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

Market Analysis

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Inside Market Analysis

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Summary and Recommended Investment Strategy.

Over the last four years, the *Global Financial Crisis* has re-created the low stockmarket valuations not seen since the 1970's and early 1980's. Benjamin Graham may have been happy to buy shares at "reasonable" prices, but sometimes (once per generation? twice per lifetime?) we get the opportunity to buy shares at *un*reasonably low prices!

Investment Outlook.

Legendary value investor Benjamin Graham (1894-1976) noted that a speculator tries to anticipate and profit from price changes, while the investor seeks only to acquire companies at reasonable prices. Given the media's - and most shareholders' - obsession with short term market fluctuations, most market participants appear to be "speculators".

Benjamin Graham also warned against falling under the influence of *the market* and, to be successful, the need for investors to protect themselves from the market's emotional whirlwind.

Investors who were excessively pessimistic *last* month (as the market hit its lows) and who are optimistic *this* month (after the market has risen a few points) *may* not have the emotional temperament to be successful in the stockmarket. Such people *might* be better giving their money to a professional investment manager - except that most investment managers are probably even more manic-depressive (and won't start buying shares until the market is 25-50% above its lows)!

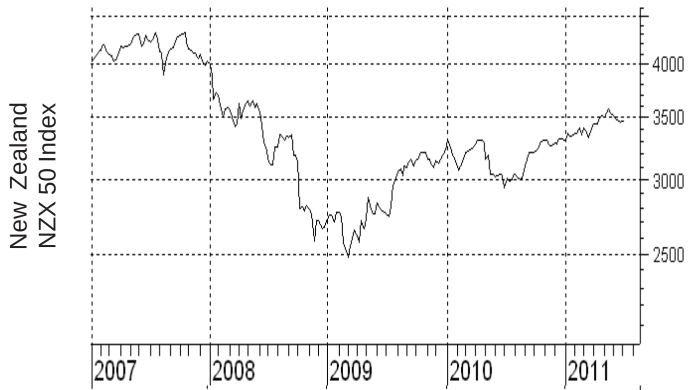
Over the years, we have suggested to a large number of investors that they cancel their financial news channel pay-TV, stop reading the business section of the daily newspaper and even stop watching TV news! You will be less informed about the irrelevant ups and downs of the latest global crisis, you won't panic and sell because "Wall St plunged 2% last night!" (probably to soar 2% tomorrow) and you won't get the manic-depressive opinions of financial journalists and other "experts". So we *guarantee* that this will make you a better investor!

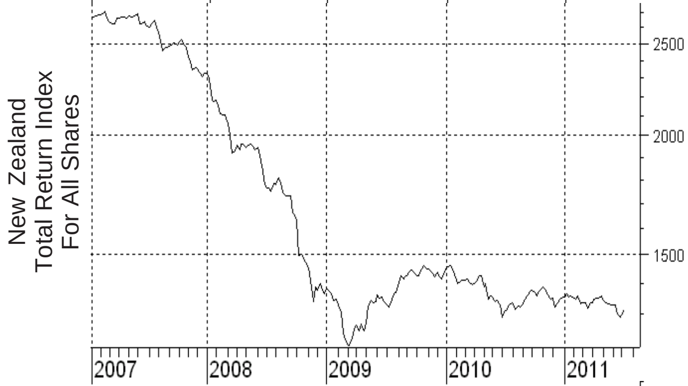
But what will the stockmarket do over the next week or the next month? Don't ask us. We are not *speculators*. As investors, we are too busy finding (and buying) companies at unreasonably low prices to care about such short term market fluctuations.

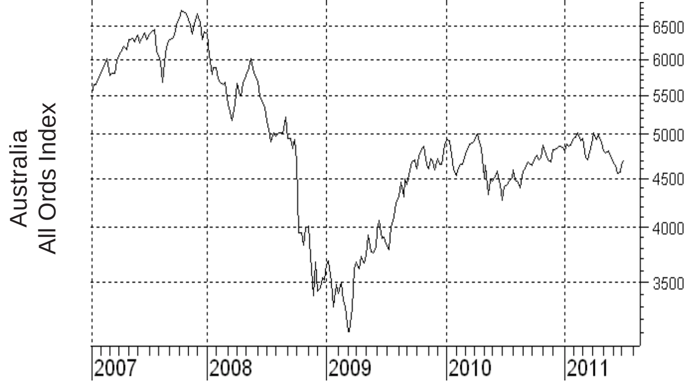
We would, of course, prefer the market to *decline*, so we can buy shares at lower prices. Our Forecasting models suggest it will rise in the short term, although the longer term forecast is neutral to moderately favourable for the overall market. Hopefully there will be plenty more "buying opportunities" over the next few years!

Stockmarket Forecasts

	One-Month	One-Year
Australia:	**81%** (Bullish)	**64%** (Bullish)
New Zealand:	**81%** (Bullish)	**54%** (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	645	1.46	15	6.1
AMP Onyx Mgmt	C	78	5.64	NE	9.0
Abano Health.	C	445	0.52	90	6.7
Affco Holdings	D	36	0.16	7	Nil
Air New Zealand	C	115	0.30	15	8.7
Akd Int Airport	B	229	7.66	68	5.1
Allied Farmers	D	1.0	0.19	NE	Nil
Allied Work.	A	185	0.50	15	7.9
Argosy Property	C	84	4.98	17	2.1
Barramundi Ltd	B	74	N/A	5	11.6
Blis Technology	E	6.6	5.20	NE	Nil
Briscoe Group	B	148	0.75	15	8.7
Broadway Ind	D	30	0.39	NE	Nil
Building Soc.	E	68	N/A	NE	Nil
Burger Fuel	C	42	N/A	NE	Nil
CDL Investments	D	30	8.17	26	5.7
CER Group Ltd	E	0.9	0.48	NE	Nil
Canty Bldg Soc.	C	285	1.06	29	Nil
Cavalier Corp	A	378	1.16	15	6.8
Cavotec MSL	C	275	1.21	22	1.5
Charlie's Group	E	43	4.00	51	Nil
Col Motor Co	A	250	0.19	16	8.6
Comvita	A	180	0.62	14	2.4
Connexion	D	10	0.67	NE	Nil
Contact Energy	C	533	1.50	21	6.7
Cynotech Hold.	E	0.9	0.17	NE	Nil
Delegat's Group	C	200	0.91	47	5.7
Dominion Fin.	C	1.0	0.01	0	149.3
Dorchester Pac	E	13	1.34	NE	Nil
Ebos Group Ltd	C	692	0.26	15	6.4
Ecoya Ltd	C	92	3.30	NE	Nil
F & P Appliance	D	60	0.38	13	Nil
F & P Health.	C	266	2.73	22	6.6
Finzsoft Sol'ns	C	33	0.40	5	Nil
Fletcher Build.	B	835	0.75	19	4.2
Freightways Ltd	B	333	1.56	18	6.0
Genesis Res.	C	6.0	0.68	NE	Nil
Goodman Prop.	C	98	6.65	25	7.9
Guinness Peat	C	79	0.12	3	1.9
GuocoLeisure	D	67	1.73	13	2.3
Hallenstein G.	B	365	1.05	11	6.7
Hellaby Hold.	C	242	0.91	40	4.7
Heritage Gold *	N/R	2.1	N/A	NE	Nil
Horizon Energy	B	375	3.02	16	6.5
Infratil NZ	C	181	0.51	17	5.3
Inv Research Gr	E	0.9	2.20	NE	Nil
Jasons Media	D	30	0.43	12	Nil
Just Water Int.	E	11	0.28	NE	Nil
Kathmandu Ltd	B	227	1.85	48	4.4
Kermadec Prop.	B	61	6.03	10	4.9
Kingfish Ltd	A	99	N/A	9	8.8
Kirkcaldie & St	B	256	0.61	23	4.5
Kiwi Property	C	104	5.28	NE	7.6
Life Pharmacy	D	35	3.26	NE	Nil
Lombard Group	E	3.0	0.40	NE	Nil
Lyttelton Port	B	233	2.73	26	2.7
Mainfreight Grp	A	1043	0.77	24	2.7
Marlin Global	C	96	N/A	9	2.1
Media Tech.	E	3.0	0.41	NE	Nil
Methven Limited	C	153	0.83	21	8.5
Metro. LifeCare	C	205	4.00	4	Nil
Michael Hill	B	92	0.79	13	4.3
Mid-Cap Index	C	220	N/A	NE	Nil
Millennium & C.	C	45	1.36	13	3.8
Mowbray Collect	E	50	1.66	NE	Nil
NZ Exchange Ltd	A	240	5.73	31	6.0
NZ Experience	C	38	1.34	9	9.4
NZ Farming Sys.	C	70	4.88	NE	Nil
NZ Finance Hold	C	3.5	0.08	NE	Nil
NZ Oil & Gas *	N/R	85	3.37	NE	8.4
NZ Refining Co	D	367	4.11	44	Nil
NZ Wool Service	C	53	0.24	NE	Nil
NZ Wine Company	D	132	0.88	NE	2.2
NZ Windfarms	E	15	9.16	NE	Nil
NZSX 50 Port.	D	134	N/A	NE	Nil
NZSX 10 Fund	C	91	N/A	NE	Nil
NZX Aust MidCap	C	552	N/A	NE	Nil
Nat Property Tr	D	51	3.51	NE	8.8
New Image Group	C	27	0.78	8	7.9
Northland Port	B	162	N/A	21	4.9
Nuplex Indust	B	286	0.38	8	7.3
Opus Int'l Cons	A	216	0.82	14	5.1
Oyster Bay	D	185	2.00	NE	Nil
Ozzy (Tortis)	D	365	N/A	NE	Nil
PGG Wrightsons	D	46	0.30	14	Nil
Pac Edge Bio.	E	27	N/A	NE	Nil
Pike River Coal	E	88	N/A	NE	Nil
Port Tauranga	A	925	8.37	27	4.5
Postie Plus Grp	D	24	0.08	17	Nil
Propertyfinance	D	3.0	0.05	NE	Nil
Property F Ind.	C	123	8.19	27	6.7
Pumpkin Patch	C	113	0.49	7	12.0
Pyne Gould Corp	C	37	1.40	13	Nil
Rakon Ltd	D	97	0.97	22	Nil
Renaissance	D	18	0.04	20	Nil
Restaurant Brds	B	248	0.75	10	9.8
Rubicon Limited	E	59	0.36	NE	Nil
Ryman Health.	A	279	N/A	14	1.4
Salvus Strat.	B	82	N/A	NE	4.4
Sanford Limited	B	510	1.13	19	6.4
Satara Co-op	D	55	0.21	NE	Nil
Savoy Equities	D	0.4	N/A	NE	Nil
Scott Tech. Ltd	B	140	1.02	13	5.4
Sealegs Corp	E	15	1.19	NE	Nil
Seeka Kiwifruit	C	210	0.25	3	13.6
Skellerup Hold.	C	123	1.30	20	5.2
Sky City Ltd	B	361	2.50	15	6.1
Sky Network TV	C	580	3.04	22	3.4
Smartpay NZ Ltd	D	21	0.53	NE	Nil
Smiths City	B	33	0.08	9	6.1
Sol. Dynamics	E	20	0.23	NE	Nil
South Port NZ	A	345	3.96	17	5.4
Speirs Group	C	10	0.09	NE	Nil
Steel & Tube	A	264	0.61	24	4.6
Sthn Travel	D	9.0	0.11	NE	Nil
Tag Pacific Ltd	E	12	0.15	NE	Nil
TeamTalk Ltd	B	215	1.54	12	13.3
Telecom Corp	B	249	0.91	11	9.6
Tenon Ltd	E	87	0.12	NE	Nil
Tourism Hold.	B	68	0.47	13	8.4
Tower Limited	C	150	0.65	7	9.5
Training Sol.	E	0.1	N/A	NE	Nil
Trust Power Ltd	B	723	2.97	20	7.2
Turners Auction	B	132	0.51	12	11.9
Turners & Grow.	B	177	0.24	17	3.4
VTL Group Ltd	C	1.5	0.01	0	Nil
Vector Ltd	B	256	2.15	13	7.8
Vital Health PT	C	118	5.96	23	8.0
WN Drive Tech.	D	26	0.63	NE	Nil
Wakefield Hlth	B	550	1.03	16	3.9
Warehouse Group	B	360	0.67	13	9.5
Widespread Port*	N/R	15	7.14	1	Nil
Windflow Tech.	D	50	0.25	NE	Nil
Wool Equities	D	15	N/A	NE	Nil
World Index Fd	D	106	N/A	NE	Nil
Xero Ltd	D	210	N/A	NE	Nil
Zintel Comm.	E	24	0.22	25	6.0
Ave of 137 Cos	**C**	165	0.23	6	4.5

	Performance Forecast	Price	Price/Sales Ratio	P/E Ratio	Gross Yield
AGL Energy Ltd	B	1452	0.99	18	4.1
AMP Ltd	B	497	1.34	14	6.0
ANZ Bank	B	2190	1.78	12	5.8
APA Group	B	413	2.26	22	5.1
ASX Limited	B	3111	7.35	16	5.6
Abacus Property	B	229	7.60	34	1.4
Adelaide Bright	C	296	1.75	12	5.6
Alacer Gold	E	814	N/A	NE	Nil
Alumina Ltd	B	222	N/A	NE	2.8
Amalgamated Hld	B	587	1.15	9	6.3
Amcor Ltd	A	718	0.89	48	4.1
Aneka Tambang	C	125	N/A	NE	Nil
Ansell Ltd	A	1400	1.50	15	2.2
Aquarius Plat.	B	485	4.25	64	1.2
Aquila Res.	D	737	N/A	NE	Nil
Argo Investment	B	578	N/A	23	4.7
Aristocrat Leis	B	238	1.87	16	2.1
Asciano Limited	B	165	1.69	26	Nil
Atlas Iron Ltd	C	390	N/A	NE	Nil
Aurora Oil Gas	C	343	N/A	NE	Nil
Ausdrill Ltd	A	332	1.37	18	3.3
Austar United	B	132	2.35	17	Nil
Australand Prop	B	283	2.18	10	7.2
Aust Foundation	B	464	N/A	25	4.5
Aust Infra.	B	190	N/A	6	5.3
BHP Billiton	C	4495	2.55	11	2.2
BWP Trust	C	183	9.88	8	6.6
Bank of Q'land	B	886	0.86	11	5.9
Beach Energy	B	94	2.11	31	1.9
Bendigo Bank	B	891	1.08	13	4.8
Billabong Int'l	C	637	1.08	11	5.7
Bluescope Steel	B	135	0.29	20	3.7
Boart Longyear	C	405	1.70	NE	Nil
Boral Limited	C	424	0.57	NE	3.2
Bradken Ltd	A	864	1.19	17	3.9
Brambles Ltd	A	724	2.22	20	3.5
Brickworks Ltd	B	1024	2.30	11	3.9
Brookfield P P	A	306	N/A	58	Nil
C'wth Prop Off.	A	93	6.97	16	6.0
C.S.R. Ltd	B	294	0.78	16	2.8
CFS Retail Prop	B	182	7.34	15	6.9
CGA Mining Ltd	B	277	5.19	43	Nil
CSL Limited	B	3280	4.55	19	2.4
Caltex Austrlia	B	1152	0.17	10	5.2
Campbell Bros	A	4788	2.92	24	2.9
Carsales.com	B	482	9.07	26	3.1
Challenger Ltd	A	492	1.53	9	2.9
Chart H Office	B	349	6.23	NE	0.5
Chart H Retail	A	318	6.37	16	1.7
Coal & Allied	B	10302	3.45	13	5.7
CocaCola Amatil	B	1138	1.92	12	4.0
Cochlear Ltd	A	7261	5.58	26	2.8
Com'wealth Bank	B	5177	2.03	14	5.6
Computershare	B	905	2.80	15	3.1
ConnectEast Grp	D	46	7.26	NE	Nil
Cons Media Hold	B	251	N/A	18	6.6
Crown Ltd	A	912	2.93	24	4.1
DUET Group	B	170	1.28	11	11.8
David Jones	C	409	1.01	12	7.3
Deutsche Div Tr	C	131	6.10	14	7.1
Dexus Property	C	89	5.99	NE	5.7
Djerriwarrh	A	390	N/A	33	6.7
Downer EDI Ltd	B	385	0.23	NE	7.6
DuluxGroup Ltd	A	274	1.30	16	1.1
Energy World	B	52	7.75	36	Nil
Energy Resource	B	438	1.43	18	1.8
Envestra	A	70	2.51	26	7.9
Equinox Min.	C	785	N/A	NE	Nil
Extract Res.	D	803	N/A	NE	Nil
Fairfax Media	B	99	0.94	8	2.5
Flight Centre	C	2196	1.22	16	3.2
Fortescue Metal	B	653	5.63	31	Nil
Foster's Group	B	513	2.22	14	2.3
GPT Group	A	311	6.97	13	5.2
GWA Group Ltd	B	273	1.25	15	6.6
Gloucester Coal	C	858	3.11	22	Nil
Goodman Group	B	73	7.77	NE	4.7
Goodman Fielder	B	104	0.54	9	10.3
Graincorp	A	814	0.81	20	3.1
Harvey Norman	B	254	2.01	12	5.5
Hast Div Util	B	160	5.40	NE	7.5
Henderson Group	B	238	6.23	39	4.2
Hutchison Tel.	E	7.5	1.27	NE	Nil
IOOF Holdings	C	681	2.11	23	2.6
Iluka Resources	B	1752	7.55	NE	0.5
Incitec Pivot	C	401	2.23	16	1.9
Insurance Aust.	B	335	N/A	32	3.9
Investa Office	A	65	8.30	41	6.0
Iress Mkt Tech	A	941	6.48	23	3.7
JB Hi-Fi Ltd	B	1729	0.69	16	3.8
James Hardie	D	608	2.23	NE	Nil
Kardoon Gas	D	585	N/A	NE	Nil
Kingsgate Cons.	B	844	4.79	12	4.1
Leighton Hold	B	2175	0.46	11	6.9
Lend Lease Grp	A	926	0.50	15	3.5
Linc Energy Ltd	C	285	N/A	NE	Nil
Lynas Corp Ltd	C	201	N/A	NE	Nil
MAp Group	A	337	6.23	NE	9.9
Macarthur Coal	B	1140	4.32	23	2.2
Macquarie Group	B	3100	0.92	11	6.0
Medusa Mining	B	711	N/A	18	Nil
Mesoblast Ltd	B	904	N/A	NE	Nil
Metcash Ltd	B	413	0.25	13	7.7
Milton Corp.	A	1558	N/A	21	4.6
Minara Resource	B	75	1.88	15	6.7
Mineral Res.	A	1239	6.39	21	1.6
Mirabela Nickel	D	192	4.47	NE	Nil
Mirvac Group	B	124	2.64	17	6.5
Monadelphous Gr	A	1930	1.30	20	4.3
Mt Gibson Iron	C	193	3.74	16	Nil
Myer Holdings	B	267	0.47	9	8.2
Nat'l Aust Bank	B	2512	1.52	12	6.1
Navitas Ltd	B	402	2.47	21	4.7
New Hope Corp.	A	515	5.72	23	1.8
Newcrest Mining	B	3879	6.69	34	0.6
News Corp.	B	1677	0.44	6	1.0
Nufarm Limited	B	458	0.55	20	Nil
OZ Minerals Ltd	B	1371	3.94	8	0.5
Oil Search Ltd	B	671	N/A	46	1.2
Onesteel Ltd	B	203	0.44	10	5.4
Orica Ltd	B	2718	1.69	7	3.5
Origin Energy	B	1550	1.65	23	3.2
Paladin Energy	D	268	8.40	NE	Nil
Panaust Ltd	B	406	4.10	16	Nil
Perpetual Ltd	B	2471	2.12	12	6.7
Platinum Asset	B	429	9.70	18	5.1
Premier Invest	B	598	1.03	18	6.0
Primary Health	B	343	1.30	13	7.3
Q.B.E. Insur.	B	1771	1.20	14	7.2
Qantas Airways	C	200	0.33	40	Nil
REA Group Ltd	A	1190	7.86	31	1.3
Ramsay Health	B	1771	1.05	24	2.5
Reece Australia	A	2150	1.42	19	2.5
Rio Tinto Ltd	B	8435	0.60	3	1.3
S/Tracks ASX200	B	4358	N/A	14	3.1
SP Ausnet	B	95	1.75	10	8.4
Santos Ltd	B	1364	5.36	24	2.7
Seek Ltd	B	662	7.91	25	1.8
Seven Group	B	991	5.63	NE	1.8
Seven West Med.	B	409	2.31	10	11.0
Sims Metal Mgmt	B	1847	0.50	30	1.8
Sonic Health	A	1258	1.63	17	4.7
Soul Pattinson	A	1310	3.80	14	2.6
Spark Infrastru	A	133	6.08	22	10.2
Steamships Trad	A	2850	2.85	16	1.4
Sth Cross Media	B	141	1.42	29	6.9
Stockland	B	331	3.35	16	6.6
Suncorp Group	B	808	0.66	13	4.3
Super Retail Gr	A	716	0.97	24	3.0
TPG Telecom Ltd	A	162	2.24	20	2.5
Tabcorp Holding	B	319	0.47	4	17.2
Tatts Group Ltd	B	238	0.93	29	8.8
Telstra	A	300	1.49	10	9.3
Ten Network	B	115	1.21	12	5.2
Toll Holdings	B	487	0.49	12	5.1
TransPacific In	C	95	0.44	15	Nil
Transfield Serv	A	351	0.46	20	4.0
Transurban Grp	A	521	9.02	NE	4.6
UGL Limited	A	1390	0.55	16	4.6
Wesfarmers Ltd	B	3198	0.71	24	3.9
Western Areas	A	605	6.38	76	1.0
Westpac Banking	B	2224	1.70	10	6.3
Westfield Group	C	888	5.66	18	7.2
Whitehaven Coal	B	608	7.38	54	0.9
Woodside Petrol	B	4120	7.52	20	2.6
Woolworths Ltd	B	2778	0.66	17	4.1
Worley Group	B	2773	1.34	23	2.7
Wotif.com Hold.	B	510	7.86	20	4.2
Zimplats Hold.	B	1250	2.97	10	Nil
Ave of 1969 Cos	**C**	151	0.21	14	1.6

Recommended Investments

CDL investments reports that a 203-hectare site owned by **Prestons Road Ltd** (33.3% owned by each of CDL Investments, **Foodstuffs (SI)** and **NgaiTahu Properties**) could be approved for residential development following a review of the Greater Christchurch Urban Development Strategy. The site is 5½ km north of Cathedral Square, and an "eco-friendly village" could house around 8000 people in 2700 homes. The development has been planned over the last three years and could begin immediately, but was previously outside the area earmarked for urban development.

