

Market Analysis

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Inside Market Analysis

Major shareholder takes management control of Atlas South Sea Pearl, seeks to raise \$4 million 4
 Cardno makes 1 for 9 cash issue at 490 cents to help finance a large US acquisition 4

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Founder: James R Cornell (B.Com.)

Summary and Recommended Investment Strategy.

Stockmarkets rose strongly over the last month. With the “market” now expecting an imminent crash, the *opposite* is more likely - so shares could continue to appreciate strongly. Remain fully invested.

Investment Outlook.

Stockmarkets - including those in Australia and New Zealand - have risen strongly over the last month. So where will stockmarkets go next?

Since stockmarkets declined sharply in 2008 this newsletter has argued that shares have been at low valuations not seen since the 1970's and early 1980's. So we see nothing unusual in share prices rising strongly! Historically our portfolio has tended to outperform the market during a recovery - for example, rising 109% in 1983, 102% in 1991 (and another 77% in 1992, increasing investors' wealth 3½-fold in just two years) and rose 49% in 2009.

While it is impossible to accurately predict the timing, we would not be surprised to experience another triple digit annual return (i.e. over 100%) in one of the next few years. Or perhaps we'll just double or triple our wealth from a few high double digit annual returns!

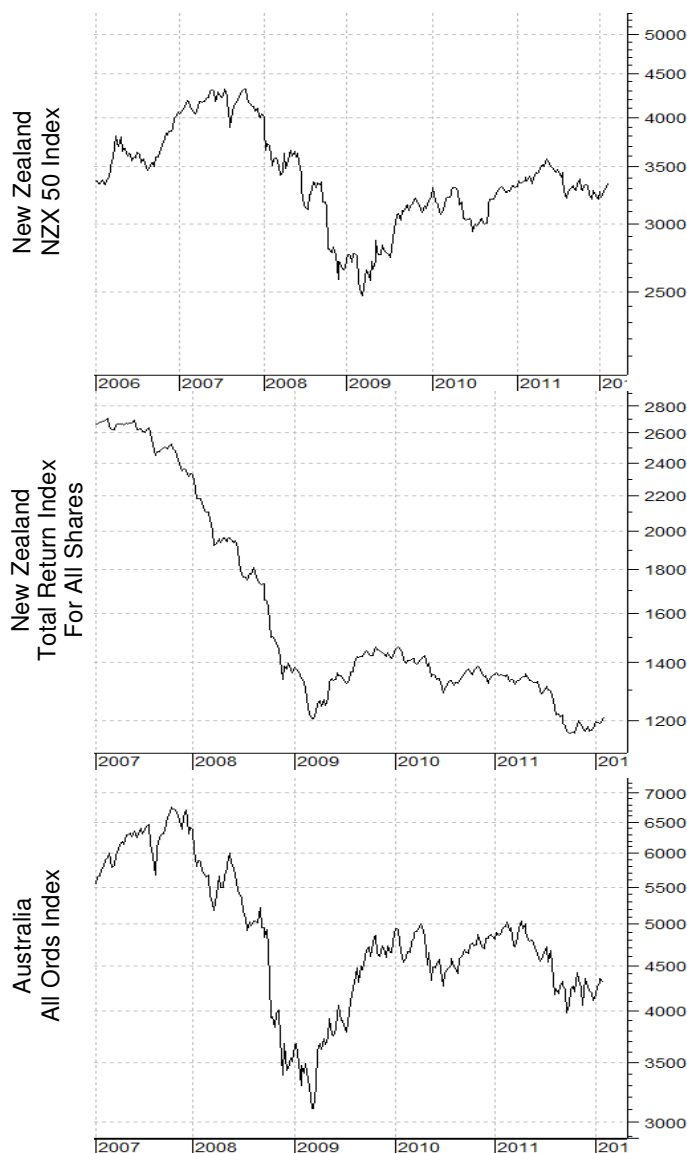
For share prices to jump sharply we do not need companies to announce particularly *good news*, but simply results that are *less worse* than recent years. By the time companies are announcing “good” results, share prices will have *already* doubled or quadrupled - and we will be close to the next peak!

But short term stockmarket movements are particularly difficult to predict - driven by sentiment and *changes* in sentiment. For example, the next strong (i.e. 50-100%) stockmarket rally probably won't be driven by investors becoming optimistic, but by a subtle *improvement* from the recent *extremes* of pessimism. The media and “experts” will be confused by the market rally in the face of continued pessimism!

Judging investor sentiment is also particularly difficult - and potentially *dangerous* (as one's own thinking can easily become contaminated from exposure to the extreme emotional views of the “market”). Preparing this newsletter we regularly saw the current stockmarket rise described as “a Bear Market rally” on the internet. A major Australian newspaper warns investors of a “rocky road in 2012” (Cont'd on Page 12)

Stockmarket Forecasts

	One-Month	One-Year
Australia:	76% (Bullish)	68% (Bullish)
New Zealand:	69% (Bullish)	56% (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.

Company	Performance Forecast	Price	Price/Sales Ratio	P/E Ratio	Gross Yield	Company	Performance Forecast	Price	Price/Sales Ratio	P/E Ratio	Gross Yield	Company	Performance Forecast	Price	Price/Sales Ratio	P/E Ratio	Gross Yield
AMP Limited	C	562	1.27	13	7.0	Jasons Media	C	17	0.24	7	Nil	Rakon Ltd	D	55	0.55	12	Nil
AMP Office Trt	C	88	6.40	85	8.9	Just Water Int.	E	9.0	0.25	10	Nil	Renaissance	D	8.0	0.02	NE	Nil
Abano Health	B	445	0.52	90	6.7	Kathandu Ltd	C	176	1.15	9	8.1	Restaurant Brds	C	199	0.60	8	12.2
Air New Zealand	C	92	0.23	12	7.4	Kermadec Prop.	B	66	6.53	11	4.5	Rubicon Limited	D	45	0.32	NE	Nil
Akd Int Airport	A	248	8.24	33	5.0	Kingfish Ltd	B	93	N/A	9	9.3	Ryman Health	B	283	N/A	14	1.3
Allied Farmers	E	4.0	0.01	NE	Nil	Kirkcaldie & St	B	300	0.74	NE	2.6	Salvus Strat.	D	4.0	1.03	3	Nil
Allied Work.	B	196	0.53	16	7.4	Kiwi Property	C	105	5.33	NE	7.5	Sanford Limited	D	425	0.86	18	7.7
Argosy Property	C	85	5.01	17	2.1	L&M Energy	E	5.6	N/A	NE	Nil	Satara Co-op	E	39	0.15	NE	Nil
Barramundi Ltd	C	65	N/A	10	11.4	Lytelton Port	C	200	2.23	17	Nil	Savoy Equities	C	2.0	N/A	NE	Nil
Blis Technology	D	4.0	3.15	NE	Nil	Mainfreight Grp	B	1020	0.75	24	2.8	Scott Tech. Ltd	B	165	1.22	13	6.1
Briscoe Group	B	145	0.73	14	8.9	Marlin Global	B	72	N/A	10	12.0	Sealegs Corp	E	13	1.06	NE	Nil
Burger Fuel	C	70	N/A	NE	Nil	Mercer Group	E	6.5	0.09	NE	Nil	Seeka Kiwifruit	B	92	0.11	1	31.1
CDL Investments	D	34	9.26	30	5.0	Methven Limited	C	102	0.56	14	12.7	Skellerup Hold.	B	138	1.37	13	6.2
Cavalier Corp	C	235	0.70	9	10.9	Metro. LifeCare	C	240	4.52	14	Nil	Sky City Ltd	B	351	2.52	16	6.1
Cavotec MSL	B	245	1.08	20	1.6	Michael Hill	B	88	0.69	10	5.1	Sky Network TV	C	507	2.48	16	5.2
Charlie's Group	D	43	4.00	51	Nil	Mid-Cap Index	E	209	N/A	NE	Nil	Smartpay NZ Ltd	D	11	0.27	NE	Nil
Chorus Ltd	D	333	2.54	NE	Nil	Millennium & C.	C	40	1.21	12	4.3	Smiths City	A	53	0.13	15	3.8
Claridge Cap'l	C	1.5	0.81	NE	Nil	Mowbray Collect	D	50	1.66	NE	Nil	Sol. Dynamics	C	35	0.40	32	Nil
Col Motor Co	A	290	0.20	12	9.4	NPT Limited	C	56	3.85	NE	8.0	South Port NZ	A	350	3.62	15	8.2
Comvita	A	265	0.91	21	1.6	NZ Experience	A	40	1.40	10	10.0	Speirs Group	C	12	0.11	NE	Nil
Contact Energy	C	494	1.55	23	7.2	NZ Exchange Ltd	A	274	6.54	35	5.2	Steel & Tube	C	215	0.49	11	10.0
Cynotech Hold.	D	0.7	0.13	NE	Nil	NZ Finance Hold.	E	0.6	0.01	NE	Nil	Sthn Travel	C	7.0	0.07	NE	Nil
DNZ Property	C	132	N/A	NE	4.9	NZ Farming Sys.	E	60	1.89	NE	Nil	Tag Pacific Ltd	D	12	0.15	NE	Nil
Delegat's Group	B	230	0.99	10	5.0	NZ Oil & Gas *	N/R	74	2.74	13	3.9	TeamTalk Ltd	A	230	1.66	11	12.4
Diligent Board	C	254	N/A	79	Nil	NZ Refining Co	C	280	3.14	33	Nil	Telecom Corp	B	215	2.19	21	12.0
Dorchester Pac	E	7.7	0.79	NE	Nil	NZ Windfarms	E	16	N/A	NE	Nil	Tenon Ltd	E	73	0.12	NE	Nil
Ebos Group Ltd	C	715	0.28	16	6.3	NZ Wine Company	C	85	0.57	NE	3.4	Tourism Hold.	D	59	0.40	NE	Nil
Ecoya Ltd	D	96	3.44	NE	Nil	NZ Wool Service	E	42	0.19	NE	Nil	Tower Limited	C	150	0.74	12	5.7
