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

Market Analysis

Issue No. 477 www.stockmarket.co.nz March 12, 2012

Inside Market Analysis

Founder: James R Cornell (B.Com.)

Summary and Recommended Investment Strategy.

Slow economic growth provides a competitive environment where "good" companies will drive out "bad" companies - lifting average returns on capital. Current low share prices lift future returns. Continued low share prices will enable high dividend yields to be re-invested at low valuations and compound investment wealth over future years.

With such a perfect investment environment, remain fully invested in shares!

Investment Outlook.

While most people may prefer a *faster* economic recovery and growth, the *slow* economic growth experienced over the last couple of years - and the slow growth probably likely in the future - is actually a very favourable environment for stockmarket investors.

Boom and bust conditions are not attractive for long term economic growth, economic efficiency, technological development or building wealth in the stockmarket. In an economic bust, banks foreclose on "bad" companies . . . and "good" companies. In a boom, "good" companies enjoy favourable markets for their products or services and easy access to capital . . . but so do "bad" companies.

Slow economic growth will provide a more stable - but also a *very competitive* - business environment. "Good" companies will struggle to build revenues, so will need to constantly focus upon improving their "price/performance" (i.e. lowering prices and/or raising quality) to win customers . . . and to steadily win market share from "bad" companies. The biggest winners will be consumers - who will receive increasing value for money (which frees up spending power for new businesses to introduce *new* products and services).

Eventually "good" companies (i.e. high quality, low cost producers) will drive "bad" companies (i.e. low quality, high cost producers) from the market.

The full benefits for this competitive, survival-of-the-fittest, environment are probably not obvious. Clearly at a macro-economic level the business sector (and, therefore, the general economy) will become more efficient and profitable as efficient companies drive out inefficient companies.

For stockmarket investors the benefits are not so apparent, although actually very significant! On the surface it would appear that investors will be faced with both winners and losers - *(Continued on Page 19)*

Stockmarket Forecasts

	One-Month	One-Year
Australia:	**76%** (Bullish)	**63%** (Bullish)
New Zealand:	**69%** (Bullish)	**58%** (Neutral)

Performance Forecasts

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

	Performance Forecast	Price	Price/Sales Ratio	P/E Ratio	Gross Yield
AMP Limited	C	512	1.16	12	7.7
AMP Office Trt	C	88	6.40	85	8.9
Abano Health.	B	420	0.49	85	7.1
Air New Zealand	C	86	0.21	12	7.9
Akd Int Airport	A	243	8.06	32	5.1
Allied Farmers	E	3.8	0.01	NE	Nil
Allied Work.	A	220	0.60	18	6.6
Argosy Property	C	81	4.80	17	2.2
Barramundi Ltd	C	66	N/A	10	11.3
Blis Technology	D	4.2	3.31	NE	Nil
Briscoe Group	B	153	0.77	15	8.4
Burger Fuel	C	90	N/A	NE	Nil
CDL Investments	D	32	8.72	28	5.4
Cavalier Corp	C	203	0.60	8	12.7
Cavotec MSL	B	245	1.08	20	1.6
Charlie's Group	D	43	4.00	51	Nil
Chorus Ltd	D	350	2.67	NE	Nil
Claridge Cap'l	C	1.2	0.65	NE	Nil
Col Motor Co	A	300	0.20	12	9.0
Comvita	A	247	0.85	19	1.7
Contact Energy	C	496	1.56	23	7.2
Cynotech Hold.	D	0.9	0.17	NE	Nil
DNZ Property	C	134	N/A	NE	4.9
Delegat's Group	B	236	1.02	10	4.8
Diligent Board	C	300	N/A	94	Nil
Dorchester Pac	E	7.6	0.78	NE	Nil
Ebos Group Ltd	B	700	0.27	16	6.4
Ecoya Ltd	E	91	3.26	NE	Nil
F & P Appliance	D	45	0.29	10	Nil
F & P Health.	C	233	2.39	19	7.5
Finzsoft Sol'ns	B	38	0.46	6	Nil
Fletcher Build.	C	663	0.61	16	6.0
Freightways Ltd	A	390	1.70	20	5.2
Genesis Res.	C	2.0	0.23	NE	Nil
Goodman Prop.	C	103	6.99	26	7.5
Guinness Peat	C	53	0.08	2	2.9
GuocoLeisure	C	60	1.48	8	Nil
Hallenstein G.	B	386	1.12	13	11.5
Heartland BS	D	48	0.79	20	Nil
Hellaby Hold.	B	282	0.44	14	5.1
Heritage Gold *	N/R	1.6	N/A	NE	Nil
Horizon Energy	C	315	2.54	13	7.7
Infratil NZ	B	198	0.56	18	4.9
Insured Group	B	3.0	0.40	NE	Nil
Inv Research Gr	D	0.5	1.22	NE	Nil
Jasons Media	D	14	0.20	6	Nil
Just Water Int.	D	14	0.39	15	Nil
Kathmandu Ltd	C	186	1.22	10	7.7
Kermadec Prop.	C	65	6.43	11	4.6
Kingfish Ltd	B	94	N/A	9	9.2
Kirkcaldie & St	B	290	0.72	NE	2.7
Kiwi Property	D	105	5.30	NE	7.5
L&M Energy	E	9.0	N/A	NE	Nil
Lyttelton Port	C	200	2.23	17	Nil
Mainfreight Grp	B	943	0.69	22	3.0
Marlin Global	B	78	N/A	11	11.1
Mercer Group	E	6.5	0.09	NE	Nil
Methven Limited	C	106	0.58	15	12.2
Metro. LifeCare	B	242	4.56	14	Nil
Michael Hill	B	104	0.81	12	4.3
Mid-Cap Index	E	210	N/A	NE	Nil
Millennium & C.	C	41	1.24	12	4.2
Mowbray Collect	D	50	1.66	NE	Nil
NPT Limited	C	57	3.88	NE	8.0
NZ Experience	C	35	1.22	9	11.4
NZ Exchange Ltd	A	274	6.54	35	5.2
NZ Finance Hold	E	0.6	0.01	NE	Nil
NZ Farming Sys.	E	65	2.05	NE	Nil
NZ Oil & Gas *	N/R	77	2.88	13	3.7
NZ Refining Co	C	330	3.70	39	Nil
NZ Windfarms	D	18	N/A	NE	Nil
NZ Wine Company	D	85	0.57	NE	3.4
NZ Wool Service	E	40	0.18	NE	Nil
NZSX 50 Port.	D	127	N/A	NE	Nil
NZSX 10 Fund	E	92	N/A	NE	Nil
NZX Aust MidCap	E	492	N/A	NE	Nil
New Image Group	D	16	0.50	15	8.9
Northland Port	A	175	N/A	15	5.3
Nuplex Indust	C	258	0.32	8	8.1
Opus Int'l Cons	B	214	0.82	14	5.1
Ozzy (Tortis)	E	329	N/A	NE	Nil
PGG Wrightsons	E	40	0.24	NE	Nil
Pac Edge Bio.	E	20	N/A	NE	Nil
Pharmacybrands	C	71	6.62	NE	Nil
Pike River Coal	D	88	N/A	NE	Nil
Port Tauranga	A	1068	7.72	25	4.1
Postie Plus Grp	C	22	0.08	13	6.5
Property F Ind.	C	115	7.66	25	7.1
Pumpkin Patch	C	82	0.41	18	5.2
Pyne Gould Corp	D	36	2.72	NE	Nil
Rakon Ltd	D	56	0.56	13	Nil
Renaissance	C	14	0.04	NE	Nil
Restaurant Brds	C	192	0.58	8	12.6
Rubicon Limited	D	38	0.27	NE	Nil
Ryman Health.	B	294	N/A	15	1.3
Salvus Strat.	E	4.0	1.03	3	Nil
Sanford Limited	C	423	0.85	18	7.8
Satara Co-op	E	39	0.15	NE	Nil
Savoy Equities	C	2.0	N/A	NE	Nil
Scott Tech. Ltd	B	162	1.20	12	6.2
Sealegs Corp	D	12	0.94	NE	Nil
Seeka Kiwifruit	B	115	0.14	2	24.8
Skellerup Hold.	B	144	1.43	14	6.0
Sky City Ltd	B	380	2.73	18	5.6
Sky Network TV	B	522	2.55	17	5.1
Smartpay NZ Ltd	D	8.1	0.21	90	Nil
Smiths City	B	53	0.13	15	3.8
Sol. Dynamics	C	31	0.36	28	Nil
South Port NZ	A	353	3.65	15	8.1
Speirs Group	B	15	0.14	NE	Nil
Steel & Tube	C	232	0.53	12	9.2
Sthn Travel	E	7.0	0.07	NE	Nil
Tag Pacific Ltd	D	12	0.15	NE	Nil
TeamTalk Ltd	A	237	1.71	11	12.1
Telecom Corp	A	239	2.44	24	10.8
Tenon Ltd	C	82	0.14	NE	Nil
Tourism Hold.	D	61	0.41	NE	Nil
Tower Limited	B	167	0.82	13	5.1
Trade-Me Ltd	D	320	N/A	NE	Nil
Training Sol.	D	0.1	N/A	NE	Nil
Trust Power Ltd	C	719	2.95	20	7.3
Turners & Grow.	C	182	0.24	17	3.3
Turners Auction	A	152	0.59	14	10.3
Vector Ltd	B	257	2.06	13	7.9
Velo Capital	D	3.0	0.41	NE	Nil
Vital Health PT	C	118	8.10	46	6.9
WN Drive Tech.	E	20	0.48	NE	Nil
Wakefield Hlth	B	458	0.85	13	4.7
Warehouse Group	C	280	0.41	9	11.2
Widespread Port*	N/R	11	5.24	1	Nil
Windflow Tech.	D	30	0.46	NE	Nil
Wool Equities	E	15	N/A	NE	Nil
World Index Fd	E	104	N/A	NE	Nil
Xero Ltd	D	311	N/A	NE	Nil
Zintel Comm.	C	41	0.38	43	3.5
Ave of 135 Cos	**C**	163	0.27	17	3.7

