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

Market Analysis

Issue No. 471 www.stockmarket.co.nz September 12, 2011

Inside Market Analysis

Founder: James R Cornell (B.Com.)

Summary and Recommended Investment Strategy.

Remain fully invested in the recommended shares.

Investment Outlook.

Stockmarkets have continued to be very volatile over the last month . . . and inaccurately "volatility" is usually assumed to be "risk".

Using figures from Jeremy Siegel's book *Stocks for the Long Run* the minimum and maximum *real* rates of return from investing in the stockmarket over one year are -38.6% and +66.6%. So $10,000 invested today in a diversified portfolio of shares could be worth as little as $6,140 or as much as $16,660 in one year. Clearly stockmarket "volatility" equates to "risk" over the short term and money that is needed for other purposes in a year's time should not be invested in the stockmarket.

The situation is, however, very different for a 45 year old, investing to build up a retirement nest egg over the next 20 years (or for *any* investor with a long term investment horizon). Siegel reports the 20 year compound minimum and maximum *real* returns from the stockmarket at +1.0% to +12.6%, while the minimum and maximum *real* returns from Government Bonds (which are usually consider "riskless" investments) at -3.1% (i.e. owing to inflation eroding an investment at a higher rate than interest is being earned) to +8.8%.

So $10,000 invested will grow to somewhere between $12,202 and $107,342 (i.e. adjusted for inflation) in the stockmarket or between $5,327 and $54,023 in Government bonds. Which is the more risky investment?

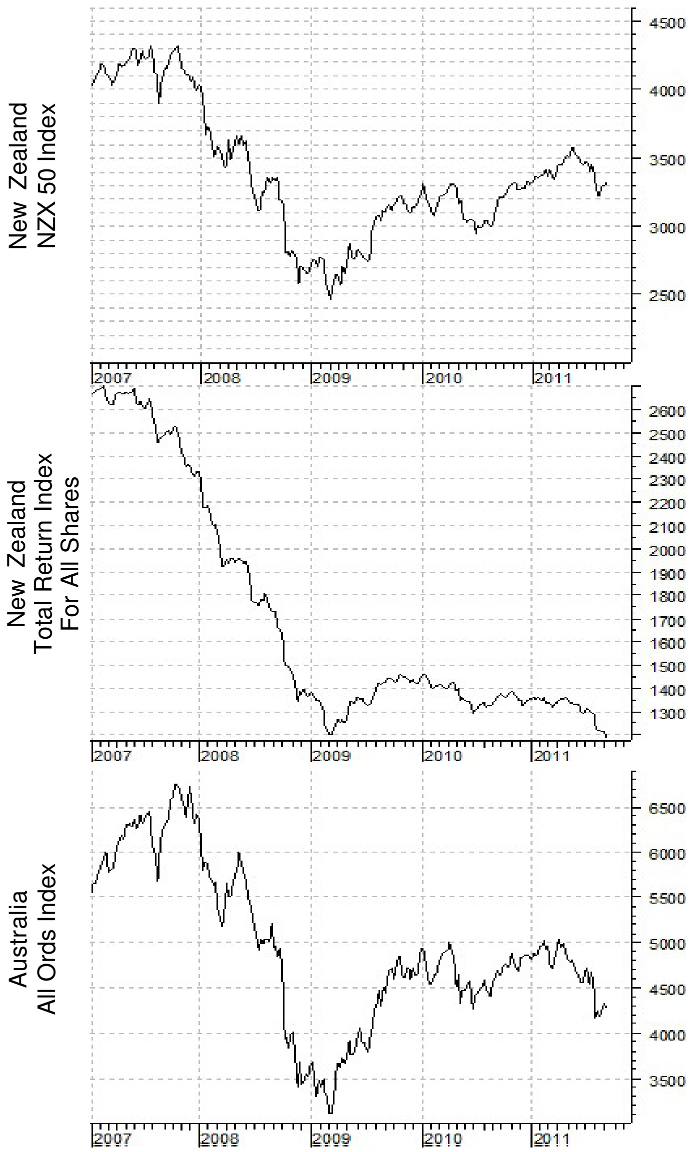
Statistically the stockmarket is still more "volatile" with a $95,140 range between the minimum and maximum end value, which is almost *twice* the $48,696 range of outcomes from investing in Government bonds. (Although if we look at the range as a *ratio* of maximum to minimum, it is 8.8:1 for the stockmarket compared with a higher, more uncertain, 10.1:1 in Government Bonds.)

But an investor is more likely to be concerned about the "shortfall risk" of failing to build an adequate retirement nest egg. The minimum outcome from the stockmarket (i.e. $12,202) is more than twice the minimum outcome (i.e. $5,327) from Government bonds. Clearly investing in bonds has a greater "shortfall risk" than investing in the stockmarket!

(Continued on Page 16)

Stockmarket Forecasts

	One-Month	One-Year
Australia:	**62%** (Bullish)	**43%** (Neutral)
New Zealand:	**51%** (Neutral)	**36%** (Bearish)



Performance Forecasts

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

	Performance Forecast	Price	Price/Sales Ratio	P/E Ratio	Gross Yield
AMP Limited	C	537	1.21	12	7.3
AMP Office Trt	C	86	6.26	83	9.1
Abano Health.	B	422	0.50	85	7.1
Air New Zealand	B	111	0.28	15	6.1
Akd Int Airport	B	229	7.60	30	5.4
Allied Farmers	E	0.3	0.10	NE	Nil
Allied Work.	A	193	0.53	16	7.5
Argosy Property	B	79	4.68	16	2.2
Barramundi Ltd	C	64	N/A	10	11.6
Blis Technology	E	5.0	3.94	NE	Nil
Briscoe Group	B	140	0.71	14	9.2
Burger Fuel	C	47	N/A	NE	Nil
CDL Investments	C	31	8.45	27	5.5
Cavalier Corp	B	320	0.95	13	8.0
Cavotec MSL	C	265	1.16	21	1.5
Charlie's Group	D	43	4.00	51	Nil
Claridge Cap'l	E	0.7	0.38	NE	Nil
Col Motor Co	A	260	0.17	10	10.4
Comvita	A	180	0.62	14	2.4
Contact Energy	C	542	1.71	25	6.6
Cynotech Hold.	D	0.9	0.17	NE	Nil
DNZ Property	C	123	N/A	NE	5.3
Delegat's Group	C	207	0.89	9	5.5
Diligent Board	D	110	N/A	34	Nil
Dorchester Pac	E	9.0	0.92	NE	Nil
Ebos Group Ltd	C	665	0.26	15	6.8
Ecoya Ltd	C	94	3.37	NE	Nil
F & P Appliance	D	48	0.31	10	Nil
F & P Health.	C	217	2.23	18	8.0
Finzsoft Sol'ns	C	33	0.40	5	Nil
Fletcher Build.	B	788	0.72	19	5.0
Freightways Ltd	A	326	1.42	17	6.2
Genesis Res.	D	4.0	0.45	NE	Nil
Goodman Prop.	B	100	6.79	25	7.7
Guinness Peat	C	63	0.09	2	2.4
GuocoLeisure	D	55	1.35	8	Nil
Hallenstein G.	B	331	0.95	10	7.3
Heartland BS	D	56	0.93	24	Nil
Hellaby Hold.	B	265	0.42	13	5.4
Heritage Gold *	N/R	2.3	N/A	NE	Nil
Horizon Energy	B	330	2.66	14	7.4
Infratil NZ	C	177	0.50	17	5.4
Insured Group	E	0.1	0.01	NE	Nil
Inv Research Gr	E	0.4	0.98	NE	Nil
Jasons Media	D	20	0.29	8	Nil
Just Water Int.	E	10	0.28	11	Nil
Kathmandu Ltd	B	204	1.66	43	4.9
Kermadec Prop.	B	62	6.13	10	4.8
Kingfish Ltd	B	94	N/A	9	9.2
Kirkcaldie & St	A	300	0.72	26	3.8
Kiwi Property	C	103	5.23	NE	7.7
L&M Energy	E	12	N/A	NE	Nil
Lyttelton Port	C	210	2.34	18	Nil
Mainfreight Grp	A	1000	0.73	23	2.9
Marlin Global	C	78	N/A	11	11.1
Mercer Group	E	7.5	0.10	NE	Nil
Methven Limited	C	146	0.80	20	8.9
Metro. LifeCare	C	205	3.86	12	Nil
Michael Hill	B	90	0.70	10	5.0
Mid-Cap Index	C	205	N/A	NE	Nil
Millennium & C.	C	41	1.24	12	4.2
Mowbray Collect	E	50	1.66	NE	Nil
NPT Limited	C	50	3.44	NE	9.0
NZ Exchange Ltd	B	230	5.49	30	6.2
NZ Experience	A	41	1.43	10	9.8
NZ Farming Sys.	D	66	2.08	NE	Nil
NZ Finance Hold	D	3.5	0.08	NE	Nil
NZ Oil & Gas *	N/R	68	2.54	12	4.2
NZ Refining Co	D	340	3.81	40	Nil
NZ Wool Service	C	54	0.25	NE	Nil
NZ Windfarms	E	15	N/A	NE	Nil
NZ Wine Company	D	110	0.73	NE	2.6
NZSX 50 Port.	D	126	N/A	NE	Nil
NZSX 10 Fund	D	89	N/A	NE	Nil
NZX Aust MidCap	D	486	N/A	NE	Nil
New Image Group	D	22	0.68	21	6.5
Northland Port	A	150	9.26	13	6.2
Nuplex Indust	C	289	0.36	9	7.3
Opus Int'l Cons	C	188	0.72	12	5.9
Ozzy (Tortis)	D	320	N/A	NE	Nil
PGG Wrightsons	E	44	0.27	NE	Nil
Pac Edge Bio.	E	20	N/A	NE	Nil
Pharmacybrands	C	65	6.06	NE	Nil
Pike River Coal	D	88	N/A	NE	Nil
Port Tauranga	A	962	6.96	22	4.6
Postie Plus Grp	D	20	0.07	14	Nil
Property F Ind.	B	118	7.86	26	6.9
Pumpkin Patch	B	83	0.36	5	16.4
Pyne Gould Corp	C	31	1.17	11	Nil
Rakon Ltd	D	78	0.78	17	Nil
Renaissance	C	12	0.03	14	Nil
Restaurant Brds	C	228	0.69	9	10.7
Rubicon Limited	E	54	0.39	NE	Nil
Ryman Health.	B	249	9.55	12	1.5
Salvus Strat.	C	80	N/A	65	Nil
Sanford Limited	C	503	1.12	19	6.5
Satara Co-op	D	55	0.21	NE	Nil
Savoy Equities	E	0.4	N/A	NE	Nil
Scott Tech. Ltd	B	136	0.99	12	5.5
Sealegs Corp	E	15	1.19	NE	Nil
Seeka Kiwifruit	C	142	0.17	2	20.1
Skellerup Hold.	C	125	1.24	12	6.9
Sky Network TV	B	550	2.69	18	4.8
Sky City Ltd	B	348	2.50	16	6.1
Smartpay NZ Ltd	E	14	0.36	NE	Nil
Smiths City	B	38	0.09	11	5.3
Sol. Dynamics	D	25	0.29	23	Nil
South Port NZ	A	350	3.62	15	8.2
Speirs Group	C	10	0.09	NE	Nil
Steel & Tube	B	251	0.58	13	8.5
Sthn Travel	D	5.0	0.06	NE	Nil
Tag Pacific Ltd	E	12	0.15	NE	Nil
TeamTalk Ltd	B	217	1.57	10	13.2
Telecom Corp	B	252	1.92	19	10.2
Tenon Ltd	E	65	0.11	NE	Nil
Tourism Hold.	D	62	0.42	NE	Nil
Tower Limited	C	141	0.61	6	10.1
Training Sol.	D	0.1	N/A	NE	Nil
Trust Power Ltd	C	710	2.92	20	7.4
Turners & Grow.	B	174	0.23	16	3.4
Turners Auction	A	148	0.57	13	10.6
Vector Ltd	C	245	1.96	12	8.3
Velo Capital	D	3.0	0.41	NE	Nil
Vital Health PT	C	111	7.65	44	7.3
WN Drive Tech.	D	20	0.48	NE	Nil
Wakefield Hlth	B	510	0.95	15	4.2
Warehouse Group	B	345	0.64	13	9.9
Widespread Port*	N/R	20	9.52	2	Nil
Windflow Tech.	D	50	0.25	NE	Nil
Wool Equities	E	15	N/A	NE	Nil
World Index Fd	D	93	N/A	NE	Nil
Xero Ltd	C	285	N/A	NE	Nil
Zintel Comm.	C	26	0.24	27	5.5
Ave of 133 Cos	**C**	160	0.30	18	3.7