F & P Appliance	D	44	0.28	9	Nil	NZSX 50 Port.	D	126	N/A	NE	Nil	Trade-Me Ltd	D	307	N/A	NE	Nil
F & P Health	C	215	2.21	17	8.1	NZSX 10 Fund	E	88	N/A	NE	Nil	Training Sol.	D	0.1	N/A	NE	Nil
Finzsoft Sol'ns	B	34	0.41	5	Nil	NZX Aust MidCap	E	496	N/A	NE	Nil	Trust Power Ltd	C	703	2.89	20	7.5
Fletcher Build.	C	673	0.62	16	5.9	New Image Group	D	14	0.43	13	10.2	Turners & Grow.	B	178	0.24	17	3.4
Freightways Ltd	A	378	1.65	19	5.4	Northland Port	A	150	9.26	13	6.2	Turners Auction	A	148	0.57	13	10.6
Genesis Res.	D	2.5	0.28	NE	Nil	Nuplex Indust	C	265	0.33	8	7.9	Vector Ltd	B	261	2.09	13	7.8
Goodman Prop.	B	102	6.92	26	7.6	Opus Int'l Cons	C	187	0.71	12	5.9	Velo Capital	C	3.0	0.41	NE	Nil
Guinness Peat	C	59	0.09	2	2.6	Ozzy (Tortis)	E	340	N/A	NE	Nil	Vital Health PT	C	117	8.03	46	7.0
GuocoLeisure	C	63	1.55	9	Nil	PGG Wrightsons	E	42	0.25	NE	Nil	WN Drive Tech.	E	22	0.53	NE	Nil
Hallenstein G.	B	372	1.08	12	11.9	Pac Edge Bio.	E	20	N/A	NE	Nil	Wakefield Hlth	B	468	0.87	13	4.6
Heartland BS	D	49	0.81	21	Nil	Pharmacybrands	C	74	6.89	NE	Nil	Warehouse Group	C	268	0.39	8	11.7
Hellaby Hold.	B	257	0.41	12	5.6	Pike River Coal	D	88	N/A	NE	Nil	Widespread Port*	N/R	16	7.62	1	Nil
Heritage Gold *	N/R	1.9	N/A	NE	Nil	Port Tauranga	A	1067	7.71	24	4.2	Windflow Tech.	D	32	0.50	NE	Nil
Horizon Energy	B	334	2.69	14	7.3	Postie Plus Grp	B	25	0.09	15	5.7	Wool Equities	D	15	N/A	NE	Nil
Infratil NZ	B	188	0.53	18	5.1	Property F Ind.	C	119	7.89	26	6.9	World Index Fd	E	101	N/A	NE	Nil
Insured Group	C	3.0	0.40	NE	Nil	Pumpkin Patch	B	83	0.41	18	5.2	Xero Ltd	D	303	N/A	NE	Nil
Inv Research Gr	D	0.6	1.46	NE	Nil	Pyne Gould Corp	D	36	2.72	NE	Nil	Zintel Comm.	D	23	0.22	24	6.2
												Ave of 135 Cos	C	162	0.26	17	3.8
AGL Energy Ltd	B	1411	0.92	12	4.3	Downer EDI Ltd	C	366	0.32	NE	Nil	Panaust Ltd	B	377	3.81	15	Nil
AMP Ltd	B	431	1.16	12	7.0	DuluxGroup Ltd	A	290	1.07	11	5.2	Perpetual Ltd	B	2231	1.94	16	8.3
ANZ Bank	A	2142	1.20	11	6.5	Echo Ent Group	C	365	1.48	11	Nil	Perseus Mining	D	280	N/A	NE	Nil
APA Group	A	469	2.70	27	5.1	Eldorado Gold	B	1283	9.57	37	0.8	Platinum Asset	B	360	7.64	13	6.9
ASX Limited	A	3041	N/A	25	6.0	Energy World	B	68	N/A	44	Nil	Primary Health	B	296	1.11	18	2.7
AWE Limited	B	163	2.78	NE	Nil	Envestra	A	78	2.68	25	7.3	Q.B.E. Insur.	B	1198	0.81	10	10.7
Adelaide Bright	A	300	1.78	13	5.5	Extract Res.	C	858	N/A	NE	Nil	QR National Ltd	A	381	2.91	27	1.7
Alacer Gold	B	852	N/A	NE	Nil	Fairfax Media	B	79	0.75	7	3.8	Qantas Airways	C	158	0.24	14	Nil
Allied Gold Min	D	196	N/A	NE	Nil	Flight Centre	A	2074	1.11	15	4.1	Qube Logistics	A	146	3.15	14	1.3
Alumina Ltd	C	121	N/A	83	5.1	Fortescue Metal	B	524	3.23	17	1.3	REA Group Ltd	A	1338	7.32	26	1.9
Amalgamated Hld	A	605	1.23	12	6.1	GPT Group	B	305	6.84	13	5.3	Ramsay Health	A	1817	0.99	19	2.9
Ancor Ltd	B	693	0.69	24	5.1	Gloucester Coal	B	829	4.49	25	Nil	Reece Australia	B	1939	1.23	16	3.1
Aneka Tambang	C	125	N/A	NE	Nil	Goodman Fielder	C	54	0.33	NE	14.4	Regis Resources	B	414	N/A	49	Nil
Ansell Ltd	A	1445	1.56	16	2.2	Goodman Group	B	66	6.95	11	5.3	Resolute Mining	B	213	4.48	32	Nil
Aquarius Plat.	B	233	1.73	8	3.2	Graincorp	B	780	0.56	9	3.8	Rio Tinto Ltd	B	6998	0.49	2	1.6
Aquila Res.	D	580	N/A	NE	Nil	Growthpoint Pro	B	197	5.32	11	8.7	S/Tracks ASX200	B	3961	N/A	8	4.4
Argo Investment	B	549	N/A	20	4.7	Harvey Norman	B	206	1.41	9	5.8	SAI Global Ltd	A	499	2.31	22	2.9
Aristocrat Leis	B	246	1.93	17	2.0	Hast Div Util	B	209	7.06	NE	5.7	SP Ausnet	B	99	1.81	11	8.1
Asciano Limited	B	461	1.47	31	0.4	Henderson Group	B	185	4.83	30	5.4	Sandfire Res.	C	805	N/A	NE	Nil
Aston Resources	D	956	N/A	NE	Nil	IOOF Holdings	A	561	2.02	13	7.7	Santos Ltd	B	1389	5.45	24	2.7
Atlas Iron Ltd	B	327	4.62	16	0.9	Iluka Resources	A	1774	7.64	NE	0.5	Seek Ltd	B	550	5.37	19	2.6
Ausdrill Ltd	A	360	1.29	15	3.3	Incitec Pivot	A	334	1.39	12	3.4	Seven West Med.	B	355	2.99	19	12.7
Austar United	B	122	2.18	16	Nil	Independ. Group	A	419	5.23	NE	1.7	Seven Group	B	820	0.79	28	4.4
Aust Foundation	B	424	N/A	18	5.0	Insurance Aust.	B	288	0.76	24	5.6	Sims Metal Mgmt	B	1425	0.33	15	3.3
Aust Infra.	B	202	N/A	6	5.0	Investa Office	B	62	8.48	12	6.3	Sonic Health	B	1123	1.41	15	5.3
Australand Prop	B	261	2.01	9	7.9	Iress Mkt Tech	B	706	4.86	18	5.0	Soul Pattinson	B	1355	4.26	20	3.0
BHP Billiton	B	3630	1.75	5	2.6	JB Hi-Fi Ltd	B	1199	0.40	11	6.4	Spark Infrastru	A	138	6.33	23	9.8
BWP Trust	B	177	N/A	11	6.8	James Hardie	C	722	2.65	NE	Nil	Sth Cross Media	B	114	1.63	15	8.8
Bank of Q'land	A	733	0.57	10	7.4	Jupiter Energy	D	63	N/A	NE	Nil	Stockland	B	318	3.20	10	7.5
Beach Energy	B	158	3.50	NE	1.1	Kardoos Gas	C	530	N/A	NE	Nil	Suncorp Group	B	821	0.55	23	4.3
Bendigo Bank	B	813	0.81	9	7.4	Kingsgate Cons.	B	790	6.17	51	1.9	Sundance Res.	D	42	N/A	NE	Nil
Bluescope Steel	C	41	0.10	NE	4.9	Laguna Res.	C	354	N/A	NE	Nil	Super Retail Gr	B	605	0.76	15	4.8
Boart Longyear	C	369	1.54	NE	Nil	Leighton Hold	B	2385	0.52	NE	2.5	Sydney Airport	B	263	4.86	95	12.7
Boral Limited	B	427	0.67	19	3.4	Lend Lease Grp	B	723	0.46	1	4.8	TPG Telecom Ltd	B	148	2.02	15	3.0
Bradken Ltd	B	831	1.17	20	4.1	Lynas Corp Ltd	D	139	N/A	NE	Nil	Tabcorp Holding	B	290	0.68	7	14.8
Brambles Ltd	B	720	2.46	24	3.6	Macquarie Group	B	2713	0.81	10	6.9	Tatts Group Ltd	B	250	0.90	12	8.6
Brickworks Ltd	B	1061	2.46	11	3.8	Medusa Mining	B	604	8.19	11	1.7	Telstra	A	340	1.67	13	8.2
C'wth Prop Off.	B	97	7.61	12	5.7	Mesoblast Ltd	E	692	N/A	NE	Nil	Ten Network	B	90	0.94	66	6.1
C.S.F. Ltd	B	199	0.52	11	4.2	Metcash Ltd	B	400	0.25	13	8.0	Toll Holdings	B	509	0.44	12	4.9
CFS Retail Prop	B	171	6.87	9	7.4	Milton Corp.	A	1519	N/A	20	5.0	Transfield Serv	B	220	0.44	28	6.4
CSL Limited	B	3057	3.83	30	2.6	Mineral Res.	A	1267	3.52	14	3.3	TransPacific In	C	84	0.41	NE	Nil
Caltex Austria	B	1252	0.18	11	4.8	Mirvac Group	B	122	6.75	8	5.1	Transurban Grp	B	556	7.74	71</	