	Performance Forecast	Price	Price/Sales Ratio	P/E Ratio	Gross Yield
AGL Energy Ltd	B	1408	0.92	12	4.3
AMP Ltd	B	404	2.00	17	7.4
ANZ Bank	A	2193	1.23	11	6.4
APA Group	A	492	2.83	29	4.8
ASX Limited	A	3064	N/A	25	6.0
AWE Limited	B	178	3.03	NE	Nil
Adelaide Bright	A	291	1.68	12	5.7
Alacer Gold	C	874	N/A	NE	Nil
Alumina Ltd	B	119	N/A	23	5.0
Amalgamated Hld	B	589	1.20	12	6.3
Amcor Ltd	B	701	0.69	24	5.0
Aneka Tambang	D	125	N/A	NE	Nil
Ansell Ltd	B	1444	1.56	16	2.2
Aquarius Plat.	B	215	1.59	7	3.5
Aquila Res.	E	502	N/A	NE	Nil
Argo Investment	B	511	N/A	18	5.1
Aristocrat Leis	B	285	2.20	23	2.3
Asciano Limited	B	479	1.53	32	0.4
Aston Resources	C	922	N/A	NE	Nil
Atlas Iron Ltd	B	303	4.28	15	1.0
Aurora Oil Gas	C	359	N/A	NE	Nil
Ausdrill Ltd	A	390	1.40	16	3.1
Austar United	B	147	2.61	16	Nil
Aust Foundation	B	420	N/A	18	5.0
Aust Infra.	B	214	N/A	6	4.7
Australand Prop	B	257	2.14	11	8.4
BHP Billiton	B	3471	1.67	5	2.7
BWP Trust	B	176	N/A	11	6.8
Bank of Q'land	B	721	0.56	10	7.5
Beach Energy	B	150	3.32	NE	1.2
Bendigo Bank	B	750	0.75	8	8.0
Bluescope Steel	C	39	0.09	NE	5.1
Boart Longyear	A	418	0.96	12	2.5
Boral Limited	A	411	0.64	18	3.5
Bradken Ltd	A	800	1.12	19	4.3
Brambles Ltd	B	702	2.39	24	3.7
Brickworks Ltd	B	1051	2.44	11	3.9
C'wth Prop Off.	B	96	7.57	12	5.7
C.S.R. Ltd	B	183	0.48	10	4.5
CFS Retail Prop	B	174	6.99	9	7.3
CSL Limited	B	3300	4.14	32	2.4
Caltex Austrlia	B	1322	0.16	NE	3.4
Campbell Bros	A	6088	3.71	31	2.3
Carsales.com	A	508	7.76	20	3.9
Challenger Ltd	B	377	1.23	7	4.4
Chart H Office	B	307	N/A	14	6.6
Chart H Retail	B	304	4.65	15	8.2
Coalspur Mines	E	143	N/A	NE	Nil
CocaCola Amatil	B	1174	1.84	15	4.5
Cochlear Ltd	B	5770	4.04	18	3.9
Com'wealth Bank	A	4808	1.70	12	6.6
Computershare	A	795	2.97	18	3.5
Cons Media Hold	A	275	N/A	15	6.0
Crown Ltd	B	838	2.62	19	4.4
DUET Group	B	174	1.31	13	17.2
David Jones	A	269	0.70	8	10.4
Deutsche Div Tr	B	131	6.10	14	7.1
Dexus Property	B	85	N/A	36	0.3
Downer EDI Ltd	C	396	0.34	NE	Nil
DuluxGroup Ltd	B	297	1.10	12	5.1
Echo Ent Group	B	436	1.77	13	Nil
Eldorado Gold	B	1330	6.83	24	0.9
Energy World	C	69	N/A	44	Nil
Envestra	B	79	2.71	26	7.2
Extract Res.	C	860	N/A	NE	Nil
Fairfax Media	B	75	0.71	7	4.0
Flight Centre	A	2138	1.15	15	3.9
Fortescue Metal	B	564	3.48	18	1.2
GPT Group	D	311	N/A	NE	Nil
Gloucester Coal	B	810	4.39	25	Nil
Goodman Group	A	69	7.32	11	5.1
Goodman Fielder	C	67	0.41	NE	11.7
Graincorp	B	810	0.58	9	3.7
Growthpoint Pro	B	204	5.52	11	8.4
Harvey Norman	B	194	1.32	8	6.2
Hast Div Util	B	214	7.24	NE	4.7
Henderson Group	B	175	1.83	18	6.1
IOOF Holdings	A	535	1.93	12	8.0
Iluka Resources	A	1672	4.27	13	4.5
Incitec Pivot	A	316	1.32	11	3.6
Independ. Group	A	408	5.09	NE	1.7
Insurance Aust.	B	329	0.87	27	4.9
Investa Office	B	61	8.34	12	6.4
Invocare Ltd	A	780	2.61	32	3.8
Iress Mkt Tech	B	678	4.21	21	5.6
JB Hi-Fi Ltd	B	1094	0.36	10	7.0
James Hardie	C	751	2.76	NE	Nil
Jupiter Energy	C	64	N/A	NE	Nil
Kardoon Gas	C	569	N/A	NE	Nil
Kingsgate Cons.	B	640	5.00	41	2.3
Leighton Hold	A	2349	0.78	23	5.1
Lend Lease Grp	B	761	0.49	1	4.6
Lynas Corp Ltd	E	118	N/A	NE	Nil
Macquarie Group	B	2580	0.77	9	7.2
Medusa Mining	B	596	8.08	11	1.7
Mesoblast Ltd	D	729	N/A	NE	Nil
Metcash Ltd	B	406	0.25	13	7.9
Milton Corp.	B	1490	N/A	19	5.1
Mineral Res.	A	1235	3.43	14	3.4
Mirvac Group	B	122	6.75	8	5.1
Monadelphous Gr	A	2290	1.38	21	4.1
Mt Gibson Iron	B	116	1.81	5	3.4
Myer Holdings	B	230	0.42	8	9.8
NRW Holdings	A	379	1.42	26	2.4
Nat'l Aust Bank	A	2356	1.27	10	7.3
Navitas Ltd	B	314	1.83	15	6.6
New Hope Corp.	B	543	6.81	NE	1.9
Newcrest Mining	B	3193	5.95	27	0.9
News Corp.	A	1865	0.48	6	0.8
Nufarm Limited	C	503	0.63	NE	Nil
OZ Minerals Ltd	B	1019	2.87	12	5.9
Oil Search Ltd	B	715	N/A	48	0.5
Onesteel Ltd	B	105	0.20	6	9.5
Orica Ltd	A	2600	1.62	7	3.7
Origin Energy	B	1312	1.35	75	3.8
Paladin Energy	D	179	5.56	NE	Nil
Panaust Ltd	B	332	3.46	15	Nil
Perpetual Ltd	B	2375	2.07	17	7.8
Perseus Mining	D	256	N/A	NE	Nil
Platinum Asset	B	370	7.85	14	6.8
Premier Invest	B	542	0.94	21	6.6
Primary Health	B	298	1.12	19	2.7
Q.B.E. Insur.	B	1188	0.70	18	7.3
QR National Ltd	A	386	2.95	27	1.6
Qantas Airways	C	168	0.26	15	Nil
Qube Logistics	A	166	3.58	15	1.1
REA Group Ltd	A	1330	7.27	26	2.0
Ramsay Health	A	1829	0.99	19	2.8
Reece Australia	B	1840	1.17	15	3.3
Regis Resources	B	426	N/A	51	Nil
Resolute Mining	B	197	4.14	30	Nil
Rio Tinto Ltd	B	6413	0.47	2	2.2
S/Tracks ASX200	B	3977	N/A	8	4.4
SAI Global Ltd	B	469	2.17	21	3.0
SP Ausnet	B	98	1.81	10	8.2
Sandfire Res.	C	790	N/A	NE	Nil
Santos Ltd	B	1438	5.37	18	2.1
Seek Ltd	B	646	6.31	22	2.2
Seven West Med.	B	359	3.02	19	12.5
Seven Group	A	958	0.93	33	3.8
Sims Metal Mgmt	B	1499	0.35	16	3.1
Sonic Health	B	1135	1.42	15	5.2
Soul Pattinson	B	1355	4.26	20	3.0
Spark Infrastru	B	137	6.24	22	7.3
Sth Cross Media	B	130	1.85	17	7.7
Stockland	B	308	3.10	10	7.7
Suncorp Group	B	801	0.54	23	4.4
Sundance Res.	D	42	N/A	NE	Nil
Super Retail Gr	A	710	0.89	18	4.1
Sydney Airport	B	265	4.73	60	7.9
TPG Telecom Ltd	B	156	2.13	16	2.9
Tabcorp Holding	B	270	0.63	6	15.9
Tatts Group Ltd	B	233	0.84	11	9.2
Telstra	B	325	1.60	13	8.6
Ten Network	C	81	0.85	60	6.8
Toll Holdings	A	563	0.49	14	4.4
Transfield Serv	B	240	0.48	30	5.8
Transurban Grp	B	562	7.83	72	4.8
TransPacific In	C	78	0.38	NE	Nil
Treasury Wine	B	404	1.77	41	1.5
UGL Limited	B	1233	0.48	13	5.7
Virgin Aust	C	44	0.30	NE	Nil
Viterra Inc.	D	1035	N/A	NE	Nil
Wesfarmers Ltd	B	2852	0.52	15	5.3
Western Areas	B	548	2.10	7	4.6
Westpac Banking	A	2069	1.46	9	7.5
Westfield Group	A	869	4.13	13	5.6
Westfield Ret.	A	246	7.18	8	6.9
Whitehaven Coal	A	537	4.26	36	1.4
Woodside Petrol	A	3630	6.21	20	3.0
Woolworths Ltd	A	2522	0.57	14	4.8
Worley Group	A	2885	1.25	19	3.0
Wotif.com Hold.	A	445	6.79	18	4.9
Zimplats Hold.	C	1000	2.20	6	Nil
Ave of 1971 Cos	**C**	134	0.31	13	1.5

Recommended Investments

CDL Investments lifted revenues 21.5% to $11.3 million for the year to 31 December 2011. Net profits were 30.1% higher at $3,788,000 (1.5 cents per share). The annual dividend will be 16.7% higher at 1.4 cents (plus full imputation tax credits.)

The company recorded an operating cash surplus of $3.6 million, up 16%.

CDL Investments expects "increased activity will continue during 2012" and "is in a good position to offer competitive and high-quality sections . . . to meet increasing market demand".

CDL Investments' land holdings have a balance sheet value of $88.3 million but a market value of $162.7 million. That is $74.4 million of future profits - in addition to the development margin converting bare land into residential sections. The company therefore has the potential to consistently earn significantly higher profits than it has in the past. *(Continued on Page 4)*

Portfolio of Recommended Investments

CURRENT ADVICE	Company	Code	Initial Recommendation - Date -	Initial Recommendation Price	Performance Forecast	Issued Shares (mil.)	Volatility Ratio	Price/ Sales Ratio	Price/ Earnings Ratio	Gross Dividend Yield	Recent Share Price	Cash Dividends Rec'd	Total Return %
	NZ Shares												
BUY	CDL Investments Ltd	CDI	12/01/99	25	D	252.8	1.5	8.72	28	5.4	32	20.3	+109%
BUY	Cavalier Corporation	CAV	05/12/95	156*	C	68.3	0.9	0.60	8	12.7	203	278.0	+208%
HOLD	Colonial Motor Company	CMO	10/11/92	128*	A	32.7	0.5	0.20	12	9.0	300	337.3	+398%
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	0.8	0.81	12	4.3	104	36.4	+2708%
HOLD+	Nuplex Industries Ltd	NPX	11/02/97	523*	C	196.7	1.0	0.32	8	8.1	258	409.0	+28%
HOLD	Postie Plus Group	PPG	08/05/06	71	C	40.0	2.0	0.08	13	6.5	22	8.5	-57%
HOLD	Renaissance Corp	RNS	13/08/96	85*	C	45.7	3.5	0.04	NE	Nil	14	53.9	-20%
HOLD	Smiths City Group	SCY	09/10/06	64	B	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	3.65	15	8.1	353	159.8	+327%
HOLD+	Steel & Tube Holdings	STU	08/08/00	146	C	88.4	0.8	0.53	12	9.2	232	254.6	+233%
	Australian Shares (in Aust cents)												
BUY	AJ Lucas Group	AJL	13/05/03	120	D	97.9	0.7	0.55	NE	Nil	118	41.0	+33%
BUY	Atlas South Sea Pearl	ATP	14/05/96	73	D	141.0	3.2	0.62	14	Nil	5	17.5	-69%
HOLD	Campbell Brothers Ltd	CPB	12/10/99	389*	A	67.5	0.3	3.71	31	2.3	6088	774.0	+1664%
BUY	Cardno Ltd	CDD	14/12/09	391*	A	119.3	0.5	0.88	12	5.1	664	61.3	+86%
HOLD	Cellnet Group Ltd [1]	CLT	12/02/02	147*	B	61.3	1.5	0.19	12	14.9	24	45.9	-51%
HOLD+	Chandler Macleod Group	CMG	14/08/01	51*	B	467.9	1.3	0.16	16	4.9	41	24.1	+27%
HOLD+	Circadian Technologies	CIR	10/02/04	188	C	46.4	1.1	13.67	NE	Nil	54	65.0	-37%
HOLD+	Clarius Group Ltd	CND	08/04/03	82*	B	88.2	1.2	0.14	9	9.8	41	70.5	+36%
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	B	282.6	1.1	0.46	5	8.7	64	5.5	-61%
HOLD+	Customers Ltd	CUS	11/07/11	83	B	134.9	0.9	0.96	6	5.6	89	4.0	+12%
HOLD	Devine Ltd	DVN	13/11/06	334*	B	158.7	1.0	0.25	5	3.0	67	77.6	-57%
BUY	Ellex Medical Lasers	ELX	14/03/06	49	B	84.9	1.9	0.41	NE	Nil	21	Nil	-57%
BUY	Fiducian Portfolio Ser	FPS	11/02/08	260	B	32.2	0.8	1.34	7	8.6	102	34.3	-48%
BUY	Finbar Group Ltd	FRI	12/04/10	106	A	207.7	0.8	3.65	8	8.9	95	15.5	+4%
HOLD	Iluka Resources Ltd	ILU	12/10/04	471	A	416.4	0.6	4.27	13	4.5	1672	147.0	+286%
BUY	Integrated Research	IRI	14/01/08	40	A	166.9	0.9	2.56	15	5.8	69	16.0	+111%
HOLD	Mnet Group [1]	MNZ			C	208.3	4.5	0.48	NE	Nil	1.3		
HOLD	M2 Telecommunications	MTU	09/10/06	33	A	123.7	0.6	0.97	15	4.8	334	39.5	+1032%
BUY	Melbourne IT	MLB	10/02/04	53	A	81.4	0.6	0.81	11	8.4	179	74.0	+376%
BUY	Nomad Building Solutio	NOD	16/08/10	13*	C	277.5	2.3	0.19	NE	Nil	12	Nil	-8%
BUY	Novarise Renewable Res	NOE	14/03/11	25	B	415.1	1.8	0.94	5	Nil	19	Nil	-26%
BUY	Penrice Soda Holdings	PSH	11/07/11	17	D	91.4	2.4	0.06	NE	Nil	10	Nil	-44%
BUY	Probiotec Ltd	PBP	11/02/08	116	C	52.9	1.3	0.21	15	Nil	29	9.3	-67%
BUY	Prophecy International	PRO	08/09/08	26	B	47.2	1.3	2.62	NE	1.9	27	8.5	+37%
HOLD	Skilled Group Ltd	SKE	12/03/02	126	B	233.1	0.7	0.27	20	1.4	221	135.0	+183%
HOLD	Technology One Ltd	TNE	11/11/03	44	B	303.4	0.7	1.98	15	4.5	103	31.9	+206%
HOLD+	TFS Corporation Ltd	TFC	08/01/07	45	B	276.5	1.0	1.46	8	8.1	59	14.2	+61%
HOLD+	The Reject Shop Ltd	TRS	11/01/05	257	A	26.0	0.4	0.64	21	2.4	1280	279.5	+507%
HOLD	Village Roadshow	VRL	10/08/09	77	B	151.5	0.5	0.52	17	5.1	315	149.0	+503%

The average Total Return (i.e. both Capital Gains/Losses plus Dividends received) of all current investments from initial recommendation is +222.0%. This is equal to an average annual rate of +27.7%, 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 +30.1%, 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 distyributed to shareholders.

Recommended Investments

(Continued from Page 3)

At market value the net asset backing is 66 cents per share.

CDL Investments

Cavalier Corporation - which usually pays *two* interim dividends - will pay no interim dividend this year . . . and "review the dividend position" at the end of the year.

Revenues for the six months to 31 December 2011 were *down* 7.4% at $108.0 million but profits *fell* 58.4% to $3,547,000 (5.2 cents per share).

There was also a net cash operating *deficit* of $4.0 million, compared with a small surplus of $539,000 a year earlier. This cash deficit reflects the increased investment in higher priced inventories and results in the lower cash and increase in interest bearing debts to $78.4 million.

The company expects the "very soft market conditions for the carpet business" to continue in the second half and will not achieve the $8.5-10.5 million full year profit forecast announced in November. A fall in wool prices is expected and that would reverse the pressure on operating cash flows - by reducing the replacement cost of wool and wool carpets held in inventories and at least partially help to reduce borrowings.

Cavalier Corporation see "some optimism" for next year (i.e. to June 2013), helped by lower mortgage rates in Australia and the long anticipated re-build of Christchurch.

As we said in December "The downturn in profits - and the share price - should offer a *buying opportunity* for investors to add to their holdings in this company". Picking the exact low is impossible, so the best plan is often to make 3-4 purchases over the next 6-9 months.

Cavalier Corporation

Colonial Motor Company's revenues were 17.3% higher for the six month to 31 December and net profits rose 64.6% to $5,907,000 (18.1 cents per share). The interim dividend will be 28.6% higher at 9.0 cents (plus imputation tax credits).

The net cash operating surplus was down 32% to $4.5 million.

The company experienced strong demand for heavy trucks throughout the period and good trading from its car dealerships in November and December. The second half year is not expected to be as good - at least partly owing to "material supply constraints" resulting from the Thailand flood which has "severely curtailed" the supply of *Ford Ranger* and *Mazda BT50* vehicles.

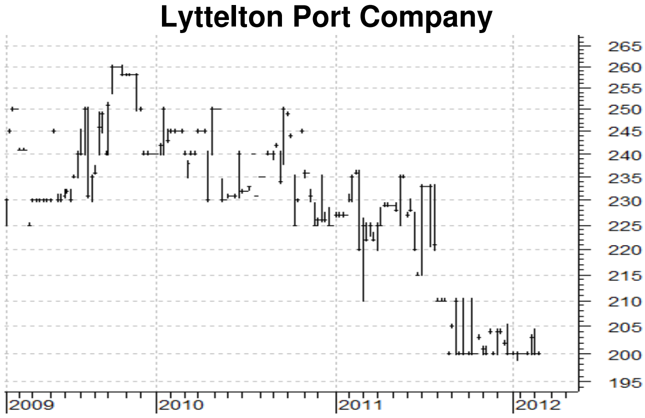
Colonial Motor Company

Lyttelton Port Company reports revenues 9.4% higher at $51.8 million for the six months to December 2011 and *trading* profits 55.5% higher at $9,532,000 (9.3 cents per share). Owing to the "financial impact of the earthquake damage" and outstanding insurance claims dividends remain suspended.

The full year trading profit is forecast to rise 30-50% to $16-18 million (15½-17½ cents).

