E	20	0.47	NE	Nil
NZ Farming Sys.	C	70	4.88	NE	Nil
NZ Oil & Gas	* N/R	128	5.07	NE	5.6
NZ Refining Co	C	325	3.64	39	Nil
NZ Windfarms	D	23	N/A	NE	Nil
NZ Wine Company	D	135	0.90	NE	2.1
NZ Wool Service	E	32	0.15	NE	Nil
NZSX 10 Fund	D	85	N/A	NE	Nil
NZSX 50 Port.	C	129	N/A	NE	Nil
NZX Aust MidCap	C	525	N/A	NE	Nil
Nat Property Tr	C	55	3.78	NE	8.2
New Image Group	D	35	1.01	11	6.1
Northland Port	B	170	N/A	22	4.6
Nuplex Indust	B	338	0.45	9	6.2
Opus Int'l Cons	E	172	N/A	NE	Nil
Oyster Bay	D	160	1.73	NE	Nil
Ozzy (Tortis)	C	347	N/A	NE	Nil
PGG Wrightsons	E	59	0.39	18	Nil
Pac Edge Bio.	E	24	N/A	NE	Nil
Pike River Coal	D	106	N/A	NE	Nil
Port Tauranga	B	685	6.20	20	6.0
Postie Plus Grp	D	30	0.11	19	Nil
Property F Ind.	C	115	7.85	NE	7.9
Propertyfinance	D	3.0	0.05	NE	Nil
Pumpkin Patch	C	177	0.72	NE	5.2
Pyne Gould Corp	E	42	1.58	15	Nil
Rakon Ltd	C	119	1.57	NE	Nil
Renaissance	C	28	0.06	NE	Nil
Restaurant Brds	B	242	0.74	12	7.4
Rubicon Limited	E	84	0.51	NE	Nil
Ryman Health.	C	208	9.45	13	4.2
Salvus Strat.	C	78	N/A	NE	4.6
Sanford Limited	C	400	0.86	10	8.2
Satara Co-op	B	85	0.25	15	3.4
Savoy Equities	E	0.8	N/A	NE	Nil
Scott Tech. Ltd	C	110	1.10	NE	1.3
Sealegs Corp	C	21	1.72	NE	Nil
Seeka Kiwifruit	B	310	0.37	NE	9.2
Skellerup Hold.	A	88	0.93	14	7.3
Sky Network TV	B	519	2.72	20	3.9
Sky City Ltd	B	285	1.97	12	7.8
Smartpay NZ Ltd	C	3.1	0.67	NE	Nil
Smiths City	C	34	0.08	11	5.9
Sol. Dynamics	E	38	0.43	NE	Nil
South Port NZ	A	265	3.04	13	7.0
Speirs Group	C	24	0.22	NE	Nil
Steel & Tube	C	250	0.58	22	4.9
Sthn Travel	D	10	0.07	NE	Nil
Tag Pacific Ltd	E	18	0.22	NE	Nil
TeamTalk Ltd	C	216	1.55	12	13.2
Telecom Corp	C	204	0.74	9	11.8
Tenon Ltd	C	100	0.14	NE	Nil
Tourism Hold.	C	78	0.54	15	7.3
Tower Limited	C	187	0.92	10	6.9
Training Sol.	D	0.1	5.00	NE	Nil
Trust Power Ltd	B	730	3.03	19	7.4
Turners & Grow.	C	140	0.25	17	7.1
Turners Auction	B	142	0.55	12	12.1
VTL Group Ltd	C	1.5	0.01	0	Nil
Vector Ltd	B	209	1.75	10	9.6
WN Drive Tech.	C	8.4	2.12	NE	Nil
Wakefield Hlth	B	650	1.20	15	4.0
Warehouse Group	B	370	0.67	15	8.1
Widespread Port	*N/R	14	N/A	6	Nil
Windflow Tech.	D	110	0.42	NE	Nil
Wool Equities	C	17	N/A	NE	Nil
World Index Fd	D	105	N/A	NE	Nil
Xero Ltd	D	150	N/A	NE	Nil
Zintel Comm.	D	30	0.33	60	11.9
Ave of 136 Cos	C	156	0.21	6	4.7

	Performance Forecast	Price	Price/Sales Ratio	P/E Ratio	Gross Yield
AGL Energy Ltd	B	1559	1.06	20	3.8
AMP Ltd	C	500	0.88	14	3.2
ANZ Bank	A	2371	3.86	39	4.3
APA Group	A	386	2.12	21	5.4
APN News Media	A	184	1.06	12	2.2
ASX Limited	A	2960	6.99	16	5.8
AWE Limited	C	163	2.39	NE	Nil
AXA Asia Pac	A	510	1.73	16	3.6
Adelaide Bright	A	334	2.15	92	4.0
Alumina Ltd	C	184	N/A	NE	1.1
Amalgamated Hld	B	580	1.14	9	6.4
Amcor Ltd	B	682	0.85	46	4.3
Andean Res.	C	634	N/A	NE	Nil
Aneka Tambang	C	120	N/A	NE	10.0
Ansell Ltd	B	1347	1.44	15	2.3
Aquarius Plat.	C	514	4.50	68	1.2
Aquila Res.	D	866	N/A	NE	Nil
Argo Investment	B	573	N/A	23	4.7
Aristocrat Leis	C	375	2.20	NE	6.4
Asciano Group	C	168	1.72	26	Nil
Aust Foundation	B	472	N/A	26	4.4
Australand Prop	C	282	2.37	NE	1.8
Aust Infra.	B	190	N/A	6	5.3
Austar United	C	86	1.60	18	Nil
Avoca Resources	B	292	N/A	NE	Nil
BHP Billiton	B	3796	2.15	9	2.6
Bank of Q'land	A	1063	0.97	15	4.9
Bendigo Bank	A	914	1.10	14	4.7
Billabong Int'l	B	788	1.34	14	4.6
Bluescope Steel	B	236	0.50	34	2.1
Boart Longyear	D	309	1.29	NE	Nil
Boral Limited	C	474	0.63	NE	2.8
Bradken Ltd	B	787	1.08	16	4.3
Brambles Ltd	C	613	1.88	17	4.1
Brickworks Ltd	B	1180	2.64	5	3.3
Bunnings W/hse	B	194	N/A	9	6.2
C'wth Prop Off.	B	97	7.31	17	5.7
C.S.R. Ltd	B	175	0.70	15	4.9
CFS Retail Prop	B	196	7.90	16	6.4
CSL Limited	B	3250	4.51	19	2.5
Caltex Austrlia	B	1195	0.18	10	2.1
Campbell Bros	A	3200	2.44	27	3.1
Carsales.com	B	504	9.48	27	3.0
Centennial Coal	A	608	3.00	47	1.8
Chal Financial	B	410	1.27	7	3.5
Chart H Retail	B	60	4.77	12	8.9
Chart H Office	C	25	4.38	NE	7.6
Citadel Res Grp	D	38	N/A	NE	Nil
Coal & Allied	A	10051	3.72	15	5.1
CocaCola Amatil	B	1191	1.96	20	3.7
Cochlear Ltd	B	7092	5.45	26	2.8
Com'wealth Bank	A	5267	2.07	14	5.5
Computershare	A	949	2.93	16	3.0
ConnectEast Grp	C	43	6.78	NE	Nil
Cons Media Hold	A	326	N/A	24	5.1
Crown Ltd	B	830	2.67	21	4.5
DUET Group	B	176	1.33	11	11.4
David Jones	A	506	1.28	16	5.5
Deutsche Div Tr	A	131	6.10	14	7.1
Dexus Property	B	84	5.65	NE	6.1
Djerriwarrh	B	399	N/A	34	6.5
Downer EDI Ltd	B	428	0.25	NE	6.8
Energy Resource	B	1337	3.27	9	2.9
Equinox Min.	C	537	N/A	NE	Nil
Extract Res.	D	633	N/A	NE	Nil
FKP Limited	B	79	2.55	17	1.9
Fairfax Media	B	151	1.42	13	1.7
Flight Centre	A	2199	1.22	16	3.2
Fortescue Metal	C	481	4.14	23	Nil
Foster's Group	B	625	2.70	17	1.9
GPT Group	B	305	N/A	48	1.5
GWA Internat'l	B	310	1.42	17	5.8
Gloucester Coal	B	1245	4.45	31	Nil
Goodman Fielder	B	144	0.75	12	7.5
Goodman Group	C	67	7.08	NE	5.1
Graincorp	A	707	0.81	22	1.0
Harvey Norman	B	376	2.97	17	3.7
Healthscope	B	614	1.06	20	3.8
Henderson Group	B	224	3.57	71	4.9
Hutchison Tel.	B	11	1.87	NE	Nil
ING Office Fund	B	62	7.92	39	6.3
ING Indust Trt	C	48	4.63	NE	3.4
IOOF Holdings	A	663	2.06	22	2.7
Iluka Resources	C	595	4.25	NE	Nil
Incitec Pivot	B	352	1.66	NE	1.3
Insurance Aust.	B	362	N/A	34	3.6
Intoll Group	B	148	N/A	NE	2.0
Iress Mkt Tech	B	780	5.64	23	4.4
JB Hi-Fi Ltd	B	2170	0.86	20	3.0
James Hardie	E	579	1.90	NE	Nil
Kardoon Gas	D	690	N/A	NE	Nil
Kingsgate Cons.	A	1076	6.11	15	3.3
Leighton Hold	B	3337	0.69	16	4.5
Lend Lease Grp	B	752	0.40	12	4.3
Lihir Gold Ltd	B	448	8.71	53	0.5
MAp Group	C	308	4.73	NE	6.8
Macarthur Coal	B	1108	4.20	23	2.3
Macquarie Group	C	3444	1.79	11	5.4
Medusa Mining	C	457	8.10	12	Nil
Metcash Ltd	B	440	0.29	15	5.9
Milton Corp.	B	1563	N/A	21	4.5
Minara Resource	C	76	1.98	18	Nil
Mineral Res.	A	991	5.11	16	2.0
Mirvac Group	B	140	2.97	19	5.7
Monadelphous Gr	A	1475	0.99	15	5.6
Mt Gibson Iron	A	176	3.42	14	Nil
Nat'l Aust Bank	A	2467	1.53	20	5.9
Navitas Ltd	B	442	2.72	24	4.3
New Hope Corp.	B	488	5.69	15	16.8
Newcrest Mining	B	3884	6.70	34	0.6
News Corp.	B	1620	0.42	5	1.0
Nufarm Limited	B	352	0.30	10	7.7
OM Holdings	B	163	2.85	30	1.2
OZ Minerals Ltd	C	139	7.10	NE	Nil
Oil Search Ltd	B	591	N/A	51	1.5
Onesteel Ltd	B	297	0.64	15	3.7
Orica Ltd	A	2516	1.22	17	3.9
Origin Energy	B	1539	1.59	22	3.2
Pacific Brands	C	107	0.57	19	Nil
Paladin Energy	D	379	N/A	NE	Nil
Panaust Ltd	B	67	5.00	91	Nil
Perpetual Ltd	B	2987	2.56	14	5.5
Platinum Asset	B	511	N/A	21	4.3
Premier Invest	B	685	1.18	12	8.0
Primary Health	C	335	1.27	12	7.5
Prime Infra.	C	459	3.23	NE	3.3
Q.B.E. Insur.	C	1764	1.04	9	7.3
Qantas Airways	C	261	0.43	53	Nil
REA Group Ltd	B	1159	7.66	30	1.4
Ramsay Health	B	1527	0.91	21	2.8
Reece Australia	B	2340	1.55	20	2.3
Rio Tinto Ltd	B	7425	0.91	8	0.7
Riversdale Min.	C	965	N/A	NE	Nil
S/Tracks ASX200	A	4322	N/A	14	3.1
SP Ausnet	A	89	1.81	12	9.0
Santos Ltd	B	1219	4.65	23	3.4
Seek Ltd	B	758	9.05	28	1.6
Seven Group	C	647	3.68	NE	2.8
Sims Metal Mgmt	B	1820	0.50	29	1.8
Sonic Health	B	1099	1.43	15	5.4
Soul Pattinson	B	1284	3.95	14	2.5
Spark Infrastru	B	115	4.19	10	11.8
Stockland	B	402	4.07	20	5.4
Suncorp-Metway	B	889	0.73	15	3.9
TPG Telecom Ltd	B	183	2.68	73	1.1
Tabcorp Holding	B	657	0.95	9	8.4
Tatts Group Ltd	B	231	0.90	28	9.1
Telstra	B	281	1.40	9	10.0
Ten Network	E	139	1.61	NE	Nil
Toll Holdings	B	646	0.65	16	3.9
Tower Australia	B	235	1.02	19	2.2
Transfield Serv	B	347	0.46	20	4.0
TransPacific In	C	107	0.50	17	Nil
Transurban Grp	B	512	8.86	NE	4.7
UGL Limited	B	1495	0.59	17	4.3
Virgin Blue	C	40	0.30	42	Nil
Wesfarmers Ltd	B	3357	0.75	25	3.7
Westpac Banking	A	2294	4.03	53	5.1
Westfield Group	B	1266	7.09	NE	7.4
West Aust News	A	678	3.58	15	6.6
Western Areas	A	532	5.61	67	1.1
Whitehaven Coal	A	592	7.18	53	0.9
Woodside Petrol	A	4253	7.60	18	2.6
Woolworths Ltd	A	2890	0.69	18	4.0
Worley Group	A	2305	1.12	19	3.3
Wotif.com Hold.	A	469	7.23	19	4.6
Zimplats Hold.	C	1100	2.62	9	Nil
Ave of 1907 Cos	C	150	0.23	11	1.7

Recommended Investments

Cavalier Corporation's revenues were 10.7% lower at $220.3 million for the year to 30 June 2010, but profits were 21.7% higher at $16,627,000 (24.5 cents per share). A final 11.0 cents dividend lifts the annual dividend 20.0% to 18.0 cents (plus full imputation tax credits).

The net operating cash surplus was steady at $26.7 million.

Colonial Motor Company experienced a 10.9% decline in revenues over the year to 30 June 2010, while profits were steady (i.e. up 0.5%) at $5,142,000 (15.7 cents per share). A final 9.0 cents dividend will lift the annual dividend rate 17.2% to 15.0 cents (plus tax credits).

