

Market Analysis

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Inside Market Analysis

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Founder: James R Cornell (B.Com.)

Summary and Recommended Investment Strategy.

The rate of technological change will accelerate in the years and decades ahead, sweeping away companies (and countries) that draw a line in the sand and seek to protect their status quo. Many companies will seek to adapt . . . and still fail . . . but companies that manage to successfully surf the wave of change could yield exceptional returns for their shareholders. Remain fully invested.

Investment Outlook.

Does ability in “Maths” help in the stockmarket? Your editor was pretty good at maths in high school, so perhaps it does. Warren Buffett has little interest in higher order maths in finance or complex calculations, even stating “If you need to use a computer” to value a purchase then “you shouldn’t buy it”. But Buffett was also good at high school maths.

So let’s discuss two high school level mathematical principles that make shares a “must have” investment.

Firstly, the distribution of returns. The potential *loss* from any investment is limited to 100% (i.e. at the very worst it can become worthless) but there is no limit to the size of potential *gains*. That does not mean that we should invest in very risky shares, but it also means we don’t have to stick to safe, mature, low growth “blue chip” companies. We can search for companies with the potential to grow strongly in their industry - and while they won’t all be successful - the profits (perhaps a 5-fold, 10-fold or 20-fold gain) on the successful shares will *far exceed* the losses on any unsuccessful companies.

Second, of course, is compounding - and there are two important aspects here.

The first factor is time. At 5%, \$10,000 will grow to \$16,288 over 10 years, \$26,533 over 20 years and \$43,219 over 30 years. That is a gain of \$6,288 over the first decade, \$10,245 over the second decade and \$16,686 over the third decade.

The second factor in compounding is the *increasing* return from improving your annual return by, say, 2%. \$10,000 growing at 7% will grow to \$76,122 over 30 years. That is \$32,903 better than investing it at 5%.

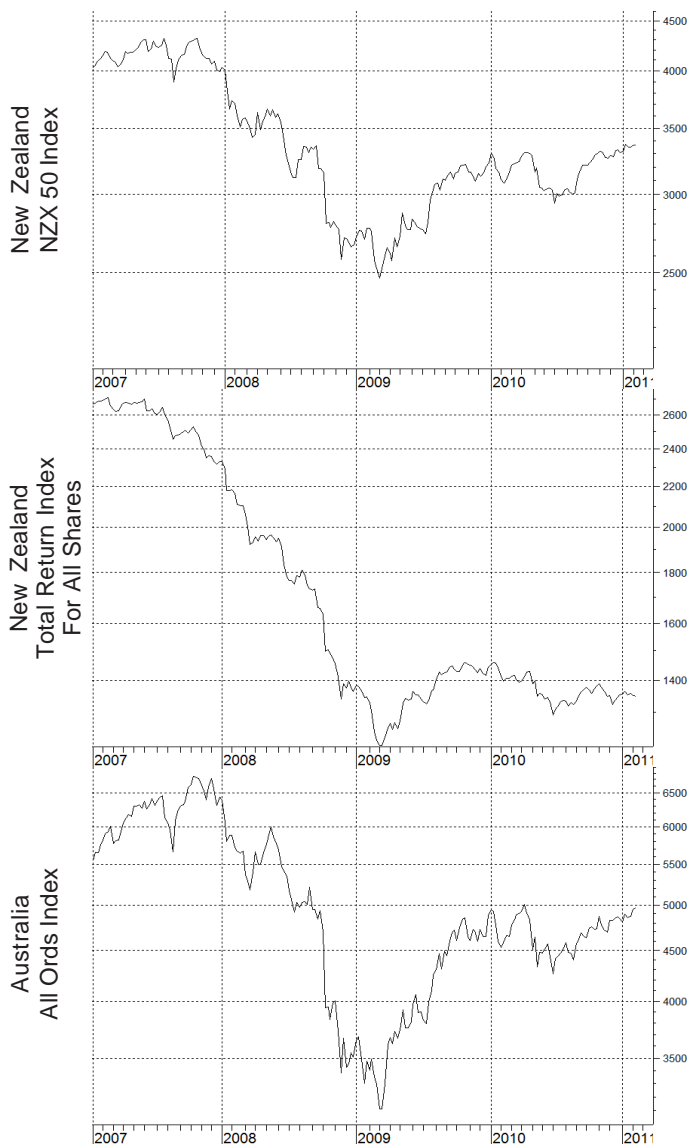
But increase the return to 9% and the \$10,000 will grow to \$132,677. That is an extra \$56,555.

Increase that again to 11% and the end sum becomes \$228,923 - or an extra \$96,246.

The better the return one is able to earn on a portfolio, the greater is the amount that can be earned from a small increment in that rate. *(Continued on Page 8)*

Stockmarket Forecasts

	One-Month	One-Year
Australia:	74% (Bullish)	72% (Bullish)
New Zealand:	67% (Bullish)	52% (Neutral)