Lyttelton Port Company suffered further damage in the two earthquakes on 13 June and reports no damage from the 21 June earthquake. The Container Terminal wharves suffered further damage, including cracks in areas paved since February. The Oil Berth suffered further land settlement.

(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												
BUY	CDL Investments Ltd	CDI	12/01/99	25	D	252.8	1.5	8.17	26	5.7	30	20.3	+101%
HOLD+	Cavalier Corporation	CAV	05/12/95	156*	A	67.8	1.0	1.16	15	6.8	378	267.0	+313%
HOLD	Colonial Motor Company	CMO	10/11/92	128*	A	32.7	0.5	0.19	16	8.6	250	325.3	+349%
HOLD	Lyttelton Port Company	LPC	12/12/00	150	B	102.3	0.7	2.73	26	2.7	233	77.7	+107%
BUY	Michael Hill Int'l Ltd	MHI	11/06/91	5*	B	382.5	0.9	0.79	13	4.3	92	33.4	+2408%
HOLD+	Nuplex Industries Ltd	NPX	11/02/97	523*	B	192.2	1.0	0.38	8	7.3	286	398.0	+31%
HOLD	Postie Plus Group	PPG	08/05/06	71	D	40.0	2.0	0.08	17	Nil	24	8.5	-54%
HOLD	Renaissance Corp	RNS	13/08/96	85*	D	45.7	2.8	0.04	20	Nil	18	53.9	-15%
HOLD	Smiths City Group	SCY	09/10/06	64	B	53.0	1.4	0.08	9	6.1	33	14.0	-27%
HOLD	South Port New Zealand	SPN	13/02/96	120	A	26.2	0.5	3.96	17	5.4	345	139.8	+304%
HOLD+	Steel & Tube Holdings	STU	08/08/00	146	A	88.4	0.8	0.61	24	4.6	264	245.6	+249%
	Australian Shares (in Aust cents)												
HOLD	AJ Lucas Group	AJL	13/05/03	120	B	65.3	0.7	0.25	NE	4.1	135	41.0	+47%
BUY	Atlas South Sea Pearl	ATP	14/05/96	73	B	136.4	2.2	1.07	7	Nil	11	17.5	-61%
SELL	Breville Group Ltd	BRG	13/11/06	171	A	129.5	0.4	1.10	20	3.1	357	36.5	+130%
HOLD	Campbell Brothers Ltd	CPB	12/10/99	389*	A	67.5	0.2	2.92	24	2.9	4788	679.0	+1305%
HOLD+	Cardno Ltd	CDD	14/12/09	399*	A	90.5	0.4	1.13	14	4.9	594	45.6	+60%
HOLD	Cellnet Group Ltd [1]	CLT	12/02/02	147*	B	73.5	1.2	0.35	23	Nil	36	33.4	-50%
HOLD+	Chandler Macleod Group	CMG	14/08/01	51*	A	407.4	1.2	0.29	24	3.1	43	21.7	+27%
HOLD+	Circadian Technologies	CIR	10/02/04	188	C	45.2	1.0	11.38	NE	Nil	57	65.0	-35%
BUY	Clarius Group Ltd	CND	08/04/03	82*	B	85.8	1.0	0.20	18	3.2	62	67.5	+58%
BUY	CPT Global Ltd	CGO	10/03/08	88	B	36.9	0.9	0.61	NE	Nil	63	8.8	-18%
BUY	CSG Limited	CSV	11/10/10	175	B	269.9	0.8	0.95	8	5.1	109	2.5	-37%
BUY	Customers Ltd	CUS	11/07/11	83	B	135.5	0.9	0.96	6	9.6	83	Nil	
HOLD+	Devine Ltd	DVN	13/11/06	84*	D	634.9	1.5	0.27	19	4.1	25	18.9	-48%
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	A	32.2	0.7	1.90	11	6.2	137	26.8	-37%
BUY	Finbar Group Ltd	FRI	12/04/10	106	B	162.5	0.7	1.06	7	7.5	101	5.5	+0%
HOLD	Iluka Resources Ltd	ILU	12/10/04	471	B	415.5	0.3	7.55	0	0.5	1752	72.0	+287%
BUY	Integrated Research	IRI	14/01/08	40	B	166.8	1.1	1.68	12	6.7	38	11.5	+23%
HOLD	Mnet Group [1]	MNZ			C	208.3	4.1	0.68	NE	Nil	3.1	Nil	
HOLD	M2 Telecommunications	MTU	09/10/06	33	A	121.5	0.4	1.00	25	3.0	335	30.5	+1008%
BUY	Melbourne IT	MLB	10/02/04	53	A	80.0	0.6	0.76	9	8.4	180	67.0	+365%
BUY	Nomad Building Solutio	NOD	16/08/10	13*	C	241.7	2.2	0.08	1	Nil	11	Nil	-15%
BUY	Novarise Renewable Res	NOE	14/03/11	25	B	399.3	1.7	1.18	6	4.5	22	Nil	-12%
BUY	Penrice Soda Holdings	PSH	11/07/11	17	B	91.4	1.8	0.10	3	Nil	17	Nil	
SELL	Photon Group Ltd	PGA	10/11/08	132*	B	187.4	3.7	0.01	NE	75.0	4	11.8	-88%
BUY	Probiotec Ltd	PBP	11/02/08	116	A	52.8	1.1	0.28	4	8.8	40	9.3	-58%
HOLD+	Prophecy International	PRO	08/09/08	26	B	47.2	1.8	1.50	23	15.6	16	7.3	-11%
HOLD+	Skilled Group Ltd	SKE	12/03/02	126	B	222.5	0.6	0.26	35	Nil	228	132.0	+186%
HOLD	Technology One Ltd	TNE	11/11/03	44	A	300.3	0.7	2.54	19	3.7	115	27.3	+223%
BUY	TFS Corporation Ltd	TFC	08/01/07	45	B	238.9	0.8	1.66	5	5.6	85	14.2	+120%
BUY	The Reject Shop Ltd	TRS	11/01/05	257	B	26.0	0.3	0.64	13	5.8%	1163	271.5	+458%
HOLD	Village Roadshow	VRL	10/08/09	77	B	166.5	0.5	0.30	6	Nil	310	129.0	+470%

The average Total Return (i.e. both Capital Gains/Losses plus Dividends received) of all current investments from initial recommendation is +205.6%. This is equal to an average annual rate of +27.4%, based upon the length of time each position has been held.

The average annual rate of gain of ALL recommendations (both the 42 current and 150 closed out) is +30.2%, compared with a market gain of +4.1% (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)

On a positive note, the port moved a record number of containers - 26,525 TEUs - in May, up 5.5% on the previous monthly record. The company has also received $35.7 million to date in progress payments from its insurers - but this is "only a portion of the total claim". **Bathurst Resources** will also start to export up to 500,000 tonnes of coal annually through Lyttelton Port.

Lyttelton Port Company's insurance expired on 30 June, and the company has renewed insurance for "70% of the cover required" for assets, but *excluding* damages from natural disasters (e.g. earthquakes). The company has also been unable to insure wharves, breakwaters and pavements, or to obtain *Business Interruption* cover.

Nuplex Industries has formed a joint venture with **RPC Technologies** to acquire **Fibrelogic Pipe Systems** for A$26 million. The business provides large diameter, glass reinforced plastic pipes for water reticulation, infrastructure and mining.

Postie Plus has opened a new store in Rolleston. Three stores were closed after earthquakes, with the New Brighton store re-opened in May, Sydenham expected to re-open in July and the store in the Eastgate shopping centre to re-open in August.

Renaissance Corporation had expected to restart its Natcoll campus in Christchurch in July, but that is now not expected until October. This delay will result in a further $900,000 loss of revenues. A rented classroom has enabled two classes to finish courses. The company has also started three new classes in Auckland from April and two new classes in Wellington from May.

Smiths City Market reports a 2.4% drop in revenues to $220.7 million for the year to 30 April 2011. Profits remain depressed, but grew 15.1% to $1,892,000 (3.6 cents per share). A 1.0 cents final dividend maintains an annual dividend of 2.0 cents (with no imputation tax credits). The net operating cash surplus was 4¾-fold higher at $11.5 million.

Retail revenues were 3% lower at $209.5 million and there was a small *loss* of $65,000 (being an improvement on the previous year's *loss* of $836,000). Finance revenues were up 9.1% to $11.1 million and this business remained profitable with earnings of $2,155,000 (although down 17%). The Property revenues (i.e. mainly renting its buildings to the retail division) were down 5% at $1.6 million, with earnings down 6% at $482,000.

Australian Shares

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

AJ Lucas Group has decided on a "substantial equity raising" as "increased balance sheet strength is critical to the award of new work". The Drilling Service division has $275 million of work over the next 3½ years, while the Building, Construction & Infrastructure division is the preferred tenderer for "a number of significant contracts amounting to $110 million" but "dependent on demonstrating increased balance sheet strength".

Campbell Brothers is to acquire **Stewart Holdings Group**, a UK based global minerals testing business, for an "enterprise value" (i.e. cost plus debt already in the business) of £146 million (A$222 million). The company, formerly **Alex Stewart Assayers**, was acquired by management and **CBPE Capital** (formerly Close Brothers Private Equity) in a management buyout in November 2006 and has made several acquisitions and expanded rapidly over the last five years. It now employs 900 staff and has 26 laboratories - so this acquisition will add about 10% to the size of Campbell Brothers' business.

Campbell Brothers is now predicting "favourable market conditions for the next *five* years" for its minerals testing business. Sample flows are at "all time record levels" and the company plans "major capacity upgrades" to laboratories in Johannesburg, Santiago, Antofagasta, Perth, Kalgoorlie, Burkina Faso, Adelaide and Vancouver. While Campbell Brothers has made numerous acquisitions (i.e. to enter new markets or acquire new technologies to spread throughout its network) organic expansion (i.e. expanding laboratory capacity and processing more work) is the main factor responsible for increasing shareholder wealth!

The company is also focusing upon further value added services to clients (e.g. drilling core sample photography, data modelling, robotics) . The division is operating a "hub and spoke" model, transferring mineral samples to laboratories and using a web-based *Laboratory Information Management System* to report results "seamlessly" to clients anywhere in the world. This allows the company to move samples to spread its workload and maximise the utilisation of facilities in its "truly integrated network of laboratories".

Campbell Brothers has sold **PearlStreet Energy Services** (a subsidiary of **PearlStreet**, now *ALS Industrial*, acquired in 2009) to **Monadelphous Group** for $4 million in cash. This business - non-core to Campbell Brothers - covers 3-4 years maintenance contracts with two power companies.

Cardno has announced two Australian acquisitions: Firstly it will pay $11.7 million (i.e. 519,000 shares at 566 cents plus $8.8 million in cash) to acquire **Roadtest**, a construction materials testing and geotechnical engineering business in Central Queensland. The business generates annual revenues of about $8 million and earnings of around $3.5 million. That values the acquisition on a P/S ratio of 1.46 and a P/E ratio of about 6½. Roadtest offers exposure to the "extensive gas and coal developments under way or proposed in Central Queensland" and the business is working on the **Gladstone LNG** plant on Curtis Island and the expansion of the **Curragh North Coal** mine.

Secondly, Perth based **BEC Engineering -** which provides "specialised electrical engineering expertise", mainly to the resource sector. Cardno sees "significant growth potential" in this sector plus "opportunities for further growth through cross selling with our other businesses". This acquisition will cost $45 million (i.e. 2,038,000 shares at 552 cents plus $33.75 million in cash) and should contribute around $35 million in annual revenues and $9 million in earnings (i.e. a P/S ratio of 1.3 and a P/E ratio of about 10).

Chandler Macleod Group is to acquire the Hong Kong and Singapore white collar recruitment businesses of **Inspire Recruitment** for $1.3 million (in cash and deferred scrip). This is equal to a P/E ratio of 2½-5, based upon earnings forecasts for the next year.

Chandler Macleod has an "existing long term relationship with the Inspire management team" and will combine this business with the existing Ross Human Directions' Asian businesses (all of which will be rebranded under the Chandler Macleod name).

Devine's major shareholder, **Leighton Holdings**, has increased its shareholding from 49.66% to 50.06% .

Ellex Medical Lasers plans to transfer the Sacramento (US) manufacturing of its *Eye Cubed* diagnostic ultrasound system to its "state-of-the-art manufacturing facility in Adelaide, Australia". This is expected to "deliver considerable cost reductions and production efficiencies" as well as "optimal utilisation of the Adelaide manufacturing infrastructure". The company moved the engineering and development team for the *Eye Cubed* system to Adelaide in 2007. Australian production is expected from October.

Finbar Group expects to report a net profit of $23.5 million for the year ended 30 June 2011 and declared a final dividend of 5.5 cents. This will lift the annual dividend 13.3% to 8.5 cents.

The profit will be unchanged from 2010, but earnings per share will be about 22% lower at 11.3 cents. This is owing to the increased capital - raising cash for future expansion and growth - but which will not make a contribution to profit until the 2012 or 2013 financial years.

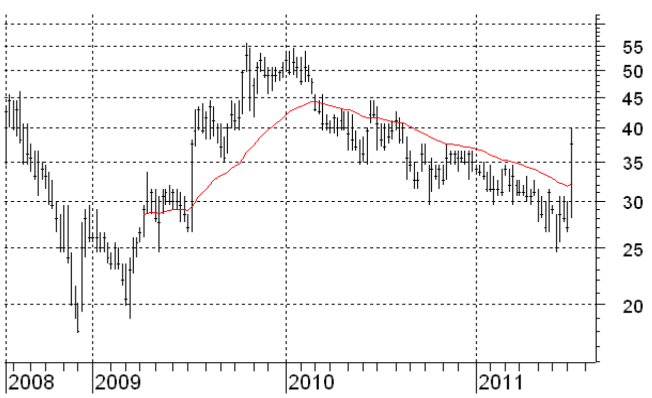
Iluka Resources has awarded a 3½ year contract to **Watpac** to extract mineral sands from a deposit in the Murray Basin near Mildara. Watpac will remove topsoil, subsoil, strip overburden, selectively mine mineralised sand along the 14km deposit, and concurrently rehabilitate the site.

Integrated Research has announced that it expects its profit for the year ended 30 June 2011 will be around $7.1-7.5 million (4.3-4.5 cents per share). That will be up 30-40% on the $5,401,000 profit in 2010 and close to the record $7,863,000 earned in 2009.

The company reports "increased new licence sales in both IP Telephony and *HP-Nonstop* product lines".

The Australian dollar has appreciated 33% against the US dollar since the record profit in June 2009, significantly depressing the value of foreign income (earned in US dollars or Euros) relative to domestic operating costs (incurred in Australian dollars). So the recovery in profits shows strong growth in the business and the ability of businesses to adapt to economic change. Integrated Research is a sound business, with cash in the bank and little or no debt, and the shares trade at a very low valuation. So the shares remain a "Buy" (and hold) for both high income and the potential for high capital appreciation.

Integrated Research



M2 Telecommunications has connected its first customer to the **NBN Company** network (under the Stage I NBN trial), via a wholesale alliance with **Telstra Wholesale**. The service will be offered to all customers in the trial areas, and extended as the network is expanded over the years ahead.

Melbourne IT shares dipped sharply in late June, possibly in response to a badly worded news article that stated "A Melbourne IT company's hard drives were hacked and thousands of files and websites erased". While this was a malicious attack, destroying 4800 customer websites, the article points out the company's lack of backups and an inadequate disaster recovery plan that have "so trashed its business and reputation" that the company "is dead". A photo caption also states "Computer hackers have destroyed a Melbourne IT company".

But wait . . . this article is not about a "*Melbourne IT Ltd* subsidiary company" but is about an unrelated, privately owned "Melbourne *based* IT company".

Novarise Renewable Resources International reports some delay to the construction of its new production facility at Nan'an owing to the rainy season, with equipment to be installed and production expected in the September quarter.

Prophecy International Holdings predicts revenues will be higher for the year ended June 2011, but "expenses have increased in anticipation of better revenue growth" so the net profit will be "much lower than last year". "Turmoil in the Middle Eastern territory" has delayed the major Egyptian project. No final dividend will be paid. Cash on hand is $3.5 million (7.4 cents per share).

The company has been in discussions regarding a number of potential acquisitions and (subject to due diligence and final contract agreement) expects to complete an acquisition this month of a "profitable business, able to maintain its strength, even in tougher economic times".

Skilled Group has refinanced its debt on "significantly improved commercial terms" - a reduction on the 11.5% previously being charged after the Global Financial Crisis when the company experienced a downturn in business and had high debt levels. The new facilities consist of $60 million for two years and $100 million for three years. Interest for the 2012 financial year will be 50% lower than for the June 2011 year, owing to lower debt levels and lower margins. We estimate that puts the new interest rate at about 8%.

TFS Corporation has completed its bond issue - although, based upon the unfavourable terms, it would be more accurate to call this a *"junk" bond issue*. The company has borrowed US$150 million for seven years at a fixed interest rate of 11%. No not 1.1% but 11.0%. [Note: By way of comparison, your Editor *could* borrow US dollars on a margin loan (i.e. secured against share investments) at a floating rate of 1.58%, with that reducing to 1.08% for amounts over US$100,000 and just 0.58% for amounts over US$1.0 million.]

In addition to the high interest rate that TFS Corporation will pay the bond holders, it will give them 370 warrants (i.e. options to buy shares at A$1.28 until 15 July 2018) for every US$1000 of bonds. That is a total of 55,500,000 options - or about 20% of the company's capital. The exercise price of 128 cents was set 40% above the share price, but with seven years until expiry, the share price would only need to rise by 5% per annum for the warrants to become valuable. If the share price rises at 10% or 20% per annum, then the warrants will become *very* valuable.

The issue of the warrants is subject to shareholder approval at the AGM *(Continued on Page 6)*

Recommended Investments

(Continued from Page 5)

on 1 August . . . except that *if* the shareholders do not approve the warrants then the directors will issue them anyway under the standard right to place 15% of a company's capital annually. Furthermore, if all of the warrants have not been issued by 1 July 2012 then special interest will accrue at 2.0% or 5.0% (or 2.0% *and* 5%? - the company's disclosure is not precise) - i.e. the bonds will start to pay interest at 13-16% (or 18%?) *and* the bond holders will have a "put right" to redeem the bonds at a 10% premium (i.e. US$1,100 per US$1,000 of face value). Why do we feel that our directors are holding a gun to our head?