Recommended Investments

Michael Hill International recorded sales 7.2% higher at \$287.7 million for the six months to 31 December. This includes \$14.4 million from its *Professional Care Plan* which will be treated as *deferred revenues* in its accounts.

Australian same store sales were down 1.0% (although total Australian revenues were up 4.4%) owing to difficult

market conditions which put pressure on margins and “will adversely impact on profits for the first half”. The company predicts earnings (before interest and tax) will be 2-8% higher at \$33-35 million. We estimate that will have a similar impact on net profits which should be around \$24-26 million (6.3-6.8 cents per share).

(Continued on Page 4)

Portfolio of Recommended Investments

CURRENT ADVICE	Company	Code	Initial Recommendation - Date -	Price	Performance Forecast	Issued Shares (mil.)	Vola- tility Ratio	Price/ Sales Ratio	Price/ Earnings Ratio	Gross Dividend Yield	Recent Share Price	Cash Dividends Rec'd	Total Return %
<u>NZ Shares</u>													
BUY	CDL Investments Ltd	CDI	12/01/99	25	D	252.8	1.4	9.26	30	5.0	34	20.3	+117%
BUY	Cavalier Corporation	CAV	05/12/95	156*	C	68.3	0.9	0.70	9	10.9	235	278.0	+229%
HOLD	Colonial Motor Company	CMO	10/11/92	128*	A	32.7	0.5	0.20	12	9.4	290	337.3	+390%
HOLD	Lyttelton Port Company	LPC	12/12/00	150	C	102.3	0.8	2.23	17	Nil	200	77.7	+85%
BUY	Michael Hill Int'l Ltd	MHI	11/06/91	5*	B	382.7	0.9	0.69	10	5.1	88	36.4	+2388%
HOLD+	Nuplex Industries Ltd	NPX	11/02/97	523*	C	196.7	1.0	0.33	8	7.9	265	409.0	+29%
HOLD	Postie Plus Group	PPG	08/05/06	71	B	40.0	1.9	0.09	15	5.7	25	8.5	-53%
HOLD	Renaissance Corp	RNS	13/08/96	85*	D	45.7	4.1	0.02	NE	Nil	8	53.9	-27%
HOLD	Smiths City Group	SCY	09/10/06	64	A	53.0	1.1	0.13	15	3.8	53	16.0	+8%
HOLD	South Port New Zealand	SPN	13/02/96	120	A	26.2	0.5	3.62	15	8.2	350	154.3	+320%
HOLD+	Steel & Tube Holdings	STU	08/08/00	146	C	88.4	0.8	0.49	11	10.0	215	254.6	+222%
<u>Australian Shares</u> (in Aust cents)													
BUY	AJ Lucas Group	AJL	13/05/03	120	D	97.9	0.6	0.63	NE	Nil	134	41.0	+46%
BUY	Atlas South Sea Pearl	ATP	14/05/96	73	C	136.4	3.2	0.50	3	Nil	5	17.5	-69%
HOLD	Campbell Brothers Ltd	CPB	12/10/99	389*	A	67.5	0.3	3.28	27	2.6	5385	774.0	+1483%
BUY	Cardno Ltd	CDD	14/12/09	391*	A	119.3	0.5	0.82	12	5.5	619	61.3	+74%
HOLD	Cellnet Group Ltd ¹	CLT	12/02/02	147*	B	61.3	1.4	0.19	12	15.2	23	45.9	-50%
HOLD+	Chandler Macleod Group	CMG	14/08/01	51*	B	467.9	1.4	0.14	13	5.9	34	22.9	+12%
HOLD+	Circadian Technologies	CIR	10/02/04	188	C	46.4	1.1	12.66	NE	Nil	50	65.0	-39%
HOLD+	Clarius Group Ltd	CND	08/04/03	82*	B	88.2	1.2	0.14	9	9.8	41	69.5	+35%
BUY	CPT Global Ltd	CGO	10/03/08	88	B	36.9	1.1	0.49	26	4.9	51	9.8	-31%
BUY	CSG Limited	CSV	11/10/10	175	C	282.6	1.1	0.43	4	9.2	60	5.5	-63%
HOLD+	Customers Ltd	CUS	11/07/11	83	B	134.9	0.9	0.93	6	5.8	86	2.0	+6%
HOLD	Devine Ltd	DVN	13/11/06	334*	B	158.7	1.0	0.28	6	2.7	74	75.6	-55%
BUY	Ellex Medical Lasers	ELX	14/03/06	49	C	84.9	2.0	0.35	NE	Nil	18	Nil	-63%
BUY	Fiducian Portfolio Ser	FPS	11/02/08	260	B	32.2	0.8	1.41	8	8.2	107	31.8	-47%
BUY	Finbar Group Ltd	FRI	12/04/10	106	B	207.7	0.8	3.76	8	8.7	98	12.0	+4%
HOLD	Iluka Resources Ltd	ILU	12/10/04	471	A	415.5	0.6	7.64	0	0.5	1774	92.0	+296%
BUY	Integrated Research	IRI	14/01/08	40	A	166.9	0.9	2.17	13	6.9	58	14.0	+80%
HOLD	Mnet Group ¹	MNZ			C	208.3	4.5	0.48	NE	Nil	2.9		
HOLD	M2 Telecommunications	MTU	09/10/06	33	A	123.7	0.6	0.92	14	5.0	318	39.5	+983%
BUY	Melbourne IT	MLB	10/02/04	53	A	80.0	0.6	0.63	7	10.0	150	74.0	+323%
BUY	Nomad Building Solutio	NOD	16/08/10	13*	D	277.5	2.4	0.16	NE	Nil	10	Nil	-23%
BUY	Novarise Renewable Res	NOE	14/03/11	25	B	399.3	1.8	0.96	5	5.6	18	Nil	-28%
BUY	Penrice Soda Holdings	PSH	11/07/11	17	D	91.4	2.2	0.07	NE	Nil	11	Nil	-35%
BUY	Probiotec Ltd	PBP	11/02/08	116	B	52.9	1.2	0.25	17	Nil	34	9.3	-63%
BUY	Prophecy International	PRO	08/09/08	26	B	47.2	1.4	2.33	NE	2.1	24	7.3	+20%
HOLD	Skilled Group Ltd	SKE	12/03/02	126	B	233.1	0.7	0.23	17	1.6	185	135.0	+154%
HOLD	Technology One Ltd	TNE	11/11/03	44	B	303.4	0.7	1.99	15	4.5	103	31.9	+207%
HOLD+	TFS Corporation Ltd	TFC	08/01/07	45	B	276.5	0.9	1.62	9	7.3	65	14.2	+76%
HOLD+	The Reject Shop Ltd	TRS	11/01/05	257	A	26.0	0.4	0.55	18	2.8	1101	279.5	+437%
HOLD	Village Roadshow	VRL	10/08/09	77	B	151.5	0.5	0.49	16	5.3	301	137.0	+469%