Lyttelton Port Company is to defer the development of new cruise berth facilities. In late 2010 the company announced plans for a $13.7 million cruise berthing facility but updated plans, owing to seismic activity, have increased costs to $20 million.

Lyttelton Port Company



Michael Hill International reports revenues up 7.3% to $288.8 million for the six months to 31 December 2011, with net profits up 11.5% to $26,297,000 (6.9 cents per share). The interim dividend will be 33.3%

higher at 2.0 cents (with no NZ imputation tax credits).

The net operating cash surplus *doubled* (i.e. up 101%) to $63.2 million.

We suspect that the reported profits *may* significantly understate the company's operating performance - owing to large "deferred revenues" from its *Professional Care Plan* service. These revenues have contributed around one-third of the increase in the net operating cash surplus, but have probably made little contribution to *reported* revenues and profits at this stage.

If the company is conservatively over-estimating the potential costs then it is under-stating current profits. So the reported profit contribution from the Professional Care Plan may lag 2-3 years behind the strong growth in actual sales and cash flows.

At the very least, the Professional Care Plan is providing additional cashflows and an interest-free "cash float" that can (1) reduce bank debts and interest costs and (2) help finance continued growth in store numbers.

Professional Care Plan cashflows are one important factor that has *helped* reduce net debt (i.e. debt minus cash) from $49.2 million in December 2010 to $36.9 million at June 2011 to only $10.7 million at December 2011.

At that rate the company will be virtually debt-free by the end of this financial year. After that net cash flow will have to be used to *accelerate* store growth, increase dividends, make capital repayments or repurchase shares, if the company is to avoid building up surplus cash sitting in the bank.

Durante Holdings - the Hill family investment company - has purchased a further 10,199,859 shares on-market at 107 cents, lifting its ownership from 50.2% to 52.9% of the company.

Michael Hill International

Nuplex Industries' revenues slipped 2.0% to $746.4 million for the six months to 31 December 2011. Net profits were 22.4% *lower* at $24,105,000 (12.3 cents per share). The interim dividend will be steady at 10.0 cents (with no NZ imputation credits and 50% Australian franking credits).

The net operating cash surplus was down 7% to $21.3 million.

Earnings (before interest, depreciation and tax) are expected to be 0-5% higher for the full year to June 2012, helped by recent acquisitions, new facilities in Vietnam and further benefits from its *NuLEAP* efficiency program.

Nuplex Industries

Postie Plus Group reports a 4.6% drop in revenues to $53.9 million for the half year to 29 January 2012. The full result will be announced later this month and profits are expected to be "marginally below" last year.

The company reports an improvement in profit margins, but revenues were lower owing to the closure of four *Babycity* stores and some deferment of school uniform sales into the start of the second half of the year. It also reports "positive sales figures for the new season's products".

Postie Plus Group

Renaissance Corporation reports that it has received two serious proposals to acquire its Distribution business, has identified a preferred purchaser and is negotiating a Heads of Agreement. Any transaction will be subject to approval by **Apple Inc** (as this is an *Apple* distributor) and shareholders. A sale of this business would remove significant stock and debt from Renaissance Corporation's balance sheet and leave it with its Education and Retail businesses.

The company received a further insurance payout of $870,000 in December - so to date has received $1.9 million from its claims in excess of $5 million.

Renaissance Corporation also reports slow trading in October to December, but strong trading in January that put the company $400,000 ahead of its year to date earnings budget. February was also ahead of budget.

(Continued on Page 6)

Recommended Investments

(Continued from Page 5)

Renaissance Corporation

Australian Shares

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

AJ Lucas Group raised only $35.8 million from its "fully underwritten" $51.3 million cash issue. **Andial Holdings** - a company owned by AJ Lucas Chairman and Chief Executive Allan Campbell - failed to fulfil its sub-underwriting commitment.

The underwriter, **Gleneagle Securities**, who receive a 5% "underwriting and management" fee (i.e. $1.8 million to date), will also take up no shares! Apparently this is just a "management fee" as the underwriting agreement requires it only to *market* the shares to sub-underwriters (who receive no fee).

Kerogen Investments took up 19,008,828 shares as sub-underwriter and now owns 32.94% of the company (plus share options plus loans to AJ Lucas Group). Other sub-underwriters subscribed for 740,741 shares.

For the six months to 31 December 2011, revenues were 15.9% higher at $266.3 million. The company traded at a *loss* of $13,619,000 (*minus* 17.9 cents per share), up from a *loss* of $17.9 million a year earlier.

There was a net operating cash surplus of $5.7 million.

AJ Lucas Group

Atlas South Sea Pearl reported revenues 25.5% higher at $12.4 million for the year to 31 December 2011, but net profits fell 76.4% to $544,000 (0.4 cents per share).

A review of the business had led management to conclude that the company "can generate substantially higher quality production at younger harvest ages" - with increased revenues *and* "significant cost savings and capital savings". Rationalisation of the company's production sites to reduce transport costs is predicted to result in annual savings of $500,000.

Atlas South Sea Pearl has also recorded its "first major sale to a jewellery chain" and expects to build value-added sales of jewellery to the wholesale market.

A record 619,000 oysters were seeded in 2011 and a third hatchery is being constructed and will begin operating in August 2012. The company is in the top five producers of South Sea pearls by value and growing rapidly.

With the major shareholder having recently taken management control of Atlas South Sea Pearl it is very possible the company will be turned around into a profitable and growing business. Shareholders should take up their entitlement to shares in the current cash issue.

Atlas South Sea Pearl

Cardno lifted revenues 2.1% to $445.5 million for the six months to 31 December. Net profits were up 13.9% to $36,120,000 with earnings per share 6.7% higher at 32.0 cents. The interim dividend will be raised 5.9% to 18.0 cents.

The operating cash surplus was 19% higher at $47.3 million.

Cardno

Chandler Macleod Group reports revenues 54.7% higher at $771.8 million and net profits up 54.3% to $8,134,000 (1.9 cents per share). A 50.0% higher interim dividend of 1.2 cents will be paid.

The net operating cash surplus was 26% lower at $9.6 million.

Most of this revenue and profit increase arises from the inclusion of the **Ross Human Directions** business. Adjusting the December 2010 result to *include* Ross Human Directions would show the combined group lifted revenues 11% and profits about 9% *lower*.

In late February, Chandler Macleod Group announced the acquisition of **AHS Services Group Pty** for $31.5 million in cash. This business provides 4,000 staff to over 140 hotels throughout Australia. Revenues are forecast at $120 million, with net profits of $4.9-5.6 million.

This is an attractively priced acquisition of a financially sound and growing business. This debt-free business is being purchased on a Price/Sales ratio of 0.26 and a Price/Earnings ratio of 5½-6½. This acquisition will increase earnings per share by 0.8-0.9 cents (i.e. about 20-25%) and generate strong operating net cashflows from a recurring business where customers are typically on three year contracts.

Chandler Macleod Group

Circadian Technology has announced that **Healthscope** has released data on its *Cancers of Unknown Primary* (CUP) test which will be launched commercially in March and April. Healthscope will market the test in Australia, New Zealand, Malaysia and Singapore (paying Circadian Technologies a royalty on sales) while Circadian Technologies has the rights to market the test in the rest of the world (where it will appoint partners by early 2013, also paying it a royalty on sales).

CUP is the fifth most common cause of cancer death in Australia, with a median survival of only 11 months from the time of diagnosis. If the primary tumour can be identified, specific treatment can improve survival rates.

The CUP test examines RNA from metastasised tumours which continue to resemble the primary tumour. The research to develop the test examined 399 tumours of 15 classes. Overall the test is 83% accurate in its first prediction of the primary source of the cancer and around 93% accurate in its first three predictions.

Healthscope expects to market around 10,000 tests annually at $1000-1500 per test - earning Circadian Technologies royalties of $1.5-2.5 million.

Circadian Technologies

Clarius Group's revenues dipped 2.9% to $135.7 million for the six months to 31 December 2011. Profits fell 44.8% to $1,336,000 (1.5 cents per share) - owing to a 35% decline in the high margin permanent recruitment revenues. An interim dividend of 1.0 cent - down 50% - will be paid.

There was an operating net cash *deficit* of $4.1 million (compared with a surplus of $1.1 million a year earlier) owing to working capital to finance contractor growth and late payment by a large customer just after the accounting period.

Clarius Group

CPT Global's revenues were 3.9% higher at $20.3 million for the half year to December 2011, while profits grew 20.4% to $796,000 (2.2 cents per share). A steady 1.5 cents interim dividend will be paid.

There was a net operating cash surplus of $1,770,000 (compared with a *deficit* of $893,000 a year earlier).

"Although profitable" the company "is still awaiting a more substantial return on the business development investments made over the past few years". The company has build a scalable business that "will be able to service many overseas clients simultaneously from Australia".

CPT Global continues to focus upon expanding total revenues over 50% over the next 2-3 years. Most of those additional revenues would flow through to net profits!

(Continued on Page 8)

Recommended Investments

(Continued from Page 7)

CPT Global

CSG Ltd lifted revenues 6.9% over the six months to 31 December 2011 but net profits fell 51.7% to $9,286,000 (3.3 cents per share). A steady interim dividend of 2.5 cents will be paid.

The net operating cash surplus improved 56% to $7.8 million.

The Technology division lifted revenues 20% to $88.8 million, with earnings up 15% to $16.7 million. 75% of revenues (up from 70% in 2011 and 64% in 2010) is now from multi-year contracts. Technology revenues are expected to grow - helped by winning a $7 million managed service contact for a utility company and a $5 million project from a Federal Government agency in December - and the company is focusing upon improving profit margins.

The Print Division revenues fell 1%, with earnings down 28% to $16.4 million. This division "underestimated the complexities of integrating" the Canon business and is currently focusing upon operational efficiency. This will "take further time", but Print services is still a business with strong long term growth.

CSG Ltd

Customers lifted revenues 2.8% to $64.6 million over the half year to 31 December but net profits fell 76.7% to $2,691,000 (2.0 cents per share). The interim dividend will be 33.3% lower at 2.0 cents (but fully franked).

The net operating cash surplus was 39% lower, but still very high at $14.7 million.

Customers has exhausted past tax losses, so now pays full tax rates - which lowered reported profits but allows franking credits to be attached to dividends.

Start-up losses with the NZ business and managed services business also depressed profitability for the period.

Customers Ltd

Ellex Medical Lasers lifted revenues 17.9% to $26.4 million for the six months to 31 December and net profits recovered 26.3% to $654,000 (0.8 cents per share).

The net operating cash surplus was just $71,000.

Transferring the ultrasound business from the US to the company's Adelaide laser production facility during the period "resulted in considerable cost reductions and production efficiencies" which will make a bigger contribution in future periods.

The company predicts "an improved full year result" to June 2012.

The company has also purchased the remaining 20% of **Ellex Australia Pty**, its Australian marketing, sales and distributor, from a former manager who has now retired.

Ellex Medical Lasers

Fiducian Portfolio Services suffered a 6.1% drop in revenues for the six months to 31 December 2011 - which together with a slight increase in costs has resulted in a 49.0% drop in net profits to $1,144,000 (3.6 cents per share). The interim dividend is being cut a similar

50.0% to 2.5 cents.

The net operating cash surplus was 67% lower at $786,000.

Lower investment values resulted in the lower management fees, while additional expenditure was required for the group's administration system enhancements which are "approaching completion" and which will provide "more efficient and better managed systems" plus "substantial cost savings in the years ahead".

Fudician Portfolio Services

Finbar Group completed no projects over the six months to 31 December 2011, so revenues were 95.0% lower at just $2.1 million. That resulted in a *loss* for the period of $876,689 (*minus* 0.3 cents per share), compared with a profit of $12.0 million a year earlier.

This, however, is all a result of the *timing* of the *completion* of projects - and the full year result to June 2012 is expected to be slightly ahead of the June 2011 result.

The interim dividend will be raised 16.7% to 3.5 cents.

Finbar Group

Iluka Resources lifted revenues 69.2% to $1,631.4 million over the year to 31 December 2011. That increase came from higher selling prices, with production volumes relatively steady and costs up only 16% . . . so net profits increased 15-fold to $541,800,000 (130.1 cents per share). A final dividend of 55.0 cents lifts the annual dividend rate 9½-fold to 75.0 cents.

The net operating cash surplus rose 4¼-fold to $750 million.

Based upon the company's forecast sales volumes and pricing for 2012, current year revenues should be around 47% higher at $2,400 million. Operating costs will be similar to 2011, so we estimate net profits for 2012 could be around 70% higher at $920 million (220 cents per share).

Three stockbrokers publish profits forecasts and, while we are sceptical of brokers' estimates, these predict a 2012 net profit of $910-1140 million (218-274 cents per share) rising to $1265-1630 million (304-392 cents per share) for the year to December 2013.

During 2011, the company reduced its interest bearing debt by $178 million to just $164 million, while increasing its cash holding $290 million to $320 million. $229 million will be distributed in the final dividend.

The 2012 net operating cash flow could be $1100 million. After repaying *all* remaining debt and capital expenditure, Iluka Resources should have around $800 million in cash (190 cents per share) by the end of 2012 which will be available for the payment of dividends or to finance external acquisitions.

Iluka Resources shares have risen strongly over the last few years, but the company has developed significant resources and is now enjoying high selling prices which could continue for at least several years.

At $16.72 the shares trade on a Price/Earnings ratio of 13 and a Dividend Yield of 4.5%, but a 70% growth in profits this year would reduce the P/E to 7½ and 70-100% increase in the dividend would improve the yield to 7.6-9.0%. While some partial profit-taking may be prudent to maintain a diversified portfolio, we are also happy to hold Iluka Resources to enjoy some high cash dividend returns and the potential for further re-rating of the share price as profits continue to grow over the next couple of years.

Iluka Resources has also increased its Ore Reserves and Mineral Resources over the last year. The company started 2011 with 27.00 million tonnes of Ore Reserves, extracted 3.40 million tonnes but added new reserves of 6.84 million tonnes to end the year with 30.44 million tonnes.

It started the year with 114.06 million tonnes of Mineral Resources (which includes the Ore Rerserves), extracted the 3.40 million tonnes but added 10.14 million tonnes, to end with 120.80 million tonnes. That is over 35 years of production at current extraction rates! So Iluka Resources does not need to invest heavily in exploration to replace depleted resources.

Iluka Resources experienced a problem with its rail transport to Hamilton, with one wagon suffering a mechanical failure and dumping 100 tonnes of heavy mineral concentrate over 200 metres of track. This has been cleaned up and the bottom-emptying wagons replaced by a different design.

(Continued on Page 10)

Recommended Investments

(Continued from Page 9)

Iluka Resources

Integrated Research lifted revenues 7.8% to $22.1 million over the six months to 31 December 2011, but profits rose 50.0% to $3,561,000 (2.1 cents per share). The interim dividend will be 33.3% higher at 2.0 cents.