	Performance Forecast	Price	Price/Sales Ratio	P/E Ratio	Gross Yield
AGL Energy Ltd	B	1466	0.96	12	4.1
AMP Ltd	B	415	1.12	11	7.2
ANZ Bank	C	1994	1.62	11	6.3
APA Group	C	400	2.30	23	6.0
ASX Limited	C	2853	N/A	23	6.4
Adelaide Bright	B	276	1.63	12	6.0
Alacer Gold	C	1125	N/A	NE	Nil
Alumina Ltd	B	164	N/A	NE	3.7
Amalgamated Hld	A	545	1.11	11	6.8
Amcor Ltd	A	667	0.66	23	5.2
Aneka Tambang	C	125	N/A	NE	Nil
Ansell Ltd	A	1360	1.47	15	2.3
Aquarius Plat.	B	342	2.54	12	2.2
Aquila Res.	E	608	N/A	NE	Nil
Argo Investment	B	506	N/A	18	5.1
Aristocrat Leis	B	216	1.69	15	2.3
Asciano Limited	B	156	1.49	31	1.3
Atlas Iron Ltd	A	369	5.21	18	0.8
Ausdrill Ltd	A	334	1.20	14	3.6
Austar United	B	113	2.01	14	Nil
Australand Prop	B	234	1.80	8	8.8
Aust Foundation	B	408	N/A	18	5.1
Aust Infra.	A	185	N/A	5	5.4
BHP Billiton	B	3791	1.83	6	2.5
BWP Trust	B	172	N/A	11	7.0
Bank of Q'land	C	730	0.71	9	7.1
Beach Energy	C	119	2.64	NE	1.5
Bendigo Bank	C	841	0.84	9	7.1
Billabong Int'l	B	354	0.53	8	8.2
Bluescope Steel	C	75	0.15	NE	2.7
Boart Longyear	D	319	1.34	NE	Nil
Boral Limited	B	369	0.58	16	3.9
Bradken Ltd	A	761	1.07	18	4.5
Brambles Ltd	B	666	2.27	22	3.9
Brickworks Ltd	B	930	2.09	10	4.3
Brookfield P P	B	308	N/A	58	Nil
C'wth Prop Off.	A	92	7.26	11	6.0
C.S.R. Ltd	B	236	0.62	13	3.5
CFS Retail Prop	B	175	7.05	9	7.3
CGA Mining Ltd	B	285	4.29	16	Nil
CSL Limited	B	2751	3.45	27	2.9
Caltex Austrlia	B	1120	0.16	10	5.4
Campbell Bros	A	4385	2.67	22	3.2
Carsales.com	A	480	7.33	19	4.1
Challenger Ltd	A	474	1.55	9	3.5
Chart H Office	A	332	N/A	15	6.1
Chart H Retail	A	328	5.02	16	7.6
Coal & Allied	A%	12290	4.12	15	4.8
CocaCola Amatil	B	1182	1.99	13	3.8
Cochlear Ltd	A	7218	5.05	23	3.1
Com'wealth Bank	C	4741	1.68	12	6.7
Computershare	C	755	2.82	17	3.7
ConnectEast Grp	C	54	9.66	NE	1.9
Cons Media Hold	C	229	N/A	13	7.2
Crown Ltd	A	806	2.52	18	4.6
DUET Group	B	166	1.25	12	18.1
David Jones	C	294	0.72	9	10.2
Deutsche Div Tr	A	131	6.10	14	7.1
Dexus Property	B	87	N/A	37	0.3
Downer EDI Ltd	B	339	0.20	NE	8.6
DuluxGroup Ltd	B	268	1.27	16	1.1
Echo Ent Group	B	374	1.52	11	Nil
Energy World	B	63	9.83	40	Nil
Envestra	A	72	2.49	24	7.8
Extract Res.	C	825	N/A	NE	Nil
Fairfax Media	B	84	0.79	7	3.0
Flight Centre	B	1930	1.04	14	4.4
Fortescue Metal	B	621	3.83	20	1.1
Foster's Group	B	491	3.94	12	5.1
GPT Group	A	311	6.97	13	5.2
Gloucester Coal	B	813	4.40	25	Nil
Goodman Fielder	C	67	0.36	NE	11.7
Goodman Group	B	62	6.58	10	5.6
Graincorp	A	770	0.77	19	3.2
Harvey Norman	B	216	1.47	9	5.6
Hast Div Util	B	164	5.54	NE	7.3
Henderson Group	B	190	4.96	31	5.2
Hutchison Tel.	E	5.9	1.00	NE	Nil
IOOF Holdings	B	549	1.98	13	7.8
Iluka Resources	B	1656	7.13	NE	0.5
Incitec Pivot	B	380	2.11	15	2.1
Independ. Group	B	509	6.36	NE	1.4
Insurance Aust.	B	301	0.79	25	5.3
Investa Office	A	61	8.28	11	6.4
Iress Mkt Tech	A	774	5.33	19	4.5
JB Hi-Fi Ltd	B	1528	0.51	14	5.0
James Hardie	C	578	2.12	NE	Nil
Kingsgate Cons.	A	875	6.83	56	1.7
Leighton Hold	C	1874	0.41	NE	3.2
Lend Lease Grp	A	807	0.43	13	4.0
Linc Energy Ltd	D	204	N/A	NE	Nil
Lynas Corp Ltd	C	174	N/A	NE	Nil
MAp Group	A	332	6.14	NE	10.1
Macarthur Coal	A	1593	7.00	20	2.6
Macquarie Group	B	2300	0.68	8	8.1
Medusa Mining	A	835	N/A	15	1.2
Mesoblast Ltd	C	795	N/A	NE	Nil
Metcash Ltd	A	419	0.26	13	7.6
Milton Corp.	A	1400	N/A	18	5.4
Minara Resource	B	88	2.21	17	5.7
Mineral Res.	A	1164	3.23	13	3.6
Mirabela Nickel	D	163	3.80	NE	Nil
Mirvac Group	B	115	6.39	8	5.4
Monadelphous Gr	A	1909	1.15	18	5.0
Mt Gibson Iron	B	154	2.40	7	2.6
Myer Holdings	B	226	0.39	8	9.7
Nat'l Aust Bank	C	2332	1.42	12	6.5
Navitas Ltd	B	370	2.16	18	5.6
New Hope Corp.	A	516	5.73	23	1.8
Newcrest Mining	A	3986	7.43	34	0.8
News Corp.	B	1560	0.40	5	1.0
Nufarm Limited	C	395	0.48	18	Nil
OZ Minerals Ltd	B	1161	3.33	7	0.6
Oil Search Ltd	B	609	N/A	42	1.3
Onesteel Ltd	B	137	0.26	8	7.3
Orica Ltd	B	2397	1.49	7	4.0
Origin Energy	B	1320	1.36	76	3.8
Paladin Energy	D	183	5.69	NE	Nil
Panaust Ltd	B	337	3.40	14	Nil
Perpetual Ltd	B	2352	2.02	11	7.0
Platinum Asset	B	383	8.12	14	6.5
Premier Invest	B	557	0.96	17	6.5
Primary Health	B	300	1.13	19	2.7
Q.B.E. Insur.	B	1315	0.89	11	9.7
QR National Ltd	A	332	2.53	23	1.9
Qantas Airways	C	159	0.24	14	Nil
Qube Logistics	A	143	3.08	13	1.3
REA Group Ltd	A	1260	6.89	24	2.1
Ramsay Health	B	1769	0.96	18	2.9
Reece Australia	B	1900	1.21	16	3.2
Regis Resources	C	300	N/A	NE	Nil
Resolute Mining	B	178	3.73	27	Nil
Rio Tinto Ltd	B	7125	0.50	2	1.6
S/Tracks ASX200	A	3977	N/A	8	4.4
SAI Global Ltd	A	468	2.16	21	3.1
SP Ausnet	A	93	1.71	10	8.6
Santos Ltd	B	1152	4.52	20	3.2
Seek Ltd	B	520	5.08	18	2.8
Seven West Med.	B	298	2.51	16	15.1
Seven Group	A	870	0.84	30	4.1
Sims Metal Mgmt	B	1430	0.39	23	2.3
Sonic Health	A	1119	1.40	15	5.3
Soul Pattinson	A	1221	3.54	13	2.8
Spark Infrastru	A	131	5.99	21	10.4
Steamships Trad	A	2995	2.99	17	1.3
Sth Cross Media	B	115	1.65	15	8.7
Stockland	B	291	2.93	9	8.1
Suncorp Group	B	832	0.56	24	4.2
Sundance Res.	C	46	N/A	NE	Nil
TPG Telecom Ltd	B	150	2.07	19	2.7
Tabcorp Holding	B	264	0.62	6	16.3
Tatts Group Ltd	B	218	0.78	10	9.9
Telstra	A	304	1.49	12	9.2
Ten Network	B	95	1.00	10	6.3
Toll Holdings	B	468	0.40	11	5.3
Transfield Serv	B	228	0.45	29	6.1
Transurban Grp	B	538	7.49	69	5.0
Treasury Wine	A	341	1.50	34	1.8
UGL Limited	B	1209	0.47	13	5.8
Wesfarmers Ltd	B	3085	0.57	16	4.9
Westfield Group	B	776	4.94	16	8.2
Westpac Banking	C	2013	1.53	9	6.9
Western Areas	C	562	2.16	7	4.4
Whitehaven Coal	C	589	4.67	40	1.3
Woodside Petrol	C	3402	6.21	17	3.2
Woolworths Ltd	C	2538	0.57	15	4.8
Worley Group	C	2585	1.12	17	3.3
Wotif.com Hold.	C	408	6.23	17	5.4
Zimplats Hold.	B	1005	2.21	6	Nil
Ave of 1953 Cos	**C**	142	0.30	12	1.6

Recommended Investments

Cavalier Corporation reports revenues 4.1% higher at $229.4 million for the year to 30 June 2011 and net profits up 3.8% to $17,266,000 (25.3 cents per share). A final dividend of 11.0 cents (plus full imputation tax credits) makes a steady 18.0 cents annual dividend.

The net operating cash surplus fell 84% to $4.3 million, mainly depressed by a $20.5 million increase in inventories to $73.2 million. This reflects the 80% increase in wool prices over the year and additional inventory to support increased production of carpet tiles.

The Carpet division lifted revenues 3% to $205 million, with an 11% increase in Australia and 10% fall in New Zealand. As a result of the significantly higher cost of wool, the company has raised carpet prices 10-20%. The outlook for the New Zealand market remains depressed and the company reports that in Australia "market conditions slowed markedly towards the end of the year".

Wool acquisition revenues rose 41% to $40 million, despite slightly lower volumes, *(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	C	252.8	1.4	8.45	27	5.5	31	20.3	+105%
BUY	Cavalier Corporation	CAV	05/12/95	156*	B	68.3	1.0	0.95	13	8.0	320	267.0	+276%
HOLD	Colonial Motor Company	CMO	10/11/92	128*	A	32.7	0.4	0.17	10	10.4	260	325.3	+357%
HOLD	Lyttelton Port Company	LPC	12/12/00	150	C	102.3	0.7	2.34	18	Nil	210	77.7	+92%
BUY	Michael Hill Int'l Ltd	MHI	11/06/91	5*	B	382.7	0.9	0.70	10	5.0	90	33.4	+2368%
HOLD+	Nuplex Industries Ltd	NPX	11/02/97	523*	C	196.7	1.0	0.36	9	7.3	289	398.0	+31%
HOLD	Postie Plus Group	PPG	08/05/06	71	D	40.0	2.1	0.07	14	Nil	20	8.5	-60%
HOLD	Renaissance Corp	RNS	13/08/96	85*	C	45.7	3.1	0.03	14	Nil	12	53.9	-22%
HOLD	Smiths City Group	SCY	09/10/06	64	B	53.0	1.3	0.09	11	5.3	38	15.0	-17%
HOLD	South Port New Zealand	SPN	13/02/96	120	A	26.2	0.5	3.62	15	8.2	350	139.8	+308%
HOLD	Steel & Tube Holdings	STU	08/08/00	146	B	88.4	0.8	0.58	13	8.5	251	245.6	+240%
	Australian Shares (in Aust cents)												
HOLD	AJ Lucas Group	AJL	13/05/03	120	C	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	2.3	0.89	5	Nil	9	17.5	-63%
HOLD	Campbell Brothers Ltd	CPB	12/10/99	389*	A	67.5	0.2	2.67	22	3.2	4385	679.0	+1202%
BUY	Cardno Ltd	CDD	14/12/09	399*	A	107.4	0.4	0.68	10	6.5	526	45.6	+43%
HOLD	Cellnet Group Ltd [1]	CLT	12/02/02	147*	B	73.5	1.2	0.33	22	Nil	34	33.4	-51%
BUY	Chandler Macleod Group	CMG	14/08/01	51*	B	467.9	1.3	0.13	13	6.0	34	22.9	+11%
HOLD+	Circadian Technologies	CIR	10/02/04	188	C	46.4	0.9	14.94	NE	Nil	59	65.0	-34%
BUY	Clarius Group Ltd	CND	08/04/03	82*	B	88.2	1.0	0.17	11	7.7	52	67.5	+46%
BUY	CPT Global Ltd	CGO	10/03/08	88	A	36.9	0.9	0.50	26	4.8	52	8.8	-31%
BUY	CSG Limited	CSV	11/10/10	175	B	282.6	0.9	0.60	6	6.7	83	2.5	-51%
BUY	Customers Ltd	CUS	11/07/11	83	B	134.9	0.9	0.89	6	6.1	83	Nil	-1%
HOLD+	Devine Ltd	DVN	13/11/06	84*	B	634.9	1.5	0.34	7	8.9	23	18.9	-51%
BUY	Ellex Medical Lasers	ELX	14/03/06	49	D	84.9	2.1	0.23	NE	Nil	12	Nil	-76%
BUY	Fiducian Portfolio Ser	FPS	11/02/08	260	A	32.2	0.7	1.83	10	6.4	132	26.8	-39%
BUY	Finbar Group Ltd	FRI	12/04/10	106	B	207.7	0.7	3.61	8	9.0	94	11.0	-1%
HOLD	Iluka Resources Ltd	ILU	12/10/04	471	B	415.5	0.3	7.13	0	0.5	1656	72.0	+267%
BUY	Integrated Research	IRI	14/01/08	40	A	166.9	1.1	1.38	8	10.8	37	11.5	+21%
HOLD	Mnet Group [1]	MNZ			C	208.3	4.2	0.46	NE	Nil	2.8		
HOLD	M2 Telecommunications	MTU	09/10/06	33	A	123.7	0.4	0.89	14	5.2	307	30.5	+923%
BUY	Melbourne IT	MLB	10/02/04	53	B	80.0	0.6	0.61	7	10.4	145	67.0	+299%
BUY	Nomad Building Solutio	NOD	16/08/10	13*	D	277.5	2.1	0.18	NE	Nil	12	Nil	-12%
BUY	Novarise Renewable Res	NOE	14/03/11	25	B	399.3	1.8	1.10	5	4.9	21	Nil	-18%
BUY	Penrice Soda Holdings	PSH	11/07/11	17	D	91.4	1.9	0.08	NE	Nil	14	Nil	-18%
BUY	Probiotec Ltd	PBP	11/02/08	116	B	52.9	1.2	0.24	17	Nil	33	9.3	-64%
HOLD+	Prophecy International	PRO	08/09/08	26	B	47.2	1.8	1.40	21	16.7	15	7.3	-14%
HOLD	Skilled Group Ltd	SKE	12/03/02	126	A	233.1	0.6	0.24	17	1.6	190	132.0	+156%
HOLD	Technology One Ltd	TNE	11/11/03	44	A	300.3	0.7	2.41	18	3.9	109	27.3	+210%
HOLD+	TFS Corporation Ltd	TFC	08/01/07	45	B	276.5	0.8	1.79	10	6.6	72	14.2	+91%
BUY	The Reject Shop Ltd	TRS	11/01/05	257	B	26.0	0.3	0.52	17	3.0	1050	271.5	+414%
HOLD	Village Roadshow	VRL	10/08/09	77	B	151.5	0.5	0.47	16	5.5	290	129.0	+444%

The average Total Return (i.e. both Capital Gains/Losses plus Dividends received) of all current investments from initial recommendation is +188.6%. This is equal to an average annual rate of +25.1%, based upon the length of time each position has been held.