The average Total Return (i.e. both Capital Gains/Losses plus Dividends received) of all current investments from initial recommendation is %+201.6%. This is equal to an average annual rate of +25.5%, 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 GGroup include 1½ shares in Mnet Group distributed to shareholders.

Recommended Investments

(Continued from Page 3)

Michael Hill International



Nuplex Industries is to form a 50:50 joint venture with **KVIL Group**, a Russian paint and resins producer. Nuplex Industries will initially invest Euro 3.5 million for working capital and the joint venture will market resins produced by the two partners. If this is successful, the joint venture intends to build a new resins manufacturing plant at Belgorod, Russia, at an estimated cost of about Euro 20 million.

This joint venture will enable Nuplex Industries to expand into Russia and to service the Russian operations of many of the group's multinational customers.

Nuplex Industries



South Port NZ lifted revenues 4.7% to \$12.5 million for the half year to 31 December 2011, but net profits fell 12.3% to \$2,543,000 (9.7 cents per share). A steady 5.5 cents interim dividend (plus full imputation tax credits) will be paid.

The net operating cash surplus was \$1.5 million - down from a very high \$7.1 million for the same period a year earlier.

Port volumes increased 7% to 1,390,000 tonnes, but higher costs - including higher depreciation (on its new \$5.8 million crane) and increased insurance premiums - resulted in the lower net profit.

The company has contracted to sell its surplus mobile harbour crane for US\$1,125,000. That will realise an after tax gain of about \$240,000 on book value - and enable the company to repay over a quarter of its \$4.4 million of interest bearing debt. With this gain on sale, the full year profit is forecast to be 12-17% lower at around \$5.2-5.5 million (20-21 cents per share).

Solid Energy has begun construction of a \$25 million plant at Mataura with the annual capacity to convert 150,000 tonnes of lignite into 90,000 tonnes of briquette fuel units for export through South Port NZ. Solid Energy has 1400 million tonnes of lignite deposits in Eastern Southland. That is enough to feed its new plant for the next 9000 years - or to perhaps significantly expand this export business in future years! The company has also indicated its interest in converting lignite into urea and synthetic diesel - much of which would require shipment through South Port.

Steel & Tube Holdings lifted revenues 6.5% to \$202.9 million for the six months to 31 December 2011, but net profits were 24.1% lower at \$6,373,000 (7.2 cents per share). The interim dividend will be 8.3% lower at 5.5 cents (plus full tax credits).

The net cash operating surplus fell 90% to \$1.2 million.

The company expects the second half result will be "similar or a little better" than the first half.

Australian Shares

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

AJ Lucas Group has extended the closing date of its 1 for 2 cash issue from 27 January until 15 February. The new shares are being offered at 135 cents. Investors have been able to buy additional shares on-market at lower prices.

Atlas South Sea Pearl is seeking to raise up to \$4.2 million from shareholders through a cash issue of 1 new share at 5 cents for every 1.7 shares currently held. This will be non-renounceable, so investors not wishing to invest further cash in the company can not sell rights to the new shares (but can sell *existing* shares and take up the *new* shares).

Shareholders will also be able to apply for *additional shares* from any shortfall resulting from other shareholders not taking up their entitlement.

The cash issue is not underwritten and subject to a minimum application of \$1.5 million.

The shares will trade ex-entitlement to the new shares from 14 February and payment is due by 16 March.

Unfortunately this type of cash issue does tend to depress the share price down towards the cash issue price of 5 cents - especially with the expectation that shareholders will be able to buy additional shares at 5 cents. So investors should take up their entitlements to avoid dilution of the value of this shareholding.

If Atlas South Sea Pearl raises the full \$4.2 million then it intends to spend around \$2.5 million to (1) fully commercialise its quality selection program at all sites, (2) improve production infrastructure and (3) finance managerial and technical jobs. The remaining funds could be spent to commercialise new products and value adding initiatives and to finance working capital.

The company's major shareholder, Western Australian entrepreneur Steve Birkbeck, has taken over as Chief Executive, resigning "from all activities to focus on Atlas in 2012" and turn around the company. The current capital raising - which is depressing the

share price - could offer Mr Birkbeck the opportunity to significantly increase his percentage ownership of Atlas South Sea Pearl at a very low price!

Atlas South Sea Pearl



Cardno is predicting its first half profit will be 7-14% higher at \$34-36 million. That would make earnings per share for the period 0-6% higher at 30.1-31.9 cents.

The company has agreed to acquire **ATC Associates**, a United States environmental services firm based in Louisiana, for US\$106 million in cash. This business is expected to generate annual revenues of US\$130 million and earnings of US\$16 million. That is a Price/Sales ratio of 0.82 and a Price/Earnings ratio of about 13.

This acquisition “further strengthens Cardno’s exposure to the US environmental and natural resources management market”, is “highly complementary to existing businesses” and makes Cardno “one of the largest environmental consulting firms in the US”.

The acquisition is being funded through the placement of 9.2 million shares at 490 cents to raise \$45 million, plus a 1 for 9 cash issue to shareholders at 490 cents to raise a further \$66.5 million.

The shares traded ex-entitlement to the cash issue on 8 February and payment for the new shares is due by 7 March. Investors with cash to invest should take up these new shares, but the issue is renounceable so shareholders will also have the option to sell the rights on-market from 20 February to 29 February.

Medium to longer term the company is “expecting generally improving conditions and ongoing organic growth” and “anticipates a strengthening performance” through to the June 2013 financial year.

Cardno



Cellnet Group shares traded ex-entitlement to the 9.0 cents capital repayment on 18 January, with payment made on 8 February.

For the six months to 31 December 2011, revenues fell 17.4% to \$36.9 million and profits were down 53.8% at \$704,000 (1.0 cent per share). A steady interim dividend of 1.0 cent was paid in December.

There was a net cash operating *deficit* of \$2.2 million, compared with a deficit of \$1.4 million a year earlier. Cash on hand at the end of December was \$15.2 million so after the capital repayment will be \$9.7 million (16.0 cents per share).

The current half year result included start-up costs and initial trading losses of \$450,000 from the company’s online *dealfox.com.au* store which are “not expected to continue in the second half”. This business is “now fully operational”, “the board is encouraged by the initial results” and the business “has the potential to become a meaningful player”.

Cellnet Group is focused upon continuing to build its wholesale operations, its online business and “look for synergistic product lines and potential acquisitions”.

Circadian Technologies has announced a study by **The Schepens Eye Research Institute** which measured increased VEGF-C associated with corneal graft rejection. In animal models, blockage of the VEGF-C with Circadian Technologies’ VGX-100 resulted in “significantly improved corneal graft survival”. At present, 10-30% of grafts are rejected within 6-12 months, especially in at risk patients.

CPT Global has announced the renewal of an unspecified number of “long term risk reward contracts” with major international clients.

The company has recently started two cost optimisation projects for new clients in the United States and Europe. The US client has upgraded this to a “risk reward contract” where CPT Global is paid a percentage of the “substantial” cost reductions expected over the next year.

CPT Global also reports that “with cost reduction now a key issue on all major companies IT agenda, we expect to see further growth in our international business over the next few years”.

CPT Global



CSG Ltd expects its first half profit to be around \$9-11 million (3.2-3.9 cents per share) - down 43-53% on the same period a year earlier. (Continued on Page 6)

Recommended Investments

(Continued from Page 5)

\$2.1 million - or 20-25% - of that decline relates to costs involved in discussions with parties who had indicated an interest in acquiring the company.

The directors expect “an improved performance” in the second half year.

Customers predicts that revenues for the six months to 31 December will be 1.9% higher at \$64 million but that earnings (before interest, depreciation and tax) will fall 22-25% to \$17.8-18.4 million. This is *after* around \$3.0-3.5 million of start-up costs on new business products and ventures (compared with \$1.3 million a year earlier).

Net profits will also be lower as the company has exhausted previous tax losses and will now pay tax - although that will enable it to pay *franked* dividends.

The company has invested \$6 million in the New Zealand network which now has 500 ATMs. Increasing its ownership to 100% and expanding the network to 800 ATMs will cost a further \$11 million. The company expects “a healthy return on investment” from this business and a “positive contribution” to earnings in the year to June 2013.

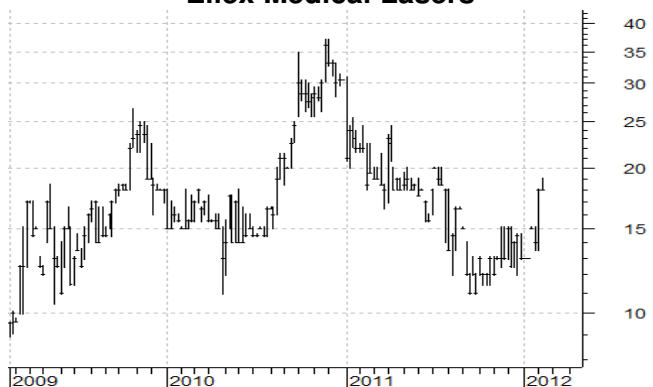
Customers



Devine Ltd reports revenues down 14.8% to \$193.2 million for the six months to 31 December 2011. Net profit was 23.3% lower at \$7,298,000 (4.6 cents per share). A 50.0% lower interim dividend of 2.0 cents will be paid.

Ellex Medical Lasers is predicting a 15% increase in revenues for the half year to December 2011 - despite the strength of the Australian dollar. Together with operating cost reductions this should lift pre-tax profits around 50%.

Ellex Medical Lasers



Finbar Group has been selected as the preferred developer of a 7,500m² site, 5km east of the Perth CBD by **LandCorp**. If approved, a 50% owned Finbar Group joint venture will develop 8-storey and 16-storey residential towers with around 190 apartments of one or two bedrooms, plus a third 6-storey building with 6000m² of prime office space.

Finbar Group would earn 50% of the development profit on this project plus a management fee.

Finbar Group has completed the 50% owned *18 on Plain* apartments project and is in the process of obtaining individual strata titles. This development consists of 29 apartments and two commercial lots worth a total of \$20.5 million. The company has pre-sold 27 lots, for \$17.05 million (i.e. 83% of the project), with these settlements expected from April.

Finbar Group



Iluka Resources lifted total mineral sands production by 10.1% to 1,628.2 thousand tonnes during 2011, but production of high value Zircon was up 45.7% to 601.5 thousand tonnes.

Total sales were up 10.6% to 1,609.0 thousand tonnes, with Zircon sales volumes up 7.5% to 514.5 thousand tonnes.

Cash production costs were \$537/tonne (virtually unchanged from \$539/tonne in 2010), but average revenues rose 83% to \$1,480/tonne. That would lift the “cash” profit margin 4½-fold to \$943/tonne.