The net operating cash surplus increased 2% to $5.8 million.

New licence fees rose 16.5% to $12.3 million, while maintenance fees slipped 3.8% to $8.3 million. Consulting fees rose 13.6% to $1.5 million.

In retrospect, we clearly bought into Integrated Research *too early*. The Global Financial Crisis offered the opportunity to buy into this cash-rich company with recurring revenue streams and growth potential from IP Telephony software at a low valuation . . . so we recommended Integrated Research shares at 40 cents in January 2008. Throughout most of 2008 and early 2009 the shares traded at even more attractive valuations, hitting a low of 19 cents in November 2008 and as recently at June 2011 a low of 29 cents. But the shares have paid dividends of 16 cents (i.e. repaying 40% of our initial investment - and helping finance more depressed share purchases) and now trade at 68½ cents - so we are already up 111%. "Buy" and Hold for further growth and income.

Integrated Research

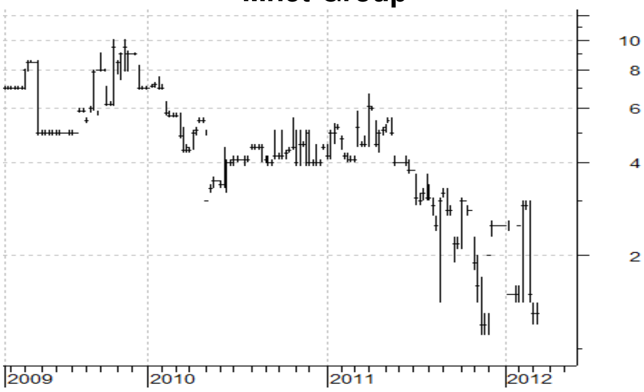
Mnet Group revenues were 32.7% lower at $3.9 million for the six months to 31 December 2011 and it traded at a *loss* of $434,668 (*minus* 0.2 cents per share), compared with a previous *loss* of $78,660.

The net operating cash *deficit* was $672,843 - down from a small surplus a year earlier.

The increased loss reflects the sale of the *Caller Ringtones* business (which contributed $252,277 in the previous year) plus $163,927 of "one-off" restructuring costs to "position the company for strong growth in a growing industry". Profitability (and the balance sheet) will certainly look better *if* the company receives the "up to $2 million" expected in December 2012 related to earnouts from the Caller Ringtones business achieving specific contact renewal targets.

The group also spent $110,790 establishing a US subsidiary in Los Angeles to work with **Yahoo! Inc**.

Mnet Group



M2 Telecommunications recorded a 14.2% drop in revenues for the six months to 31 December 2011, but lifted net profits 46.2% to $16,731,000 (13.5 cents per share). The interim dividend will be 28.6% higher at 9.0 cents.

Net operating cash flows were *down* 8.6% but still strong at $22.1 million.

As planned, the company eliminated low margin wholesale business. Wholesale revenues were 58% lower at $40.9 million, but net profits increased 9% to $4.1 million. Retail revenues rose 21% to $144.1 million, with net profits up 34% to $11.8 million.

The company is still predicting full year revenues 2-11% *lower* at $380-420 million and net profits up 9-23% at $30-34 million (24-28 cents per share).

In January, M2 Telecommunications acquired the assets of **Flextalk** for a total of up to $3.45 million in cash (including deferred payments subject to performance milestones). This business generates earnings (before interest, depreciation and tax) of over $1 million annually and has 5000 small business customers.

In late February, M2 Telecommunications agreed to purchase the assets and customers of **Time Telecom** for a total of $18.35 million in cash (i.e. some on settlement and further payments in six months and nine months, subject to performance). This business has 30,000 small and medium sized business customers and is expected to produce earnings (before interest, depreciation and tax) of over $6 million. M2 Telecommunications has previously supplied Time Telecom with wholesale telecommunication services.

Both of these acquisitions also offer "excellent cross-selling opportunities" to the existing "largely single-product customers".

M2 Telecommunications

Melbourne IT suffered a 5.3% drop in revenues to $179.8 million for the full year to 31 December 2011. Net profits were 15.8% *lower* at $13,524,000 (16.8 cents per share), but the company will pay a final dividend of 8.0 cents, maintaining a steady annual dividend of 15.0 cents. This indicates that the company is in a sound financial position *and* that directors are confident about future profit growth.

The net operating cash surplus was 2% higher at $19.1 million.

The company believes "that 2012 will see a return to profit growth" and that the "transformation project and new services will help deliver strong net growth". Operating expenditure on the final implementation of the transformation project will be $3.9 million in 2012 - up from $1.7 million in 2011 - but despite this higher cost the company is predicting "at least a 10%" increase in profits this year. This project will then position the company for growth from 2013.

Melbourne IT also points out that recent global acquisitions in its peer group indicate valuations around 9.2-16.8 times earnings (before interest, depreciation and tax), while its shares trade at a multiple of only 5.5 times.

Melbourne IT

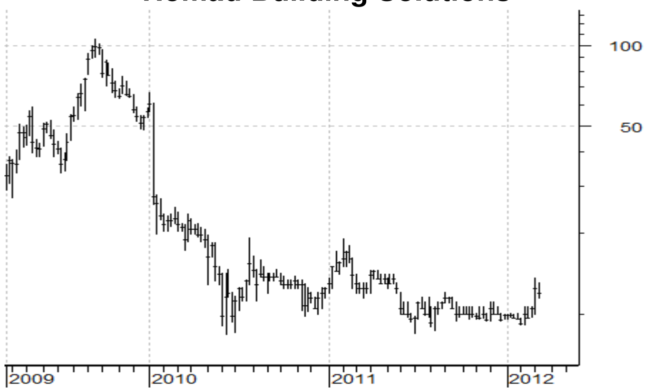
Nomad Building Solutions reports revenues down 18.9% to $82.3 million for the six months to 31 December 2011 but more importantly a return to profitability. Net profit was just $2,153,000 (0.8 cents per share), but a significant improvement on last year's *loss* of $8.7 million. No dividend will be paid.

The net operating cash surplus improved 82% to $3.2 million.

This result was boosted by the (undisclosed) profit on the sale of rental assets, but also depressed by the (undisclosed) under-performance of the *Nomad Modular* business (which is the subject of a strategic review, as discussed last month).

The other businesses appear to be recovering well, with the company focusing upon cost reduction and strong demand for accommodation assets in Western Australia and Queensland. In any turn around/recovery situation, debt is a major problem . . but not for Nomad Building Solutions as interest bearing debts (expiring 31 August 2012) are only $6.9 million and less than the company's $11.0 million in cash.

Nomad Building Solutions



Novarise Renewable Resources lifted revenues 10.0% to $82.1 million over the year to 31 December 2011. Net profits rose 12.1% to $17,052,734 (4.1 cents per share). No dividend will be paid for 2011 (1.0 cent in 2010).

The net operating cash surplus was 41% higher at $13.8 million.

The company has not grown as fast as expected owing to continued delays with its new production facility at Nan'an. This was originally scheduled for completion in May 2011, then delayed to the third quarter of 2011 and now expected to begin production in June 2012. Weather conditions and problems with the construction teams are blamed for these delays.

The company has also used its low cost bank facilities to borrow an additional A$44.0 million which has been used to make an unsecured loan at a higher interest rate to a Xiamem based company called **Leiqiang Company**. Repayment is due in the third quarter of 2012. This loan may be on "favourable" terms for Novarise Renewable Resources, but it does place over 50% of the company's net assets at risk in a money *(Continued on Page 12)*

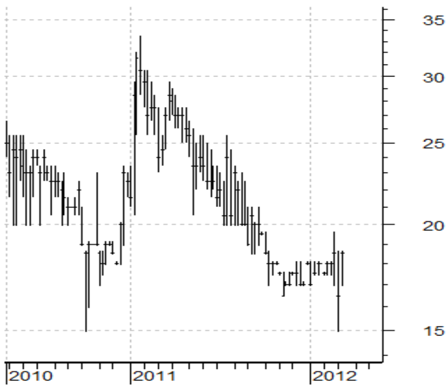
Recommended Investments

(Continued from Page 11)

lending venture to just one borrower.

At 18½ cents, Novarise Renewable Resources shares trade on a very low Price/Earnings ratio of 4½. That would appear to significantly discount the shares owing to the uncertainty over construction delays and its money lending risks. A better future performance - where the company delivers on its growth potential *and* focuses upon its core business - should see the share price re-rated strongly.

Novarise Renewable Resources



Penrice Soda Holdings lifted revenues 5.5% to $73.4 million for the half year to 31 December 2011, but traded at a *loss* of $5,393,000 (*minus* 5.9 cents per share), compared with a *loss* of $1.2 million a year earlier. No dividend will be paid. In addition, the company wrote down asset values for plant and equipment in its Chemical business by $20.6 million and inventory values by $2.0 million - but these have no impact on cash flows or operating performance.

There was a net operating cash *deficit* of $5.4 million, down from a surplus of $4.5 million a year earlier.

The company has experienced low demand, together with higher costs (i.e. depreciation, interest, rail closure).

Penrice Soda Holdings expects to be cashflow positive from March - when the rail line re-opens - and it is focusing upon growth in sodium bicarbonate (where an $8 million investment will boost earnings by $3 million annually) and its Selective Salts Recovery technology for the Coal Seam Gas industry (where the company will supply equipment, know how and marketing - funded by customers).

Penrice Soda Holdings is a recovery situation where the share price is very depressed owing to low demand, low selling prices (set by comparison with international prices, so depressed by the high Australian dollar), lack of net operating cashflow, high debt levels and Chemical plant problems. The business *may* need to change significantly. We see potential, however, from either (1) improved demand (i.e. a recovery in demand from glass manufacturers or continued growth from miners), (2) higher prices (as the global economy improves), (3) improved cashflows from the sale of *very large* stockpiles in the Quarry division, (4) improved efficency at the Chemical plant, (5) growth in production of higher value, higher profit margin sodium bicarbonate and/or (6) new revenues from new technologies (i.e. the Selective Salt Recovery).

The immediate threat to the company's survival comes from its high debt levels and lack of positive cashflows - but an improvement in any one (or, hopefully, several) of the six factors listed above could help turn this business around. So this is a high risk/high return situation - but appropriate for investors with well diversified share portfolios.

Penrice Soda Holdings

Probiotec reports first half revenues 2.6% lower at $34.1 million, but *trading* profits 11.5% higher at $1,135,000 (2.1 cents per share). This is still a low level of profitability. In addition there was a $1.9 million gain on the sale of a business. No dividend will be paid.

The net operating cash surplus was just $221,000 - down from $2.9 million a year earlier.

The directors predict the second half result will be "in excess" of the first half.

Probiotec is in a recovery situation and is rebuilding its business. It is impossible to predict how successful that will be and what level of profits are likely in the future. Current year expected earnings of around 4-5 cents, however, would indicate that the shares are currently undervalued at just 28½ cents (i.e. a prospective P/E ratio of 6-7). "Buy" for recovery.

Probiotec

Prophecy International Holdings results were better than its release last month. Revenues for the six months were $4.0 million, up 37.3%. Net profits were up 3½-fold to $863,574 (1.7 cents per share). The interim dividend will be 150.0% higher at 1.25 cents.

The net operating cash surplus was $792,000 - up from a small *deficit* a year earlier.

Prophecy International Holdings

Skilled Group reports half year revenues unchanged at $932.9 million, but trading profits recovered 125.8% to $22,915,000 (9.8 cents per share). The company will re-instate the interim dividend at 5.0 cents.

The net operating cash surplus was 12% higher at $41.8 million.

Plans to reduce costs by $12 million annually by June 2013 are "delivering ahead of plan".

Skilled Group

Technology One announced a "*Technology One Cloud*" strategy in November 2010 and planned to progressively release a cloud service from late 2011 until early 2013. That is apparently a little behind schedule, but the company's *Enterprise Suite* (i.e. financials, supply chains, human resources, payroll, asset management, customer relationship and corporate performance management) was released as a cloud service in February. This is available for a flat annual fee from any computer with internet access.

The company has also started releasing related apps for *iPhone* and *iPad*, and will add apps for *Android* "in 3-4 months".

This has the potential to significantly change the company's business model and expand its global reach to customers *anywhere* in the world. It will offer users "a greatly simplified experience", at "reduced operating costs" and software releases "will be replaced by continual updates driven by customer feedback". Offering a cloud service would also significantly reduce customers up-front costs, potentially allowing Technology One to win significantly greater customer numbers at significantly lower marketing costs.

Software is an economies-of-scale business, so if Technology One does this well it should be able to significantly increase its market share (i.e. from about 50% in Australia - so it must be doing *something* right - but close to zero in the rest of the world) and significantly lift total revenues, while Research & Development and other operating costs remain relatively fixed. Success would yield high profit margins and significant growth in net profits.

Technology One

TFS Corporation lifted revenues 54.6% to $46.9 million for the six months to 31 December, with profits up 131.4% at $5,960,000 (2.1 cents per share). These half year results, however, are relatively meaningless as most revenues and profits are earned in the *second* half. Short term results are also dominated by foreign exchange gains or losses on plantation valuations and its US dollar borrowings.

Revenues from recurring fees (i.e. on-going plantation management) rose 40.7% to $15.3 million - of which $3.3 million was received in cash and $12.0 million will be payable from the proceeds of the eventual harvest.

The half year report states that "after careful consideration" but "primarily as a result of requirements under the terms of the Senior Secured Notes" the company will no longer pay interim dividends. The annual dividend policy remains unchanged at 30-50% of "cash" profits, but the company will now only pay a final dividend.

The company is seeking to build up a land bank equal to 4-5 years plantings, with plantation developments of around 1,500 hectares annually (up from 1,200 hectares last year). *(Continued on Page 14)*

Recommended Investments

(Continued from Page 13)

A *Managed Investment Scheme* retail offering will be released in the April-June quarter and the company is hopeful of a better response, helped by a lack of similar competitive investments and investor financing, funded by TFS Corporation from the US borrowings.

TFS Corporation directly owns 340 hectares of plantations - plus the equivalent of another 709 hectares through deferred fees owing from growers. That is about 20% of the total 5,000 hectares that has been developed to date. The company will seek to "at least maintain" this level of ownership and "over the next five years position itself to accelerate planting directly for shareholders".

TFS Corporation

The Reject Shop lifted revenues 6.9% to $294.9 million for the half year to the end of December 2011, with net profits up 4.0% to $16,553,000 (63.5 cents per share). The interim dividend will be 4.3% higher at 24.0 cents.

The net operating cash surplus was $41.3 million.

This result continues to show the impact of flooding of the Ipswich Distribution Centre, with the need to service all stores from Melbourne for the first four months of the period at higher costs. Also the need to discount some surplus stock. The Reject Shop has also invested $2 million in a Flood Protection Barrier for its Ipswich site which will be installed this month.