The net operating cash surplus was 3% higher at a very high $17.5 million. *(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	1.4	13.21	54	1.0	28	29.9	+132%
HOLD+	Cavalier Corporation	CAV	05/12/95	156*	A	67.8	1.0	0.85	11	9.3	276	249.0	+237%
HOLD	Colonial Motor Company	CMO	10/11/92	128*	A	32.7	0.5	0.18	15	9.1	235	307.3	+324%
HOLD	Lyttelton Port Company	LPC	12/12/00	150	B	102.3	0.6	2.83	27	2.6	242	74.8	+111%
BUY	Michael Hill Int'l Ltd	MHI	11/06/91	5*	B	382.5	0.9	0.59	10	5.8	69	29.4	+1868%
HOLD+	Nuplex Industries Ltd	NPX	11/02/97	523*	B	192.2	1.0	0.45	9	6.2	338	377.0	+37%
HOLD	Postie Plus Group	PPG	08/05/06	71	D	40.0	1.7	0.11	19	Nil	30	8.5	-46%
HOLD+	Renaissance Corp	RNS	13/08/96	85*	C	44.2	1.7	0.06	NE	Nil	28	53.9	-4%
HOLD	Smiths City Group	SCY	09/10/06	64	C	53.0	1.5	0.08	11	5.9	34	13.0	-27%
HOLD	South Port New Zealand	SPN	13/02/96	120	A	26.2	0.6	3.04	13	7.0	265	121.8	+222%
HOLD	Steel & Tube Holdings	STU	08/08/00	146	C	88.4	0.7	0.58	22	4.9	250	234.5	+232%
	Australian Shares (in Aust cents)												
BUY	AJ Lucas Group	AJL	13/05/03	120	C	65.3	0.7	0.32	NE	3.1	176	41.0	+81%
HOLD+	Ammtec Ltd	AEC	11/01/10	257	A	36.5	0.5	2.58	20	4.6	383	6.5	+52%
HOLD+	Atlas South Sea Pearl	ATP	14/05/96	73	C	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	0.77	14	4.4	250	22.0	+59%
HOLD	Campbell Brothers Ltd	CPB	12/10/99	389*	A	63.0	0.3	2.44	27	3.1	3200	539.0	+861%
BUY	Cardno Ltd	CDD	14/12/09	399*	A	90.5	0.5	0.84	11	6.5	443	13.6	+14%
HOLD	Cellnet Group Ltd [1]	CLT	12/02/02	147*	B	73.5	1.2	0.34	22	Nil	35	32.4	-50%
BUY	Challenger Wine Trust	CWT	12/01/09	30	C	190.8	1.8	1.04	NE	25.0	17	6.7	-21%
HOLD-	Charter Hall Group	CHC	06/04/09	30*	C	1162.4	0.9	9.17	0	5.2	61	2.6	+112%
HOLD+	Circadian Technologies	CIR	10/02/04	188	D	45.2	1.0	11.48	NE	Nil	58	65.0	-35%
HOLD+	Clarius Group Ltd	CND	08/04/03	82*	B	85.8	1.0	0.20	18	3.2	63	65.5	+57%
HOLD+	CPT Global Ltd	CGO	10/03/08	88	D	36.9	0.9	0.55	NE	Nil	57	7.3	-27%
BUY	Devine Ltd	DVN	13/11/06	84*	B	634.9	1.4	0.31	21	3.6	28	16.9	-47%
BUY	Ellex Medical Lasers	ELX	14/03/06	49	B	84.9	1.7	0.35	4	Nil	20	Nil	-59%
BUY	Fiducian Portfolio Ser	FPS	11/02/08	260	B	32.2	0.8	1.87	11	6.3	135	21.8	-40%
BUY	Finbar Group Ltd	FRI	12/04/10	106	B	162.5	0.7	1.07	7	7.4	102	5.5	+1%
HOLD+	Iluka Resources Ltd	ILU	12/10/04	471	C	418.7	0.4	4.25	NE	Nil	595	64.0	+40%
BUY	Integrated Research	IRI	14/01/08	40	B	166.8	1.2	1.45	10	7.7	33	10.0	+6%
HOLD	Mnet Group [1]	MNZ			C	208.3	3.6	0.88	NE	Nil	4	Nil	
HOLD	M2 Telecommunications	MTU	09/10/06	33	A	121.5	0.6	0.64	16	4.7	215	18.5	+608%
BUY	Melbourne IT	MLB	10/02/04	53	B	79.0	0.6	0.79	9	7.5	200	59.0	+388%
BUY	Nomad Building Solutio	NOD	16/08/10	15	B	138.1	1.8	0.10	2	Nil	16	Nil	+7%
HOLD-	Photon Group Ltd	PGA	10/11/08	132*	C	187.4	2.2	0.03	NE	30.6	10	11.8	-84%
BUY	Probiotec Ltd	PBP	11/02/08	116	B	52.8	0.7	0.83	12	3.0	118	9.8	+10%
HOLD+	Prophecy International	PRO	08/09/08	26	C	47.2	1.5	2.34	35	10.0	25	6.8	+22%
HOLD-	Ross Human Directions	RHD	14/08/01	92	A	83.5	0.9	0.15	8	5.2	67	35.8	+12%
HOLD	Skilled Group Ltd	SKE	12/03/02	126	C	190.7	0.8	0.15	20	Nil	132	132.0	+110%
HOLD	Technology One Ltd	TNE	11/11/03	44	B	300.3	0.8	2.16	17	4.3	88	21.4	+149%
BUY	TFS Corporation Ltd	TFC	08/01/07	45	B	227.4	0.8	1.55	5	6.0	80	9.4	+98%
HOLD+	The Reject Shop Ltd	TRS	11/01/05	257	B	26.0	0.3	0.94	19	3.9	1705	220.5	+649%
HOLD+	Village Roadshow PREF	VRLPA	10/08/09	77	B	166.5	0.6	0.32	6	Nil	249	9.0	+235%

The average Total Return (i.e. both Capital Gains/Losses plus Dividends received) of all current investments from initial recommendation is +156.1%. This is equal to an average annual rate of +23.6%, based upon the length of time each position has been held.

The average annual rate of gain of ALL recommendations (both the 41 current and 147 closed out) is +28.9%, 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 Group includes 1½ shares in Mnet Group distributed to shareholders.

Recommended Investments

(Continued from Page 3)

Interest bearing debts (excluding credit contracts) were reduced $8.7 million to just $31.8 million.

Lyttelton Port Company lifted revenues 3.4% to $87.3 million for the year to June 2010, but profits slipped 10.4% to $9,008,000 (8.8 cents per share). A final 2.9 cents dividend will make a 10.2% lower annual rate of 4.4 cents (plus imputation tax credits).

The net operating cash surplus rose 3.5% to $19.8 million.

The company has now completed its planned five year, $90 million upgrade - at a cost of only $70 million. This was financed mainly through lower dividend payments to shareholders, although ports are a strong cashflow business. Without this large capital expenditure - and if the directors maintain the low dividend payout - then Lyttelton Port Company could be completely debt-free in about four years!

Lyttelton Port Company has $210 million in assets, with the Chief Executive claiming it has suffered $50 million worth of damage in the recent earthquake, but is still operational.

Michael Hill International lifted revenues 7.5% to $443.7 million for the year to 30 June 2010, while profits recovered and grew 49.5% to $26,509,000 (6.9 cents per share). A final 2.5 cents dividend will make a 60% higher annual 4.0 cents dividend rate (with no NZ tax credits).

The net operating cash surplus was down 73% to just $12.8 million - mainly as a result of a $31.8 million increase in inventories.

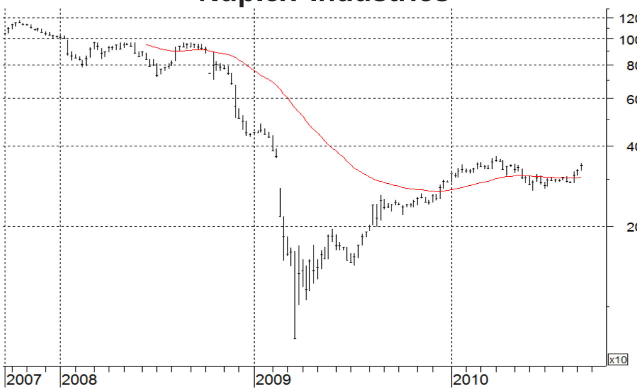
The Hill family plans to consolidate their 48% shareholding, held in different family trusts, into one entity and to increase that to 50.1% by purchasing shares on-market over the next year. To do this - without being required to make a takeover offer for the whole company - will require shareholder approval.

Nuplex Industries' revenues were down 2.3% to $1459.9 million over the year to June 2010, but trading profits soared 4¼-fold to $71,443,000 (37.2 cents per share). A final 11.0 cents dividend will make a 320.0% higher 21.0 cents (but with no NZ tax credits).

The net operating cash surplus was 15% lower, but still very high at $104.7 million.

Interest bearing debts were reduced by $94.3 million to $154.4 million and the company holds cash of $82.1 million.

Nuplex Industries



Postie Plus Group reports its fourth quarter revenues down 5.3%, which will hold annual revenue growth to about 3%. The "unusually weak market" has prevented the company achieving its sales and margin budgets and the full year profit should be "marginally below" the 2009 result. The full results will be announced on 24 September.

South Port NZ reports revenues 17.0% higher at $22.8 million for the year to June 2010. Trading profits were 57.5% higher at $5,209,000 (19.9 cents per share). The company will pay a final dividend of 12.5 cents - but 4.0 cents of this relates to arrears and interest from the NZAS dispute. An interim dividend of 4.5 cents was paid. So effectively the company is paying an ordinary annual dividend 26.8% higher at 13.0 cents (plus full imputation tax credits) and a one-off special dividend of 4.0 cents.

The net operating cash surplus was 24% lower at $4.9 million.

Interest bearing debts increased from nil to just under $2.0 million, but will increase further this year with the purchase of a container crane for $6.0 million and a container forklift for $700,000.

The company predicts a profit of $3.5-3.9 million (13.3-14.9 cents per share) for the year to June 2011 and an annual dividend of 13.0 cents.

Steel & Tube Holdings' revenues were down 21.6% to $380.0 million for the year to June 2010. Profits were down 62.1% at $9,903,000 (11.2 cents per share). A final 5.0 cents dividend takes the annual dividend to 8.5 cents (plus full imputation tax credits), down 55.3% for the year.

The operating cash surplus was 53% lower, but still very high, at $26.9 million. Interest bearing debts were reduced by a further $11.6 million to $35.9 million. Shareholders Equity is $145.5 million.

Australian Shares

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

AJ Lucas Group's result to 30 June 2010 is difficult to understand owing to the mix of its trading businesses, a large gain on the sale of exploration interests and accounting standards that require it to write off the additional $30.8 million invested in the Monument Prospect (taking that investment to $87.5 million).

Trading revenues were 28.2% lower at $358.5 million. Underlying earnings were a *loss* of $4.6 million and after depreciation, interest and tax the net *loss* must be around $35,000,000 (*minus* 54 cents per share), compared with a small profit of $12.2 million for 2009.

No dividends will be paid for the year.

The operating cash *deficit* was $11.0 million, little changed from a *deficit* of $11.9 million last year.

The Drilling division's revenues were down just 0.5% at $203.2 million, but earnings fell 32% to $23.7 million owing to costs involved in integrating **Mitchell Drilling** (which is now complete), higher repairs and maintenance, unusually wet weather and uncertain demand for coal seam drilling.

The Building, Construction and Infrastructure division performed even worse. Revenues were down 46% to $155.3 million with a *loss* (before depreciation and interest) of $19.5 million, compared with earnings of $10.1 million the previous year.

The group's investments in Oil and Gas assets realised a $93.0 million pre-tax profit on the sale of an asset (which had a book value of $5.5 million), but accounting standards require it to fully write off its $30.8 million further investment in the **Monument Prospect**. The company has now invested $87.5 million in this project (134 cents per AJ Lucas share). The directors have "confidence in the underlying value of this investment" which they plan to sell down "as soon as commercially feasible" which should be "by the end of 2010". The company has also invested a further $33 million in **Cuadrilla Resources** taking its investment to $60 million (92 cents per AJ Lucas share) for a 40.9% shareholding.

AJ Lucas Group therefore has oil and gas investments worth around $147.5 million (226 cents per share) as well as trading businesses (i.e. drilling, pipelines) which, under normal circumstances, can be expected to earn a profit and finance dividends.

The stockmarket nearly always under-values companies which have valuable, but non-income producing assets, and income producing businesses. That is a problem *if* an investor is looking to sell, but not a problem for investors seeking to buy further shares. From an investor's perspective, this can also be an attractive way to invest in risky oil and gas exploration assets. AJ Lucas Group is also using its drilling technology to develop and commercialise unconventional oil and gas assets - just as it helped developed the now growing Coal Seam Methane gas business.

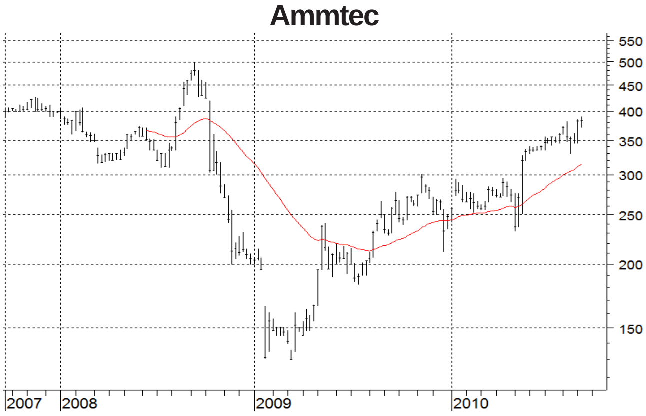
The takeoverr offer for **Ammtec** by **Campbell Brothers** has bee increased but is still unlikely to be successful. The cash offer has been raised 13.4% to 380 cents (but does not include Ammtec's final 11.0 cents dividend), while the share offer is 3.0% higher at four Campbell Brothers shares for 33 Ammtec shares.

Campbell Brothers will also declare the offer unconditional if they receive a 30% interest in Ammtec by 15 September. The company will also buy shares on-market at 380 cents (if the market price were to dip that low).

This development doesn't really make much sense. Ammtec shareholders have rejected the original Campbell Brothers takeover. After disclosing a small shareholding and receiving commitments from a few institutional shareholders, Campbell Brothers disclosed a 10% interest in Ammtec but about six weeks later acceptances from other shareholders had only taken that to 11%. The higher offer has boosted its holding to only 13.8%.