Total revenues rose 75.7% (or \$662 million) to \$1,536.7 million. As we have discussed previously, most of that additional revenue will flow through into profits, so the net profit will rise from just \$2.2 million in 2010 to perhaps \$400 million (95 cents per share).

Based upon current selling prices, revenues for the current year to December 2012 could be around \$1700-1750 million.

Iluka Resources



Integrated Research expects its first half profit to be 30-50% higher at \$3.1-3.6 million. The company reports this improvement is the result of “increased new licence sales in the IP Telephony product range”.

New licence sales also help build *future* revenues and profits from increased annual maintenance fees.

Integrated Research



Melbourne IT could earn significant upfront and recurring revenues from the release of generic top level domain (gTLD) names. The **Internet Corporation for Assigned Names and Numbers (ICANN)** will accept gTLD applications for a three month period from 12 January to 12 April 2012. After that it may not accept new applications for several years. Overall the industry expects around 1500 gTLD applications globally and Melbourne IT announces that it has already received “over 100 applications” (with twenty from Australian organisations) and 300 expressions of interest.

The application process involves over 50 questions and a 300 page legal document. Applications will be reviewed by ICANN, can be reviewed by Governments and could be subject to legal challenge by competitors.

Nevertheless, gTLDs should be a significant source of revenues for companies like Melbourne IT. The initial application cost is US\$185,000 with successful organisations then paying annual fees of US\$25,000 per gTLD (in addition to other services such as web hosting).

So if Melbourne IT processes 200 applications, that is initial revenues of \$37 million and recurring annual revenues of at least \$5 million. Melbourne IT's current revenues are around \$190 million.

Nomad Building Solutions reports that it is “on track to return to profitability” this year but that the Western Australian based *Nomad Modular* business has continued to underperform and continues to trade unprofitably.

The company has engaged **KPMG** to conduct a strategic review to consider further restructuring, product development and diversification, a trade sale of the business or its closure. This review will be completed in March.

Nomad Building Solutions



Novarise Renewable Resources International reports December quarter receipts of \$31.4 million (up 11% on the December 2010 quarter) and a net operating surplus of \$5.1 million (down 10%).

For the full year, receipts were up just 1% to \$88.1 million and the net operating surplus down 24% to \$12.3 million.

Cash on hand is \$7.1 million, interest bearing debts are \$47.9 million and unutilised credit facilities are \$30.7 million.

Penrice Soda Holdings reports that the SA Government expects to complete the upgrade and re-open the Gawler rail line at the end of March. Road freight damages the limestone, causing problems in the chemical processing. The company has taken measures to control this problem and planned production rates are being achieved. The total cost of this rail closure is expected to be around \$4 million, in line with previous estimates.

The company has also signed a contract to continue to supply quarry aggregates to the **South Road Superway** over the next two years, until completion of that project at the end of 2013. This would generate about 15% of the quarry's revenues from sales to the civil market and “contribute materially to an expected increase in profitability” this financial year for the quarry business.

Prophecy International Holdings reports revenues up 35% to \$3.9 million for the first half year and expects profits to recover almost 3-fold to around \$700,000 (1.4 cents per share). The interim dividend is expected to be increased 150.0% to 1.25 cents.

The company is predicting a “strong result” for the full year.

Prophecy International Holdings



(Continued on Pag8)

Recommended Investments

(Continued from Page 7)

Technology One has signed four customers - worth more than \$4 million - for its *OneHealth* suite of finance, asset management, planning and customer relationship management software tailored for hospitals.

Technology One has also won contracts with the **Legal Aid Commissions** of Western Australia and South Australia for legal aid grant management systems. The company first developed this system for **Legal Aid Queensland** a decade ago and recently implemented customised software for the Legal Aid Commissions of Victoria and New South Wales.

TFS Corporation has entered into another property

purchase agreement. The company will acquire *Midway Station* - a successful cattle property - in the Katherine region of the Northern Territory for \$4.45 million. This property consists of 2,910 hectares, of which around 1,000 hectares is suitable for Indian Sandalwood plantations.

The company is also negotiating to purchase a 12,000 hectare Katherine property from the **Peanut Company of Australia**.

Village Roadshow has received planning approval for the first two stages of its three stage development of a *Wet 'n' Wild* theme park in Sydney. Construction of this \$100 million project is expected to start within a few months with an opening date of September 2013.

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	Cur- rent	4-Wk Chg.	Rank 0-99	Insider Buy-Sell	Brokers Following	Price to NTA	Return on Equity	Vola- tity	Price Earn. Ratio	Divi- dend Yield	Price Sales Ratio	Market Cap'n	Company	Share Price	Cur- rent	4-Wk Chg.	Rank 0-99	Insider Buy-Sell	Brokers Following	Price to NTA	Return on Equity	Vola- tity	Price Earn. Ratio	Divi- dend Yield	Price Sales Ratio	Market Cap'n
UNDER-VALUED SHARES: Lowest Price/Sales, Yld > 0, Rel Strength > 0														OVER-VALUED SHARES: Highest Price/Sales Ratios, Relative Strength < 0													
Postie Plus Grp	25	+9.7	+4.4	7	0-0	-	0.6	4	1.9	15	5.7	0.09	10	Vital Health PT	117	-58.3	+0.0	97	0-1	-	1.1	2	0.5	46	7.0	8.03	338
Smiths City	53	+12.5	+1.7	6	8-0	-	0.6	4	1.1	15	3.8	0.13	28	Property F Ind.	119	-0.6	+0.4	40	0-0	-	1.1	4	0.4	26	6.9	7.89	257
Col Motor Co	290	+4.5	+1.3	13	1-0	-	0.8	7	0.5	12	9.4	0.20	95	Kiwi Property	105	-0.2	-0.5	37	0-0	-	1.0	-	0.4	NE	7.5	5.33	1,021
Turners & Grow.	178	+3.5	+0.2	18	1-0	-	0.7	4	0.7	17	3.4	0.24	201	Charlie's Group	43	-58.3	-0.0	98	0-0	-	7.7	15	1.2	51	Nil	4.00	126
Hellaby Hold.	257	+0.5	-2.2	31	0-0	-	1.4	11	1.2	12	5.6	0.41	190	Blis Technology	4	-19.9	+0.3	89	0-0	-	-	-	2.2	NE	Nil	3.15	6
Infratil NZ	188	+1.4	-0.1	26	0-1	-	1.1	6	0.7	18	5.1	0.53	1,133	NZ Refining Co	280	-10.9	+0.2	79	3-0	-	1.5	4	0.5	33	Nil	3.14	784
Allied Work.	196	+4.0	-1.7	15	0-0	-	2.6	16	1.0	16	7.4	0.53	51	Trust Power Ltd	703	-0.8	-0.6	43	0-0	-	1.6	8	0.3	20	7.5	2.89	2,212
Turners Auction	148	+0.2	+0.9	33	0-0	-	2.0	15	0.8	13	10.6	0.57	41	NZ Oil & Gas	74	-3.0	+2.8	55	0-0	-	0.8	7	0.9	13	3.9	2.74	292
Michael Hill	88	+0.2	+0.7	32	3-2	1	1.9	19	0.9	10	5.1	0.69	337	Horizon Energy	334	-2.1	+1.3	49	0-0	-	1.5	11	0.3	14	7.3	2.69	83
Kirkcaldie & St	300	+7.3	+0.4	7	0-0	-	1.5	-	0.5	NE	2.6	0.74	31	Chorus Ltd	333	-0.7	+0.6	42	1-0	-	2.8	-	0.3	NE	Nil	2.54	1,282
Mainfreight Grp	1020	+1.2	-0.6	27	1-7	-	3.3	14	0.5	24	2.8	0.75	1,004	Sky City Ltd	351	-0.3	+0.4	37	1-1	2	2.6	16	0.5	16	6.1	2.52	2,025
Comvita	265	+15.1	-8.9	4	7-1	-	1.0	5	0.7	21	1.6	0.91	75	Sky Network TV	507	-3.0	-0.5	56	1-0	2	1.5	9	0.4	16	5.2	2.48	1,973
Delegat's Group	230	+3.0	+1.0	20	0-0	-	1.4	14	0.6	10	5.0	0.99	233	Lytelton Port	200	-3.1	+0.7	56	0-0	-	1.3	8	0.5	17	Nil	2.23	205
BEST PERFORMING SHARES: Strongest Shares, P/E < 20, P/S < 1.0														F & P Health.													
Smiths City	53	+12.5	+1.7	6	8-0	-	0.6	4	0.8	15	3.8	0.13	28	215	-6.3	-0.6	67	1-4	1	3.6	20	0.3	17	8.1	2.21	1,117	
Postie Plus Grp	25	+9.7	+4.4	7	0-0	-	0.6	4	1.5	15	5.7	0.09	10	Worst PERFORMING SHARES: Weakest Shares, P/S Ratio > 0.25, Yield < Twice Average													
Col Motor Co	290	+4.5	+1.3	13	1-0	-	0.8	7	0.4	12	9.4	0.20	95	Charlie's Group	43	-58.3	-0.0	98	0-0	-	7.7	15	1.1	51	Nil	4.00	126
Allied Work.	196	+4.0	-1.7	15	0-0	-	2.6	16	0.9	16	7.4	0.53	51	Vital Health PT	117	-58.3	+0.0	97	0-1	-	1.1	2	0.4	46	7.0	8.03	338
Turners & Grow.	178	+3.5	+0.2	18	1-0	-	0.7	4	0.6	17	3.4	0.24	201	Smartpay NZ Ltd	11	-23.6	+0.0	93	0-0	-	-	-	1.4	117	Nil	0.27	13
Delegat's Group	230	+3.0	+1.0	20	0-0	-	1.4	14	0.5	10	5.0	0.99	233	Rakon Ltd	55	-21.6	+2.1	91	1-0	-	0.5	4	0.9	12	Nil	0.55	105
Finzsoft Sol'ns	34	+2.2	-0.7	23	0-0	-	1.0	19	0.9	5	Nil	0.41	3	Windflow Tech.	32	-20.1	+5.2	89	0-0	-	1.9	-	1.3	NE	Nil	0.50	5
Infratil NZ	188	+1.4	-0.1	26	0-1	-	1.1	6	0.5	18	5.1	0.53	1,133	Blis Technology	4	-19.9	+0.3	89	0-0	-	-	-	2.1	NE	Nil	3.15	6
Hellaby Hold.	257	+0.5	-2.2	31	0-0	-	1.4	11	1.1	12	5.6	0.41	190	L&M Energy	6	-19.6	-1.7	88	0-0	-	-	-	1.8	NE	Nil	N/A	42
Michael Hill	88	+0.2	+0.7	32	3-2	1	1.9	19	0.7	10	5.1	0.69	337	Rubicon Limited	45	-17.7	+5.4	86	4-0	-	0.7	-	0.6	NE	Nil	0.32	128
Turners Auction	148	+0.2	+0.9	33	0-0	-	2.0	15	0.6	13	10.6	0.57	41	Pumpkin Patch	83	-16.1	+6.3	84	5-1	1	4.3	23	0.8	18	5.2	0.41	139
INCOME SHARES: Highest Yields, Capitalisation > NZ\$100 million														F & P Appliance													
Restaurant Brds	199	-6.7	+0.2	69	0-0	-	3.3	41	0.6	8	12.2	0.60	195	22	-15.5	+1.5	83	2-0	-	16.2	-	1.6	NE	Nil	0.53	15	
Telecom Corp	215	+6.1	+1.1	8	2-0	3	1.8	8	0.5	21	12.0	2.19	4,128	Dorchester Pac	8	-13.3	-2.3	81	2-0	-	0.3	-	1.7	NE	Nil	0.79	8
Hallenstein G.	372	-0.7	-0.8	42	0-0	-	3.5	29	0.5	12	11.9	1.08	222	Heartland BS	49	-11.1	+2.3	80	0-0	-	0.1	0	0.8	21	Nil	0.81	147
Warehouse Group	268	-6.4	-1.0	68	4-4	2	2.4	29	0.6	8	11.7	0.39	654	NZ Refining Co	280	-10.9	+0.2	79	3-0	-	1.5	4	0.4	33	Nil	3.14	784
Cavalier Corp	235	-16.7	+1.4	86	0-0	1	1.6	17	0.7	9	10.9	0.70	160	Fletcher Build.	673	-10.8	+2.9	78	7-1	3	1.2	8	0.4	16	5.9	0.62	4,567
AMP Office Trt	88	+1.5	+0.2	25	3-0	-	1.0	1	0.5	85	8.9	6.40	877	NZ Wine Company	85	-9.6	+1.4	76	0-0	-	0.4	-	0.6	NE	3.4	0.57	7
Briscoe Group	145	-0.4	+1.0	39	3-0	-	2.3	16	0.6	14	8.9	0.73	308	Sealegs Corp	13	-9.1	-0.1	75	0-0	-	2.1	-	1.4	NE	Nil	1.06	12
Kathmandu Ltd	176	-8.2	-7.9	73	3-3	-	1.4	15	0.7	9	8.1	1.15	352	PGG Wrightsons	42	-8.7	+2.2	75	0-0	-	0.5	-	0.9	NE	Nil	0.25	317
F & P Health.	215	-6.3	-0.6	67	1-4	1	3.6	20	0.4	17	8.1	2.21	1,117	INSIDER SELLING: Most Insider Selling, Relative Strength < 0													
NPT Limited	56	+1.0	+1.8	29	0-0	-	0.8	-	0.6	NE	8.0	3.85	108	Air New Zealand	92	-10.8	-0.9	78	3-10	1	0.6	5	0.6	12	7.4	0.23	998
INSIDER BUYING: Most Insider Buying, Relative Strength > 0														NZ Wool Service													
Smiths City	53	+12.5	+1.7	6	8-0	-	0.6	4	0.7	15	3.8	0.13	28	42	-4.0	-2.8	60	0-4	-	1.0	-	0.7	NE	Nil	0.19	29	
Comvita	265	+15.1	-8.9	4	7-1	-	1.0	5	0.5	21	1.6	0.91	75	F & P Health.	215	-6.3	-0.6	67	1-4	1	3.6	20	0.3	17	8.1	2.21	1,117
Port Tauranga	1067	+6.1	+1.0	9	5-0	-	2.0	8	0.3	24	4.2	7.71	1,430	Seeka Kiwifruit	92	-24.5	+4.4	94	1-3	-	0.2	15	0.3	1	31.1	0.11	13
AMP Office Trt	88	+1.5	+0.2	25	3-0	-	1.0	1	0.4	85	8.9	6.40	877	Ebos Group Ltd	715	-1.2	+2.3	45	0-1	1	1.9	12	0.4	16	6.3	0.28	373
DNZ Property	132	+0.1	+1.0	34	2-0	-	-	0.6	NE	4.9	N/A	326	Vital Health PT	117	-58.3	+0.0	97	0-1	-	1.1	2	0.4	46	7.0	8.03	338	
Xero Ltd	303	+5.3	-0.4	12	2-0	-	12.6	-	0.6	NE	Nil	N/A	274														
Telecom Corp	215	+6.1	+1.1	8	2-0	3	1.8	8	0.5	21	12.0	2.19	4,128														
Col Motor Co	290	+4.5	+1.3	13	1-0	-	0.8	7	0.3	12	9.4	0.20	95														
Freightways Ltd	378	+5.5	+1.5	10	1-0	-	3.5	18	0.6	19	5.4	1.65	581														
Pharmacybrands	74	+21.9	-3.1	2	1-0	-	1.3	0	0.6	830	Nil	6.89	50														