Performance Forecasts

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

	Performance Forecast	Price	Price/Sales Ratio	P/E Ratio	Gross Yield		Performance Forecast	Price	Price/Sales Ratio	P/E Ratio	Gross Yield		Performance Forecast	Price	Price/Sales Ratio	P/E Ratio	Gross Yield
AMP Limited	B	703	1.12	18	2.8	Jasons Media	C	35	0.48	13	10.2	Pyne Gould Corp	D	35	1.32	12	Nil
AMP Onyx Mgmt	C	78	5.64	NE	9.0	Just Water Int.	E	12	0.30	NE	Nil	Rakon Ltd	D	114	1.50	NE	Nil
Abano Health	C	475	0.56	96	6.3	Kathmandu Ltd	C	211	1.72	45	4.7	Renaissance	E	25	0.06	NE	Nil
Affco Holdings	D	36	0.16	7	Nil	Kermadec Prop.	C	56	3.80	NE	8.9	Restaurant Brds	B	245	0.75	12	7.3
Air New Zealand	A	139	0.37	18	7.2	Kingfish Ltd	A	93	N/A	3	10.3	Rubicon Limited	D	124	0.75	NE	Nil
Akd Int Airport	B	222	7.43	66	5.3	Kirkcaldie & St	C	240	0.57	21	4.8	Ryman Health	B	237	N/A	15	3.7
Allied Farmers	D	1.9	0.37	NE	Nil	Kiwi Property	D	100	4.28	NE	8.5	Salvus Strat.	C	70	N/A	NE	5.1
Allied Work.	A	134	0.50	17	4.8	Life Pharmacy	D	35	3.26	NE	Nil	Sanford Limited	B	505	1.09	12	6.5
Argosy Property	D	71	4.91	NE	10.6	Lombard Group	E	3.0	0.40	NE	Nil	Satara Co-op	B	100	0.29	18	2.9
Barramundi Ltd	B	79	N/A	5	10.8	Lytelton Port	B	235	2.75	27	2.7	Savoy Equities	E	0.3	N/A	NE	Nil
Blis Technology	E	9.0	6.87	NE	Nil	Mainfreight Grp	A	815	0.71	22	3.2	Scott Tech. Ltd	A	135	0.91	11	5.6
Briscoe Group	B	140	0.71	14	7.1	Marlin Global	C	97	N/A	9	2.1	Sealegs Corp	E	20	1.63	NE	Nil
Broadway Ind	D	30	0.39	NE	Nil	Media Tech.	E	3.0	0.41	NE	Nil	Seeka Kiwifruit	C	285	0.34	NE	10.0
Building Soc.	D	78	N/A	NE	Nil	Methven Limited	B	170	0.87	14	9.2	Skellerup Hold.	B	122	1.29	19	5.3
Burger Fuel	D	35	2.42	NE	Nil	Metro. LifeCare	B	230	4.49	4	Nil	Sky City Ltd	A	330	2.28	13	6.7
CDL Investments	E	28	N/A	54	1.0	Michael Hill	B	90	0.78	13	4.4	Sky Network TV	C	545	2.86	21	3.7
CER Group Ltd	E	0.9	0.48	NE	Nil	Mid-Cap Index	D	218	N/A	NE	Nil	Smartpay NZ Ltd	D	2.2	0.47	NE	Nil
Canty Bldg Soc.	C	285	1.06	29	Nil	Millennium & C.	C	45	1.45	13	3.8	Smiths City	C	31	0.07	10	6.5
Cavalier Corp	A	320	0.99	13	8.0	Mowbray Collect	E	75	2.27	NE	Nil	Sol. Dynamics	E	38	0.43	NE	Nil
Cavotec MSL	B	330	0.83	21	0.9	NZ Exchange Ltd	C	172	4.85	86	5.4	South Port NZ	B	279	3.20	14	6.7
Charlie's Group	E	21	1.95	25	Nil	NZ Experience	A	36	1.27	9	9.9	Speirs Group	C	10	0.09	NE	Nil
Col Motor Co	B	240	0.18	15	8.9	NZ Farming Sys.	D	56	3.90	NE	Nil	Steel & Tube	C	244	0.57	22	5.0
Comvita	C	150	0.48	8	7.6	NZ Finance Hold	D	10	0.23	NE	Nil	Sthn Travel	C	13	0.15	NE	Nil
Connexion	D	10	0.67	NE	Nil	NZ Oil & Gas * N/R	86	3.41	NE	8.3	Tag Pacific Ltd	E	15	0.18	NE	Nil	
Contact Energy	B	623	1.76	24	5.7	NZ Refining Co	B	505	5.66	60	Nil	TeamTalk Ltd	C	206	1.48	12	13.9
Cynotech Hold.	E	1.5	0.12	NE	Nil	NZ Wool Service	C	50	0.23	NE	Nil	Telecom Corp	C	216	0.79	10	11.1
Delegat's Group	B	200	0.91	47	5.7	NZ Wine Company	C	161	1.07	NE	1.8	Tenon Ltd	C	115	0.16	NE	Nil
Dominion Fin.	C	1.0	0.01	0	149.3	NZ Windfarms	E	18	N/A	NE	Nil	Tourism Hold.	C	62	0.43	12	9.2
Dorchester Pac	C	14	0.30	NE	Nil	NZSX 50 Port.	D	133	N/A	NE	Nil	Tower Limited	B	199	0.98	10	6.5
Ebos Group Ltd	A	760	0.28	16	5.8	NZSX 10 Fund	D	89	N/A	NE	Nil	Training Sol.	E	0.1	5.00	NE	Nil
Ecoya Ltd	D	75	6.33	NE	Nil	NZX Aust MidCapC	578	N/A	NE	Nil	Trust Power Ltd	B	720	2.99	19	7.5	
F & P Appliance	E	57	0.35	NE	Nil	Nat Property Tr	C	56	3.85	NE	8.0	Turners Auction	B	138	0.54	12	12.4
F & P Health.	B	308	3.14	22	5.8	New Image Group	C	26	0.75	8	8.2	Turners & Grow.	B	170	0.31	21	5.9
Finzsoft Sol'ns	C	30	0.34	9	Nil	Northland Port	B	166	N/A	22	4.7	VTL Group Ltd	C	1.5	0.01	0	Nil
Fletcher Build.	C	816	0.73	18	4.3	Nuplex Indust	B	369	0.49	10	5.7	Vector Ltd	A	250	2.10	13	8.0
Freightways Ltd	A	320	1.50	17	6.3	Opus Int'l Cons	C	205	N/A	NE	Nil	Vital Health PT	C	103	5.20	20	9.2
Genesis Res.	E	2.8	4.91	NE	Nil	Oyster Bay	C	185	2.00	NE	Nil	WN Drive Tech.	D	2.2	0.55	NE	Nil
Goodman Prop.	D	93	6.02	NE	9.1	Ozzy (Tortis)	C	380	N/A	NE	Nil	Wakefield Hlth	C	570	1.05	13	4.5
Guinness Peat	D	77	0.53	NE	2.9	PGG Wrightsons	D	59	0.39	18	Nil	Warehouse GroupC	353	0.66	13	9.7	
GuocoLeisure	C	70	1.81	14	2.2	Pac Edge Bio.	E	19	N/A	NE	Nil	Widespread Port*N/R	17	N/A	7	Nil	
Hallenstein G.	B	390	1.12	12	6.2	Pike River Coal	E	88	N/A	NE	Nil	Windflow Tech.	D	90	0.45	NE	Nil
Hellaby Hold.	C	216	0.81	36	5.3	Port Tauranga	A	774	7.01	23	5.4	Wool Equities	C	18	N/A	NE	Nil
Heritage Gold * N/R	2.4	N/A	NE	Nil	Postie Plus Grp	D	26	0.09	18	Nil	World Index Fd	D	114	N/A	NE	Nil	
Horizon Energy	B	355	2.92	15	6.8	Propertyfinance	D	3.0	0.05	NE	Nil	Xero Ltd	C	260	N/A	NE	Nil
Infratil NZ	B	192	0.59	38	2.8	Property F Ind.	D	114	7.78	NE	8.0	Zintel Comm.	D	24	0.26	48	14.9
Inv Research Gr	E	0.4	0.15	NE	Nil	Pumpkin Patch	C	145	0.63	9	9.4	Ave of 137 Cos	C	165	0.24	6	4.7
AGL Energy Ltd	B	1484	1.01	19	4.0	Djerriwarrah	B	413	N/A	35	6.3	News Corp.	B	1761	0.46	6	1.0
AMP Ltd	B	537	0.94	15	3.0	Downer EDI Ltd	C	392	0.23	NE	7.4	Nufarm Limited	B	562	0.68	25	Nil
ANZ Bank	B	2491	2.03	14	5.1	DuluxGroup Ltd	B	277	1.31	17	1.1	OZ Minerals Ltd	D	175	8.97	NE	Nil
APA Group	B	407	2.23	22	5.1	East Africa Res	C	33	N/A	NE	Nil	Oil Search Ltd	B	681	N/A	59	1.3
APN News Media	C	173	1.00	11	2.3	Energy Resource	B	1140	2.79	8	3.4	Onesteel Ltd	B	276	0.59	14	4.0
ASX Limited	B	3819	9.02	20	4.5	Envestra	A	58	2.10	22	9.5	Orica Ltd	C	2632	1.64	7	3.6
AWE Limited	E	188	2.75	NE	Nil	Equinox Min.	D	650	8.64	NE	Nil	Origin Energy	B	1658	1.71	24	3.0
AXA Asia Pac	B	641	2.17	20	2.9	Extract Res.	C	952	N/A	NE	Nil	Pacific Brands	C	103	0.55	18	Nil
Abacus Property	B	227	7.53	34	1.4	FKP Limited	B	89	2.87	19	1.7	Paladin Energy	C	532	N/A	NE	Nil
Adelaide Bright	C	341	2.19	94	4.0	Fairfax Media	B	138	1.30	12	1.8	Panaust Ltd	C	85	6.35	NE	Nil
Alumina Ltd	B	250	N/A	NE	0.8	Flight Centre	C	2287	1.27	16	3.1	Perpetual Ltd	B	3187	2.73	15	5.2
Amalgamated Hld	B	611	1.20	10	6.1	Fortescue Metal	B	672	5.79	32	Nil	Platinum Asset	B	478	N/A	20	4.6
Ancor Ltd	B	663	0.82	44	4.4	Foster's Group	B	573	2.48	16	2.1	Premier Invest	B	601	1.03	18	6.0
Aneka Tambang	B	137	N/A	NE	8.8	GPT Group	B	303	N/A	48	1.5	Primary Health	B	357	1.35	13	7.0
Ansell Ltd	B	1361	1.46	15	2.2	GVA Group Ltd	A	324	1.49	18	5.6	Prime Infra.	B	490	3.45	NE	3.1
Aquarius Plat.	B	639	5.59	84	0.9	Giralia Res.	B	555	N/A	NE	Nil	Q.B.E. Insur.	B	1844	1.09	9	6.9
Aquila Res.	C	936	N/A	NE	Nil	Gloucester Coal	B	1274	4.55	32	Nil	Qantas Airways	C	239	0.39	48	Nil
Argo Investment	A	655	N/A	26	4.1	Goodman Fielder	B	124	0.64	11	8.7	REA Group Ltd	A	1221	8.07	32	1.3
Aristocrat Leis	C	288	1.69	NE	8.3	Goodman Group	C	68	7.24	NE	5.0	Ramsay Health	A	1777	1.06	24	2.4
Asciano Limited	C	171	1.75	27	Nil	Graincorp	B	759	0.75	19	3.3	Reece Australia	B	2343	1.55	20	2.3
Atlas Iron Ltd	C	376	N/A	NE	Nil	Grange Resource	B	80	4.02	22	Nil	Rio Tinto Ltd	B	8728	1.07	10	0.6
Ausdrill Ltd	A	344	1.42	19	3.2	Harvey Norman	B	292	2.31	13	4.8	Riversdale Min.	C	1585	N/A	NE	Nil
Aust Infra.	B	196	N/A	6	5.1	Hast Div Util	C	163	5.98	NE	7.4	S/Tracks ASX200B	4593	N/A	15	2.9	
Australand Prop	C	295	2.48	NE	1.7	Henderson Group	A	265	4.22	84	4.1	SP Ausnet	C	88	1.77	11	9.1
Austar United	C	95	1.75	20	Nil	Hutchison Tel.	E	9.8	1.66	NE	Nil	Santos Ltd	B	1385	5.28	27	3.0
Aust Foundation	B	482	N/A	26	4.4	ING Office Fund	B	61	7.79	39	6.4	Seek Ltd	B	710	8.48	27	1.7
Avoca Resources	E	330	N/A	NE	Nil	ING Indust Trt	C	53	5.17	NE	3.0	Seven Group	B	904	5.14	NE	2.0
BHP Billiton	C	4638	2.63	11	2.1	IOOF Holdings	C	789	2.45	27	2.3	Sims Metal Mgmt	A	1805	0.49	29	1.8
Bank of Q'land	C	1036	1.00	13	5.0	Iluka Resources	E	915	6.54	NE	Nil	Sonic Health	A	1168	1.51	15	5.1
Beach Energy	B	89	1.98	29	2.0	Incitec Pivot	C	462	2.57	18	1.7	Soul Pattinson	B	1240	3.59	14	2.7
Billabong Bank	B	1015	1.23	15	4.2	Independ. Group	C	683	6.66	27	0.4	Spark Infrastru	B	114	4.22	10	11.9
Bindigo Int'l	C	801	1.36	14	4.5	Insurance Aust.	B	378	N/A	36	3.4	Steamships Trad	A	2800	4.38	22	2.1
Bluescope Steel	B	217	0.46	31	2.3	Intrepid Mines	C	200	N/A	NE	Nil	Stockland	B	377	3.82	19	5.8
Boart Longyear	C	438	1.83	NE	Nil	Iress Mkt Tech	A	888	6.42	26	3.8	Suncorp Group	B	853	0.70	14	4.1
Boral Limited	C	530	0.71	NE	2.5	JB Hi-Fi Ltd	B	1880	0.75	17	3.5	Sundance Res.	C	49	N/A	NE	Nil
Bradken Ltd	A	855	1.18	17	4.0	James Hardie	D	665	2.19	NE	Nil	Super Retail Gr	A	671	0.91	22	3.2
Brambles Ltd	A	708	2.17	20	3.5	Kardoon Gas	E	771	N/A	NE	Nil	TPG Telecom Ltd	B	143	1.98	18	2.8
Brickworks Ltd	B	1149	2.58	12	3.5	Kingsgate Cons.	B	960	5.45	13	3.6	Tabcorp Holding	B	741	1.09	10	7.4
C.W. Prop Off.	B	88	6.59	15	6.3	Leighton Hold	B	3071	0.63	15	4.9	Tatts Group Ltd	B	249	0.97	30	8.4
C.S.R. Ltd	B	118	0.65	14	7.2	Lend Lease Grp	A	866	0.46	14	3.7	Telstra	B	291	1.45	9	9.6
CFS Retail Prop	B	186	7.50	15	6.7	Linc Energy Ltd	C	295	N/A	NE	Nil	Ten Network	B	142	1.49	15	4.2
CGA Mining Ltd	C	300	5.62	47	Nil	Lyns Corp Ltd	C	190	N/A	NE	Nil	Toll Holdings	B	615	0.62	15	4.1
CSL Limited																	

Recommended Investments

Cavalier Corporation's 50% owned **Cavalier Wool Holdings** has applied to the Commerce Commission for permission to acquire the wool scouring business of **NZ Wool Services International**, which would further rationalise this industry.