The average annual rate of gain of ALL recommendations (both the 40 current and 152 closed out) is +29.2%, compared with a market gain of +3.7% (by the SRC Total Return Index).

CURRENT ADVICE is either Buy, Hold+, Hold, Hold- or Sell. Hold+ indicates the most attractive shares not rated as Buy. Hold- indicates relatively less attractive issues.

* Initial Recommendation Prices adjusted for Share Splits, Bonus and Cash Issues.

(1) Cellnet Group includes 1½ shares in Mnet Group distributed to shareholders.

Recommended Investments

(Continued from Page 3)

and earnings increased 49% to $1.6 million. The 50% owned Wool Scouring business suffered a 16% drop in revenues and 49% fall in earnings.

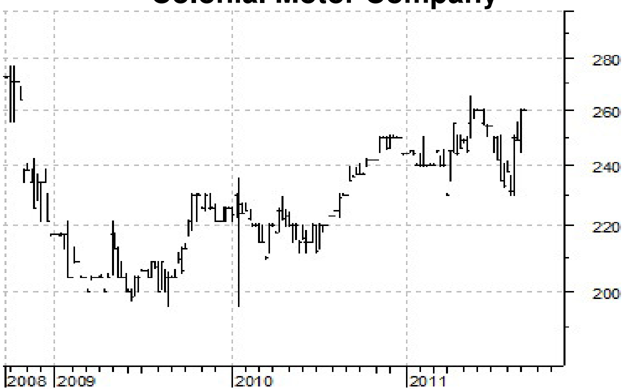
Cavalier Corporation

Colonial Motor Company lifted revenues 11.9% to $486.0 million for the year to 30 June 2011. Net profits grew 59.2% to $8,184,000 (25.0 cents per share). A final dividend of 12.0 cents (plus full imputation tax credits) lifts the annual dividend 26.7% to 19.0 cents.

The net operating cash surplus was 50% lower at $8.7 million. Interest bearing debt (excluding credit contracts) was marginally lower at $30.8 million.

Weak consumer demand was offset by stronger demand in the rural sector. All costs relating to the Christchurch earthquakes have been expensed as incurred, while insurance claims have only been accounted for when received.

Colonial Motor Company



Lyttelton Port Company recorded operating revenues of $91.6 million (up 4.9%) for the year to 30 June 2011, plus insurance receipts of $46.3 million, taking total revenues to $137.9 million. Net profits (after writing down asset values by $29.0 million) were up 134.4% to $24,111,000 (23.6 cents per share). The company will "defer the payment of dividends until further insurance proceeds are received".

The net operating cash surplus was 26% lower at $14.7 million . . . plus $34 million of insurance claims were received in cash before balance date.

Since balance date the insurers have agreed to a further $7.4 million, with further claims under negotiation.

The company calculates an "earthquake adjusted" after tax profit of $12,100,000 (11.8 cents per share), up 34.3% on last year.

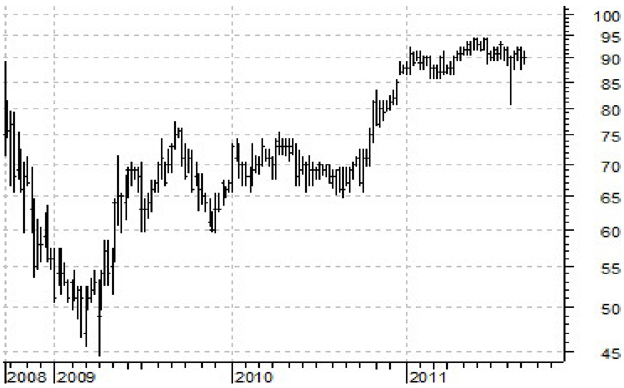
Lyttelton Port Company

Michael Hill International experienced a 9.8% increase in revenues to $489.9 million for the year to 30 June 2011, but profits grew 30.1% to $34,499,000 (9.0 cents per share). A final 3.0 cents dividend (with no tax credits) will lift the annual dividend rate 12.5% to 4.5 cents.

The net operating cash surplus recovered from last year's low to $43.3 million.

At balance date the company had 240 stores and plans to increase this 26% to 302 stores over the next three years. This 8% per annum growth in store numbers - all funded internally - is what drives the steady *real* growth in the company's earnings per share. The company will add three stores in New Zealand (taking the total to 55), 29 in Australia (making 175 stores), 30 in Canada (almost doubling the number to 63 stores - although 100 suitable locations have been identified) and retain the nine stores in the United States.

Michael Hill International



Nuplex Industries' revenues rose 7.9% to $1,575.0 million for the year to 30 June 2011. Net profits were 6.9% lower at $66,543,000 (33.8 cents per share). A final dividend of 11.0 cents will maintain a steady annual payout of 21 cents (with no NZ tax credits).

The net operating cash surplus was 43% lower at $60.1 million.

Nuplex Industries is to acquire the *Masterbatch* business from **Acquos** for an undisclosed (but not material) sum. This business provides concentrated pigments and additives for the plastics industry and will be merged with *Culamix*, Nuplex's existing business in that industry.

Postie Plus Group reports annual sales of $115.7 million (up 1.7%) after a "very difficult fourth quarter" with sales of $29.5 million (up 6.3%). The company expects a "small increase" in the annual profit.

Renaissance Corporation expects to *lose* around $4.1 million this financial year (to 30 September 2011), with about $2.7 million resulting from the Christchurch earthquakes (and which will be partly recouped from material damage and loss of profits insurance).

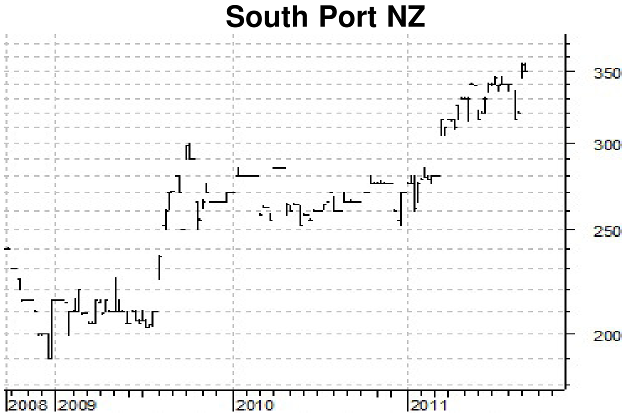
The change to its *Apple* distribution business has seen the company significantly reduce staff numbers, cutting total salary costs from $22 million in 2010 to $21 million this year and an estimated $17.5 million in 2012. The Education business should be fully operational by December.

For the new year to September 2012, the company is now budgeting to generate revenues of around $197 million and a net profit of about $1 million (2.2 cents per share).

South Port NZ lifted revenues 10.9% to $25.3 million for the year to June 2011, with net profits up 20.1% at $6,258,000 (23.9 cents per share). A final dividend of 14.5 cents (plus full imputation tax credits) will make the annual dividend 20.0 cents, up 53.8% (or 17.6% if one includes the 4.0 cents of last year's dividend that related to income from prior years).

The net operating cash surplus increased 2½-fold to $12.8 million.

The company is predicting a 15-20% *reduction* in profits over the current year to June 2012, with higher depreciation (from the new $5.8 million crane) and higher insurance costs. Shareholders, however, may remember that a year ago the company forecast its 2011 profit (i.e. as reported above) at $3.5-3.9 million - so even in a very stable business profit forecasting can be very difficult!



Australian Shares

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

AJ Lucas Group reports revenues up 20.9% to $433.4 million for the year to 30 June 2011. There was a *trading loss* of $28,107,000 (*minus* 43.0 cents per share), up from a trading loss of about $35 million in 2010. No dividend will be paid.

In addition, the current period realised a $24.7 million pre-tax gain on the sale of a business.

There was a small cash operating surplus of $0.3 million, compared with a *deficit* of $11.0 million last year.

AJ Lucas has won contracts worth $112.4 million for Water/Waste Water projects and $56.2 million of work in the Oil and Gas sector. The company is in "advanced negotiations" for similar projects in excess of $200 million. Underlying earnings (before interest, depreciation and tax) were $17.0 million to June 2011 and the company is forecasting a recovery to "in excess of $50 million" in the current year to June 2012.

AJ Lucas Group has $160.4 million of interest bearing debts - consisting mainly of tax liabilities of $47.9 million (payable by instalments), redeemable preference shares of $44.5 million, lease liabilities of $42.2 million and bank loans of $25.6 million. Unutilised credit facilities are $10.5 million. The company also has bank facilities covering Performance Bonds and indemnity guarantees (i.e. potential liabilities covering performance of construction projects). AJ Lucas Group needs to reduce these debts to place the company in a more secure financial position . . . and also to allow it to raise additional Performance Bond guarantees to cover expanded levels of new projects. In addition, **Cuadrilla Resources Holdings** is seeking to raise US$20 million - so AJ Lucas Group will need around US$10 million in September to maintain its shareholding at 42%.

AJ Lucas Group is seeking to "minimise shareholder dilution" and now expects to take a further two months to work on its recapitalisation. Owing to volatility in equity markets, the company is looking at options other than simply raising additional equity capital. It is investigating "sale alternatives for the Drilling Services division". That would lower the need for any new share placement to under 15% of the existing capital. The company is seeking to retain its energy exploration and production assets, particularly Cuadrilla.

Atlas South Sea Pearl lifted sales revenues 23.7% to $6.2 million with other income (i.e. mainly gains on the value of biological assets) steady at $3.4 million. Pre-tax profits were down 17.5%, but the payment of full tax rates resulted in a 49.6% fall in net profits to $1,668,257 (1.2 cents per share).

There was a small operating cash *deficit* of $170,429 (compared with a *deficit* of $1.4 million a year earlier), but this is *after* spending $630,000 on longline ropes and oyster panels which expand the company's oyster growing capacity.

Pearl sale prices increased 35%, owing to increased size and quality. Operating costs increased with additional labour and materials to expand future production capacity.

The expansion program is "on track" to double production by 2015. A successful breeding season will allow an increase in seeding this year. The sixth retail outlet has been opened in Bali and the first Australian store will open in Perth in October.

(Continued on Page 6)

Recommended Investments

(Continued from Page 5)

Cardno lifted revenues 74.2% to $831.2 million for the year to 30 June 2011, with net profits up 56.4% at $58,802,000. Earnings per share were 31.9% higher at 54.7 cents and a final 17.0 cents dividend will lift the annual dividend 17.2% to 34.0 cents.

The net operating cash surplus rose 57% to $73.5 million.

At 526 cents, Cardno shares trade on a Price/Sales ratio of 0.68, a Price/Earnings ratio of just under 10 and a current Dividend Yield of 6.5%. That is an attractive valuation - especially for a company that is growing strongly. "Buy".

Cardno

Cellnet Group revenues slipped 1.9% to $74.7 million for the year to June 2011, but profits (from continuing operations) rose 4.2% to $1,204,000. Earnings per share rose 25.1% to 2.0 cents, helped by the repurchase of 16.7% of the company's shares. A final 2.5 cents dividend will make a 3.5 cents distribution for the year, up from no dividend last year!

The net operating cash surplus rose almost five-fold to $3.3 million.

Over the last year, Cellnet Group spent $4.1 million repurchasing 12.2 million of its own shares at an average price of 33.8 cents. Cash in the bank has fallen slightly from $20.8 million (28.3 cents per share) a year ago to $20.0 million (32.7 cents per share, on the reduced capital) at June 2011. The final dividend will distribute just 7.6% of that cash.

This recovery in profits and sound financial position "provides the group with the opportunity from which it can expand" and "allows for future potential merger and acquisition opportunities".

Clarius Group's revenues were up just 0.4% to $267.2 million over the year to 30 June 2011, but net profits rose 40.8% to $4,255,000 (4.8 cents per share). The company also wrote-off goodwill of $14.6 million - but that is just an accounting entry, to comply with accounting standards, and has nothing to do with the performance of the business or its value.

A final dividend of 2.0 cents takes the annual dividend rate to 4.0 cents (nil last year). The net cash operating surplus was $8.7 million, up from a *deficit* of $1.2 million in 2010. The company is effectively debt-free, with net cash in the bank of $4.0 million (4.6 cents per share).

The business has "capacity for further growth in the short term with no major increases to the cost base".

At 52 cents the shares trade on a Price/Sales ratio of 0.17, a Price/Earnings ratio of 11 and offer a Dividend Yield of 7.7%. That is good value based upon current results, but this is a cyclical business which will benefit from further economic recovery and growth. It is also a business that will benefit from long term trends towards outsourcing in the labour market. That makes Clarius Group shares a "Buy" for current income, recovery potential *and* long term growth!

Clarius Group

CPT Global has returned to profitability, albeit at a reduced level compared with earlier years. Revenues were steady at $38.1 million (i.e. up just 0.6%) with the company earning a net profit of $739,000 (2.9 cents per share), compared with a *loss* of $733,000 in 2010. A final 1.0 cents dividend makes a 2.5 cents payout for the year (nil in 2010).

The cash operating surplus more than *doubled* to $1.2 million. The company is debt-free.

Internationally the company is seeking to retain customers after "phase 1 exploratory cost reduction assignments" (worth $100-150,000 per assignment) and convert them to "the more lucrative phase 2 engagements (worth $1-3 million) where substantial savings are identified and passed on to the clients", plus leading to more long term annuity revenues and profits. The commencement of two large phase 2 engagements - where CPT Global earns "success fees" based upon the cost reduction achieved for the clients - is expected to "lead to significant revenue increases" this financial year. CPT Global is usually able to identify 15% mainframe cost savings in phase 1 and achieve 19% savings in phase 2.