US$75 million of the money raised will not be available to the company immediately but held in an escrow account, probably earning little or no interest (i.e. so the *effective* interest cost of the US$75 million that the company can invest is about 22%). US$25 million of this will be released upon shareholder approval of the warrants but the remaining US$50 million will only become available upon meeting (undisclosed) specific sales targets for *Beyond Carbon* institutional sales. So - as the terms have not been disclosed - that US$50 million *may* remain in escrow for another year or perhaps much longer. In the meantime, paying interest at 11% on the full US$150 million is an *effective* interest rate of 16.5% on the US$100 million that will be available to the company. Who writes these loan conditions? Why do the directors *agree* to them? Who is holding a gun to the heads of our directors?

The directors plan to use the bond proceeds to "increase plantings for institutional investors and TFS itself" and move to "increased company plantation ownership over the next five years". We just hope those investments earn enough *return on investment* to cover the high financing costs *and* a return for shareholders!

TFS Corporation has made a second sale of 322 hectares to the Middle Eastern sovereign wealth fund that purchased 376 hectares in January. The initial proceeds of $20 million have been received and a further $12 million in annual management fees will be payable over the life of the project. A further $10 million has been received, which will be used to buy existing *MIS* woodlots in the secondary market.

Overall, 2011 sandalwood sales totalled 1,530 hectares, up 40.8% on the previous year. Institutional sales increased 84% to 1,442 hectares, while *MIS* sales fell 71% to just 88 hectares.

Share Recommendation: Buy Customers Ltd

BUY Customers Ltd (code CUS)

Customers Ltd has grown to become the largest owner and operator of Automated Teller Machines (ATMs) in Australia with a 21% market share. Future growth will come from expansion in New Zealand, managing ATM networks for banks and from the addition of new services (e.g. bill pay and pre-paid debit cards).

Much of the company's growth has come from consolidating small ATM operators into one larger, more efficient business. Acquisitions and growth were mainly financed through a series of share placements at prices rising from 30 cents to 250 cents per share.

Over the last two years Customers has started to generate reliable monthly revenues, profits and cashflows. It has distributed cash to its shareholders through capital repayments and dividends - only to see the share price fall 80% in value! At around current levels the shares trade on a P/E of 6 and a Dividend Yield of 9.6%. That is excellent value and we rate the shares a "Buy" for both income and capital growth.

Company History

This company originally listed on the Australian stockmarket in 1989 as **Stone Group Asia Pacific Investments** and was involved (unsuccessfully) in selling computer products, computer technology and other ventures.

The company changed its name to Customers Ltd in October 2000, after buying 100% of **customers.com.au Pty** for $2 million in November 1999. That e-commerce business (to enable companies to build websites) was to prove no more successful than earlier ventures.

Growth in the ATM Business

In August 2003 the company sought to "extend the reach of its on-line commerce platform" with the purchase of a 50% interest in **ATM Express** which operated 230 ATMs, mainly in New South Wales. This initial ATM investment cost $450,000 in cash plus 550,000 shares issued at 35 cents. (All share figures have been adjusted for the November 2008 share consolidation when 10 old shares became 1 new share. The company actually issued 5,500,000 shares at 3½ cents, but these have since been consolidated into 550,000 shares.) The cash settlement was funded from the placement of 625,000 shares at 100 cents, raising $625,000. In October 2004 ownership of ATM Express was increased to 100% for a further $450,000 (i.e. 1,500,000 shares at 30 cents).

In October 2004 the company also raised a further $2.1 million from the placement of 7,000,000 shares at 30 cents.

Some mining assets were spun off in early 2005 (ahead of an initial public offering) to shareholders who received **Rey Resources** shares.

In January 2005 the ATM business expanded significantly with the acquisition of the ATM network of **St George Bank** for $38 million. This network consisted of around 700 installed ATMs, another 100 ATMs (to be installed) and the management of about 100 ATMs for third parties. The placement of 11,000,000 shares at 50 cents in January 2005 and a further 13,000,000 shares at 50 cents in March 2005, raised $12.0 million in equity to help finance this acquisition and a Share Purchase Plan at 80 cents raised a further $3.0 million. The balance of

$23 million was financed with high cost mezzanine debt, but that was refinanced a year later with annual interest savings of over $1 million.

In February 2005, **Autocard ATM Network** was acquired for 1,700,000 shares - at about 100 cents per share - (plus up to a further 800,000 shares subject to performance over two years) and taking over about $1,000,000 of Autocard's existing debt. Autocard operated around 250 ATMs but just as importantly Customers acquired "a highly experienced national ATM sales team".

September 2005 saw the acquisition of **Capital ATM Network** which operated of 217 ATMs for under $5 million in cash. In September 2005 the company also signed a preferred supplier contract with **Metcash Trading** to provide ATMs at **IGA** stores, **Australian Liquor Marketers** and **Campbell Cash & Carry**.

The placement of 5,000,000 shares at 180 cents in September 2005 raised $9.0 million in cash.

In November 2005, to prepare for payment reform and direct charging, Customers decided to develop its own payments processing capability. Two months later this resulted in a joint venture with **Bendigo Bank** and **Mastercard International** to establish **Strategic Payments Services Pty** (owned 40% by Customers, 40% by Bendigo Bank and 20% by Mastercard). The company began processing live transactions in December 2006 and Customers migrated its ATM fleet to this processing system during 2007 with "significant operational savings". In February 2009 having established a processing system to meet its needs and after negotiating "an attractive processing contract going forward", Customers sold its Strategic Payments Services shares to Bendigo Bank and Mastercard.

Bendigo Bank became a shareholder in Customers in June 2006 when it wasthe major subscriber in a placement of 4,000,000 shares at 250 cents which raised $10.0 million in new equity.

In December 2006 the company acquired **ATM Solutions Australasia Pty** (a subsidiary of **Macquarie Bank**) which operated a network of 3,300 ATMs for $125.0 million (plus $5.0-7.5 million subject to performance). That increased the company's network almost 3-fold to over 5,000 ATMs. This acquisition was funded with the placement of 51,500,000 shares at 200 cents to institutional investors (to raise $103 million) plus $40 million in bank debt. The company also made a Share Purchase Plan at 200 cents.

In September 2007 the company signed an agreement under which 200 ATMs at **BP** owned service stations were rebranded as **St George Bank**.

The Reserve Bank of Australia introduced *Payment System Reform* in March 2009, abolishing bilateral direct interchange fees (i.e. paid by banks to ATM owners), introducing direct charging (where ATM owners can disclose and make a direct charge to users) and establishing an Access Code setting out the conditions for parties to participate in the payments market.

In June 2009 the company contracted to rebrand 500 existing ATMs for **Bendigo & Adelaide Bank** which provides additional revenues from branding fees plus an increase in usage by Bendigo & Adelaide Bank customers who would not be charged for using these branded ATMs (i.e. the bank pays the ATM transaction fee).

In November 2009, Customers entered a partnership with Korean based **Nautilus Hyosung**, allowing Customers the Australian rights to distribute "the most advanced, cost-effective ATM technology in the world" at "wholesale pricing".

A branding agreement was signed with **Citibank** in July 2010, covering a minimum of 150 existing ATMs.

In July 2010, the company purchased the Australian assets and business of Canadian based **Calypso** which was transferred to a new subsidiary named Processing Services Australia. This ATM "driver" technology moves ATM traffic to a "switch" company, which then communicates with the user's card issuer or bank to authorise and process a transaction. This will reduce operating costs, but also gives the company control over adding new features such as bill pay options.

In August 2010 the branding agreement with **Bank of Queensland** (as part of the original sale of ATM Solutions to Macquarie) under which Customers received no branding revenues ended. This freed up "a substantial number of ATMs for more profitable revenue generating branding arrangements". The company had agreements in place to rebrand ATMs for Bendigo & Adelaide Bank, Citibank, St George and Arab Bank.

In November 2010, Customers acquired three small ATM operators, **Yourcash ATM**, **Crown ATM** and **Keycard ATM**, adding 201 ATMs to its fleet (plus merchant contracts to install a further 21 ATMs).

In June 2010, Customers signed its first "managed service outsourcing" agreement with a five-year contract with **Bank of Queensland**. Under this contract, Customers will manage around 100 off-branch ATMs for the bank and provide more than 300 of its existing ATM sites to the bank under a "fully outsourced model". This will generate "predictable monthly revenues on these terminals for the next five years, replacing their current transaction-based revenue". Nautilus Hyosung's "state of the art bank-style *Monimax 5600* ATMs and *Kalignite software*" will be installed at all 400 sites. This agreement lowers Customers' business risk and the volatility in revenues and profits, with an expected "uplift in earnings" (before interest, tax and depreciation) of about $1.0-1.2 million annually over the five year contract.

Overseas Expansion

The company has sought, unsuccessfully, to expand in Asia and China. September 2006 saw the formation of a joint venture company, **Customers Asia**, with Hong Kong and Shanghai based investment company **FCP Brencorp**, to "establish a substantial foothold in the China market". Customers owned 50% of this venture, with an option to increase that to 100% after three years. Customers Asia became the largest investor in Hong Kong listed **Fintronics Holdings**, subscribing for 210.0 million ordinary shares at HK$0.26 (i.e. HK$54.6 million) and a convertible loan of HK$62.4 million (which, if converted to ordinary shares at HK$0.26 per share would give Customers Asia a 30% shareholding). At the time of this acquisition, Fintronics had a network of 300 ATMs in China with forward orders to deploy 6000 ATMs for 20 banks. Customers and FCP Brencorp initially both provided A$10 million to this joint venture, with Customers financing its $10 million via the issue of 4,000,000 shares to FCP Brencorp at 250 cents (i.e. FCP Brencorp provided A$20 million in cash, with Customers issuing FCP Brencorp with $10 million worth of its own shares). Customers Asia *(Continued on Page 8)*

BUY Customers Ltd

(Continued from Page 7)

became a wholly owned subsidiary in May 2007 when Customers issued 9,332,218 shares to buy out FCP Brencorp.

In December 2007, Customers Asia announced the acquisition of 100% of **Sino-US Technologies (Tainjin) Company** (a business operating 590 ATMs in six major Chinese cities) for HK$100 million - but this transaction was not completed. In March 2008, Customers Asia sold its Fintronics shares and convertible notes for HK$108.0 million and Customers Asia was liquidated. This venture - financed from the issue of 13,332,218 Customers shares - eventually returned just A$14.7 million in cash to the parent company.

There are a number of reasons for exiting the Asia investments: Customers was "unhappy with Fintronics approach to corporate governance" and the Chinese government restricted ATM charges.

The failure of the Asian expansion co-incided with the 70% decline in Customers' share price from late 2007 and 2008. The loss of growth potential in the Chinese market may have driven the decline in the share price . . . or perhaps the collapse of the share price prevented Customers from completing the share placement to finance Sino-US acquisition, contributing to the failure of the Asian business. In 2007/08, Customers was unprofitable so depended upon raising new capital to finance expansion.

In October 2007 the company expanded into New Zealand with the purchase of a 25% stake in **NZ ATM Services** for NZ$1.0 million, increasing this to 34.25% in June 2010. The NZ company has run a pilot of 92 ATMs and plans to roll out over 600 ATMs ahead of the Rugby World Cup in September 2011. Customers believes the NZ market could support between 2000 and 2500 independent ATMs.

Share Consolidation

In November 2008 the company consolidated every 10 of its shares into 1 new share.

Recent Results

For the year to June 2004, Customers earned revenues of $0.6 million and made a net *loss* of $1,147,778 (*minus* 18.2 cents per share). The net operating cash *deficit* was $382,545.

Revenues rose 21-fold to $13.1 million for the year to June 2005 - with 95% of those revenues earned in the second half of the year *after* the acquisition of the St George Bank ATM business. The net *loss* increased 70.6% to $1,958,000 (*minus* 5.7 cents per share on capital increased 5-fold to 34,438,022 shares). There was a small cash operating surplus of $643,000.

With a full year's contribution, revenues *doubled* (i.e. up 117.5%) to $28.5 million for the year to June 2006. There was a net *loss* of $912,000 (*minus* 2.0 cents per share) but net operating cash surplus was $2.3 million.

For the year to June 2007, revenues rose 48.2% to $42.3 million. The net *loss* increased 6¾-fold to $6,160,000 (*minus* 5.0 cents per share). The result was depressed by the need to write-off and replace 875 ATMs that were not compliant with regulatory changes. There was a net operating cash *deficit* of $2.1 million.

Revenues increased 90.0% to $80.4 million over the year to June 2008, but the net *loss* grew larger to $12,148,000 (*minus* 9.8 cents per share). There was also a *loss* of $19.7 million on the sale of its investment in Fintronics. The business, however, starts generating meaningful cash surpluses, with a net operating cash surplus of $5.0 million. This is in line with the growth in depreciation (up 2½-fold to $17.0 million), although matched by a similar cost ($17.8 million) to acquire new property, plant and equipment.

Revenues are up only 11.4% to $89.5 million over the year to June 2009, but the company achieves profitability, earning a net profit of $6,241,000 (4.8 cents per share). This profit was *after* a $4.1 million *loss* on mark-to-market interest rate hedges. The net cash operating surplus rises 2½-fold to $22.1 million.

The year to June 2010 saw revenues grow 30.8% to $117.0 million, with net profits up 3-fold to $18,877,000 (13.9 cents per share). The company paid a final dividend of 8.0 cents - in addition to two capital repayments of 8.0 cents each during the year. The net operating cash surplus more than *doubled* to $47.8 million.

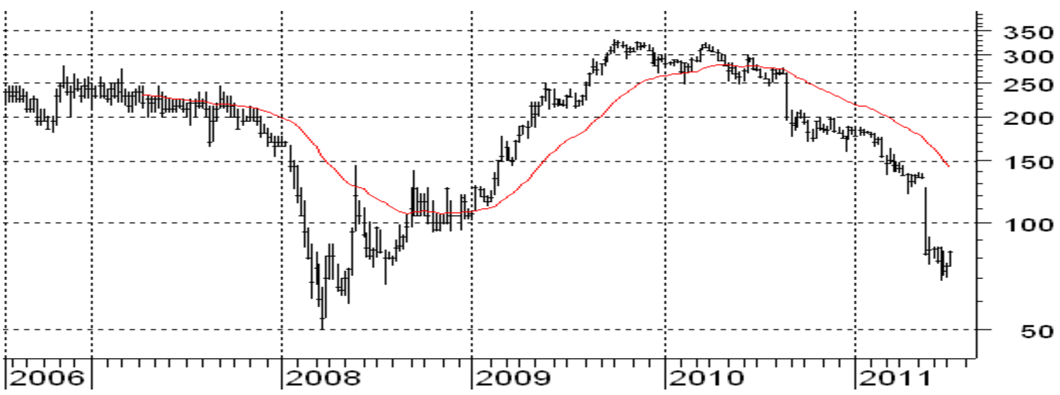
For the six months to 31 December 2010, revenues rose 5.8% to $62.8 million and net profits rose 1.0% to $11,659,000 (8.6 cents per share). An interim dividend of 3.0 cents was paid. The net operating cash surplus was 5% lower at $24.1 million.

For the full year the company predicts pre-tax earnings of $16-18 million (down 27-35%) - which should produce a net profit of $12.2-13.7 million (9-10 cents per share). *Half* of this downturn relates to growth initiatives: $3.2 million spent to develop the *Managed Services* business and investigating the development of pre-paid debit cards (which have been "extremely successful" for some ATM operators in the US and Canada), plus $1.0 million in start-up losses that will be consolidated from the NZ business which will soon start installing 100 ATMs per month! These new businesses should start contributing profits in 2012 and future years.

The remainder of the downturn is probably related to weather and the weaker Australian economy.

Bank ATMs tend to be at indoor shopping malls while Customers' ATMs are at convenience stores, outdoor areas and tourist locations. Recent very wet weather - cancelling sporting events and other outdoor activities - probably accounts for a temporary decline in transaction volumes

Customers



(and therefore revenues and profits) at Customers' ATMs.

Share Repurchases

As the company has grown and started to produce reliable cashflows it has made some small, on-market share repurchases.

In December 2009 it announced plans to repurchase up to 12.8 million shares over the next year.

In February 2010 the company made an 8.0 cents per share return of capital . . . and announced a second 8.0 cents capital return in March 2010.

Investment Criteria

At 83 cents, Customers shares trade on a Price/Sales ratio of 0.96, a Price/Earnings ratio of 6 and offer a Dividend Yield of 9.6%. A dip in profits this year - owing to costs associated with new products, services and future growth, plus a weather related downturn in ATM volumes - could lift the P/E ratio to 8-9. That is still a very low valuation. The business continues to generate strong cashflows, so the company should maintain a high dividend payout.

With an issued capital of 135,522,000 shares the market capitalisation is just $112 million. Customers shares are in the All Ordinaries Index, so NZ resident investors will be taxed on the actual dividends paid (i.e. 9.6%), rather than the "fair dividend" rate (i.e. of 5%).

The directors all have reasonable investments in Customers (although there was a change in two directors in November 2010). The former Chairman, GK Monaghan, who resigned in November owns 450,000 shares and another former Non-Executive Director, GR Rooke owns 185,834 shares. The new Chairman, PL Polson has 50,000 shares. Non-Executive directors CV Carbonaro holds 400,000 shares, RM Herron 100,000 shares and R Burney has 38,000 shares. The Managing Director, TJ Wildash owns 1,570,191 shares or 1.1% of the company.

There have been six *insider* buys on-market over the last year and no sells. The former Chairman bought 25,000 shares on-market at 205 cents and 25,000 shares at 192 cents in September 2010. Pl Polson purchased 10,000 shares on-market at 147 cents and 15,000 shares at 143-148 cents in March 2011. RM Herron bought 50,000 shares at 150 cents in March 2011. The Managing Director, TJ Wildash purchased 55,000 shares on-market at 132 cents in April 2011.

Share buybacks are usually a favourable sign, indicating both that the company has surplus cash (and/or strong cashflows) *and* that the directors consider the shares under valued. Customers began an on-market share buy-back in December 2009, repurchasing 3,079,196 shares on-market over the period until October 2010 for $8,085,195. Shares were repurchased at prices from 180-299 cents, with an average cost of 263 cents.

Customers shares are fairly widely followed (which is not as favourable as *neglected* shares - which tend to be under-valued) with many institutional investors and four brokers publishing profit forecasts. We don't place much importance on brokers' forecasts, but brokers predict 2011 earnings per share of 9.4-13.0 cents (with a median estimate of 11.5 cents) and 2012 earnings per share of 9.8-14.2 cents (with a median of 11.2 cents).

Technically the shares are extremely weak, with a Relative Strength rating of -26.9%, ranked 95 (on a scale of 0-99). Very weak shares *can* be an attractive buy when the market is depressed and near its low, with the ability to bounce up strongly if investor sentiment improves. Customers shares have also been very volatile in the recent past, falling 82% in value from 2007 to a low of 50 cents in March 2008 (i.e. the GFC low), before recovering 662% to a high of 331 cents in October 2009. Since then the shares have again fallen 79% to their recent low of 71 cents.

Summary and Recommendation

Customers' shares appear to be a very volatile - but also to be trading near an extreme low of valuation. The company's financial situation has improved significantly over the last 2-4 years, with the business now generating fairly reliable monthly revenues, profits and cashflows.

The shares look very under-valued, trading on a P/E of 6 and offering a current Dividend Yield of 9.6%. Current year profitability will be depressed, but new businesses should grow profits steadily in future years.

While the shares offer a very high current Dividend Yield, the greatest investment returns will probably come from the re-rating of the share price over the next two years, helped by growth from new businesses. "Buy" for recovery and income.

Share Recommendation: Buy Penrice Soda Holdings

BUY Penrice Soda Holdings (code PSH).

The company's Adelaide chemical plant is the largest soda ash producer in South East Asia, one of the five largest sodium bicarbonate producers worldwide and claims to be "among the lowest quartile cost producers". Unfortunately, that hasn't shown up in bottom line profits and Penrice Soda Holdings has performed extremely poorly since listing on the Australian stockmarket in 2005. It also owns a Limestone Quarry which generates 30-50% of group earnings.

Its chemical plant has suffered a number of failures, suggesting poor maintenance in earlier years and requiring significant investment in capital expenditure. Failure at a power company owned cogeneration plant (which supplies Penrice Soda with steam) caused significant production problems and will result in a *loss* for the year to June 2011 (although most of this will likely be reclaimed this year from insurance claims).