Michael Hill International has announced first half revenues up 9.9% to \$268.7 million. The North American business performed very strongly, with Canadian same store revenues up 15.2% and total revenues ahead 23.6%. United States same store

revenues rose 26.4%, while total revenues were down 20.5% owing to the closure of 8 of the original 17 stores.

The half year net profit (subject to audit) was 7.2% higher at \$23.9 million (6.2 cents per share).

Floods and a cyclone in Australia are expected to lower full year earnings (before interest and tax) from a previous forecast of \$49.9 million to around \$45 million, although that is still up 24% on the 2010 result.

Durante Holdings partial takeover offer is receiving few acceptances and has *(Continued on Page 4)*

Portfolio of Recommended Investments

CURRENT ADVICE	Company		Initial Recommendation		Perform- ance Forecast	Issued Shares (mil.)	Vola- tility Ratio	Price/ Sales Ratio	Price/ Earnings Ratio	Gross Dividend Yield	Recent Share Price	Cash Dividends Rec'd	Total Return %
	<u>NZ Shares</u>	Code	- Date -	Price									
HOLD+	CDL Investments Ltd	CDI	12/01/99	25	E	243.4	1.5	13.21	54	1.0	28	19.1	+88%
HOLD+	Cavalier Corporation	CAV	05/12/95	156*	A	67.8	1.0	0.99	13	8.0	320	263.0	+274%
HOLD	Colonial Motor Company	CMO	10/11/92	128*	B	32.7	0.5	0.18	15	8.9	240	318.3	+336%
HOLD	Lyttelton Port Company	LPC	12/12/00	150	B	102.3	0.7	2.75	27	2.7	235	77.7	+108%
BUY	Michael Hill Int'l Ltd	MHI	11/06/91	5*	B	382.5	0.9	0.78	13	4.4	90	31.9	+2338%
HOLD+	Nuplex Industries Ltd	NPX	11/02/97	523*	B	192.2	1.0	0.49	10	5.7	369	388.0	+45%
HOLD	Postie Plus Group	PPG	08/05/06	71	D	40.0	1.9	0.09	18	Nil	26	8.5	-51%
HOLD+	Renaissance Corp	RNS	13/08/96	85*	E	44.2	2.5	0.06	NE	Nil	25	53.9	-7%
HOLD	Smiths City Group	SCY	09/10/06	64	C	53.0	1.5	0.07	10	6.5	31	14.0	-30%
HOLD	South Port New Zealand	SPN	13/02/96	120	B	26.2	0.6	3.20	14	6.7	279	134.3	+244%
HOLD+	Steel & Tube Holdings	STU	08/08/00	146	C	88.4	0.8	0.57	22	5.0	244	239.5	+231%
	<u>Australian Shares (in Aust cents)</u>												
BUY	AJ Lucas Group	AJL	13/05/03	120	B	65.3	0.6	0.44	NE	2.3	244	41.0	+138%
HOLD+	Atlas South Sea Pearl	ATP	14/05/96	73	D	89.2	2.1	1.42	NE	Nil	11	17.5	-61%
HOLD	Breville Group Ltd	BRG	13/11/06	171	A	129.5	0.5	1.03	19	3.3	335	27.0	+112%
HOLD	Campbell Brothers Ltd	CPB	12/10/99	389*	A	63.0	0.2	3.08	34	2.5	4036	604.0	+1093%
HOLD+	Cardno Ltd	CDD	14/12/09	399*	A	90.5	0.4	1.08	14	5.1	570	28.6	+50%
HOLD	Cellnet Group Ltd ¹	CLT	12/02/02	147*	B	73.5	1.2	0.35	23	Nil	37	32.4	-48%
-----	Challenger Wine Trust	CWT	12/01/09	30	B	190.8	1.5	1.43	NE	18.1	24	6.7	+2%
HOLD+	Chandler Macleod Group	CMG	14/08/01	51*	A	407.4	1.1	0.36	30	2.5	53	20.9	+45%
HOLD+	Circadian Technologies	CIR	10/02/04	188	C	45.2	0.9	13.97	NE	Nil	70	65.0	-28%
HOLD+	Clarius Group Ltd	CND	08/04/03	82*	A	85.8	0.9	0.25	22	2.5	79	65.5	+76%
HOLD+	CPT Global Ltd	CGO	10/03/08	88	C	36.9	1.0	0.42	NE	Nil	43	7.3	-43%
BUY	CSG Limited	CSV	11/10/10	175	B	242.9	0.8	1.18	10	4.1	135	Nil	-23%
BUY	Devine Ltd	DVN	13/11/06	84*	D	634.9	1.3	0.33	23	3.4	30	17.9	-44%
HOLD+	Ellex Medical Lasers	ELX	14/03/06	49	B	84.9	1.6	0.38	5	Nil	22	Nil	-55%
BUY	Fiducian Portfolio Ser	FPS	11/02/08	260	A	32.2	0.7	2.01	11	5.9	145	21.8	-36%
BUY	Finbar Group Ltd	FRI	12/04/10	106	B	162.5	0.7	1.22	8	6.5	116	5.5	+14%
HOLD+	Iluka Resources Ltd	ILU	12/10/04	471	E	418.7	0.3	6.54	NE	Nil	915	64.0	+108%
BUY	Integrated Research	IRI	14/01/08	40	B	166.8	1.2	1.41	10	7.9	32	10.0	+4%
HOLD	Mnet Group ¹	MNZ			C	208.3	3.7	0.92	NE	Nil	4	Nil	
HOLD	M2 Telecommunications	MTU	09/10/06	33	A	121.5	0.4	1.03	26	2.9	345	23.5	+1017%
BUY	Melbourne IT	MLB	10/02/04	53	A	79.0	0.5	0.74	9	8.0	187	59.0	+364%
BUY	Nomad Building Solutio	NOD	16/08/10	13*	B	241.7	1.8	0.12	2	Nil	17	Nil	+31%
HOLD-	Photon Group Ltd	PGA	10/11/08	132*	B	187.4	2.3	0.03	NE	31.6	10	11.8	-84%
BUY	Probiotec Ltd	PBP	11/02/08	116	A	52.8	0.9	0.44	6	5.6	62	9.3	-39%
HOLD+	Prophecy International	PRO	08/09/08	26	B	47.2	1.4	2.52	38	9.3	27	6.8	+30%
HOLD+	Skilled Group Ltd	SKE	12/03/02	126	B	190.7	0.6	0.21	28	Nil	186	132.0	+152%
HOLD	Technology One Ltd	TNE	11/11/03	44	B	300.3	0.7	2.10	16	4.4	95	25.8	+175%
BUY	TFS Corporation Ltd	TFC	08/01/07	45	B	227.4	0.7	1.93	6	4.8	99	12.9	+149%
HOLD+	The Reject Shop Ltd	TRS	11/01/05	257	B	26.0	0.2	0.75	15	4.9	1360	248.5	+526%
HOLD	Village Roadshow	VRL	10/08/09	77	B	166.5	0.5	0.42	8	Nil	323	9.0	+331%

The average Total Return (i.e. both Capital Gains/Losses plus Dividends received) of all current investments from initial recommendation is +193.6%. This is equal to an average annual rate of +27.1%, based upon the length of time each position has been held.

The average annual rate of gain of ALL recommendations (both the 40 current and 149 closed out) is +30.2%, compared with a market gain of +4.3% (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)

been extended until the 28 February. The offer, for a minimum of 8.9 million shares and a maximum of 10.03 million shares, has so far received only two million shares from public shareholders - or about 1% of the public's holdings compared with the 5% being sought! As discussed last month, two institutions - ACC and the NZ Super Fund - will sell a further four million shares to Durante Holdings, but that still leaves acceptances at only about 6 million shares.

Why is it that the government (and government owned institutions) are so bad at "picking winners"? Investing in "bad" companies and selling off the "good" ones? The NZ government once placed a 40% tax on computers to "protect employment" (i.e. lower paid office jobs) but at the cost of holding back the development of a new *knowledge economy* that could generate significantly higher incomes (and taxes). It provides subsidies, tax incentives and protection for inefficient, declining companies - while financing that with high taxes on efficient, growing companies (which can, and often do, efficiently move offshore to grow in a more business friendly, lower tax jurisdiction).

Michael Hill International shares could be a good company to provide a *growing income* for many investors during their retirement - and you may need those shares even more now that ACC and NZ Super are selling their winners (and, presumably, keeping their losers).

The tax on computers - which this newsletter needed to pay in its early years (when the cost of a PC was about six months income at the average wage) - reminds us about the story of the economist who went to observe a dam being built in China and saw 1000 men digging with shovels. "Why don't you move out those men and bring in one mechanical digger?" he asked, to be told this was to "Protect employment". "Oh!", said the economist, "I thought you were building a dam. If you want to create employment, take away their shovels and bring in 10,000 men with spoons".

The sole purpose of a business is to build *wealth* - in the form of *wages for employees, profits for the owners* and (this is often the main contributor) *lower costs to its customers, not employment*. Most governments still don't understand this!