The company has "confidence that new strategic relationships will lead to increased demand for our services" so it is increasing its business development teams by 25% to "drive this activity". Business is expected to grow "at a faster rate" over the next 2-3 years" with a "strong opportunity pipeline" targeting $48 million in new work, while actual revenues and profits will depend upon the timing of project commencements.

The business can now apply its mainframe computer cost minimisation methodologies to mid-range computers, "opening up significant growth opportunities" with existing clients. This business is "scalable" and able to earn "increased revenues on a relatively fixed cost base", which can generate high profit margins and strong profit growth.

CPT Global

CSG Limited lifted revenues 39.9% over the year to 30 June 2011 to $388.6 million. Net profits increased 26.1% to $40,447,000 while earnings per share were 8.3% higher at 14.3 cents. A 3.0 cents final dividend maintains an annual dividend rate of 5.5 cents.

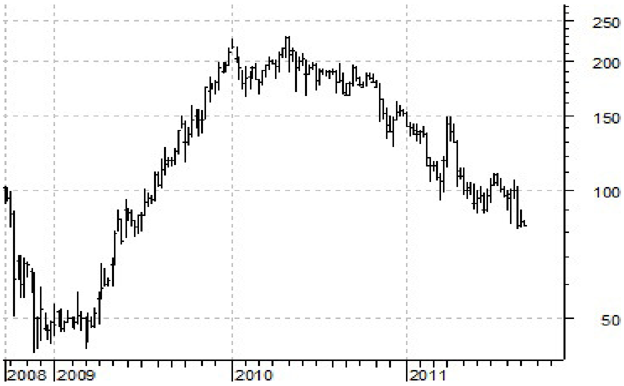
The net cash operating surplus was 60% lower at $14.1 million. This was mainly owing to the investment in working capital for the **Canon** acquisition earlier in the year, with the group generating a cash surplus of $25.3 million in the fourth quarter.

As previously reported, the company experienced a number of problems over the last year - but still managed to produce some growth.

CSG Ltd expects an improvement in its Technology Solutions this year and in its Print Services business in New Zealand. The Australian Print Services business is still suffering from the decline in Queensland.

CSG Ltd has had a difficult year - and under-performed its earlier forecasts - but this is a sound company with two attractive businesses, both with good growth potential and strong cashflows from multi-year contracts. At 83 cents the shares trade on a Price/Sales ratio of 0.60, a Price/Earnings ratio of under 6 and a Dividend Yield of 6.7%. That is the sort of low valuation not seen since depressed economic conditions of the 1970's and early 1980's when shares were out of favour! "Buy".

CSG Ltd



Customers lifted revenues 6.3% to $124.4 million for the year to June 2011, with profits down just 0.7% to $18,745,000 (13.9 cents per share). A final dividend of 2.0 cents makes the annual dividend rate 37.5% *lower* at 5.0 cents.

The net operating cash surplus was 4% *lower*, but still very high at $46.1 million.

The lower dividend payout reflects the need for capital expenditure on expansion projects: Around $10 million on plant and equipment for its core business in Australia (including $2.7 million for a communications upgrade), $5-6 million for ATM rollouts in New Zealand and $5-6 million for the Bank of Queensland contract. The company has also exhausted past tax-losses, so income tax will become payable on future profits.

Customers believes it is the "lowest cost industry operator with industry leading network uptime". As Australia's largest ATM operator it benefits from economies of scale and is the only ATM operator with in-house cash management, enabling the most efficient and flexible cash servicing of its machines. 5500 ATMs are operated under five-year contracts with 4600 merchants, providing stability and recurring revenues.

Customers expects to launch debit and loyalty based card solutions "very soon with a significant client".

The company also has the option to increase its ownership of **ATMNZ** from 47.75% to 100% and expects to do this before the end of the 2012 calendar year. This acquisition would cost about $12-13million - plus another $5-6 million capital expenditure on increased ATM deployment. This "wonderful business opportunity" which is "very synergistic, using our existing infrastructure and expertise" is likely to start making a positive contribution to profits in the year to June 2013.

Devine's revenues were 25.3% lower at $431.4 million for the year to June 2011 and profits were $20,188,000 (3.2 cents per share). That is *down* 5.5% on last year's *underlying* profits of $21,361,000. A final dividend of 1.0 cent, lifts the annual rate 100.0% to 2.0 cents.

The net operating cash surplus was $75.4 million.

The company reports "several new projects will commence" and "make a valuable contribution to the 2012 year" result and the first two *Hamilton Harbour* residential towers will begin settlements in November. All companies are reluctant to make forecasts in the current environment, but Devine will predict the 2012 year profit "at least consistent with the year just ended".

Ellex Medical Lasers suffered a 10.7% fall in revenues (partly owing to the higher Australian dollar) to $10.7 million over the year to 30 June 2011. As a result, the company slipped to a small *loss* of $710,000 (*minus* 0.8 cents). The company is in a development phase, so does not pay dividends.

The business continued to generate positive cash flows, but 79% lower at $968,000.

(Continued on Page8)

Recommended Investments

(Continued from Page 7)

Ellex Medical Lasers

Fiducian Portfolio Services has experienced a steady recovery in its business over the last year. Revenues were up 5.3% to $24.5 million, net profits up 7.9% to $4,436,000 (13.8 cents per share) and the final dividend of 5.0 cents lifts the annual dividend 17.6% to 10.0 cents.

Net operating cash flows were up 6% to $5.1 million.

The company believes that "share markets are cheap by historical measures and there is a large amount of cash waiting on the sidelines to enter. Share markets could therefore rise strongly when a hint of economic growth and political stability emerges".

Fiducian Portfolio Services

Finbar Group has received development approval for the two residential towers (and commercial lots) on the corner of Lord Street, Summers Street and Coolgardie Terrace in Perth. Marketing will begin soon, with construction likely to start in 2012.

The company has no projects for completion over the current six months, so will report revenues only from the sale of remaining stock from earlier projects and a loss for the half year to 31 December 2011. The second half of the year will see the completion and settlement of *Fairlanes* apartments and offices plus the *18 on Plain* joint venture - which should "see the company report a growth in profit" for the June 2012 year.

There have been 11 *insider* buys on-market by Finbar Group directors over the last year. Someone sees good value here!

Finbar Group

Iluka Resources will pay an interim dividend of 20.0 cents for the half year to 30 June 2011 after reporting a 46.4% lift in revenues to $623.8 million and a net profit of $145.9 million (35.0 cents per share), up from a *loss* of $6.6 million a year ago.

The cash operating surplus was up 5½-fold to $231.1 million - helping the company to reduce interest bearing debts by $142.7 million to $200.0 million.

With sales prices increasing 50-70% in the second half of the year, profit for the current six months could be around $410-430 million - making $555-575 million (130-140 cents per share). The second half cash operating surplus could be around $500 million - which is enough to finance the $175 million capital expenditure (to increase production about 10%), repay all of the existing interest bearing debt of $200 million *and* leave $125 million (30 cents per share) in the bank towards the payment of a larger final dividend.

Stable prices in 2012, plus an expected 10% increase in production volumes, could see the annual profit around $900 million (215 cents per share) and a similar amount of cash in the bank to pay dividends, expand the business or finance acquisitions.

While these are "boom" profits they could continue for many years and any further increase in selling prices would have a similar percentage impact on net profits. Investors becoming over-weighted in Iluka Resources shares *may* consider some partial profit-taking (to help finance re-investment in other recommended shares) but overall we favour letting profits run and also benefiting from the potential for high dividend distributions over the next few years.

Iluka Resources

Integrated Research lifted revenues 16.7% to $44.6 million over the year to June 2011, with profits recovering 38.2% to $7,465,000 (4.5 cents per share). That is just 5% short of the record profit for 2009 - despite the 33% appreciation of the Australian dollar against the US dollar and Euro in which the company earns most of its revenues!

A final dividend of 2.5 cents makes a total of 4.0 cents for the year, up 60.0%.

The net operating cash surplus was 66% higher at $13.9 million, lifting the company's cash holding $3.2 million over the year to $11.6 million (7.0 cents per share).

Licence fees (i.e. new sales) rose 36% to $25.0 million, which should help boost recurring annual maintenance fees which were up 5% in foreign currencies but this translated to a 5% decline to $16.9 million owing to the appreciation of the Australian dollar.

IP Telephony revenues rose 46% to $17.8 million and are "now the company's highest selling product line". NonStop/Infrastructure revenues rose 1% to $18.8 million in the year to June 2011. Payments software is still a small part of the business, but revenues increased 142% to $2.6 million.

At 37 cents, Integrated Research shares trade on a Price/Earnings ratio of 8 and offer a Dividend Yield of 10.8%. The company is debt-free with cash in the bank, has recurring revenues generating reliable cashflows and excellent growth potential from the steady introduction of new products. The shares are also performing well, with a Relative Strength rating of +3.7%, ranked 8 (on a scale of 0-99). That makes Integrated Research shares a "Buy", *if* there is anyone out there who doesn't *already* have an investment in this company!

Integrated Research

Mnet Group lifted revenues 34.2% to $12.7 million for the year to June 2011 and a profit of $821,991 (0.4 cents per share) - before writing off goodwill of $2.6 million.

The net operating cash surplus was $1.1 million. The company remains debt-free and has almost $1.8 million of cash in the bank (0.8 cents per share).

M2 Telecommunications lifted revenues only 5.1% to $426.8 million over the year to 30 June 2011, but managed to increase net profits 72.3% to $27,684,000 (22.4 cents per share). A final dividend of 9.0 cents lifts the annual dividend 60.0% to 16.0 cents.

The net operating cash surplus *tripled* to $39.7 million.

The increased scale of the business helped it to negotiate "marked improvements in the underlying wholesale purchasing arrangements" for the telecommunications services that it resells to its customers.

For the year to June 2012, M2 Telecommunications is predicting revenues of $380-420 million (down 2-11%, after recently eliminating $55 million in low margin revenues) but an 8-23% increase in net profits to $30-34 million (24-28 cents per share). That would probably result in a similar increase in the annual dividend to 17-19 cents. The company will seek organic customer growth of 7½-10%.

At 307 cents cents, M2 Telecommunications shares are trading on a Price/Sales ratio of 0.89, a Price/Earnings ratio of 14 and a Dividend Yield of 5.2%. That is a *fair* valuation, but with further growth predicted we are in no hurry to sell out of this investment.

The current Chief Executive will take on a new role as an Executive Director with a focus on identification and evaluation of merger/acquisition prospects, key supplier relationships and strategic advice, with the company's Chief Operations Officer to take over the role of CEO from October.

A new *Business Support System* will be deployed across the group over the next 18 months with the potential for "material savings in operating costs, efficiency improvements, product design flexibility and speed to market".

M2 Telecommunications

M2 Telecommunications shares will trade ex-entitlement to the final 9.0 cents dividend on 30 September and it will be paid on 28 October. That will take the total cash dividends received from M2 Telecommunications to 39.5 cents - more than completely repaying our initial investment of 33 cents just five years ago! While a "trader" buys shares hoping to sell at a profit, an "investor" need only seek to buy shares in good companies at the right price and (as long as the business keeps growing and paying ever higher dividends) could hold those shares forever (or at least for a very long time).

Investors who focus upon buying shares that potentially could be held *forever* will be more selective and avoid many mistakes that come from investing (too quickly) in the wrong shares. Warren Buffet suggests investors should buy shares as though the stockmarket was going to close for five years. If the prospect of *not* being able to sell a share for five years is *(Continued on Page 10)*

Recommended Investments

(Continued from Page 9)

frightening, then you are buying the wrong share! It has become popular over recent decades (and especially after every new crisis) for people to say something like "*Long term* is now two weeks". May we suggest that such people lack the strategic vision necessary to become successful stockmarket investors?

Of course, businesses operate in an uncertain and rapidly changing world. Some investments will not work out and even successful companies will not always remain successful or attractive as investments. A company could mature, with lower future growth potential or fail to adapt to future change and become less successful. Often we are forced out of successful investments when they are taken over by a larger, more mature company seeking growth. Or the share price can become too high (perhaps owing to institutional buying or a share becoming popular and in favour) when it just makes sense to cash in the gains and re-invest in better opportunities elsewhere.

Melbourne IT suffered a 10.7% drop in revenues to $87.6 million over the six months to 30 June, with profits dipping 29.0% to $4,947,000 (6.2 cents per share). A steady 7.0 cents interim dividend will be paid.

The net operating cash surplus was 28% lower - but still very strong - at $8.4 million. Melbourne IT has $41.5 million in debt (used to finance an acquisition to expand the *Digital Brand Service* a few years ago) and $19.7 million of cash in the bank.

The decline reflects both the stronger Australian dollar and weakening trading conditions in the United States and Europe. The company expects some recovery in the second half and forecasts a full year dividend of 14-15 cents (compared with 15 cents last year). The costs of the company's *Transformation* program is continuing to depress profitability in the short term. Benefits should offset the final costs during 2012, with net benefits to profits in future years.

Melbourne IT is a fairly low risk business with little debt and strong, recurring cashflows. The business should also be capable of generating steady, long term growth. At the current share price of 145 cents the shares offer an attractive income yield of around 10.4% (perhaps dropping to 9.7% if the annual dividend is reduced to 14.0 cents). This is an attractive share for investors seeking both a high current income, plus the potential for income growth and capital growth over the medium to long term. "Buy".

Melbourne IT

Nomad Building Solutions' revenues declined 18.2% to $176.4 million for the year to June 2011, with a reduced *loss* of $9,980,000 (*minus* 3.6 cents per share), compared with a trading loss of $13.0 million last year (and a *loss* of $8.7 million in the first half of the current year. No dividend will be paid.

The business continues to generate a steady cash operating surplus, down 1% at $9.0 million for the latest year. Helped by the $13.1 million in new equity raised during the year, interest bearing debts have been reduced from $26.8 million to $14.6 million, while cash in the bank increased from $8.8 million to $17.0 million. With no net debt and strong cashflows, Nomad Building Solutions has little financial risk so management should be able to successfully turn around this business.

The company, which is focusing upon the quality of tenders and project execution (to avoid previous problems with unprofitable work), has work in hand of $91 million, is involved in tenders and negotiations for a further $88 million and is looking at a further $220 million of potential work.