While not without problems, the company's businesses are natural geographic monopolies (i.e. which *should* be capable of earning higher returns) and it produces basic raw materials for which there is a steady, ongoing demand. A reduction in the need for capital expenditures - and the reduction in inventories - could significantly improve cashflows and help reduce debt levels, improving the company's financial psoistion. *(Cont'd on Page 10)*

BUY Penrice Soda Holdings

(Continued from Page 9)

The stockmarket is pricing Penrice Soda shares as though there was no tomorrow . . . but although this situation does involve risk, the business should survive and these extremely depressed shares could make an attractive *recovery* situation.

Company History

This business was established in 1935 but the current company was formed in 2005 to raise $80.5 million from the initial public offering of shares at 193 cents each. All of this money from the public went to "repay debt facilities and enable some of the existing shareholders" - three private equity funds - "to realise all of their investment in Penrice". None of the money was retained by the company to finance growth.

Management and directors retained their shares (15.0% of the company, diluted to 7.2% after the IPO), but private equity funds, Colonial First State Diversified Private Equity Fund (owning 29.8% of the company before the IPO), Colonial First State Private Capital (12.8%) and Perpetual Trustee Company's Quadrant Capital Fund No. 3 (42.5%) all sold out completely.

IPO Hints at Future Problems

What happens to the money raised in an initial public offering can be a good forecaster of the future performance of a share.

Firstly, existing shareholders selling out in the IPO (and walking away with the cash) is clearly a very negative factor. These *insiders* who are familiar with the business obviously preferred cash in the bank than continued ownership of shares in the company.

Secondly, all of the money going to repay debts and/or being distributed the vendor investors - with nothing retained by the company to finance growth - is another negative sign.

These two factors alone indicate that public investors should have avoided the Penrice Soda initial public offering at 193 cents (and the shares on-market). Shares where the IPO cash goes to the vendor investors usually under-perform shares where the company retains the cash to finance future growth.

In fact, subsequent events suggest that the previous owners may have been neglecting maintenance to maximise their (short term) profitability before selling out. An "incident" with a cast iron pressure vessel closed the plant for eight days and cost $750,000 in lost profits (after tax) in the year to June 2006. The following year Penrice Soda experienced "several unscheduled plant interruptions" (i.e. a fire in an electrical switchboard during a severe electrical storm, followed by four mechanical failures in later months), reducing production volumes and increasing production costs by $2.7 million. These electrical and mechanical problems revealed the "aged condition of the plant, insufficient capital replacement and inadequate maintenance systems".

This has led to financial problems with capital expenditure needed for *deferred maintenance* in addition to expansion and upgrading of the processing plant and for development of the company's Limestone quarry.

The lack of previous maintenance required Penrice Soda to engage in a three-year *Way Forward* plan of capital expenditure to upgrade the Osborne chemical plant to improve safety and productivity. We estimate capital expenditure on this *deferred maintenance* at around $20 million . . . but no sooner was that completed in 2010 than the company announced a five year *Plant Improvement Plan* of capital expenditure to upgrade the old, inefficient soda ash plant. That could cost another $20 million.

At the same time Penrice Soda has made capital investments to upgrade and expand its business and to lower operating costs. It has progressively expanded its capacity to produce (higher value, higher profit margin) sodium bicarbonate, it installed a reverse osmosis desalination plant to reduce water consumption (and costs) and a tertiary lime extraction plant to recover lime from a waste product (reducing its usage of limestone and lowering on-going costs).

Development of the Limestone Quarry business has required significant expenditure to remove overburden above the limestone (resulting in the stockpiling of $19.8 million worth of Landfill and $18.6 million of stone aggregate). The quarry has also invested in new, larger trucks to reduce fuel consumption and lower operating costs.

This heavy capital expenditure (and loss of profits from plant failure) has resulted in the company cutting its dividend to zero after the June 2008 year, the build up of debt and the more than *doubling* of the issued capital (i.e. diluting future earnings and dividends per share) as Penrice Soda sought to raise additional equity funding.

In October 2008, Penrice Soda sought to raise $8.5 million in a share placement at 125 cents but succeeded in placing only 4,547,000 shares to raise $5.7 million. This was followed in November 2008 with a Share Purchase Plan at 115 cents, with 2,659,248 shares issued for a little over $3.0 million. In October 2009 the company placed a further 7,944,480 shares at 85 cents, raising $6.8 million, and a 1 for 2 cash issue to existing shareholders was fully subscribed with 30,453,841 new shares raising a further $21.3 million.

Despite these issues in 2008 and 2010 raising $45.3 million in new capital, by June 2010 interest bearing debts had almost *doubled* since the IPO to around $72.5 million.

The need for *deferred maintenance* capital expenditure (in August 2008 and again in August 2010) in addition to *growth* capital expenditure to expand processing plant and quarry production, the capital raising (October/November 2008 and October 2009), the cancellation of dividend payments (February 2009) are all signs of an erosion in Shareholder Wealth.

The "Rock Pit"

Investors who have read "One Up on Wall Street" will know that Peter Lynch considers that there is no better business than owning a rock pit. He writes "I can't imagine anyone going bankrupt over a rock pit. So if you can't run your own rock pit, the next best thing is buying shares in aggregate-producing companies". Penrice Soda owns a rock pit. They may call it a Limestone and Marble Quarry, but it also produces large quantities of Landfill and solid rock which is blasted and crushed and sold as aggregate - so it is exactly what Lynch means when he talks about a rock pit.

What is more, Limestone and Marble have the same geographic monopoly and attractive economics as a rock pit. In fact, Penrice Soda's soda ash processing plant has exactly the same geographic monopoly and attractive economic factors.

Lynch explains "Rocks and gravel are as close to inherently worthless as you can get. That's the paradox. What makes a rock pit valuable is that nobody else can compete with it. The nearest rival owner from two towns over isn't going to haul his rocks into your territory because the trucking bills would eat up all his profit. Due to the weight of rocks, aggregates are an exclusive franchise. There is no way to overstate the value of exclusive franchises to a company or its shareholders. Once you've got an exclusive franchise in anything, you can raise prices. In the case of rock pits you can raise prices to just below the point that the owner of the next rock pit might begin to think about competing with you. He's figuring his prices via the same method."

So why do we think the soda ash processing business is also like a rock pit? Soda ash - like aggregate - is a low value, bulky commodity where freight costs become important - creating a geographic monopoly. Penrice Soda is the only manufacturer of soda ash in Australia, producing around 75% of the market demand. The remainder is mainly imported from **ANSAC** (an association of United States producers), with about 5-10% imported by Penrice Soda to meet its supply contracts and just 15-20% imported direct by end users. Penrice Soda's 2005 Prospectus reveals how soda ash is priced in Australia: "The main benchmark for Penrice when determining the price at which it will supply soda ash to its Australian customers is the price at which ANSAC would be prepared to supply soda ash to those customers." That import price includes the "cost of production, cost and availability of internal US freight and export vessels, cost and strategic location of storage in Australia" and "cost of distribution within Australia".

Just like the rock pit, Penrice Soda prices its soda ash at just below the point at which US producers might think about shipping product into the Australian market!

Penrice Soda estimates the cost of a potential competitor building a new soda ash plant in Australia at around $300 million - plus the problems of finding a suitable location close to raw materials and obtaining environmental approval.

So all of Penrice Soda's businesses are geographic monopolies which (despite recent performance) *should* be capable of earning high profit margins and high returns on Shareholders Equity!

Business Overview

Penrice Soda's Quarry division provides limestone to its Chemicals division as well as limestone and marble to other customers. As a by-product of accessing the limestone deposits the company removes Landfill (used in road building and to raise low lying land in property development and sub-division) and hard stone, which is crushed to make aggregate (used in concrete construction and road building).

The Chemical division receives limestone daily from the quarry by rail link. This is burnt in kilns with coke (purchased from **One Steel**) to produce calcium oxide and carbon dioxide. The company purchases brine (sodium chloride solution), pumped in from the **Cheetham** salt fields 10km away from the plant.

Using the *Ammonia Solvay* process the carbon dioxide and ammonia react to produce ammonium bicarbonate, which then reacts with sodium chloride to produce sodium bicarbonate and ammonium chloride. Some sodium bicarbonate is purified, but most is heated to produce sodium carbonate (i.e. soda ash) and carbon dioxide (which is recirculated).

The calcium oxide is added to water to produce calcium hydroxide, which reacts with ammonia chloride to produce calcium chloride and release the ammonia to be re-used in the process.

The process also requires steam, which is purchased from a cogeneration plant.

Divisional Performance

Over the last four years, the Chemicals division has generated annual revenues of $117-138 million and earnings (before interest, depreciation and unallocated expenses) of $13.5-17.5 million annually. That is about 80-85% of group revenues and about 60% of earnings, with a gross profit margin (before interest, depreciation and other expenses) of around 12%.

Most of the soda ash produced is used in glass manufacture (with the largest end product being wine bottles). The company earns high profit margins on sodium bicarbonate, especially high grade product used in baking and pharmaceuticals - so has been steadily increasing its production capacity. In June 2006 it completed (although behind schedule) an increase in production capacity from 62,000 tonnes to 75,000 tonnes annually - and capacity was increased to 100,000 tonnes annually from late 2009. Penrice Soda originally planned to increase capacity to 125,000 tonnes annually in mid-2010, but that decision has been postponed until mid-2011. The capital cost of this upgrade would be $8 million.

In the year to June 2007, a reverse osmosis desalination plant was installed, reducing water consumption by 66% (and operating costs). A tertiary lime extraction plant was commissioned in June 2007 to recover lime from a waste product, reducing the usage of limestone and lowering future costs.

The company has experimented with substituting alternative fuels in place of coke in its lime kilns, to reduce costs, and found anthracite (a pure, high carbon coal) to be suitable. Unfortunately, anthracite prices spiked following the January floods which closed many coal mines.

The Quarry has generated revenues of $20-31 million and earnings of $8.2-13.1 million annually over the last four years. This division generates only 15-20% of revenues but around 40-45% of earnings. The gross margin on the "rock pit" is around 37-47%.

The accumulation of a $19.8 million stockpile of Landfill and $18.6 million of aggregate over the last few years has helped cause the increase in interest bearing debt and the deterioration of Penrice Soda's financial position. Future quarry operations will produce significantly lower volumes of landfill and aggregate. Penrice Soda expects to be able to sell the aggregate stockpile over about three years - and realising this major asset would boost cashflows. The company is less certain how long it will take to sell the landfill, but notes there are numerous property developments of low-lying land that will require significant quantities of landfill.

The quarry has a mine life of at least 20 years and exploration drilling planned over the next few years is expected to confirm a mine life of at least 40 years.

New Customers, New Contracts

In February 2008, Penrice Soda won a long term contract to supply soda ash to the *(Continued on Page 12)*

BUY Penrice Soda Holdings

(Continued from Page 11)

Goro nickel mine in New Caledonia. It also won the multi-year contract to supply **PQ Australia** with soda ash for its silicates plant at Dandenong, in Victoria.

In January 2009 the company sent its first 5000 tonnes shipment of soda ash to the **Windimurra Vanadium** project in Western Australia. This project will last at least ten years, with Penrice Soda contracted to supply $10 million worth of soda ash annually for the first five years.

In October 2009, a soda ash supply contract with **Amcor** was extended from 2012 until 2014 and expanded to cover the supply of limestone. The new contract also reflects "robust demand and firm pricing" for soda ash, will "generate increased earnings" for Penrice Soda and "assist in recovering recent raw material and energy cost increases".

New Business Venture

Penrice Soda has signed an agreement with **GE Power & Water** to provide the emerging Coal Seam Gas (CSG) industry in Australia with a treatment for brine water. CSG extraction produces "huge quantities of water" which is a major environmental problem as it is salty and cannot be returned to the environment or used in agriculture. Penrice Soda has conducted laboratory and small scale field tests to convert this brine into saleable chemicals (i.e. sodium carbonate, sodium bicarbonate and sodium chloride) and clean water.

The Penrice Soda/GE Power & Water joint venture is building a demonstration plant. The capital cost of any processing plants would be financed by CSG producers, with Penrice Soda operating the plants and marketing the chemicals.

In the medium to longer term, this type of venture could generate additional revenues and profits for Penrice Soda by using its production and marketing skills, with little or no cash investment.

London City Equities

London City Equities - which acquired a major shareholding in Penrice Soda in the October 2008 share placement and from underwriting the November 2008 share purchase plan - quickly became unhappy with the performance of Penrice Soda and sought to appoint two directors to the board, but was offered just one seat. In May 2009, London City Equities called an EGM to seek shareholder support to remove two existing Penrice Soda directors and appoint two London City nominees. These resolutions were narrowly defeated at the EGM.

London City Equities began legal action in October 2010 to "inspect certain of Penrice Soda's books" owing to "concerns about information provided to the market and the conduct of the directors". In June 2010, the Federal Court allowed London City Equities "access to categories of documents", but "significantly less" than sought by the company.

Recent Results

In the year to June 2006 - the first as a listed company - revenues rose 1.3% to $133.7 million and the net profit was $9,052,000 (20.1 cents per share). An annual dividend of 14.7 cents was paid. The business generated a net operating cash surplus of $7.7 million.

For the year to June 2007, revenues were steady at $134.2 million, but net profits fell 25.7% to $6,724,000 (14.9 cents) and the annual dividend was cut 32.0% to 10.0 cents. The net operating surplus was $8.6 million.

Revenues remained steady at $135.1 million for the year to June 2008, with a 7.9% lift in net profits to $7,254,000 (16.1 cents per share). The annual dividend was raised 5.0% to 10.5 cents, but the net operating cash surplus fell 92% to just $670,000.

Capital expenditure more than doubled to $21.1 million, and with no significant operating cash surplus, the level of interest bearing debt rose 53% to $75.7 million.

For the year to June 2009, revenues increased 20.1% to $162.3 million, with net profit down 1.4% at $7,149,000 (and earnings per share fell 16.1% to 13.5 cents). No dividend was paid and the net operating cash surplus was just $90,000.

Capital expenditure remained high at $22.6 million, so despite raising $8.7 million in new equity, interest bearing debts increased to $87.3 million.

For the year to June 2010, revenues were $160.4 million and net profits $6,277,000. The 72.5% increase in issued capital (from a share placement and 1 for 2 cash issue), reduced earnings per share 48.9% to 6.9 cents. Again, no dividend was paid. The net operating cash surplus recovered to $7.1 million and capital expenditure returned to more normal levels (i.e. $9.8 million).

Interest bearing debts were reduced $14.8 million to $72.5 million, mainly owing to the company raising $26.0 million in new equity which significantly increased the issued capital.

For the six months to December 2010, revenues fell 10.9% to $69.5 million and the company reported a *loss* of $1,214,000 (*minus* 1.3 cents per share), down from a profit of $3.1 million in the same period a year earlier. No dividend was paid but there was a net operating cash surplus of $4.5 million.

The main factor in this period were pre-tax losses of $5 million resulting from an unexpected plant shutdown in October 2010 owing to the interruption of steam. The chemical business is "dependent on the continuous supply of large quantities of steam" supplied under a long term agreement from **Osborne Cogeneration** (a joint venture between **ATCO Power** and **Origin Energy**). The cogeneration plant suffered a sudden mechanical failure, resulting in the sudden loss of steam supply.

Upon restarting, Penrice Soda suffered "numerous production issues caused by the sudden nature of the shutdown" which resulted in "blockages and breakdowns". Penrice Soda has comprehensive insurance and the underwriters have accepted liability for "the majority of the claim" although the final amount has not been determined or received.

Capital expenditure for the half year was $7.3 million and expected to total around $13 million for the full year.

For the full year the company predicts a *loss* of $3.5-4.5 million (*minus* 3.8-4.9 cents per share), with $3.5 million (after tax) of this relating to the loss of steam from the cogeneration plant failure. The company expects to recover a "substantial portion" of this from insurance in the new financial year.

Two soda ash customers have significantly reduced purchases in the last quarter - one where unscheduled plant maintenance led to a major planned refurbishment being brought forward, while the second had "unusually high volumes" of recycled glass substituting for soda ash. Normal sales should resume in July.

Investment Criteria

It is difficult to value Penrice Soda as it will trade unprofitably and not pay a dividend this year. Based on last year's profits, the Price/Earnings ratio is less than 2½. The Price/Sales ratio is the most reliable fundamental statistic and this is a very low 0.10.

This is clearly a recovery situation, so (1) what is the likelihood the company will survive and recover, and (2) what is that recovery value?

Penrice Soda operates basic industries where there is a repeat demand for its products. As Peter Lynch wrote "I can't imagine anyone going bankrupt over a rock pit" and there is ongoing, steady demand for soda ash for glass making, detergents, mining and many other industries. So the *business* will certainly survive, but there is a risk that the *company* may not. If Penrice Soda continues to perform poorly then it *could* eventually be placed in receivership by its bankers, who would sell the business to new owners but with nothing for the existing shareholders. Or existing shareholders' *ownership* could be significantly diluted *if* the company needs to raise significant new equity by bringing in a new major shareholder. With a market capitalisation of $15.5 million the ability to raise additional equity is extremely limited.

The $80 million of interest bearing debt is relatively high, but manageable. Reducing stock levels would make an important contribution to boosting cashflows and helping to reduce debt levels.

Shareholders Equity is $93.1 million (102 cents per share). Replacement cost of the Chemical plant could be around $300-350 million and the Quarry should be worth around $55 million, plus the businesses hold $67 million of inventories. Deduct bank debt, currently $80 million and perhaps deduct another $50 million to upgrade the Chemical plant . . . and this company could be worth $240-290 million (260-320 cents per share).

In 2006, 2007 and 2008 the company earned after tax profit margins of 5-6¾%. At that rate, annual revenues of $130-160 million would earn a net profit of $6.5-10.8 million (7-12 cents per share). At a P/E of 8-12 that would value the shares at 60-120 cents.

Given its favourable business fundamentals - its effective geographic monopoly - the company *could* earn a 10% net profit margin or $13-16 million (14-17½ cents per share) - which could value the shares at 120-200 cents.

Penrice Soda targets a 15% return on equity, which on Shareholders' Equity of $93 million would be a net profit of about $10 million (11 cents per share) - which could support a share valuation of 90-130 cents. Over the last two years the company has on several occasions stated that earnings on new contracts were "expected to exceed the return on net assets benchmark rate of 15%".

With 91,361,523 shares on issue but a depressed share price of 17 cents, the market capitalisation is just $15.5 million. This prices a major industrial company priced as a micro-cap! This low market capitalisation reflects the stockmarket's low opinion of the value of Penrice Soda shares, rather than the actual size of the company's business. At this low price, a customer *could* decide to takeover the whole company (or acquire a large shareholding), gaining control of material supplies and controlling future costs. Or the Private Equity funds may finance another management buyout!

Directors and management have reasonable investments in Penrice Soda. The Chairman DB Trebeck owns 715,989 shares (0.8% of the company) and the Chief Executive GR Roberts holds 105,063 shares. Non-Executive Directors AV Fletcher has 168,349 shares, BJ Gibson has 62,931 shares, JWA Hirst owns 87,608 shares and D Groves (appointed in December 2010) holds 1,195,028 shares (1.3% of the company). All but one of the nine senior executives own shares, totalling 404,621 shares.

Over the last year there have been five *insider* buys on-market and no sells. The Chairman DB Trebeck purchased 200,000 shares on-market at 38 cents in November 2010 and 100,000 at 23 cents in March 2011. D Groves purchased a further 100,000 shares in March at around 23½ cents. Also in March, AV Fletcher purchased 50,000 shares at 23 cents and JWA Hirst bought 50,000 shares on-market at 22½ cents.

Penrice Soda shares are *neglected* by stockbrokers (i.e. none publish profit forecasts) and institutions have relatively small investments in the company.

Technically, the shares are very weak, with a Relative Strength rating of -26.6%, ranked 94 (on a scale of 0-99). In a general stockmarket decline, the very weakest shares can be the most depressed and can rebound the strongest in any recovery.