South Port NZ lifted revenues 14.0% to \$12.0 million for the six months to 31 December 2010. Net profits were up 76.0% to \$2,901,000 (11.1 cents per share). The interim dividend will be raised 10.0% to 5.5 cents (plus imputation tax credits).

The net operating cash surplus jumped 7-fold to \$7.1 million - helping to finance the \$6.5 million investment in a new mobile crane and forklift.

Cargo volumes rose 31% to 1,293,000 tonnes over the period. For the full year the company predicts a profit of \$4.8-5.2 million (18-20 cents per share). The company reported a net profit of \$5.2 million to June 2010, but that included about \$1 million in prior year's income from its new contract with NZ Aluminium Smelters, so ongoing trading profits will be up about 15-25%.

Steel & Tube Holdings reported revenues virtually unchanged at \$190.5 million for the half year to December 2010, but profits recovered 164.7% to \$8,398,000 (9.5

cents per share). The interim dividend will be 71.4% higher at 6.0 cents (plus tax credits).

The net operating cash surplus was a healthy \$11.8 million, but down 57% on the large surplus recorded a year earlier as stock levels were reduced.

The company expects a similar result for the second six months, which would give a net profit around \$16½-17 million (19 cents per share).

Steel & Tube Holdings



Australian Shares

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

Breville Group expects first half earnings (before interest, tax and depreciation) to be around 20% higher at \$39 million. Full year earnings (for the period to June 2011) should be \$55-58 million, up 10-15%.

After tax net profits will increase more than earnings, so first half net profits could be 30-40% higher at \$20-21½ million and full year profits 15-25% higher at \$26-28 million (20-22 cents per share).

Cellnet Group has reported strong profit recovery for the six months to 31 December 2010 and re-instated dividends. Revenues were 1.3% higher at \$44.7 million with profits up 63.9% to \$1,524,000 (2.1 cents per share). A 1.0 cent interim dividend will be paid.

There was a net operating cash *deficit* of \$1.4 million, compared with a *deficit* of \$0.6 million in the same period a year earlier.

The company still has capacity to expand operations from its existing infrastructure *plus* \$18.6 million in cash (26.6 cents per share), with the company still seeking an appropriate acquisition.

\$1,174,000 was spent over the six month period repurchasing 3,626,717 shares on-market at an average price of 32.37 cents.

Cellnet Group is "optimistic that earnings will further improve during the second half" of the current financial year.

Challenger Wine Trust unitholders have approved the takeover of the trust via a scheme of arrangement and all public investors should be paid 24 cents per unit by 14 February. With the 6.7 cents we have received in income distributions this will yield a small profit on this investment, but being forced out at the bottom of the market is not a great result!

Chandler Macleod Group extended its takeover offer for **Ross Human Directions** until 14 February and has obtained acceptances for over 90%. That means it will acquire 100% of the company and pay 75 cents or 1.807 of its shares (currently worth a total of

February 14, 2011.

95.77 cents) for each Ross Human Directions share.

Accepting *shares* has therefore been the correct decision in the short term (i.e. 27.7% better than cash) but Chandler Macleod Group could be a very successful *long term* investment in the labour hire market.

For the six months to 31 December 2010, Chandler Macleod Group has reported a 23.1% increase in revenues to \$498.0 million and net profits 28.5% higher at \$5,270,000 (1.2 cents per share). The interim dividend will be raised 129.0% to 0.8 cents. The business also generated a very strong net operating surplus of \$13.0 million, up 10-fold on the previous year.

Pro-forma accounts including Ross Human Directions for the six month period (and excluding acquisition costs at both companies) show group revenues of \$696.9 million and an underlying net profit of \$8.9 million (2.0 cents per share).

In our *Recommended Portfolio* we are considering Chandler Macleod Group to be a continuation of our long term investment in Ross Human Directions. We originally purchased our Ross Human Directions shares at 92 cents in August 2001 and these have become 1.807 shares in Chandler Macleod Group at an equivalent original cost of 50.9 cents per share.

There are several reasons why we like labour hire/recruitment firms like **Chandler Macleod** and Ross Human Directions (and **Clarius Group** and **Skilled Group**). We see this as a major growth industry, with more companies outsourcing their labour requirements (including skilled employees) in the future. At the same time we see the industry consolidating - from the current situation of a large number of small companies to the emergence of a small number of very big companies.

Labour hire and employment are continuing to change for many reasons. Governments continue to complicate the legal relationship between employer and employee (i.e. contracts, holidays, tax, superannuation), while successful companies of the future will focus upon their "core competencies" while outsourcing to specialists in providing other business functions that were traditionally performed within each individual company. All of the social changes - skills shortages, aging populations, work/life balance, women in the workforce - supports the growth in the specialist labour companies.

At present the industry has few *barriers to entry* (except the capital cost of funding temporary workers - which is mainly the result of paying workers weekly but billing employers monthly) but size (i.e. the range and depth of employee skills and marketing contacts with employers) and economies of scale will eventually make very small companies uneconomic (except, perhaps, in highly specialised niche areas). Growth in the size of companies in this industry (i.e. both through industry growth and consolidation) should also lead to some shift in the relative bargaining power of the employment companies and their customers and (with improved information systems and billing) should also lead to faster customer billing and reduce the working capital demands in this industry.

Just as M2 Telecommunications has been successful owing to a business model that is correct for the telecommunications business (see our comments on Pages 6-7), the labour hire/recruitment companies are

correctly positioning their business model to benefit from changes in the employment sector. These companies are surfing the wave of change. That does not guarantee success, but at least they are moving in the right direction, not fighting against change (e.g. like governments of the past taxing the introduction of computers) and destined to become obsolete. Picking winners in a changing environment is extremely difficult - although if *any* of these businesses grow to become a Top Fifty company over the next two decades then (with the benefit of hindsight and survivorship bias) the growth potential we are suggesting for this sector will probably seem obvious to future investors!

There is always, however, the risk that a larger, better financed company could enter a growth market. Perhaps - as a hypothetical example - Telstra could take its experience in Human Resources and its \$11 billion cash compensation from decommissioning its telecommunications network to try its luck in this industry? That probably would not be a good use of its cash - and history suggests that large companies are not very good at adapting in such a major way - but it would have a significant impact on existing companies in the sector (i.e. they would either be taken over at significant premiums by the new entrant or driven out by intense competition).

Overall we see this as a growing industry, with attractive business fundamentals, which is why we have three long term shareholdings in this sector.

Circadian Technology has been granted an exclusive global licence covering patents held by **Chugai Pharmaceutical Co** relating to VEGF-D. Many of these patents overlap in different countries with patents owned by Circadian Technology and this agreement gives the company worldwide patent protection. Circadian Technologies also has the right to sub-licence to partners.

Chugai Pharmaceuticals is the largest biopharmaceutical company in Japan and 52% owned by **Hoffman La-Roche**. Circadian Technologies will pay an undisclosed (but "relatively small") upfront fee, milestone payments and ("relatively modest") royalties on certain VEGF-D related products to obtain ownership of this intellectual property.

Devine has an agreement to acquire and develop a 42 hectare site at Munno Para Downs, adjacent to the Northern Expressway from Adelaide. The site will yield 650 residential sections with an end value of \$190 million. Development approvals are expected within two years and the first sales in 2013. Devine will pay for the site over a number of years as sections are sold.

Finbar Group's results for the six months to 31 December 2010 show revenues down 64.2% to \$50.7 million, with profits down 34.0% to \$12,000,459 (7.3 cents per share). The interim dividend will be raised 50.0% to 3.0 cents, but mainly to allow more equal semi-annual dividend payments. The annual dividend rate was 7.5 cents last year.

The business operated at a cash *deficit* of \$1.5 million, compared with a \$69.3 million surplus in the same period of the previous year.

In property development, reported revenues, profits and cashflows reflect the timing (*Continued on Page 6*)

Recommended Investments

(Continued from Page 5)

of the completion and settlement of major projects, so will fluctuate from period to period. For the full year to June 2011 the company is predicting a profit similar to last year of \$23.5 million. The increase in capital from the recent share placement and Share Purchase Plan will initially *dilute* earnings per share by about 20% *this year*, but with profit contributions in the June 2013 year should lift future profitability around 50%.

Finbar Group has announced two further joint venture developments: Finbar Group will form a 50:50 joint venture company with **LHK Holdings Australia** to acquire a 7800m² site at 36-40 Chester Street, adjoining the *Dianella Plaza Shopping Centre* and 7 km north of the Perth CBD for \$4.8 million. The company will seek to develop 60-70 “medium priced” apartments and some commercial space. Finbar Group will manage the development - earning a management fee - plus receive 50% of the development profit.

The second joint venture will develop the 4682m² site at 262 Lord Street, owned by **Swanline Group**, by building around 90 new residential apartments and 10 commercial lots, with an end value of about \$50 million. Finbar Group will contribute \$2.53 million in cash as working capital and Swanline Group will contribute the land and existing buildings. Finbar Group will again manage the development, earning a management fee and 50% of the development profit. Work will start immediately on design and seeking development approval, with marketing expected later this calendar year. Construction will then start immediately following the expiry of existing leases in late 2011.

Finbar Group



Iluka Resources has announced an Inferred Mineral Resource of 3.3 million tonnes of heavy mineral at its *Atacama* deposit (just 9 km north east of its *Jacint-Ambrosia* deposits) based upon a 5% HM cut-off grade. This contains 29.2 million tonnes, with 11.3% heavy mineral (i.e. 3.3 million tonnes), consisting of around 75% Ilmenite and Leucoxene (a high grade titanium feedstock), 15% Zircon and 2% Rutile. Clay content is low at 7% and the entire resource is above the water table.

At a 3% HM cut-off grade the deposit is significantly larger and covers an area 7 km long, 0.4km to 3km wide, 1.5-18 metres thick and 5-42 metres below sedimentary overburden.