The company reports that "the retail climate has not improved" and predicts a full year profit of $20.5-22.0 million. This will be a 53-week financial "year", so that is equivalent to $19.0-20.5 million on a 52 week basis. The company reported a depressed $16.1 million profit in 2011 and a normal $23.3 million profit in 2010 - so is still operating below its previous peak.

The Reject Shop plans to open 17 stores this financial year (with 10 opened in the first half) and has approved 13 new stores for the June 2013 year. It is also looking at an online strategy using social media and is evaluating e-tailing models and required infrastructure.

The Reject Shop

Village Roadshow reports revenues (excluding businesses sold last year) 2.6% lower at $470.1 million. Net profits were 16.2% lower at $28,270,000 (18.6 cents per share). The interim dividend will be 50.0% higher at 12.0 cents.

The cash operating surplus was 37% lower, but still very high, at $62.1 million.

Earnings (before interest, depreciation and tax) for the Gold Coast Theme Parks division was *down* 1.3% for the six months, but the second half year has started well with January (i.e. a peak month of the year) earnings up 6.5% boosted by the new *Green Lantern Coaster* at *Movie World*. February also traded well. *Movie World* will open another new ride in time for Easter.

Village Roadshow

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

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

Company	Share Price	STRENGTH RATING Cur-rent	4-Wk Chg.	Rank 0-99	Insider Buy-Sell	Brokers Following	Price to NTA	Return on Equity	Vola-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													
Postie Plus Grp	22	+5.7	-4.0	13	0-0	-	0.5	4	2.0	13	6.5	0.08	9
Smiths City	53	+14.5	+2.0	4	8-0	-	0.6	4	1.1	15	3.8	0.13	28
Col Motor Co	300	+6.6	+2.1	11	1-0	-	0.8	7	0.5	12	9.0	0.20	98
Turners & Grow.	182	+2.6	-0.9	26	1-0	-	0.7	4	0.7	17	3.3	0.24	206
Ebos Group Ltd	700	+1.9	+3.1	32	0-1	1	1.8	12	0.5	16	6.4	0.27	365
Zintel Comm.	41	+4.2	+10.4	18	2-0	-	2.0	5	1.6	43	3.5	0.38	22
Hellaby Hold.	282	+1.6	+1.1	34	1-0	-	1.6	11	1.2	14	5.1	0.44	208
Infratil NZ	198	+2.0	+0.6	31	0-1	-	1.2	6	0.7	18	4.9	0.56	1,191
Turners Auction	152	+2.3	+2.2	29	0-0	-	2.1	15	0.8	14	10.3	0.59	42
Allied Work.	220	+5.8	+1.8	12	0-0	-	2.9	16	1.0	18	6.6	0.60	57
Kirkcaldie & St	290	+6.1	-1.2	12	0-0	-	1.5	-	0.5	NE	2.7	0.72	30
Briscoe Group	153	+2.0	+2.4	30	3-0	-	2.5	16	0.8	15	8.4	0.77	325
Michael Hill	104	+2.4	+2.2	28	4-1	1	2.2	19	0.8	12	4.3	0.81	398
Opus Int'l Cons	214	+0.7	+4.3	37	0-0	-	3.1	23	0.7	14	5.1	0.82	304
Comvita	247	+8.3	-6.8	7	8-0	-	1.0	5	0.7	19	1.7	0.85	70
BEST PERFORMING SHARES: Strongest Shares, P/E < 20, P/S < 1.0													
Smiths City	53	+14.5	+2.0	4	8-0	-	0.6	4	0.9	15	3.8	0.13	28
Comvita	247	+8.3	-6.8	7	8-0	-	1.0	5	0.6	19	1.7	0.85	70
Col Motor Co	300	+6.6	+2.1	11	1-0	-	0.8	7	0.4	12	9.0	0.20	98
Allied Work.	220	+5.8	+1.8	12	0-0	-	2.9	16	0.8	18	6.6	0.60	57
Postie Plus Grp	22	+5.7	-4.0	13	0-0	-	0.5	4	1.6	13	6.5	0.08	9
Finzsoft Sol'ns	38	+3.2	+1.0	22	0-0	-	1.1	19	0.8	6	Nil	0.46	3
Turners & Grow.	182	+2.6	-0.9	26	1-0	-	0.7	4	0.6	17	3.3	0.24	206
Michael Hill	104	+2.4	+2.2	28	4-1	1	2.2	19	0.6	12	4.3	0.81	398
Turners Auction	152	+2.3	+2.2	29	0-0	-	2.1	15	0.6	14	10.3	0.59	42
Briscoe Group	153	+2.0	+2.4	30	3-0	-	2.5	16	0.6	15	8.4	0.77	325
Infratil NZ	198	+2.0	+0.6	31	0-1	-	1.2	6	0.5	18	4.9	0.56	1,191
Ebos Group Ltd	700	+1.9	+3.1	32	0-1	1	1.8	12	0.5	16	6.4	0.27	365
Hellaby Hold.	282	+1.6	+1.1	34	1-0	-	1.6	11	1.0	14	5.1	0.44	208
Opus Int'l Cons	214	+0.7	+4.3	37	0-0	-	3.1	23	0.6	14	5.1	0.82	304
INCOME SHARES: Highest Yields, Capitalisation > NZ$100 million													
Cavalier Corp	203	-15.2	+1.5	86	0-0	1	1.4	17	0.7	8	12.7	0.60	139
Restaurant Brds	192	-6.7	+0.0	68	0-0	-	3.2	41	0.6	8	12.6	0.58	188
Hallenstein G.	386	+0.6	+1.4	38	0-0	-	3.7	29	0.5	13	11.5	1.12	230
Warehouse Group	280	-8.7	-2.3	75	4-4	2	2.5	29	0.5	9	11.2	0.41	683
Telecom Corp	239	+7.8	+1.7	7	4-0	3	2.0	8	0.5	24	10.8	2.44	4,590
AMP Office Trt	88	+2.7	+1.2	25	3-0	-	1.0	1	0.5	85	8.9	6.40	877
Briscoe Group	153	+2.0	+2.4	30	3-0	-	2.5	16	0.5	15	8.4	0.77	325
NPT Limited	57	+4.4	+3.4	18	0-0	-	0.8	-	0.6	NE	8.0	3.88	109
Vector Ltd	257	+1.8	+0.7	33	0-0	1	1.2	10	0.5	13	7.9	2.06	2,559
Air New Zealand	86	-10.6	+0.2	79	2-10	1	0.6	5	0.8	12	7.9	0.21	938
INSIDER BUYING: Most Insider Buying, Relative Strength > 0													
Smiths City	53	+14.5	+2.0	4	8-0	-	0.6	4	0.7	15	3.8	0.13	28
Comvita	247	+8.3	-6.8	7	8-0	-	1.0	5	0.5	19	1.7	0.85	70
Port Tauranga	1068	+7.6	+1.5	8	5-0	1	2.0	8	0.3	25	4.1	7.72	1,431
Telecom Corp	239	+7.8	+1.7	7	4-0	3	2.0	8	0.5	24	10.8	2.44	4,590
AMP Office Trt	88	+2.7	+1.2	25	3-0	-	1.0	1	0.4	85	8.9	6.40	877
Briscoe Group	153	+2.0	+2.4	30	3-0	-	2.5	16	0.5	15	8.4	0.77	325
Michael Hill	104	+2.4	+2.2	28	4-1	1	2.2	19	0.5	12	4.3	0.81	398
Zintel Comm.	41	+4.2	+10.4	18	2-0	-	2.0	5	1.0	43	3.5	0.38	22
DNZ Property	134	+1.4	+1.3	34	2-0	-	-	-	0.6	NE	4.9	N/A	332
Chorus Ltd	350	+1.0	+1.7	36	1-0	-	2.9	-	0.4	NE	Nil	2.67	1,347
OVER-VALUED SHARES: Highest Price/Sales Ratios, Relative Strength < 0													
Vital Health PT	118	-58.3	-0.0	98	0-1	-	1.1	2	0.5	46	6.9	8.10	341
Property F Ind.	115	-0.2	+0.4	42	0-0	-	1.1	4	0.4	25	7.1	7.66	249
Kiwi Property	105	-0.2	-0.1	44	0-0	-	1.0	-	0.4	NE	7.5	5.30	1,016
Charlie's Group	43	-58.3	+0.0	97	0-0	-	7.7	15	1.2	51	Nil	4.00	126
NZ Refining Co	330	-8.0	+2.9	74	3-0	-	1.7	4	0.4	39	Nil	3.70	924
Blis Technology	4	-16.5	+3.4	88	0-0	-	-	-	2.2	NE	Nil	3.31	6
Trust Power Ltd	719	-0.6	+0.2	47	0-0	-	1.6	8	0.3	20	7.3	2.95	2,263
NZ Oil & Gas	77	-1.0	+2.0	51	0-0	-	0.9	7	0.9	13	3.7	2.88	306
Sky Network TV	522	-3.1	-0.1	59	1-0	2	1.6	9	0.4	17	5.1	2.55	2,031
Horizon Energy	315	-3.0	-0.9	58	0-0	-	1.4	11	0.3	13	7.7	2.54	79
F & P Health.	233	-6.8	-0.5	69	1-3	1	3.9	20	0.3	19	7.5	2.39	1,211
Lyttelton Port	200	-2.6	+0.4	57	0-0	-	1.3	8	0.5	17	Nil	2.23	205
NZ Farming Sys.	65	-3.3	-1.0	61	1-1	-	0.8	-	0.9	NE	Nil	2.05	159

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
WORST PERFORMING SHARES: Weakest Shares, P/S Ratio > 0.25, Yield < Twice Average													
Vital Health PT	118	-58.3	-0.0	98	0-1	-	1.1	2	0.4	46	6.9	8.10	341
Charlie's Group	43	-58.3	+0.0	97	0-0	-	7.7	15	1.1	51	Nil	4.00	126
L&M Energy	9	-19.1	+0.5	91	0-0	-	-	-	1.5	NE	Nil	N/A	68
Rakon Ltd	56	-17.4	+4.2	89	1-0	-	0.5	4	0.9	13	Nil	0.56	107
Blis Technology	4	-16.5	+3.4	88	0-0	-	-	-	2.0	NE	Nil	3.31	6
WN Drive Tech.	20	-15.6	-0.1	86	2-0	-	14.7	-	1.6	NE	Nil	0.48	13
Rubicon Limited	38	-13.8	+3.9	85	4-0	-	0.6	-	0.6	NE	Nil	0.27	108
Dorchester Pac	8	-13.1	+0.2	83	2-0	-	0.3	-	1.7	NE	Nil	0.78	8
Mowbray Collect	50	-11.3	-6.2	80	0-0	-	1.3	-	0.5	NE	Nil	1.66	6
NZ Wine Company	85	-10.8	-1.2	80	0-0	-	0.4	-	0.6	NE	3.4	0.57	7
Sealegs Corp	12	-10.3	-1.2	78	0-0	-	1.9	-	1.5	NE	Nil	0.94	11
Heartland BS	48	-10.0	+1.1	78	0-0	-	0.1	0	0.8	20	Nil	0.79	144
F & P Appliance	45	-9.8	+6.0	76	2-1	1	0.4	4	1.1	10	Nil	0.29	326
Pumpkin Patch	82	-8.3	+7.8	75	4-1	1	4.2	23	0.8	18	5.2	0.41	138
NZ Refining Co	330	-8.0	+2.9	74	3-0	-	1.7	4	0.4	39	Nil	3.70	924
Pac Edge Bio.	20	-7.8	-0.7	73	0-0	-	26.7	-	1.3	NE	Nil	N/A	30
Fletcher Build.	663	-7.1	+3.7	70	6-0	4	1.2	8	0.4	16	6.0	0.61	4,499
INSIDER SELLING: Most Insider Selling, Relative Strength < 0													
Air New Zealand	86	-10.6	+0.2	79	2-10	1	0.6	5	0.7	12	7.9	0.21	938
Mainfreight Grp	943	-0.8	-2.0	50	1-7	-	3.0	14	0.4	22	3.0	0.69	929
NZ Wool Service	40	-7.4	-3.5	72	0-2	-	0.9	-	0.7	NE	Nil	0.18	28
Seeka Kiwifruit	115	-20.4	+4.2	92	1-3	-	0.3	15	0.2	2	24.8	0.14	17
F & P Health.	233	-6.8	-0.5	69	1-3	1	3.9	20	0.3	19	7.5	2.39	1,211
Vital Health PT	118	-58.3	-0.0	98	0-1	-	1.1	2	0.4	46	6.9	8.10	341

"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	938	Michael Hill	1	398
Akd Int Airport	2	3,206	Nuplex Indust	1	508
Cavalier Corp	1	139	Port Tauranga	1	1,431
Contact Energy	2	3,448	Pumpkin Patch	1	138
Ebos Group Ltd	1	365	Ryman Health.	1	1,462
F & P Appliance	1	326	Sky Network TV	2	2,031
F & P Health.	1	1,211	Telecom Corp	3	4,590
Fletcher Build.	4	4,499	Vector Ltd	1	2,559
Freightways Ltd	1	599	Warehouse Group	2	683

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.