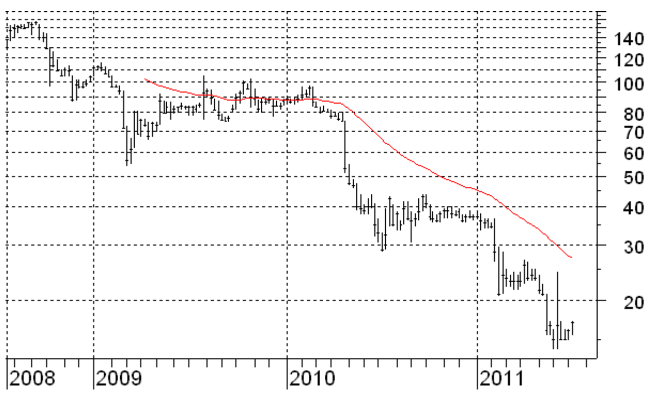
Summary and Recommendation

Penrice Soda Holdings is a large chemical and "rock pit" company whose shares are currently trading at the value of a tiny "micro-cap" company. The market capitalisation was $86.9 million at the 2005 IPO (which may have been a bit high) and the company has since raised $43.5 million in additional equity, but the shares are being valued at a total value of just $15.5 million!

An investment in Penrice Soda shares does involve some risks: The business is currently only operating at a break-even level (*after* insurance proceeds) and debt levels are high. On the positive side, all of its businesses are *geographic monopolies* which *should* be capable of earning above average net profit margins and a high return on Shareholders Equity. This is a *no-growth* business, with reliable and recurring revenues, so under normal business conditions (i.e. when operating profitably) should be able to distribute 60-65% of profits to shareholders in high dividend payments.

If successful, Penrice Soda shares could recover 5-10-fold in value (i.e. to around 80-160 cents) over the next several years, with the annual dividend returning to around 6-8 cents (i.e. yielding 35-45% on today's cost). As part of a well diversified share portfolio, a holding in Penrice Soda Holdings is recommended as an attractive, high risk/high return, recovery situation investment.

Penrice Soda Holdings



Share Recommendation: Sell Breville Group

SELL Breville Group (code BRG).
Breville Group is a very good company, capable of earning a high return on Shareholders Equity, but these shares are currently fully valued in a stockmarket that is very depressed. We recommend selling Breville Group shares to help raise cash which could earn better *future* returns invested in other under-valued companies.

Review of Our Investment

We originally recommended these shares in November 2006 under the name **Housewares**. At the time the shares were depressed owing to a downturn in the company's Australian business and we saw potential for a recovery. The Price/Earnings ratio of 16 was a result of depressed profits, rather than a high share price, with a Price/Sales ratio of 0.52 and Dividend Yield of 7.6% indicating good value.

Our investment in Housewares/Breville Group never went smoothly:

The share price jumped in February 2007 when it announced the sale of its loss making Australian *Housewares* division to **McPhersons**. That was to realise $25 million in cash but require a $45 million write-down which we noted was "not a great outcome" for the company! That deal fell through a month later, interim profits fell 43% and the dividend was cut . . . but the company reported "a number of parties" were considering a takeover offer.

In April 2007 it announced a similar deal with **Playcorp** to sell its Housewares business for $24 million. The shares peaked at 327 cents in May 2007 on takeover expectations . . . that came to nothing.

The company set about rebuilding its business, growing profits and re-instated dividends in March 2008. Profits continued to improve but the share price fell during 2008 and to a low of 46 cents in March 2009, dragged lower by the *Great Depression* . . . that never really happened!

The company changed its name to **Breville Group** in November 2008.

In June 2009, **GUD Holdings** acquired a 19.4% shareholding (at 72 cents per share!) and in October 2009 launched a hostile takeover offer (initially worth 212 cents per Breville Group share) with payment in GUD shares. Breville Group opposed this takeover - which also failed to gain approval from the **Australia Competition and Consumer Commission** - and the takeover failed in February 2010.

Over the last year and a half the shares have been re-rated strongly - despite general stockmarket weakness - offering the opportunity to realise these fully valued shares and re-invest the cash in new, under-valued shares.

One of the major benefits of holding a well diversified portfolio is that (as Robert Hagstrom relates in "The Warren Buffett Way" about Benjamin Graham's teachings) sometimes "Mr Market is cheerful, can see only brighter days ahead" for some of our shares and "quotes a very high price". For other company shares "Mr Market is discouraged and, seeing nothing but trouble ahead, quotes a very low price". "Graham warned his students that it is Mr Market's pocketbook, not his wisdom, that is useful. If Mr Market shows up in a foolish mood, you are free to ignore him or take advantage of him, but it will be disastrous if you fall under his influence".

Current Valuation

For the latest half year - to December 2010 - revenues rose 9.7% to $259.8 million, profits were up 36.1% to $20,866,000 (19.3 cents per share) and the interim dividend was up 58.3% to 9.5 cents.

Full year profits were predicted to be 15-25% higher at $26-28 million (20-22 cents per share).

At a price of 357 cents the shares trade on a Price/Earnings ratio of 16-18. At a payout ratio of 65%, the annual dividend rate could be 13-14 cents (up 18-27%) for a Dividend Yield of 3.6-3.9%.

The Price/Sales ratio will be around 1.10.

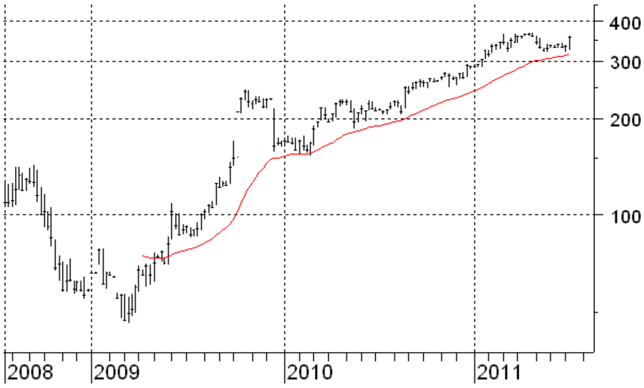
That is certainly not *expensive* but is probably fully valued for a good quality company under normal circumstances.

Summary and Recommendation

Five years ago Breville Group (Housewares) was a depressed share with recovery potential. The company has steadily worked to improve its business - despite takeover offers and a Global Financial Crisis.

Today the shares look fully valued (and are up 130.1%, including dividends received) so it is time to think about realising some profits on this investment - and with "Mr Market" currently offering some other bargains, we recommend selling Breville Group shares.

Breville Group



Share Recommendation: Sell Photon Group

SELL Photon Group (code PGA).

Photon Group was a potential *recovery* investment that never recovered! In fact, much of its downfall can probably be traced to events that we failed to anticipate at the time of our initial buy recommendation in November 2008.

Review of Our Investment

We invested in Photon Group as a recovery situation during the Global Financial Crisis as this is a cyclical business. While it is always difficult to pick the bottom of any decline, shares in cyclical companies have the potential to recover strongly when the economy improves.

Prior to our investment, Photon Group had expanded rapidly through acquisition, but we thought the company was in a reasonable financial position, having raised $126 million in new equity in the two prior years.

Unfortunately, most of the loss of shareholder value was transferred to vendors of those businesses through (unexpectedly) excessive earnout payments. Those earnouts appear excessive based upon (1) the subsequent re-sale of many of those businesses at significantly lower prices and (2) the lack of profitability (i.e. Photon Group paid large amounts to acquire businesses that contribute little to group profits).

We participated in a 1 for 2 cash issue (at 150 cents) in September 2009 but NZ shareholders were *excluded* from the 7 for 2 cash issue (at 10 cents) in September 2010. However, at the time we believed that recapitalisation did not address the company's problems and recommended all investors against investing new money in that cash issue or buying further shares on-market.

In retrospect, we should have sold then for around 8-10 cents as the shares have fallen lower.

What Can We Learn from This Investment

Many investors expect an investment adviser to only choose shares that appreciate in value, avoiding all shares that decline in price. Unfortunately - no matter how good an investment adviser or how much you pay - you will never achieve this situation. All share investments involve uncertainty and risk. A good investment adviser will *improve* the risk/return profile of your portfolio: helping to *increase* the overall portfolio return and/or to *lower* the overall portfolio risk.

Even safe *companies* like Telstra and Telecom NZ have seen their *shares* fall 70-80% in value over the last decade. This long term decline in these businesses was predictable and avoidable.

An investor seeking a "hot tip" or "best buy" is following a flawed strategy. Investment is about building a *portfolio* of shares - diverifying away the individual company risk.

Investment mathematics also works in favour of investors: with a maximum 100% loss on an unsuccessful investment but with no limit to potential gains. If you buy two shares, one of which becomes worthless and one becomes a 10-bagger - then your overall portfolio will be up 5-fold in value. So, an investor (or an adviser) who can pick shares that will become either the *biggest losers* or the *biggest winners* should buy a diversified portfolio of these shares - not avoid them all because half will lose value!

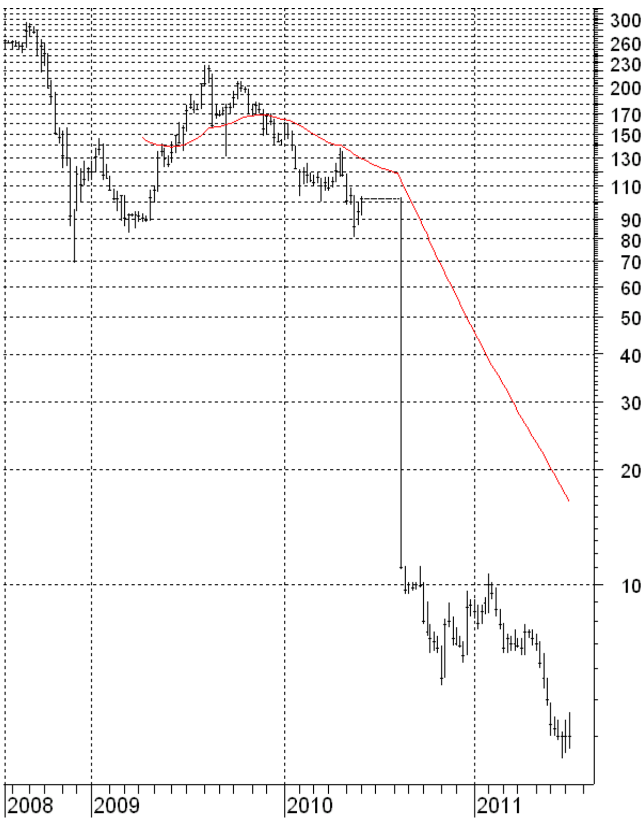
Summary and Recommendation

Photon Group shares have *already* lost so much value that they are already virtually irrelevant to our portfolio. If we initially invested 5% of our portfolio in Photon Group shares, then today around 99.85% of the current value of our portfolio is in *other* shares.

If we saw recovery potential in Photon Group, then it would be necessary to invest additional capital, building up that shareholding to a level at which it could make a meaningful contribution to our portfolio. We do NOT see that potential. Photon Group is still financially weak, profitability is poor and the primary function of the business still appears to be the transfer of shareholder wealth to vendor/executives.

We recommend selling Photon Group shares. This will clean-out our portfolio and realise the very small amount of our capital remaining for re-investment elsewhere.

Photon Group



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

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

Company	Share Price	STRENGTH RATING Cur-rent	4-Wk Chg.	Rank 0-99	Insider Buy-Sell	Brokers Following	Price to NTA	Return on Equity	Vola-tility	Price Earn. Ratio	Divi-dend Yield	Price Sales Ratio	Market Cap'n
UNDER-VALUED SHARES: Lowest Price/Sales, Yld>0, Rel Strength>0													
Smiths City	33	+2.9	+2.0	29	8-0	-	0.4	4	1.4	9	6.1	0.08	17
Guinness Peat	79	+5.4	-1.8	19	1-0	-	0.2	5	1.1	3	1.9	0.12	237
Col Motor Co	250	+3.5	+0.8	25	0-0	-	0.7	4	0.5	16	8.6	0.19	82
Turners & Grow.	177	+7.6	+0.2	10	1-0	-	0.7	4	0.8	17	3.4	0.24	200
Tourism Hold.	68	+0.9	+3.6	38	2-0	-	0.4	3	1.2	13	8.4	0.47	67
Allied Work.	185	+18.5	-0.1	1	0-0	-	2.5	16	0.8	15	7.9	0.50	48
Steel & Tube	264	+5.1	-1.4	20	3-0	-	1.6	7	0.8	24	4.6	0.61	233
Comvita	180	+2.5	+3.3	31	8-1	-	0.7	5	0.8	14	2.4	0.62	51
Warehouse Group	360	+0.3	+0.6	43	5-3	2	3.7	27	0.6	13	9.5	0.67	1,120
Fletcher Build.	835	+3.1	-3.3	27	2-4	3	1.7	9	0.6	19	4.2	0.75	5,068
Restaurant Brds	248	+2.2	+1.4	33	0-0	-	4.1	41	0.6	10	9.8	0.75	242
Briscoe Group	148	+4.1	-0.2	24	4-0	-	2.4	16	0.8	15	8.7	0.75	314
Mainfreight Grp	1043	+14.2	-0.0	4	0-6	-	3.4	14	0.5	24	2.7	0.77	1,027
Michael Hill	92	+6.1	-0.7	17	1-2	1	2.2	17	0.9	13	4.3	0.79	352
Opus Int'l Cons	216	+6.6	-2.9	14	0-0	-	3.2	23	0.8	14	5.1	0.82	307
Telecom Corp	249	+6.5	+5.1	16	0-1	3	1.9	16	0.7	11	9.6	0.91	4,783
Hellaby Hold.	242	+7.4	-2.7	12	1-0	-	3.7	9	1.2	40	4.7	0.91	176
Delegat's Group	200	+3.9	-3.5	25	0-0	-	1.5	3	0.7	47	5.7	0.91	201
BEST PERFORMING SHARES: Strongest Shares, P/E<20, P/S<1.0													
Allied Work.	185	+18.5	-0.1	1	0-0	-	2.5	16	0.7	15	7.9	0.50	48
Turners & Grow.	177	+7.6	+0.2	10	1-0	-	0.7	4	0.6	17	3.4	0.24	200
Opus Int'l Cons	216	+6.6	-2.9	14	0-0	-	3.2	23	0.7	14	5.1	0.82	307
Telecom Corp	249	+6.5	+5.1	16	0-1	3	1.9	16	0.6	11	9.6	0.91	4,783
Michael Hill	92	+6.1	-0.7	17	1-2	1	2.2	17	0.7	13	4.3	0.79	352
Guinness Peat	79	+5.4	-1.8	19	1-0	-	0.2	5	0.9	3	1.9	0.12	237
Finzsoft Sol'ns	33	+5.3	+1.5	19	0-0	-	0.9	19	1.0	5	Nil	0.40	3
Briscoe Group	148	+4.1	-0.2	24	4-0	-	2.4	16	0.7	15	8.7	0.75	314
Col Motor Co	250	+3.5	+0.8	25	0-0	-	0.7	4	0.3	16	8.6	0.19	82
Fletcher Build.	835	+3.1	-3.3	27	2-4	3	1.7	9	0.5	19	4.2	0.75	5,068
Smiths City	33	+2.9	+2.0	29	8-0	-	0.4	4	1.1	9	6.1	0.08	17
Comvita	180	+2.5	+3.3	31	8-1	-	0.7	5	0.7	14	2.4	0.62	51
F & P Appliance	60	+2.4	-0.7	32	1-1	1	0.5	4	1.3	13	Nil	0.38	431
Restaurant Brds	248	+2.2	+1.4	33	0-0	-	4.1	41	0.5	10	9.8	0.75	242
Tourism Hold.	68	+0.9	+3.6	38	2-0	-	0.4	3	1.0	13	8.4	0.47	67
Warehouse Group	360	+0.3	+0.6	43	5-3	2	3.7	27	0.5	13	9.5	0.67	1,120
INCOME SHARES: Highest Yields, Capitalisation>NZ$100 million													
Pumpkin Patch	113	-15.5	-0.6	87	4-0	1	2.3	32	0.8	7	12.0	0.49	189
Restaurant Brds	248	+2.2	+1.4	33	0-0	-	4.1	41	0.5	10	9.8	0.75	242
Telecom Corp	249	+6.5	+5.1	16	0-1	3	1.9	16	0.5	11	9.6	0.91	4,783
Tower Limited	150	-6.0	-2.5	76	0-1	2	0.9	13	0.7	7	9.5	0.65	391
Warehouse Group	360	+0.3	+0.6	43	5-3	2	3.7	27	0.4	13	9.5	0.67	1,120
AMP Onyx Mgmt	78	+0.5	-0.2	40	1-0	-	1.0	-	0.6	NE	9.0	5.64	778
Air New Zealand	115	-7.9	+2.4	81	1-11	1	0.8	5	0.8	15	8.7	0.30	1,238
Briscoe Group	148	+4.1	-0.2	24	4-0	-	2.4	16	0.6	15	8.7	0.75	314
Methven Limited	153	-5.1	+0.7	74	7-0	-	2.0	9	0.8	21	8.5	0.83	102
NZ Oil & Gas	85	-6.1	-0.7	77	0-0	-	0.7	-	0.8	NE	8.4	3.37	334

Company	Share Price	STRENGTH RATING Cur-rent	4-Wk Chg.	Rank 0-99	Insider Buy-Sell	Brokers Following	Price to NTA	Return on Equity	Vola-tility	Price Earn. Ratio	Divi-dend Yield	Price Sales Ratio	Market Cap'n
INSIDER BUYING: Most Insider Buying, Relative Strength>0													
Smiths City	33	+2.9	+2.0	29	8-0	-	0.4	4	0.8	9	6.1	0.08	17
Sky City Ltd	361	+6.5	+0.1	15	7-0	1	2.7	19	0.5	15	6.1	2.50	2,076
Comvita	180	+2.5	+3.3	31	8-1	-	0.7	5	0.6	14	2.4	0.62	51
Port Tauranga	925	+9.8	+0.3	6	5-0	-	1.9	7	0.4	27	4.5	8.37	1,240
Briscoe Group	148	+4.1	-0.2	24	4-0	-	2.4	16	0.6	15	8.7	0.75	314
Steel & Tube	264	+5.1	-1.4	20	3-0	-	1.6	7	0.6	24	4.6	0.61	233
Freightways Ltd	333	+4.3	-0.6	22	4-1	-	3.2	18	0.5	18	6.0	1.56	511
Tourism Hold.	68	+0.9	+3.6	38	2-0	-	0.4	3	0.8	13	8.4	0.47	67
Warehouse Group	360	+0.3	+0.6	43	5-3	2	3.7	27	0.4	13	9.5	0.67	1,120
Sky Network TV	580	+4.1	-0.8	23	1-0	2	22.9	-	0.4	22	3.4	3.04	2,257
OVER-VALUED SHARES: Highest Price/Sales Ratios, Relative Strength<0													
NZ Windfarms	15	-9.1	+1.0	83	0-0	-	0.4	-	1.3	NE	Nil	9.16	44
Vital Health PT	118	-58.3	+0.0	97	0-0	-	1.1	5	0.4	23	8.0	5.96	169
Blis Technology	7	-21.8	+1.4	92	0-0	-	-	-	1.7	NE	Nil	5.20	9
NZ Refining Co	367	-3.8	-7.6	71	0-0	-	1.9	4	0.4	44	Nil	4.11	1,028
Charlie's Group	43	-58.3	+0.0	98	0-3	-	7.7	15	1.0	51	Nil	4.00	126
Metro. LifeCare	205	-1.6	-0.9	62	0-0	-	0.5	13	0.5	4	Nil	4.00	251
Nat Property Tr	51	-1.4	+0.4	61	0-0	-	0.8	-	0.6	NE	8.8	3.51	99
NZ Oil & Gas	85	-6.1	-0.7	77	0-0	-	0.7	-	0.7	NE	8.4	3.37	334
F & P Health.	266	-3.0	-2.2	67	2-1	2	4.4	20	0.4	22	6.6	2.73	1,382
Lyttelton Port	233	-0.3	+0.3	52	0-0	-	1.8	7	0.4	26	2.7	2.73	238
WORST PERFORMING SHARES: Weakest Shares, P/S Ratio>0.25, Yield<Twice Average													
Charlie's Group	43	-58.3	+0.0	98	0-3	-	7.7	15	1.0	51	Nil	4.00	126
Vital Health PT	118	-58.3	+0.0	97	0-0	-	1.1	5	0.4	23	8.0	5.96	169
WN Drive Tech.	26	-35.9	+2.4	96	0-0	-	19.1	-	1.0	NE	Nil	0.63	18
Blis Technology	7	-21.8	+1.4	92	0-0	-	-	-	1.6	NE	Nil	5.20	9
Windflow Tech.	50	-18.8	-6.4	91	0-0	-	0.9	-	0.5	NE	Nil	0.25	6
Rubicon Limited	59	-18.0	-11.5	89	1-0	-	0.8	-	0.4	NE	Nil	0.36	168
Just Water Int.	11	-17.2	-5.8	88	1-0	-	3.7	-	1.6	NE	Nil	0.28	10
Smartpay NZ Ltd	21	-12.3	+1.0	85	0-0	-	-	-	0.7	233	Nil	0.53	25
Jasons Media	30	-10.1	+2.9	84	0-0	-	1.6	13	0.8	12	Nil	0.43	6
Heritage Gold	2	-9.5	-2.4	84	0-0	-	0.7	-	2.8	NE	Nil	N/A	7
NZ Windfarms	15	-9.1	+1.0	83	0-0	-	0.4	-	1.3	NE	Nil	9.16	44
Sealegs Corp	15	-8.7	-2.8	82	0-0	-	2.4	-	1.4	NE	Nil	1.19	13
Air New Zealand	115	-7.9	+2.4	81	1-11	1	0.8	5	0.7	15	8.7	0.30	1,238
Mowbray Collect	50	-7.2	-7.9	81	0-0	-	1.3	-	0.4	NE	Nil	1.66	6
Building Soc.	68	-7.0	+0.1	79	0-0	-	-	-	0.8	NE	Nil	N/A	204
NZ Oil & Gas	85	-6.1	-0.7	77	0-0	-	0.7	-	0.7	NE	8.4	3.37	334
Wakefield Hlth	550	-5.3	+3.1	76	0-0	1	0.9	6	0.2	16	3.9	1.03	78
NZ Wine Company	132	-5.3	-3.5	75	0-0	-	0.6	-	0.5	NE	2.2	0.88	11
Methven Limited	153	-5.1	+0.7	74	7-0	-	2.0	9	0.7	21	8.5	0.83	102
Cavotec MSL	275	-4.6	-0.7	74	3-0	-	2.3	10	0.6	22	1.5	1.21	175
INSIDER SELLING: Most Insider Selling, Relative Strength<0													
Air New Zealand	115	-7.9	+2.4	81	1-11	1	0.8	5	0.6	15	8.7	0.30	1,238
Charlie's Group	43	-58.3	+0.0	98	0-3	-	7.7	15	1.0	51	Nil	4.00	126
Infratil NZ	181	-0.3	-1.4	53	1-3	-	1.1	6	0.5	17	5.3	0.51	1,091
Tower Limited	150	-6.0	-2.5	76	0-1	2	0.9	13	0.6	7	9.5	0.65	391
PGG Wrightsons	46	-4.0	-0.8	71	0-1	1	0.6	4	0.8	14	Nil	0.30	349
Ebos Group Ltd	692	-0.7	-1.8	56	0-1	1	1.9	13	0.3	15	6.4	0.26	352

“Insider” Trades in NZ Shares

The table below shows the number of Purchases and Sales of a company's shares by its Directors over the last twelve months (excluding “Neutral” situations where the number of Buyers and Sellers were equal). Shares where many “insiders” have been buying can outperform the market for up to two years, while shares where many “insiders” have sold can under-perform for a similar period.