Mnet Group expects to report a pre-tax *loss* of around \$270,000 for the half year to 31 December 2010 - but would have been profitable except for establishment costs of a major new client. The company, however, is forecasting a profitable result for the full year to June 2011.

The December quarter cash receipts were \$3.1 million with a small net operating cash surplus of \$123,000. Cash on hand at 31 December was \$1,012,000.

This is a small, start-up business - so achieving profitability and positive cashflows is an important (and essential) step towards survival and commercial success and providing a return to investors!

M2 Telecommunications has agreed to buy the business and assets of **Clear Telecoms (Aust) Pty** for a total of \$24.5 million in cash, with an initial payment of about \$20 million, with the balance payable in September 2011 and March 2012 (subject to minimum performance milestones). There could also be “bonus consideration” if other specific performance milestones are exceeded.

This acquisition will boost the business about 20%, adding 20,000 new small and medium sized business customers, around \$70 million in annual revenues and over \$8 million in earnings (or about \$4 million to net profits), so is being acquired on a Price/Sales ratio of about 0.35 and a Price/Earnings ratio of around 6). For the year to June 2012 the net profit contribution from this acquisition is forecast to be around \$6 million - adding around 5 cents to M2 Telecommunication's earnings per share!

Including dividends, our investment in M2 Telecommunications is up over 11-fold in just 4½ years! This has been a very successful investment owing to the combination of several factors: Firstly, we bought in at the right time and at the right price - a low valuation, with a P/E of 9 and Yield of 6.2%. Secondly, the company had a business model that would benefit from technology. It had a “virtual” network, re-selling services from other companies physical telecommunications networks and therefore avoiding the massive investment in assets which quickly depreciate and become technologically obsolete. Thirdly, the company has grown organically and through attractively priced acquisitions. Purchasing businesses at low valuations immediately lifted earnings per share, as well as long term benefits from synergies, economies of scale and cross-selling opportunities. Many other *growth* companies pay too much for acquisitions - boosting revenues but destroying earnings per share growth and Shareholder wealth! Fourthly, the shares have been steadily re-rated (i.e. to a higher P/E and lower Yield) as the stockmarket “discovers” the company and recognises its successful business strategy, past growth and future potential.

The Clear Telecoms acquisition continues this performance, being a major and attractively priced acquisition which will further add to the value of our investment in M2 Telecommunications.

There are, however, *signs* of unrealistic expectations by brokers and investors for the Telecommunication business - possibly relating to the significant changes that will result from the **National Broadband Network**. This will change all Telecommunications companies into resellers of telecommunications services. This is M2

Telecommunications' *existing* business model - and one where it has been very successful. M2 Telecommunications still has a small market share - so it is not unreasonable to project significant revenue and profit growth as the company gains market share in the future at the expense of larger, less customer-focused, competitors in the industry.

In some ways, the brokers' current "M2 Telecommunications story" is starting to sound a little like the one where internet usage grew 50-100% annually and experts projected that internet company's would therefore experience "1000-fold growth over the next decade". Older investors may remember a time in the early 1980's when brokers company stories weren't quite so optimistic. NZ's then biggest company (at least by stockmarket capitalisation), Brierley Investments, was expected to grow profits 40% annually forever! At that rate the company should have grown 30-fold per decade . . . but over the last 30-years that would have accumulated to a 24,000-fold growth in value! It must be obvious to even new investors that the company fell somewhat short of those expectations!

While it is important to avoid *believing* unrealistic expectations, the stockmarket is full of booms and bubbles which, at the time, to most people, appeared to make sense! At this stage we are seeing *signs* of improving expectations in the form of optimistic forecasts as brokers realise that M2 Telecommunications' business model positions the company to benefit from industry changes. These expectations can feed upon themselves as the share price rises. If institutional investors were to sell just a few of their shares in Telstra (which itself predicts a "large single digit" rate of decline in earnings) and re-invest in M2 Telecommunications (which is forecast to grow), then the share price could rise significantly higher!

While M2 Telecommunications shares are no longer under-valued, the company's "virtual" network, customer-focused model remains the correct way to grow and earn profits in the telecommunications industry. The company is also continuing to find attractively priced acquisitions which continue to add to Shareholder wealth. In this situation we are happy to continue to hold our M2 Telecommunications shares - to benefit from future growth in the *business* and any increase in share valuations resulting from unrealistic expectations inflating a bubble market in "growth companies" within the Australian Telecommunications sector.

M2 Telecommunications



Nomad Building Solutions has received a claim for \$4.25 million in "liquidated damages" (i.e. amounts specified in the original contract for non-performance or late delivery) from the **Thiess Decmil Kentz Joint Venture (TDKJV)**. This claim relates to delivery delays under the \$43 million contract signed in July 2009 to supply kitchens and dining rooms, a communication building, two wet messes and 14 other administration and recreational buildings for the *Gorgon* liquified natural gas project on Barrow Island.

Nomad Building Solutions intends to resist this claim owing to "project complexity, significant and late design changes by TDKJV and compliance requirements for the Barrow Island site" which delayed the initial design and construction. All buildings were finally completed on 17 December 2010 - two days later than required under the contract. The company is counter-claiming for \$4.0 million for additional work completed for the joint venture.

Nomad Building Solutions



Prophecy International Holdings reports continued depressed activity over the half year to 31 December. Later this month the company expects to report revenues up about 15% to \$2.9 million, but pre-tax profits down around 30% at just \$355,000.

The company, however, intends to pay a 0.5 cent dividend. Cash on hand is \$4.1 million (8.7 cents per share).

The company reports that "current new sales prospects are solid" with a "strong result" expected for the full year to June 2011.

The Reject Shop reports that the 11 January floods left the base level of its new Ipswich Distribution Centre "under several metres of water" with the loss of "significant amounts of inventory" and damage to the centre's "conveying equipment, forklifts, computer equipment and electrical damage". This will all be covered by insurance but the centre will remain closed for around eight weeks and "likely take longer to reinstate full operating capacity".

The temporary loss of this facility will be "problematic" in servicing stores with the required level of inventory and impact upon profitability on the short term. At least some of this will be covered by business interruption insurance but the company expects "some non-recoverable costs".

Village Roadshow has agreed to accept the takeover offer for **Austereo Group** from **Southern Cross Media Group**. The takeover is 200 cents cash or 0.95 Southern Cross shares for (Continued on Page 12)