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.

STRENGTH RATING													STRENGTH RATING																												
Company	Share Price	Cur- rent	4-Wk Chg.	Rank 0-99	Relative Buy/Sell	Brokers Following	Price to NTA	Return on Equity	Volatility	Price/Earn. Ratio	Dividend Yield	Price/Sales Ratio	Market Cap'n	Company	Share Price	Cur- rent	4-Wk Chg.	Rank 0-99	Relative Buy/Sell	Brokers Following	Price to NTA	Return on Equity	Volatility	Price/Earn. Ratio	Dividend Yield	Price/Sales Ratio	Market Cap'n														
OVER-VALUED SHARES: Highest Price/Sales Ratios, Relative Strength < 0																																									
Iron Mountain	5	-26.3	-1.0	92	0-0	-	-	-	1.5	4	Nil	N/A	6	Transerv Energy	1	-36.3	-0.2	98	3-0	-	-	-	2.9	NE	Nil	N/A	30														
Caspian Oil & G	1	-19.4	-0.9	81	0-0	-	-	-	4.3	NE	Nil	N/A	7	Mission New En.	118	-35.9	-3.4	97	0-0	-	-	-	0.4	NE	Nil	0.60	10														
Clime Capital	94	-1.7	-0.1	33	0-0	-	0.8	9	0.4	9	4.3	9.94	47	Exco Resources	20	-35.8	-12.5	97	1-0	-	-	-	0.7	3	Nil	0.83	70														
Shell Villages	10	-0.0	+0.0	25	0-0	-	-	-	0.8	NE	Nil	9.90	8	Marathon Res.	7	-33.6	+2.7	97	0-0	-	-	-	1.4	NE	Nil	N/A	6														
Biota Holdings	79	-8.3	+3.3	55	1-0	-	1.9	-	0.5	NE	Nil	9.81	143	Coretrack Ltd	2	-33.2	-4.6	97	1-1	-	0.3	-	1.8	NE	Nil	6.22	5														
Austin Explor.	4	-1.2	+5.6	31	0-0	-	-	-	1.7	NE	Nil	9.74	13	Ferrum Crescent	6	-32.9	+1.1	97	2-0	-	-	-	1.2	NE	Nil	N/A	17														
Eldorado Gold	1283	-9.4	-5.0	58	0-2	-	-	-	0.3	37	0.8	9.57	7,033	Venus Metals	35	-32.5	-1.6	96	3-0	-	-	-	0.7	NE	Nil	N/A	14														
Mobilarm Ltd	5	-2.5	+1.1	36	0-0	-	-	-	1.4	NE	Nil	9.44	10	General Mining	11	-32.0	+4.7	96	0-0	-	-	-	1.2	NE	Nil	N/A	8														
Century Aust In	62	-3.4	+0.3	39	0-0	-	0.7	3	0.5	22	Nil	9.41	49	Malachite Res.	2	-31.9	+2.1	96	0-1	-	-	-	2.3	NE	Nil	N/A	9														
Bauxite Res.	14	-16.2	+0.7	74	3-0	-	-	-	1.1	NE	Nil	9.38	32	Magma Metals	15	-31.8	+3.7	96	1-0	-	-	-	1.0	NE	Nil	N/A	40														
Van Eyk Blue AP	743	-4.0	+0.1	42	0-0	-	0.9	13	0.1	7	8.7	9.15	119	Draig Resources	52	-31.6	-7.0	96	0-0	-	-	-	1.0	NE	Nil	N/A	12														
Aurora Prop B-W	494	-1.3	+0.4	31	0-0	-	1.0	8	0.2	12	8.9	9.01	15	Carbon Energy	13	-30.8	-0.0	95	1-0	2	-	-	1.0	NE	Nil	N/A	87														
Bluglass Ltd	8	-16.9	-5.4	75	3-0	-	2.6	-	1.2	NE	Nil	8.85	18	I-Sonea Limited	1	-30.5	-1.6	95	0-0	-	-	-	3.9	NE	Nil	N/A	9														
Pie Networks	1	-20.6	-6.7	83	1-0	-	-	-	3.9	NE	Nil	8.75	7	Avalon Minerals	8	-30.4	+2.9	95	0-0	-	-	-	1.1	NE	Nil	N/A	16														
Marmota Energy	5	-7.1	-0.7	51	0-0	-	-	-	1.4	NE	Nil	8.67	8	Drummond Gold	3	-30.3	+0.8	95	1-0	-	-	-	1.7	NE	Nil	N/A	6														
Patrys Ltd	4	-29.9	-0.8	95	0-1	-	1.9	-	1.7	NE	Nil	8.62	9	Bureau Gold Ltd	8	-30.3	+6.2	95	1-0	-	-	-	1.5	NE	Nil	N/A	25														
Malagasy Min.	5	-1.0	+12.8	30	1-0	-	-	-	1.6	NE	Nil	8.52	7	Artimis Res.	2	-30.1	+1.4	95	0-0	-	-	-	2.3	NE	Nil	N/A	5														
Manhattan Corp	35	-19.9	+8.8	82	8-0	-	-	-	0.9	NE	Nil	8.52	32	Boulder Steel	3	-30.0	+0.1	95	0-0	-	-	-	1.7	NE	Nil	N/A	16														
Living Cell T.	5	-19.6	-3.2	81	2-0	-	2.6	-	1.3	NE	Nil	8.39	17	Patrys Ltd	4	-29.9	-0.8	95	0-1	-	1.9	-	1.6	NE	Nil	8.62	9														
Aust Leaders Fd	113	-5.2	+1.4	45	1-0	-	0.9	17	0.4	5	9.7	8.34	73	Sth Boulder Min	116	-29.6	-3.1	95	1-0	-	-	-	0.6	NE	Nil	N/A	111														
Burleson Energy	3	-17.4	+2.0	76	7-0	-	-	-	1.9	NE	Nil	8.24	12	Niuminco Group	8	-29.6	-2.6	94	0-0	-	-	-	0.9	NE	Nil	N/A	13														
Pepinini Min.	8	-17.2	+4.8	76	0-0	-	-	-	1.2	NE	Nil	8.23	7	Shaw River Mang	6	-29.5	-6.4	94	2-0	-	-	-	1.4	NE	Nil	N/A	10														
Medusa Mining	604	-13.8	-0.1	68	2-1	-	4.4	40	0.4	11	1.7	8.19	1,137	Thundelarra Exp	15	-29.4	+1.9	94	0-0	-	-	-	0.9	NE	Nil	N/A	14														
WPG Resources	9	-51.4	+1.3	99	2-2	-	-	-	1.3	NE	Nil	8.13	23	Augur Resources	13	-29.4	-3.4	94	1-0	-	-	-	1.0	NE	Nil	N/A	21														
Charter Pacific	7	-5.7	-6.6	47	0-0	-	1.3	-	1.1	NE	Nil	8.02	6	New Guinea En.	6	-29.3	+2.7	94	0-0	-	-	-	1.5	NE	Nil	N/A	43														
Carindale Prop	415	-0.3	+1.3	28	0-0	-	0.7	5	0.2	15	6.7	8.01	291	Pelican Res.	2	-29.2	+1.0	94	0-0	-	-	-	2.0	NE	Nil	6.91	5														
Citigold Corp	9	-2.4	+5.6	35	0-0	-	-	-	1.1	NE	Nil	7.87	94	Stonehenge Met.	4	-29.0	+5.7	94	0-0	-	-	-	1.7	NE	Nil	N/A	8														
Goldsearch Ltd	3	-14.6	-3.4	71	1-0	-	-	-	2.0	NE	Nil	7.84	9	Northern Iron	86	-28.9	+1.1	94	1-0	-	-	-	0.5	NE	Nil	2.57	287														
GBM Gold Ltd	2	-1.0	+0.8	30	1-0	-	-	-	2.1	NE	Nil	7.69	7	Tamaska Oil Gas	0	-28.8	+0.4	94	0-0	-	-	-	7.2	NE	Nil	N/A	5														
Carsales.com	502	-0.2	-0.4	27	3-2	6	41.8	-	0.4	20	4.0	7.66	1,176	Green Rock En.	1	-28.6	-3.6	94	0-0	-	-	-	3.3	NE	Nil	N/A	6														
Platinum Asset	360	-6.4	-1.1	49	0	3	-	-	0.4	13	6.9	7.64	2,021	Aust-Amer Min.	5	-28.5	-4.0	94	1-0	-	-	-	1.4	NE	Nil	N/A	15														
Sthn Cross Gold	7	-3.9	-4.5	42	0-0	-	-	-	1.4	NE	Nil	7.34	13	Kalgoorlie Min.	4	-28.3	-3.5	94	4-0	-	-	-	1.7	NE	Nil	N/A	12														
WAM Research	72	-2.1	+1.1	34	1-0	-	0.8	9	0.4	9	8.3	7.33	86	Azure Minerals	3	-28.2	-0.2	94	0-0	-	-	-	1.9	NE	Nil	N/A	10														
Westside Corp.	34	-3.5	+1.5	39	0-0	-	-	-	0.9	NE	Nil	7.14	86	Antipa Minerals	9	-28.1	-10.6	93	1-0	-	-	-	1.4	NE	Nil	N/A	7														
Indo Mines Ltd	27	-22.9	+2.1	87	0-0	-	-	-	0.7	NE	Nil	7.11	62	FAR Ltd	3	-27.9	+3.6	93	0-0	-	-	-	1.8	NE	Nil	N/A	22														
Monax Mining	4	-13.3	-5.7	67	0-0	-	-	-	1.6	NE	Nil	7.02	6	Chal Energy	5	-27.9	+1.2	93	1-0	-	-	-	1.3	NE	Nil	N/A	11														
Goodman Group	66	-2.4	+2.1	36	1-0	4	1.3	13	0.6	11	5.3	6.95	4,843	Myl Mines Ltd	33	-27.8	-1.0	93	0-0	-	-	-	0.7	NE	Nil	N/A	120														
Phoslock Water	6	-9.7	+3.9	58	6-0	-	5.7	-	1.4	NE	Nil	6.95	12	Mint Wireless	4	-27.7	-8.2	93	0-0	-	-	-	1.6	NE	Nil	0.70	8														
Pelican Res.	2	-29.2	+1.0	94	0-0	-	-	-	2.1	NE	Nil	6.91	5	INSIDER SELLING: Most Insider Selling, Relative Strength < 0																											
CFS Retail Prop	171	-1.2	-1.5	31	0-0	-	0.8	9	0.4	9	7.4	6.87	4,842	Austral Gold	22	-7.4	-1.4	52	0-8	-	-	-	0.6	6	Nil	4.50	37														
Phylogica Ltd	4	-18.1	-3.6	78	2-0	-	3.7	-	1.6	NE	Nil	6.85	15	Flexicorp Ltd	214	-1.4	-2.9	32	0-5	4	4.2	38	0.4	11	4.4	2.54	566														
Macquarie Atlas	154	-1.9	+3.0	33	1-0	2	-	-	0.6	NE	Nil	6.76	697	Computershare	803	-1.3	+1.4	31	1-6	5	-	-	0.2	18	3.5	3.00	4,462														
Altura Mining	17	-2.6	+0.7	36	0-0	-	-	-	1.1	NE	Nil	6.76	54	GR Engineering	201	-2.2	+1.3	35	0-3	-	-	-	0.5	14	7.4	2.12	302														
Cardia Bioplas.	1	-8.6	-3.7	55	0-0	-	0.8	-	3.3	NE	Nil	6.67	11	M2 Telecom. Grp	318	-0.9	+4.1	30	0-3	3	-	-	1.3	14	5.0	0.92	393														
Oakajee Corp.	16	-20.1	-2.5	83	2-0	-	0.6	4	0.9	14	Nil	6.65	5	Alcyone Res Ltd	9	-5.5	+0.2	46	0-3	-	-	-	1.0	NE	Nil	N/A	121														
Pryme Energy	8	-22.5	+2.4	86	3-0	-	-	-	1.4	NE	Nil	6.64	17	Little World B.	370	-2.2	+2.2	35	0-3	-	6.0	23	0.2	26	2.7	3.45	241														
Austex Oil Ltd	11	-1.6	+5.6	33	2-0	-	-	-	1.0	NE	Nil	6.56	24	Cbio Limited	9	-38.6	-2.5	98	0-3	-	-	-	1.5	NE	Nil	N/A	20														
Un. Biosensors	75	-13.8	+0.5	68	1-0	-	3.0	-	0.5	NE	Nil	6.56	119	Hunter Hall Int	420	-9.5	+1.4	58	0-3	-	3.0	34	0.3	9	10.7	2.63	110														
Gowing Brothers	219	-1.0	+0.3	30	0-0	-	0.7	4	0.2	16	5.0	6.50	107	Atlas Iron Ltd	327	-6.6	+2.2	50	0-3	7	1.7	10	0.6	16	0.9	4.62	2,701														
Deutsche Ind Tr	196	+0.0	+0.0	24	0-0	-	1.2	10	0.2	12	8.1	6.49	663	Gullewa Ltd	8	-12.0	+1.4	64	1-4	-	-	-	0.9	NE	Nil	N/A	11														
WORST PERFORMING SHARES: Weakest Shares, P/S Ratio > 0.25, Yield < Twice Average																																									
WPG Resources	9	-51.4	+1.3	99	2-2	-	-	-	1.2	NE	Nil	8.13	23	Sth Hemi Mining	19	-20.1	-2.7	82	0-2	-	-	-	0.9	NE	Nil	N/A	28														
Castlemaine G.	10	-45.1	-5.0	99	0-0	-	-	-	0.9	NE	Nil	N/A	108	K2 Asset Mgmt	47	-13.4	+1.0	67	0-2	-	11.8	-	0.7	7	15.5	2.62	109														
White Energy Co	51	-43.9	-3.9	99	5-0	-	-	-	0.8	NE	Nil	N/A	160	Tamawood Ltd	198	-10.7	-3.1	61	0-2	-	2.1	18	0.2	12	10.6	0.68	78														
P-Sivida Ltd	111	-41.4	-9.3	99	0-0	-	-	-	0.5	NE	Nil	2.10	10	Bathurst Res.	79	-13.9	+2.4	69	0-2	-	-	-	0.8	NE	Nil	N/A	528														
View Resources	1	-41.0	+2.7	99	0-0	-	-	-	2.7	NE	Nil	N/A	11	Somnomed Ltd	97	-10.0	-0.9	59	0-2	-	8.1	15	0.4	53	Nil	3.18	39														
Platinum Aust	9	-39.7	-1.4	98	0-0	-	-	-	1.5	NE	Nil	0.84	39	Flight Centre	2074	-3.7	+1.5	40	0-2	4	5.3	35	0.3	15	4.1	1.11	2,073														
Motopia Ltd	1	-38.8	+2.5	98	2-0	-	-	-	2.7	NE	Nil	1.97	5	Austin Eng.	443	-0.9	+3.6	30	0-2	3	9.6	65	0.5	15	2.6	1.56															