“Insider” Indicators

Last 5 wks: 53.8% Buyers

Last 13 wks: 56.5% Buyers

Company	Insider Buyers-Sellers	Company	Insider Buyers-Sellers	Company	Insider Buyers-Sellers	Company	Insider Buyers-Sellers	Company	Insider Buyers-Sellers
AMP Onyx Mgmt	1-0	F & P Health.	2-1	Mainfreight Grp	0-6	Pyne Gould Corp	2-1	TeamTalk Ltd	0-2
Air New Zealand	1-11	Fletcher Build.	2-4	Methven Limited	7-0	Rubicon Limited	1-0	Telecom Corp	0-1
Akd Int Airport	0-1	Freightways Ltd	4-1	Michael Hill	1-2	Ryman Health.	3-2	Tourism Hold.	2-0
Briscoe Group	4-0	Goodman Prop.	0-1	NZ Exchange Ltd	0-4	Salvus Strat.	1-0	Tower Limited	0-1
Cavotec MSL	3-0	Guinness Peat	1-0	NZ Wool Service	1-4	Seeka Kiwifruit	1-0	Turners Auction	2-0
Charlie's Group	0-3	GuocoLeisure	12-0	New Image Group	1-0	Sky City Ltd	7-0	Turners & Grow.	1-0
Comvita	8-1	Hellaby Hold.	1-0	PGG Wrightsons	0-1	Sky Network TV	1-0	Vector Ltd	1-0
Dorchester Pac	1-0	Infratil NZ	1-3	Port Tauranga	5-0	Smiths City	8-0	Warehouse Group	5-3
Ebos Group Ltd	0-1	Just Water Int.	1-0	Pumpkin Patch	4-0	Steel & Tube	3-0	Zintel Comm.	1-0

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

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Company	Share Price	STRENGTH RATING Cur-rent	4-Wk Chg.	Rank 0-99	Insider Buy-Sell	Brokers Following	Price to NTA	Return on Equity	Vola-til-ity	Price Earn. Ratio	Divi-dend Yield	Price Sales Ratio	Market Cap'n
UNDER-VALUED SHARES: Lowest Price/Sales, Yld>0, Rel Strength>0													
Winmar Res Ltd	20	+35.8	-72.5	2	2-0	-	6.5	68	1.6	10	2.1	0.06	20
Guinness Peat	61	+5.6	-0.5	18	1-0	-	0.9	37	0.8	2	2.5	0.09	183
Pro Maintenance	204	+7.3	+3.7	15	3-0	4	2.0	19	0.5	11	4.4	0.20	241
Ruralco Hold.	330	+10.8	-0.4	11	0-1	-	1.8	12	0.4	15	4.8	0.20	182
Marbletrend Grp	13	+10.2	-4.1	12	1-0	-	3.3	51	2.0	6	11.5	0.21	8
Jumbo Interact.	37	+2.4	-6.7	23	0-0	-	37.0	-	1.2	16	1.4	0.21	16
Norfolk Group	124	+5.4	-4.1	18	0-0	3	8.3	80	0.7	10	1.6	0.22	197
Coventry Group	234	+8.2	+5.8	14	2-0	-	0.7	5	0.6	14	6.0	0.24	93
Spotless Group	234	+2.4	+3.8	23	3-0	3	-	-	0.5	14	4.7	0.24	607
Chandler McLeod	43	+2.0	-9.7	24	0-0	4	7.2	29	1.2	24	3.1	0.29	175
Joyce Corp.	45	+15.3	-6.0	8	0-0	-	1.7	-	1.0	NE	11.1	0.34	9
Data 3 Ltd	1346	+3.8	-6.2	20	0-1	1	9.9	52	0.3	19	4.2	0.35	207
Chalmers	290	+3.7	-2.6	21	1-1	-	0.7	8	0.4	9	5.2	0.37	22
Hire Intell.	11	+1.1	-4.0	27	0-0	-	-	-	2.1	4	3.8	0.38	4
Supply Network	58	+13.0	+2.0	9	0-0	-	1.4	13	0.9	11	5.2	0.40	17
RCR Tomlinson	167	+9.1	-3.0	13	0-1	4	1.7	13	0.6	13	1.8	0.40	220
Embelton Ltd	600	+12.1	+0.1	10	1-0	-	1.4	14	0.3	10	4.2	0.43	13
Transfield Serv	351	+2.5	+0.5	23	1-0	6	11.3	57	0.5	20	4.0	0.46	1,454
W'bool Cheese	460	+12.2	-3.2	10	0-0	-	1.8	8	0.3	22	2.2	0.47	214
Gazal Corp	195	+1.3	-1.3	26	0-0	-	2.5	20	0.5	12	5.6	0.47	118
Skywest Airline	44	+5.8	-5.4	17	0-1	-	2.4	22	1.1	11	2.1	0.48	88
Ludowici Ltd	410	+2.1	-5.4	24	2-0	1	2.0	21	0.4	9	4.9	0.50	120
Lend Lease Grp	926	+2.2	-0.6	24	0-1	2	1.9	13	0.3	15	3.5	0.50	5,237
Berklee Ltd	50	+2.0	-0.3	24	0-0	-	0.4	5	0.9	9	4.0	0.50	5
Ridley Corp.	125	+1.3	-0.5	26	2-0	4	1.5	11	0.6	13	5.8	0.53	383
Empired Ltd	32	+30.5	+3.6	3	0-0	-	8.0	3	1.3	320	0.8	0.53	15
Oaks Hotel	52	+32.9	+3.2	3	2-1	-	-	-	1.0	11	3.9	0.64	80
McPherson's Ltd	320	+0.5	-1.2	28	1-0	1	26.7	-	0.4	9	6.3	0.65	229
Woolworths Ltd	2778	+0.0	+0.9	30	4-2	6	13.7	81	0.2	17	4.1	0.66	34,203
Colorpak Ltd	68	+8.6	-2.0	14	0-2	-	3.8	44	0.8	9	3.3	0.68	55
Country Road	391	+2.8	+0.9	22	0-0	-	3.7	17	0.3	22	2.3	0.71	270
Vita Life Sci.	27	+2.5	-3.0	23	0-0	-	3.3	-	1.5	3	1.9	0.71	14
Nib Holdings	130	+4.3	-2.5	20	3-0	2	1.7	16	0.7	10	5.4	0.71	644
Graincorp	814	+7.4	+0.6	15	1-0	6	1.7	8	0.3	20	3.1	0.81	1,614
CTI Logistics	120	+5.9	-0.9	17	0-0	-	1.7	17	0.6	10	5.0	0.81	49
IiNet	260	+1.7	+0.2	25	3-0	7	-	-	0.5	11	3.5	0.83	395
Legend Corp.	36	+3.9	-1.5	20	3-0	-	3.9	34	1.2	12	2.8	0.89	77
Amcor Ltd	718	+2.3	-1.0	23	8-2	3	4.8	10	0.3	48	4.1	0.89	8,776
Macquarie C Tel	1070	+4.8	-5.3	19	0-2	2	3.2	26	0.3	12	1.9	0.94	223
Tasmania Mines	150	+17.2	-12.4	7	0-0	-	1.0	22	0.5	5	4.0	0.97	27
Super Retail Gr	716	+5.1	-1.1	18	1-0	4	5.6	23	0.3	24	3.0	0.97	913
Seymour Whyte	235	+8.4	-3.3	14	1-2	-	-	-	0.7	15	3.2	0.99	183
Wellcom Group	207	+0.0	-5.2	30	0-0	1	4.1	38	0.5	11	6.8	1.00	81
M2 Telecom. Grp	335	+6.5	-5.4	16	1-5	3	47.9	-	0.4	25	3.0	1.00	407
Ramsay Health	1771	+3.8	-1.7	20	1-1	7	13.7	57	0.2	24	2.5	1.05	3,579
Prime Media Grp	70	+2.6	-2.4	22	1-0	2	-	-	0.9	14	2.0	1.05	255
Breville Group	357	+7.4	-4.3	15	0-0	1	5.7	28	0.4	20	3.1	1.10	462
Ardent Leisure	130	+6.6	-7.0	16	3-0	3	1.4	7	0.7	21	8.3	1.12	401
Cardno Ltd	594	+2.3	-2.3	23	0-1	2	-	-	0.4	14	4.9	1.13	538
Mastermyne Grp	153	+0.2	-2.8	29	2-0	-	-	-	0.8	23	0.8	1.14	112
NRW Holdings	280	+13.5	-7.6	9	0-0	4	4.8	24	0.6	20	2.1	1.15	703
Academies Aust.	55	+6.8	+0.4	16	0-0	-	3.7	29	0.9	13	5.5	1.25	23
Patties Foods	179	+11.7	+2.8	11	7-2	2	6.0	38	0.5	16	3.6	1.26	248
DUET Group	170	+1.2	+0.7	27	0-0	3	1.0	9	0.5	11	11.8	1.28	1,480
Dulux Group Ltd	274	+2.3	+0.9	23	9-0	6	-	-	0.7	16	1.1	1.30	1,006
Monadelphous Gr	1930	+0.8	-4.8	27	2-1	8	11.7	59	0.2	20	4.3	1.30	1,661
Brisbane Bronco	35	+3.7	+0.6	20	0-0	-	2.9	8	1.1	35	1.4	1.33	34
Worley Group	2773	+2.4	-4.6	23	4-2	5	-	-	0.3	23	2.7	1.34	6,806
Zicom Group	58	+49.4	-16.7	1	0-0	-	2.4	17	1.1	14	1.5	1.34	123
Ausdrill Ltd	332	+6.3	-6.6	16	1-0	4	1.9	10	0.5	18	3.3	1.37	869
Asian Centre LD	12	+0.0	-11.6	30	0-0	-	12.0	99	2.0	12	6.0	1.38	23
Gerard Lighting	93	+1.5	-0.6	26	2-0	1	-	-	0.9	42	2.2	1.41	164
Industrea Ltd	139	+4.4	-2.3	19	1-1	2	19.9	-	0.7	8	0.9	1.42	443
Global Con Serv	152	+8.6	-11.1	14	0-0	-	2.6	22	0.6	12	3.6	1.49	136
Telstra	300	+3.1	+1.3	21	10-0	6	7.9	82	0.4	10	9.3	1.49	37,329
Ansell Ltd	1400	+2.7	-0.1	22	0-0	4	6.3	41	0.3	15	2.2	1.50	1,842
Nat'l Aust Bank	2512	+1.5	-1.2	26	1-0	6	2.0	16	0.2	12	6.1	1.52	52,408
Challenger Ltd	492	+2.1	-0.8	24	1-2	4	-	-	0.5	9	2.9	1.53	2,495
Ideas Intern'l	95	+9.8	-1.0	12	0-0	-	7.9	62	0.7	13	4.2	1.59	13
Thorn Group Ltd	195	+3.1	-3.9	21	3-0	4	3.8	33	0.5	12	4.4	1.63	285

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
BEST PERFORMING SHARES: Strongest Shares, P/E<20, P/S<1.0													
Daton Group	42	+57.1	-38.0	1	0-0	-	-	-	1.2	13	Nil	0.63	26
Chongherr Inv.	0	+41.2	-82.3	2	0-0	-	-	-	10.9	2	Nil	0.14	0
Winmar Res Ltd	20	+35.8	-72.5	2	2-0	-	6.5	68	1.2	10	2.1	0.06	20
Mesbon China N.	30	+34.9	+8.0	2	0-0	-	0.9	14	1.0	6	Nil	0.24	41
Newland Res.	10	+33.6	-63.6	3	1-0	-	-	-	1.5	4	Nil	0.85	33
Oaks Hotel	52	+32.9	+3.2	3	2-1	-	-	-	0.8	11	3.9	0.64	80
Laserbond Ltd	11	+22.6	+2.7	5	1-0	-	2.6	20	1.5	13	Nil	0.72	7
Tasmania Mines	150	+17.2	-12.4	7	0-0	-	1.0	22	0.4	5	4.0	0.97	27
PTB Group Ltd	25	+17.0	+2.5	7	1-0	-	0.2	4	1.1	5	Nil	0.30	8
Village Road.	310	+16.9	-11.3	7	0-4	-	-	-	0.4	6	Nil	0.30	516
Capral Limited	27	+16.2	-13.7	8	1-0	-	0.7	4	0.9	16	Nil	0.26	105
Scantech	45	+14.3	-4.6	8	3-0	-	1.2	6	0.8	18	Nil	0.60	8
E-pay Asia Ltd	17	+14.0	+4.8	9	0-0	-	0.4	6	1.3	5	Nil	0.90	10
Supply Network	58	+13.0	+2.0	9	0-0	-	1.4	13	0.6	11	5.2	0.40	17
Greencross Ltd	104	+12.4	-1.8	10	0-0	-	-	-	0.6	9	Nil	0.50	25
Embelton Ltd	600	+12.1	+0.1	10	1-0	-	1.4	14	0.2	10	4.2	0.43	13
Quest Investm't	10	+11.0	+1.5	11	1-0	-	0.5	6	1.5	8	Nil	0.72	4
Ruralco Hold.	330	+10.8	-0.4	11	0-1	-	1.8	12	0.3	15	4.8	0.20	182
Marbletrend Grp	13	+10.2	-4.1	12	1-0	-	3.3	51	1.5	6	11.5	0.21	8
RCR Tomlinson	167	+9.1	-3.0	13	0-1	4	1.7	13	0.4	13	1.8	0.40	220
Stokes (Aust)	25	+8.6	-4.9	14	0-0	-	0.5	21	0.9	2	Nil	0.11	2
Colorpak Ltd	68	+8.6	-2.0	14	0-2	-	3.8	44	0.6	9	3.3	0.68	55
Seymour Whyte	235	+8.4	-3.3	14	1-2	-	-	-	0.6	15	3.2	0.99	183
Coventry Group	234	+8.2	+5.8	14	2-0	-	0.7	5	0.5	14	6.0	0.24	93
Pro Maintenance	204	+7.3	+3.7	15	3-0	4	2.0	19	0.4	11	4.4	0.20	241
CTI Logistics	120	+5.9	-0.9	17	0-0	-	1.7	17	0.4	10	5.0	0.81	49
Skywest Airline	44	+5.8	-5.4	17	0-1	-	2.4	22	0.8	11	2.1	0.48	88
Guinness Peat	61	+5.6	-0.5	18	1-0	-	0.9	37	0.6	2	2.5	0.09	183
Norfolk Group	124	+5.4	-4.1	18	0-0	3	8.3	80	0.5	10	1.6	0.22	197
Corum Group Ltd	3	+5.2	+4.7	18	0-0	-	-	-	3.1	6	Nil	0.30	7
Macquarie C Tel	1070	+4.8	-5.3	19	0-2	2	3.2	26	0.2	12	1.9	0.94	223
Nib Holdings	130	+4.3	-2.5	20	3-0	2	1.7	16	0.5	10	5.4	0.71	644
NewSat Ltd	1	+3.9	-10.4	20	0-0	-	-	-	6.5	2	Nil	0.00	0
Legend Corp.	36	+3.9	-1.5	20	3-0	-	3.9	34	0.8	12	2.8	0.89	77
Data 3 Ltd	1346	+3.8	-6.2	20	0-1	1	9.9	52	0.2	19	4.2	0.35	207
Chalmers	290	+3.7	-2.6	21	1-1	-	0.7	8	0.3	9	5.2	0.37	22
AMA Group Ltd	12	+3.6	-3.4	21	5-0	-	1.5	16	1.4	10	Nil	0.63	32
Vita Life Sci.	27	+2.5	-3.0	23	0-0	-	3.3	-	1.1	3	1.9	0.71	14
Transfield Serv	351	+2.5	+0.5	23	1-0	6	11.3	57	0.4	20	4.0	0.46	1,454
Jumbo Interact.	37	+2.4	-6.7	23	0-0	-	37.0	-	0.9	16	1.4	0.21	16
Spotless Group	234	+2.4	+3.8	23	3-0	3	-	-	0.4	14	4.7	0.24	607
Lend Lease Grp	926	+2.2	-0.6	24	0-1	2	1.9	13	0.2	15	3.5	0.50	5,237
Ludowici Ltd	410	+2.1	-5.4	24	2-0	1	2.0	21	0.3	9	4.9	0.50	120
Berklee Ltd	50	+2.0	-0.3	24	0-0	-	0.4	5	0.7	9	4.0	0.50	5
IiNet	260	+1.7	+0.2	25	3-0	7	-	-	0.4	11	3.5	0.83	395
UXC Limited	64	+1.5	-3.9	26	2-0	2	21.3	-	0.7	10	Nil	0.28	189
Gazal Corp	195	+1.3	-1.3	26	0-0	-	2.5	20	0.4	12	5.6	0.47	118
Ridley Corp.	125	+1.3	-0.5	26	2-0	4	1.5	11	0.5	13	5.8	0.53	383
Hire Intell.	11	+1.1	-4.0	27	0-0	-	-	-	1.5	4	3.8	0.38	4
McPherson's Ltd	320	+0.5	-1.2	28	1-0	1	26.7	-	0.3	9	6.3	0.65	229
Woolworths Ltd	2778	+0.0	+0.9	30	4-2	6	13.7	81	0.2	17	4.1	0.66	34,203
Wellcom Group	207	+0.0	-5.2	30	0-0	1	4.1	38	0.4	11	6.8	1.00	81
INCOME SHARES: Highest Yields, Capitalisation>A$250 million													
Tabcorp Holding	319	-13.6	-13.9	75	0-0	3	-	-	0.2	4	17.2	0.47	2,171
Cape Lambert R.	47	-6.0	-4.5	55	5-0	1	-	-	0.7	NE	14.9	N/A	294
Chal Infra Fund	103	-5.9	-2.1	55	0-0	2	-	-	0.4	NE	13.6	0.84	328
Ale Property	189	-0.3	-1.5	35	1-0	2	0.9	-	0.3	NE	12.7	4.92	290
Transfield S In	85	+16.7	+2.1	7	0-0	1	0.9	-	0.5	NE	11.8	2.25	365
DUET Group	170	+1.2	+0.7	27	0-0	3	1.0	9	0.3	11	11.8	1.28	1,480
Cromwell Prop.	70	-2.8	+0.0	44	2-0	2	1.0	3	0.5	30	11.5	4.44	561
Seven West Med.	409	-15.4	-2.2	80	6-0	6	-	-	0.3	10	11.0	2.31	1,388
Goodman Fielder	104	-10.8	-0.7	69	5-0	3	-	-	0.4	9	10.3	0.54	1,436
Spark Infrastru	133	+5.5	+2.6	18	5-0	4	0.7	3	0.4	22	10.2	6.08	1,758
Hills Holdings	123	-16.7	-0.9	82	1-0	3	0.8	11	0.4	8	10.2	0.26	303
MAp Group	337	+2.3	+2.2	23	2-0	4	-	-	0.2	121	9.9	6.23	6,272
Telstra	300	+3.1	+1.3	21	10-0	6	7.9	82	0.2	10	9.3	1.49	37,329
Tatts Group Ltd	238	-2.2	+1.3	42	1-1	4	-	-	0.3	29	8.8	0.93	3,051
SP Ausnet	95	+2.3	+1.0	23	1-0	4	1.0	10	0.4	10	8.4	1.75	2,570
Ardent Leisure	130	+6.6	-7.0	16	3-0	3	1.4	7	0.4	21	8.3	1.12	401