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

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

Company	STRENGTH RATING										Market Cap'n	Company	STRENGTH RATING										Market Cap'n																		
	Share Price	Cur rent	4-Wk Chg	Rank	Insider Buy/Sell	Bid/Ask Following	Price to NTA	Return on Equity	Vola-til-ity	Price/Earn. Ratio			Dividend Yield	Price/Sales Ratio	Share Price	Cur rent	4-Wk Chg	Rank	Insider Buy/Sell	Bid/Ask Following	Price to NTA	Return on Equity		Vola-til-ity	Price/Earn. Ratio	Dividend Yield	Price/Sales Ratio														
UNDER-VALUED SHARES: Lowest Price/Sales, Yld>0, Rel Strength>0													INCOME SHARES: Highest Yields, Capitalisation>NZ\$100million																												
Col Motor Co	240	+4.0	-1.5	27	0-0	-0.7	4	0.5	15	8.9	0.18	78	Telecom Corp	216	+3.6	+1.6	30	0-1	1	1.6	16	0.6	10	11.1	0.79	4,149															
Ebos Group Ltd	760	+6.6	-0.9	15	0-1	1	2.1	13	0.5	16	5.8	0.28	386	Argosy Property	71	+0.7	-1.4	45	0-0	-0.7	-0.7	NE	10.6	4.91	383	Warehouse Group	353	-1.9	-2.0	64	5-1	1	3.6	27	0.4	13	9.7	0.66	1,099		
Satara Co-op	100	+15.3	-6.5	4	0-0	-0.5	3	1.0	18	2.9	0.29	16	Pumpkin Patch	145	-9.2	-4.7	84	0-0	1	3.0	32	0.8	9	9.4	0.63	242	Methven Limited	170	+1.6	-1.9	42	4-1	-2.1	15	0.8	14	9.2	0.87	113		
Turners & Grow.	170	+2.5	+1.9	39	0-0	-0.6	3	0.8	21	5.9	0.31	179	Vital Health PT	103	-58.3	+0.0	97	0-0	-1.0	5	0.5	20	9.2	5.20	148	Goodman Prop.	93	-1.2	-1.3	61	0-0	-0.9	-0.5	NE	9.1	6.02	799				
Air New Zealand	139	+7.9	-1.4	12	0-4	1	1.0	5	1.0	18	7.2	0.37	1,497	AMP Onyx Mgmt	78	+2.3	-0.6	40	2-1	-1.0	-0.6	NE	9.0	5.64	778	AMP Onyx Mgmt	78	+2.3	-0.6	40	2-1	-1.0	-0.6	NE	9.0	5.64	778				
Nuplex Indust	369	+6.1	+0.3	18	5-0	1	1.4	14	1.0	10	5.7	0.49	709	Kiwi Property	100	+0.6	-1.4	46	0-0	-0.9	-0.6	NE	8.5	4.28	807	Kiwi Property	100	+0.6	-1.4	46	0-0	-0.9	-0.6	NE	8.5	4.28	807				
Allied Work.	134	+27.5	+0.6	1	1-0	-1.9	11	0.9	17	4.8	0.50	35	NZ Oil & Gas	86	-18.6	-4.3	91	0-0	-0.8	-0.8	NE	8.3	3.41	338	NZ Oil & Gas	86	-18.6	-4.3	91	0-0	-0.8	-0.8	NE	8.3	3.41	338					
Guinness Peat	77	+1.2	-0.8	43	2-0	-0.6	-1.1	NE	2.9	0.53	1,375	INSIDER BUYING: Most Insider Buying, Relative Strength>0																													
Infratil NZ	192	+6.6	-0.5	16	7-4	-1.2	3	0.8	38	2.8	0.59	1,090	Gucco Leisure	70	+9.3	-0.4	10	9-0	-0.7	5	0.8	14	2.2	1.81	958	Gucco Leisure	70	+9.3	-0.4	10	9-0	-0.7	5	0.8	14	2.2	1.81	958			
Mainfreight Grp	815	+10.7	+1.1	8	0-1	-2.7	12	0.6	22	3.2	0.71	803	Sky City Ltd	330	+5.1	+1.3	19	7-0	1	2.5	19	0.5	13	6.7	2.28	1,898	Sky City Ltd	330	+5.1	+1.3	19	7-0	1	2.5	19	0.5	13	6.7	2.28	1,898	
Briscoe Group	140	+4.9	-1.6	22	7-0	-2.3	16	0.9	14	7.1	0.71	298	Briscoe Group	140	+4.9	-1.6	22	7-0	-2.3	16	0.6	14	7.1	0.71	298	Briscoe Group	140	+4.9	-1.6	22	7-0	-2.3	16	0.6	14	7.1	0.71	298			
Restaurant Brds	245	+5.0	-4.5	21	2-0	-4.9	40	0.6	12	7.3	0.75	238	Hellaby Hold.	216	+13.7	-1.0	6	7-0	-3.3	9	1.0	36	5.3	0.81	157	Hellaby Hold.	216	+13.7	-1.0	6	7-0	-3.3	9	1.0	36	5.3	0.81	157			
Michael Hill	90	+12.7	+1.6	6	3-0	1	2.2	17	0.9	13	4.4	0.78	344	Nuplex Indust	369	+6.1	+0.3	18	5-0	1	1.4	14	0.8	10	5.7	0.49	709	Nuplex Indust	369	+6.1	+0.3	18	5-0	1	1.4	14	0.8	10	5.7	0.49	709
Telecom Corp	216	+3.6	+1.6	30	0-1	1	1.6	16	0.7	10	11.1	0.79	4,149	Port Tauranga	774	+4.6	-0.3	24	5-0	-1.6	7	0.4	23	5.4	7.01	1,037	Port Tauranga	774	+4.6	-0.3	24	5-0	-1.6	7	0.4	23	5.4	7.01	1,037		
Hellaby Hold.	216	+13.7	-1.0	6	7-0	-3.3	9	1.3	36	5.3	0.81	157	Michael Hill	90	+12.7	+1.6	6	3-0	1	2.2	17	0.6	13	4.4	0.78	344	Michael Hill	90	+12.7	+1.6	6	3-0	1	2.2	17	0.6	13	4.4	0.78	344	
Cavotec MSL	330	+10.3	-2.9	9	2-0	-0.8	4	0.8	21	0.9	0.83	220	Scott Tech. Ltd	135	+6.7	-1.7	14	3-0	-2.0	18	0.6	11	5.6	0.91	42	Scott Tech. Ltd	135	+6.7	-1.7	14	3-0	-2.0	18	0.6	11	5.6	0.91	42			
Methven Limited	170	+1.6	-1.9	42	4-1	-2.1	15	1.0	14	9.2	0.87	113	Freightways Ltd	320	+3.4	+1.1	32	4-1	-3.1	18	0.5	17	6.3	1.50	491	Freightways Ltd	320	+3.4	+1.1	32	4-1	-3.1	18	0.5	17	6.3	1.50	491			
Scott Tech. Ltd	135	+6.7	-1.7	14	3-0	-2.0	18	0.9	11	5.6	0.91	42	Methven Limited	170	+1.6	-1.9	42	4-1	-2.1	15	0.7	14	9.2	0.87	113	Methven Limited	170	+1.6	-1.9	42	4-1	-2.1	15	0.7	14	9.2	0.87	113			
Delegat's Group	200	+6.7	+3.5	14	0-0	-1.5	3	0.7	47	5.7	0.91	201	OVER-VALUED SHARES: Highest Price/Sales Ratios, Relative Strength<0																												
Tower Limited	199	+3.7	+0.8	29	0-1	1	1.3	12	0.9	10	6.5	0.98	507	Property FInd.	114	-1.0	-0.2	58	0-0	-1.0	-0.4	NE	8.0	7.78	245	Property FInd.	114	-1.0	-0.2	58	0-0	-1.0	-0.4	NE	8.0	7.78	245				
BEST PERFORMING SHARES: Strongest Shares, P/E<20, P/S<1.0													Blis Technology	9	-5.2	+0.2	74	0-1	-9.0	-1.5	NE	Nil	6.87	13	Blis Technology	9	-5.2	+0.2	74	0-1	-9.0	-1.5	NE	Nil	6.87	13					
Allied Work.	134	+27.5	+0.6	1	1-0	-1.9	11	0.7	17	4.8	0.50	35	Goodman Prop.	93	-1.2	-1.3	61	0-0	-0.9	-0.4	NE	9.1	6.02	799	Goodman Prop.	93	-1.2	-1.3	61	0-0	-0.9	-0.4	NE	9.1	6.02	799					
Satara Co-op	100	+15.3	-6.5	4	0-0	-0.5	3	0.8	18	2.9	0.29	16	Vital Health PT	103	-58.3	+0.0	97	0-0	-1.0	5	0.5	20	9.2	5.20	148	Vital Health PT	103	-58.3	+0.0	97	0-0	-1.0	5	0.5	20	9.2	5.20	148			
Michael Hill	90	+12.7	+1.6	6	3-0	1	2.2	17	0.7	13	4.4	0.78	344	NZ Exchange Ltd	172	-0.6	+2.9	56	0-2	-2.2	3	0.7	86	5.4	4.85	208	NZ Exchange Ltd	172	-0.6	+2.9	56	0-2	-2.2	3	0.7	86	5.4	4.85	208		
Air New Zealand	139	+7.9	-1.4	12	0-4	1	1.0	5	0.8	18	7.2	0.37	1,497	NZ Oil & Gas	86	-18.6	-4.3	91	0-0	-0.8	-0.7	NE	8.3	3.41	338	NZ Oil & Gas	86	-18.6	-4.3	91	0-0	-0.8	-0.7	NE	8.3	3.41	338				
Cavalier Corp	320	+7.3	-1.4	13	1-0	1	2.4	18	0.9	13	8.0	0.99	217	Trust Power Ltd	720	-0.1	-0.7	52	0-0	-1.6	8	0.3	19	7.5	2.99	2,272	Trust Power Ltd	720	-0.1	-0.7	52	0-0	-1.6	8	0.3	19	7.5	2.99	2,272		
Scott Tech. Ltd	135	+6.7	-1.7	14	3-0	-2.0	18	0.7	11	5.6	0.91	42	Horizon Energy	355	-1.9	-0.4	63	0-0	-1.7	11	0.3	15	6.8	2.92	89	Horizon Energy	355	-1.9	-0.4	63	0-0	-1.7	11	0.3	15	6.8	2.92	89			
Ebos Group Ltd	760	+6.6	-0.9	15	0-1	1	2.1	13	0.4	16	5.8	0.28	386	Lytelton Port	235	-2.5	+0.2	66	0-0	-1.8	7	0.4	27	2.7	2.75	240	Lytelton Port	235	-2.5	+0.2	66	0-0	-1.8	7	0.4	27	2.7	2.75	240		
Nuplex Indust	369	+6.1	+0.3	18	5-0	1	1.4	14	0.9	10	5.7	0.49	709	Burger Fuel	35	-1.1	-4.2	60	0-0	-5.7	-1.3	NE	Nil	2.42	19	Burger Fuel	35	-1.1	-4.2	60	0-0	-5.7	-1.3	NE	Nil	2.42	19				
Restaurant Brds	245	+5.0	-4.5	21	2-0	-4.9	40	0.5	12	7.3	0.75	238	Mowbray Collect	75	-2.9	+0.8	66	0-0	-2.0	-0.4	NE	Nil	2.27	8	Mowbray Collect	75	-2.9	+0.8	66	0-0	-2.0	-0.4	NE	Nil	2.27	8					
Briscoe Group	140	+4.9	-1.6	22	7-0	-2.3	16	0.7	14	7.1	0.71	298	WORST PERFORMING SHARES: Weakest Shares, P/S Ratio>0.25, Yield<Twice Average																												
Finzsoft Sol'ns	30	+4.8	-1.6	22	0-0	-1.0	11	1.0	9	Nil	0.34	2	Charlie's Group	21	-58.3	+0.0	98	0-3	-3.8	15	1.2	25	Nil	1.95	62	Charlie's Group	21	-58.3	+0.0	98	0-3	-3.8	15	1.2	25	Nil	1.95	62			
Col Motor Co	240	+4.0	-1.5	27	0-0	-0.7	4	0.4	15	8.9	0.18	78	Vital Health PT	103	-58.3	+0.0	97	0-0	-1.0	5	0.4	20	9.2	5.20	148	Vital Health PT	103	-58.3	+0.0	97	0-0	-1.0	5	0.4	20	9.2	5.20	148			
Tower Limited	199	+3.7	+0.8	29	0-1	1	1.3	12	0.8	10	6.5	0.98	507	WINDrive Tech.	2	-37.3	-11.3	97	2-0	-0.5	-2.4	NE	Nil	0.55	12	WINDrive Tech.	2	-37.3	-11.3	97	2-0	-0.5	-2.4	NE	Nil	0.55	12				
Telecom Corp	216	+3.6	+1.6	30	0-1	1	1.6	16	0.6	10	11.1	0.79	4,149	Allied Farmers	2	-36.3	+2.4	96	0-0	-0.9	-3.2	NE	Nil	0.37	39	Allied Farmers	2	-36.3	+2.4	96	0-0	-0.9	-3.2	NE	Nil	0.37	39				
Methven Limited	170	+1.6	-1.9	42	4-1	-2.1	15	0.8	14	9.2	0.87	113	Just Water Int.	12	-28.5	-1.0	94	2-0	-4.0	-1.6	NE	Nil	0.30	11	Just Water Int.	12	-28.5	-1.0	94	2-0	-4.0	-1.6	NE	Nil	0.30	11					

Investment Outlook

(Continued from Page 1)

So if you have exceptional investment skills and can earn 20% on your money, then being able to lift that to 22% will raise your portfolio value after 30 years by \$1,523,816 - from \$2,373,763 to \$3,897,579. All of this from just that \$10,000 of starting capital.