Nomad Building Solutions shares remain an attractive "recovery" situation.

Nomad Buildings Solutions

Novarise Renewable Resources International reports revenues up 6.6% to $33.9 million for the six months to 30 June 2011. Net profits rose 37.1% to $7,268,014 (1.8 cents per share). There is no interim dividend.

There was a small net operating cash surplus of $378,000 (last year a *deficit* of $6.0 million).

The company reports trading conditions have become "challenging" during the second half of the year. Unseasonal monsoon rain has delayed construction of the new Nan'an facility, with initial production now expected in October.

This is a *growth* company whose shares trade on a Price/Earnings ratio of only 5. Growth in profits, compounded with a re-rating of the low valuation, could lead to significant capital appreciation over the medium to long term. The Founder, Chairman and Managing Director bought 245,741 shares on-market at 21½-23½ cents in late July and another 470,000 shares on-market at 19-20½ cents last week.

Penrice Soda reports revenues down 4.3% to $153.9 million for the year to 30 June 2011 and a *loss* of $4,537,000 (*minus* 5.0 cents per share) - of which about $3.15 million should be reimbursed this year from insurance claims. The company also wrote-down assets by $16 million (pre-tax) in its Chemical division and $10 million (pre-tax) in its Quarry and Minerals business. No dividend will be paid.

There was a net operating cash surplus, down 29% at $5.0 million.

An additional short term bank facility of $10 million, repayable in September 2012, will "cover immediate liquidity requirements" and "negative cashflows".

Prophecy International Holdings experienced a 3.7% decline in revenues to $4.9 million for the year to 30 June and traded at a small *loss* of $9,028 (*minus* 0.02 cent per share). No dividend will be paid.

There was a cash operating *deficit* of $212,184 compared with a surplus of $1.5 million in the previous year.

The company remains debt-free with cash of $3.6 million (7.6 cents per share).

The company has won a contract to provide a *basis2* billing solution to the **Arizona Department of Environmental Quality**. The company is also working with "a number of large service providers" to make *basis2* available via the Cloud - which should make it attractive to markets where up-front financing is difficult to obtain.

"Two major projects" have been started to "provide enhanced systems for a number of our core customers". A new SMS phone based solution for "key corporate data" was developed last year which can be "tailored to a wide range of business needs". Initial marketing suggests this product will be successful this financial year.

Skilled Group lifted revenues 10.5% to $1,876.3 million over the year to 30 June, while net profits rose 22.7% to $15,588,000. Earnings per share were unchanged at 6.7 cents, owing to new shares issued in a share placement and Share Purchase Plan during the year. The company will pay a final dividend of 3.0 cents, up from no dividend for 2010.

The cash operating surplus rose more than 2½-fold to a high $75.7 million. This - plus the $69.2 million in new equity - helped to reduce interest bearing debts from $186.9 million to $110.5 million.

At 190 cents, Skilled Group shares trade on a low Price/Sales ratio of 0.24, but a fairly high Price/Earnings ratio of 17 and a dividend Yield of only 1.6%. The high P/E and low yield show a depressed level of profits and dividends, rather than a high share price!

TFS Corporation revenues were down 4.7% to $111.0 million for the year to 30 June 2011. The company had intended that 67% of a 610 hectare plantation sale for $36.6 million (i.e. $24.5 million of revenue and pre-tax profit) would be included in the 2011 revenue and profit, but the auditor insisted that 100% of the revenue and pre-tax profit be included in the 2012 result.

Net profits were therefore down 45.7% at $20,166,000 (8.4 cents per share). The company has paid an interim dividend of 1.25 cents and will make a decision on a final dividend by 10 October. Last year the annual dividend was 4.75 cents.

Plantation sales (including the one where revenue will be recorded in 2012) rose 40.8% to 1530.1 hectares . . and the company is planning to increase its annual plantings to around 2000 hectares.

The 2011 year profit was also depressed by the financing costs boosted by the value of warrants issued to the US$150 million bond holders. The company appears a little defensive about this debt, which we consider was issued at a relatively high cost to the company (i.e. the existing shareholders). TFS Corporation says this bond issue is "competitive relative to other bond issues since the GFC commenced". That is true . . . as this measure *includes* the very high interest rates demanded from financially desperate borrowers during 2008! It points out "no maintenance covenants ensure operational flexibility" . . which is great once the balance of the cash is released from escrow in 2013 upon achieving undisclosed sales targets (but not so great during 2011 and 2012 while the company pays bond holders 11% and half of the cash sits in the bank earning 0.5%). Nevertheless, this financing may well "provide certainty in business planning" and will allow the company to increase its ownership of sandalwood plantations which should provide returns in excess of this (high cost) financing.

Secure financing will also allow an expansion of the company's land bank and an increase in annual plantings. "Improved pricing" (i.e. higher sales prices) of wholesale product should also improve profit margins.

(Continued on Page 12)

Recommended Investments

(Continued from Page 11)

TFS Corporation

The Reject Shop lifted revenues (including insurance payouts) 11.1% to $523.1 million for the year to 26 June 2011. Profit - depressed by a weak retail market and costs and disruption from the Queensland floods - was down 30.7% to $16,171,000 (62.1 cents per share). A small final dividend of just 8.0 cents takes the annual dividend rate to 31.0 cents, down 53.7%, as the company retains cash owing to reduced cashflows and the need to rebuild as well as finance the longer term expansion of the business.

The net operating cash surplus was down 45% to $17.9 million.

Despite the closure of the new Ipswich Distribution Centre owing to flooding, the company opened 23 new stores during the June 2011 financial year . . . with finalised plans for at least another 16 new stores this year.

The Reject Shop is evaluating the potential for a third Distribution Centre in Western Australia, which would improve service to its existing 17 stores in that state, open up areas for further store growth in Western Australia and release capacity from the Melbourne Distribution Centre to support new store growth in Victoria, Tasmania, South Australia and southern NSW.

At $10.50, The Reject Shop shares trade on a Price/ Earnings ratio of 17 and a Dividend Yield of 3.0% - but that reflects last year's depressed profits and reduced dividend, rather than a high share price. If profits and dividends recover to 2010 levels this year, then the P/E would be 12 and the Yield 6.4%. The continued long term increase in store numbers, all financed internally (i.e. without issuing new shares to dilute earnings per share growth), offers the same long term growth potential that we have enjoyed from our investment in Michael Hill International. So the problems of the last financial year offer investors the opportunity to buy (or increase) their shareholdings in this company. "Buy".

The Reject Shop

Village Roadshow's business has changed significantly over the last year with the sale of its **Sydney Attractions** business for $171.8 million and **Austereo Group** for $376.1 million.

Revenue from *continuing* businesses was 3.9% lower at $925.9 million for the year to June 2011, with profits from these businesses *down* 45.7% to $28,089,000 (18.5 cents per share). A final dividend of 8.0 cents makes an annual dividend of 16.0 cents (plus a special dividend of 12.0 cents paid in April, an 80.0 cents special dividend and a 20.0 cents capital repayment paid in July).

The net operating cash surplus was $149.8 million. At balance date the company had $431.7 million in cash but after the July payout that would have reduced to $280.2 million (185.0 cents per share). Interest bearing debts are $485.2 million.

The business is now approximately evenly split (in terms of revenues and earnings) between three divisions: Theme Parks, Cinema Exhibition and Film Distribution. Site development of the planned Sydney *Wet'n'Wild* theme park is expected to commence in early 2012.

With cash in the bank of $280 million (185 cents per share) and strong net cash flows of $150 million annually, Village Roadshow is well placed to finance growth in its business and/or make further cash distributions to shareholders! "Hold".

Village Roadshow

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

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

Company	Share Price	STRENGTH RATING Cur-rent	STRENGTH RATING 4-Wk Chg.	STRENGTH RATING 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													
Smiths City	38	+4.1	+1.3	13	8-0	-	0.4	4	1.3	11	5.3	0.09	20
Col Motor Co	260	+0.4	-0.6	28	0-0	-	0.7	7	0.5	10	10.4	0.17	85
Turners & Grow.	174	+4.3	-1.2	13	1-0	-	0.7	4	0.8	16	3.4	0.23	197
Zintel Comm.	26	+2.0	+3.2	21	1-0	-	1.3	5	1.9	27	5.5	0.24	14
Hellaby Hold.	265	+6.2	+1.9	9	1-0	-	1.5	11	1.2	13	5.4	0.42	196
Allied Work.	193	+16.8	-2.7	1	0-0	-	2.6	16	0.8	16	7.5	0.53	50
Turners Auction	148	+0.6	+2.0	27	0-0	-	2.0	15	0.8	13	10.6	0.57	41
Steel & Tube	251	+0.3	-1.7	30	3-0	-	1.5	11	0.8	13	8.5	0.58	222
Comvita	180	+2.6	-0.6	16	8-1	-	0.7	5	0.8	14	2.4	0.62	51
Michael Hill	90	+2.5	-1.7	17	1-2	1	1.9	19	0.9	10	5.0	0.70	344
Kirkcaldie & St	300	+0.3	+0.4	30	0-0	-	1.5	6	0.5	26	3.8	0.72	31
Mainfreight Grp	1000	+9.6	-3.2	4	0-7	-	3.2	14	0.5	23	2.9	0.73	985
Cavalier Corp	320	+1.4	-4.9	23	0-0	1	2.2	17	1.0	13	8.0	0.95	218
Scott Tech. Ltd	136	+2.6	-3.6	16	0-0	-	2.0	16	0.8	12	5.5	0.99	53
BEST PERFORMING SHARES: Strongest Shares, P/E < 20, P/S < 1.0													
Allied Work.	193	+16.8	-2.7	1	0-0	-	2.6	16	0.7	16	7.5	0.53	50
Hellaby Hold.	265	+6.2	+1.9	9	1-0	-	1.5	11	1.1	13	5.4	0.42	196
Finzsoft Sol'ns	33	+5.0	-1.7	10	0-0	-	0.9	19	1.0	5	Nil	0.40	3
Turners & Grow.	174	+4.3	-1.2	13	1-0	-	0.7	4	0.6	16	3.4	0.23	197
Smiths City	38	+4.1	+1.3	13	8-0	-	0.4	4	1.0	11	5.3	0.09	20
Comvita	180	+2.6	-0.6	16	8-1	-	0.7	5	0.7	14	2.4	0.62	51
Scott Tech. Ltd	136	+2.6	-3.6	16	0-0	-	2.0	16	0.7	12	5.5	0.99	53
Michael Hill	90	+2.5	-1.7	17	1-2	1	1.9	19	0.7	10	5.0	0.70	344
Cavalier Corp	320	+1.4	-4.9	23	0-0	1	2.2	17	0.9	13	8.0	0.95	218
Turners Auction	148	+0.6	+2.0	27	0-0	-	2.0	15	0.7	13	10.6	0.57	41
Col Motor Co	260	+0.4	-0.6	28	0-0	-	0.7	7	0.3	10	10.4	0.17	85
Steel & Tube	251	+0.3	-1.7	30	3-0	-	1.5	11	0.7	13	8.5	0.58	222
INCOME SHARES: Highest Yields, Capitalisation > NZ$100 million													
Pumpkin Patch	83	-17.5	-1.3	88	4-0	1	1.7	32	0.9	5	16.4	0.36	139
Restaurant Brds	228	-3.4	-3.5	48	0-0	-	3.8	41	0.5	9	10.7	0.69	223
Telecom Corp	252	+10.1	+0.3	3	0-1	3	2.1	11	0.5	19	10.2	1.92	4,841
Tower Limited	141	-12.7	-2.5	81	0-1	2	0.8	13	0.8	6	10.1	0.61	367
Warehouse Group	345	-2.4	-1.2	47	5-3	2	3.5	27	0.4	13	9.9	0.64	1,074
Briscoe Group	140	-0.3	-2.3	36	4-0	-	2.3	16	0.6	14	9.2	0.71	297
AMP Office Trt	86	+3.9	+1.6	14	2-0	-	1.0	1	0.5	83	9.1	6.26	858
Vector Ltd	245	-0.1	-1.3	34	1-0	1	1.2	10	0.5	12	8.3	1.96	2,440
F & P Health.	217	-11.8	-4.0	77	2-3	2	3.6	20	0.5	18	8.0	2.23	1,128
Cavalier Corp	320	+1.4	-4.9	23	0-0	1	2.2	17	0.9	13	8.0	0.95	218
INSIDER BUYING: Most Insider Buying, Relative Strength > 0													
Smiths City	38	+4.1	+1.3	13	8-0	-	0.4	4	0.8	11	5.3	0.09	20
Comvita	180	+2.6	-0.6	16	8-1	-	0.7	5	0.6	14	2.4	0.62	51
Port Tauranga	962	+8.5	-0.2	4	6-0	-	1.8	8	0.4	22	4.6	6.96	1,289
Steel & Tube	251	+0.3	-1.7	30	3-0	-	1.5	11	0.6	13	8.5	0.58	222
AMP Office Trt	86	+3.9	+1.6	14	2-0	-	1.0	1	0.5	83	9.1	6.26	858
Xero Ltd	285	+2.1	+2.9	20	2-0	-	11.9	-	0.9	NE	Nil	N/A	257
Hellaby Hold.	265	+6.2	+1.9	9	1-0	-	1.5	11	1.0	13	5.4	0.42	196
Turners & Grow.	174	+4.3	-1.2	13	1-0	-	0.7	4	0.5	16	3.4	0.23	197
Zintel Comm.	26	+2.0	+3.2	21	1-0	-	1.3	5	1.3	27	5.5	0.24	14
Ryman Health.	249	+4.4	-4.0	11	2-1	1	2.2	18	0.5	12	1.5	9.55	1,238
OVER-VALUED SHARES: Highest Price/Sales Ratios, Relative Strength < 0													
Northland Port	150	-4.3	-1.6	56	0-0	-	0.5	4	0.3	13	6.2	9.26	62
Vital Health PT	111	-58.3	-0.0	98	0-0	-	1.1	2	0.4	44	7.3	7.65	322
Charlie's Group	43	-58.3	+0.0	97	0-3	-	7.7	15	1.0	51	Nil	4.00	126
Blis Technology	5	-10.6	+2.5	74	0-0	-	-	-	1.8	NE	Nil	3.94	7
Metro. LifeCare	205	-4.0	-0.6	53	0-0	-	0.5	4	0.5	12	Nil	3.86	251
NZ Refining Co	340	-12.3	-2.4	78	0-0	-	1.8	4	0.5	40	Nil	3.81	952
NPT Limited	50	-1.8	-0.6	42	0-0	-	0.7	-	0.6	NE	9.0	3.44	97
TrustPower Ltd	710	-1.7	-0.9	40	0-0	-	1.6	8	0.3	20	7.4	2.92	2,234
Horizon Energy	330	-1.3	-2.5	39	0-0	-	1.5	11	0.4	14	7.4	2.66	82
NZ Oil & Gas	68	-15.3	-3.9	84	0-0	-	0.8	7	0.7	12	4.2	2.54	270
Lyttelton Port	210	-3.5	-2.2	50	0-0	-	1.4	8	0.4	18	Nil	2.34	215
F & P Health.	217	-11.8	-4.0	77	2-3	2	3.6	20	0.4	18	8.0	2.23	1,128