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
Myer Holdings	267	-9.6	-1.7	66	2-1	6	-	-	0.4	9	8.2	0.47	1,551
Deutsche Ind Tr	196	+0.0	+0.0	31	0-0	-	1.2	10	0.3	12	8.1	6.49	663
Envestra	70	+8.9	+1.3	13	0-0	4	-	-	0.5	26	7.9	2.51	964
Chal Div Prop	54	+4.9	+1.1	19	1-0	3	0.8	3	0.6	31	7.9	5.53	489
Metcash Ltd	413	-1.3	+0.7	39	1-1	6	34.4	-	0.3	13	7.7	0.25	3,175
Automotive Hold	222	-4.0	-4.5	48	0-0	1	2.8	33	0.4	8	7.7	0.16	503
Wide Bay Aust.	830	-6.7	-2.1	57	1-0	1	2.2	19	0.2	12	7.6	1.67	266
Count Financial	106	-8.4	-2.0	63	3-0	2	4.8	42	0.5	11	7.6	2.20	273
Downer EDI Ltd	385	-6.3	+2.2	56	3-0	6	2.0	0	0.3	453	7.6	0.23	1,620
INSIDER BUYING: Most Insider Buying, Relative Strength > 0													
Medical Dev Int	41	+8.5	-6.0	14	11-0	-	5.9	24	0.6	24	Nil	2.54	21
MacarthurcookP	12	+5.9	+1.5	17	11-0	-	0.4	-	1.1	NE	Nil	5.06	23
Energio Ltd	3	+1.8	-16.6	25	10-0	-	-	-	1.9	330	Nil	N/A	22
Telstra	300	+3.1	+1.3	21	10-0	6	7.9	82	0.2	10	9.3	1.49	37,329
DuluxGroup Ltd	274	+2.3	+0.9	23	9-0	6	-	-	0.5	16	1.1	1.30	1,006
Hodges Res.	49	+34.9	-26.3	2	9-0	-	-	-	0.7	NE	Nil	N/A	23
Soul Pattinson	1310	+1.4	+0.4	26	8-0	1	1.1	8	0.2	14	2.6	3.80	3,126
Rimfire Pacific	5	+0.3	-1.6	29	7-0	-	-	-	1.7	NE	Nil	N/A	20
Antares Energy	49	+2.6	+3.1	22	7-0	1	-	-	0.6	NE	Nil	N/A	120
Ainsworth Game	40	+33.6	+4.7	3	7-0	-	40.0	-	0.8	NE	Nil	1.61	112
Avexa Limited	5	+6.6	-2.9	16	6-0	-	1.7	-	1.5	NE	Nil	N/A	42
Archer Explor.	19	+2.2	-13.4	24	6-0	-	-	-	0.9	NE	Nil	N/A	12
Oakajee Corp.	24	+12.1	-17.3	10	6-0	-	1.5	28	0.8	5	Nil	N/A	8
Gold One Int'l	52	+25.3	+0.3	4	6-0	1	5.7	20	0.6	28	Nil	4.65	416
Algae.Tec Ltd	40	+5.8	-6.3	17	7-1	-	-	-	1.0	NE	Nil	N/A	N/A
Amcor Ltd	718	+2.3	-1.0	23	8-2	3	4.8	10	0.2	48	4.1	0.89	8,776
Troy Resources	352	+0.9	-3.1	27	9-3	1	2.0	-	0.3	NE	Nil	4.09	308
AMA Group Ltd	12	+3.6	-3.4	21	5-0	-	1.5	16	1.0	10	Nil	0.63	32
Spark Infrastru	133	+5.5	+2.6	18	5-0	4	0.7	3	0.4	22	10.2	6.08	1,758
Pryme Energy	13	+1.1	-1.8	27	5-0	-	-	-	1.0	NE	Nil	N/A	30
Patties Foods	179	+11.7	+2.8	11	7-2	2	6.0	38	0.3	16	3.6	1.26	248
Tranzact Fin.	20	+2.3	-6.0	23	4-0	-	2.9	19	0.8	15	3.0	2.84	22
Beach Energy	94	+7.5	-5.4	15	4-0	4	-	-	0.5	31	1.9	2.11	1,027
WDS Limited	82	+8.8	+0.8	13	4-0	3	1.5	-	0.5	NE	Nil	0.35	117
Admiralty Res.	6	+17.1	+7.9	7	4-0	-	-	-	1.8	NE	Nil	N/A	13
Blackwood Corp	29	+16.8	-14.1	7	4-0	-	-	-	1.2	NE	Nil	7.81	22
Aston Resources	887	+8.7	-6.5	14	4-0	-	-	-	0.4	NE	Nil	N/A	N/A
Envirogold Ltd	17	+28.9	-6.6	4	4-0	-	-	-	0.9	NE	Nil	N/A	72
Equities & Free	22	+0.2	+1.3	29	4-0	-	1.0	11	0.7	10%	125.5	N/A	6
NSX Limited	19	+1.1	-1.0	27	4-0	-	2.7	-	0.8	NE	Nil	7.36	19

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
ICS Global Ltd	2	+0.4	-5.7	28	4-0	-	-	-	2.7	NE	Nil	2.47	3
Senex Energy	42	+0.4	-0.9	28	4-0	-	-	-	0.6	NE	Nil	N/A	155
Peel Mining Ltd	10	+12.9	-4.0	9	4-0	-	-	-	1.2	NE	Nil	N/A	4
Mystate Ltd	356	+0.6	-2.2	28	3-0	-	1.6	12	0.3	14	6.3	1.98	240
Medusa Mining	711	+9.8	-5.9	13	3-0	1	6.0	33	0.2	18	Nil	N/A	1,333
African Energy	62	+14.1	-13.0	9	3-0	-	-	-	0.6	NE	Nil	N/A	175
Scantech	45	+14.3	-4.6	8	3-0	-	1.2	6	0.6	18	Nil	0.60	8
Legend Corp.	36	+3.9	-1.5	20	3-0	-	3.9	34	0.6	12	2.8	0.89	77
Fortis Mining	122	+29.5	-77.1	3	3-0	-	-	-	0.6	NE	Nil	N/A	N/A
New Hope Corp.	515	+1.9	+0.3	24	3-0	4	1.8	8	0.2	23	1.8	5.72	4,263
Transerv Energy	3	+14.5	-10.1	8	3-0	-	-	-	2.2	NE	Nil	N/A	22
Corazon Mining	17	+20.2	+9.6	6	3-0	-	-	-	0.9	NE	Nil	N/A	12
Emerald Oil & G	5	+29.3	-15.6	3	3-0	-	-	-	1.9	NE	Nil	N/A	7
Aust Oil Coy	19	+16.6	+6.3	7	3-0	-	-	-	1.1	NE	Nil	N/A	13
Kimberley Metal	32	+14.9	-3.1	8	3-0	-	-	-	0.9	NE	Nil	N/A	51
WAM Capital Ltd	160	+3.6	-2.0	21	3-0	-	1.0	14	0.3	7	5.0	N/A	166
Phoslock Water	9	+11.4	+5.8	11	3-0	-	9.3	-	1.2	NE	Nil	N/A	17
ITL Limited	7	+4.8	-0.2	19	3-0	-	-	-	1.3	NE	Nil	0.23	9
Aust Leaders Fd	130	+4.3	-1.4	20	3-0	-	1.0	15	0.3	7	6.2	N/A	85
Wavenet Int'l	46	+12.7	-37.3	9	3-0	-	3.8	-	0.9	NE	Nil	N/A	27
Atlas SS Pearl	11	+1.2	-3.3	26	3-0	-	0.7	11	1.0	7	Nil	1.07	15
Freedom Foods	34	+4.9	+4.0	19	3-0	-	1.5	11	0.6	14	Nil	1.02	26
Clearview Wlth	51	+3.2	-2.3	21	3-0	-	1.3	-	0.5	NE	Nil	N/A	209
Linc Energy Ltd	285	+8.9	-3.3	13	3-0	1	-	-	0.4	NE	Nil	N/A	1,396
Thorn Group Ltd	195	+3.1	-3.9	21	3-0	4	3.8	33	0.3	12	4.4	1.63	285
Nib Holdings	130	+4.3	-2.5	20	3-0	2	1.7	16	0.4	10	5.4	0.71	644
Catalyst Metals	35	+30.4	+10.2	3	3-0	-	-	-	0.8	NE	Nil	N/A	11
Crown Ltd	912	+2.2	+1.7	24	3-0	3	2.7	11	0.2	24	4.1	2.93	6,872
Spotless Group	234	+2.4	+3.8	23	3-0	3	-	-	0.3	14	4.7	0.24	607
Target Energy	6	+6.3	-32.9	16	3-0	-	-	-	1.6	NE	Nil	3.97	7
Diatreme Res.	11	+22.0	+7.5	5	3-0	-	-	-	1.1	NE	Nil	N/A	30
Seven Group	991	+5.3	-0.4	18	3-0	2	-	-	0.4	NE	1.8	5.63	3,027
Strat. Energy	13	+11.1	-12.0	11	3-0	-	-	-	1.2	NE	Nil	N/A	36
Santos Ltd	1364	+0.5	-5.4	28	3-0	4	-	-	0.2	24	2.7	5.36	11,935
Athena Res.	10	+0.3	-7.7	29	3-0	-	-	-	1.1	NE	Nil	N/A	7
Ardent Leisure	130	+6.6	-7.0	16	3-0	3	1.4	7	0.4	21	8.3	1.12	401
iiNet	260	+1.7	+0.2	25	3-0	7	-	-	0.3	11	3.5	0.83	395
Elk Petroleum	23	+14.4	-16.5	8	3-0	-	-	-	1.0	NE	Nil	6.71	24
Growthpoint Pro	189	+0.5	+0.4	28	3-0	1	0.9	14	0.3	7	7.4	4.54	494
Pro Maintenance	204	+7.3	+3.7	15	3-0	4	2.0	19	0.3	11	4.4	0.20	241

"Insider" Trades in Australian Shares

The table below shows the number of Purchases and Sales of a company's shares by its Directors over the last twelve months (excluding "Neutral" situations where the number of Buyers and Sellers were equal). Shares where many "insiders" have been buying can outperform the market for up to two years, while shares where many "insiders" have sold can under-perform for a similar period.

"Insider" Indicators

Last 5 wks: 85.4% Buyers
Last 13 wks: 83.8% Buyers

Company	Insider Buyers-Sellers	Company	Insider Buyers-Sellers	Company	Insider Buyers-Sellers	Company	Insider Buyers-Sellers	Company	Insider Buyers-Sellers
3Q Holdings Ltd	1-0	African Iron	5-1	Aphrodite Gold	3-0	Ausnico Limited	1-0	BSA Ltd	2-0
A.P. Eagers	22-0	African Energy	3-0	Apollo Cons.	1-0	Aust Vintage	3-0	Bannerman Res.	1-0
AACL Holdings	3-0	Ainsworth Game	7-0	Aquila Res.	1-0	Aust Agricult.	8-0	Baraka Energy	0-4
AAQ Holdings	1-0	Alacer Gold	0-4	Arafura Res.	0-1	Aust Leaders Fd	3-0	Barra Resources	1-4
ABM Resources	1-0	Alara Resources	0-2	Archer Explor.	6-0	Aust Ethical In	1-0	Bassari Res.	1-0
ADX Energy Ltd	9-1	Alchemy Res.	1-2	Ardent Leisure	3-0	Aust Oil Coy	3-0	Bass St Oil Coy	1-0
AGL Energy Ltd	2-0	Alchemia Ltd	1-0	Argent Minerals	5-3	Aust Pac Coal	2-0	Bathurst Res.	1-0
AJ Lucas	1-0	Alcyone Res Ltd	0-3	Argosy Minerals	1-0	Austin Eng.	0-7	Bauxite Res.	2-0
AMA Group Ltd	5-0	Ale Property	1-0	Argo Investment	1-0	Aust-Amer Min.	1-0	Beach Energy	4-0
AMCIL Limited	1-0	Alesco Corp Ltd	3-0	Argonaut Res.	1-0	Aust United In	4-0	Bell Financial	6-1
ANZ Bank	5-0	Alexium Int'l	3-0	Aristocrat Leis	4-0	Aust Enh Income	1-0	Bendigo Bank	3-0
APA Group	2-0	Algae.Tec Ltd	7-1	Artimis Res.	1-0	Aust Foundation	7-0	Berkeley Res.	0-1
APN Property	2-0	Allied Gold Min	2-0	Artist & Enter.	1-0	Aust Pharm. Ind	2-0	Beyond Int'l	1-0
APN News Media	1-0	Alligator En.	4-0	Aruma Resources	2-1	Aust Power Gas	1-0	Bionomics Ltd	0-1
ASG Group Ltd	4-0	Altium Limited	5-0	Asciano Limited	2-0	Aust Infra.	1-0	Biota Holdings	3-0
ASX Limited	0-2	Altura Mining	1-0	Ashburton Min.	1-0	Aust Education	1-0	Blackwood Corp	4-0
Abacus Property	0-1	Alumina Ltd	2-0	Astivita Renew.	7-2	Austex Oil Ltd	3-0	Black Ridge Min	0-2
Aberdeen Leader	1-0	Amadeus Energy	1-0	Aston Resources	4-0	Austral Gold	0-5	Blackgold Int'l	2-0
Acclaim Explor	2-0	Amalgamated Hld	3-0	Astron Ltd	0-1	Auto Technology	8-0	Blackthorn Res.	4-0
Acrux Ltd	0-1	Ambertech Ltd	1-0	Athena Res.	3-0	Auzex Resources	0-4	Blue Energy Ltd	4-0
Activex Ltd	1-0	Ambition Group	1-0	Atlas SS Pearl	3-0	Avalon Minerals	2-0	Bluescope Steel	3-0
Ad Braking Tech	1-0	Amcor Ltd	8-2	Atlantic Ltd	2-0	Avexa Limited	6-0	Bluechip Ltd	0-1
Adavale Res.	2-0	Amcom Telecom.	4-1	Atlas Iron Ltd	0-1	Avita Medical	1-0	Bluglass Ltd	2-0
Adcorp Aust.	1-0	Ampella Mining	0-3	Atticus Res.	7-0	Aviva Corp Ltd	2-1	Boart Longyear	1-0
Adelaide Res.	5-0	Anatolia Energy	1-0	Aura Energy Ltd	1-0	BC Iron Ltd	0-2	Boom Logistics	2-1
Adelaide Bright	7-2	Antares Energy	7-0	Aurium Res.	1-0	BCD Resources	0-1	Boral Limited	3-0
Admiralty Res.	4-0	Anteo Diagnost.	1-10	Ausdrill Ltd	1-0	BHP Billiton	3-5	Boss Energy Ltd	1-0
Adv. Magnesium	0-2	Anvil Mining	1-2	Ausgold Ltd	0-3	BKI Invest Coy	4-0	Bow Energy Ltd	1-0