One last thing. If you are a young person and want to be financially secure, then a good education and a good job will certainly help - but probably not as much as starting an investment portfolio!

So is this a good time to invest \$10,000 in the stockmarket for long term growth? The fact is, it is always a good time to make that investment!

INSIDER SELLING: Most Insider Selling, Relative Strength<0													
Charlie's Group	21	-58.3	+0.0	98	0-3	-3.8	15	1.2	25	Nil	1.95	62	
TeamTalk Ltd	206	-2.4	-1.7	65	0-2	-1.9	16	0.4	12	13.9	1.48	45	
NZ Exchange Ltd	172	-0.6	+2.9	56	0-2	-2.2	3	0.7	86	5.4	4.85	208	
Fletcher Build.	816	-0.9	-0.7	57	2-4	3	1.6	9	0.5	18	4.3	0.73	4,953
Sealegs Corp	20	-8.4	+0.4	81	0-1	-3.3	-1.3	NE	Nil	1.63	19		
Blis Technology	9	-5.2	+0.2	74	0-1	-9.0	-1.3	NE	Nil	6.87	13		
PGGWrightsons	59	-3.4	+2.2										

Australian Warrant / Option Analysis

Company	Share Price	Yr/Mth Exercise Price	to Expiry	Option Price	Black-Scholes Valuation	Option Over/Under-Valued	Share Volatility	Option Leverage	Options to Buy 1 Share	Break-Even Rate	Company	Share Price	Yr/Mth Exercise Price	to Expiry	Option Price	Black-Scholes Valuation	Option Over/Under-Valued	Share Volatility	Option Leverage	Options to Buy 1 Share	Break-Even Rate
ADG Global Supply	7.1	15	0-1	0.3	0.0	+999	0.81	9.99	1.0	+999	Coal Spur Mines	193	8.0	0-4	183.0	185.1	-1	0.65	1.04	1.0	-3
ADX Energy Ltd	13	25	0-1	0.7	0.0	+999	1.13	9.10	1.0	+999	Con Tin Mines	21	20	2-10	8.0	17.0	-53	1.49	1.12	1.0	+11
Actinogen	8.5	20	4-7	1.5	8.0	-81	1.88	1.03	1.0	+22	Continental Coal	7.8	5.0	1-12	4.9	4.0	+21	0.62	1.65	1.0	+13
Actinogen Ltd	8.5	50	1-5	1.0	4.0	-75	1.88	1.35	1.0	+254	Convergent Minerals	8.0	8.0	0-7	2.5	2.2	+15	0.87	2.39	1.0	+59
Advance Energy	2.7	3.0	1-6	0.8	1.6	-51	1.42	1.32	1.0	+26	Convergent Minerals	8.0	20	0-10	1.2	0.6	+88	0.87	3.01	1.0	+222
Africa Iron	36	20	2-9	17.0	24.5	-31	0.88	1.29	1.0	+2	Copper Range Ltd	3.4	1.5	1-10	2.1	2.3	-11	0.91	1.32	1.0	+3
Agenix Ltd	3.2	30	0-4	0.1	0.0	+999	0.87	9.99	1.0	+999	Coppermoly	12	30	0-2	0.5	0.0	+999	0.59	9.99	1.0	+999
Alamar Resources	40	20	2-1	14.0	26.9	-48	0.92	1.31	1.0	-7	Coppermoly Ltd	12	7.0	0-9	6.7	5.5	+21	0.59	1.98	1.0	+19
Alcyone Resources	4.1	160	0-7	3.3	0.0	+999	0.75	9.99	1.0	+999	Corazon Mining Ltd	11	20	2-2	3.9	7.1	-45	1.47	1.24	1.0	+43
Altera Resources	55	20	0-11	35.0	37.7	-7	0.98	1.38	1.0	+0	Coretrack Ltd	16	25	1-9	6.7	2.5	+164	0.53	2.75	1.0	+48
Altura Mining	19	15	0-6	5.0	6.5	-23	0.84	2.26	1.0	+11	Cortona Resources	18	20	0-11	7.5	3.9	+93	0.68	2.59	1.0	+64
Anaeco Ltd	12	100	1-3	0.1	0.0	+859	0.63	5.56	1.0	+446	Cove Resources	25	25	2-11	6.4	5.8	+11	0.25	3.07	1.0	+8
Anisense Therapeutics	0.8	1.1	1-5	0.3	0.2	+24	0.83	1.97	1.0	+48	Cumamona Energy	23	35	2-9	6.0	9.3	-35	0.77	1.64	1.0	+23
Apex Minerals	1.9	6.0	1-8	0.4	0.1	+181	0.67	2.89	1.0	+105	DSF International	1.1	3.0	1-10	0.5	0.1	+286	0.69	2.56	1.0	+88
Aphrodite Gold	11	20	2-10	3.5	1.1	+211	0.39	3.13	1.0	+33	Datamotion Asia Pac.	0.3	1.0	2-2	0.1	0.1	-27	1.28	1.42	1.0	+81
Apollo Minerals	9.0	25	0-9	1.3	0.2	+600	0.70	4.46	1.0	+318	Datamotion Asia Pac	0.3	0.5	2-1	0.1	0.2	-42	1.28	1.33	1.0	+39
Arafura Pearls	1.4	5.0	1-3	0.1	0.1	-21	0.89	2.60	1.0	+181	Delecta Ltd	2.0	0.8	0-10	1.0	1.3	-23	0.91	1.46	1.0	-12
Argent Minerals	20	20	0-4	1.2	3.1	-61	0.70	3.64	1.0	+28	Dourado Resources	18	20	3-9	5.9	9.3	-37	0.69	1.48	1.0	+10
Artemis Resources	6.4	5.0	0-4	1.9	1.7	+9	0.61	3.03	1.0	+25	Eagle Nickel	4.3	30	1-4	1.0	0.1	+609	0.90	2.97	1.0	+340
Astro Diamond Mines	0.5	5.0	1-9	0.6	0.1	+702	1.22	1.89	1.0	+298	Eagle Nickel	4.3	20	4-10	1.0	1.9	-48	0.90	1.41	1.0	+39
Astro Mining	0.5	5.0	1-9	0.2	0.1	+167	1.22	1.89	1.0	+281	Eastland Medical	4.0	20	0-3	0.2	0.0	+999	0.78	9.99	1.0	+999
Athena Resources	14	8.0	1-2	6.5	7.9	-18	1.03	1.46	1.0	+6	Eastland Medical	4.0	10	0-4	0.5	0.0	+999	0.78	6.51	1.0	+999
Atlantic Ltd	191	0.8	0-10	169.0	189.7	-11	0.83	1.00	1.0	-13	Eldore Mining	1.4	3.0	1-10	0.4	0.3	+17	0.83	1.99	1.0	+62
Atomic Resources	55	25	0-6	27.0	31.3	-14	0.81	1.68	1.0	-11	Electrometals Tech.	3.0	14	0-2	0.1	0.0	+999	1.38	8.20	1.0	+999
Atticus Resources	18	20	1-7	4.5	2.8	+62	0.33	3.60	1.0	+21	Elemental Minerals	182	20	0-11	159.0	162.9	-2	0.78	1.12	1.0	-2
Aurium Resources	8.0	3.5	1-7	4.1	5.4	-24	0.91	1.35	1.0	-3	Emerald Oil & Gas	2.3	5.0	1-6	0.7	0.3	+174	0.65	2.81	1.0	+83
Ausgold Ltd	156	20	2-1	129.0	141.0	-8	1.13	1.09	1.0	-2	Eneabba Gas	6.0	15	2-4	1.0	1.0	-3	0.67	2.26	1.0	+52
Aust China Holdings	0.3	2.0	2-10	0.1	0.1	-30	1.35	1.34	1.0	+99	Eneabba Gas Ltd	6.0	20	1-4	4.0	0.2	+999	0.67	3.47	1.0	+183
Aust Minerals & Mining	21	20	0-8	3.0	6.3	-52	0.89	2.19	1.0	+19	Energio Ltd	4.0	100	2-1	0.9	0.4	+148	1.21	1.97	1.0	+371
Aust Mines Ltd	2.8	0.2	2-4	1.0	2.7	-63	1.96	1.02	1.0	-30	Enjeri Ltd	3.3	20	5-10	1.8	2.3	-23	1.20	1.16	1.0	+38
Aust Renewable Fuels	2.5	1.0	0-10	1.6	1.6	+1	0.77	1.52	1.0	+5	Enterprise Metals Ltd	19	25	1-4	5.1	6.0	-15	0.90	1.89	1.0	+45
Aust-American Mining	6.8	10	1-10	3.0	2.2	+37	0.79	1.87	1.0	+42	Env. Clean Tech.	2.4	2.0	2-11	1.1	1.4	-24	0.84	1.38	1.0	+9
Austex Oil Ltd	10	25	0-9	2.0	0.0	+999	0.49	6.98	1.0	+276	Envirogold Ltd	12	15	0-10	2.8	2.1	+31	0.74	2.69	1.0	+69
Austin Exploration	3.2	10	0-9	0.3	0.0	+999	0.64	5.35	1.0	+375	Eromanga Hydrocarb.	7.0	20	1-5	2.3	0.5	+392	0.67	3.09	1.0	+127
Austindo Resources	4.4	1.5	1-4	0.8	3.2	-75	0.91	1.32	1.0	-39	Eronga Energy Ltd	12	10	2-4	4.0	8.4	-53	1.23	1.23	1.0	+7
Australasia Gold	24	10	2-2	11.0	17.9	-39	1.02	1.23	1.0	-6	Euroz Ltd	214	75	3-0	129.0	149.5	-14	0.28	1.43	1.0	-2
Australian Oil Coy	13	20	0-10	2.0	2.1	-5	0.80	2.68	1.0	+88	Excalibur Mining	0.3	6.0	1-10	0.1	0.0	+291	1.22	2.04	1.0	+417
Authorised Investment	1.0	8.0	1-12	1.6	0.6	+181	1.87	1.25	1.0	+217	Exoma Energy	24	20	0-1	1.9	4.5	-57	0.68	4.59	1.0	-67
Auto Technology	5.0	8.0	1-4	1.0	1.3	-24	0.86	2.04	1.0	+55	Exoma Energy Ltd	24	10	1-7	11.0	15.5	-29	0.68	1.45	1.0	-8
Auto Technology	5.0	10	0-4	0.2	0.1	+45	0.86	4.86	1.0	+749	FYI Resources	14	15	1-4	4.0	4.8	-17	0.78	1.94	1.0	+26
Auzex Resources	70	20	0-12	47.5	52.4	-9	1.01	1.29	1.0	-4	Fairstar Resources	6.0	10	0-6	0.5	0.5	-3	0.84	3.50	1.0	+206
Avanco Resources	18	1.5	1-2	16.5	16.7	-1	1.43	1.07	1.0	+0	Ferrowest Ltd	19	25	1-4	5.0	5.8	-14	0.87	1.94	1.0	+44
BPH Energy	6.7	20	0-9	2.1	0.4	+396	0.94	3.07	1.0	+370	Ferrum Crescent	23	40	2-10	3.2	6.1	-47	0.61	2.00	1.0	+26
Bassari Resources	19	20	1-4	7.5	6.1	+23	0.75	2.01	1.0	+35	Fission Energy	6.9	20	0-0	0.3	6.1	-95	0.83	2.00	1.0	+999
Benitec Ltd	3.3	10	3-1	2.5	1.0	+138	0.83	1.68	1.0	+53	Forge Resources	150	20	3-5	131.0	134.6	-3	0.75	1.10	1.0	+0
Benitec Ltd	3.3	15	0-1	0.2	0.0	+999	0.83	9.99	1.0	+999	Fox Resources Ltd	11	30	0-1	0.5	0.0	+999	0.66	1.00	1.0	+999
Berkeley Resources	166	75	2-3	90.0	100.6	-11	0.41	1.59	1.0	-0	GB Energy	4.6	20	0-7	0.2	0.0	+824	0.82	5.17	1.0	+999
Biomd Ltd	8.9	4.0	0-10	4.5	5.8	-22	1.20	1.39	1.0	-5	GB Energy	4.6	3.5	0-5	1.0	1.5	-35	0.82	2.35	1.0	-5
Bioprospect	1.3	3.0	2-10	0.2	0.5	-61	0.91	1.56	1.0	+37	GBM Resources	11	20	2-4	3.6	5.1	-29	1.09	1.44	1.0	+41
Biotron Ltd	13	10	0-10	4.4	5.2	-15	0.90	1.86	1.0	+19	GRG International	25	20	2-4	7.6	7.8	-3	0.23	2.78	1.0	+4
Black Range Minerals	5.8	4.5	0-0	1.2	5.2	-77	0.54	1.86	1.0	-100	Geodynamics Ltd	36	55	1-1	3.6	5.8	-38	0.70	2.68	1.0	+59
Blackham Resources	25	25	0-8	2.5	6.2	-60	0.77	2.50	1.0	+19	Global Geoscience	8.0	25	1-6	2.5	1.4	+82	0.94	2.13	1.0	+128
Boulder Steel Ltd	11	10	1-1	3.0	4.7	-37	0.96	1.73	1.0	+17	Global Nickel	3.0	10	1-4	0.6	0.3	+138	0.81	2.72	1.0	+158
Bounty Industries	2.5	20	0-10	0.3	0.0	+999	0.00	9.99	1.0	+999	Gold Aura Ltd	3.3	3.0	1-4	1.4	1.2	+15	0.70	1.97	1.0	+24
Bright Star Resources	18	10	1-7	10.5	10.1	+4	0.68	1.58	1.0	+8	Gold Company Ltd	114	20	0-4	91.5	94.3	-3	0.92	1.21	1.0	-6
Brumby Resources	24	8.0	0-7	15.5	16.5	-6	1.00	1.41	1.0	-4	Gold One International	32	50	1-7	10.0	3.3	+207	0.45	3.42	1.0	+49
Buccaneer Energy Ltd	11	10	1-9	5.9	5.3	+11	0.86	1.59	1.0	+23	Gold Road Resources	36	7.0	0-4	25.0	28.6	-13	0.86	1.24	1.0	-27
Burey Gold Ltd	38	5.0	0-4	32.0	33.1	-3	1.13	1.15	1.0	-8	Golden Cross Res	1.9	4.0	0-1	0.1	0.0	+999	0.60	9.99	1.0	+999
Burleson Energy	7.0	10	2-7	2.2	3.9	-43	1.05	1.37	1.0	+24	Golden Gate Petrol.	1.4	8.0	1-6	0.3	0.0	+999	0.53	5.40	1.0	+228
C @ Ltd	4.1	1.0	1-2	3.1	3.2	-4	0.94	1.24	1.0	+0	Gondwana Resources	1.2	1.0	2-4	0.6	0.8	-20	1.02	1.33	1.0	+13
CO2 Group	17	12	0-8	5.0	6.7	-25	0.70	2.12	1.0	+0	Gondwana Resources	1.2	1.0	0-4	0.3	0.4	-20	1.02	2.36	1.0	+27
Cape Range Ltd	0.5	0.8	1-11	0.1	0.2	-43	0.87	1.75	1.0	+36	Greater Bendigo GM	2.3	5.0	1-1	0.5	0.2	+199	0.66	3.32	1.0	+124
Capital Mining Ltd	5.9	8.0	0-4	1.5	1.2	+25	1.32	2.47	1.0	+317	Greenvale Mining	15	30	0-10	1.2	1.7	-31	0.85	2.82	1.0	+141
Capital Health	3.8	5.0	1-2	0.7	0.7	+8	0.58	2.85	1.0	+42	Gt Western Explor.	37	30	1-4	10.5	18.0	-42	0.95	1.59	1.0	+8
Carbine Resources	40	15	0-5	24.0	25.4	-6	0.77	1.56	1.0	-6	Gulf Mines Ltd	4.9	15	1-11	0.5	2.2	-77	1.32	1.44	1.0	+82
Cardia Technologies	1.7	10	0-4	0.1	0.0	+999	0.50	9.99	1.0	+999	Gulf Resources	4.8	20	0-4	0.3	0.0	+999	0.83	7.84	1.0	+999
Camavale Resources	11	20	2-0	2.6																	