The improved offer is only about 3% higher (i.e. than the market value of Ammtec shares or as implied by the share for share offer), so is likely to win over few Ammtec shareholders. Achieving a 30% shareholding (i.e. at which time Campbell Brothers would declare the offer unconditional and accept any shares offered to it) makes no sense. The company should at least require a 50.1% *controlling* interest or a 90% interest (where it can compulsorily acquire the remaining shares). Acquiring a *minority* shareholding in Ammtec only suggests that Campbell Brothers will be back later - perhaps in six months or a year - with a *better* offer to try to achieve the desired *full* takeover. In this situation, the bidder can find itself paying ever increasing prices to slowly build its shareholding. The last Ammtec shareholders to sell could potentially receive a significantly higher price than those that accepted its first offer!

Ammtec directors recommend rejecting the new takeover offer - as do we - and are "confident the company will meet" its earnings guidance for the current year. The company reports business activity "at record levels" and "a very strong pipeline of new contract opportunities".



Atlas South Sea Pearl lifted revenues 37.0% to $5.0 million for the six months to 30 June 2010. Profits recovered over three-fold to $3,459,101 (2.7 cents per share). There was a net operating cash *deficit* of $1.4 million.

In June the company announced the acquisition of a pearl farming business. The final cost of this acquisition will be $594,300 - with 75% paid and the balance payable on final government approvals for the transfer of these seven pearl farms. The company is upgrading these sites to expand the hatchery and pearl seeding. With these new assets, Atlas South Sea Pearl has the capacity to expand its 2011 seeding by 25% and to "double the total oyster biomas by 2012".

Breville Group has reported a 2.6% decline in revenues to $420.9 million for the year to 30 June, but profits recovered all of last year's decline, up 92.1% to $22,584,000 (17.4 cents per share). A final 5.0 cents dividend will lift the annual dividend 100.0% to 11.0 cents.

Profits would have been up 117.5% at $25.6 million except for just under $3.0 million (after tax) of takeover response costs.

The net operating cash surplus was very strong at $57.4 million - up 110%. This has enabled the company to reduce interest bearing debts by $35.0 million to just $4.3 million. Cash on hand is $13.6 million.

Australian revenues were down 2% at $209.4 million, with earnings 49% higher at $19.7 million. North American revenues rose 2% to $156.7 million, but the business recovered from a *loss* of $3.4 million in 2009 to earnings of $11.8 million. New Zealand revenues were 21% lower, but earnings rose 2½-fold to $2.2 million.

Breville Group is looking for further improvement in its North American distribution business, helped by a "strong pipeline of new product releases" and its presence in a larger number of retail outlets. Savings in interest costs should add around $4 million to earnings in the current financial year.

Cardno's revenues were 7.5% lower at $477.2 million for the year to 30 June 2010, but net profit increased 10.1% to $37,597,000. Earnings per share were 2.5% higher at 41.5 cents. *(Continued on Page 6)*

Recommended Investments

(Continued from Page 5)

A 15.0 cents final dividend will lift the annual payout 3.6% to 29.0 cents.

The net operating cash surplus rose 21% to $46.7 million.

The company believes it is "well positioned for 2011" owing to "the strong performance of recent major acquisitions" plus "a return to organic growth" in its existing businesses.

Cellnet Group's revenues slipped 12.2% to $76.1 million over the year to 30 June 2010 but returned to profitability. Continuing operations earned a net profit of $1,155,000 (1.6 cents per share) - compared with a *loss* of $6.2 million last year! There was also a small gain of $317,000 from discontinued businesses.

The net operating surplus was $684,000 - down from the $19.7 million in 2009 when the company was liquidating some of its operations.

Cellnet Group repurchased 2.8 million shares on-market over the last year, leaving an issued capital of 73,502,500 shares. The company is debt-free, with cash in the bank of $20.8 million or 28.3 cents per share. Other net assets and the existing business should be worth around 16 cents per share - so the shares should be worth around 40-45 cents.

Challenger Wine Trust's revenues were 6.5% lower at $31.3 million for the year to 30 June 2010. Trading profits were 6.0% lower at $15,166,000 although earnings per unit were 16% lower at 8.0 cents owing to additional units issued to finance the interim dividend re-investment plan.

The movement in asset values - a $3.5 million write-down in the value of wineries and a $26.2 million write-down in property values - reduced the bottom line to a *loss* of $14,709,000 (*minus* 7.7 cents per share), compared with a loss of $24.3 million (*minus* 14.3 cents per share) in 2009.

The net operating cash surplus rose 52% to $16.1 million.

Interest bearing debts were reduced by $9.0 million to $140.3 million, while cash increased $4.8 million to $11.0 million.

Challenger Wine Trust's income remains secure owing to its long term lease contracts, but the decline in asset values continues to erode margins over bank debt covenants. $60.2 million of debt mature in May 2011 and will require refinancing. The trust is reviewing "capital management alternatives" to "position itself to secure refinancing" and this *may* include raising some additional equity capital.

The trust estimates that the total area planted in grapes in Australia has already been reduced from 157,000 hectares to 144,000 hectares, with further reductions to 124,000 hectares needed to balance supply and demand. This will mainly occur with contract grape growers where contracts are not renewed.

Australian Vintage, the largest tenant (leasing 36% of the trust's assets) has reported a 57% increase in trading profits to $9.1 million. That company reports "oversupply exists" within the Australian wine industry "but the problem is reducing" and that it is "budgeting positive net profit growth in financial year 2011".

Challenger Wine Trust's net independent value is 49 cents per unit. The units trade at a discount to that value which probably more than fully anticipates any further asset write-downs and any potential dilution from further capital issues.

The cash operating surplus, plus cash from asset sales plus the cash in the bank *could* be used to reduce interest bearing debts by $20-25 million over the coming year (i.e. rather than paying distributions). That would reduce the debt refinancing requirement and improve debt/equity ratios - probably without the need for a dilutive capital raising.

The decline in property values should at least slow considerably and - like the general property market - then recover as market values bounce back from "fire sale" low levels.

Charter Hall Group reports revenues up 26.3% to $77.3 million for the year to 30 June 2010. Operating earnings were unchanged at $34.9 million - but earnings per share were down 40% to 3.0 cents owing to new shares issued during the year. A final distribution of 1.6 cents makes the annual distribution rate 35.5% lower at 3.20 cents.

After adjustment for changes in property investments the group made a profit of $207,000 (0.02 cent per share).

The net operating cash surplus was 6% lower at $38.8 million. Net tangible asset backing is 56 cents per share. The Property Management business has increased its funds under management three-fold to $10,200 million.

The group is forecasting earnings growth of around 20% this year and a 25% increase in distributions to 4.0 cents.

Circadian Technologies recorded revenues (i.e. mainly interest on its cash deposits) 26.7% lower at $2.3 million for the year to 30 June 2010. The net *loss* was $6,948,240 (*minus* 15.4 cents per share), with a similar cash operating *deficit* of $7.5 million.

That was an improvement on its expected $8-12 million cash deficit, owing to better rates for outsourced preclinical studies and manufacturing, and higher yields on production processes resulting in lower material costs.

The company holds cash of $31.9 million (70 cents per share) and listed investments worth $1.9 million (4 cents per share), with no significant liabilities except normal creditors of $2.5 million.

The market, however, continues to value Circadian Technology shares at less than their cash holding - effectively placing a *negative* value on its numerous cancer research projects. Ultimately this could lead to a takeover of the company by a large pharmaceutical company - as acquiring Circadian Technology and ownership of its intellectual property and patents *could* be considerably cheaper than buying royalties on any drugs developed.

The group's subsidiary, **Vegenics**, has just been awarded a US patent covering diagnostic kits to detect VEGF-D. The company is undertaking studies with other parties to develop a diagnostic test for VEGF-D as a cancer biomarker.

Clarius Group's revenues declined 9.3% to $266.1 million over the year to 30 June 2010, but profits improved

67.9% to $3,019,000. Earnings per share were up only 20.7% to 3.5 cents owing to new shares issued in a placement and the 2 for 7 cash issue a year ago. Profits still remain depressed, so again no dividend will be paid for the year.

There was a net operating cash *deficit* of $1.2 million, compared with a surplus of $8.4 million last year. These annual surplus/deficits are influenced by fluctuations in receivables at balance date.

Interest bearing debts were reduced $13.4 million to just $2.2 million, largely from the new equity raised.

The company reports that "permanent recruitment growth has rebounded" and that "hiring intentions among clients are strong" with the recovery and growth of the economy. It expects "demand to continue to increase", is increasing focus and investment in Asia, and "ready for sustained growth" with the economic recovery.

CPT Global's revenues were 14.2% lower at $37.9 million over the year to 30 June 2010. That was insufficient to cover costs and the business operated at a small *loss* of $733,000 (*minus* 2.0 cents per share), compared with a profit of $2.2 million the previous year. No dividend will be paid for the year.

The business, however, did generate a small net operating cash surplus of $1.3 million, down 71%.

In addition, the company wrote-down goodwill by $2.4 million - but that is a non-cash accounting entry that has no significance.

The company lost $856,000 in the first half of the year, so improved to earn a net profit of $123,000 over the second half of the year. Just prior to the end of year the company also "commenced work in the US with one of the world's largest financial institutions and in Europe at one of the world's largest mainframe sites". The directors are confident of returning the company to "acceptable returns in the coming year".

Devine reports a 32.4% lift in revenues to $577.3 million for the year to 30 June 2010, but net profits fell 51.1% to $8,158,000 (1.3 cents per share). The company states that its *underlying* profit was 27.9% higher at $21,361,000 (3.4 cents per share), with losses of $13.2 million on discontinued commercial and property developments.

Dividends will be re-instated with a final dividend of 1.0 cent - down 66.7% on the 2009 dividend.

The net operating cash surplus - which is rather meaningless owing to the actual sales and settlements with property development companies - was a massive $139.1 million. That reflects the sale of discontinued major developments - and is also reflected in the $158.0 million decline in interest bearing debt to $109.5 million and the $19.3 million increase in cash to $20.0 million.

The company is forecasting the June 2011 profit at around $21.0-21.5 million or 3½ cents per share.

Devine has also announced a joint venture with **The Gull Group** (an operator of retirement villages) to develop a new residential community at *Bacchus Marsh*, 45km west of Melbourne. Under the joint venture, The Gull Group will provide a 141-hectare site (between a golf course and the Werribee River), with Devine involved in all development, sales and marketing of the $800 million project that will yield 1500 lots over the next 8-10 years. The first sales are expected from mid-2012.

This is Devine's new development strategy where it forms a joint venture with land owners who are paid as the developed properties are sold rather than Devine tying up its own capital by purchasing the undeveloped land up front. This allows Devine to focus upon its skills in project delivery and marketing, with limited capital investment.

Ellex Medical Lasers has experienced a strong recovery in profits! Revenues were down 18.0% to $48.7 million, but profits recovered 9-fold to $3,820,000 (4.5 cents per share). The company does not yet pay dividends, retaining its cash to finance expansion and growth.

The company is also managing its inventories and working capital better than a few years ago, producing an operating cash surplus 18% higher at $4.7 million.

Overall the company invested around 6% of revenues in Research & Development - or about $2.8 million - but received about one-third of this from government R&D grants. The company capitalised $1,229,000 of R&D over the year, but also depreciated $1,469,000 of previously capitalised R&D.

R&D is mainly aimed at its *Ellex 2RT* laser - "a breakthrough laser therapy which has the potential to positively influence the lives of millions of people suffering from retinal disease" and "Age-Related Macular Degeneration" which is "the leading cause of blindness in the developing world". Further clinical trials will be undertaken this year to validate the findings to date.

The directors expect demand for its lasers to "improve worldwide from 2011", while the company's "major operational efficiencies achieved last year will ensure that improvements in global economic conditions directly and positively benefit our bottom line" profit.

At 20 cents, Ellex Medical Lasers shares are trading on a Price/Sales ratio of 0.35 and a Price/Earnings ratio of 4½. The Price/Research ratio is 6.1. According to Kenneth Fisher in "Super Stocks", a growth company is expensive on a Price/Research ratio greater than 15, but good value in the range of 5 to 10 and "you are unlikely to find them at much below 5".

Ellex Medical Lasers

Fiducian Portfolio Services - a small financial planning and funds management business - lifted revenues 5.7% to $23.3 million over the year to 30 June 2010. Profits recovered 25.2% to $4,112,000 (12.8 cents per share). A final 4.75 cents dividend will lift the annual dividend 25.9% to 8.5 cents.

The net operating cash surplus was 52% higher at $4.8 million. *(Continued on Page 8)*

Recommended Investments

(Continued from Page 7)

The company is debt-free, with cash of $9.5 million (29 cents per share).

Finbar Group lifted revenues 179.4% to $155.0 million for the year to 30 June 2010. Net profit was 24.7% higher at $23,561,832 (14.5 cents per share). As previously reported, the final dividend of 5.5 cents will raise the annual rate 7.1% to 7.5 cents.

The net operating cash surplus was $65.0 million - compared with a *deficit* of $46.5 million in 2009 - but those figures just reflect the timing of investments in projects and their final settlement.

The company currently has interest bearing debts of only $77.2 million - and cash of $41.5 million - but that will change as it commences new projects with an end value of $615 million.

Finbar Group expects to complete and settle 275 residential apartments at the *Edge* and *Times Two* over the current year with profits at "similar levels" to 2010. It is also looking "to achieve further earnings growth in the 2012 financial year".

Iluka Resources lifted revenues 94.4% over the half year to 30 June 2010, but operated at a small *loss* of $6,600,000 (*minus* 1.6 cents per share).

There was a net operating cash surplus of $42.3 million, compared with a *deficit* of $88.8 million last year.

The company has completed the development of Jacinth-Ambrosia and Murray Basin Stage II, so the period of high capital expenditure is now behind it and debt levels have peaked.

Strong demand has seen volumes increase, with the company raising prices from the beginning of April and with a larger price increase in July.

Integrated Research suffered a 12.6% fall in revenues to $37.3 million for the year to June 2010, with profits down 31.3% to $5,401,000 (3.2 cents per share). A final dividend of 1.0 cents brings the annual regular dividend to 2.5 cents, down 37.5%. In addition, the company paid a special 0.5 cent dividend with the interim dividend.

The net operating cash surplus was 38% lower at $8.3 million. The company has no interest bearing debts and $8.4 million (5.0 cents per share) of cash in the bank.