Company	Share Price	STRENGTH RATING Cur-rent	STRENGTH RATING 4-Wk Chg.	STRENGTH RATING 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
WORST PERFORMING SHARES: Weakest Shares, P/S Ratio > 0.25, Yield < Twice Average													
Vital Health PT	111	-58.3	-0.0	98	0-0	-	1.1	2	0.4	44	7.3	7.65	322
Charlie's Group	43	-58.3	+0.0	97	0-3	-	7.7	15	1.0	51	Nil	4.00	126
WN Drive Tech.	20	-34.7	-0.4	97	0-0	-	14.7	-	1.1	NE	Nil	0.48	13
Rubicon Limited	54	-26.5	+0.5	94	2-0	-	0.9	-	0.4	NE	Nil	0.39	154
Windflow Tech.	50	-22.6	-0.3	92	0-0	-	0.9	-	0.5	NE	Nil	0.25	6
Just Water Int.	10	-21.0	+1.6	91	1-0	-	2.3	21	1.7	11	Nil	0.28	9
Smartpay NZ Ltd	14	-17.2	-4.0	87	0-0	-	-	-	0.8	156	Nil	0.36	17
Mowbray Collect	50	-16.9	-3.2	86	0-0	-	1.3	-	0.4	NE	Nil	1.66	6
NZ Oil & Gas	68	-15.3	-3.9	84	0-0	-	0.8	7	0.7	12	4.2	2.54	270
Heartland BS	56	-13.2	-3.0	82	0-0	-	0.1	0	0.8	24	Nil	0.93	168
Dorchester Pac	9	-12.6	-3.7	80	0-0	-	0.4	-	1.7	NE	Nil	0.92	9
Rakon Ltd	78	-12.5	-3.8	79	0-0	-	0.7	4	0.9	17	Nil	0.78	148
NZ Refining Co	340	-12.3	-2.4	78	0-0	-	1.8	4	0.4	40	Nil	3.81	952
Sealegs Corp	15	-11.8	-0.0	76	0-0	-	2.4	-	1.4	NE	Nil	1.19	13
NZ Wine Company	110	-11.7	-2.6	76	0-0	-	0.5	-	0.5	NE	2.6	0.73	10
AMP Limited	537	-11.5	-2.1	75	0-0	-	3.2	26	0.6	12	7.3	1.21	11,105
Blis Technology	5	-10.6	+2.5	74	0-0	-	-	-	1.7	NE	Nil	3.94	7
Claridge Cap'l	1	-9.9	-3.8	73	0-0	-	1.0	-	4.5	NE	Nil	0.38	17
L&M Energy	12	-9.8	-4.9	72	0-0	-	-	-	1.3	NE	Nil	N/A	88
NZ Windfarms	15	-8.7	-0.4	71	0-0	-	0.4	-	1.3	NE	Nil	N/A	43
INSIDER SELLING: Most Insider Selling, Relative Strength < 0													
Air New Zealand	111	-3.8	+1.5	52	2-11	1	0.7	5	0.6	15	6.1	0.28	1,211
Charlie's Group	43	-58.3	+0.0	97	0-3	-	7.7	15	0.9	51	Nil	4.00	126
Infratil NZ	177	-3.5	-1.5	50	1-4	-	1.1	6	0.5	17	5.4	0.50	1,067
Fletcher Build.	788	-4.3	-2.6	56	2-4	3	1.5	8	0.5	19	5.0	0.72	5,347
PGG Wrightsons	44	-6.2	-1.7	63	0-1	1	0.6	-	0.8	NE	Nil	0.27	332
Tower Limited	141	-12.7	-2.5	81	0-1	2	0.8	13	0.6	6	10.1	0.61	367
Ebos Group Ltd	665	-3.9	-1.1	53	0-1	1	1.7	12	0.3	15	6.8	0.26	347
Diligent Board	110	-2.3	-2.6	46	0-1	-	-	-	0.7	34	Nil	N/A	90
F & P Health.	217	-11.8	-4.0	77	2-3	2	3.6	20	0.4	18	8.0	2.23	1,128

"Neglect" Ratings of NZ Shares

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

Company	No. of Brokers Following Company	Market Capital-isation (NZ$ Mill.)	Company	No. of Brokers Following Company	Market Capital-isation (NZ$ Mill.)
Air New Zealand	1	1,211	PGG Wrightsons	1	332
Akd Int Airport	2	3,021	Pumpkin Patch	1	139
Cavalier Corp	1	218	Ryman Health.	1	1,238
Contact Energy	2	3,767	Sky Network TV	2	2,140
Ebos Group Ltd	1	347	Sky City Ltd	2	2,008
F & P Appliance	1	344	Telecom Corp	3	4,841
F & P Health.	2	1,128	Tower Limited	2	367
Fletcher Build.	3	5,347	Vector Ltd	1	2,440
Michael Hill	1	344	Wakefield Hlth	1	72
Nuplex Indust	1	569	Warehouse Group	2	1,074

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

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

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

Company	Share Price	STRENGTH RATING Cur-rent	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
TTA Holdings	6	+6.4	-2.2	9	0-0	-	0.6	9	2.9	6	7.3	0.12	8
Marbletrend Grp	12	+3.5	-4.2	13	2-0	-	3.0	44	2.0	7	4.2	0.17	7
Ruralco Hold.	315	+2.5	-3.3	14	0-0	-	1.6	11	0.4	14	5.1	0.19	173
Pro Maintenance	200	+3.0	-2.0	13	4-0	5	2.4	22	0.5	11	4.5	0.19	236
Coventry Group	225	+7.9	-3.8	8	2-0	-	0.7	5	0.6	14	6.2	0.23	90
Skilled Group	190	+2.6	-6.0	14	4-1	3	19.0	-	0.6	17	1.6	0.24	443
Maxi TRANS	28	+4.0	+5.0	12	2-0	1	0.8	6	1.3	12	5.4	0.25	52
Data 3 Ltd	1314	+0.9	+0.1	17	0-2	1	7.9	59	0.3	13	5.9	0.29	202
WDS Limited	83	+7.4	-0.7	8	5-0	4	1.4	7	0.9	22	1.2	0.32	119
UXC Limited	60	+4.3	+1.6	12	2-0	2	60.0	-	0.9	41	3.3	0.35	183
Pro-Pac Pack.	30	+0.7	+2.3	17	0-0	-	-	-	1.2	8	6.7	0.36	42
Embelton Ltd	583	+1.2	-4.7	16	1-0	-	1.3	13	0.3	10	4.3	0.41	13
Colorpak Ltd	68	+3.4	-1.5	13	0-2	-	2.1	59	0.8	3	4.8	0.44	55
Supply Network	69	+15.3	+0.9	4	0-0	-	1.8	19	0.8	9	7.2	0.47	24
Joyce Corp.	50	+3.2	-5.0	13	0-0	-	1.4	16	0.9	9	8.1	0.49	10
CPT Global Ltd	52	+0.9	-6.2	17	0-0	-	3.3	13	0.9	26	4.8	0.50	19
Freedom Foods	33	+4.9	-1.8	11	3-0	-	1.1	20	1.1	6	3.0	0.56	26
Zicom Group	34	+0.4	-18.7	18	1-0	-	1.5	22	1.3	7	3.0	0.64	71
Oaks Hotel	52	+15.7	-7.1	4	2-1	-	-	-	1.0	11	3.9	0.64	80
Collection Hse	73	+1.8	+3.3	15	8-0	-	0.8	12	0.7	7	8.5	0.65	71
Graincorp	770	+0.7	-3.6	17	1-0	5	1.6	8	0.3	19	3.2	0.77	1,527
Vita Life Sci.	29	+10.6	+0.0	6	0-0	-	2.1	59	1.4	4	1.7	0.78	16
Laserbond Ltd	15	+20.3	-3.8	3	1-0	-	3.8	47	1.7	8	3.3	0.81	11
Legend Corp.	33	+4.0	-0.6	12	4-0	-	3.3	37	1.2	9	5.5	0.82	72
Hire Intell.	13	+0.8	+3.2	17	0-0	-	0.9	16	1.8	5	7.7	0.84	10
Seven Group	870	+0.7	-1.0	17	3-0	-	1.7	6	0.5	30	4.1	0.84	2,666
Sedgman Ltd	210	+0.1	+3.2	19	0-0	5	4.3	25	0.5	17	3.3	0.87	440
Ramsay Health	1769	+0.3	-1.2	18	1-1	7	-	-	0.2	18	2.9	0.96	3,575

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

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
Mirvac Ind Trt	9	+38.3	+19.7	1	0-0	-	0.4	43	1.9	1	Nil	0.59	31
Mesbon China N.	26	+26.3	-9.5	2	0-0	-	0.8	15	1.0	5	Nil	0.20	35
Laserbond Ltd	15	+20.3	-3.8	3	1-0	-	3.8	47	1.2	8	3.3	0.81	11
Oaks Hotel	52	+15.7	-7.1	4	2-1	-	-	-	0.7	11	3.9	0.64	80
Supply Network	69	+15.3	+0.9	4	0-0	-	1.8	19	0.6	9	7.2	0.47	24
Greencross Ltd	110	+15.3	+3.3	4	0-0	-	-	-	0.6	10	Nil	0.53	27
Quest Investm't	11	+11.5	+0.3	6	1-0	-	0.6	16	1.4	4	Nil	0.15	5
Vita Life Sci.	29	+10.6	+0.0	6	0-0	-	2.1	59	1.0	4	1.7	0.78	16
Bisalloy Steel	20	+9.4	+11.6	7	0-0	-	5.0	28	1.1	18	Nil	0.55	43
Coventry Group	225	+7.9	-3.8	8	2-0	-	0.7	5	0.5	14	6.2	0.23	90
Max Trust	17	+6.9	-14.3	9	0-0	-	0.4	37	1.3	1	Nil	0.99	29
CMI Limited	122	+6.5	+4.4	9	0-0	-	0.8	12	0.5	7	Nil	0.90	41
TTA Holdings	6	+6.4	-2.2	9	0-0	-	0.6	9	2.0	6	7.3	0.12	8
PTB Group Ltd	23	+5.9	-6.1	10	1-0	-	0.2	2	1.1	11	Nil	0.23	7
Tag Pacific	16	+5.4	+2.3	10	2-3	-	0.6	21	1.2	3	Nil	0.11	11
Freedom Foods	33	+4.9	-1.8	11	3-0	-	1.1	20	0.8	6	3.0	0.56	26
Hi Tech Group	6	+4.3	-0.0	12	0-0	-	0.8	30	1.9	3	Nil	0.19	2
Maxi TRANS	28	+4.0	+5.0	12	2-0	1	0.8	6	0.9	12	5.4	0.25	52
Legend Corp.	33	+4.0	-0.6	12	4-0	-	3.3	37	0.8	9	5.5	0.82	72
Marbletrend Grp	12	+3.5	-4.2	13	2-0	-	3.0	44	1.5	7	4.2	0.17	7
Colorpak Ltd	68	+3.4	-1.5	13	0-2	-	2.1	59	0.6	3	4.8	0.44	55
Joyce Corp.	50	+3.2	-5.0	13	0-0	-	1.4	16	0.7	9	8.1	0.49	10
Corum Group Ltd	3	+3.1	+1.1	13	0-0	-	-	-	2.9	4	Nil	0.31	7
Pro Maintenance	200	+3.0	-2.0	13	4-0	5	2.4	22	0.4	11	4.5	0.19	236
Skilled Group	190	+2.6	-6.0	14	4-1	3	19.0	-	0.4	17	1.6	0.24	443
Ruralco Hold.	315	+2.5	-3.3	14	0-0	-	1.6	11	0.3	14	5.1	0.19	173
Collection Hse	73	+1.8	+3.3	15	8-0	-	0.8	12	0.5	7	8.5	0.65	71
Embelton Ltd	583	+1.2	-4.7	16	1-0	-	1.3	13	0.2	10	4.3	0.41	13
Chalmers	300	+1.0	-0.5	17	1-1	-	0.6	10	0.3	6	Nil	0.40	23
AMA Group Ltd	10	+1.0	-2.5	17	5-0	-	-	-	1.5	4	Nil	0.51	28
Data 3 Ltd	1314	+0.9	+0.1	17	0-2	1	7.9	59	0.2	13	5.9	0.29	202
Eumundi Group	5	+0.8	-0.2	17	0-0	-	0.5	11	2.1	4	Nil	0.38	7
Hire Intell.	13	+0.8	+3.2	17	0-0	-	0.9	16	1.3	5	7.7	0.84	10
Pro-Pac Pack.	30	+0.7	+2.3	17	0-0	-	-	-	0.8	8	6.7	0.36	42
Graincorp	770	+0.7	-3.6	17	1-0	5	1.6	8	0.2	19	3.2	0.77	1,527
Norton Gold	24	+0.7	+9.0	18	0-1	-	1.6	13	1.0	12	Nil	0.76	161
Zicom Group	34	+0.4	-18.7	18	1-0	-	1.5	22	1.0	7	3.0	0.64	71
Ramsay Health	1769	+0.3	-1.2	18	1-1	7	-	-	0.1	18	2.9	0.96	3,575
Sedgman Ltd	210	+0.1	+3.2	19	0-0	5	4.3	25	0.4	17	3.3	0.87	440