Australian Warrant / Option Analysis

Company	Share Price	Exercise Price	Yr/Mth to Expiry	Option Price	Black-Scholes Valuation	Option Over/Under-Valued	Share Volatility	Option Leverage	Options to Buy 1 Share	Break-Even Rate	Company	Share Price	Exercise Price	Yr/Mth to Expiry	Option Price	Black-Scholes Valuation	Option Over/Under-Valued	Share Volatility	Option Leverage	Options to Buy 1 Share	Break-Even Rate
Actinogen	5.0	20	3-7	0.3	2.4	-88	1.08	1.37	1.0	+48	Coretrack Ltd	2.3	25	0-9	0.1	0.0	+999	0.90	5.17	1.0	+999
Actinogen Ltd	5.0	50	0-5	0.1	0.0	+999	1.08	6.07	1.0	+999	Cove Resources	14	25	1-11	2.1	1.8	+17	0.51	2.89	1.0	+41
Activex Ltd	2.4	8.0	0-5	0.1	0.0	+999	0.81	6.07	1.0	+999	Cumamona Energy	7.1	35	1-9	1.0	0.3	+254	0.70	3.08	1.0	+153
Advance Energy	0.5	3.0	0-6	0.1	0.0	+999	0.92	5.63	1.0	+999	Diatreme Resources	8.4	15	1-7	1.8	1.7	+9	0.72	2.31	1.0	+55
Africa Iron	56	20	1-9	37.0	39.3	-6	0.78	1.33	1.0	+2	Dourado Resources	15	20	2-9	3.3	5.5	-40	0.66	1.78	1.0	+17
Anaeco Ltd	4.5	100	0-3	0.1	0.0	+999	0.88	9.99	1.0	+999	Dragon Energy	12	35	0-9	1.1	0.6	+74	0.95	3.18	1.0	+393
Analytica Ltd	2.8	8.0	1-3	0.4	0.4	-2	0.93	2.31	1.0	+138	Draig Resources	52	20	0-2	33.5	32.5	+3	1.41	1.56	1.0	+19
Analytica Ltd	2.8	4.0	0-6	0.5	0.4	+17	0.93	2.85	1.0	+150	Drill Torque	13	30	4-5	2.6	1.0	+157	0.33	3.26	1.0	+24
Antipa Minerals	8.5	20	1-1	2.5	1.5	+70	0.98	2.25	1.0	+146	Eagle Nickel	2.5	20	3-10	0.4	0.7	-44	0.94	1.59	1.0	+73
Antisense Thera.	2.0	1.1	0-5	1.0	1.0	-5	1.19	1.68	1.0	+12	Eagle Nickel	2.5	30	0-4	0.1	0.0	+999	0.94	9.99	1.0	+999
Apex Minerals	0.6	6.0	0-8	0.2	0.0	+999	0.81	6.36	1.0	+999	Eclipse Uranium	7.2	20	2-3	1.1	1.5	-28	0.79	2.01	1.0	+61
Aphrodite Gold	6.1	20	1-10	1.5	0.4	+260	0.64	2.95	1.0	+99	Eden Energy	3.7	20	2-4	0.7	0.1	+388	0.62	3.05	1.0	+109
Arafura Pearls	1.0	5.0	0-3	0.1	0.0	+999	0.29	9.99	1.0	+999	Eldore Mining	0.2	3.0	0-10	0.1	0.0	+659	1.63	2.22	1.0	+999
Argentina Mining	8.1	20	3-0	2.0	2.6	-24	0.79	1.71	1.0	+39	Emerald Oil & Gas	2.6	5.0	0-6	0.2	0.1	+83	0.76	4.31	1.0	+300
Astro Diamond Mines	0.3	5.0	0-9	0.2	0.0	+999	1.38	2.99	1.0	+999	Eneabba Gas	3.5	15	1-4	0.2	0.5	-64	1.11	2.07	1.0	+201
Astro Mining	0.3	5.0	0-9	0.1	0.0	+999	1.38	2.99	1.0	+999	Eneabba Gas Ltd	3.5	20	0-4	0.7	0.0	+999	1.11	5.70	1.0	+999
Athena Resources	9.0	8.0	0-2	1.0	1.4	-31	0.58	4.62	1.0	+0	Energio Ltd	1.7	100	1-1	1.0	0.0	+999	0.90	6.31	1.0	+999
Atticus Resources	27	20	0-7	4.8	8.5	-44	0.50	2.71	1.0	-14	Enerji Ltd	1.4	3.0	3-4	0.3	0.7	-56	0.94	1.42	1.0	+29
Attila Resources	22	20	2-4	4.0	11.0	-64	0.81	1.52	1.0	+5	Enerji Ltd	1.4	20	4-10	0.2	0.4	-51	0.94	1.53	1.0	+74
Audalia Resources	23	20	2-2	3.0	8.2	-63	0.46	2.12	1.0	+0	Enterprise Metals	16	25	0-4	0.8	0.2	+314	0.53	8.02	1.0	+361
Aurium Resources	2.1	3.5	0-7	0.3	0.2	+65	0.78	3.50	1.0	+176	Env. Clean Tech.	0.6	2.0	1-11	0.3	0.1	+259	0.80	2.28	1.0	+105
Ausgold Ltd	93	20	1-1	79.0	74.0	+7	0.60	1.25	1.0	+6	Equator Resources	27	20	1-4	5.6	12.2	-54	0.72	1.78	1.0	-4
Aust China Holdings	0.2	2.0	1-10	0.1	0.1	-4	1.91	1.28	1.0	+261	Ero Mining	1.2	6.0	0-7	0.3	0.0	+999	0.71	6.99	1.0	+999
Aust Minerals & Min.	15	20	0-9	1.0	2.0	-51	0.70	3.07	1.0	+64	Erongo Energy Ltd	8.9	10	1-4	4.0	3.3	+23	0.87	1.84	1.0	+40
Aust Mines Ltd	1.8	0.2	1-4	0.3	1.6	-81	0.58	1.12	1.0	-62	Euroz Ltd	128	75	2-0	44.0	64.2	-31	0.44	1.81	1.0	-4
Aust-American Mining	4.6	10	0-10	0.2	0.4	-53	0.83	3.01	1.0	+160	Exalt Resources	17	20	3-10	4.0	8.2	-51	0.65	1.54	1.0	+9
Austin Exploration	3.7	5.5	1-4	0.8	0.6	+30	0.61	2.72	1.0	+48	Exalt Resources	17	20	3-10	4.0	8.2	-51	0.65	1.54	1.0	+9
Austin Exploration	3.7	5.5	0-4	0.3	0.1	+155	0.61	5.95	1.0	+261	Excalibur Mining	0.2	6.0	0-10	0.1	0.0	+128	2.44	1.57	1.0	+999
Austindo Resources	0.8	1.5	0-4	0.2	0.0	+492	0.91	4.36	1.0	+859	Exoma Energy Ltd	18	10	0-7	0.2	8.8	-98	0.76	1.86	1.0	-62
Australasia Gold	30	10	1-2	6.6	24.5	-73	1.72	1.15	1.0	-41	FYI Resources	4.1	15	0-4	0.1	0.0	+999	0.68	9.99	1.0	+999
Auth Invest Fund	0.8	8.0	0-12	0.1	0.3	-67	2.28	1.42	1.0	+999	Ferrowest Ltd	5.9	25	0-4	1.0	0.0	+999	0.67	9.99	1.0	+999
Avanza Resources	9.9	1.5	0-2	8.6	8.4	+2	0.74	1.18	1.0	+13	Ferrum Crescent	5.8	40	1-10	2.8	0.2	+999	0.77	2.91	1.0	+197
Aziana Ltd	16	25	1-7	2.8	0.7	+276	0.34	4.86	1.0	+45	Firestone Energy	0.8	4.0	2-3	0.2	0.1	+194	0.74	2.48	1.0	+109
Bass Metals	8.3	20	2-7	3.3	1.9	+75	0.70	2.01	1.0	+49	Forge Resources	40	20	2-5	22.0	28.7	-23	0.97	1.26	1.0	+2
Bassari Resources	4.0	20	0-4	0.1	0.0	+999	0.84	8.48	1.0	+999	Forte Consolidated	21	20	2-2	4.5	8.4	-47	0.62	1.82	1.0	+7
Bassari Resources	4.0	11	0-9	0.2	0.2	+6	0.84	3.48	1.0	+295	GBM Resources	13	20	1-4	3.0	1.8	+68	0.60	2.85	1.0	+58
Benitec Ltd	2.0	10	2-1	0.5	0.1	+645	0.62	3.22	1.0	+120	GRG International	11	20	1-4	0.9	2.2	-60	0.81	2.26	1.0	+62
Benitec Ltd	2.0	4.0	1-10	0.8	0.3	+172	0.62	2.57	1.0	+61	Geodynamics Ltd	18	55	0-1	0.1	0.0	+999	0.86	9.99	1.0	+999
Berkeley Resources	37	75	1-3	9.0	7.6	+19	0.93	2.15	1.0	+99	Global Geoscience	3.6	25	0-6	0.1	0.0	+999	0.68	9.84	1.0	+999
Biodiem Ltd	9.0	23	0-3	1.2	0.0	+999	0.65	9.99	1.0	+999	Global Metal Exp	1.2	2.0	3-8	0.6	0.7	-9	0.91	1.37	1.0	+23
Bioprospect	0.6	3.0	1-10	0.1	0.1	-24	1.11	1.81	1.0	+145	Global Metal Exp.	1.2	10	0-4	0.1	0.0	+999	0.91	9.18	1.0	+999
Black Ridge Mining	0.5	1.5	0-10	0.4	0.0	+999	0.88	3.17	1.0	+396	Global Resources	1.3	3.0	1-6	0.3	0.4	-21	1.07	1.79	1.0	+88
Botswana Metals	4.0	10	1-4	0.6	0.2	+205	0.59	3.62	1.0	+108	Gold Aura Ltd	1.8	3.0	0-4	0.2	0.1	+113	0.86	4.35	1.0	+462
Boulder Steel Ltd	3.0	10	0-1	0.2	0.0	+999	0.62	9.99	1.0	+999	Gold One Intern'l	48	50	0-7	7.0	6.3	+11	0.44	4.23	1.0	+32
Brazilian Metals	7.0	20	2-1	0.6	1.6	-62	0.85	1.96	1.0	+68	Golden Gate Petrol.	1.9	8.0	0-6	0.2	0.0	+999	0.83	5.67	1.0	+999
Bright Star Resources	12	10	0-7	3.4	3.5	-2	0.65	2.58	1.0	+20	Golden State Res	1.2	2.0	2-11	0.3	0.6	-50	0.95	1.43	1.0	+25
Broken Hill Pros.	11	20	1-12	2.0	3.1	-35	0.79	1.92	1.0	+42	Gondwana Res.	0.3	1.0	1-4	0.1	0.0	+520	0.72	3.14	1.0	+165
Buccaneer Energy	6.7	10	0-9	2.2	0.6	+248	0.62	3.62	1.0	+122	Grand Gulf Energy	0.3	1.5	1-4	0.1	0.1	+47	1.33	1.79	1.0	+251
Burleson Energy	2.8	10	1-7	0.4	0.0	+829	0.52	4.38	1.0	+129	Greater Bendigo GM	2.0	5.0	0-1	0.1	0.0	+999	0.52	9.99	1.0	+999
Buxton Resources	16	30	3-11	9.0	6.0	+50	0.66	1.67	1.0	+26	Green Rock Energy	0.7	3.6	1-1	0.1	0.0	+999	0.71	4.30	1.0	+365
Cadence Capital	128	125	0-7	5.9	13.7	-57	0.28	5.94	1.0	+4	Gt Western Explor.	26	30	0-4	3.4	2.7	+27	0.66	4.31	1.0	+112
Cape Range Ltd	0.5	0.8	0-11	0.1	0.0	+999	0.00	9.99	1.0	+90	Gulf Industrials	1.6	2.5	0-10	0.4	0.2	+118	0.68	3.19	1.0	+104
Capitol Health	4.0	5.0	0-2	0.1	0.1	+47	0.50	9.99	1.0	+329	Gulf Mines Ltd	1.7	15	0-11	0.1	0.0	+209	1.08	3.18	1.0	+983
Carbon Polymers	26	30	2-1	1.2	7.4	-84	0.53	2.20	1.0	+9	Gulf Resources	1.6	10	1-1	0.3	0.0	+999	0.68	4.93	1.0	+458
Cardia Bioplastics	0.8	1.5	0-4	0.1	0.0	+793	0.69	6.35	1.0	+700	Havilah Resources	66	50	1-8	23.0	27.9	-18	0.58	1.90	1.0	+6
Carnavale Res	3.3	20	1-0	0.3	0.0	+999	0.75	4.47	1.0	+515	Hawthorn Resources	1.4	20	0-2	0.1	0.0	+999	0.99	9.99	1.0	+999
Cauldron Energy	15	45	0-8	2.0	0.4	+350	0.85	3.87	1.0	+455	Hawthorn Resources	1.4	10	1-0	0.3	0.0	+789	0.99	3.16	1.0	+636
Celamin Holdings	18	20	2-1	10.0	9.9	+1	1.06	1.40	1.0	+28	Healthlinx Ltd	1.2	10	1-10	0.4	0.1	+483	0.90	2.51	1.0	+225
Central Petroleum	5.4	16	0-1	2.0	0.0	+999	0.61	9.99	1.0	+999	Hill End Gold	2.8	15	0-0	0.1	0.1	+46	0.62	2.51	1.0	+999
Central Petroleum	5.4	16	2-1	0.2	0.5	-59	0.61	2.76	1.0	+69	Hill End Gold	2.8	10	2-3	1.2	0.2	+488	0.62	2.83	1.0	+87
Challenger Energy	5.2	20	0-4	0.3	0.0	+999	0.88	6.85	1.0	+999	Horseshoe Metals	27	20	0-4	6.5	9.2	-30	0.89	2.36	1.0	-5
Chrysalis Resources	7.0	20	1-4	1.8	1.6	+12	1.10	1.92	1.0	+134	IFS Construction	2.5	27	0-4	0.1	0.0	+999	0.52	9.99	1.0	+999
Clancy Exploration	4.5	15	1-5	0.9	0.0	+999	0.48	5.26	1.0	+144	IM Medical	0.7	1.0	4-7	0.4	0.7	-42	2.43	1.00	1.0	+16
Clean Global Energy	2.1	7.0	1-5	0.3	0.2	+76	0.78	2.75	1.0	+141	Impedimed Ltd	55	72	0-8	4.0	4.7	-15	0.54	4.20	1.0	+67
Con Tin Mines	5.8	20	1-10	1.4	0.3	+357	0.61	3.15	1.0	+104	Ind Minerals Corp	14	35	1-3	1.0	0.9	+7	0.66	3.23	1.0	+111
Continental Coal	24	5.0	0-12	5.0	19.2	-74	0.73	1.24	1.0	-60	Intermin Resources	13	18	0-3	0.4	0.6	-28	0.77	5.27	1.0	+369
Copper Range																					