Company	Share Price	STRENGTH RATING Cur-rent	4-Wk Chg.	Rank 0-99	Insider Buy-Sell	Brokers Following	Price to NTA	Return on Equity	Vola-til-ity	Price Earn. Ratio	Divi-dend Yield	Price Sales Ratio	Market Cap'n
UNDER-VALUED SHARES: Lowest Price/Sales, Yld > 0, Rel Strength > 0													
Vita Group Ltd	25	+1.4	+2.9	24	1-0	-	6.1	-	1.4	5	12.7	0.09	35
Tel.Pacific Ltd	7	+17.4	+3.7	5	0-0	-	6.6	-	2.6	NE	6.1	0.12	7
TTA Holdings	6	+4.5	+3.9	16	0-0	-	0.7	9	2.6	7	6.7	0.13	8
BSA Ltd	25	+7.3	+6.6	11	3-0	-	3.5	56	1.5	6	12.2	0.13	54
Coffey Int'l	65	+7.2	+13.3	11	2-0	-	-	-	0.9	NE	17.1	0.14	136
Caltex Austrlia	1322	+0.7	+0.7	27	0-0	2	1.1	-	0.5	NE	3.4	0.16	3,569
Chandler McLeod	41	+1.2	+4.6	25	2-0	4	-	-	1.2	16	4.9	0.16	189
A.P. Eagers	1340	+5.3	+1.3	15	17-0	-	1.7	16	0.2	10	6.0	0.18	420
Dolomatrix Intl	4	+7.5	-22.9	11	3-0	-	0.3	21	3.4	2	45.5	0.18	6
Marbletrend Grp	14	+1.9	+3.2	22	3-0	-	1.1	15	2.0	8	3.7	0.19	8
Brierty Ltd	33	+4.5	+6.8	16	3-0	-	1.0	0	1.3	367	1.5	0.19	36
Pro Maintenance	200	+4.0	-1.2	17	2-0	-	2.4	22	0.5	11	4.5	0.19	236
Aust Vintage	35	+5.9	+3.3	14	0-0	-	0.3	5	1.1	7	7.2	0.20	44
Noni B Limited	74	+4.3	+12.7	16	5-0	-	2.0	2	0.9	103	1.4	0.20	24
Spotless Group	226	+7.6	-2.8	11	1-0	-	-	-	0.6	14	4.9	0.22	594
Structural Syst	85	+4.8	-0.3	15	1-0	-	1.1	19	0.7	6	4.7	0.23	54
Int. Legal	12	+2.3	-1.4	21	0-0	-	-	-	1.9	9	7.8	0.39	11
Adcorp Aust.	20	+2.1	+1.2	22	6-0	-	2.2	25	1.4	9	10.3	0.40	12
Maxi TRANS	45	+29.0	+5.5	2	2-0	1	1.3	6	1.1	20	3.4	0.40	82
RCR Tomlinson	195	+8.0	+1.7	10	0-1	4	2.1	16	0.6	13	1.9	0.42	257
Joyce Corp.	45	+1.6	+0.5	23	0-0	-	1.2	15	1.2	8	8.9	0.44	9
Colorpak Ltd	71	+2.0	+1.9	22	2-0	-	2.2	59	0.8	4	4.6	0.45	58
Coventry Group	270	+5.5	+2.4	14	3-0	-	0.8	3	0.5	25	8.1	0.47	108
Jumbo Interact.	91	+54.2	+32.7	1	0-2	-	10.1	-	0.9	7	0.5	0.47	36
News Corp.	1865	+6.7	+0.6	12	0-0	2	7.7	-	0.3	6	0.8	0.48	14,892
Toll Holdings	563	+2.5	+4.9	20	2-1	4	-	-	0.6	14	4.4	0.49	3,998
ERM Power Ltd	166	+0.5	+1.9	27	5-0	-	1.7	10	0.7	17	2.1	0.49	268
Embelton Ltd	800	+13.3	-1.0	6	0-0	-	1.7	15	0.2	11	3.4	0.51	17
Regional Exp.	110	+6.8	-0.0	12	0-0	1	0.8	11	0.7	7	6.5	0.52	124
Suncorp Group	801	+0.7	-0.7	27	3-0	4	1.3	6	0.4	23	4.4	0.54	10,306
Fantastic Hold.	234	+0.7	+0.5	27	0-0	2	2.6	21	0.5	12	4.7	0.55	240
Graincorp	810	+2.0	+1.1	22	0-0	5	1.7	18	0.4	9	3.7	0.58	1,604
Supply Network	86	+14.5	+2.3	6	0-0	-	2.0	17	0.7	12	5.8	0.58	29
Korvest Ltd	450	+6.3	+2.3	13	0-0	-	1.2	13	0.4	9	5.8	0.58	39
Beyond Int'l	79	+0.1	-0.2	29	3-0	-	1.8	18	0.7	10	7.6	0.59	48
The Reject Shop	1280	+4.0	+4.8	17	0-0	8	6.3	30	0.4	21	2.4	0.64	333
IiNet	293	+10.5	+0.8	8	3-1	-	-	-	0.5	13	4.1	0.64	446
Boral Limited	411	+2.6	+4.2	20	0-0	4	1.1	6	0.6	18	3.5	0.64	3,000
Pro-Pac Pack.	54	+23.2	-2.0	3	0-2	-	6.0	40	1.0	15	3.7	0.65	75
Nib Holdings	142	+1.1	-1.3	25	4-0	-	1.8	18	0.6	10	5.7	0.66	660
Webster Ltd	49	+7.4	+1.3	11	6-0	-	0.5	10	1.0	5	2.1	0.66	31
Amcor Ltd	701	+0.5	-1.4	27	7-1	3	5.1	21	0.3	24	5.0	0.69	8,608
Collection Hse	81	+4.2	+2.8	16	8-0	-	0.9	12	0.7	8	7.7	0.72	78
CIC Australia	55	+0.9	+7.9	26	0-0	-	0.8	15	0.9	6	7.3	0.74	69
Tasmania Mines	165	+5.8	-1.7	14	1-0	-	0.9	19	0.5	5	3.6	0.75	30
Vita Life Sci.	32	+3.9	+0.7	17	0-0	-	2.3	15	1.2	15	1.6	0.75	18
Gale Pacific	25	+10.0	+0.8	9	3-0	-	1.4	14	1.3	10	8.8	0.75	72
Leighton Hold	2349	+3.7	+4.8	17	3-0	5	3.7	16	0.4	23	5.1	0.78	7,918
Melbourne IT	179	+2.9	+5.6	19	3-0	2	-	-	0.5	11	8.4	0.81	145
Seymour Whyte	210	+2.8	+4.7	20	2-2	-	4.4	33	0.7	13	3.8	0.84	163
Tatts Group Ltd	233	+3.5	+0.1	18	1-1	3	-	-	0.5	11	9.2	0.84	3,072
Decmil Group	265	+3.5	+6.0	18	1-0	4	5.0	35	0.7	14	2.3	0.84	439
Legend Corp.	34	+1.4	+5.5	24	4-0	-	3.4	37	1.2	9	5.3	0.84	74
Cardno Ltd	664	+8.5	+5.0	10	1-0	2	-	-	0.5	12	5.1	0.88	792
Freedom Foods	52	+19.7	+2.3	4	4-0	-	1.8	20	1.0	9	1.9	0.89	40
Mortgage Choice	127	+2.3	-1.3	21	1-0	-	1.7	32	0.7	5	10.2	0.89	150
Super Retail Gr	710	+3.3	+5.9	18	1-0	5	5.1	29	0.4	18	4.1	0.89	1,360
Objective Corp.	30	+5.0	+4.1	15	0-0	-	5.0	43	1.2	12	5.0	0.91	36
Seven Group	958	+0.5	+7.1	27	5-0	-	1.9	6	0.7	33	3.8	0.93	2,935
Shearer (John)	235	+1.1	+0.3	25	0-0	-	0.7	1	0.4	75	5.1	0.95	29
Boart Longyear	418	+2.7	+6.9	20	0-0	4	2.9	24	0.8	12	2.5	0.96	1,905
Ausenco Ltd	428	+12.8	+9.9	7	0-0	6	8.7	44	0.6	20	2.8	0.96	528
M2 Telecom. Grp	334	+4.2	+5.1	16	0-3	3	-	-	0.5	15	4.8	0.97	413
Greencross Ltd	199	+27.4	+4.7	3	0-0	-	-	-	0.5	17	3.0	0.97	60
Sedgman Ltd	236	+3.1	+2.9	19	1-0	5	4.8	25	0.7	19	3.0	0.98	495
CTI Logistics	145	+7.5	+0.6	11	0-0	-	2.2	19	0.5	11	4.1	0.98	71
Ramsay Health	1829	+1.8	-1.1	23	0-2	5	9.4	51	0.3	19	2.8	0.99	3,696
Chal Infra Fund	115	+2.7	+0.7	20	0-0	1	-	-	0.7	NE	12.2	1.03	364
Mastermyne Grp	242	+19.9	+11.0	4	0-0	-	-	-	0.6	15	2.5	1.08	178
My Net Fone Ltd	28	+13.2	+13.6	6	0-0	-	28.0	-	1.3	15	4.6	1.08	15

Company	Share Price	STRENGTH RATING Cur-rent	4-Wk Chg.	Rank 0-99	Insider Buy-Sell	Brokers Following	Price to NTA	Return on Equity	Vola-til-ity	Price Earn. Ratio	Divi-dend Yield	Price Sales Ratio	Market Cap'n
BEST PERFORMING SHARES: Strongest Shares, P/E < 20, P/S < 1.0													
Corum Group Ltd	7	+67.7	+23.0	0	0-0	-	-	-	1.7	10	Nil	0.77	17
Jumbo Interact.	91	+54.2	+32.7	1	0-2	-	10.1	-	0.7	7	0.5	0.47	36
Maxi TRANS	45	+29.0	+5.5	2	2-0	1	1.3	6	0.8	20	3.4	0.40	82
Tag Pacific	28	+28.7	+4.7	2	1-2	-	0.9	17	0.9	5	Nil	0.20	20
Greencross Ltd	199	+27.4	+4.7	3	0-0	-	-	-	0.4	17	3.0	0.97	60
Vision Eye Inst	36	+25.6	+33.9	3	0-0	-	-	-	1.1	7	Nil	0.24	26
Pro-Pac Pack.	54	+23.2	-2.0	3	0-2	-	6.0	40	0.8	15	3.7	0.65	75
Freedom Foods	52	+19.7	+2.3	4	4-0	-	1.8	20	0.8	9	1.9	0.89	40
Supply Network	86	+14.5	+2.3	6	0-0	-	2.0	17	0.5	12	5.8	0.58	29
Mirvac Ind Trt	8	+13.9	-1.7	6	0-0	-	0.4	43	2.2	1	Nil	0.56	29
Embelton Ltd	800	+13.3	-1.0	6	0-0	-	1.7	15	0.2	11	3.4	0.51	17
IiNet	293	+10.5	+0.8	8	3-1	-	-	-	0.4	13	4.1	0.64	446
Gale Pacific	25	+10.0	+0.8	9	3-0	-	1.4	14	1.0	10	8.8	0.75	72
Cardno Ltd	664	+8.5	+5.0	10	1-0	2	-	-	0.4	12	5.1	0.88	792
RCR Tomlinson	195	+8.0	+1.7	10	0-1	4	2.1	16	0.5	13	1.9	0.42	257
Spotless Group	226	+7.6	-2.8	11	1-0	-	-	-	0.5	14	4.9	0.22	594
CTI Logistics	145	+7.5	+0.6	11	0-0	-	2.2	19	0.4	11	4.1	0.98	71
Dolomatrix Intl	4	+7.5	-22.9	11	3-0	-	0.3	21	2.4	2	45.5	0.18	6
Webster Ltd	49	+7.4	+1.3	11	6-0	-	0.5	10	0.7	5	2.1	0.66	31
BSA Ltd	25	+7.3	+6.6	11	3-0	-	3.5	56	1.1	6	12.2	0.13	54
Regional Exp.	110	+6.8	-0.0	12	0-0	1	0.8	11	0.6	7	6.5	0.52	124
News Corp.	1865	+6.7	+0.6	12	0-0	2	7.7	-	0.3	6	0.8	0.48	14,892
Korvest Ltd	450	+6.3	+2.3	13	0-0	-	1.2	13	0.3	9	5.8	0.58	39
Aust Vintage	35	+5.9	+3.3	14	0-0	-	0.3	5	0.8	7	7.2	0.20	44
Tasmania Mines	165	+5.8	-1.7	14	1-0	-	0.9	19	0.4	5	3.6	0.75	30
AMA Group Ltd	15	+5.6	-2.0	14	1-1	-	3.0	50	1.5	6	Nil	0.77	42
A.P. Eagers	1340	+5.3	+1.3	15	17-0	-	1.7	16	0.1	10	6.0	0.18	420
Objective Corp.	30	+5.0	+4.1	15	0-0	-	5.0	43	0.8	12	5.0	0.91	36
Structural Syst	85	+4.8	-0.3	15	1-0	-	1.1	19	0.6	6	4.7	0.23	54
Greencap Ltd	6	+4.8	+4.7	15	1-0	-	-	-	1.8	4	Nil	0.27	16
TTA Holdings	6	+4.5	+3.9	16	0-0	-	0.7	9	1.8	7	6.7	0.13	8
Capital Health	5	+4.5	+9.7	16	0-0	-	-	-	2.3	15	Nil	0.32	15
M2 Telecom. Grp	334	+4.2	+5.1	16	0-3	3	-	-	0.4	15	4.8	0.97	413
Collection Hse	81	+4.2	+2.8	16	8-0	-	0.9	12	0.6	8	7.7	0.72	78
Pro Maintenance	200	+4.0	-1.2	17	2-0	-	2.4	22	0.4	11	4.5	0.19	236
Vita Life Sci.	32	+3.9	+0.7	17	0-0	-	2.3	15	0.9	15	1.6	0.75	18
Roc Oil Company	39	+3.8	+8.8	17	3-0	2	0.9	9	1.0	10	Nil	0.94	263
Brisconnections	90	+3.6	-0.2	17	0-0	-	-	-	0.6	13	Nil	0.27	351
Decmil Group	265	+3.5	+6.0	18	1-0	4	5.0	35	0.6	14	2.3	0.84	439
Tatts Group Ltd	233	+3.5	+0.1	18	1-1	3	-	-	0.4	11	9.2	0.84	3,072
Chalmers	320	+3.3	-3.7	18	1-1	-	0.8	11	0.3	7	Nil	0.42	24
Super Retail Gr	710	+3.3	+5.9	18	1-0	5	5.1	29	0.4	18	4.1	0.89	1,360
Sedgman Ltd	236	+3.1	+2.9	19	1-0	5	4.8	25	0.5	19	3.0	0.98	495
Melbourne IT	179	+2.9	+5.6	19	3-0	2	-	-	0.4	11	8.4	0.81	145
Buderim Ginger	16	+2.8	+5.3	20	0-0	-	0.4	5	1.1	8	Nil	0.17	13
Seymour Whyte	210	+2.8	+4.7	20	2-2	-	4.4	33	0.5	13	3.8	0.84	163
Boart Longyear	418	+2.7	+6.9	20	0-0	4	2.9	24	0.7	12	2.5	0.96	1,905
Austock Group	12	+2.6	-1.8	20	0-0	-	0.6	17	1.4	4	Nil	0.39	16
Boral Limited	411	+2.6	+4.2	20	0-0	4	1.1	6	0.5	18	3.5	0.64	3,000
Toll Holdings	563	+2.5	+4.9	20	2-1	4	-	-	0.5	14	4.4	0.49	3,998
E & A Limited	18	+2.4	+2.5	21	3-0	-	-	-	1.2	11	Nil	0.12	17
Eumundi Group	6	+2.4	+0.6	21	0-0	-	0.5	10	1.9	4	Nil	0.42	8
Int. Legal	12	+2.3	-1.4	21	0-0	-	-	-	1.3	9	7.8	0.39	11
FSA Group Ltd	31	+2.3	+0.9	21	1-0	-	0.9	19	0.9	5	Nil	0.60	42
Mortgage Choice	127	+2.3	-1.3	21	1-0	-	1.7	32	0.5	5	10.2	0.89	150
Adcorp Aust.	20	+2.1	+1.2	22	6-0	-	2.2	25	1.0	9	10.3	0.40	12
Colorpak Ltd	71	+2.0	+1.9	22	2-0	-	2.2	59	0.6	4	4.6	0.45	58
Graincorp	810	+2.0	+1.1	22	0-0	5	1.7	18	0.3	9	3.7	0.58	1,604
Marbletrend Grp	14	+1.9	+3.2	22	3-0	-	1.1	15	1.5	8	3.7	0.19	8
Ramsay Health	1829	+1.8	-1.1	23	0-2	5	9.4	51	0.2	19	2.8	0.99	3,696
Joyce Corp.	45	+1.6	+0.5	23	0-0	-	1.2	15	0.9	8	8.9	0.44	9
Legend Corp.	34	+1.4	+5.5	24	4-0	-	3.4	37	0.9	9	5.3	0.84	74
Vita Group Ltd	25	+1.4	+2.9	24	1-0	-	6.1	-	1.0	5	12.7	0.09	35
Chandler McLeod	41	+1.2	+4.6	25	2-0	4	-	-	0.9	16	4.9	0.16	189
ADG Gbl Supply	7	+1.2	+5.7	25	2-0	-	1.7	8	1.9	20	Nil	0.28	15
Nib Holdings	142	+1.1	-1.3	25	4-0	-	1.8	18	0.5	10	5.7	0.66	660
CIC Australia	55	+0.9	+7.9	26	0-0	-	0.8	15	0.6	6	7.3	0.74	69
Commstrat Ltd	60	+0.7	-0.2	27	1-0	-	-	-	0.8	4	Nil	0.30	3
Fantastic Hold.	234	+0.7	+0.5	27	0-0	2	2.6	21	0.4	12	4.7	0.55	240
ERM Power Ltd	166	+0.5	+1.9	27	5-0	-	1.7	10	0.6	17	2.1	0.49	268