The revenue (and profit) decline was mainly the result of the stronger Australian dollar. In their actual currencies, revenues were down just 3%.

IP Telephony sales increased 14% to become the largest source of new licence sales.

Despite the profit decline, the directors believe that "the underlying fundamentals and strategy of Integrated Research remain sound". The company has "captured a leading position in the global management of IP Telephony systems with four million phones licenced" and "expansion in the management of payment systems will underpin growth".

Integrated Research invested $8.3 million - about 22% of its revenues - in Research & Development. At 33 cents, that places the shares on a Price/Research ratio of 6.6.

Mnet Group reports revenues up 71.6% for the year to 30 June and a *loss* of $712,583 (*minus* 0.3 cent per share). There was a net operating *deficit* of $1.0 million.

M2 Telecommunications slightly better than *doubled* revenues (i.e. up 100.6%) to $406.1 million over the year to 30 June 2010, with net profits up 119.0% to $16,156,000. Earnings per share were up 93% at 13.3 cents. A dividend of 5.0 cents will lift the annual dividend 81.8% to 10.0 cents.

The net operating cash surplus was 60% higher at $13.3 million.

As announced last month, M2 Telecommunications expects its current year profit to be around 36-45% higher $22.0-23.5 million (18-19 cents per share).

At 215 cents, M2 Telecommunications shares trade on a Price/Earnings ratio of 16 and offer a Dividend Yield of 4.6%. Forecast growth this year would improve that to a P/E of 11.3-11.9 and, based upon a policy of distributing over 70% of earnings as a dividend, a Yield of about 6.3-6.6%.

Nomad Building Solutions experienced a 46.3% drop in revenues to $223.3 million for the year to June 2010 and a *loss* of $13,002,000 (*minus* 9.4 cents per share). This is down on the $6 million *loss* expected last month. As expected, no dividend is being paid for the year.

The business, however, produced a *positive* net operating cash surplus of $9.1 million (down from $29.9 million the previous year), and interest bearing debts have been reduced from $46.5 million to $26.8 million. Cash on hand is $8.8 million.

The company reports a current order book in excess of $100 million and "tender and other inquiries remain positive", with "the group forecasting a return to profitability" in the current financial year! It also reports that "the outlook for the sectors where Nomad operates" are "very positive for the foreseeable future".

As a *recovery situation* we do not need Nomad Building Solutions to record triple-digit growth rates, but simply to manage its debts (to avoid being placed in receivership) and survive by winning a reasonable volume of business at reasonable profit margins, while addressing and improving previous weakness in its internal management. Debt levels are low - and returning to profitability looks to be achieveable - but the volume of business is still very depressed, so an upturn in demand would be very helpful.

We emailed subscribers an update on **Photon Group** 22 August.

The $62.5 million sought from shareholders plus the $40.0 million from an institutional placement will only partially finance its deferred consideration liabilities and still leave it with high bank debts. Its new banking facility places "material restrictions" on the payment of future dividends. No dividend will be paid for the June 2010 or the June 2011 years and the *earliest* date at which a dividend can be paid is September 2012 - but only *if* the company has paid all of its deferred consideration liabilities (which *could* take until September 2018!!).

We estimate that (1) if everything were to go well for Photon Group in the future and (2) if it introduced a new policy of seeking to maximise Shareholder wealth, then the shares *could* recover to around 20-30 cents over the next 2-3 years!

The current share issues will increase the issued capital 8-9 fold to around 1550-1700 million shares. That significantly *dilutes* the value of the shares - so a return to previous share prices of $1 to $5 is not a possibility.

Unfortunately, we are more than a little sceptical about the directors' interest in maximising shareholders' wealth - or even their commitment to shareholders' interests. Excluding New Zealand shareholders from the current cash issue just indicates their lack of commitment to shareholders' interests.

Photon Group has indicated that it will not be pursuing further acquisitions - so the expanding deferred consideration situation (which has made vendor/managers rich and shareholders poorer) should not be repeated in the future. The company, however, may need to offer these same vendor/managers large executive bonuses in the future - and we doubt that retaining very rich managers comes cheaply! The new bank facility - which limits dividends - places no restrictions on employee remuneration and bonuses!

We do not believe the current recapitalisation of Photon Group addresses the company's problems. It raises just enough cash to ensure vendors receive their inflated deferred consideration - with little or no concession from these newly rich vendors who would receive nothing if the company were not recapitalised and placed in receivership.

The company remains heavily in debt, so future cash flow will need to go to repaying these existing debts (rather than paying dividends or financing growth).

The directors continue to show little or no interest in shareholders interests.

The current cash issue which closes on 23 September will depress the share price, which *could* then recover slightly and we would recommend selling out completely from Photon Group over the next month or two *if* the share price recovers around 12-14 cents.

Probiotec reported a 14.1% drop in revenues to $74.8 million for the year to 30 June, with profits up 6.5% at $9,480,873. That, however, included a $4,089,000 gain on the acquistion of a subsidiary (and the cancellation of a loan), so *trading* profits were around $5,392,000. Earnings per share were 46.0% lower at 10.2 cents. A final 2.0 cents dividend will lift the annual dividend 7.7% to 3.5 cents.

The net operating cash surplus was down 45.3% to $4.9 million.

The directors also point out that the 2009 result was boosted by initial over-stocking in Europe ahead of product launches - which over-stated "normalised" revenues by $8.1 million and earnings by $2.5 million in 2009 and understates the 2010 result by a similar amount. Of course, the directors did not point this out *last* year!

The 2010 result also incurred one-off legal expenses of $2.7 million.

Despite the director's efforts to manipulate the accounts to show revenue and profit growth the market has downgraded Probiotec shares from their high of 280 cents to around 114 cents on this years growth "glitch".

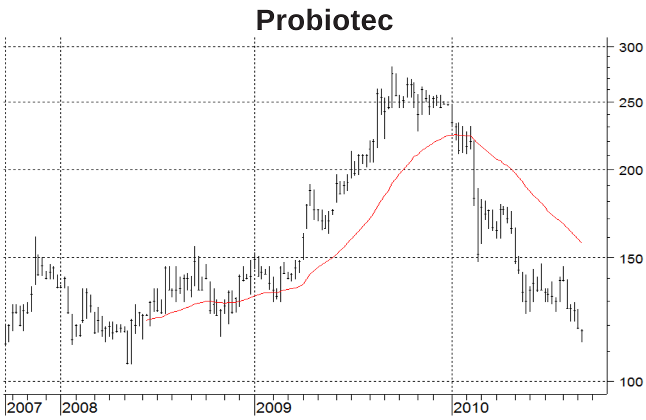
Stockmarket investment, of course, is about looking forward. So is a one year dip in earnings the start of a decline or just a temporary glitch from which the company can recover and grow? The company believes there is a major market for weight management products, but the Australian market has become competitive with over 16 brands of meal replacement products. Probiotec believes this number will reduce over the next year, while planning a major re-launch of its *Celebrity Slim* range this month.

With new distributors in the United Kingdom, the company is predicting revenue growth of $12-20 million in that market over the next year. It has also launched its weight management products in China (with 280 outlets at present and a further 400 planned) and Hong Kong (with 160 outlets and another 120 pharmacy outlets soon). The re-launch of its recently acquired sports products, *Redbak* and *Ladybird*, is expect to add around $3.8 million in revenues this year.

Probiotec is also developing 16 new registered products with five product launches expected this financial year, six in 2012 and five in 2013.

So, definitely there is potential to further grow the business.

At 118 cents, Probiotec shares trade on a Price/Sales ratio of 0.83, a Price/Earnings ratio (of the currently depressed earnings) of 12 and offer a Dividend Yield of 3.0%.



Prophecy International Holdings experienced revenues 21.2% lower at $5.1 million for the year to June 2010 and this resulted in profits down 90.2% to $333,135 (0.7 cent per share). A final 0.5 cents dividend - together with the 2.0 cents interim dividend paid - makes the annual dividend 41.2% lower at 2.5 cents.

The net operating cash surplus was 18.7% lower at $1.6 million. The company has no significant debts and cash of $4.4 million (9.4 cents per share).

The lower revenue resulted from delayed decisions from prospective customers, but that may boost the first half of the new financial year. One sale - delayed from last year - has since been completed and "there are an increased number of deals slated for conclusion" in the current half year.

The company is also looking to complete another acquisition this financial year where it can "add significant value".

We see significant potential for Prophecy International to grow its business through marketing its software to a larger market through its international joint venture partners. There is also potential to use its cash (and borrowing capacity) to acquire other software businesses where it can add value through its international marketing channels.

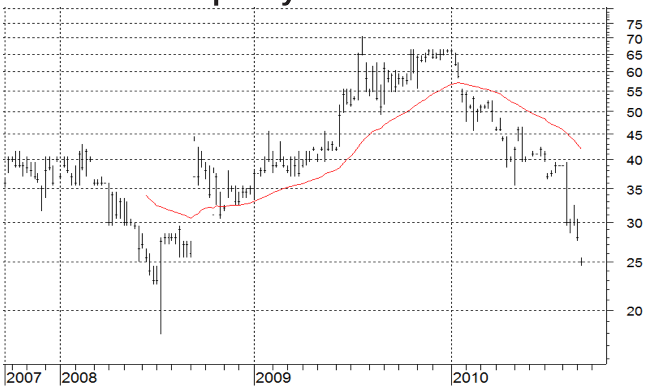
Software is an *economies of scale* business where a large percentage of any *(Continued on Page 10)*

Recommended Investments

(Continued from Page 9)

additional sales will be profits. In an economic downturn, however, where customers defer purchase decisions, revenues can fall (while costs remain relatively fixed) so profits fall sharply. Prophecy International Holdings has no debt, and has surplus cash, so can survive an economic downturn and should benefit as the global economy recovers.

Prophecy International



A **Ross Human Directions** shareholder (**Corom Pty**) has applied to the **Takeovers Panel** regarding the planned scheme of arrangement which will not result in "an efficient, competitive and informed market" for the takeover of the company.

As a result, both Ross Human Directions and Peoplebank have agreed to change the more restrictive and anti-competitive terms in their scheme of arrangement.

An undisclosed thirrd party has approached Ross Human Directions indicating an interest to acquire the company under a similar scheme of arrangement but at a price higher than 61½ cents, subject to due diligence access.

This *could* lead to a competitive bidding situation.

The shares trade ex-entitlement to the 2.0 cents dividend from 13 September.

Ross Human Directions

Skilled Group suffered a 12.6% drop in revenues to $1,698.0 million for the year to 30 June 2010. Profits fell 55.0% to $12,701,000 and earnings per share were 70.7% lower at 6.7 cents owing to new shares issued to raise additional capital during the year. No dividend will be paid for the year.

Net operating cash flows were down 76% to $29.1 million. Interest bearing debts were reduced by $75.9 million to $186.9 million - mainly from raising $93.4 million in new equity.

Following a strategic review of the business, the directors are seeking to sell *Swan Contract Personnel* (which generates $170 million in annual revenues and $8.5 million in earnings). This business was purchased in January 2007 for about $44 million (but based on an earnout). At the time it had revenues of $130 million and earnings of $6.8 million, so has grown about 25-30%. The business provides white collar contract professionals for the resources industry and while "an excellent business" and "a valuable contributor" is run separately from Skilled Group's other businesses. We estimate the business could sell for $55-65 million, enabling Skilled Group to reduce its debt to its new target levels.

Skilled Group earned a first half profit of $4.5 million and a second half profit of $11.4 million, so while profits are at an unsatisfactorily low level, the trend is for a recovery.

TFS Corporation has lifted revenues 22.8% to $116.5 million for the year to 30 June 2010. Profits were up 6.5% to $37,109,000 but earnings per share down 10.4% to 16.3 cents owing to new capital issued over the year. A final dividend of 3.5 cents will raise the annual dividend 11.8% to 4.75 cents.

There was a large cash operating *deficit* of $25.1 million, compared with a surplus of $16.2 million. The large cash deficit - while certainly not a favourable development - in part reflects the change in the business from *Managed Investment Scheme* sales which are paid upfront to wholesale sales to institutional investors who will pay *later*, when the land is sub-divided and title can be transferred. So in effect this is a one-off impact of moving from cash sales to credit sales - and an on-going higher investment in debtors.

Over the year the company developed 1087 hectares of sandalwood plantations (i.e. 304.7 hectares for MIS and 782.3 hectares for institutions), having now developed around 3773 hectares for investors (although about 8% is retained by the company as an investment). It acquired a further 739 hectares (400 hectares freehold and 339 hectares leasehold) over the year, giving it 2051 hectares for future development.

The company is continuing due diligence over about 8000 hectares owned by **CPC**, where TFS Corporation will have first right of refusal to buy or lease.

The development of the **Ord Stage 2** will make new land available over the current year, with around 3000 hectares suitable for sandalwood. TFS Corporation has entered into a Memorandum of Understanding with **MG Corporation** (an indigenous land owner) under which the two companies will form a land owning joint venture and then lease up to 1000 hectares of Ord Stage 2 land to TFS Corporation.

The company expects to develop and sell at least another 1087 hectares of plantation this year, but with price increases for both MIS and institutional investors.

First harvest will begin in 2013, although the initial volumes will be small.

TFS Corporation

The Reject Shop lifted revenues 14.2% to $471.0 million for the year to June 2010, with profits up 22.9% to $23,351,000 (89.9 cents per share). The final dividend of 28.0 cents brings the annual payout to a 21.8% higher 67.0 cents.

The net operating cash surplus rose 27% to $32.4 million.

The company opened 27 new stores last year, taking its total to 200 stores. This year it plans to open a further 17 new stores, with plans to eventually grow to over 400 stores. So The Reject Shop remains in the middle of its steady, long term growth phase.

Profits for the year to June 2011 are forecast at $26.0-26.5 million - up 11-14%.

The Reject Shop

Village Roadshow reports revenues from continuing operations 1.9% higher at $1,282.4 million for the year to 30 June 2010. *Trading* profits were 12.6% higher at $65,867,000 (39.6 cents per share). No dividends will be paid. In addition there was a $25.6 million gain from the sale of discontinued businesses.

The net operating cash surplus was $206.0 million, up 9.8%.

As announced last month, Village Roadshow is seeking shareholders votes on three proposals, with the intention of converting the preference shares to ordinary shares.