Company	Share Price	Yr/Mth Exercise Price	to Expiry	Option Price	Black-Scholes Valuation	Option Over/Under-Valued	Share Volatility	Option Leverage	Options to Buy 1 Share	Break-Even Rate	Company	Share Price	Yr/Mth Exercise Price	to Expiry	Option Price	Black-Scholes Valuation	Option Over/Under-Valued	Share Volatility	Option Leverage	Options to Buy 1 Share	Break-Even Rate
Isonex Ltd	0.5	2.4	0-2	0.1	0.0	+999	1.32	7.00	1.0	+999	Pharmanet Group	0.4	1.3	1-4	0.1	0.1	+30	1.05	2.03	1.0	+149
Jacka Resources	15	20	0-10	3.0	3.4	-11	0.86	2.36	1.0	+67	Pharmaust Ltd	1.6	10	1-1	0.1	0.0	+999	0.63	5.54	1.0	+448
Katenergy Ltd	9.9	25	2-0	1.5	5.0	-70	1.35	1.37	1.0	+64	Phoenix Copper	7.5	10	0-4	0.6	0.9	-34	0.94	3.38	1.0	+182
Kaboko Mining	2.2	3.0	1-4	0.7	0.7	+3	0.86	1.95	1.0	+48	Phoenix Gold	23	20	0-0	2.0	0.9	+119	0.57	3.38	1.0	-100
Kaboko Mining	2.2	8.0	0-5	0.1	0.0	+999	0.86	6.15	1.0	+999	Phoenix Gold	23	25	2-9	11.0	8.4	+31	0.57	1.85	1.0	+19
Kairiki Energy	0.3	0.4	1-4	0.1	0.2	-45	1.60	1.31	1.0	+47	Phylogica Ltd	3.7	9.0	4-4	1.7	0.8	+124	0.50	2.15	1.0	+28
Kalgoorlie Mining Co	4.4	25	2-3	0.9	0.2	+306	0.68	2.81	1.0	+120	Promesa Ltd	23	20	0-9	5.5	7.7	-29	0.80	2.16	1.0	+15
Kidman Resources	25	20	1-9	9.0	10.9	-18	0.69	1.75	1.0	+10	Proto Res & Inv	2.1	25	1-10	0.1	0.0	+999	0.68	4.01	1.0	+287
Kina Petroleum	20	20	0-9	5.0	1.2	+324	0.12	9.99	1.0	+35	Quantum Resources	0.8	5.0	0-9	0.1	0.0	+195	1.22	2.83	1.0	+999
Kingsrose Mining	135	20	0-10	121.0	115.3	+5	0.49	1.17	1.0	+6	Quantum Resources	0.8	10	0-2	0.1	0.0	+999	1.22	1.00	1.0	+999
Labtech Systems	4.0	20	1-4	0.5	0.4	+37	1.00	2.41	1.0	+241	Queensland Mining	3.9	20	0-3	0.1	0.0	+999	0.53	9.99	1.0	+999
Labtech Systems	4.0	20	1-4	8.0	0.4	+999	1.00	2.41	1.0	+330	Radar Iron	28	45	0-2	1.2	0.5	+147	0.84	6.81	1.0	+999
Latin Resources	34	30	1-1	7.5	11.9	-37	0.70	2.08	1.0	+9	Radar Iron	0.1	45	0-2	0.1	0.0	+999	1.42	9.99	1.0	+999
Legacy Iron Ore	17	15	0-10	6.2	6.4	-3	0.98	1.86	1.0	+35	Ram Resources	0.4	3.0	0-1	0.1	0.0	+999	0.73	9.99	1.0	+999
Legacy Iron Ore	17	10	0-10	0.2	8.7	-98	0.98	1.62	1.0	-44	Ram Resources	0.4	3.0	1-7	0.1	0.0	+999	0.73	3.56	1.0	+264
Liberty Resources	7.3	10	1-4	2.5	2.3	+10	0.88	1.93	1.0	+50	Regalpoint Res	7.5	20	2-1	2.0	1.7	+18	0.83	1.97	1.0	+68
Lion Energy	2.5	3.0	1-10	0.5	1.0	-48	0.81	1.75	1.0	+20	Regis Resources	414	200	0-2	225.0	215.6	+4	0.35	1.92	1.0	+17
Lonrho Mining	1.0	2.0	1-9	0.3	0.2	+38	0.77	2.13	1.0	+61	Regis Resources	414	50	1-11	365.0	368.3	-1	0.35	1.12	1.0	+0
Lonrho Mining	1.0	15	0-4	0.1	0.0	+999	0.77	9.99	1.0	+999	Regis Resources	414	100	0-8	317.0	317.1	-0	0.35	1.31	1.0	+1
MEC Resources	11	20	1-5	2.6	3.2	-18	0.97	1.88	1.0	+67	Resource Mining	0.2	0.8	0-1	0.1	0.0	+999	1.20	9.99	1.0	+999
MRG Metals	28	25	4-7	7.0	15.5	-55	0.61	1.44	1.0	+3	Resource Star Ltd	1.8	20	0-7	0.3	0.0	+999	0.99	5.43	1.0	+999
Macquarie Harbour	81	20	0-6	60.0	61.0	-2	0.61	1.32	1.0	-1	Ridge Resources	16	20	2-4	4.2	2.5	+68	0.33	3.27	1.0	+19
Magellan Financial	158	300	4-4	15.0	20.6	-27	0.33	2.94	1.0	+17	Riedel Resources	9.2	20	0-9	1.2	0.9	+30	0.91	2.90	1.0	+204
Magnesium Int'l	1.6	10	0-3	0.1	0.0	+999	0.58	9.99	1.0	+999	Robe Australia	1.6	1.0	2-10	0.5	1.4	-64	1.56	1.09	1.0	-2
Malachite Resources	1.7	5.0	0-4	0.1	0.0	+266	1.13	4.59	1.0	+999	Royal Resources Ltd	14	12	1-8	6.5	4.2	+54	0.46	2.34	1.0	+21
Mamba Minerals	3.3	5.0	1-4	1.0	1.1	-5	0.96	1.85	1.0	+57	Samson Oil & Gas	9.7	1.5	0-10	8.5	8.3	+3	0.57	1.17	1.0	+4
Mantle Mining	15	7.5	1-9	8.5	9.0	-6	0.81	1.43	1.0	+6	Saracen Mineral Hold.	73	10	1-4	70.0	63.1	+11	0.47	1.15	1.0	+8
Marion Energy	0.6	2.5	0-9	0.2	0.0	+999	0.66	5.67	1.0	+592	Scotgold Resources	6.5	8.0	0-2	0.5	0.2	+135	0.61	7.60	1.0	+400
Matilda Zircon	1.5	2.5	1-10	0.4	0.6	-27	0.94	1.69	1.0	+43	Select Vaccines	0.4	0.2	1-5	0.2	0.3	-28	1.22	1.28	1.0	+0
Metminco Ltd	18	25	0-9	4.0	2.2	+85	0.67	3.24	1.0	+93	Sentosa Mining	6.0	25	1-10	1.2	0.4	+239	0.70	2.88	1.0	+128
Midas Resources	1.1	3.0	0-9	0.5	0.0	+999	0.77	3.89	1.0	+368	Sherwin Iron	7.3	14	0-4	0.3	0.2	+82	0.81	5.49	1.0	+787
Millennium Minerals	2.1	7.5	1-0	0.1	0.0	+149	0.70	4.10	1.0	+262	Siburam Resources	10	20	0-7	1.1	0.1	+999	0.51	6.74	1.0	+260
Millennium Minerals	2.1	3.0	0-10	0.4	0.3	+30	0.70	2.95	1.0	+76	Silbra Mining	18	10	2-10	10.5	11.3	-7	0.66	1.42	1.0	+5
Millepede Int'l	0.6	5.0	0-1	0.1	0.0	+999	1.92	8.38	1.0	+999	Silver City Minerals	15	25	2-10	1.7	1.8	-5	0.37	3.17	1.0	+23
Minerals Commodities	7.0	20	0-10	1.0	1.0	-3	1.16	2.29	1.0	+274	Silver Mines	13	35	0-8	1.3	0.2	+496	0.70	4.79	1.0	+367
Mining Group	60	20	2-4	35.0	49.5	-29	1.21	1.14	1.0	-4	Sino Gas & Energy	8.2	13	0-10	1.5	0.9	+76	0.63	3.41	1.0	+90
Mining Projects Grp	2.0	0.2	2-4	0.3	1.8	-84	0.90	1.08	1.0	-45	Sinovus Mining	1.0	5.0	1-9	1.0	0.1	+815	0.91	2.29	1.0	+178
Moko.mobi Ltd	4.0	10	1-5	2.0	0.9	+129	0.98	2.01	1.0	+120	St George Mining	10	20	2-9	1.1	2.8	-60	0.69	1.91	1.0	+31
Mongolian Resources	15	20	1-1	2.2	5.1	-57	1.03	1.83	1.0	+44	Sih Amer Ferro Met.	21	20	2-10	6.5	10.2	-36	0.68	1.58	1.0	+9
Mundo Minerals	4.6	18	2-2	1.5	0.3	+434	0.62	2.91	1.0	+95	Sihm Crown Res	12	35	0-10	1.0	0.3	+233	0.71	4.13	1.0	+274
Mutiny Gold	7.0	5.0	1-5	4.7	2.9	+62	0.55	2.00	1.0	+26	Stirling Resources	1.1	4.0	0-4	0.8	0.0	+999	0.78	8.17	1.0	+999
Mutiny Gold	7.0	14	1-9	1.8	0.7	+149	0.55	3.02	1.0	+60	Stirling Resources	1.1	15	0-4	0.1	0.0	+999	0.78	9.99	1.0	+999
Navigator Resources	1.6	4.0	2-5	0.4	1.0	-59	1.43	1.26	1.0	+52	Stonehenge Metals	3.7	10	0-9	1.2	0.3	+302	0.95	2.91	1.0	+315
Nemex Resources	20	20	2-1	6.2	7.4	-17	0.61	1.90	1.0	+14	Structural Monitoring	7.0	0.9	1-4	1.0	6.3	-84	1.14	1.11	1.0	-63
New Age Exploration	9.8	10	0-1	1.0	1.0	+1	0.94	5.26	1.0	+300	Structural Monitoring	7.0	0.9	1-1	0.5	6.2	-92	1.14	1.12	1.0	-78
New Horizon Minerals	21	20	2-10	4.4	8.5	-48	0.56	1.79	1.0	+6	Style Ltd	0.2	0.5	2-5	0.2	0.1	+60	1.45	1.25	1.0	+68
Niuminco Group	8.0	20	0-7	0.5	0.2	+212	0.73	4.72	1.0	+402	Synergy Metals	18	1.0	3-9	1.6	17.3	-91	1.04	1.03	1.0	-40
Noble Mineral Res	54	35	1-5	26.0	23.5	+11	0.47	2.03	1.0	+9	Tangiers Petroleum	54	16	1-8	39.0	41.4	-6	1.00	1.23	1.0	+2
Norwest Energy NL	4.3	10	0-4	0.4	0.0	+999	0.63	8.54	1.0	+999	Tango Petroleum	1.1	6.0	0-4	0.1	0.0	+597	1.42	3.85	1.0	+999
Nthn Mining	5.5	6.0	1-10	1.5	2.1	-28	0.73	1.81	1.0	+18	Target Energy Ltd	9.6	10	0-8	0.2	3.1	-94	1.04	2.03	1.0	+10
Nthn Uranium	55	15	0-1	37.0	40.1	-8	0.77	1.37	1.0	-49	Tasman Resources	12	10	0-4	4.3	4.3	+1	1.24	2.08	1.0	+69
Nthn Uranium Ltd	55	20	0-7	38.0	35.8	+6	0.77	1.51	1.0	+10	Terrain Minerals Ltd	2.1	8.0	0-10	0.7	0.1	+740	0.92	3.28	1.0	+450
Nusep Holdings	7.6	15	0-1	0.5	0.0	+999	0.86	9.99	1.0	+999	Thundelarra Expl.	15	20	1-1	5.1	3.2	+57	0.73	2.43	1.0	+61
Nusep Ltd	7.6	35	0-6	0.1	0.0	+410	0.86	5.65	1.0	+999	Titan Energy	0.9	1.5	0-10	0.2	0.1	+118	0.69	3.26	1.0	+115
Nuworld Solutions	0.1	0.5	1-1	0.1	0.0	+672	1.22	2.15	1.0	+423	Trafford Resources	44	70	0-5	2.8	1.5	+85	0.63	5.39	1.0	+235
Odin Energy	0.4	25	0-9	0.1	0.0	+999	0.73	9.99	1.0	+999	Tranzact Financial	15	25	0-8	0.2	0.7	-70	0.57	4.67	1.0	+118
Odyssey Energy	3.6	5.0	2-10	1.7	1.8	-4	0.87	1.48	1.0	+25	Triton Gold Ltd	2.8	25	1-10	1.0	0.0	+999	0.70	3.52	1.0	+237
Oil Basins	3.3	4.0	2-4	1.7	1.3	+34	0.71	1.76	1.0	+26	Tyrian Diagnostics	0.2	1.2	1-10	0.1	0.1	-33	2.30	1.13	1.0	+178
Oil Basins Ltd	3.3	1.5	0-4	2.0	1.8	+9	0.71	1.78	1.0	+19	United Uranium	8.0	20	0-4	0.8	0.0	+999	0.57	9.99	1.0	+999
Oklo Resources	2.1	3.0	0-4	0.2	0.1	+159	0.61	5.84	1.0	+254	VDM Group	6.3	5.0	1-9	2.5	4.6	-45	1.50	1.20	1.0	+10
Orchid Capital	5.0	5.0	0-0	0.4	0.1	+418	0.46	5.84	1.0	+999	Vector Resources	7.0	20	0-4	0.2	0.0	+999	0.77	7.18	1.0	+999
Otis Energy	0.5	5.0	3-10	0.1	0.5	-80	2.71	1.01	1.0	+83	Verus Investments	0.4	2.0	0-1	0.1	0.0	+999	1.04	1.00	1.0	+999
Oz Brewing	1.3	20	0-10	1.0	0.0	+999	1.08	3.92	1.0	+999	Volta Mining	25	20	2-4	5.2	10.4	-50	0.53	1.85	1.0	+1
Pacific Ore Ltd	7.5	5.0	0-7	3.0	3.1	-2	0.74	2.09	1.0	+12	Voyager Resources	7.0	6.0	3-4	4.0	4.3	-7	0.82	1.35	1.0	+11
Palace Resources	1.0	6.0	0-4	0.5	0.0	+999	0.94	7.63	1.0	+999	WHL Energy Ltd	4.5	7.5	0-4	1.0	0.2	+529	0.76	5.09	1.0	+574
Palace Resources	1.0	20	0-4	0.2	0.0	+999	0.94	1.00	1.0	+999	Wah Nam Int'l	6.0	20	2-7	1.0	2.1	-52	1.00	1.60	1.0	+62
Panax Geothermal	1.5	4.0	2-4	0.3																	

Investment Outlook

(Continued from Page 1)

and an online advertisement was headlined "The Coming 2012 Market Crash".

The "market" was similarly sceptical (and wrong) throughout the entire stockmarket rally in 2009! A wall Street adage states that "A Bull Market climbs a wall of worry". As the "market" is still extremely pessimistic, share prices will likely surprise the greatest number of people by continuing to trend higher.

Our view is that there is little value in predicting where the market will be tomorrow or next week or next month. There are millions of share *traders* - but few (if any?) *rich* share traders.

Real value is created from buying (and holding) under-valued shares in companies that can grow their businesses over future years. Over the last few years we have positioned our portfolio to take advantage of the low valuations on offer - adding both under-valued *growth* company shares and a number of depressed *recovery* situations to our portfolio. We recommend that investors remain fully invested in these shares.

Total Return Index for All Listed Shares

	Jan 9	1193.32		
	Jan 10	1190.61		
	Jan 11	1193.87		
	Jan 12	1193.01		
	Jan 13	1193.02		
Jan 16	1194.26	Jan 23	1178.59	
Jan 17	1198.43	Jan 24	1174.43	
Jan 18	1195.61	Jan 25	1179.35	
Jan 19	1190.19	Jan 26	1185.21	
Jan 20	1189.36	Jan 27	1188.14	
Jan 30	1191.44	Feb 6	Holiday	
Jan 31	1188.12	Feb 7	1208.51	
Feb 1	1187.55	Feb 8	1209.45	
Feb 2	1197.79	Feb 9	1208.15	
Feb 3	1197.84	Feb 10	1210.24	

Dividend\$

Company	Cents per Share	Ex-Date	Pay-able	Tax Credit
Kermadec Property Trust	1.00	10-02	17-02	Nil
Smiths City Group	1.00	03-02	10-02	Nil
South Port NZ	5.50	22-02	02-03	Full
Steel & Tube Holdings	5.50	16-03	30-03	Full
<u>Australian Shares</u>				
Cellnet Group capital	9.00	18-01	08-02	
Devine	2.00			
Prophecy International	1.25			

Next Issue:

The next issue of *Market Analysis* will be emailed in four weeks time on Monday March 12, 2012.

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

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