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
INCOME SHARES: Highest Yields, Capitalisation > A$250 million													
DUET Group	174	+3.4	-1.1	18	1-2	3	0.9	7	0.3	13	17.2	1.31	1,583
Tabcorp Holding	270	-12.8	+2.7	71	0-0	3	-	-	0.4	6	15.9	0.63	1,858
Seven West Med.	359	-0.7	+4.1	35	9-0	6	-	-	0.5	19	12.5	3.02	2,191
Chal Infra Fund	115	+2.7	+0.7	20	0-0	1	-	-	0.5	NE	12.2	1.03	364
Goodman Fielder	67	-12.5	+6.3	70	7-0	3	-	-	0.7	NE	11.7	0.41	1,300
Billabong Int'l	270	-29.6	+0.4	96	1-0	5	-	-	0.6	6	10.7	0.41	686
David Jones	269	-13.5	+1.7	73	1-0	7	2.0	24	0.5	8	10.4	0.70	1,378
APN News Media	82	-13.7	+4.6	73	1-0	3	-	-	0.6	4	10.4	0.47	517
Ardent Leisure	113	-3.3	+2.7	45	4-0	3	1.3	13	0.6	10	10.2	0.93	358
Salmat Ltd	235	-12.7	+1.2	70	5-0	3	-	-	0.4	10	10.2	0.43	375
Ale Property	200	+0.8	-0.4	26	0-1	-	0.9	14	0.3	6	9.9	5.49	316
Myer Holdings	230	-8.7	+0.2	61	3-2	7	-	-	0.5	8	9.8	0.42	1,341
Cromwell Prop.	72	+2.3	+1.9	21	7-1	3	1.0	13	0.5	8	9.7	3.82	695
Pacific Brands	65	-2.1	+6.4	41	0-0	6	5.9	-	0.8	6	9.5	0.37	605
Onesteel Ltd	105	-23.6	+6.4	91	3-1	4	0.8	12	0.7	6	9.5	0.20	1,405
Tatts Group Ltd	233	+3.5	+0.1	18	1-1	3	-	-	0.4	11	9.2	0.84	3,072
Hills Holdings	111	-5.1	+1.5	51	4-0	3	0.9	-	0.6	NE	9.0	0.25	276
Aspen Group Ltd	47	+6.2	+2.7	13	7-1	2	0.7	4	0.6	16	8.9	2.86	273
GR Engineering	168	-2.3	-0.1	42	0-3	-	-	-	0.7	12	8.9	1.76	251
Abacus Property	191	-3.3	+0.6	46	0-2	4	0.7	2	0.4	32	8.6	3.60	723
Telstra	325	+5.0	-0.3	15	5-0	5	9.0	72	0.3	13	8.6	1.60	40,440
G.U.D. Holdings	761	-4.2	+1.2	49	4-0	3	6.1	46	0.3	13	8.4	0.88	526
Growthpoint Pro	204	+1.8	+0.4	22	2-0	1	1.0	9	0.3	11	8.4	5.52	6,750
Australand Prop	257	+0.2	-0.2	28	1-0	5	0.7	7	0.3	11	8.4	2.14	1,482
Villa World Ltd	90	+2.7	+4.1	20	5-0	-	2.5	10	0.5	26	8.3	3.15	353
INSIDER BUYING: Most Insider Buying, Relative Strength > 0													
A.P. Eagers	1340	+5.3	+1.3	15	17-0	-	1.7	16	0.1	10	6.0	0.18	420
Soul Pattinson	1355	+1.6	-1.3	23	10-0	1	1.2	6	0.2	20	3.0	4.26	3,234
Algae.Tec Ltd	38	+13.5	-4.9	6	10-1	-	-	-	0.8	NE	Nil	N/A	13
Collection Hse	81	+4.2	+2.8	16	8-0	-	0.9	12	0.4	8	7.7	0.72	78
Adelaide Bright	291	+1.2	-0.4	25	9-1	6	2.5	20	0.4	12	5.7	1.68	1,852
Senex Energy	100	+47.4	+8.7	1	7-0	-	-	-	0.5	NE	Nil	N/A	754
Academies Aust.	60	+6.0	-1.4	13	7-0	-	6.7	55	0.4	12	6.7	1.12	28
Catalyst Metals	50	+12.4	-3.8	7	6-0	-	-	-	0.6	NE	Nil	N/A	20
Ainsworth Game	130	+68.4	+34.9	0	6-0	-	14.4	59	0.5	24	Nil	3.70	363
Adcorp Aust.	20	+2.1	+1.2	22	6-0	-	2.2	25	0.7	9	10.3	0.40	12
Medical Dev Int	60	+11.3	-0.9	8	6-0	-	6.7	38	0.6	18	Nil	3.02	31
Patties Foods	180	+1.5	+0.1	23	6-0	3	5.1	38	0.3	14	4.3	1.16	250
Webster Ltd	49	+7.4	+1.3	11	6-0	-	0.5	10	0.5	5	2.1	0.66	31
Orpheus Energy	12	+1.4	+1.4	24	6-0	-	-	-	0.9	NE	Nil	N/A	2
Cromwell Prop.	72	+2.3	+1.9	21	7-1	3	1.0	13	0.4	8	9.7	3.82	695
Amcor Ltd	701	+0.5	-1.4	27	7-1	3	5.1	21	0.2	24	5.0	0.69	8,608
Aspen Group Ltd	47	+6.2	+2.7	13	7-1	2	0.7	4	0.6	16	8.9	2.86	273
Bradken Ltd	800	+1.3	+2.8	24	5-0	8	2.8	14	0.4	19	4.3	1.12	1,295
Aristocrat Leis	285	+2.8	+2.5	19	5-0	4	16.8	72	0.4	23	2.3	2.20	1,548
Noni B Limited	74	+4.3	+12.7	16	5-0	-	2.0	2	0.5	103	1.4	0.20	24
Breville Group	342	+1.6	+5.1	23	5-0	-	5.3	38	0.3	14	4.8	1.13	445

Company	Share Price	STRENGTH RATING Cur-rent	4-Wk Chg.	Rank 0-99	Insider Buy-Sell	Brokers Following	Price to NTA	Return on Equity	Vola-til-ity	Price Earn. Ratio	Divi-dend Yield	Price Sales Ratio	Market Cap'n
Lachlan Star	165	+22.5	+10.9	3	5-0	-	-	-	0.3	NE	Nil	3.10	94
Villa World Ltd	90	+2.7	+4.1	20	5-0	-	2.5	10	0.4	26	8.3	3.15	353
Nufarm Limited	503	+1.0	+1.7	26	5-0	4	1.5	-	0.4	NE	Nil	0.63	1,317
Finbar Group	95	+1.5	+3.1	24	5-0	-	1.2	14	0.4	8	8.9	3.65	197
Pan Pacific Pet	16	+4.0	+1.8	17	5-0	-	1.0	-	0.9	NE	Nil	3.78	91
Triausmin Ltd	14	+9.6	+10.1	9	5-0	-	-	-	1.1	NE	Nil	N/A	22
Telstra	325	+5.0	-0.3	15	5-0	5	9.0	72	0.3	13	8.6	1.60	40,440
TransPacific In	78	+5.6	-0.4	14	5-0	4	-	-	0.6	NE	Nil	0.38	1,223
DuluxGroup Ltd	297	+5.5	+0.1	14	5-0	5	29.7	-	0.5	12	5.1	1.10	1,091
Nextdc Limited	203	+6.2	+4.3	13	5-0	-	2.3	-	0.5	NE	Nil	N/A	233
ERM Power Ltd	166	+0.5	+1.9	27	5-0	-	1.7	10	0.5	17	2.1	0.49	268
Reedy Lagoon	11	+1.4	-1.9	24	5-0	-	-	-	1.0	NE	Nil	9.02	5
Milton Corp.	1490	+0.2	+0.6	29	5-0	-	0.9	5	0.2	19	5.1	N/A	1,812
Traffic Tech.	4	+28.3	+13.1	2	5-0	-	-	-	1.7	NE	Nil	0.13	7
Blackthorn Res.	175	+41.2	+35.1	1	5-0	-	-	-	0.6	160	Nil	N/A	187
Seven Group	958	+0.5	+7.1	27	5-0	-	1.9	6	0.6	33	3.8	0.93	2,935
Ludowici Ltd	1130	+50.3	+41.8	1	4-0	-	5.2	17	0.2	31	1.9	1.51	332
Investa Office	61	+0.8	+0.2	26	4-0	4	0.8	7	0.5	12	6.4	8.34	1,665
Funtastic Ltd	15	+45.6	+17.8	1	4-0	-	-	-	0.8	NE	Nil	0.28	51
Nib Holdings	142	+1.1	-1.3	25	4-0	-	1.8	18	0.4	10	5.7	0.66	660
Freedom Foods	52	+19.7	+2.3	4	4-0	-	1.8	20	0.6	9	1.9	0.89	40
Gloucester Coal	810	+0.7	+1.6	27	4-0	4	1.2	5	0.4	25	Nil	4.39	1,344
Magellan Fin Gp	172	+9.6	+4.9	9	4-0	-	2.2	5	0.5	45	0.9	N/A	261
Beach Energy	150	+18.4	-1.1	4	4-0	3	1.3	-	0.6	NE	1.2	3.32	1,649
Sino Gas & En.	8	+11.9	+18.1	8	4-0	-	-	-	1.2	NE	Nil	N/A	74
Red 5 Ltd	219	+3.7	+1.4	17	4-0	-	-	-	0.6	NE	Nil	N/A	281
Eureka Energy	35	+12.0	+14.3	7	4-0	-	-	-	0.8	NE	Nil	N/A	83
Centro Retail	189	+2.8	+1.0	19	4-0	-	-	-	0.5	NE	Nil	N/A	N/A
Legend Corp.	34	+1.4	+5.5	24	4-0	-	3.4	37	0.7	9	5.3	0.84	74
Flinders Mines	30	+41.5	-11.7	1	4-0	-	-	-	0.7	NE	Nil	N/A	546
Transurban Grp	562	+2.8	-0.1	19	4-0	4	2.2	3	0.2	72	4.8	7.83	8,111
Cape Lambert R.	58	+9.0	+2.5	10	5-1	1	-	-	0.8	NE	Nil	N/A	360
Phileo Aust.	280	+7.0	-3.0	12	5-1	-	1.1	1	0.2	121	Nil	5.81	81
Suncorp Group	801	+0.7	-0.7	27	3-0	4	1.3	6	0.3	23	4.4	0.54	10,306
Clover Corp.	34	+4.0	+2.4	17	3-0	-	2.1	17	0.6	12	4.5	1.55	55
Dolomatrix Intl	4	+7.5	-22.9	11	3-0	-	0.3	21	1.8	2	45.5	0.18	6
BSA Ltd	25	+7.3	+6.6	11	3-0	-	3.5	56	0.8	6	12.2	0.13	54
Scantech	50	+6.7	+6.0	12	3-0	-	1.2	0	0.5	357	Nil	0.92	9
Coventry Group	270	+5.5	+2.4	14	3-0	-	0.8	3	0.3	25	8.1	0.47	108
Oil Basins Ltd	5	+11.4	+18.2	8	3-0	-	-	-	1.8	NE	Nil	N/A	14
Sth Cross Elect	110	+6.5	+5.8	12	3-0	1	3.2	-	0.5	NE	Nil	1.74	177
Strat. Energy	13	+6.8	+10.9	12	3-0	-	-	-	1.4	NE	Nil	N/A	43
Westfield Group	869	+1.9	+2.3	22	3-0	4	1.2	9	0.2	13	5.6	4.13	20,065
CuDeco Ltd	343	+1.9	-4.0	22	3-0	-	-	-	0.5	NE	Nil	N/A	567
Leighton Hold	2349	+3.7	+4.8	17	3-0	5	3.7	16	0.4	23	5.1	0.78	7,918
Gale Pacific	25	+10.0	+0.8	9	3-0	-	1.4	14	0.7	10	8.8	0.75	72
Spark Infrastru	137	+6.0	+0.6	13	3-0	4	0.8	4	0.4	22	7.3	6.24	1,811
Amalgamated Hld	589	+2.2	+1.4	21	3-0	2	1.2	10	0.2	12	6.3	1.20	941
African Iron	56	+48.4	+7.7	1	3-0	-	-	-	1.0	NE	Nil	N/A	266

"Neglect" Ratings of Australian Shares

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

Company	No. of Brokers Following Company	Market Capital-isation ($ Mill.)
AGL Energy Ltd	4	6,495
AMP Ltd	4	11,369
ANZ Bank	4	57,655
APA Group	4	3,120
APN News Media	3	517
ARB Corporation	1	631
ASG Group Ltd	3	138
ASX Limited	3	5,366
AWE Limited	3	926
Abacus Property	4	723
Acrux Ltd	1	629
Adelaide Bright	6	1,852
Aditya Birla	1	230
Alesco Corp Ltd	4	126
Alumina Ltd	6	2,892

Company	No. of Brokers Following Company	Market Capital-isation ($ Mill.)
Amadeus Energy	1	63
Amalgamated Hld	2	941
Amcom Telecom.	6	257
Amcor Ltd	3	8,608
Ansell Ltd	4	1,921
Antares Energy	1	115
Aquarius Plat.	2	1,011
Aquila Res.	6	1,879
Ardent Leisure	3	358
Aristocrat Leis	4	1,548
Asciano Limited	6	4,672
Aspen Group Ltd	2	273
Atlas Iron Ltd	8	2,503
Aurora Oil Gas	2	910
Ausdrill Ltd	5	1,176