The company originally issued non-voting preference shares (with preferential dividend entitlements) so that the major shareholder group could retain a controlling voting interest. Over the years the major shareholders have benefited from this arrangement, retaining high paid executive jobs while running the company poorly. In the year to June 2009 (the June 2010 figures will be in the 2010 Annual Report) John Kirby earned $3,506,043 while Robert Kirby was paid $3,542,025 and Graham Burke received $4,077,688. Those men would probably have lost their jobs with Village Roadshow a long time ago had the preference shareholders previously been able to vote out the directors and install better management!

Now - after a series of share buy-backs over the years - and with the latest proposed buy-back, the directors will control over 50.1% of the votes (and retain their well paid jobs) even if the preference shares converted to ordinary shares and are given a worthless vote!

In return for these worthless voting rights, the directors are asking the preference shareholders to give up their preferential dividend entitlements. No-one has suggested the directors give up *their* preferential salary entitlements!

So there will be three votes at a meeting on 24 September - but only the third one really counts - and we recommend voting <u>against the Variation Resolution</u>. You need simply appoint the Chairman of the meeting as your proxy, cross the centre box to instruct him to vote AGAINST the resolution.

The first "Buy-Back Resolution" is for the proposed on-market repurchase of 11-35 million shares which will probably only be executed *if* the other two resolutions are passed. All ordinary and preference shareholders can vote and it passes with greater than 50% of the votes cast.

The second "Amendment Resolution" requires 75% of all ordinary and preference shareholders votes to pass and would *allow* the preference shares to become ordinary shares.

The third "Variation Resolution" <u>can only be voted on by the preference shareholders and requires a 75% majority of votes cast</u>. In this resolution the preference shareholders are being asked to give up their preferential dividend (and capital repayment on winding up of the company) with no compensation and convert their shares to the same rights as ordinary shareholders. We know some investors are often stupid enough to vote for *anything* proposed by the directors, but we do expect the preference shareholders to actually vote AGAINST this resolution and defeat this unattractive conversion. The major shareholders own <u>no</u> preference shares!

We have previously stated that we believe a *fair* conversion would be one preference share converting to <u>one ordinary share *plus* 30-40 cents cash</u> to compensate for the loss of preferential dividend rights. If the three directors took a pay cut for just 18-24 months the company would save the required $16-21 million!

So *why* do we invest in a company that is controlled by poor management who use it as a personal cash box? The answer is simply that the market has *over*-reacted to this unfavourable situation and systematically under-valued the shares. The company has some good cash-flow businesses that meet one of the criteria that Peter Lynch discussed in "One Up on Wall Street": "The simpler a business is, the better I like it. When somebody says *"Any idiot could run this joint"* that's a plus as far as I'm concerned, because sooner or later any idiot probably is going to be running it. If its a choice between owning stock in a fine company with excellent management in a highly competitive and complex industry, or a humdrum company with mediocre management in a simple minded industry *(Continued on Page 12)*

Recommended Investments

(Continued from Page 11)

with no competition, I'd take the latter. *"Any idiot can run this business"* is one characteristic of the perfect company, the kind of stock I dream about."

Village Roadshow

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													
Col Motor Co	235	+1.6	+1.6	17	2-0	-	0.7	4	0.5	15	9.1	0.18	77
Satara Co-op	85	+8.0	+7.3	7	0-0	-	0.4	3	0.9	15	3.4	0.25	14
Ebos Group Ltd	675	+3.7	+1.9	15	0-3	1	1.9	13	0.4	15	6.6	0.25	343
Allied Work.	88	+4.5	+1.3	12	1-0	-	1.2	11	0.9	11	7.3	0.33	23
Seeka Kiwifruit	310	+1.1	+0.3	19	1-0	-	0.7	1	0.4	121	9.2	0.37	45
Mainfreight Grp	699	+5.6	+1.5	10	0-1	-	2.3	12	0.5	19	3.8	0.61	688
Comvita	195	+5.6	-10.3	11	6-0	-	0.8	8	0.8	11	5.9	0.62	53
Hellaby Hold.	175	+8.6	+4.5	6	7-0	-	2.7	9	1.3	29	6.5	0.66	127
Restaurant Brds	242	+14.1	-2.6	4	4-0	-	4.8	40	0.5	12	7.4	0.74	235
Skellerup Hold.	88	+16.8	+2.4	1	0-0	-	1.7	12	1.0	14	7.3	0.93	168
BEST PERFORMING SHARES: Strongest Shares, P/E<20, P/S<1.0													
Finzsoft Sol'ns	32	+27.7	+7.2	0	0-0	-	1.1	11	0.9	10	Nil	0.37	3
Skellerup Hold.	88	+16.8	+2.4	1	0-0	-	1.7	12	0.8	14	7.3	0.93	168
Restaurant Brds	242	+14.1	-2.6	4	4-0	-	4.8	40	0.4	12	7.4	0.74	235
Satara Co-op	85	+8.0	+7.3	7	0-0	-	0.4	3	0.7	15	3.4	0.25	14
Mainfreight Grp	699	+5.6	+1.5	10	0-1	-	2.3	12	0.5	19	3.8	0.61	688
Comvita	195	+5.6	-10.3	11	6-0	-	0.8	8	0.7	11	5.9	0.62	53
Allied Work.	88	+4.5	+1.3	12	1-0	-	1.2	11	0.7	11	7.3	0.33	23
Ebos Group Ltd	675	+3.7	+1.9	15	0-3	1	1.9	13	0.3	15	6.6	0.25	343
Col Motor Co	235	+1.6	+1.6	17	2-0	-	0.7	4	0.4	15	9.1	0.18	77
INCOME SHARES: Highest Yields, Capitalisation > NZ$100 million													
Telecom Corp	204	-6.1	+3.2	67	0-3	1	1.5	16	0.5	9	11.8	0.74	3,918
ING Property	72	-4.0	+0.7	62	0-0	-	0.8	-	0.5	NE	10.4	4.98	388
Vector Ltd	209	+1.3	-0.3	18	1-2	1	1.0	10	0.5	10	9.6	1.75	2,081
AMP Onyx Mgmt	75	-2.7	+1.5	52	2-1	-	1.0	-	0.5	NE	9.4	5.42	748
Methven Limited	167	-1.6	+0.2	41	1-1	-	2.1	15	0.7	14	9.4	0.86	111
Cavalier Corp	276	-0.3	+2.9	29	1-0	1	2.0	18	0.8	11	9.3	0.85	187
Goodman Prop.	96	-3.3	+1.6	57	0-2	-	1.0	-	0.5	NE	8.9	6.21	824
Kiwi Property	98	-2.6	+2.0	51	0-1	-	0.9	-	0.5	NE	8.7	4.20	791
Sanford Limited	400	-7.0	+0.0	72	0-1	1	0.7	7	0.3	10	8.2	0.86	375
Nat Property Tr	55	+7.3	+0.3	9	0-0	-	0.8	-	0.6	NE	8.2	3.78	106
INSIDER BUYING: Most Insider Buying, Relative Strength>0													
WN Drive Tech.	8	+0.1	-2.0	23	9-0	-	1.9	-	1.3	NE	Nil	2.12	47
Scott Tech. Ltd	110	+0.0	-2.1	24	8-0	-	1.6	1	0.5	130	1.3	1.10	34
Hellaby Hold.	175	+8.6	+4.5	6	7-0	-	2.7	9	1.0	29	6.5	0.66	127
Comvita	195	+5.6	-10.3	11	6-0	-	0.8	8	0.6	11	5.9	0.62	53
Restaurant Brds	242	+14.1	-2.6	4	4-0	-	4.8	40	0.3	12	7.4	0.74	235
Col Motor Co	235	+1.6	+1.6	17	2-0	-	0.7	4	0.3	15	9.1	0.18	77
Allied Work.	88	+4.5	+1.3	12	1-0	-	1.2	11	0.6	11	7.3	0.33	23
Sky Network TV	519	+1.0	+2.4	20	1-0	1	20.4	-	0.3	20	3.9	2.72	2,020
Seeka Kiwifruit	310	+1.1	+0.3	19	1-0	-	0.7	1	0.2	121	9.2	0.37	45

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
OVER-VALUED SHARES: Highest Price/Sales Ratios, Relative Strength<0													
Ryman Health.	208	-0.3	-1.1	28	3-2	1	2.3	17	0.5	13	4.2	9.45	1,035
Property F Ind.	115	-1.0	+0.3	36	0-0	-	1.0	-	0.4	NE	7.9	7.85	247
ING Med. Prop.	125	-58.3	+0.0	98	0-0	-	1.2	5	0.4	24	7.6	6.31	179
Goodman Prop.	96	-3.3	+1.6	57	0-2	-	1.0	-	0.5	NE	8.9	6.21	824
Port Tauranga	685	-0.8	+0.1	33	2-0	-	1.4	7	0.4	20	6.0	6.20	918
AMP Onyx Mgmt	75	-2.7	+1.5	52	2-1	-	1.0	-	0.4	NE	9.4	5.42	748
NZ Oil & Gas	128	-11.3	-0.5	83	1-0	-	1.1	-	0.4	NE	5.6	5.07	504
ING Property	72	-4.0	+0.7	62	0-0	-	0.8	-	0.4	NE	10.4	4.98	388
NZ Exchange Ltd	150	-12.5	+0.8	84	0-3	-	1.9	3	0.6	75	6.2	4.23	181
Kiwi Property	98	-2.6	+2.0	51	0-1	-	0.9	-	0.4	NE	8.7	4.20	791
Metro. LifeCare	195	-5.8	+0.8	66	0-0	-	0.5	13	0.5	4	Nil	3.80	239
NZ Refining Co	325	-10.1	+1.6	80	1-0	-	1.7	4	0.3	39	Nil	3.64	910
Kermadec Prop.	48	-2.9	+1.4	54	0-0	-	0.5	-	0.6	NE	10.4	3.26	40
South Port NZ	265	-0.6	+0.9	31	0-0	-	2.5	19	0.4	13	7.0	3.04	70
Trust Power Ltd	730	-0.7	+0.4	32	0-1	-	1.6	8	0.3	19	7.4	3.03	2,303
F & P Health.	293	-6.1	-1.5	68	0-3	2	5.1	24	0.3	21	6.0	2.98	1,501
Lyttelton Port	242	-1.0	+1.6	36	0-0	-	1.8	7	0.3	27	2.6	2.83	247
Mowbray Collect	75	-10.2	+0.3	81	0-0	-	2.0	-	0.5	NE	Nil	2.27	8
WORST PERFORMING SHARES: Weakest Shares, P/S Ratio>0.25, Yield<Twice Average													
ING Med. Prop.	125	-58.3	+0.0	98	0-0	-	1.2	5	0.3	24	7.6	6.31	179
Charlie's Group	9	-58.3	+0.0	97	0-0	-	1.7	15	1.3	11	Nil	0.86	27
NZ Windfarms	23	-22.0	+3.1	95	0-0	-	0.6	-	1.2	NE	Nil	N/A	66
Just Water Int.	17	-19.8	-2.5	94	1-0	-	5.6	-	0.7	NE	Nil	0.43	15
Jasons Media	40	-15.6	-2.0	90	0-0	-	2.3	16	0.6	14	8.9	0.54	8
Oyster Bay	160	-14.1	+0.7	89	0-0	-	0.3	-	0.3	NE	Nil	1.73	14
NZ Wine Company	135	-14.0	-0.8	89	0-0	-	0.6	-	0.5	NE	2.1	0.90	12
New Image Group	35	-13.6	+2.3	87	7-2	-	3.2	30	0.9	11	6.1	1.01	82
Pyne Gould Corp	42	-12.7	+2.1	85	11-2	-	0.7	5	0.8	15	Nil	1.58	325
NZ Exchange Ltd	150	-12.5	+0.8	84	0-3	-	1.9	3	0.6	75	6.2	4.23	181
Delegat's Group	175	-11.5	+3.7	84	0-0	-	1.3	3	0.4	41	6.5	0.80	176
NZ Oil & Gas	128	-11.3	-0.5	83	1-0	-	1.1	-	0.3	NE	5.6	5.07	504
Mowbray Collect	75	-10.2	+0.3	81	0-0	-	2.0	-	0.4	NE	Nil	2.27	8
Heritage Gold	3	-10.1	-1.0	81	0-0	-	0.8	-	2.2	NE	Nil	N/A	9
NZ Refining Co	325	-10.1	+1.6	80	1-0	-	1.7	4	0.3	39	Nil	3.64	910
Ecoya Ltd	80	-10.0	-0.1	79	0-0	-	19.9	-	0.8	NE	Nil	6.76	26
Steel & Tube	250	-9.1	+0.9	78	0-0	-	1.5	7	0.4	22	4.9	0.58	221
Kathmandu Ltd	164	-9.0	-1.3	77	0-0	-	-	-	0.5	NE	Nil	N/A	328
Smartpay NZ Ltd	3	-8.7	+2.1	76	0-0	-	2.8	-	1.7	NE	Nil	0.67	26
AMP Limited	633	-8.6	-0.2	76	0-0	-	1.5	9	0.4	16	3.2	1.01	12,824
INSIDER SELLING: Most Insider Selling, Relative Strength<0													
Air New Zealand	127	-4.0	+3.2	61	0-9	1	0.9	5	0.6	17	7.9	0.33	1,367
PGG Wrightsons	59	-7.5	+2.9	73	0-6	1	0.7	4	0.5	18	Nil	0.39	447
Fletcher Build.	825	-2.5	-0.5	49	4-8	2	1.7	9	0.3	18	4.3	0.74	5,007
NZ Exchange Ltd	150	-12.5	+0.8	84	0-3	-	1.9	3	0.6	75	6.2	4.23	181
F & P Health.	293	-6.1	-1.5	68	0-3	2	5.1	24	0.3	21	6.0	2.98	1,501
Telecom Corp	204	-6.1	+3.2	67	0-3	1	1.5	16	0.4	9	11.8	0.74	3,918
Guinness Peat	63	-8.3	+0.1	75	1-4	-	0.5	-	0.7	NE	3.5	0.43	1,125
Goodman Prop.	96	-3.3	+1.6	57	0-2	-	1.0	-	0.4	NE	8.9	6.21	824
Trust Power Ltd	730	-0.7	+0.4	32	0-1	-	1.6	8	0.3	19	7.4	3.03	2,303
Pumpkin Patch	177	-6.5	-3.1	70	0-1	1	3.3	2	0.4	167	5.2	0.72	295

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.