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

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
DUET Group	166	-2.1	-1.2	30	1-0	3	0.9	7	0.3	12	18.1	1.25	1,510
Tabcorp Holding	264	-34.0	-6.6	97	0-0	3	-	-	0.3	6	16.3	0.62	1,816
Seven West Med.	298	-20.1	-1.3	84	8-0	5	-	-	0.3	16	15.1	2.51	1,819
Cape Lambert R.	51	-1.2	+1.5	26	4-0	1	-	-	0.7	NE	13.9	N/A	316
Chal Infra Fund	106	-8.0	+0.1	51	0-0	2	-	-	0.4	NE	13.2	0.87	338
Goodman Fielder	67	-16.0	-3.4	74	6-0	3	-	-	0.5	NE	11.7	0.36	918
Ale Property	190	-3.1	-0.6	34	1-0	2	0.9	14	0.3	6	10.4	5.22	300
Spark Infrastru	131	+5.8	-0.5	10	5-0	4	0.8	4	0.4	21	10.4	5.99	1,731
Ardent Leisure	111	-6.7	-4.7	46	3-0	3	1.2	13	0.4	10	10.4	0.92	353
Cromwell Prop.	69	-3.6	+0.3	36	2-1	3	0.9	13	0.5	8	10.2	3.63	661
David Jones	294	-17.8	-4.0	78	0-0	6	2.2	26	0.3	9	10.2	0.72	1,484
MAp Group	332	+4.1	-0.4	12	2-0	3	-	-	0.2	119	10.1	6.14	6,179
Tatts Group Ltd	218	-2.3	-0.3	31	2-1	3	-	-	0.3	10	9.9	0.78	2,875
Myer Holdings	226	-16.3	-1.7	74	2-1	6	-	-	0.4	8	9.7	0.39	1,313
Q.B.E. Insur.	1315	-9.5	-4.1	56	5-0	3	3.1	29	0.2	11	9.7	0.89	13,830
Aspen Group Ltd	44	-4.3	-0.8	38	3-0	2	0.6	4	0.6	14	9.7	2.65	252
Pacific Brands	67	-12.4	+1.7	65	0-0	6	6.1	-	0.7	6	9.3	0.39	623
Growthpoint Pro	186	-0.5	-0.3	24	2-0	1	0.9	9	0.4	10	9.2	4.98	441
Telstra	304	+2.5	-0.6	14	7-0	5	8.4	72	0.2	12	9.2	1.49	37,827
Villa World Grp	82	-5.8	+0.6	43	0-0	-	2.3	10	0.4	24	9.1	2.87	321
Hills Holdings	112	-17.5	+1.3	78	2-0	3	0.9	-	0.4	NE	8.9	0.25	278
Australand Prop	234	-8.3	-3.4	52	1-0	5	0.7	8	0.3	8	8.8	1.80	1,350
G.U.D. Holdings	731	-8.5	-3.0	53	4-0	3	5.8	46	0.2	13	8.8	0.85	505
Sth Cross Media	115	-12.7	-1.4	66	1-0	3	-	-	0.4	15	8.7	1.65	812
SP Ausnet	93	+1.7	-0.5	15	2-0	4	1.0	11	0.4	10	8.6	1.71	2,516

INSIDER BUYING: Most Insider Buying, Relative Strength>0

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
Macarthurcook P	12	+8.3	-0.9	8	18-0	-	0.4	-	1.1	NE	Nil	5.56	23
Hodges Res.	43	+19.7	-0.9	3	13-0	-	-	-	0.7	NE	Nil	N/A	20
Medical Dev Int	46	+6.7	+0.3	9	11-0	-	5.1	19	0.6	27	Nil	2.85	24
Catalyst Metals	40	+38.3	+1.0	1	9-0	-	-	-	0.7	NE	Nil	N/A	12
Uranex NL	41	+0.4	-0.8	18	8-0	-	-	-	0.8	NE	Nil	N/A	46
Ainsworth Game	41	+33.6	-2.6	1	8-0	-	20.5	-	0.7	8	Nil	1.17	114
Collection Hse	73	+1.8	+3.3	15	8-0	-	0.8	12	0.4	7	8.5	0.65	71
Atticus Res.	18	+1.3	-0.2	16	8-0	-	-	-	0.9	NE	Nil	N/A	5
Algae.Tec Ltd	38	+2.2	-2.0	14	9-1	-	-	-	1.0	NE	Nil	N/A	13
Telstra	304	+2.5	-0.6	14	7-0	5	8.4	72	0.2	12	9.2	1.49	37,827
Rimfire Pacific	4	+2.0	-0.3	15	7-0	-	-	-	1.8	NE	Nil	N/A	17
Ceramic Fuel C.	15	+2.4	+5.7	14	7-0	-	3.8	-	0.9	NE	Nil	N/A	180
Antares Energy	43	+3.1	-2.1	13	7-0	2	-	-	0.6	NE	Nil	N/A	105
Archer Explor.	24	+5.4	+4.4	10	6-0	-	-	-	0.8	NE	Nil	N/A	15
Gold One Int'l	54	+17.3	-5.0	4	6-0	1	4.9	16	0.6	30	Nil	4.83	432
Beach Energy	119	+6.8	+0.7	9	5-0	4	1.0	-	0.5	NE	1.5	2.64	1,313
Spark Infrastru	131	+5.8	-0.5	10	5-0	4	0.8	4	0.4	21	10.4	5.99	1,731
AMA Group Ltd	10	+1.0	-2.5	17	5-0	-	-	-	1.0	4	Nil	0.51	28
Aust Oil Coy	10	+3.0	-12.1	13	5-0	-	-	-	1.3	NE	Nil	N/A	7
Sunshine Heart	4	+1.7	-9.2	15	5-0	-	4.1	-	1.7	NE	Nil	N/A	42
WDS Limited	83	+7.4	-0.7	8	5-0	4	1.4	7	0.5	22	1.2	0.32	119
Integra Mining	59	+2.1	+6.6	14	5-0	-	-	-	0.6	NE	Nil	N/A	446
Troy Resources	465	+8.5	+5.7	7	9-4	1	-	-	0.2	28	0.9	3.99	409
NSX Limited	23	+2.8	+0.8	14	4-0	-	3.8	-	0.8	NE	Nil	N/A	23
Red 5 Ltd	24	+1.2	+10.8	16	4-0	-	-	-	0.8	NE	Nil	N/A	71
Aston Resources	1163	+10.1	+1.8	6	4-0	-	-	-	0.4	NE	Nil	N/A	N/A
Legend Corp.	33	+4.0	-0.6	12	4-0	-	3.3	37	0.6	9	5.5	0.82	72
Strategic Poole	12	+15.6	+5.5	4	4-0	-	1.1	-	1.0	NE	Nil	8.63	4
Senex Energy	45	+5.8	+3.2	10	4-0	-	-	-	0.5	NE	Nil	N/A	199
Peel Mining Ltd	15	+8.5	+6.5	7	4-0	-	-	-	1.0	NE	Nil	N/A	7
Lachlan Star	89	+2.8	+5.7	14	4-0	-	-	-	0.4	NE	Nil	N/A	53
Phoslock Water	7	+5.0	-9.3	11	4-0	-	6.6	-	1.3	NE	Nil	8.05	14
Pro Maintenance	200	+3.0	-2.0	13	4-0	5	2.4	22	0.3	11	4.5	0.19	236
Envirogold Ltd	18	+8.9	-3.8	7	4-0	-	-	-	0.8	NE	Nil	N/A	79
Admiralty Res.	5	+4.3	-14.7	12	4-0	-	-	-	1.9	NE	Nil	N/A	11
African Iron	27	+9.2	+7.1	7	5-1	-	-	-	0.8	NE	Nil	N/A	7
New Hope Corp.	516	+2.4	-1.1	14	3-0	4	1.9	8	0.2	23	1.8	5.73	4,271
Scantech	36	+2.5	-2.8	14	3-0	-	1.0	0	0.6	254	Nil	0.65	6
Target Energy	8	+6.5	+4.3	9	3-0	-	-	-	1.4	NE	Nil	5.11	9
Nextdc Limited	167	+4.1	-0.2	12	3-0	-	2.3	-	0.5	NE	Nil	N/A	192
WHL Energy	5	+5.5	+8.6	10	3-0	-	-	-	1.5	NE	Nil	N/A	10
Crown Ltd	806	+0.1	-2.1	19	3-0	3	2.6	14	0.2	18	4.6	2.52	6,078
Corazon Mining	12	+16.5	-17.2	4	3-0	-	-	-	1.1	NE	Nil	N/A	8
Transerv Energy	5	+30.8	+17.7	1	3-0	-	-	-	1.6	NE	Nil	N/A	38
Eurogold Ltd	24	+1.3	+8.5	16	3-0	-	-	-	0.7	NE	Nil	N/A	15
ITL Limited	9	+12.9	+3.9	5	3-0	-	1.1	-	1.1	NE	Nil	0.29	12
Emerald Oil & G	4	+6.4	-6.2	9	3-0	-	-	-	1.9	NE	Nil	N/A	6
Freedom Foods	33	+4.9	-1.8	11	3-0	-	1.1	20	0.6	6	3.0	0.56	26
Seven Group	870	+0.7	-1.0	17	3-0	-	1.7	6	0.4	30	4.1	0.84	2,666
Pulse Health	4	+10.8	+2.3	6	3-0	-	-	-	1.6	29	Nil	0.29	11
Doray Minerals	135	+11.8	+13.5	5	4-1	-	-	-	0.6	NE	Nil	N/A	74
Skilled Group	190	+2.6	-6.0	14	4-1	3	19.0	-	0.3	17	1.6	0.24	443
Navarre Min.	45	+33.7	+10.3	1	2-0	-	-	-	0.9	NE	Nil	N/A	N/A
Coventry Group	225	+7.9	-3.8	8	2-0	-	0.7	5	0.4	14	6.2	0.23	90
Eldorado Gold	2050	+3.7	+8.0	12	2-0	-	-	-	0.2	241	Nil	N/A	0
Trinity Group	19	+26.0	-12.2	2	2-0	-	1.0	41	0.8	3	Nil	1.61	38
Entek Energy	15	+2.2	-1.4	14	2-0	-	-	-	1.0	NE	Nil	N/A	42
Cougar Metals	8%	+101.7	+28.3	0	2-0	-	-	-	1.3	NE	Nil	6.04	34
Kidman Res Ltd	29	+6.5	-6.2	9	2-0	-	-	-	1.1	NE	Nil	N/A	N/A
Spitfire Res.	15	+1.5	-10.1	16	2-0	-	-	-	0.9	9	Nil	N/A	13
Medusa Mining	835	+1.8	-1.8	15	2-0	1	6.8	45	0.2	15	1.2	N/A	1,572
MAp Group	332	+4.1	-0.4	12	2-0	3	-	-	0.2	119	10.1	6.14	6,179
AACL Holdings	5	+6.0	+11.1	10	2-0	-	-	-	1.7	26	Nil	0.04	4
MacMahon Hold	61	+1.8	+3.4	15	2-0	4	1.6	0	0.5	432	Nil	0.41	444
Maxi TRANS	28	+4.0	+5.0	12	2-0	1	0.8	6	0.7	12	5.4	0.25	52
UXC Limited	60	+4.3	+1.6	12	2-0	2	60.0	-	0.5	41	3.3	0.35	183
Wasabi Energy	3	+9.2	+2.2	7	2-0	-	-	-	1.9	NE	Nil	N/A	72
Ethane Pipeline	155	+1.2	-2.3	16	2-0	-	2.7	11	0.4	24	5.0	4.05	107
Intrapower Ltd	29	+39.1	+15.4	1	2-0	-	29.0	69	0.7	42	Nil	0.47	12
Genetic Tech.	22	+34.9	-33.8	1	2-0	-	-	-	0.8	93	Nil	N/A	87

"Neglect" Ratings of Australian Shares

"Neglected" Shares = 1-2 Brokers, "Moderately Followed" Shares = 3-4 Brokers, "Widely Followed" Shares = 5 or more Brokers.