Company	Insider Buyers-Sellers	Company	Insider Buyers-Sellers	Company	Insider Buyers-Sellers	Company	Insider Buyers-Sellers	Company	Insider Buyers-Sellers
Bowen Energy	3-0	Cougar Metals	2-0	Funtastic Ltd	5-0	Int. Resources	1-0	Maverick Drill.	2-0
Bradken Ltd	0-1	Countplus Ltd	1-0	G.U.D. Holdings	1-0	Intermoco Ltd	4-0	Maxi TRANS	2-0
Braziron Ltd	2-0	Count Financial	3-0	G8 Education	1-0	Intec Ltd	1-0	Maximus Res	1-0
Brazilian Metal	1-0	Coventry Res.	3-0	GEO Property	1-0	Intermin Res	4-1	Mayne Pharma Gr	1-0
Brickworks Ltd	4-0	Coventry Group	2-0	GPT Group	2-0	Integra Mining	2-0	McMillan Shake.	0-2
Bright Star Res	2-0	Credit Corp	2-3	GWA Group Ltd	3-0	Intrapower Ltd	2-0	McPherson's Ltd	1-0
Brighton Mining	4-0	Cromwell Prop.	2-0	Galaxy Res.	0-2	Intrepid Mines	1-2	Mec Resources	0-1
Brockman Res.	0-2	Crown Ltd	3-0	Galilee Energy	1-0	Intra Energy	2-1	Medical Dev Int	11-0
Broken Hill Pro	2-0	Crusader Res.	4-1	Genetic Tech.	2-0	Investorfirst	1-0	Medivac Ltd	3-0
Brumby Resource	1-0	Cryosite Ltd	1-0	Genesis Res Ltd	1-0	Iperica Ltd	6-0	Medusa Mining	3-0
Bulletin Res.	1-0	CuDeco Ltd	6-0	Geopacific Res.	1-0	Ironclad Mining	4-0	Meridien Res.	2-0
Burey Gold Ltd	2-0	Customers Ltd	6-0	Gerard Lighting	2-0	Iron Road Ltd	0-1	Mermaid Marine	1-4
Burleson Energy	6-0	Cyclopharm Ltd	0-1	Gindalbie Met.	0-1	Iron Mountain	3-0	Merricks CSO Fd	1-0
C.S.R. Ltd	2-0	Dampier Gold	1-0	Gippsland Ltd	0-1	Ironbark Gold	2-0	Mesoblast Ltd	0-2
CL Asset Hold.	1-0	Dart Energy Ltd	6-0	Globe Int'l Ltd	2-0	JB Hi-Fi Ltd	0-1	Metals X Ltd	1-0
CSG Ltd	2-1	Datamotion A/P	1-0	Global Nickel	7-1	JV Global Ltd	1-0	Metals Finance	1-0
CSL Limited	0-3	Datadot Tech.	1-0	Global Mining I	2-0	Jacka Resources	1-0	Metal Bank Ltd	1-0
Cabral Resource	3-0	Data 3 Ltd	0-1	Globe Metals	1-0	James Hardie	0-2	Meteoric Res.	3-0
Cadence Capital	2-0	Decmil Group	3-1	Global Health	1-0	Jervois Mining	4-0	Metgasco Ltd	2-0
Caledon Res.	0-1	Deep Yellow Ltd	1-2	Gloucester Coal	4-0	Jindalee Res.	8-0	Metminco Ltd	0-1
Calliden Group	2-0	Delta SBD Ltd	1-0	Golden West Res	2-1	Jumbuck Enter.	12-0	Miclyn Express	1-0
Callabonna Uran	1-0	Dempsey Min.	1-0	Golden Gate Pet	1-0	Jupiter Mines	6-3	Midas Resources	2-0
Caltex Austrlia	1-0	Devine	1-0	Gold One Int'l	6-0	K&S Corporation	1-0	Mikoh Corp.	9-0
Calzada Ltd	1-0	Diatreme Res.	3-0	Goldsearch Ltd	1-0	K2 Asset Mgmt	0-2	Milton Corp.	1-0
Campbell Bros	1-0	Digital Perform	4-0	Gold Road Res.	0-3	Kairiki Energy	1-0	Minara Resource	2-0
Canada Land	3-0	Diploma Group	2-0	Golden Cross	2-0	Kalgoorlie Min.	3-0	Minbos Res.	3-0
Cape Lambert R.	5-0	Discovery Metal	0-5	Goodman Group	1-0	Kangaroo Res.	0-1	Mindoro Res Ltd	1-0
Capital Mining	0-1	Div. United Inv	3-0	Goodman Fielder	5-0	Kardoon Gas	0-4	Mineral Deposit	0-2
Capral Limited	1-0	Dolomatrix Intl	3-0	Graincorp	1-0	Karmelsonix Ltd	1-0	Mineral Res.	0-3
Carbon Con	0-1	Domino's Pizza	0-2	Grand Gulf En.	1-0	Kibaran Nickel	1-0	Mineral Commod.	1-0
Carbon Energy	2-1	Doray Minerals	4-0	Greencap Ltd	4-0	Kidman Res Ltd	1-0	Mining Projects	1-0
Cardno Ltd	0-1	Downer EDI Ltd	3-0	Groote Res.	1-0	Kimberley Metal	3-0	Mintails Ltd	1-0
Carnegie Wave E	1-0	Drake Resources	1-0	Growthpoint Pro	3-0	King Island Sc.	2-0	Mirabela Nickel	3-0
Carnarvon Pet.	2-0	Drillsearch	3-0	Gryphon Mineral	0-1	Kingsgate Cons.	0-1	Mirrabooka Inv.	1-0
Carpentaria Exp	1-0	Dulux Group Ltd	9-0	Gt Bendigo Gold	1-0	Kingrose Mining	2-0	Mirvac Group	1-0
Carrick Gold	4-0	Dyesol Ltd	1-0	Gt Western Exp.	0-1	Kip McGrath EC	4-0	Mnet Group Ltd	0-1
Carsales.com	8-6	E & A Limited	2-0	Guinness Peat	1-0	Kresta Holdings	1-0	Modena Res. Ltd	3-0
Cash Converters	2-0	E-Bet Limited	3-0	Gujarat NRE	2-0	Krucible Metals	4-0	Molopo Energy	2-0
Castle Minerals	1-0	ERM Power Ltd	2-0	Gulf Industrial	0-1	Kula Gold Ltd	2-0	Monadelphous Gr	2-1
Catalyst Metals	3-0	EVZ Ltd	5-0	Gullewa Ltd	1-2	Kuth Energy Ltd	2-0	Monteray Group	4-0
Catalpa Res.	1-0	Eagle Nickel	1-0	Gunson Res.	1-0	LBT Innovations	2-3	Montec Int'l	1-3
Cathrx Ltd	5-0	Earth Heat Res.	2-0	HGL Limited	2-0	Lachlan Star	6-0	Montezuma Min.	0-1
Cauldron Energy	1-0	East Coast Min.	1-0	Hansen Tech.	0-2	Lakes Oil NL	1-0	Morn. Star Gold	5-1
Cazaly Res Ltd	14-0	Eastl'd Medical	1-0	Harvey Norman	1-0	Landmark White	1-0	Mortgage Choice	1-0
Cbio Limited	0-2	East'n Star Gas	0-3	Hast Div Util	1-0	Laserbond Ltd	1-0	Motopia Ltd	3-0
Cedar Woods Prp	1-0	Echo Resources	1-0	Hastie Group	6-1	Legacy Iron Ore	0-1	Mt Gibson Iron	0-3
Celamin Hold.	1-0	Eden Energy Ltd	1-0	Havilah Res.	1-0	Legend Corp.	3-0	Mt Magnet South	1-0
Cellmid Ltd	2-0	Eldore Mining	3-0	Hawkley Oil Gas	2-0	Leighton Hold	0-5	Mundo Minerals	1-0
Cellnet Group	0-1	Eldorado Gold	2-0	HealthLinx Ltd	1-0	Lend Lease Grp	0-1	Mungana Gold.	8-2
Cent West Gold	1-0	Electrometals	2-0	Healthzone Ltd	2-0	Liberty Res.	2-0	Murchison Hold.	1-0
Centrepoint All	5-0	Elementos Ltd	0-1	Heartware Inc.	0-6	Linc Energy Ltd	3-0	Musgrave Min.	1-0
Centuria Cap'l	1-0	Elixir Petrol.	2-0	Heemskirk Cons.	3-0	Lindsay Aust	0-1	Myer Holdings	2-1
Century Aust In	2-0	Elk Petroleum	3-0	Hemisphere Res.	2-0	Linq Resources	2-0	Mystate Ltd	3-0
Centrex Metals	3-0	Embelton Ltd	1-0	Henderson Group	0-2	Liontown Res.	3-0	NKWE Platinum	1-0
Ceramic Fuel C.	7-0	Emerald Oil & G	3-0	Heron Resources	2-0	Liq Natural Gas	0-1	NSL Cons. Ltd	1-0
Challenger Ltd	1-2	Emerson Stewart	3-0	Highland Pac.	1-0	Little World B.	1-4	NSX Limited	4-0
Chal Div Prop	1-0	Empire Oil, Gas	0-1	Hillcrest Litig	1-0	Living Cell T.	1-0	Nagambie Mining	0-1
Chalice Gold	1-0	Empire Sec.	1-0	Hill End Gold	3-0	Lochard Energy	0-1	Namoi Cotton	0-2
Chameleon Min.	2-0	Energy World	1-0	Hillgrove Res.	2-0	Lodestar Min.	5-0	Nanosonics Ltd	0-1
Charter Hall GR	1-0	Energia Mineral	2-0	Hills Holdings	1-0	Logicamms Ltd	0-2	Nat'l Aust Bank	1-0
Chesser Res.	4-0	Energio Ltd	10-0	Hodges Res.	9-0	Longreach Group	1-0	Nat'l Leisure	0-1
China Century	4-0	Energy Ventures	2-0	Horseshoe Metal	1-0	Ludowici Ltd	2-0	Navigator Res	2-0
Chrysalis Res.	3-0	Engenco Ltd	1-0	Hot Rock Ltd	1-0	Luminus Systems	1-0	Netcomm Limited	0-1
Circadian Tech	1-0	Entek Energy	2-0	Humanis Group	1-0	Lycopodium Ltd	0-1	Neurodiscovery	1-0
Clarius Group	1-0	Enterprise Met.	2-0	Hunter Hall Int	0-2	Lynas Corp Ltd	0-1	New Guinea En.	2-0
Clearview Wlth	3-0	Envirogold Ltd	4-0	Hunter H Global	0-2	M2 Telecom. Grp	1-5	New Hope Corp.	3-0
Clime Inv Mgmt	4-7	Epic Resources	2-0	Hutchison Tel.	3-0	MAp Group	2-0	New Standard En	2-0
Clime Capital	0-1	Equity Trustees	1-0	Hydromet Corp.	1-0	MCM Entertain.	1-0	Newhaven Hotels	2-0
Clough Limited	0-1	Equities & Free	4-0	Hyperion Flag.	10-3	MEO Australia	3-1	Newland Res.	1-0
Clover Corp.	3-0	Erongo Energy	1-0	ICS Global Ltd	4-0	MSF Sugar Ltd	0-1	News Corp.	1-0
Coalspur Mines	1-0	Esperance Min.	1-0	IMD Group	2-1	MUI Corporation	4-1	Nexus Energy	1-0
Coal of Africa	0-1	Ethane Pipeline	2-0	IMF (Aust) Ltd	0-2	MacMahon Hold	2-0	Nib Holdings	3-0
Coalworks Ltd	1-0	Eureka Energy	7-0	IMX Resources	1-0	MacPhersons R G	1-0	Nido Petroleum	6-1
Cobar Cons Res.	1-0	Eurogold Ltd	3-0	ING Priv Equity	1-0	Macarthurcook P	11-0	Nomad Building	1-0
CocaCola Amatil	0-3	Euroz Limited	1-0	IPGA Ltd	2-1	Macarthur Coal	7-1	Norton Gold	0-1
Cochlear Ltd	2-0	F.F.I. Holdings	0-1	ITL Limited	3-0	Macquarie Group	2-0	Nthn Minerals	0-2
Cockatoo Coal	1-0	FKP Limited	1-0	IiNet	3-0	Macquarie Atlas	1-0	Nthn Star Res.	0-1
Codan Ltd	1-0	Fe Limited	2-0	Iluka Resources	0-2	Macquarie C Tel	0-2	NuEnergy Cap'l	1-0
Collection Hse	8-0	Fermiscan Hold.	1-0	Imperial Pac.	2-0	Magellan Flag.	2-0	Nufarm Limited	8-0
Colorpak Ltd	0-2	Ferrum Crescent	1-0	Incitec Pivot	2-0	Magma Metals	1-0	Nupower Res.	1-0
Com'wealth Bank	2-1	Fiducian P Serv	3-1	Incremental Oil	2-0	Malagasy Min.	1-0	Nyoto Minerals	3-0
Commstrat Ltd	1-0	Finbar Group	11-0	Ind Minerals	2-0	Malachite Res.	0-1	OM Holdings	1-0
Computershare	2-6	Firestone En.	3-0	Indago Res.	1-0	Manhattan Corp	9-0	ORH Limited	1-0
Condor Nickel	3-0	Flinders Mines	7-0	Independ. Group	0-2	Mantle Mining	4-0	OZ Minerals Ltd	1-0
ConnectEast Grp	1-0	Forge Group Ltd	0-3	India Resources	2-0	Marbletrend Grp	1-0	Oil Basins Ltd	3-0
Conquest Mining	10-0	Fortis Mining	3-0	Indo Mines Ltd	1-0	Marenica Energy	3-0	Oil Search Ltd	1-2
Cont'l Coal	3-0	Fortescue Metal	3-1	Infomedia Ltd	1-0	Mastermyne Grp	2-0	Oilex Ltd	0-1
Corazon Mining	3-0	Freedom Foods	3-0	Insurance Aust.	2-0	Matrix Comp.	0-4	Oncard Int'l	1-0
Core Explor.	1-0	Frontier Res.	1-2	Int Research	2-0	Matsa Resources	2-0	Onesteel Ltd	3-0

Company	Insider Buyers-Sellers
Optiscan Image	1-0
Orbital Corp	3-0
Orica Ltd	4-1
Orion Metals	1-3
Orion Equities	1-0
Oroton Group	1-2
Oroya Mining	2-0
Orrex Resources	4-0
Ottoman Energy	3-0
Ozgrowth Ltd	1-0
P MacGregor Inv	2-0
PMP Limited	4-0
PPK Group Ltd	2-0
PTB Group Ltd	1-0
Pac Environment	0-1
Pacific Niugini	0-1
Pacific Mining	1-0
Pacrim Energy	2-0
Padbury Mining	2-0
Paladin Energy	3-0
Pan Pacific Pet	2-0
Panaust Ltd	0-3
Panoramic Res.	0-2
Paperlin X Ltd	1-0
Papillon Res.	3-0
Paragon Care	1-0
Patrys Ltd	0-1
Patties Foods	7-2
Paynes Find Gld	1-0
Peel Mining Ltd	4-0
Pegasus Metals	1-0
Penrice Soda	5-0
Pepinnini Min.	0-1
Perpetual Ltd	1-0
Perseus Mining	0-4
Pharmaust Ltd	2-0
Phileo Aust.	3-1
Phoenix Copper	0-1
Phoslock Water	3-0
Photon Group	1-0
Phylogica Ltd	1-0
Pie Networks	1-0
Pilbara Mineral	2-0
Planet Platinum	0-2
Platinum Cap'l	2-0
Platinum Asset	0-1
Platsearch NL	2-0
Pluton Resource	2-0
Plymouth Min.	2-0
Port Bouvard	0-1
Praemium Ltd	2-1
Prairie Downs	1-0
Premier Invest	1-0
Primary Health	6-1
Prime Media Grp	1-0
Pro Medicus Ltd	1-0
Pro Maintenance	3-0
Probiotec Ltd	15-0
Prophecy Int'l	0-1
Prosperity Res.	0-2
Proto Resources	0-7

Company	Insider Buyers-Sellers
Pryme Energy	5-0
Pulse Health	3-0
Q Technology	1-0
Q-Mastor Ltd	2-0
Q.B.E. Insur.	8-0
Qantas Airways	1-0
Qld Mining Corp	1-0
Quest Investm't	1-0
Quest Minerals	1-0
Quickstep Hold.	0-1
RCR Tomlinson	0-1
REA Group Ltd	2-0
RGM Media Ltd	0-3
RHG Ltd	0-6
Raffles Capital	0-1
Ramelius Res.	1-3
Range River Gld	1-0
Rarn Resources	3-0
Rawson Res.	0-1
Razor Risk Tech	1-0
Realm Resources	1-0
Red Hill Iron	5-0
Red Sky Energy	1-0
Red River Res.	1-0
Red Metal Ltd	2-0
Red 5 Ltd	4-0
Redflex Holding	0-1
Redhill Educat.	3-0
Redstone Res.	1-0
Reedy Lagoon	7-0
Regal Resources	1-0
Regis Resources	1-0
Renaissance Min	1-0
Renaissance Ur.	1-0
Renison Cons	0-1
Resource Star	2-0
Retail Food Grp	0-3
Reverse Corp	1-0
Reward Minerals	1-6
Rialto Energy	3-0
Richmond Mining	0-4
Rico Resources	4-0
Ridley Corp.	2-0
Riedel Resource	3-0
Rimfire Pacific	7-0
Rivercity M'way	0-1
Roc Oil Company	2-0
Rocklands Rich.	1-0
Royalco Res.	2-0
Rubicon Res.	1-0
Rubik Financial	2-0
Rubianna Res.	1-0
Rum Jungle Res.	4-1
Runge Ltd	1-0
Ruralaus Invest	1-0
Ruralco Hold.	0-1
S/Tracks ASX 50	1-0
SAI Global Ltd	1-0
SMS Mgmt & Tech	0-1
SP Ausnet	1-0
SWW Energy Ltd	1-0

Company	Insider Buyers-Sellers
Saferoads Hold.	1-0
Salmat Ltd	2-0
Sandfire Res.	2-0
Santos Ltd	3-0
Savcor Group	1-0
Scantech	3-0
Schaffer Corp	1-0
Seek Ltd	1-0
Selectharvest	2-0
Senetas Corp	4-0
Senex Energy	4-0
Servcorp Ltd	1-0
Service Stream	3-1
Seven Group	3-0
Seven West Med.	6-0
Seymour Whyte	1-2
Siburan Res.	0-1
Sierra Mining	0-1
Sietel Ltd	6-0
Signature Cap't	2-0
Silex Systems	1-0
Silver Swan Grp	1-0
Silver Chef Ltd	4-0
Sims Metal Mgmt	3-2
Sino Gas & En.	3-0
Sipa Resources	1-0
Sirius Res. NL	3-0
Sirius Corp.	1-0
Skilled Group	4-1
Skywest Airline	0-1
Slater & Gordon	0-3
Somnomed Ltd	0-1
Sonic Health	2-0
Souls Priv Equ	1-0
Soul Pattinson	8-0
Southern Gold	4-0
Spark Infrastru	5-0
Speewah Metals	3-0
Spitfire Res.	2-0
Spotless Group	3-0
St Barbara Ltd	2-0
St George Min.	6-0
Stanmore Coal	1-0
Stanfield Funds	3-0
SteriHealth Ltd	1-0
Sth Boulder Min	2-1
Sth Hemi Mining	0-2
Sth Cross Elect	1-0
Sthn Cross Gold	2-0
Stirling Prod.	0-1
Stonehenge Met.	1-0
Strategic Poole	4-0
Strat. Energy	3-0
Straits Resourc	2-1
Stratetel Ltd	2-0
Structural Mon.	4-0
Structural Syst	2-0
Style Limited	6-0
Suncorp Group	3-0
Sundance Energy	2-6
Sunshine Heart	2-0

Company	Insider Buyers-Sellers
Super Retail Gr	1-0
Symex Holdings	2-0
Syndicated Met.	3-0
TMA Group of Co	3-0
TNG Limited	1-0
TZ Limited	1-0
Tag Pacific	2-3
Talent2 Int'l	3-0
Tamawood Ltd	0-7
Tango Petroleum	1-0
Tangiers Petrol	0-3
Tap Oil	4-0
Target Energy	3-0
Tasman Resource	1-0
Tassal Group	2-0
Techniche Ltd	1-0
Tectonic Res.	1-0
Tel.Pacific Ltd	2-0
Telezon Limited	1-0
Telstra	10-0
Ten Network	2-0
Teranga Gold	5-0
Territory Res.	1-0
Territory Uran.	2-0
Texon Petroleum	0-1
The Reject Shop	1-0
Thomas & Coffey	1-0
Thorn Group Ltd	3-0
Tidewater Inv	1-0
Tiger Resources	0-1
Tissue Therapy	1-0
Toll Holdings	4-0
Toro Energy Ltd	2-0
Tox Free Sol.	0-4
Trafford Res.	2-0
Traffic Tech.	5-0
Trafalgar Corp.	2-0
Traka Resources	0-2
TransPacific In	1-0
Transerv Energy	3-0
Transfield Serv	1-0
Tranzact Fin.	4-0
Transit Hold.	2-0
Transurban Grp	2-0
Treasury Group	5-0
Triausmin Ltd	3-0
Trinity Group	2-0
Troy Resources	9-3
Trust Company	5-0
UGL Limited	2-0
UXA Resources	3-0
UXC Limited	2-0
Un. Biosensors	0-1
Unilife Corp.	1-0

Company	Insider Buyers-Sellers
Union Resources	1-0
Universal Coal	1-0
Uramet Minerals	2-0
Uranium Equitie	6-0
Uraniumsa Ltd	1-0
Uranex NL	7-0
VDM Group Ltd	2-1
Vantage Gold.	1-0
Verus Investm't	2-0
Village Road.	0-4
Viralytics Ltd	1-0
Virgin Blue	4-0
Vision Group	1-0
Vita Group Ltd	1-0
Vital Metals	1-0
Vmoto Ltd	5-0
Vocus Comm.	3-4
Voyager Res Ltd	1-0
WAM Research	2-0
WAM Active Ltd	1-0
WAM Capital Ltd	3-0
WDS Limited	4-0
WHK Group Ltd	0-1
WHL Energy	2-0
WPG Resources	1-0
Wasabi Energy	2-0
Water Resources	2-0
Watpac Ltd	1-0
Wavenet Int'l	3-0
Webfirm Group	0-1
Webjet NL	1-2
Webster Ltd	5-0
Wentworth Hold.	0-2
Wesfarmers Ltd	1-0
West Gas Power	1-0
Western Areas	1-0
Western Desert	0-2
Westpac Banking	2-0
Westfield Group	1-0
Westgold Res.	3-0
Whitefield Ltd	2-0
White Energy Co	3-0
Wide Bay Aust.	1-0
Wilson HTM Inv.	2-0
Winmar Res Ltd	2-0
Wolf Minerals	1-0
Woodside Petrol	0-2
Woolworths Ltd	4-2
Worley Group	4-2
XRF Scientific	3-1
Xanadu Mines	0-2
Xstate Res.	1-0
Xtek Ltd	3-0
YTC Resources	1-0

Total Return Index for All Listed Shares

Jun 13	1319.91	Jun 20	1292.62
Jun 14	1317.01	Jun 21	1295.10
Jun 15	1316.48	Jun 22	1286.44
Jun 16	1307.73	Jun 23	1290.37
Jun 17	1300.03	Jun 24	1289.64
Jun 27	1289.38	Jul 4	1306.06
Jun 28	1283.41	Jul 5	1312.57
Jun 29	1283.31	Jul 6	1318.65
Jun 30	1295.51	Jul 7	1318.00
Jul 1	1296.32	Jul 8	1315.61

Next Issue:

The next issue of *Market Analysis* will be emailed in five weeks time on Monday August 15, 2011.

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

D i v i d e n d $

Company	Cents per Share	Ex-Date	Pay-able	Tax Credit
Smiths City Group	1.00	05-08	12-08	Nil
TrustPower	20.00	27-05	10-08	6.857
Zintel Communications	1.00	20-07	03-08	Full
Australian Shares				
Finbar Group	5.50	14-07	05-09	

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