UNDER-VALUED SHARES: Lowest Price/Sales, Yld>0, Rel Strength>0

Company	Share Price	STRENGTH RATING Cur-rent	STRENGTH RATING 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
Mesbon China N.	13	+13.1	+0.7	9	3-0	-	0.4	6	2.1	6	3.8	0.14	17
Adtrans Group	397	+7.5	+2.8	14	3-0	-	1.6	14	0.4	11	5.8	0.14	100
Ross Human Dir.	67	+34.2	+15.4	2	0-0	-	2.3	29	0.9	8	5.2	0.15	56
Ruralco Hold.	255	+2.9	-1.0	21	1-1	-	1.4	16	0.4	9	8.6	0.16	140
Automotive Hold	239	+0.1	+1.1	30	0-0	-	3.0	33	0.7	9	7.1	0.17	541
Scott Corp Ltd	48	+12.3	+5.8	9	0-0	-	1.2	17	1.0	7	6.3	0.21	33
Merchant House	17	+7.8	+1.6	14	1-0	-	0.7	17	1.7	4	8.8	0.21	16
A.P. Eagers	1250	+2.5	-0.8	22	2-0	-	1.5	14	0.2	10	5.0	0.22	373
Coventry Group	226	+4.4	+3.9	19	4-0	-	0.7	5	0.8	14	6.2	0.23	90
Provet Holdings	150	+0.2	+2.3	29	1-0	-	-	-	1.0	10	5.3	0.23	65
Data 3 Ltd	908	+4.3	+2.5	19	0-2	-	6.7	52	0.4	13	6.2	0.23	140
Chandler McLeod	37	+16.3	+7.7	7	2-0	2	6.2	29	1.4	21	3.6	0.25	151
Metcash Ltd	440	+2.7	+1.5	22	2-2	6	36.7	-	0.5	15	5.9	0.29	3,369
Supply Network	43	+4.3	+4.3	19	0-0	-	1.0	13	1.0	8	7.1	0.29	13
Globe Int'l Ltd	68	+21.7	+11.5	5	3-0	-	1.0	5	0.9	21	7.4	0.31	28
HGL Limited	118	+1.0	-2.3	26	4-0	-	1.4	-	0.6	NE	10.3	0.36	63
Embelton Ltd	520	+3.8	+3.1	20	1-0	-	1.2	14	0.3	9	4.8	0.37	11
GEO Property	21	+5.2	+0.6	17	0-0	-	0.6	-	1.5	NE	9.8	0.39	88
Pro-Pac Pack.	33	+9.8	+0.3	12	2-1	-	0.0	1	1.2	8	6.2	0.43	39
Kresta Holdings	37	+8.1	-0.4	13	2-0	-	2.2	28	1.3	8	9.5	0.43	53
Gazal Corp	180	+8.3	+1.4	13	0-0	-	2.3	20	0.6	11	6.1	0.44	109
Symex Holdings	56	+6.2	+1.4	16	1-0	-	1.8	24	0.9	7	7.1	0.44	72
Netcomm Limited	24	+8.2	+2.6	13	0-2	-	2.1	14	1.5	15	4.3	0.45	25
ITX Group	151	+16.0	+10.8	7	0-0	-	5.6	56	0.7	10	4.6	0.47	76
Nat'l Can	127	+1.9	+2.0	24	0-0	-	0.7	4	0.7	17	3.9	0.48	85
Landmark White	40	+2.7	+2.3	22	0-0	-	4.4	38	1.1	12	8.8	0.49	11
Ludowici Ltd	340	+2.1	+3.8	23	3-0	-	1.6	4	0.4	43	3.5	0.50	81
Colorpak Ltd	50	+2.3	+3.7	23	0-0	-	2.8	44	1.0	6	4.5	0.50	41
Waterco Ltd	118	+5.2	+1.4	17	0-0	-	0.8	8	0.8	10	6.8	0.54	38
Tutt Bryant Grp	92	+16.4	+10.5	7	0-0	-	1.1	7	0.8	15	4.4	0.54	131
Ridley Corp.	129	+3.8	+1.6	20	3-0	3	1.6	11	0.7	14	5.6	0.55	397
Legend Corp.	23	+12.2	+5.1	9	3-1	-	2.6	34	1.5	8	4.3	0.57	50
Seymour Whyte	138	+9.8	+3.7	11	0-0	-	-	-	1.0	9	5.5	0.58	108
UGL Limited	1495	+1.8	+2.4	24	1-0	5	-	-	0.4	17	4.3	0.59	2,469
Macquarie C Tel	677	+11.6	+8.0	10	0-1	-	2.2	28	0.4	8	3.0	0.59	141
Berklee Ltd	60	+8.2	+6.8	13	1-0	-	0.5	4	0.9	11	3.3	0.60	6
Solco Ltd	11	+1.8	+7.5	24	0-0	-	2.6	60	2.5	4	2.4	0.61	21
My Net Fone Ltd	14	+10.1	+6.7	11	2-0	-	-	-	2.0	4	5.4	0.61	7
M2 Telecom. Grp	215	+8.1	+2.0	13	1-3	-	30.7	-	0.6	16	4.7	0.64	261
Gale Pacific	23	+13.8	+10.2	8	0-0	-	1.0	9	1.4	11	4.3	0.65	64
Country Road	372	+2.4	-0.3	22	0-0	-	3.5	17	0.3	21	2.4	0.67	257
Nib Holdings	123	+1.6	-0.3	24	6-0	-	1.6	16	0.8	10	5.7	0.68	609
Essa Australia	38	+9.5	+19.4	12	0-0	-	1.0	8	1.4	12	4.6	0.69	20
C.S.R. Ltd	175	+0.2	+0.8	29	1-0	5	1.7	11	0.7	15	4.9	0.70	2,644
CTI Logistics	110	+2.1	+1.4	23	2-0	-	1.6	17	0.6	10	5.5	0.74	45
Wesfarmers Ltd	3357	+3.3	+3.1	21	1-1	6	9.3	37	0.3	25	3.7	0.75	38,843
Breville Group	250	+9.7	+1.9	12	0-0	1	4.0	28	0.6	14	4.4	0.77	324
Collection Hse	83	+4.5	+2.5	19	5-0	-	0.9	11	0.7	9	7.0	0.78	80
Melbourne IT	200	+8.6	-1.9	13	2-0	-	-	-	0.6	9	7.5	0.79	158
Saunders Int'l	45	+9.3	+4.8	12	0-0	-	2.0	23	1.1	9	6.7	0.80	35
Homeloans Ltd	61	+15.7	+3.0	7	0-0	-	1.2	23	1.0	5	11.5	0.81	62
Graincorp	707	+2.9	+5.8	21	1-0	6	1.5	7	0.3	22	1.0	0.81	1,402
SuperCheap Auto	600	+5.7	+1.5	16	0-0	3	4.7	23	0.4	20	3.6	0.82	765
Marybor'gh Suga	250	+9.6	+8.4	12	2-0	1	0.9	5	0.6	19	2.6	0.83	133
Cardno Ltd	443	+1.0	+4.2	27	1-2	2	-	-	0.5	11	6.5	0.84	401
Amcor Ltd	682	+5.1	+1.0	18	3-1	3	4.6	10	0.3	46	4.3	0.85	8,336
JB Hi-Fi Ltd	2170	+1.5	+2.6	25	1-2	5	11.9	60	0.3	20	3.0	0.86	2,351
Talent2 Int'l	149	+1.2	+1.4	26	1-0	1	37.3	-	0.7	36	2.7	0.86	209
Mastermyne Grp	119	+1.4	+6.2	25	0-0	-	-	-	1.1	18	1.0	0.88	87
SteriHealth Ltd	215	+17.2	+8.2	6	1-0	-	-	-	0.5	8	3.3	0.90	42
Ramsay Health	1527	+6.5	-1.3	15	2-1	4	11.8	57	0.2	21	2.8	0.91	3,086
Rio Tinto Ltd	7425	+0.7	+2.2	27	0-0	4	4.8	59	0.3	8	0.7	0.91	45,057
F.F.I. Holdings	430	+11.9	-2.6	10	0-0	-	1.3	14	0.4	10	5.8	0.92	30
IiNet	293	+8.8	-2.3	13	5-0	5	-	-	0.5	13	3.1	0.94	445
The Reject Shop	1705	+4.8	+0.5	18	1-1	5	8.6	45	0.3	19	3.9	0.94	443
Patties Foods	136	+3.3	+5.5	21	22-0	1	4.5	38	0.7	12	4.8	0.96	189
Keycorp ltd	57	+4.6	+0.9	18	1-0	-	1.4	18	1.0	8	6.2	0.98	46
Monadelphous Gr	1475	+1.5	+3.9	25	1-0	7	8.9	59	0.3	15	5.6	0.99	1,269
Healthscope	614	+13.6	+0.5	8	3-2	5	8.6	44	0.3	20	3.8	1.06	1,948
AGL Energy Ltd	1559	+2.6	+1.6	22	1-0	4	2.6	13	0.3	20	3.8	1.06	7,017

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

Company	Share Price	STRENGTH RATING Cur-rent	STRENGTH RATING 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
Ross Human Dir.	67	+34.2	+15.4	2	0-0	-	2.3	29	0.7	8	5.2	0.15	56
Newland Res.	2	+30.0	+15.3	3	0-0	-	-	-	3.3	1	Nil	0.20	8
SteriHealth Ltd	215	+17.2	+8.2	6	1-0	-	-	-	0.4	8	3.3	0.90	42
Tutt Bryant Grp	92	+16.4	+10.5	7	0-0	-	1.1	7	0.6	15	4.4	0.54	131
ITX Group	151	+16.0	+10.8	7	0-0	-	5.6	56	0.6	10	4.6	0.47	76
Homeloans Ltd	61	+15.7	+3.0	7	0-0	-	1.2	23	0.7	5	11.5	0.81	62
Gale Pacific	23	+13.8	+10.2	8	0-0	-	1.0	9	1.0	11	4.3	0.65	64
Mesbon China N.	13	+13.1	+0.7	9	3-0	-	0.4	6	1.6	6	3.8	0.14	17
Scott Corp Ltd	48	+12.3	+5.8	9	0-0	-	1.2	17	0.8	7	6.3	0.21	33
Legend Corp.	23	+12.2	+5.1	9	3-1	-	2.6	34	1.1	8	4.3	0.57	50
F.F.I. Holdings	430	+11.9	-2.6	10	0-0	-	1.3	14	0.3	10	5.8	0.92	30
Macquarie C Tel	677	+11.6	+8.0	10	0-1	-	2.2	28	0.3	8	3.0	0.59	141
Norfolk Group	110	+10.2	+5.4	11	1-0	-	7.3	73	0.7	10	Nil	0.22	174
My Net Fone Ltd	14	+10.1	+6.7	11	2-0	-	-	-	1.5	4	5.4	0.61	7
Seymour Whyte	138	+9.8	+3.7	11	0-0	-	-	-	0.9	9	5.5	0.58	108
Pro-Pac Pack.	33	+9.8	+0.3	12	2-1	-	0.0	1	0.8	8	6.2	0.43	39
Breville Group	250	+9.7	+1.9	12	0-0	1	4.0	28	0.4	14	4.4	0.77	324
Marybor'gh Suga	250	+9.6	+8.4	12	2-0	1	0.9	5	0.5	19	2.6	0.83	133
Konekt Limited	19	+9.6	+3.7	12	1-0	-	3.8	-	1.1	4	Nil	0.38	14
Redisland Aust.	2	+9.5	+4.1	12	0-0	-	1.0	19	3.6	5	Nil	0.20	3
Essa Australia	38	+9.5	+19.4	12	0-0	-	1.0	8	1.1	12	4.6	0.69	20
Saunders Int'l	45	+9.3	+4.8	12	0-0	-	2.0	23	0.9	9	6.7	0.80	35
IiNet	293	+8.8	-2.3	13	5-0	5	-	-	0.4	13	3.1	0.94	445
Melbourne IT	200	+8.6	-1.9	13	2-0	-	-	-	0.4	9	7.5	0.79	158
Gazal Corp	180	+8.3	+1.4	13	0-0	-	2.3	20	0.4	11	6.1	0.44	109
Netcomm Limited	24	+8.2	+2.6	13	0-2	-	2.1	14	1.1	15	4.3	0.45	25
Berklee Ltd	60	+8.2	+6.8	13	1-0	-	0.5	4	0.7	11	3.3	0.60	6
M2 Telecom. Grp	215	+8.1	+2.0	13	1-3	-	30.7	-	0.4	16	4.7	0.64	261
Kresta Holdings	37	+8.1	-0.4	13	2-0	-	2.2	28	1.0	8	9.5	0.43	53
Vietnam Indust.	58	+7.8	+8.0	14	0-0	-	1.9	57	0.9	3	Nil	0.31	82
Merchant House	17	+7.8	+1.6	14	1-0	-	0.7	17	1.3	4	8.8	0.21	16
Adtrans Group	397	+7.5	+2.8	14	3-0	-	1.6	14	0.3	11	5.8	0.14	100
Symex Holdings	56	+6.2	+1.4	16	1-0	-	1.8	24	0.6	7	7.1	0.44	72
Astivita Renew.	105	+6.0	-0.5	16	0-0	-	2.3	37	0.7	6	Nil	0.63	24
Waterco Ltd	118	+5.2	+1.4	17	0-0	-	0.8	8	0.6	10	6.8	0.54	38
Ellex Medical	20	+5.1	+9.1	17	1-0	-	0.9	20	1.3	4	Nil	0.35	17
Village Road.	248	+5.1	+4.9	18	0-0	-	-	-	0.5	6	Nil	0.32	413
The Reject Shop	1705	+4.8	+0.5	18	1-1	5	8.6	45	0.2	19	3.9	0.94	443
RHG Ltd	67	+4.6	+0.5	18	1-3	-	0.7	30	0.9	2	Nil	0.44	205
Keycorp ltd	57	+4.6	+0.9	18	1-0	-	1.4	18	0.8	8	6.2	0.98	46
TMA Group of Co	37	+4.6	+12.8	18	2-0	-	36.5	-	0.9	14	Nil	0.77	43
Collection Hse	83	+4.5	+2.5	19	5-0	-	0.9	11	0.5	9	7.0	0.78	80
Coventry Group	226	+4.4	+3.9	19	4-0	-	0.7	5	0.6	14	6.2	0.23	90
Data 3 Ltd	908	+4.3	+2.5	19	0-2	-	6.7	52	0.3	13	6.2	0.23	140
Supply Network	43	+4.3	+4.3	19	0-0	-	1.0	13	0.7	8	7.1	0.29	13
E-Bet Limited	9	+4.2	-1.2	19	6-1	-	-	-	1.8	10	Nil	0.66	19
Nusep Ltd	22	+3.8	+1.0	20	2-0	-	21.5	-	1.2	4	Nil	0.01	13
Ridley Corp.	129	+3.8	+1.6	20	3-0	3	1.6	11	0.5	14	5.6	0.55	397
Embelton Ltd	520	+3.8	+3.1	20	1-0	-	1.2	14	0.2	9	4.8	0.37	11
Aust Vintage	39	+3.5	+14.3	20	2-0	-	0.4	7	1.0	6	Nil	0.21	50
Energy One Ltd	14	+3.4	+10.8	20	3-0	-	0.9	6	1.5	15	Nil	0.59	2
Patties Foods	136	+3.3	+5.5	21	22-0	1	4.5	38	0.5	12	4.8	0.96	189
Ascent Pharm.	27	+3.2	-2.3	21	1-0	-	3.4	46	1.1	7	Nil	0.64	67
Tasmania Mines	100	+3.1	+2.3	21	0-0	-	0.7	13	0.5	5	Nil	0.83	18
Ruralco Hold.	255	+2.9	-1.0	21	1-1	-	1.4	16	0.3	9	8.6	0.16	140
Metcash Ltd	440	+2.7	+1.5	22	2-2	6	36.7	-	0.4	15	5.9	0.29	3,369
Landmark White	40	+2.7	+2.3	22	0-0	-	4.4	38	0.8	12	8.8	0.49	11
A.P. Eagers	1250	+2.5	-0.8	22	2-0	-	1.5	14	0.2	10	5.0	0.22	373
Strathfield Grp	0	+2.4	-23.3	23	0-0	-	-	-	9.2	5	Nil	0.24	13
Colorpak Ltd	50	+2.3	+3.7	23	0-0	-	2.8	44	0.7	6	4.5	0.50	41
CPI Group	24	+2.2	-3.7	23	0-0	-	0.3	3	1.1	11	Nil	0.04	14
CTI Logistics	110	+2.1	+1.4	23	2-0	-	1.6	17	0.5	10	5.5	0.74	45
Nat'l Can	127	+1.9	+2.0	24	0-0	-	0.7	4	0.6	17	3.9	0.48	85
Solco Ltd	11	+1.8	+7.5	24	0-0	-	2.6	60	1.9	4	2.4	0.61	21
UGL Limited	1495	+1.8	+2.4	24	1-0	5	-	-	0.4	17	4.3	0.59	2,469
Nib Holdings	123	+1.6	-0.3	24	6-0	-	1.6	16	0.6	10	5.7	0.68	609
Monadelphous Gr	1475	+1.5	+3.9	25	1-0	7	8.9	59	0.3	15	5.6	0.99	1,269
JB Hi-Fi Ltd	2170	+1.5	+2.6	25	1-2	5	11.9	60	0.2	20	3.0	0.86	2,351
Mastermyne Grp	119	+1.4	+6.2	25	0-0	-	-	-	0.9	18	1.0	0.88	87
Amadeus Energy	23	+1.0	+4.5	27	0-0	1	0.7	10	1.2	6	Nil	0.82	45