Recommended Investments

(Continued from Page 7)

each Austereo share, plus Austereo will pay a dividend of 5 cents. If acceptances reach 90%, then an additional 10 cents cash will be payable.

Village Roadshow will elect to receive the cash consideration so will receive a total of \$371.2 million to \$389.4 million (less a large capital gains tax liability) for its 181,093,856 Austereo Group shares. That is 245-257 cents per Village Roadshow share!

This sale will also clean up Village Roadshow's balance sheet. Until now, Village Roadshow has consolidated the accounts of its 52.52% owned Austereo Group subsidiary. The sale will therefore remove a further \$209 million of Austereo's interest bearing debts and \$458 million of intangible assets (i.e. Radio Licences) from Village Roadshow's balance sheet.

The Austereo Group sale - together with the sale of its **Sydney Attractions** business for \$115 million (and the transfer of debts within that business to the purchaser) - could help transform this poor Cinderella stock (i.e. a poorly managed, messy conglomerate with high debts) into a more attractive company with an easier to understand, more focused business, stronger cashflow and only moderate to low debt levels.

The shares have also been significantly under-valued in the past (i.e. valued at \$3½-\$5 per share in late 2009 when planning a buy-back) and the repurchase of a large number of shares in the range of \$2½-\$2¾ (i.e. a significant discount from full value - boosting the value of the remaining shares) - plus the realisation of the Sydney Attractions and Austereo Group assets at good prices - should have further increased the value of our shares in

Village Roadshow.

“Hold” for further gains as the stockmarket continues to re-rate these shares as the company significantly improves its balance sheet and potential profitability.

Village Roadshow



Austereo Group



Total Return Index for All Listed Shares

Jan 10	1358.83		
Jan 11	1356.23		
Jan 12	1353.71		
Jan 13	1359.19		
Jan 14	1365.40		
Jan 17	1378.86	Jan 24	1352.78
Jan 18	1373.45	Jan 25	1352.77
Jan 19	1366.19	Jan 26	1353.82
Jan 20	1357.02	Jan 27	1358.62
Jan 21	1353.76	Jan 28	1358.54
Jan 31	1358.50	Feb 7	1351.93
Feb 1	1361.30	Feb 8	1347.65
Feb 2	1357.23	Feb 9	1352.31
Feb 3	1354.60	Feb 10	1345.51
Feb 4	1352.28	Feb 11	1349.37

Dividend\$

Company	Cents per Share	Ex-Date	Pay-able	Tax Credit
South Port NZ	5.50	21-02	02-03	Full
Steel & Tube Holdings	6.00	11-03	31-03	Full
<u>Australian Shares</u>				
Cellnet Group	1.00	21-02	11-03	
Chandler Macleod Group	0.80	23-03	14-04	

Next Issue:

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

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