Company	No. of Brokers Following Company	Market Capital-isation (NZ$ Mill.)	Company	No. of Brokers Following Company	Market Capital-isation (NZ$ Mill.)	Company	No. of Brokers Following Company	Market Capital-isation (NZ$ Mill.)	Company	No. of Brokers Following Company	Market Capital-isation (NZ$ Mill.)
AGL Energy Ltd	4	6,763	Chart H Retail	3	991	Kingrose Mining	1	362	Regional Exp.	1	107
AMP Ltd	3	8,582	Clarius Group	3	46	Kingsgate Cons.	4	1,184	Resource Equip.	3	118
ANZ Bank	4	51,050	Clough Limited	2	593	Leighton Hold	5	6,306	Resolute Mining	1	830
APA Group	4	2,536	Coalspur Mines	1	571	Lend Lease Grp	4	4,564	Retail Food Grp	4	248
APN News Media	3	524	Coal & Allied	1	10,641	Linc Energy Ltd	1	999	Rex Minerals	2	37
ARB Corporation	1	615	CocaCola Amatil	4	8,936	Liq Natural Gas	2	83	Ridley Corp.	4	322
ASG Group Ltd	2	161	Cochlear Ltd	6	4,091	Logicamms Ltd	3	56	Rio Tinto Ltd	5	31,048
ASX Limited	2	4,997	Cockatoo Coal	1	262	Ludowici Ltd	1	111	Roc Oil Company	4	232
AWE Limited	5	582	Codan Ltd	2	222	Lycopodium Ltd	1	232	Rock Build Soc.	1	68
Abacus Property	4	747	Com'wealth Bank	3	73,593	Lynas Corp Ltd	2	2,872	SAI Global Ltd	4	933
Acrux Ltd	2	619	Computershare	4	4,195	M2 Telecom. Grp	3	380	SDI Limited	1	20
Adamus Resource	1	119	Connect East Grp	4	2,108	MAp Group	3	6,179	SMS Mgmt & Tech	4	408
Adelaide Bright	5	1,753	Cons Media Hold	4	1,287	MSF Sugar Ltd	1	205	SP Ausnet	4	2,516
Aditya Birla	1	356	Cooper Energy	3	120	MacMahon Hold	4	444	STW Comm Group	1	322
Ale Property	2	300	Count Financial	2	371	Macarthur Coal	4	4,812	Salmat Ltd	3	475
Alesco Corp Ltd	4	147	Cromwell Prop.	3	661	Macquarie C Tel	2	183	Sandfire Res.	1	584
Alumina Ltd	6	4,002	Crown Ltd	3	6,078	Macquarie Group	3	7,977	Santos Ltd	4	10,080
Amadeus Energy	1	63	Cue Energy Res.	2	170	Macquarie Atlas	3	667	Sedgman Ltd	5	440
Amalgamated Hld	2	871	Customers Ltd	4	111	Matrix Comp.	3	311	Seek Ltd	7	1,750
Amcor Ltd	3	8,191	DUET Group	3	1,510	Maxi TRANS	1	52	Select harvest	1	81
Amcom Telecom.	6	202	DWS Adv Bus Sol	4	185	Mayne Pharma Gr	1	62	Service Stream	1	130
Ampella Mining	1	200	Data 3 Ltd	1	202	McMillan Shake.	1	609	Seven West Med.	5	1,819
Ansell Ltd	4	1,809	David Jones	6	1,484	McPherson's Ltd	1	195	Sigma Pharm.	6	613
Antares Energy	2	105	Decmil Group	4	278	Medusa Mining	1	1,572	Silex Systems	2	447
Aquarius Plat.	2	1,608	Deep Yellow Ltd	1	169	Melbourne IT	2	116	Sims Metal Mgmt	4	2,916
Aquila Res.	6	2,155	Dexus Property	4	4,210	Mermaid Marine	5	683	Sirtex Medical	1	273
Ardent Leisure	3	353	Domino's Pizza	4	486	Metcash Ltd	5	3,221	Skilled Group	3	443
Aristocrat Leis	3	1,153	Downer EDI Ltd	6	1,426	Minara Resource	3	1,028	Slater & Gordon	2	309
Asciano Limited	5	4,550	Dulux Group Ltd	5	984	Mincor Resource	2	180	Sonic Health	7	4,347
Aspen Group Ltd	2	252	Dyesol Ltd	1	62	Mineral Deposit	1	371	Soul Pattinson	1	2,914
Atlas Iron Ltd	7	3,048	East'n Star Gas	2	676	Mineral Res.	2	1,969	Spark Infrastru	4	1,731
Aurora Oil Gas	2	662	Elders Limited	4	166	Mirabela Nickel	3	801	Spec Fashion	3	107
Ausdrill Ltd	5	1,007	Emeco Holdings	5	647	Mirvac Group	4	3,921	St Barbara Ltd	3	759
Ausenco Ltd	6	313	Energy Resource	4	694	Molopo Energy	1	163	Starpharma Hold	2	279
Austal Limited	3	448	Envestra	5	1,057	Monadelphous Gr	7	1,672	Sth Cross Elect	1	94
Austin Eng.	4	299	Extract Res.	4	2,006	Mt Gibson Iron	5	1,667	Sth Cross Media	3	812
Austar United	4	1,430	FKP Limited	3	646	Murchison Metal	2	253	Stockland	5	6,930
Australand Prop	5	1,350	Fairfax Media	3	1,964	Myer Holdings	6	1,313	Strike Energy	1	47
Aust Pharm. Ind	3	115	Fantastic Hold.	2	226	NRW Holdings	4	761	Structural Syst	1	47
Aust Education	1	147	Fleetwood Corp	5	635	Nanosonics Ltd	1	146	Suncorp Group	4	10,705
Aust Infra.	3	1,148	Flexicorp Ltd	4	526	Nat'l Aust Bank	4	48,652	Sundance Res.	1	956
Automotive Hold	1	491	Flight Centre	4	1,929	Navitas Ltd	3	1,388	Sunland Group	1	155
BHP Billiton	5	121,748	Focus Minerals	2	203	New Hope Corp.	4	4,271	Super Retail Gr	5	788
BT Invest Mgmt	2	303	Fortescue Metal	7	19,335	Newcrest Mining	7	30,493	Swick Min Serv	2	86
BWP Trust	6	892	Foster's Group	2	9,534	News Corp.	2	12,457	TFS Corporation	1	199
Bandanna Energy	1	434	G.U.D. Holdings	3	505	Nexbis Ltd	1	45	TPG Telecom Ltd	6	1,052
Bank of Q'land	4	1,575	GPT Group	5	5,771	Nexus Energy	3	305	Tabcorp Holding	3	1,816
Bannerman Res.	1	73	GWA Group Ltd	3	657	Nick Scali Ltd	1	142	Talent2 Int'l	2	179
Beach Energy	4	1,313	Geodynamics Ltd	2	77	Nido Petroleum	1	53	Tap Oil	2	166
Bendigo Bank	4	3,087	Gerard Lighting	1	159	Noble Mineral	1	102	Tassal Group	4	208
Billabong Int'l	4	899	Gindalbie Met.	5	453	Norfolk Group	3	187	Tatts Group Ltd	3	2,875
Blackmores Ltd	4	496	Gloucester Coal	3	1,349	Northern Energy	3	135	Technology One	3	327
Bluescope Steel	4	1,372	Gold One Int'l	1	432	Nucoal Res. NL	1	201	Telstra	5	37,827
Boart Longyear	4	1,463	Goodman Fielder	3	918	Nufarm Limited	4	1,034	Ten Network	3	988
Boom Logistics	1	114	Goodman Group	4	4,585	OZ Minerals Ltd	7	3,760	The Reject Shop	8	273
Boral Limited	4	2,693	Graincorp	5	1,527	Oakton Limited	3	180	Thorn Group Ltd	4	253
Bow Energy Ltd	1	434	Grange Resource	2	622	Oil Search Ltd	7	7,995	Toll Holdings	4	3,323
Bradken Ltd	7	1,232	Growthpoint Pro	1	441	Onesteel Ltd	4	1,827	Tox Free Sol.	4	204
Brambles Ltd	3	9,853	Gryphon Mineral	1	381	Orica Ltd	5	8,680	Trans Pacific In	3	730
Breville Group	1	391	Gunns Ltd	3	174	Origin Energy	5	14,051	Transfield Serv	7	1,253
Brickworks Ltd	2	1,369	HFA Holdings	1	94	Orocobre Ltd	1	118	Transurban Grp	4	7,764
Brockman Res.	1	406	Hansen Tech.	2	144	Oroton Group	3	307	Treasury Group	1	81
C'wth Prop Off.	4	2,253	Harvey Norman	4	2,295	Pacific Brands	6	623	Troy Resources	1	409
C.S.R. Ltd	4	1,194	Hast Div Util	4	854	Paladin Energy	6	1,419	Trust Company	2	174
CFS Retail Prop	4	4,969	Hastie Group	4	52	Panaust Ltd	4	1,997	UGL Limited	7	1,998
CGA Mining Ltd	1	950	Heartware Inc.	1	107	Panoramic Res.	3	330	UXC Limited	2	183
CSG Ltd	3	233	Henderson Group	2	3,695	Paperlin X Ltd	3	59	VDM Group Ltd	3	31
CSL Limited	5	14,438	Hills Holdings	3	278	Patties Foods	3	221	Virgin Blue	4	652
Cabcharge Ltd	4	548	Horizon Oil Ltd	3	277	Peet Ltd	2	398	Vision Group	1	7
Caltex Austrlia	3	3,024	IMD Group	4	407	Perilya Mines	2	326	WDS Limited	4	119
Campbell Bros	5	2,960	IMF (Aust) Ltd	1	185	Perpetual Ltd	3	1,021	WHK Group Ltd	1	232
Cape Lambert R.	1	316	IOOF Holdings	4	1,273	Pharmaxis Ltd	1	199	Watpac Ltd	2	239
Carbon Energy	2	53	IiNet	7	362	Platinum Asset	3	2,150	Webfirm Group	1	50
Cardno Ltd	2	565	Iluka Resources	4	6,880	Premier Invest	4	864	Webjet NL	6	159
Carnarvon Pet.	6	113	Incitec Pivot	5	6,189	Primary Health	5	1,492	Wellcom Group	1	86
Carsales.com	7	1,125	Independ. Group	5	1,033	Prime Media Grp	2	256	Wesfarmers Ltd	5	31,025
Cash Converters	2	190	Industrea Ltd	3	474	Pro Maintenance	5	236	Westfield Group	4	17,918
Catalpa Res.	1	313	Infigen Energy	1	183	Q.B.E. Insur.	3	13,830	Westpac Banking	4	60,173
Cedar Woods Prp	1	236	Insurance Aust.	3	6,231	QRX Pharma Ltd	2	161	Western Areas	5	1,010
Chal Infra Fund	2	338	Int Research	1	62	Qantas Airways	4	3,590	Whitehaven Coal	3	2,909
Chalice Gold	2	71	Investa Office	4	1,651	RCG Corporation	2	116	White Energy Co	2	119
Chal Div Prop	3	458	Invocare Ltd	4	747	RCR Tomlinson	4	197	Wide Bay Aust.	1	292
Challenger Ltd	4	2,359	Iress Mkt Tech	3	975	REA Group Ltd	6	1,643	Woodside Petrol	7	26,651
Chandler McLeod	4	157	JB Hi-Fi Ltd	7	1,506	Ramsay Health	7	3,575	Woolworths Ltd	5	30,875
Charter Hall GR	2	570	James Hardie	4	2,528	Reckon Limited	3	313	Worley Group	6	6,358
Chart H Office	4	1,638	Jupiter Mines	1	139	Redflex Holding	1	194	Wotif.com Hold.	8	862
			Kagara Ltd	2	429	Regis Resources	2	893			

D i v i d e n d $

Company	Cents per Share	Ex-Date	Pay-able	Tax Credit
Air New Zealand	2.50	09-09	21-09	Nil
AMP Office Trust	1.26	08-09	22-09	Full
Auckland Int'l Airport	47.70	07-10	21-10	Full
Barramundi	1.70	14-09	30-09	-
Briscoes Group	3.50	23-09	29-09	Full
Cavalier Corporation	11.0	30-09	14-10	Full
Colonial Motor Company	12.00	14-10	25-10	Full
Contact Energy	12.00	05-09	27-09	Full
Delegats Group	8.00	30-09	14-10	Full
Ebos Group	18.00	16-09	07-10	Full
Fletcher Building	17.00	30-09	19-10	6.6111
Freightways Holdings	7.25	14-09	30-09	Full
Goodman Property Trust	1.60	08-09	22-09	Full
Hellaby Holdings	6.00	14-10	21-10	Full
Marlin Global	2.13	14-09	30-09	-
Michael Hill International	3.00	30-09	10-10	Nil
NZ Experience	2.80	23-09	07-10	1.20
NZ Oil & Gas	2.00	16-09	30-09	Full
NZ Refining Company	3.00	15-09	22-09	1.1667
Northland Port	4.00	16-09	23-09	Full
Nuplex Industries	11.00	30-09	07-10	Nil
Opus International	3.80	18-08	30-09	Full
Port of Tauranga	21.00	23-09	07-10	Full
Powerco	6.76	-	-	Nil
Skellerup Holdings	4.00	07-10	21-10	Full
South Port NZ	14.50	23-09	02-11	Full
Sky City Group	8.00	30-09	07-10	1.8667
Sky Network TV	10.50	09-09	16-09	Full
Sky Network TV special	25.00	09-09	16-09	Full
Steel & Tube Holdings	9.00	16-09	30-09	Full
TeamTalk	10.00	07-10	14-10	Full
Telecom NZ	7.50	-	16-09	Full
Telecom NZ special	2.00	-	16-09	Full
Vector Ltd	7.50	12-09	19-09	2.9167
Vital Healthcare Prop	2.025	31-08	27-09	-
		Australian Shares		
Cardno Ltd	17.00	12-09	14-10	
Cellnet Group	2.50	29-07	17-08	
Chandler Macleod Group	1.20	05-09	23-09	
Clarius Group	2.00	12-09	14-10	
CPT Global	1.00	25-10	23-11	
CSG Limited	3.00	26-08	03-10	
Customers	2.00	30-08	28-09	
Fiducian Portfolio Services	5.00	02-09	22-09	
Iluka Resources	20.00	05-09	05-10	
Integrated Research	2.50	23-08	16-09	
M2 Telecommunications	9.00	30-09	28-10	
Melbourne IT	7.00	12-09	14-10	
Skilled Group	3.00	15-09	13-10	
The Reject Shop	8.00	20-09	10-10	
Village Roadshow	8.00	09-09	06-10	

Investment Outlook

(Continued from Page 1)

Your Editor began investing his own money in the stockmarket 40 years ago (at age 12, with just $500) and this newsletter has been around for over 30 years. Focusing upon long term investment and taking a long term strategic view of the stockmarket has helped build significant investment wealth over the years and decades. As we have pointed out over recent months and years, share prices are now trading at low valuations not seen since the economically depressed 1970's and early 1980's. Shares offer excellent *value* - so a diversified portfolio of shares bought or held today will likely generate significant wealth over the next decade - driven by the compounding impact of corporate profit recovery *and* the re-rating of shares from today's low valuations.

For example, if corporate profits *double* over the next five years *and* valuations *double*, then share prices would rise *four-fold*. With just moderate success at *share selection* (i.e. buying the right companies, at the right price) we should be able to build our “track record” (and investors' wealth!) with a few more 10-bagger and 20-bagger investment gains!

Total Return Index for All Listed Shares

Aug 15	1223.38	Aug 22	1216.73
Aug 16	1220.82	Aug 23	1215.60
Aug 17	1222.98	Aug 24	1220.68
Aug 18	1219.38	Aug 25	1218.47
Aug 19	1218.32	Aug 26	1211.95
Aug 29	1210.06	Sep 5	1197.31
Aug 30	1217.52	Sep 6	1194.38
Aug 31	1217.62	Sep 7	1198.49
Sep 1	1220.41	Sep 8	1195.96
Sep 2	1215.29	Sep 9	1190.81

Next Issue:

The next issue of *Market Analysis* will be emailed in four weeks time on Monday October 10, 2011.

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

MARKET ANALYSIS is published 12 times per year by Securities Research Company Limited, P.O. Box 34-162, Birkenhead, Auckland. Subscribe online at www.stockmarket.co.nz or email james@stockmarket.co.nz.