INCOME SHARES: Highest Yields, Capitalisation > A$250 million

Company	Share Price	STRENGTH RATING Cur-rent	STRENGTH RATING 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
New Hope Corp.	488	+0.0	+1.9	30	3-2	4	1.8	12	0.3	15	16.8	5.69	3,985
Transfield S In	65	-16.2	+2.2	80	0-0	1	0.7	-	0.7	NE	15.5	1.72	279
Ale Property	200	-4.0	-1.4	47	0-0	-	1.0	-	0.4	NE	12.0	5.20	307
Spark Infrastru	115	-1.6	+1.5	39	0-0	3	0.6	6	0.5	10	11.8	4.19	1,187
Chal Infra Fund	123	-9.1	+0.2	63	0-0	-	-	-	0.4	NE	11.4	1.00	390
DUET Group	176	-2.1	+1.5	41	0-1	-	1.0	9	0.4	11	11.4	1.33	1,532
Cromwell Group	72	+0.1	+1.7	30	1-2	1	1.0	3	0.5	31	11.1	4.59	582

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
Ardent Leisure	101	-14.6	+1.0	76	6-0	-	1.1	7	0.6	16	10.6	0.87	312
Envestra	53	-0.3	+0.9	34	0-0	3	-	-	0.6	20	10.4	1.92	735
Aneka Tambang	120	+1.4	-0.5	25	1-0	-	12.0	0	0.8	NE	10.0	N/A	%1,144,615
AMP Cap China	85	-3.8	+5.0	47	0-0	-	0.9	11	0.6	9	10.0	6.77	270
Telstra	281	-2.0	-1.5	41	4-0	5	7.4	82	0.3	9	10.0	1.40	34,965
Tatts Group Ltd	231	-1.5	+0.6	38	2-0	3	-	-	0.4	28	9.1	0.90	2,961
SP Ausnet	89	-4.7	+1.0	49	1-2	3	0.9	8	0.5	12	9.0	1.81	2,408
Chart H Retail	60	+0.5	+2.5	28	1-0	-	0.8	7	0.5	12	8.9	4.77	896
Aspen Group Ltd	49	-2.7	+0.8	43	0-0	2	0.7	3	0.7	22	8.7	3.76	270
Chal Div Prop	49	-1.5	-1.3	38	2-0	-	0.7	3	0.6	29	8.6	5.06	448
Tabcorp Holding	657	-2.6	+0.2	43	0-0	2	-	-	0.2	9	8.4	0.95	4,025
Hast Div Util	144	+6.6	+0.5	15	0-0	3	-	-	0.6	NE	8.3	5.30	715
Deutsche Ind Tr	196	+0.0	+0.0	31	0-0	-	1.2	10	0.3	12	8.1	6.49	663
Premier Invest	685	-7.0	+2.4	57	2-0	3	3.1	26	0.2	12	8.0	1.18	1,007
Watpac Ltd	142	-0.1	+2.9	32	1-0	-	0.9	10	0.6	10	7.8	0.22	257
Nufarm Limited	352	-28.6	-1.8	95	7-0	3	1.1	11	0.3	10	7.7	0.30	921
Chart H Office	25	-7.5	-0.6	58	0-0	-	0.6	-	0.8	NE	7.6	4.38	1,194
Goodman Fielder	144	-5.1	+1.2	51	1-0	2	-	-	0.4	12	7.5	0.75	1,988
INSIDER BUYING: Most Insider Buying, Relative Strength > 0													
Patties Foods	136	+3.3	+5.5	21	22-0	1	4.5	38	0.4	12	4.8	0.96	189
Credit Corp	319	+7.8	+5.3	14	15-1	-	1.6	15	0.3	10	2.5	1.52	142
Medical Dev Int	21	+5.6	-0.8	17	12-0	-	3.5	29	0.8	12	Nil	1.30	11
Cazaly Res Ltd	49	+11.1	-7.9	10	9-0	-	-	-	0.7	NE	Nil	N/A	41
Sietel Ltd	450	+2.0	-3.0	23	7-0	-	0.7	0	0.4	191	Nil	5.93	36
Ind Minerals	13	+1.0	-0.5	26	7-0	-	-	-	1.2	NE	Nil	N/A	1
WAM Active Ltd	104	+1.1	+1.8	26	7-0	-	0.9	12	0.6	8	5.8	N/A	16
Aust Agricult.	161	+5.7	+1.3	17	7-0	1	-	-	0.3	NE	Nil	2.70	427
Platsearch NL	13	+8.4	-6.2	13	6-0	-	-	-	1.4	NE	Nil	N/A	18
Ipernica Ltd	13	+6.3	+10.7	16	6-0	-	3.3	-	1.1	NE	Nil	N/A	42
Condor Nickel	28	+12.1	+9.6	10	6-0	-	-	-	1.1	NE	Nil	N/A	18
Amalgamated Hld	580	+1.4	-0.0	25	6-0	-	1.3	14	0.2	9	6.4	1.14	923
Pacrim Energy	1	+3.0	+6.9	21	6-0	-	-	-	3.8	NE	Nil	8.18	10
Nib Holdings	123	+1.6	-0.3	24	6-0	-	1.6	16	0.5	10	5.7	0.68	609
Magnetic Res.	37	+1.4	-2.4	25	6-0	-	-	-	0.7	NE	Nil	N/A	22
Mystate Ltd	321	+0.2	-0.4	29	6-0	-	1.4	12	0.5	12	7.0	1.79	216
Collection Hse	83	+4.5	+2.5	19	5-0	-	0.9	11	0.4	9	7.0	0.78	80
Growthpoint Pro	194	+5.4	+0.4	17	5-0	-	1.0	14	0.4	7	7.2	4.63	413
Refresh Group	8	+6.4	-0.9	16	5-0	-	1.5	-	1.3	NE	Nil	2.01	11
Bow Energy Ltd	131	+0.7	+2.7	28	5-0	-	-	-	0.6	NE	Nil	N/A	165
Vita Group Ltd	28	+0.8	+5.8	27	5-0	-	-	-	0.8	5	Nil	0.14	40
OZ Minerals Ltd	139	+5.0	+5.3	18	5-0	7	1.5	-	0.6	NE	Nil	7.10	4,323
Liontown Res.	7	+0.9	+7.2	27	5-0	-	-	-	1.4	NE	Nil	N/A	13
iiNet	293	+8.8	-2.3	13	5-0	5	-	-	0.3	13	3.1	0.94	445

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
Catalyst Metals	13	+10.9	+7.8	10	5-0	-	-	-	1.3	NE	Nil	N/A	4
Clime Inv Mgmt	45	+1.0	+1.0	27	5-0	-	1.0	14	0.7	7	5.0	3.76	23
E-Bet Limited	9	+4.2	-1.2	19	6-1	-	-	-	1.3	10	Nil	0.66	19
ADX Energy Ltd	10	+10.0	-17.5	11	6-1	-	-	-	1.5	NE	Nil	N/A	22
Macarthur Coal	1108	+2.4	-0.3	22	6-1	3	2.6	11	0.2	23	2.3	4.20	2,818
Iress Mkt Tech	780	+0.2	-2.2	29	4-0	3	10.3	46	0.2	23	4.4	5.64	966
Aust Bauxite	46	+15.6	+6.9	7	4-0	-	-	-	0.8	NE	Nil	N/A	N/A
HGL Limited	118	+1.0	-2.3	26	4-0	-	1.4	-	0.4	NE	10.3	0.36	63
Hodges Res.	14	+5.0	-0.6	18	4-0	-	-	-	1.3	NE	Nil	N/A	4
Vita Life Sci.	22	+5.1	-2.4	17	4-0	-	2.8	-	1.0	NE	Nil	0.70	12
Nyoto Minerals	27	+30.7	-10.6	3	4-0	-	-	-	0.9	NE	Nil	N/A	51
NSL Cons. Ltd	9	+24.2	-14.0	4	4-0	-	8.9	-	1.5	NE	Nil	N/A	28
Chesser Res.	49	+34.4	-7.2	2	4-0	-	-	-	0.7	NE	Nil	N/A	16
Sth Boulder Min	82	+26.8	-7.9	3	4-0	-	-	-	0.6	NE	Nil	N/A	50
Wattyl Ltd	167	+39.5	+2.1	2	4-0	2	1.3	5	0.3	28	Nil	0.37	141
APA Group	386	+5.1	+0.5	17	4-0	4	3.0	14	0.2	21	5.4	2.12	2,093
Nexus Energy	37	+8.8	+9.4	13	4-0	3	0.7	0	0.7	332	Nil	N/A	350
Coventry Group	226	+4.4	+3.9	19	4-0	-	0.7	5	0.5	14	6.2	0.23	90
Navigator Res	21	+0.2	-0.8	29	4-0	-	-	-	1.0	NE	Nil	N/A	31
Magellan Fin Gp	122	+16.4	+1.5	7	5-1	-	1.7	3	0.5	52	Nil	N/A	192
K2 Energy Ltd	5	+4.3	-4.4	19	5-1	-	0.8	-	1.8	NE	Nil	N/A	9
Globe Int'l Ltd	68	+21.7	+11.5	5	3-0	-	1.0	5	0.5	21	7.4	0.31	28
Nthn Star Res.	12	+51.5	-0.0	1	3-0	-	-	-	1.3	NE	Nil	N/A	12
Ludowici Ltd	340	+2.1	+3.8	23	3-0	-	1.6	4	0.3	43	3.5	0.50	81
Kimberley Metal	19	+3.2	+1.7	21	3-0	-	-	-	1.2	NE	Nil	N/A	N/A
Cryosite Ltd	10	+0.8	+1.6	27	3-0	-	1.1	0	1.1	NE	Nil	0.76	5
Malagasy Min.	7	+21.4	+19.0	5	3-0	-	-	-	1.5	NE	Nil	6.96	7
Bigair Group	20	+14.7	+3.1	8	3-0	-	2.9	24	0.8	12	Nil	2.37	18
Meteoric Res.	14	+4.1	+6.8	19	3-0	-	-	-	1.5	NE	Nil	N/A	8
Adtrans Group	397	+7.5	+2.8	14	3-0	-	1.6	14	0.2	11	5.8	0.14	100
Ironbark Gold	21	+1.5	+2.1	25	3-0	-	-	-	1.2	NE	Nil	N/A	43
Uramet Minerals	5	+6.0	+1.8	16	3-0	-	-	-	1.7	NE	Nil	N/A	3
Thorn Group Ltd	149	+14.1	+2.5	8	3-0	-	2.9	30	0.4	10	4.2	1.33	193
Chalice Gold	56	+4.6	+2.4	18	3-0	-	-	-	0.8	NE	Nil	N/A	48
Geopacific Res.	45	+55.4	-93.7	1	3-0	-	-	-	0.6	NE	Nil	N/A	51
Gt Western Exp.	27	+42.9	+27.6	1	3-0	-	-	-	0.8	NE	Nil	N/A	16
Eagle Eye Metal	5	+9.7	-16.0	12	3-0	-	-	-	1.9	NE	Nil	N/A	2
Astra Capital	84	+7.5	+2.3	14	3-0	-	0.5	-	0.8	NE	Nil	N/A	18
Energy One Ltd	14	+3.4	+10.8	20	3-0	-	0.9	6	1.1	15	Nil	0.59	2
Mesbon China N.	13	+13.1	+0.7	9	3-0	-	0.4	6	1.2	6	3.8	0.14	17
Canada Land	9	+5.2	-1.4	17	3-0	-	0.4	6	1.2	7	7.4	1.84	8
Ridley Corp.	129	+3.8	+1.6	20	3-0	3	1.6	11	0.4	14	5.6	0.55	397
Decmil Group	210	+9.8	+4.9	11	3-0	3	6.4	19	0.4	33	Nil	0.79	259
Acclaim Explor	2	+14.9	+6.6	8	3-0	-	-	-	3.0	NE	Nil	N/A	12
Strat. Energy	3	+0.2	+1.5	29	3-0	-	-	-	2.5	NE	Nil	6.51	8
Leyshon Res.	19	+2.6	-3.2	22	3-0	-	-	-	1.1	NE	Nil	N/A	40

"Neglect" Ratings of NZ Shares

Company	No. of Brokers Following Company	Market Capital-isation (NZ$ Mill.)	Company	No. of Brokers Following Company	Market Capital-isation (NZ$ Mill.)
Air New Zealand	1	1,367	Pumpkin Patch	1	295
Akd Int Airport	1	2,682	Ryman Health.	1	1,035
Cavalier Corp	1	187	Sanford Limited	1	375
Contact Energy	1	3,472	Sky Network TV	1	2,020
Ebos Group Ltd	1	343	Sky City Ltd	1	1,639
F&P Appliance	1	384	Telecom Corp	1	3,918
F&P Health.	2	1,501	Tower Limited	1	477
Fletcher Build.	2	5,007	Vector Ltd	1	2,081
Michael Hill	1	264	Wakefield Hlth	1	92
Nuplex Indust	1	650	Warehouse Group	1	1,151
PGG Wrightsons	1	447			

"Neglect" Ratings of Australian Shares

"Neglected" Shares = 0-1 Brokers, "Moderately Followed" Shares = 2-3 Brokers, "Widely Followed" Shares = 4 or more Brokers.