Company	No. of Brokers Following Company	Market Capital-isation ($ Mill.)
Ausenco Ltd	6	528
Austal Limited	3	310
Austin Eng.	4	341
Austar United	4	1,863
Aust Pharm. Ind	2	134
Aust Education	1	168
Aust Infra.	3	1,328
Australand Prop	5	1,482
Automotive Hold	1	624
BHP Billiton	4%111,471	
BT Invest Mgmt	3	485
BWP Trust	6	913
Bandanna Energy	2	374
Bank of Q'land	4	1,625
Bannerman Res.	1	48

Company	No. of Brokers Following Company	Market Capital-isation ($ Mill.)
Beach Energy	3	1,649
Bendigo Bank	4	2,753
Billabong Int'l	5	686
Blackmores Ltd	3	469
Bluescope Steel	3	1,293
Boart Longyear	4	1,905
Boom Logistics	2	123
Boral Limited	4	3,000
Bradken Ltd	8	1,295
Brambles Ltd	3	10,385
Brickworks Ltd	2	1,551
Brockman Res.	1	328
C'wth Prop Off.	4	2,351
C.S.R. Ltd	4	926
CGA Mining Ltd	1	690

Company	No. of Brokers Following Company	Market Capital-isation ($ Mill.)
CSG Ltd	3	179
CSL Limited	5	17,320
Cabcharge Ltd	3	685
Caltex Austrlia	2	3,569
Campbell Bros	4	4,110
Cape Lambert R.	1	360
Carbon Energy	2	73
Cardno Ltd	2	792
Carnarvon Pet.	3	89
Carsales.com	8	1,190
Cash Converters	2	245
Cedar Woods Prp	1	231
Chal Infra Fund	1	364
Chalice Gold	2	60
Challenger Ltd	6	1,876
Chal Div Prop	3	453
Chandler McLeod	4	189
Charter Hall GR	2	637
Chart H Office	4	1,514
Chart H Retail	4	919
Clarius Group	3	36
Coalspur Mines	1	829
CocaCola Amatil	5	8,917
Cochlear Ltd	4	3,270
Cockatoo Coal	2	371
Codan Ltd	2	248
Com'wealth Bank	3	74,633
Computershare	5	4,418
Cons Media Hold	4	1,545
Cooper Energy	2	155
Cromwell Prop.	3	695
Crown Ltd	3	6,320
Customers Ltd	3	120
DUET Group	3	1,583
DWS Limited	5	198
Data 3 Ltd	1	171
David Jones	7	1,378
Decmil Group	4	439
Dexus Property	4	4,113
Domino's Pizza	5	575
Downer EDI Ltd	6	1,699
DuluxGroup Ltd	5	1,091
Dyesol Ltd	1	29
Elders Limited	4	103
Emeco Holdings	4	682
Energy Resource	4	629
Envestra	4	1,153
Evolution Min.	2	468
Extract Res.	3	2,159
FKP Limited	4	640
Fairfax Media	3	1,752
Fantastic Hold.	2	240
Fleetwood Corp	5	706
Flexicorp Ltd	4	558
Flight Centre	6	2,137
Focus Minerals	2	172
Fortescue Metal	7	17,560
G.U.D. Holdings	3	526
GPT Group	5	5,641
GWA Group Ltd	4	687
Geodynamics Ltd	2	51
Gerard Lighting	1	129

Company	No. of Brokers Following Company	Market Capital-isation ($ Mill.)
Gindalbie Met.	5	575
Gloucester Coal	4	1,344
Gold One Int'l	1	686
Goodman Group	4	5,102
Goodman Fielder	3	1,300
Graincorp	5	1,604
Grange Resource	3	704
Growthpoint Pro	1	6,750
Gryphon Mineral	2	346
Gunns Ltd	2	312
Hansen Tech.	2	145
Harvey Norman	5	2,061
Hastie Group	4	23
Hast Div Util	3	1,134
Heartware Inc.	1	82
Henderson Group	2	1,921
Hills Holdings	3	276
Horizon Oil Ltd	2	339
IMF (Aust) Ltd	1	169
IOOF Holdings	6	1,241
Iluka Resources	3	6,963
Imdex Limited	4	543
Incitec Pivot	4	5,147
Independ. Group	5	828
Industrea Ltd	3	326
Infigen Energy	1	183
Insurance Aust.	3	6,810
Int Research	1	114
Investa Office	4	1,665
Invocare Ltd	5	854
Iress Mkt Tech	3	861
JB Hi-Fi Ltd	5	1,078
James Hardie	4	3,284
Kingrose Mining	1	80
Kingsgate Cons.	4	866
Leighton Hold	5	7,918
Lend Lease Grp	4	4,345
Linc Energy Ltd	1	677
Logicamms Ltd	3	67
Lycopodium Ltd	1	273
Lynas Corp Ltd	2	2,022
M2 Telecom. Grp	3	413
MacMahon Hold	5	605
Macquarie Atlas	2	729
Macquarie C Tel	2	180
Macquarie Group	4	8,948
Matrix Comp.	3	294
Maxi TRANS	1	82
Mayne Pharma Gr	1	43
McMillan Shake.	3	689
McPherson's Ltd	1	151
Melbourne IT	2	145
Mermaid Marine	4	685
Metcash Ltd	5	3,122
Mincor Resource	1	137
Mineral Res.	2	2,089
Mirabela Nickel	2	420
Mirvac Group	4	4,142
Molopo Energy	1	168
Monadelphous Gr	7	2,006
Mt Gibson Iron	5	1,256
Myer Holdings	7	1,341

Company	No. of Brokers Following Company	Market Capital-isation ($ Mill.)
Nat'l Aust Bank	4	50,724
Navitas Ltd	3	1,178
New Hope Corp.	4	4,508
Newcrest Mining	7	24,426
News Corp.	2	14,892
Nexbis Ltd	1	75
Nexus Energy	2	265
Nick Scali Ltd	1	121
Noble Mineral	1	182
Norfolk Group	3	183
Nufarm Limited	4	1,317
OZ Minerals Ltd	6	3,203
Oakton Limited	4	109
Oil Search Ltd	5	9,475
Onesteel Ltd	4	1,405
Orica Ltd	5	9,415
Origin Energy	4	13,966
Orocobre Ltd	1	165
Oroton Group	3	364
Pacific Brands	6	605
Paladin Energy	6	1,388
Panaust Ltd	4	1,954
Panoramic Res.	1	249
Paperlin X Ltd	3	66
Patties Foods	3	250
Peet Ltd	2	223
Perilya Mines	2	319
Perpetual Ltd	5	1,061
Platinum Asset	4	2,077
Premier Invest	4	840
Primary Health	4	1,482
Prime Media Grp	2	280
Q.B.E. Insur.	2	12,450
QRXPharma Ltd	2	235
Qantas Airways	4	3,805
RCG Corporation	2	92
RCR Tomlinson	4	257
REA Group Ltd	7	1,734
Ramsay Health	5	3,696
Reckon Limited	3	308
Regis Resources	4	1,841
Regional Exp.	1	124
Resource Equip.	2	106
Resolute Mining	3	921
Retail Food Grp	4	312
Rex Minerals	2	201
Ridley Corp.	4	345
Rio Tinto Ltd	5	27,945
Roc Oil Company	2	263
SAI Global Ltd	2	935
SDI Limited	1	15
SMS Mgmt & Tech	5	346
SP Ausnet	4	2,651
STW Comm Group	2	356
Salmat Ltd	3	375
Sandfire Res.	2	1,180
Santos Ltd	3	13,581
Sedgman Ltd	5	495
Seek Ltd	8	2,174
Select harvest	1	87
Service Stream	1	103
Seven West Med.	6	2,191

Company	No. of Brokers Following Company	Market Capital-isation ($ Mill.)
Sigma Pharm.	4	672
Silex Systems	2	599
Sims Metal Mgmt	4	3,079
Sirtex Medical	1	278
Skilled Group	3	515
Slater & Gordon	3	238
Sonic Health	5	4,409
Soul Pattinson	1	3,234
Spark Infrastru	4	1,811
Spec Fashion	3	95
St Barbara Ltd	4	703
Starpharma Hold	2	359
Sth Cross Elect	1	177
Sth Cross Media	3	914
Stockland	5	7,335
Strike Energy	1	67
Suncorp Group	4	10,306
Sundance Res.	1	1,191
Sunland Group	1	157
Super Retail Gr	5	1,360
Swick Min Serv	2	77
Sydney Airport	3	4,932
TFS Corporation	2	162
TPG Telecom Ltd	6	1,222
Tabcorp Holding	3	1,858
Talent2 Int'l	2	72
Tap Oil	1	189
Tassal Group	4	198
Tatts Group Ltd	3	3,072
Technology One	3	311
Telstra	5	40,440
Ten Network	3	847
The Reject Shop	8	333
Thorn Group Ltd	4	233
Toll Holdings	4	3,998
Tox Free Sol.	5	245
Transfield Serv	6	1,319
Transurban Grp	4	8,111
TransPacific In	4	1,223
Troy Resources	2	406
Trust Company	2	167
UGL Limited	6	2,038
UXC Limited	2	145
VDM Group Ltd	3	15
Virgin Aust	4	972
WDS Limited	3	95
WHK Group Ltd	1	228
Watpac Ltd	2	190
Webfirm Group	1	46
Webjet NL	6	242
Wellcom Group	1	92
Wesfarmers Ltd	5	28,682
Western Areas	5	985
Westpac Banking	4	62,691
Westfield Group	4	20,065
Whitehaven Coal	3	2,652
Wide Bay Aust.	1	244
Woodside Petrol	5	29,246
Woolworths Ltd	5	30,680
Worley Group	7	7,096
Wotif.com Hold.	8	940

Investment Outlook

(Continued from Page 1)

so investment returns may average out. But that is not strictly correct. There will be winners and losers, but the winners will earn a *higher return on capital* and - as they grow the overall return on capital will improve. That will *increase* investors long term returns (i.e. increase average stockmarket returns).

Even investors who can not successfully pick between future winners and losers should be better off in the medium to long term. Their investment in the losers may become worthless, but their investment in the winners can compound and grow at a higher rate of return. As a simplified example, consider two investments of $1000 each growing at 10% per annum. After 10 years they will each be worth $2594 or $5188 in total, and after 20 years $6728 each or a total of $13,456.

A better *long term* return is earned in a competitive environment where one investment fails (and becomes worthless) but the other grows at 20% per annum. After 10 years the winner will be worth $6,192 and after 20 years $38,338.

Moderate success at picking winners and losers (e.g. owning M2 Telecommunications and never owning Telecom NZ or Telstra, or owning The Reject Shop but not The Warehouse) will, of course, significantly boost long term returns!

With continued slow economic growth, pension funds are likely to continue to reduce investments in equities (even though interest bearing investments provide lower yields - and probably *negative* returns after tax and inflation). The easiest way to *increase* future returns from stockmarket investment is to *lower* current share prices. That has *already* happened over the last four years.

The best environment to build future wealth is *continued low share prices* - where high dividend yields can be re-invested at low valuations and compound to grow wealth at high rates of return!

Very, very few people may realise this . . . but the current environment for stockmarket investment really is about as good as it can ever get!

D i v i d e n d $

Company	Cents per Share	Ex-Date	Pay-able	Tax Credit
Auckland Int'l Airport	4.40	19-03	02-04	Full
Baramundi Ltd	1.49	-	30-03	0.1656
Briscoe Group	6.50	23-09	29-09	Full
CDL Investments	1.40	27-04	11-05	Full
Colonial Motor Company	9.00	13-04	23-04	Full
Contact Energy	11.00	06-03	23-03	Full
Ebos Group	13.50	06-04	20-04	Full
Fletcher Building	17.00	30-03	18-04	Nil
Freightways	8.50	16-03	30-03	Full
Hellaby Holdings	5.00	13-04	20-04	Full
Kingfish	2.14	16-03	30-03	0.2885
Marlin Global	1.72	14-03	16-03	0.2311
Michael Hill International	2.00	23-03	02-04	Full
Millennium & Copthorne	1.20	04-04	11-4	Full
NZ Refining Company	9.00	21-03	28-03	Full
Nuplex Industries	10.00	19-03	02-04	Nil
NZX Ltd	2.75	09-03	23-03	Full
Port of Tauranga	12.00	09-03	23-03	Full
Property For Industry	2.40	05-03	14-03	0.3088
Northland Port Company	3.50	02-03	09-03	Full
Opus International	4.70	16-03	02-04	Full
Skellerup Holdings	3.00	16-03	30-03	Full
Sky City Entertainment	9.00	22-03	05-04	2.10
Sky Network TV	11.00	02-03	09-03	Full
Steel & Tube Holdings	5.50	16-03	30-03	Full
Team Talk	10.00	20-04	27-04	Full
Telecom NZ	9.00	23-03	05-04	Full
Tourism Holdings	2.00	21-03	27-03	Full
Turners Auctions	6.00	03-04	10-04	Full
Vector Ltd	7.00	30-03	16-04	Full
Vital Healthcare Properties	1.925	08-03	22-03	Nil
The Warehouse	13.50	05-04	19-04	Nil
	Australian Shares			
Cardno Ltd	18.00	15-03	04-04	
Chandler Macleod	1.20	07-03	28-03	
Clarius Group	1.00	05-03	26-03	
CPT Global	1.50	23-04	18-05	
CSG Limited	2.50	13-03	04-04	
Customers Ltd	2.00	06-03	20-04	
Devine	2.00	09-03	30-03	
Fiducian Portfolio Services	2.50	05-03	23-03	
Finbar Group	3.50	29-02	11-04	
Iluka Resources	55.00	05-03	05-04	
Integrated Research	2.00	21-02	16-03	
M2 Telecommunications	9.00	16-03	16-04	
Melbourne IT	15.00	14-03	13-04	
Prophecy International	1.25	06-03	02-04	
Skilled Group	5.00	26-03	17-04	
The Reject Shop	24.00	22-03	16-04	
Village Roadshow	12.00	02-03	27-03	

Total Return Index for All Listed Shares

Feb 13	1213.24	Feb 20	1202.51
Feb 14	1214.71	Feb 21	1200.36
Feb 15	1206.21	Feb 22	1201.91
Feb 16	1207.45	Feb 23	1203.86
Feb 17	1204.85	Feb 24	1208.69
Feb 27	1207.25	Mar 5	1225.90
Feb 28	1203.71	Mar 6	1230.40
Feb 29	1206.40	Mar 7	1231.44
Mar 1	1219.39	Mar 8	1230.40
Mar 2	1225.00	Mar 9	1232.82

Next Issue:

The next issue of *Market Analysis* will be emailed in five weeks time on Monday April 16, 2012.

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.