Company	No. of Brokers Following Company	Market Capital-isation (NZ$ Mill.)
AGL Energy Ltd	4	7,017
AJ Lucas	1	115
AMP Ltd	2	10,129
ANZ Bank	6	59,383
APA Group	4	2,093
APN News Media	1	1,095
ARB Corporation	1	518
ASG Group Ltd	2	209
ASX Limited	4	5,138
AWB Limited	3	521
AWE Limited	3	851
AXA Asia Pac	4	10,542
Abacus Property	3	771
Adelaide Bright	6	2,118
Aevum Ltd	1	312
Alesco Corp Ltd	3	267
Alumina Ltd	3	4,478
Amadeus Energy	1	45
Amcor Ltd	3	8,336
Ansell Ltd	3	1,772
Aquarius Plat.	1	2,380
Aquila Res.	2	2,157
Aristocrat Leis	2	2,000
Asciano Group	4	4,901
Aspen Group Ltd	2	270
Atlas Iron Ltd	2	741
Ausdrill Ltd	2	524
Ausenco Ltd	4	296
Austin Eng.	3	270
Aust Agricult.	1	427
Aust Infra.	2	1,179
Aust Pharm. Ind	3	112
Austar United	2	1,077
Avoca Resources	5	848
BHP Billiton	5	127,397
BT Invest Mgmt	2	313
Bank of Q'land	3	2,124
Beach Energy	1	743
Becton Prop Grp	1	9
Bendigo Bank	3	3,303
Billabong Int'l	2	1,995
Blackmores Ltd	2	425
Bluescope Steel	4	4,303
Boart Longyear	2	1,417
Boom Logistics	1	198
Boral Limited	5	2,839
Bradken Ltd	7	1,092
Brambles Ltd	3	8,718
Breville Group	1	324
Brickworks Ltd	3	1,568
Bunnings W/hse	3	816
C'wth Prop Off.	2	1,952
C.S.R. Ltd	5	2,644
CFS Retail Prop	2	4,921
CSL Limited	4	17,865
Cabcharge Ltd	2	638
Caltex Austrlia	3	3,226
Campbell Bros	3	2,015
Cardno Ltd	2	401
Carnarvon Pet.	3	288
Cash Converters	2	232
Chandler McLeod	2	151
Charter Hall GR	1	709
Clarius Group	1	54
Coca Cola Amatil	3	8,911
Cochlear Ltd	4	4,006

Company	No. of Brokers Following Company	Market Capital-isation (NZ$ Mill.)
Cockatoo Coal	1	249
Codan Ltd	2	236
Com'wealth Bank	4	81,222
Computershare	3	5,273
ConnectEast Grp	4	1,628
Cooper Energy	2	114
Count Financial	1	291
Crane Group	4	665
Cromwell Group	1	582
Crown Ltd	3	6,255
DWS Adv Bus Sol	2	227
David Jones	4	2,533
Decmil Group	3	259
Dexus Property	3	4,049
Dominion Mining	5	269
Domino's Pizza	2	369
Downer EDI Ltd	6	1,441
East'n Star Gas	2	638
Elders Limited	4	57
Emeco Holdings	5	533
Energy Resource	4	2,550
Envestra	3	735
FKP Limited	2	915
Fairfax Media	1	3,540
Fantastic Hold.	1	203
Fleetwood Corp	4	562
Flexicorp Ltd	2	395
Flight Centre	3	2,194
Fortescue Metal	5	14,947
Foster's Group	3	12,065
G.U.D. Holdings	4	642
GPT Group	3	5,659
GWA Internat'l	4	933
Gindalbie Met.	2	471
Gloucester Coal	1	1,020
Goodman Fielder	2	1,988
Goodman Group	2	4,212
Graincorp	6	1,402
Gunns Ltd	3	536
Harvey Norman	3	3,994
Hast Div Util	3	715
Hastie Group	4	372
Healthscope	5	1,948
Hills Indust.	1	572
Horizon Oil Ltd	2	383
Hunter Hall Int	1	136
I-SOFT Group	2	140
IMD Group	5	177
ING Office Fund	2	1,678
ING Indust Trt	1	1,231
IOOF Holdings	5	1,526
iiNet	5	445
Iluka Resources	3	2,491
Incitec Pivot	5	5,676
Independ. Group	3	694
Industrea Ltd	3	335
Insurance Aust.	3	7,526
Int Research	1	54
Intoll Group	3	3,347
Invocare Ltd	4	680
Iress Mkt Tech	3	966
JB Hi-Fi Ltd	5	2,351
Jabiru Metals	2	210
James Hardie	4	2,516
Kagara Ltd	4	449
Kingsgate Cons.	7	1,076

Company	No. of Brokers Following Company	Market Capital-isation (NZ$ Mill.)
Leighton Hold	5	10,034
Lend Lease Grp	1	4,253
Lihir Gold Ltd	7	10,610
Lycopodium Ltd	1	155
MAp Group	2	5,733
Mac Services	4	493
MacMahon Hold	5	473
Macarthur Coal	3	2,818
Macquarie Group	1	11,866
Marybor'gh Suga	1	133
MaxiTRANS	2	57
McPherson's Ltd	1	194
Mermaid Marine	4	516
Metcash Ltd	6	3,369
Minara Resource	4	882
Mincor Resource	3	356
Mineral Deposit	2	640
Mineral Res.	2	1,598
Mirabela Nickel	1	233
Mirvac Group	2	4,540
Mitchell Comm.	2	373
Molopo Energy	1	192
Monadelphous Gr	7	1,269
Mosaic Oil NL	1	98
Mt Gibson Iron	3	1,899
Nanosonics Ltd	1	138
Nat'l Aust Bank	4	50,528
Navitas Ltd	4	1,513
Neptune Marine	3	103
New Hope Corp.	4	3,985
Newcrest Mining	8	18,779
News Corp.	1	12,936
Nexus Energy	3	350
Nick Scali Ltd	1	126
Nido Petroleum	1	158
Nomad Building	3	22
Nufarm Limited	3	921
OZ Minerals Ltd	7	4,323
Oakton Limited	3	278
Oil Search Ltd	3	7,680
Onesteel Ltd	4	3,955
Orica Ltd	6	9,056
Origin Energy	5	13,553
Pacific Brands	4	992
Panaust Ltd	2	1,950
Panoramic Res.	2	495
Patties Foods	1	189
Peet Ltd	2	594
Perilya Mines	1	231
Perpetual Ltd	3	1,297
Platinum Asset	4	2,868
Premier Invest	3	1,007
Primary Health	7	1,646
Pro Maintenance	4	241
Q.B.E. Insur.	4	17,319
Qantas Airways	3	5,912
RCR Tomlinson	3	151
Ramsay Health	4	3,086
Reckon Limited	1	307
Redflex Holding	2	272
Resolute Mining	2	448
Retail Food Grp	2	262
Ridley Corp.	3	397
Rio Tinto Ltd	4	45,057
Riversdale Min.	2	1,829
Roc Oil Company	1	275

Company	No. of Brokers Following Company	Market Capital-isation (NZ$ Mill.)
SAI Global Ltd	3	670
SDI Limited	1	29
SMS Mgmt&Tech	3	425
SP Ausnet	3	2,408
STW Comm Group	1	309
Salmat Ltd	2	652
Santos Ltd	2	10,140
Sedgman Ltd	2	378
Seek Ltd	5	2,551
Select harvest	3	175
Service Stream	2	98
Sigma Pharm.	6	548
Sims Metal Mgmt	3	3,711
Skilled Group	2	252
Slater & Gordon	2	182
Sonic Health	6	4,269
Soul Pattinson	1	3,064
Spark Infrastru	3	1,187
Spec Fashion	3	267
Spotless Group	2	581
St Barbara Ltd	4	732
Sth Cross Media	1	773
Sth Cross Elect	1	127
Stockland	3	9,506
Straits Res.	1	435
Strike Energy	1	55
Structural Syst	1	45
Suncorp-Metway	4	11,392
SuperCheap Auto	3	765
Swick Min Serv	1	85
TFS Corporation	1	181
Tabcorp Holding	2	4,025
Talent2 Int'l	1	209
Tap Oil	2	158
Tassal Group	3	220
Tatts Group Ltd	3	2,961
Technology One	2	264
Telstra	5	34,965
Ten Network	1	1,453
Terramin Aust	1	84
The Reject Shop	5	443
Toll Holdings	6	4,541
Tower Australia	3	970
Tox Free Sol.	3	212
Transfield Serv	5	1,438
Transfield S In	1	279
Transurban Grp	5	7,243
UGL Limited	5	2,469
UXC Limited	3	152
VDM Group Ltd	2	94
Valad Property	2	181
Viridis Clean E	1	7
Vision Group	2	19
WHK Group Ltd	1	283
Wattyl Ltd	2	141
Webjet NL	2	178
Wellcom Group	1	74
Wesfarmers Ltd	6	38,843
Westpac Banking	4	67,467
Westfield Group	3	29,216
West Aust News	3	1,465
Western Areas	7	956
Whitehaven Coal	1	2,922
Woodside Petrol	4	33,056
Woolworths Ltd	6	35,582
Worley Group	5	5,657
Wotif.com Hold.	6	983

D i v i d e n d $

Company	Cents per Share	Ex-Date	Pay-able	Tax Credit
Air NZ	4.00	-	-	0.017143
Barramundi	1.71	10-09	24-10	-
Briscoe Group	3.00	24-09	01-10	Full
Cavalier Corporation	11.00	01-10	15-10	Full
Colonial Motor Company	9.00	15-10	26-10	Full
Contact Energy	14.00	03-09	06-09	Full
Delegat's Group	8.00	01-10	15-10	Full
Ebos Group	17.50	10-09	08-10	Full
Fletcher Building	15.00	01-10	20-10	3.2143
Freightways	7.00	17-09	30-09	Full
Hellaby Holdings	5.00	05-11	12-11	Full
ING Medical Properties	2.125	-	-	0.51
Lyttleton Port Company	2.90	15-10	28-10	Full
Marlin Global	2.00	10-09	24-10	-
Michael Hill International	2.50	01-10	11-10	Nil
NZ Experience	2.50	24-09	08-10	1.0714
NZ Oil & Gas	5.00	17-09	01-10	Full
NZ Refining Company	2.00	16-09	23-09	Full
NZX Ltd	6.50	22-10	29-10	Full
New Image	0.50	-	-	Full
Northland Port	3.00	17-09	24-09	Full
Nuplex Industries	11.00	01-10	08-10	Nil
Port of Tauranga	20.00	17-09	01-10	Full
Salvus Strategic	2.50	08-10	22-10	-
Skellerup Holdings	2.50	08-10	21-10	Full
Sky City	9.25	10-09	17-10	Full
Sky Network TV	7.00	-	-	Full
South Port NZ	12.50	24-09	02-11	Full
Steel & Tube Holdings	5.00	17-09	30-09	Full
TeamTalk	10.00	08-10	15-10	4.2857
Telecom NZ	6.00	03-09	17-09	Nil
Tourism Holdings	2.00	22-10	29-10	Full
Vector	7.50	13-09	03-09	Full
	Australian Shares			
Ammtec	11.00	15-10	29-10	
Breville Group	5.00	13-09	06-10	
Cardno	15.00	13-09	15-10	
Devine	1.00	29-09	22-10	
Fiducian Portfolio Services	4.75	02-09	15-09	
Finbar Group	5.50	06-08	20-09	
Integrated Research	1.00	19-08	17-09	
M2 Telecommunications	5.00	01-10	29-10	
Probiotec	2.00	30-08	01-10	
Prophecy International	0.50	08-09	04-10	
Ross Human Directions	2.00	13-09	08-10	
TFS Corporation	3.50	25-11	22-12	
The Reject Shop	28.00	21-09	11-10	

Total Return Index for All Listed Shares

Aug 16	1324.23	Aug 23	1328.65
Aug 17	1323.91	Aug 24	1329.61
Aug 18	1326.32	Aug 25	1329.03
Aug 19	1326.63	Aug 26	1329.12
Aug 20	1328.86	Aug 27	1323.35
Aug 30	1329.18	Sep 6	1340.19
Aug 31	1332.52	Sep 7	1340.97
Sep 1	1335.53	Sep 8	1337.71
Sep 2	1334.72	Sep 9	1341.27
Sep 3	1336.01	Sep 10	1347.66

Next Issue:

The next issue of *Market Analysis* will be emailed in four weeks time on Monday October 11, 2010.

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

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